

Oil, Iran, and Basic Income

How Iranian oil led to a Basic Income.

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Responses from Gemini (Google AI)

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Oil and Iran

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Q.1 What was the name of the oil company that operated in Iran before it was nationalised?

R. The company was the **Anglo-Iranian Oil Company (AIOC)**. [1, 2]

Before being renamed in 1935, it operated as the **Anglo-Persian Oil Company (APOC)**. Following the nationalisation movement led by Prime Minister Mohammad Mossadegh in 1951, its assets were transferred to the newly formed [National Iranian Oil Company \(NIOC\)](#). [3, 4, 5, 6]

Key details about the company's transition include:

- **Origins:** Founded in 1908 after the discovery of a large oil field in Masjed Soleyman based on the [D'Arcy Concession](#).
- **Nationalisation:** In March 1951, the Iranian Parliament (Majlis) voted to nationalise the industry, leading to a major [geopolitical crisis](#).
- **Modern Successor:** After the 1953 coup restored foreign involvement via a consortium, the AIOC was officially renamed **British Petroleum (BP)** in 1954. [1, 2, 3, 4, 7, 8]

Would you like to know more about the **1953 coup** or how the **consortium agreement** worked after nationalisation?

[1] <https://www.facebook.com>

[2] <https://www.facebook.com>

[3] <https://www.ueunion.org>

[4] <https://www.ueunion.org>

[5] <https://baike.baidu.com>

[6] <https://www.iruns.ir>

[7] <https://www.researchgate.net>

[8] <https://fiveable.me>

Q.2 Who was Prime Minister Mohammad Mossadegh, and why did he want to nationalise the APOC?

R. [Mohammad Mossadegh](#) (1882–1967) was a charismatic, Western-educated lawyer and a staunch nationalist who served as Iran's first democratically elected Prime Minister from 1951 to 1953. [1, 2]

A descendant of the **Qajar royal family**, he earned the first law doctorate awarded to an Iranian from a European university (the [University of Neuchâtel](#) in Switzerland). His decision to nationalise the [Anglo-Iranian Oil Company \(AIOC\)](#)—formerly APOC—was driven by three primary motivations: [3, 4, 5, 6, 7]

1. Economic Sovereignty and Fairness

Mossadegh believed that Iran could never be truly independent while its most valuable resource was controlled by a foreign power. [8, 9]

- **Profit Disparity:** At the time, the AIOC reportedly paid Iran only **16% of its profits**—and sometimes even less—while the company itself earned massive revenues that were essential to the British economy after WWII.
- **Refusal to Audit:** The British company refused to allow the Iranian government to [audit its books](#), making it impossible for Iran to verify if it was receiving even the small royalties it was owed. [1, 5, 6, 10, 11]

2. Ending Political Interference

The British used the AIOC as a tool for [political influence](#) within Iran, effectively operating as a "state within a state". [1, 10, 12]

- Mossadegh saw the company's presence as a form of "**modern slavery**" and a mechanism for imperialist control that undermined Iranian democracy.
- He pursued a policy of "**Negative Equilibrium**," meaning Iran would refuse to grant concessions to *any* foreign power, including the Soviets, rather than balancing concessions between rivals. [7, 9, 13]

3. Funding Social Reforms

Mossadegh intended to use the reclaimed oil wealth to fund a broad [social-democratic agenda](#). [9]

- **Reforms:** He established unemployment insurance, protected industrial workers, and initiated land reforms to benefit poor farmers.
- **National Pride:** To Mossadegh and his supporters in the [National Front](#), oil was a matter of "sacred national honour". [7, 9, 14, 15]

Mossadegh's defiance ultimately led to **Operation Ajax**, a 1953 [CIA and MI6-orchestrated coup](#) that overthrew him and restored the absolute power of the Shah. [1, 16]

[1] <https://www.cfr.org>

[2] <https://dehfoundation.org>

[3] <https://www.ebsco.com>

[4] <https://mossadegh.com>

[5] <https://adst.org>

[6] <https://www.facebook.com>

[7] <https://persianbridge.eu>

[8] <https://medium.com>

[9] <https://en.wikipedia.org>

[10] <https://adst.org>

[11] <https://en.wikipedia.org>

[12] <https://www.researchgate.net>

[13] <https://persianbridge.eu>

[14] <https://www.britannica.com>

[15] <https://www.quora.com>

[16] <https://www.facebook.com>

Q.3 Who were the ultimate owners of APOC or its successors?

R. The ultimate owners of the Anglo-Persian Oil Company (APOC) and its successor, **BP**, shifted from private founders and the British state to a broad base of international institutional investors. [1]

1. The Early Years (1909–1914)

- **Burmah Oil Company:** APOC was founded in 1909 as a subsidiary of [Burmah Oil](#), which had provided the necessary funding for William Knox D'Arcy's exploration after his personal fortune ran low.
- **William Knox D'Arcy:** Retained a minority stake and a seat on the board after the company's incorporation. [2, 3, 4]

2. State Control (1914–1987) [5]

- **The British Government:** In 1914, influenced by Winston Churchill's goal to secure oil for the Royal Navy, the UK government purchased a **51% controlling interest**.
 - This stake slightly fluctuated but remained around **51–53%** for decades, giving the government veto power (though it rarely used it on commercial matters).
 - During this era, the company was essentially a state-controlled entity, even as it rebranded to the [Anglo-Iranian Oil Company \(AIOC\) in 1935](#) and [British Petroleum \(BP\) in 1954](#). [2, 4, 6, 7, 8]

3. Privatization and Modern Ownership (1987–Present) [9]

- **Privatization:** Between 1977 and 1987, the Margaret Thatcher administration [fully privatized BP](#), selling off the government's remaining shares to the public.
- **Institutional Investors (Current):** As of 2026, BP is a publicly traded company with no single controlling owner. Its largest shareholders are major global financial institutions:
 - **BlackRock, Inc.:** ~9.10%.
 - **The Vanguard Group:** ~5.40%.
 - **Norges Bank Investment Management:** ~2.99%.
 - **State Street Global Advisors:** ~2.73%. [2, 10, 11]

Would you like to explore how the [1954 international consortium](#) (the "Seven Sisters") split the profits after the coup?

[1] <https://www.cambridge.org>

[2] <https://pestel-analysis.com>

[3] <https://matrixbcg.com>

[4] <https://www.iranicaonline.org>

[5] <https://academicworks.cuny.edu>

[6] <https://en.wikipedia.org>

[7] <https://philippinelawjournal.org>

[8] <https://www.bp.com>

[9] <https://portersfiveforce.com>

[10] <https://www.investing.com>

[11] <https://www.ueunion.org>

Q.4 With the attempted nationalisation of oil by **Mohammad Mossadegh, was he influenced by left-wing or right-wing politics or by a desire to do well for Iran or its citizens?**

R. [Mohammad Mossadegh](#)'s motivations for nationalising the oil industry were primarily rooted in **civic nationalism** and a desire to achieve **economic self-determination** for [Iran](#). While his policies and supporters spanned the political spectrum, his primary goal was the welfare and independence of the Iranian state and its citizens. [1, 2, 3, 4]

1. Ideological Alignment

Mossadegh did not fit neatly into traditional "left" or "right" Western categories. Instead, he led the **National Front**, a broad coalition that included liberal democrats, non-communist socialists, and moderate conservatives. [4, 5, 6]

