

Labor Rights in Iran

Wage Suppression of Iranian Workers



A Special Report

May 2021



Contents

| | |
|---|----|
| Introduction | 3 |
| The New Year Started with Rallies and Protests | 4 |
| The Value of Wages | 5 |
| The Policy of Cheapening the Labor Force | 8 |
| Working Women Caught Between Neoliberalism and Sharia Law | 11 |
| Concluding Remarks | 13 |

Introduction

"This time, we will get what is rightfully ours."¹

In the first days of Iranian year 1400 (which began on March 21, 2021) a price increase of up to 35% was announced for some government goods and services such as water and electricity costs, medical services, metro ticket rates, and bus fares. A rise in the price of such basic commodities is always seen as a precursor to a general increase in all prices. Thus, the bubble of the increase in worker's wages - which was announced by the Minister of Labor on March 18, 2021 - swiftly burst. The amount added to the workers' nominal wages was taken out of their pockets even before it had been received.

Meanwhile, Iran's top clerical, political, and executive officials - from Supreme Leader Ali Khamenei himself down to the head of the judiciary, members of parliament, and President Rouhani's cabinet officials - reiterated the loaded phrase of "eliminating cumbersome production laws," which suggest the removal of clauses in the labor law that guarantee the legal rights of workers. These statements by officials make it clear that the further cheapening of labor will be one of the pillars of Iran's economic policy for the foreseeable future.

This report presents an overview of such coordinated policies, including the deregulation of the labor market, a reduction of the labor force's bargaining power, and the systematic pay cuts and wage suppression that impose poverty on workers and their families. The report also covers the struggles of workers, teachers, retirees, and other low-income groups for their right to a decent living with human dignity.

1 One of the retirees' slogans in the nationwide rally on March 5, 2021.

The New Year Started with Rallies and Protests

On Sunday April 4, 2021, retirees receiving benefits from the Social Security Organization, including retired and disabled workers and their families, rallied in at least 20 cities across Iran. The events took place as scheduled even though on the evening of April 3 in Tehran, six security officers went to the home of Ismail Gerami, a retired worker and union activist, and asked him to cancel the Sunday morning rally. Gerami declined. Officers then searched Gerami's home, arrested him, and confiscated his personal belongings.²



Karaj Social Security retirees at the April 4 rally. The banner reads, "We cannot live on the base monthly wage of 2,800,000 tomans when the poverty line is 10 million tomans!"

The April 4 rallies were a continuation of last year's strikes. The strikes were in response to rising prices, more than 50% inflation in housing and food prices, and widespread poverty and unemployment. The protesters' main demand was an increase in wages.

In the last months of the Iranian calendar year, in parallel with the Supreme Labor Council's discussions to determine the new minimum wage, various labor organizations, oil contract workers, steelworkers, Haft Tappeh sugarcane workers, and teachers' unions demanded an increase in monthly wage to a minimum of 12 million tomans. Social security retirees also gathered in several cities at the same time every Sunday, insisting on an increase in their wages to at least 12 million tomans. On March 13, 2021 the Supreme Labor Council, however, set the minimum wage for the new year at 2,652,000 tomans, which is only 21% of the amount requested by independent organizations. What caused this difference?

² Radio Zamaneh, [Ismail Gerami's Overnight Detention Did Not Prevent the Weekly Gathering of Retirees](#), April 4, 2021.

The Value of Wages

The minimum wage is, by definition, the cost of the reproduction of labor power, and must be set to an amount that enables the reproduction of the physical and mental powers of the worker and their family.

Article 41 of the Iranian Labor Law, enacted in 1991, entrusts the annual adjustment of the minimum wage, based on inflation rates and household living expenses, to the Supreme Labor Council, with the government then providing final approval. The Supreme Labor Council is composed of government representatives, private sector employers, and trade unions. The Council must set wages in such a way that “the living expenses of a working-class family are met, regardless of the physical and mental condition of the worker and the work assigned.”