- **Nationalist (Independent):** His core philosophy was "**Negative Equilibrium**"—the idea that Iran should refuse to grant concessions to *any* foreign power (including the UK, US, and USSR) to maintain true sovereignty.
- **Left-Leaning Social Reforms:** He was influenced by **social-democratic ideals**, implementing reforms such as unemployment insurance, workers' rights, and land redistribution to benefit the poor.
- **Misperceptions of Communism:** While he was a staunch anti-communist and often clashed with the pro-Soviet [Tudeh Party](#), he occasionally accepted their support in street protests. This tactical alliance led Western powers to fear he was vulnerable to a communist takeover. [1, 4, 7, 8, 9]

2. Desire to Benefit Iranian Citizens [3]

Mossadegh's primary driver was the belief that political independence was impossible without economic independence. [1, 2]

- **Resource Control:** He argued that Iran's oil should fund national development rather than British imperial interests.
- **Welfare Agenda:** He aimed to use oil revenues to build a strong economy, a fair judiciary, and a social safety net.
- **Democratic Representation:** He viewed the [Anglo-Iranian Oil Company \(AIOC\)](#) as a corrupting force that interfered in Iranian elections and undermined the rule of law. [5, 8, 10, 11, 12]

In essence, Mossadegh was a **secular nationalist** who prioritised [sovereignty and national interest](#) over alignment with global Cold War blocs. [5, 13]

[1] <https://en.wikipedia.org>

[2] <https://www.thefridaytimes.com>

[3] <https://www.ebsco.com>

[4] <https://tnsr.org>

[5] <https://en.wikipedia.org>

[6] <https://www.youtube.com>

[7] <https://en.wikipedia.org>

[8] <https://www.fairobserver.com>

[9] <https://tnsr.org>

[10] <https://iransofaraway.substack.com>

[11] <https://content.e-bookshelf.de>

[12] <https://www.facebook.com>

[13] <https://www.thefridaytimes.com>

Q.5 Did the AIOC withhold financial information from the Iranian government, and did this significantly influence the Iranian government's decision to nationalise the company?

R. Yes, the **Anglo-Iranian Oil Company (AIOC)** systematically withheld financial data from the Iranian government, a practice that was a decisive catalyst for the nationalisation movement. [1, 2, 3]

Financial Secrecy and Mismanagement

The AIOC functioned with a "colonial attitude," treating its financial operations as strictly internal British matters, even though they relied on Iranian resources: [4, 5, 6, 7]

- **Refusal of Audits:** The company consistently denied Iranian officials the right to [audit its financial records](#). Without this transparency, Iran had no way to verify if it was receiving the royalties promised under the [1933 Concession](#).
- **Profit Disparities:** While the British government received more in taxes from the AIOC than Iran received in total royalties, the company refused to [consolidate profits from its global subsidiaries](#) into the Iranian account, further reducing Iran's share.
- **Hidden Costs:** Iran was forced to pay higher prices for its own domestic oil than the British government paid for the same oil exported to the UK. [4, 5, 8, 9]

Influence on Nationalisation

This lack of transparency and perceived bad faith destroyed any trust the Iranian government had in a foreign-managed industry. [2, 4]

- **Failed Negotiations:** When the AIOC finally offered a "50/50" profit-sharing deal in late 1950, it was viewed as "too little, too late." Mossadegh and the [National Front](#) argued that without full control and transparency, any financial arrangement could still be manipulated by the company.
- **National Honour:** The financial secrecy became a symbol of **British imperial arrogance**. Nationalisation was seen not just as a financial necessity to fund social reforms, but as the only way to end the AIOC's status as a "state within a state". [10, 11, 12, 13]

By early 1951, the combination of **revenue disparities** (Iran's share had dropped from 33% to 9% by 1947) and the company's **intransigent refusal to open its books** left the Iranian Parliament with what they saw as no choice but total nationalisation. [1, 8]

Would you like to see a **timeline** of the specific events in 1951 that led from the rejection of the "50/50" offer to the final nationalisation vote?

[1] <https://sevenpillarsinstitute.org>

[2] <https://search.proquest.com>

[3] <https://ideas.repec.org>

[4] <https://documents1.worldbank.org>

[5] <https://link.springer.com>

[6] <https://documents1.worldbank.org>

[7] <https://www.mohammadmossadegh.com>

[8] <https://www.academia.edu>

[9] <https://podcasts.happyscribe.com>

[10] <https://www.mohammadmossadegh.com>

[11] <https://countrystudies.us>

[12] <https://thebhc.org>

[13] <https://www.mohammadmossadegh.com>

Q.6 Please show a **timeline** of the specific events in 1951 that led from the rejection of the "50/50" offer to the final nationalisation vote?

R. The transition from a rejected profit-sharing proposal to the full nationalisation of Iranian oil in 1951 was a rapid sequence of political defiance and escalation. [1, 2]

Timeline of 1951: The Path to Nationalisation

- **Late 1950 – Early 1951: The Rejection**
 - **December 31, 1950:** The American-owned Arabian American Oil Company (Aramco) signed a **50/50 profit-sharing deal** with Saudi Arabia. This intensified Iranian demands for similar treatment.
 - **January 1951:** The AIOC suggested a similar 50/50 offer to Prime Minister [Ali Razmara](#). However, the offer was seen as insincere and "too late" by the nationalist opposition.
 - **February 19, 1951:** [Mohammad Mossadegh](#), as head of the Majlis (Parliament) Oil Committee, formally proposed the **total nationalisation** of the oil industry.
- **March 1951: Escalation and Legislative Victory**
 - **March 3:** PM [Razmara](#) appeared before the Oil Committee to argue against nationalisation on technical grounds, which made him highly unpopular.
 - **March 7: Assassination of PM Razmara.** He was shot by a member of the Fada'iyan-e Islam, an extremist group, removing the most powerful opponent of nationalisation.
 - **March 15:** The Majlis voted **unanimously** to nationalise the oil industry.
 - **March 20:** The Senate (upper house) confirmed the vote, making nationalisation official law. This date is still celebrated in Iran as **Oil Nationalisation Day**.
- **April – May 1951: The New Government**
 - **April 28:** Following the resignation of the interim Prime Minister, the Majlis overwhelmingly elected [Mohammad Mossadegh](#) as Prime Minister.
 - **May 1:** The Shah signed the nationalisation law into effect. The newly created [National Iranian Oil Company \(NIOC\)](#) officially took over the assets of the AIOC. [2, 3, 4, 5, 6, 7, 8, 9, 10, 11]

This legislative victory triggered the [Abadan Crisis](#), as Britain responded with a global oil boycott and military threats, eventually leading to the [1953 coup](#). [12, 13, 14]

[1] <https://www.facebook.com>

[2] <https://www.facebook.com>

[3] <https://www.mohammadmossadegh.com>

[4] <https://www.ueunion.org>

[5] <https://www.mohammadmossadegh.com>

[6] <https://en.wikipedia.org>

[7] <https://www.dawn.com>

[8] <https://www.dawn.com>

[9] <https://iranpress.com>

[10] <https://iranpress.com>

[11] <https://www.academia.edu>

[12] <https://en.wikipedia.org>

[13] <https://www.facebook.com>

[14] <https://www.mohammadmossadegh.com>

Q.7 What was the Abadan Crisis, and how did this lead to the 1953 coup?

R. The **Abadan Crisis** (1951–1954) was a period of intense diplomatic and economic conflict between Iran and Britain that followed the nationalisation of the Iranian oil industry. It served as the primary catalyst for the **1953 coup** by crippling Iran's economy and shifting the geopolitical perspective of the United States. [1, 2, 3, 4, 5]

The Abadan Crisis: Key Elements

- **The Embargo:** In retaliation for nationalisation, Britain withdrew its technical staff from the [Abadan refinery](#)—then the world's largest—and imposed a total naval blockade on Iranian oil exports.
- **Economic Collapse:** Deprived of oil revenue, which accounted for the vast majority of its budget, Iran faced severe inflation and was forced to [print money](#) to stay afloat.
- **Technological Vacuum:** British technicians were the only ones who knew how to operate the complex refinery. When they left, Iranian production [effectively ceased](#), as most other Western nations refused to send replacement experts in solidarity with Britain. [2, 6, 7, 8, 9]

How the Crisis Led to the 1953 Coup

The crisis transformed a commercial dispute into a Cold War emergency, providing the pretext for foreign intervention: [3]

1. **Fear of Communism:** As the economy spiralled, Prime Minister Mossadegh's domestic support fractured. The British successfully convinced the U.S. that a weakened Iran was at risk of a [communist takeover](#) by the Tudeh Party, even though later intelligence suggested this threat was [exaggerated](#).
2. **U.S. Strategic Shift:** Initially, the U.S. acted as a mediator. However, the Eisenhower administration, fearing a precedent for oil nationalisation elsewhere, decided that Mossadegh's intransigence was a threat to regional stability.
3. **Operation Ajax:** In August 1953, the CIA and MI6 orchestrated **Operation Ajax**. They used propaganda, bribed mobs, and [military elements](#) to overthrow Mossadegh and consolidate power in the hands of the **Shah, Mohammad Reza Pahlavi**, who then reversed the total nationalisation in favour of a foreign consortium. [10, 11, 12, 13, 14, 15]

The crisis effectively "broke" the Iranian government's ability to govern, making it vulnerable to the [internally and externally fueled unrest](#) that eventually toppled the country's first democratic leadership. [1, 3]

[1] <https://en.wikipedia.org>

[2] <https://en.wikipedia.org>

[3] <https://utopix.cc>

[4] <https://www.tandfonline.com>

[5] <https://blogs.ubc.ca>

[6] <https://utopix.cc>

[7] <https://www.tandfonline.com>

[8] <https://www.academia.edu>

[9] <https://en.wikipedia.org>

[10] <https://www.britannica.com>

[11] <https://www.youtube.com>

[12] <https://www.cambridge.org>

[13] <https://www.juancole.com>

[14] <https://monthlyreview.org>

[15] <https://www.britannica.com>

Q.8 When did Iran first achieve full democracy? How long did the democracy last, and what caused its downfall?

R. [Iran](#) first achieved a form of functional democracy during the period between **1941 and 1953**. While the [1906 Constitutional Revolution](#) established the legal framework for a constitutional monarchy, the most robust democratic era occurred after the 1941 abdication of Reza Shah. [1, 2]

Duration of Democracy

This democratic period lasted approximately **12 years**. It was characterized by:

- **Political Pluralism:** A surge in social and political activity, including the rise of various parties and a relatively free press.
- **The Mossadegh Era:** The peak of this period was the premiership of **Mohammad Mossadegh (1951–1953)**, who was Iran's first democratically elected leader and gained massive public support for his nationalist agenda. [2, 3]

Causes of the Downfall

The downfall of Iranian democracy occurred in **August 1953** due to a military coup, known as **Operation Ajax**, which was driven by several factors: [3, 4]

- **Oil Nationalisation:** Mossadegh's decision to nationalise the [Anglo-Iranian Oil Company \(AIOC\)](#) threatened British economic interests. Britain subsequently led a global boycott of Iranian oil, which crippled the economy.
- **Foreign Intervention:** The [CIA and MI6](#) orchestrated the coup to remove Mossadegh. They used propaganda, bribed officials, and staged riots to create a sense of chaos.
- **Cold War Fears:** The United States feared that Iran's economic instability would allow the communist **Tudeh Party** to seize power, potentially bringing Iran into the Soviet sphere of influence.
- **Internal Fractures:** As the economy worsened due to the British embargo, Mossadegh's broad coalition began to break apart, allowing pro-monarchy forces to gain traction. [3, 4, 5]

The coup successfully ousted Mossadegh and restored the absolute power of [Shah Mohammad Reza Pahlavi](#), marking the end of Iran's democratic experiment and the beginning of a [long period of autocratic rule](#). [5, 6]

[1] <https://oiccpres.com>

[2] <https://oiccpres.com>

[3] <https://www.cbc.ca>

[4] <https://www.youtube.com>

[5] <https://www.facebook.com>

[6] <https://www.mohammadmossadegh.com>

Q.9 How did the CIA and MI6 orchestrate the coup to remove Mossadegh?

R. The removal of Mohammad Mossadegh in August 1953—codenamed **Operation Ajax** by the CIA and **Operation Boot** by MI6—was a meticulously planned multi-phase intelligence operation.

Wikipedia: [A key motive was to protect British oil interests in Iran after Mossadegh nationalised the country's oil industry.](#)

NPR: [How The CIA Overthrew Iran's Democracy In Just 4 Days.](#)

Britanica: [1953 Coup in Iran./Coup d'état, Description & Facts.](#)

Guardian: [The coup in Iran that changed the Middle East and the cover-up.](#)

Hampton Institute: [Iran 1953: How the CIA Orchestrated an Imperialist Coup.](#)

CIA: [AND THE FALL OF IRANIAN PRIME MINISTER ... CIA.](#)

YouTube: [The True Story of the CIA Coup in Iran and the Islamic ...](#)

Texas National Security Review: [The United States, Mohammad Mossadegh, and the Coup ...](#)

Reddit: [TIL the CIA and MI6 helped overthrow the democratically ...](#)

Apple Podcasts: [The first CIA Coup: Oil, Iran, and MI6 \(Ep. 1\)](#)

Q.10 Which country, or which organisation, MI6 or CIA, was the instigator or leader in the moves to overthrow the government of Iran during the 1953 coup and which country or organisation was the larger player?