In the absence of reliable official statistics on inflation and the cost of living for a household, and since the poverty line has been concealed for security reasons in recent years, the “gold coin rate” can be a relatively accurate measure of the true value of money that a simple worker receives as wages.

A comparison of wages with the price of a gold coin shows that workers' purchasing power has fluctuated over the last four decades, falling to its lowest level in 40 years. This year, wages have fallen to less than a quarter of what they were in 1980.

In June 1979, five months after the victory of the Islamic Revolution, when the monarchy was overthrown and the current regime came to power, trade unions enjoyed relative freedom. The government was forced to raise the minimum wage to an amount close to the cost of living. In 1979 the minimum wage rose from 630 tomans per month to 1701 tomans per month, an increase of 170% compared to the previous year. In that same year, the price of a gold coin was 1300 tomans. A worker could thus buy a gold coin with one month's salary and still have 25% of their wage remaining.

During the following decade, the outbreak of the Iran-Iraq War and the severe repression of trade unions and political organizations led to a decline in the living standards of workers. In 1987, a year before the war ended, a gold coin was worth the equivalent of 4.9 months of a worker's salary. After the end of the war, wages rose slowly, reaching about 65% of the price of a gold coin in 1997. In 2007, the minimum wage for workers came close to the value of a coin. It has been declining ever since.

In March 2020, one gold coin was equivalent to more than three months of wages. A year later, in February 2021, the real wages of the workers fell so much that one coin equaled six months of wages. In April 2021, an increase in the minimum wage caused a slight improvement in the ratio.

Table 1: The relationship between the minimum wage and the value of gold coins between 1979 and April 2021. The figures are in tomans.³

| Year | Price of a gold coin (Azadi coin) in tomans | Minimum monthly wage in tomans | The number of months of wages needed to buy a gold coin |
|-----------------|---|--------------------------------|---|
| 1979 | 1,300 | 1,701 | 0.76 months |
| 1987 | 11,257 | 2,280 | 4.9 months |
| 1997 | 38,832 | 25,446 | 1.5 months |
| 2007 | 190,678 | 183,000 | 1.04 months |
| 2017 | 1,573,006 | 930,000 | 1.7 months |
| 2020 - March | 6,000,000 | 1,920,000 | 3.1 months |
| 2021 - February | 10,900,000 | 1,920,000 | 5.7 months |
| 2021 - April | 10,700,000 | 2,652,000 | 4.1 months |

The Supreme Labor Council announced in 2017 that it would begin independently calculating the cost of the household subsistence basket so as to end the debate over the gap between the Supreme Labor Council's approved wages and commodity costs estimated by the Central Bank and the Statistical Centre of Iran.

The estimated cost of the subsistence basket by the Supreme Labor Council facilitated the process of reducing the real wages of the workers. Although the living wage announced by the Supreme Labor Council is much lower than the actual cost of living, as can be seen in the table below, the established wage was less than 40% of the livelihood basket approved by the Supreme Labor Council itself. If one considers independent calculations of the livelihood basket, wages have, in recent years, covered less than 25% of the workers' real cost of living, with a downward trend, from 23% in 2017 to 21% in 2021.

Table 2: The relationship between the livelihood basket and minimum wage between 2017-2021. The figures are in tomans.⁴

| Year | Livelihood basket (independent sources) | Livelihood basket (Supreme Labor Council) | Minimum wage | Percentage of subsistence basket (independent sources) that the minimum wage can cover |
|------|---|---|--------------|--|
| 2017 | More than 4 million | 2,489,000 | 930,000 | 0.23 |
| 2018 | More than 5 million | 2,670,000 | 1,140,000 | 0.22 |
| 2019 | 7 million | 3,759,000 | 1,517,000 | 0.22 |
| 2020 | Nearly 9 million | 4,940,000 | 1,912,000 | 0.21 |
| 2021 | 12,500,000 | 6,895,000 | 2,652,000 | 0.21 |

Farshid Yazdani, a social security scholar, has shown in his research this process of cheapening labor by comparing the growth rate of national income and the growth rate of workers' minimum wages. Yazdani's research, which covers half a century from 1959 to 2009, indicates a decline in the share of labor in national production. According to

³ Sources: [Forty Years Until today, How Many Gold Coins Could We Buy with the Minimum Wage?](#) Mardomsalari newspaper, August 17, 2020; [Supreme Labor Council Documents](#).