R. The **United Kingdom** was the initial instigator of the 1953 coup, while the **United States** provided the critical resources and leadership required for its successful execution. [1, 2]

Instigator: The United Kingdom (MI6)

The move to overthrow Prime Minister Mohammad Mossadegh originated with the British government following the 1951 oil nationalisation. [1, 3]

- **The Motive:** Britain's primary goal was to protect its oil interests and regain control of the AIOC.
- **Early Planning:** The UK initially launched **Operation Boot** and spent nearly two years trying to persuade the U.S. to join the plot.
- **Solicitation:** When the Truman administration refused to participate, Prime Minister Winston Churchill waited for the inauguration of President Dwight Eisenhower to successfully pitch the coup as a necessary step to prevent a Soviet-backed communist takeover. [1, 2, 4]

Leader and Larger Player: The United States (CIA) [5]

Once the [U.S.](#) committed to the plan, the CIA became the primary force in its planning and execution. [1, 5]

- **Operational Control:** The joint mission, codenamed **Operation Ajax** by the Americans, was largely directed by the CIA.
- **On-the-Ground Leadership:** CIA agent [Kermit Roosevelt Jr.](#) served as the primary field commander in Tehran.
- **Superior Resources:** The U.S. provided the vast majority of the funding—including suitcases of cash for bribes—and leveraged its diplomatic weight to pressure the Shah into signing the decrees that legitimised the coup.
- **Persistence:** When an initial coup attempt failed on August 15, British intelligence reportedly "backed away," but Roosevelt and the CIA continued covert operations and orchestrated the successful second attempt on August 19. [1, 3, 4, 6, 7, 8, 9]

While some recent historical reappraisals—such as those featured in the documentary "**Coup 53**"—argue that MI6 agent [Norman Darbyshire](#) was the original "choreographer" of the plan, the [CIA](#) is widely acknowledged as the "prime mover" that ultimately implemented it. [2, 10]

[1] <https://en.wikipedia.org>

[2] <https://www.aljazeera.com>

[3] <https://www.youtube.com>

[4] <https://nsarchive.gwu.edu>

[5] <https://www.pbs.org>

[6] <https://www.npr.org>

[7] <https://www.theguardian.com>

[8] <https://www.facebook.com>

[9] <https://www.npr.org>

[10] <https://www.npr.org>

Q.11 How did the government of Iran and democracy change after the 1953 coup?

R. The 1953 coup marked the end of Iran's democratic experiment and the beginning of 25 years of **monarchical dictatorship**. The changes transformed Iran into a highly centralised, autocratic state closely aligned with the West. [1, 2, 3, 4]

1. Shift to Absolute Monarchy [5]

Prior to 1953, the Shah was largely a figurehead, while Parliament (the Majlis) and the Prime Minister held significant power. After the coup: [4, 6, 7]

- **Consolidation of Power:** The Shah, Mohammad Reza Pahlavi, moved from being a ceremonial monarch to an **absolute ruler**.
- **Executive Dominance:** The office of the Prime Minister became a subordinate position filled by royal loyalists, starting with [General Fazlollah Zahedi](#).
- **Neutralisation of Parliament:** The Majlis was effectively stripped of its independence, becoming a rubber-stamp body for the Shah's decrees. [5, 8, 9, 10, 11]

2. Suppression of Democracy and Dissent

The vibrant, competitive political landscape of the 1940s was replaced by systematic repression: [12]

- **Banning of Opposition:** Major political groups, including Mossadegh's National Front and the communist Tudeh Party, were outlawed. Mossadegh himself spent the rest of his life under [house arrest](#).
- **Creation of SAVAK:** In 1957, with assistance from the CIA and Mossad, the Shah established **SAVAK**, a notorious secret police and intelligence agency. It was used to silence dissent through [censorship, arbitrary arrests, and torture](#). [1, 5, 8, 9, 13, 14, 15]

3. Geopolitical and Economic Realignment

The coup fundamentally changed Iran's international stance and resource management: [6, 10, 16]

- **U.S.-Iran Alliance:** Iran became a key Cold War ally for the United States, receiving billions in military and economic aid in exchange for acting as a regional [counterweight to the Soviet Union](#).
- **Oil Consortium:** Although oil remained technically nationalised, a 1954 agreement gave an [international consortium](#)—including British and American firms—control over production and a 50% share of profits. [9, 17, 18]

4. Top-Down Modernisation (The White Revolution)

With absolute control, the Shah launched the **White Revolution** in 1963, a series of rapid socioeconomic reforms. While these led to improvements in literacy, women's rights, and infrastructure, the [aggressive secularisation](#) and lack of political freedom alienated traditionalists, the clergy, and the growing middle class. [3, 6, 13]

The suppression of moderate, secular democratic alternatives during this era created a political vacuum that eventually allowed the [clerical establishment](#) to lead the [1979 Revolution](#). [14, 19]

[1] <https://www.cbc.ca>

[2] <https://www.youtube.com>

[3] <https://www.ebsco.com>

[4] <https://courses.lumenlearning.com>

[5] <https://www.facebook.com>

[6] <https://www.britannica.com>

[7] <https://www.britannica.com>

[8] <https://en.wikipedia.org>

[9] <https://en.wikipedia.org>

[10] <https://theprint.in>

[11] <https://www.reddit.com>

[12] <https://oiccpres.com>

[13] <https://historyguild.org>

[14] <https://english.mojahedin.org>

[15] <https://www.aljazeera.com>

[16] <https://orsam.org.tr>

[17] <https://courses.lumenlearning.com>

[18] <https://www.britannica.com>

[19] <https://www.britannica.com>

Q.12 After the 1953 coup, how did the ownership of Iranian oil assets change, and how were they managed?

R. After the 1953 coup, ownership of Iranian oil was restructured under the **Consortium Agreement of 1954**, which nominally preserved nationalisation while restoring foreign operational control through a multinational group of companies. [1, 2]

Ownership and Profit-Sharing [3]

The [Consortium Agreement](#) introduced a new distribution of interests among major Western oil powers: [4]

- **Equity Split:** The formerly exclusive monopoly of the **Anglo-Iranian Oil Company (AIOC)**—renamed [British Petroleum \(BP\)](#) in 1954—was diluted:
 - **BP:** 40%.
 - **American Companies:** 40% (split between five major firms: Standard Oil of NJ, Standard Oil of CA, Socony Mobil, Gulf Oil, and Texaco).
 - **Royal Dutch Shell:** 14%.
 - **Compagnie Française des Pétroles (Total):** 6%.
- **Revenue Model:** Iran adopted a **50/50 profit-sharing model**, similar to those in Saudi Arabia and Venezuela.
- **Nominal Nationalisation:** While the National Iranian Oil Company (NIOC) technically owned the oil and facilities, the [consortium held exclusive rights](#) to exploration, production, and refining for a 25-year period. [1, 3, 5, 6, 7]

Management Structure

The consortium managed operations through a specialized hierarchy that excluded Iranian oversight:

- **Operating Entities:** Two companies were established in the Netherlands—the [Iranian Oil Exploration and Producing Company](#) and the Iranian Oil Refining Company—to handle day-to-day operations.
- **Lack of Control:** The consortium retained **veto power** over major production and investment decisions. NIOC had no seats on the board of directors and was denied the right to audit the consortium's internal accounting.
- **Restricted Marketing:** Iran's ability to market its own oil was strictly limited, with roughly **96% of production** bound for purchase by consortium members at "posted prices". [1, 3]

Compensation to BP

As part of the settlement, Iran was forced to compensate BP for its 1951 nationalisation: [8]

- **Cash Payment:** Iran paid **£25 million** directly to BP.
- **Entry Fees:** The other consortium members paid BP roughly **\$600 million** (about £214 million) for the right to share in the previously exclusive Iranian concession. [6, 9, 10]

[1] <https://en.wikipedia.org>

[2] <https://medium.com>

[3] <https://grokipedia.com>

[4] <https://www.theperfectvoice.in>

[5] <https://www.ueunion.org>

[6] <https://grokipedia.com>

[7] <https://history.state.gov>

[8] <https://www.facebook.com>

[9] <https://mohammadmossadegh.com>

[10] <https://parsterminal.com>

Q.13 At the time of the original 1951 nationalisation of Iranian oil interests, was compensation offered to or paid to the owning company?

R. At the time of the 1951 nationalisation, the Iranian government **formally offered compensation** to the Anglo-Iranian Oil Company (AIOC), but **no payments were actually made** during Mohammad Mossadegh's tenure due to a deadlock in negotiations.

1. The Compensation Offer

The [Oil Nationalisation Law of 1951](#) included specific provisions for settling financial claims: [1]

- **Revenue Allocation:** Mossadegh proposed setting aside **25% of the net proceeds** from future oil sales in a mutually agreeable bank specifically for [compensation payments](#) to the AIOC.
- **Settlement Basis:** He was willing to negotiate a "global amount" or a fixed number of years for these payments, provided they were based on the [physical assets](#) in Iran rather than the loss of future potential profits.
- **Third-Party Arbitration:** Iran eventually offered to have the [International Court of Justice \(ICJ\)](#) determine the compensation amount based on legal precedents from other nationalisations (such as the UK's own nationalisation of its coal industry). [2, 3, 4]

2. Why No Payments Were Made

Despite the offers, the British government and the AIOC rejected them for several reasons: [5]

- **Valuation Disagreement:** Britain demanded compensation for the **loss of future profits** until the original concession's expiry in 1993, which Iran viewed as an [illegal imperial claim](#).
- **The Blockade:** Britain responded by imposing a [global embargo](#) on Iranian oil. Because Iran could not sell any oil, the 25% "set-aside" fund remained empty.
- **Legal Standing:** The British initially refused to recognize the **legality of the nationalisation**, calling it "confiscation" and "stolen property," which prevented any diplomatic agreement on payment terms. [4]

Actual financial compensation was only resolved **after the 1953 coup**, when the new government agreed to pay BP [£25 million](#) as part of the 1954 Consortium Agreement.

Would you like to know more about the **specific legal arguments** Iran used at the [International Court of Justice](#) to defend its right to nationalise?

[1] <https://www.mohammadmossadegh.com>

[2] <https://www.mohammadmossadegh.com>

[3] <https://history.state.gov>

[4] <https://link.springer.com>

[5] <https://www.researchgate.net>

Q.14 What were the **specific legal arguments** Iran used at the International Court of Justice to defend its right to nationalise?

R. At the **International Court of Justice (ICJ)** in 1952, Iran's legal team—personally led by **Mohammad Mossadegh**—defended the right to nationalise primarily by challenging the Court's authority to hear the case. Their defence rested on three core legal arguments: [1, 2]

1. Lack of Jurisdiction (The Primary Defence) [3]

Iran argued that the ICJ had no legal standing to intervene because the dispute was not between two states, but between a **state (Iran)** and a **private company (AIOC)**. [1, 4, 5]

- **Private Contract vs. Treaty:** Iran contended that the **1933 Concession** was a private business contract, not an international treaty. Therefore, the UK could not invoke international law or ICJ jurisdiction to enforce it.
- **Interpreting the Optional Clause:** Iran pointed out that its 1930 declaration accepting ICJ jurisdiction was limited to disputes arising from **treaties signed after 1932**. Since the UK based its claim on treaties from 1857 and 1903, Iran argued the Court had no mandate to rule on them. [2, 4, 6, 7, 8]

2. National Sovereignty and Domestic Jurisdiction

Iran maintained that the management of its own natural resources was an **exclusively domestic matter** protected by the principle of national sovereignty. [2, 9]

- **Right to Nationalise:** The defence argued that every sovereign nation has an inherent, legal right to nationalise its industries for the public good.
- **Article 2(7) of the UN Charter:** Iran invoked the UN Charter, which prohibits international intervention in matters that are "essentially within the domestic jurisdiction of any state". [1, 7, 9]

3. Non-Discrimination and Public Interest

Iran's legal team argued that the nationalisation was a lawful act of state intended to protect **national interests** rather than to specifically target or discriminate against foreign nationals. [10]

- **Welfare of the Nation:** Mossadegh argued that the AIOC was an "imperialistic tool" and that nationalisation was necessary to ensure the prosperity and political independence of the Iranian people. [1, 9, 11, 12]

The Verdict: The ICJ ultimately sided with Iran on the question of jurisdiction. On **July 22, 1952**, the Court ruled that it lacked the authority to hear the case because the 1933 agreement was indeed a private contract and not an international treaty. [3, 4, 13, 14]

Would you like to know how the **British government responded** to this legal defeat before deciding on a covert military coup?

[1] <https://courses.kvasaheim.com>

[2] <https://courses.kvasaheim.com>

[3] <https://www.mohammadmossadegh.com>

[4] <https://www.icj-cij.org>

[5] <https://opil.ouplaw.com>

[6] <https://www.mohammadmossadegh.com>

[7] <https://www.worldcourts.com>

[8] <https://www.worldcourts.com>

[9] <https://www.iruns.ir>

[10] <https://www.iruns.ir>

[11] <https://www.icj-cij.org>

[12] <https://history.state.gov>

[13] <https://www.mohammadmossadegh.com>

[14] <https://history.state.gov>

Q.15 How did the British government respond to this legal defeat before deciding on a covert military coup?

R. After the International Court of Justice (ICJ) ruled in July 1952 that it lacked jurisdiction, the British government—led by Winston Churchill and Foreign Secretary Anthony Eden—responded by escalating **economic and covert warfare** against [Iran](#) before committing to a military-backed coup. [1, 2, 3]

1. Intensified Economic Boycott [4]

The British government significantly tightened the **Abadan Crisis** blockade. [2, 5]

- **Naval Blockade:** British warships in the Persian Gulf intercepted and prevented any tankers from exporting Iranian oil.
- **Global Sanctions:** Britain used its diplomatic influence to ensure other international oil companies joined the embargo, effectively cutting off Iran's only source of foreign revenue.
- **Expulsion of Experts:** Following the legal defeat, Britain ordered its remaining 350 oil experts to leave Abadan by October 1951, crippling the refinery's operational capacity. [2, 5]

2. Appeals to the UN and World Bank

Despite the ICJ ruling, Britain attempted other international legal avenues: [3]

- **UN Security Council:** Britain took the case to the Security Council, but failed to gain enough support to pass a resolution against Iran.
- **World Bank Mediation:** Britain briefly engaged in a World Bank proposal to manage the oil industry as a "neutral intermediary." This failed because Britain insisted on the return of British technicians, which Mossadegh rejected as a violation of sovereignty. [2, 5, 6]

3. Diplomatic Pressure on the United States

The British government focused heavily on shifting the U.S. position from a "neutral mediator" to an ally in regime change:

- **The "Red Menace" Strategy:** Britain launched a propaganda campaign framing Mossadegh not as a nationalist, but as a weak leader who would allow the **Tudeh Party (communists)** to seize power.
- **Strategic Offer:** By late 1951, Churchill and Eden offered to **share Iranian oil profits** with American companies—a major concession intended to secure U.S. support for an overthrow. [2, 7, 8]

4. Covert Operations (MI6)

Even before the U.S. agreed to the coup, the British Secret Intelligence Service (MI6) laid the groundwork:

- **Internal Sabotage:** Agents like Christopher Woodhouse and Robin Zaehner remained in Tehran to bribe Majlis (Parliament) members, fund opposition newspapers, and incite street protests to destabilise the government.
- **Recruiting the Shah:** British agents worked to isolate Mossadegh from the Shah, eventually convincing the monarch that Mossadegh was a threat to the throne. [2, 8, 9, 10]

Once the Eisenhower administration took office in 1953 and agreed that Mossadegh was "unamenable," these British covert efforts were merged with the CIA's resources to execute [Operation Ajax](#). [1, 4, 11]

[1] <https://history.state.gov>

[2] <https://link.springer.com>

[3] <https://brill.com>

[4] <https://journals.troy.edu>

[5] <https://link.springer.com>

[6] <https://jep.sbu.ac.ir>

[7] <https://www.files.ethz.ch>

[8] <https://www.youtube.com>

[9] <https://dergipark.org.tr>

[10] <https://www.researchgate.net>

[11] <https://en.wikipedia.org>

Q.16 How did the ownership, management and operation of Iran's oil assets change after the 1979 overthrow of the monarch?