⁴ Sources: Resolutions of the Supreme Labor Council and statements of independent trade unions.

the study, “national income growth has averaged more than eight times the growth of wages.”⁵

A comparison of the share of workers' wages in the cost of services or goods in recent years shows a similar trend. A member of the Supreme Labor Council said that the share of wages in the cost of goods has fallen from 17% in the 2000s to 5% in 2016.⁶ Research conducted by economist Seyed Javad Nofarasti on 400 listed companies shows a continuing downward trend in the share of wages in the cost of goods. This share in 2020 has reduced to 3%.⁷



Mohammad, a 14-year-old working child from Mahshahr, hanged himself on February 1, 2021. According to the Borna news agency, Mohammad was forced to drop out of school last year due to poverty. With the help of one of his relatives, he used to sell purified water for a living, but he became unemployed with the outbreak of the coronavirus. ([Borna News Agency](#), February 1, 2021).

Another way of reducing the share of workers' wages in the cost of goods is to increase the wealth of the upper classes. This is not, however, the whole story. In tandem with the repression of workers' wages, the implementation of neoliberal policies in the public service sector has led to new costs being imposed on working families, such as in the areas of health, treatment, and education. Free education is now virtually non-existent, and health care coverage has been severely reduced. An example is the removal of dozens of high-consumption drugs from insurance coverage.⁸

The combination of these factors has dramatically widened the poverty and wealth gap in Iran. On the one hand, some children drop out of school and are forced to work from an early age; on the other hand, children, and adolescents whose mobile phones cost close to one year's salary of a worker.

5 Farshid Yazdani, [Minimum Wage in Iran](#), *Goftogou Quarterly*, No. 55, April 2010.

6 Eghtesad Online, [Interview with Ali Khodaei, Member of the Supreme Labor Council](#), October 2016.

7 ILNA, [100% increase in wages will increase the cost of goods by only 3%](#), April 8, 2020.

8 One of the demands put forward by the nationwide gathering of retirees on March 5, 2021 was the return of 85 items of high-consumption medicine that have been removed from the insurance books. See the final statement of the first nationwide gathering of Social Security retirees and pensioners in 2021, cited on social media.

The Policy of Cheapening the Labor Force

The suppression of independent trade unions, the destabilization of the labor force through the proliferation of contractors, the creation of various types of temporary contracts, and widespread unemployment have been the drivers of wage suppression and the decline of workers' living standards.

The economic policies of recent decades – primarily the prevalence of temporary contracts, production outsourcing, the use of contractors, the creation of free economic zones, and the exclusion of small workshops from the labor law - have led to a lower percentage of workers falling under the labor law umbrella. In addition to government directives, the non-implementation of the job classification scheme and the rulings of the Administrative Court of Justice in favor of the government and investors have also been effective in excluding workers from the scope of the labor law.⁹



Rally held by temporary workers from the oil industry in front of the parliament.