R. Following the 1979 Islamic Revolution, [Iran](#) underwent a radical shift to **total nationalisation**, permanently ending the era of foreign consortiums and establishing the state as the sole owner and manager of its oil wealth.

1. Ownership: Absolute State Control

The 1979 overthrow of the monarchy led to the immediate and total reclamation of oil assets. [1, 2]

- **Cancellation of Contracts:** The revolutionary government unilaterally cancelled the **1954 Consortium Agreement** and all other contracts with foreign oil companies, declaring them "colonial" and invalid.
- **Constitutional Ban:** The new [Islamic Republic's constitution](#) (Articles 3.5, 43, and 44) formally prohibited foreign companies from owning equity stakes in Iran's hydrocarbon reserves, effectively banning private ownership of oil.
- **Succession of Assets:** All physical infrastructure—including refineries like [Abadan](#), pipelines, and export terminals on [Kharg Island](#)—was transferred to the state. [1, 3, 4, 5]

2. Management: The Rise of NIOC

The National Iranian Oil Company (NIOC) was transformed from a partner in a consortium into the monolithic entity responsible for every stage of the industry. [1, 6]

- **Operational Monopoly:** NIOC took over direct management of exploration, drilling, production, and exports, which were previously handled by foreign technical staff.
- **Creation of Subsidiaries:** To manage the massive scale, the government created specialized branches like the **National Iranian South Oil Company (NISOC)**, which currently handles roughly 80% of onshore production.
- **Ministry Oversight:** The industry was placed under the control of the newly created Ministry of Petroleum, ensuring that oil policy was strictly aligned with the state's political and ideological goals. [1, 5]

3. Operational Strategy: "Oil for Independence"

Operations shifted from maximizing exports for global markets to a policy of "oil for the benefit of the nation". [7, 8, 9]

- **Reduced Production:** The revolutionary government deliberately slashed production from its 1974 peak of over **6 million barrels per day** to approximately **4 million** (and even lower during the 1980s) to conserve resources and reduce Western dependence.
- **Domestic Focus:** A significant portion of production was diverted to domestic consumption, including heavily subsidized fuel for citizens.
- **Service-Only Contracts:** Deprived of foreign capital, Iran eventually developed "buy-back" or **Risk Service Contracts**. These allow foreign firms to develop fields as contractors for a fee, but they are strictly forbidden from owning any share of the oil produced. [3, 6, 8, 10, 11]

The industry's management has since been defined by **self-reliance** in the face of decades of international sanctions, which have restricted Iran's access to modern technology and foreign investment. [10, 12]

Would you like to explore how **sanctions** have specifically impacted Iran's ability to maintain its [oil infrastructure](#) or how the **Iraq-Iran War** affected production levels?

[1] <https://baike.baidu.com>

[2] <https://irdc.ir>

[3] <https://erf.org.eg>

[4] <https://paashamahdavi.com>

[5] <https://museo-fisogni.org>

[6] <https://paashamahdavi.com>

[7] <https://www.sid.ir>

[8] <https://www.researchgate.net>

[9] <https://www.facebook.com>

[10] <https://www.shale24.com>

[11] <https://www.researchgate.net>

[12] <https://depic.ai>

Q.17 Have economic sanctions limited Iranian oil exports, and if so, when?

R. Yes, economic sanctions have repeatedly and significantly limited [Iranian](#) oil exports since the 1950s. These measures are a central tool for foreign powers to exert pressure by targeting the "lifeblood" of the Iranian economy. [1, 2, 3, 4]

Timeline of Significant Sanctions

- **1951–1953 (The First Embargo):** In response to oil nationalisation, Britain led an international boycott of Iranian oil, effectively halting exports until the 1953 coup.
- **1979–1981 (Hostage Crisis):** Following the Islamic Revolution and the [U.S. Embassy hostage crisis](#), the U.S. imposed a comprehensive trade embargo, which reduced its direct Iranian oil imports from 500,000 barrels per day to zero.
- **1995 (Full Trade Ban):** The Clinton administration banned all U.S. company involvement in Iran's energy sector and prohibited all bilateral trade.

- **2012 (Coordinated Escalation):** The [U.S. and European Union](#) launched a coordinated campaign including an EU oil embargo and financial sanctions that cut exports by roughly 40%.
- **2018–2020 ("Maximum Pressure"):** After withdrawing from the nuclear deal ([JCPOA](#)), the Trump administration reimposed strict sanctions. Exports plummeted from over 2 million barrels per day in 2017 to just **444,000 barrels** in 2020.
- **2025–2026 (Recent Crackdown):** On 27 September 2025, the UN Security Council triggered a "snapback" of sanctions. As of April 2026, the [U.S. Treasury's "Economic Fury" campaign](#) has sanctioned over 1,000 targets, including 19 "shadow fleet" vessels, to tighten the financial stranglehold on Iranian oil trade. [1, 2, 3, 5, 6, 7, 8, 9]

Key Impacts of Sanctions

- **Export Volume Drops:** Coordinated sanctions in 2012 and 2018 caused immediate, dramatic declines in physical exports, costing Iran an estimated **\$60 billion** in lost financing by 2019.
- **Shadow Trade:** To evade restrictions, Iran has developed a [complex "dark" supply chain](#), using ship-to-ship transfers and untraceable tankers to move oil, primarily to China.
- **Revenue Loss via Discounts:** Sanctions force Iran to sell its oil at heavy discounts—often **\$8–\$10 below Brent crude prices**—to compensate buyers for the high legal and operational risks involved.
- **Infrastructure Decay:** Long-term sanctions have blocked access to advanced technology and capital, leading to the decay of oil infrastructure and a steady decline in reservoir productivity. [7, 10, 11, 12]

Would you like to know more about the shadow fleet's tactics or the specific Chinese refineries that continue to purchase sanctioned oil?

[1] <https://www.researchgate.net>

[2] <https://home.treasury.gov>

[3] <https://www.sciencedirect.com>

[4] <https://www.youtube.com>

[5] <https://www.etd.ceu.edu>

[6] <https://eng.globalaffairs.ru>

[7] <https://www.clingendael.org>

[8] <https://english.aawsat.com>

[9] <https://home.treasury.gov>

[10] <https://www.clingendael.org>

[11] <https://www.researchgate.net>

[12] <https://www.vortexa.com>

Q.18 In more recent years, which countries have been the largest markets for Iranian oil?

R. In recent years, [China](#) has emerged as the dominant and primary market for Iranian oil, consistently absorbing roughly **90% of Iran's total oil exports** as of 2025 and early 2026. This concentration is largely due to Western sanctions, which have forced Iran to rely on a few strategic partners willing to navigate restricted payment systems and informal shipping routes. [1, 2, 3, 4]

Primary Markets (2024–2026)

- **China**: The largest end-market, importing an estimated **1.4 to 1.9 million barrels per day**. Much of this trade is handled by small, independent "teapot" refineries that use the yuan (Renminbi) via China's CIPS system to avoid detection by Western authorities.
- **United Arab Emirates (UAE)**: Acts as a critical **transshipment and blending hub**. While the **UAE** absorbed approximately **US\$4.4 billion** worth of Iranian petroleum products in 2025, it primarily re-exports these to global markets rather than consuming them domestically.
- **India**: Historically a top buyer, India suspended imports in 2019 but **resumed purchases in April 2026** following a temporary U.S. sanctions waiver intended to stabilize global energy markets during regional conflict. [1, 2, 5, 6, 7, 8, 9, 10]

Secondary and Regional Markets

Beyond the major hubs, Iran maintains steady exports to several regional and sanctioned partners: [4, 11]

- **Syria**: A long-term strategic ally that receives significant shipments (roughly **3.3%** of total exports).
- **Oman**: Serves as a logistics gateway and refining hub for redistributed products.
- **Afghanistan and Pakistan**: Import significant volumes of refined petroleum products (such as diesel and fuel oils) for domestic energy and transport needs.
- **Venezuela**: Engages in "swap" arrangements where Iranian heavy crude is exchanged for Venezuelan products to help both nations bypass individual sanctions. [2, 4, 7, 12, 13]

Export Mechanisms

To sustain these markets despite "maximum pressure" sanctions, Iran utilizes a sophisticated "**shadow fleet**" of over 50 tankers that operate without transponders, perform ship-to-ship transfers, and often relabel Iranian crude as Malaysian or Omani. [2, 14]

Would you like to know more about the **payment methods** used in these trades, such as **barter agreements** or **non-dollar currencies**?

[1] <https://www.bruegel.org>

[2] <https://www.facebook.com>

[3] <https://worldvisualized.com>

[4] <https://www.crystoneenergy.com>

[5] <https://www.straitstimes.com>

[6] <https://tvbrics.com>

[7] <https://tradeint.com>

[8] <https://www.hellenicshippingnews.com>

[9] <https://egyptoil-gas.com>

[10] <https://wanaen.com>

[11] <https://www.linkedin.com>

[12] <https://energyandcleanair.org>

[13] <https://oec.world>

[14] <https://www.facebook.com>

Q.19 Did China break international or UN-imposed sanctions when it purchased oil from Iran?

R. Whether China has "broken" sanctions by purchasing Iranian oil depends on whether you view the sanctions through the lens of **United States law** or **International/UN law**. [1, 2]

As of April 2026, the legal landscape is intensely contested: [3, 4]

1. United States Sanctions (Unilateral)

From the perspective of the U.S. government, China is **routinely violating** sanctions. [5]

- **Secondary Sanctions:** Under the 2026 "Economic Fury" campaign, the U.S. Treasury has designated several Chinese entities—including the large [Hengli Petrochemical refinery](#)—for purchasing billions of dollars in Iranian oil.
- **Banking Warnings:** The U.S. has warned [major Chinese banks](#) that they will face "secondary sanctions" (exclusion from the U.S. financial system) if they continue to handle payments for these oil trades.
- **The "Shadow Fleet":** The U.S. has sanctioned 19 vessels and 40 shipping firms involved in moving this oil to China, labeling the activity as [covert and unauthorized](#). [3, 5, 6, 7]

2. United Nations Sanctions (International)

The status of UN sanctions is a major point of **legal deadlock** at the UN Security Council. [8]

- **The Snapback Dispute:** In September 2025, the UK, France, and Germany (E3) triggered a "snapback" mechanism to [reimpose all UN sanctions](#) that were originally lifted by the 2015 nuclear deal (JCPOA).
- **China's Legal Defence:** China, Russia, and Iran argue the snapback was **legally void** and procedurally flawed. They contend that the underlying [UN Resolution 2231](#) expired in October 2025, meaning there are currently *no* active UN-imposed oil sanctions to break.
- **Enforcement Paralysis:** Because China and Russia are permanent members of the UN Security Council, they have blocked all attempts to re-establish the monitoring panel that would officially identify "violations" of these disputed UN rules. [8, 9, 10]

3. China's Official Position

China maintains that its oil purchases are **legal "normal trade"** protected by international law. [11, 12, 13]

- **Sovereignty:** Beijing [publicly slams](#) U.S. measures as "illegal unilateral sanctions" that lack a basis in the UN Charter.
- **Teapot Refineries:** To minimize the impact of U.S. pressure, China often uses small, independent ["teapot" refineries](#) that have little to no exposure to the U.S. dollar, making them "immune" to typical financial penalties. [13, 14, 15, 16]

In summary: **Yes**, according to the U.S., China is breaking its domestic laws; but **No**, according to China and Russia, they are not breaking any valid international or UN rules. [8]

[1] <https://www.globaltimes.cn>

[2] <https://www.businesstoday.com.my>

[3] <https://southasianherald.com>

[4] <https://www.instagram.com>

[5] <https://www.straitstimes.com>

[6] <https://www.instagram.com>

[7] <https://home.treasury.gov>

[8] <https://opiniojuris.org>

[9] <https://news.usni.org>

[10] <https://www.congress.gov>

[11] <https://english.aawsat.com>

[12] <https://www.straitstimes.com>

[13] <https://www.globaltimes.cn>

[14] <https://www.youtube.com>

[15] <https://www.businesstimes.com.sg>

[16] <https://www.thestandard.com.hk>

Q.20 Has China built a railway from China to Iran to allow oil imports overland?

R. Yes, a direct overland railway between [China](#) and [Iran](#) is operational. As of **April 2026**, this "steel artery" allows China to import Iranian oil and trade other goods while bypassing maritime chokepoints like the **Strait of Hormuz** and the **Strait of Malacca**. [1, 2, 3, 4]

Key Features of the China-Iran Railway

- **Operational Status:** The first direct freight train from **Xi'an**, China, arrived at the [Aprin dry port](#) near Tehran on **May 25, 2025**, marking the formal launch of the corridor.
- **Route:** The line spans approximately **10,400 kilometres** (6,500 miles), traversing **Kazakhstan, Turkmenistan**, and sometimes **Uzbekistan** before entering Iran.
- **Efficiency:** It reduces transit time from 30–40 days by sea to roughly **15 days by land**.
- **Strategic Importance:** The corridor is a vital component of the **Belt and Road Initiative (BRI)** and the [International North-South Transport Corridor \(INSTC\)](#). It provides a "sanctions-resistant" lifeline that avoids Western naval patrols. [1, 5, 6, 7, 8, 9, 10, 11, 12]

Challenges and Future Expansion

- **Current Limitations:** Ships still handle the vast majority of oil transport. The rail line serves as a strategic "backup plan" and is currently limited by different track gauges (standard in China/Iran vs. Russian gauge in Central Asia), requiring cargo transfers at borders.
- **Future Capacity:** Officials aim for **15–20%** of China-Iran trade to move via this rail link by 2030.
- **Impact of Regional Conflict:** While operational, some reports suggest the [ongoing 2026 conflict](#) in the Middle East has made the route's long-term scaling more uncertain due to potential targeting of infrastructure. [7, 9, 13, 14, 15, 16, 17]

Would you like to know more about the [Five Nations Railway Corridor](#) being built through **Afghanistan** to further shorten this route?