The principle of equal pay is no longer applied to equal work. Wages are paid according to the type of contract (formal, temporary, contractual, etc.). Some workers earn approximately half of the amount received by their co-workers for similar work. There are many teachers paid by the hour, nurses with 89-day contracts, and others who are currently employed with salaries below the approved minimum wage. Hundreds of thousands of experienced workers, including 106,000 skilled contract workers in the oil

9 ILNA, [Annulment of Ruling 179 Is the Most Important Demand of Workers from the Judiciary](#), March 31, 2021.

industry, are currently working for low wages due to the non-implementation of the job classification scheme.¹⁰

According to an official from the Ministry of Labor, the number of workers covered by the current labor law is around 6.5 million.¹¹ About 10 million workers toil in informal workshops with a salary of 700,000 tomans.¹²

As the 2021 debate about the minimum wage began, President Rouhani's cabinet quietly took another important step towards deregulating the labor market. The cabinet froze and, in effect, reduced the wages of skilled and experienced contract workers under a new policy known as the "Mutually Agreed Wage." The result is that tens of thousands of skilled workers have been pushed into the ranks of minimum wage earners.¹³



On April 4, 2021 retirees in Tehran display empty pots and bang them loudly with a spoon in a symbolic act to protest the livelihood crisis and tables without any food.

Despite costing the lives and health of tens of millions of employed and retired workers, the reduction in the cost of labor was favorable to the government. While large numbers of children were deprived of an education and the number of working children increased, this policy is considered necessary by Supreme Leader Ali Khamenei for a leap in prosperity and production.

10 Radio Zamanah, [What Do We Know About the Contract Workers' General Strike in the Oil Industry?](#) October 21, 2020.

11 Nasim Online, [Only 6.5 Million Workers Covered by the Labor Law in the Country](#), March 15, 2021.

12 Bazar News, [Underground Workers with 700 Thousand Tomans Salary](#), January 4, 2021.

13 ILNA, [The Implementation of the "Mutually Agreed Wage" Policy as Stated in the Recent Directive of the Vice President for Legal Affairs](#), February 7, 2021.

Reza Taziki, Director of the Takapou Institute, a subsidiary of the Ministry of Labor, sees the cheapening of Iran's labor force compared to other countries as a "special advantage" for mobilizing the capital market. In his view, this has made even Bangladeshi investors eager to invest in Iran. Takapou was created in the early 2010s to "stimulate labor demand " in line with "international demand" for employment through a review of employment policies due to the recession. "Paying attention to the informal sector of the economy" is one of the focuses of the institution, because, according to its director, "during recessions and socio-economic crises, a large part of employment is realized in the informal sectors."¹⁴

The head of the judiciary, Ibrahim Raisi, also announced in March 2021 a review of the legal retirement age, which he said is a problem that is being considered by the Expediency Council.¹⁵

Raisi's comments are in line with the orders of Supreme Leader Khamenei. In his Nowruz message, Khamenei called the year 1400 of the Persian calendar (March 2021-March 2022) the year of "production, support, and removal of obstacles." He called for investment incentives and a reduction in production costs.¹⁶

Rahmatullah Norouzi, Deputy Chairman of the parliament's Labor Faction, made it clear that the government is not going to adjust the minimum wage to the cost of living. While emphasizing that the minimum cost of living in Tehran is 9 million tomans, Norouzi said that "producers" cannot afford to pay this amount. The conclusion is: "We must at least make sure that a worker can eat red meat at least twice a month."¹⁷

14 Tasnim News, [Interview with Reza Taziki](#), January 24, 2021.

15 ILNA, [Annulment of Ruling 179 Is the Most Important Demand of Workers from the Judiciary](#), March 31, 2021.

16 The Office of the Supreme Leader, [The Revolutionary Slogan "Production Leap" Must Be Fully Realized with All-round Support and the Removal of Obstacles](#), March 20, 2021.

17 Entekhab News, [MP: Workers' Wages Should Be Such That They Can Eat Meat Twice a Month](#), February 24, 2021.

Working Women Caught Between Neoliberalism and Sharia Law

The devaluation of the labor force and the deregulation of labor contracts, combined with Sharia Islamic law and misogynistic policies, have had catastrophic consequences for Iranian women.

The continued decline in the share of women in the workforce, their shift towards small workshops and the informal economy (with low wages and no access to insurance and social security), and the channeling of their economic activity into jobs such as peddling and maid services are the main causes of occupational instability and poverty for Iranian working-class women. A significant proportion of these women are now the primary breadwinners because of socio-economic changes.

Institutions such as the Imam Khomeini Relief Committee and similar charities (often affiliated with the government's religious institutions) employ female head of households for exceptionally low wages.



Retired female workers present at the April 4 rally in Arak.

Before the coronavirus unemployment crisis, the share of women in formal employment was about 15%. Between the spring of 2019 and the spring of 2020, out of 1.5 million unemployed persons, 700,000 of them were women, according to official statistics.¹⁸ Following the rise of unemployment last year, women now make up only one-sixth of the working population. This trend has continued, and by the fall of 2020, more than one

18 ILNA, [The Reduction of 700,000 Working Women Testifies to the Unfairness of the Labor Market](#), July 18, 2020.

million women had left the labor market.¹⁹

The lowly status of working women in the Iranian labor market is strongly influenced by gender discrimination. In addition to misogynistic laws, dozens of directives and decrees have been passed to restrict women in the workforce and drive them into the informal labor market. The annulment by the Court of Administrative Justice of a directive given by the Director General of Labor Relations and Compensation of the Ministry of Cooperatives, Labor and Social Welfare is a clear example. The rejected directive was intended to ban the expulsion of working women during maternity leave and working mothers with infants.²⁰

19 Radio Zamaneh, [More Than One Million Women Were Expelled from the Labor Market](#), January 10, 2021.

20 Tasnim News, [The Ban on Dismissal of Working Mothers Was Lifted](#), September 15, 2017.

Concluding Remarks

In 1979, the minimum monthly wage for workers was 125% of the price of a gold coin. Today, a single gold coin is equivalent to more than four months of wages. For workers' wages in 2021 to reach the same value as they were in 1979, the wages would have to be about 14 million tomans.

During the last four decades, social and cultural changes have occurred that have increased the cost of living for working families. The average number of household members has decreased from 5 to 3.3. Living standards, essential items in the household basket, the family's living space, and the necessary level of education, among other factors, have changed.



Parasto Jalili Azar, a student at Talatappeh Middle School in Urumia. "She is said to have hanged herself because she did not have a smartphone for her studies and her family could not afford it," *Seday-e-Moallem* (the Voice of the Teacher) newspaper wrote. ([Seday-e-Moallem](#), October 21, 2020)

After the end of the Iran-Iraq War, with the advent of neoliberal "economic adjustment" policies, some of the government's ideological institutions, including the official radio and television networks, gradually began to promote a "consumerist" lifestyle. As a result, goods were imposed on the household budget that in 1979 were not common household expenses. Today, the children and families of workers who lack adequate food and shelter are constantly bombarded with media advertisements and municipal billboards promoting higher consumption.

Four decades ago, most Iranian workers were illiterate. Now that people with undergraduate and graduate degrees are employed as simple laborers, the illiterate, unskilled worker has no chance of finding employment in the formal job market. A basic knowledge of

modern communication tools, access to the internet, and a smartphone are unavoidable prerequisites for employment, but many workers do not have the financial means and opportunity to access and learn how to use these tools.

Download Other Reports

[Special Report on Oil Industry's Contractual Workers' Strike](#)

[Special Report on Teachers and Reopening of Schools in Iran](#)

[Special Report on Suppression of Trade Unions in Iran](#)

Visit Zamaneh Media Labor Rights Page:

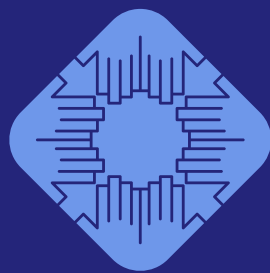
English

<https://en.radiozamaneh.com/labor/>

Persian

<https://www.tribunezamaneh.com/labor>

Please comment on this report and let us know what you think. What suggestions do you have for future reports?



Labor Rights in Iran
A Zamaneh Project