[1] <https://www.idnfinancials.com>

[2] <https://www.facebook.com>

[3] <https://x.com>

[4] <https://www.specialeurasia.com>

[5] <https://www.instagram.com>

[6] <https://www.specialeurasia.com>

[7] <https://crossdockinsights.com>

[8] <https://x.com>

[9] <https://www.theasiacable.com>

[10] <https://www.facebook.com>

[11] <https://www.facebook.com>

[12] <https://menaunleashed.com>

[13] <https://orinocotribune.com>

[14] <https://crossdockinsights.com>

[15] <https://timesofoman.com>

[16] <https://www.idnfinancials.com>

[17] <https://www.youtube.com>

Q.21 Was oil a factor leading to the Israeli-American bombing of Iran?

R. While oil was not the primary stated justification for the 2026 U.S.-Israeli military campaign against [Iran](#), it played a significant strategic role in the conflict's escalation and targeting. [1, 2]

Oil as a Strategic Target

During the 2026 conflict (codenamed **Operation Epic Fury** by the U.S. and **Roaring Lion** by Israel), Iranian oil and gas infrastructure has been a major focus of airstrikes: [3, 4, 5, 6]

- **Targeted Sites:** Strikes have hit the [Lavan Oil Refinery](#), the [South Pars gas field](#), and the [Kharg Island oil terminal](#), which serves as Iran's primary export lifeline.
- **Military Logic:** The U.S. and Israel justify these strikes by labelling oil facilities as part of the "[Iranian war machine](#)", arguing that degrading Iran's economic infrastructure weakens its ability to fund regional proxies and its nuclear programme. [7, 8, 9, 10, 11]

Oil as a Factor in Escalation

Oil has also been a central theme in the broader geopolitical tension leading to and sustaining the war: [12, 13]

- **The "Hormuz Factor":** A major point of contention has been Iran's control over the [Strait of Hormuz](#), a chokepoint for 20% of global oil. Iran's periodic closure of the strait in retaliation for strikes has led to the [largest supply disruption in history](#), with Brent crude prices surging past \$100 a barrel.
- **Economic Leverage:** Some analysts suggest that gaining access to or [control over Iranian oil](#) could be a secondary U.S. objective, similar to historical interests in the region.
- **Pressure for Ceasefire:** The threat of [global inflation](#) and a potential worldwide recession caused by high oil prices has been a primary driver for the [April 2026 ceasefire negotiations](#) brokered by Pakistan. [14, 15, 16, 17, 18]

Stated Primary Justifications

Despite the importance of oil, the official reasons given by the U.S. and Israel for the 2026 strikes remain:

1. **Preventing a Nuclear-Armed Iran:** The stated goal is to [eliminate the existential threat](#) of Iran crossing the nuclear threshold.
2. **Dismantling Missile Capabilities:** Annihilating Iran's [missile and drone industries](#).
3. **Neutralising Regional Proxies:** Countering groups like Hezbollah and the Houthis. [19, 20, 21]

In summary, while **nuclear security** is the public catalyst, **oil** has been used as a [tool of warfare and leverage](#) by both sides throughout the 2026 conflict. [22]

[1] <https://globalwitness.org>

[2] <https://www.independent.co.uk>

[3] <https://www.britannica.com>

[4] <https://www.thereporterethiopia.com>

[5] <https://www.instagram.com>

[6] <https://www.facebook.com>

[7] <https://www.bbc.com>

[8] <https://www.instagram.com>

[9] <https://www.youtube.com>

[10] <https://www.bbc.co.uk>

[11] <https://www.youtube.com>

[12] <https://fiveable.me>

[13] <https://neofeed.com.br>

[14] <https://www.youtube.com>

[15] <https://mecouncil.org>

[16] <https://www.facebook.com>

[17] <https://www.facebook.com>

[18] <https://www.vox.com>

[19] <https://www.eurasiareview.com>

[20] <https://www.vajiraoinstitute.com>

[21] <https://lankanewsweb.net>

[22] <https://storymaps.arcgis.com>

Q.22 Was there a period during which oil products were sold at subsidised rates in Iran?

Yes, [Iran](#) has had several prolonged periods where oil products, especially gasoline and diesel, were sold at heavily **subsidised rates**. For decades, this policy was a cornerstone of the Iranian economy, aimed at sharing oil wealth with citizens and keeping transport costs low. [1, 2, 3]

1. The Post-Revolution Era (1979–2010)

Following the [1979 Revolution](#), the government prioritised "oil for the benefit of the nation," maintaining fuel prices that were among the lowest in the world. [2, 4, 5]

- **Widespread Use:** By the mid-2000s, subsidies were so large that Iran became one of the world's most energy-intensive economies.
- **Economic Burden:** By 2010, fuel subsidies cost the government roughly **US\$38 billion per year** (about 20% of GDP), leading to massive overconsumption and fuel smuggling to neighbouring countries. [2, 4, 6, 7]

2. The 2010 Targeted Subsidies Reform [8]

In December 2010, President Mahmoud Ahmadinejad launched what was called the "**grand economic surgery**" to phase out these indirect subsidies. [1, 9]

- **Price Shocks:** Gasoline prices increased by **400%** and diesel by **1,000%** virtually overnight.
- **Compensatory Cash:** To prevent social unrest, the government replaced the cheap fuel with direct monthly **cash transfers** to nearly 90% of the population.
- **Result:** While initially successful in reducing consumption, the plan stalled by 2012 due to high inflation and [international sanctions](#), and prices eventually fell back below global levels in real terms. [1, 10, 11, 12, 13]

3. Recent Developments (2019–Present)

Energy subsidies have remained a volatile issue. In November 2019, a sudden decision to [ration gasoline](#) and increase prices by 50% to 200% sparked widespread protests. Despite these efforts, Iran remains one of the top countries globally for energy subsidies, with petroleum products still significantly cheaper than in international markets. [1, 14]

Would you like to know more about the [2010 cash transfer system](#) and its impact on **poverty levels** in Iran?

[1] <https://en.wikipedia.org>

[2] <https://www.elibrary.imf.org>

[3] <https://www.britannica.com>

[4] <https://www.unescap.org>

[5] <https://www.youtube.com>

[6] <https://iranprimer.usip.org>

[7] <https://www.elibrary.imf.org>

[8] <https://encyclopedia.pub>

[9] <https://www.researchgate.net>

[10] <https://pomeps.org>

[11] <https://erf.org.eg>

[12] <https://erf.org.eg>

[13] <https://erf.org.eg>

[14] <https://zamaneh.medium.com>

Q.23 How did the 2010 cash transfer system work, and how did it impact poverty levels in Iran?

The **2010 Targeted Subsidies Reform Act** replaced indirect subsidies on energy and bread with a direct, monthly, and nearly universal cash transfer to compensate for massive price hikes. [1, 2]

How the System Worked

- **The Swap:** Indirect "hidden" subsidies, which mostly benefited the wealthy who consumed more energy, were removed. In their place, the government offered **unconditional** cash payments directly to citizens.
- **Amount:** Each eligible person received approximately **445,000 to 450,000 Iranian Rials per month** (roughly **\$45 USD** in 2011).
- **Coverage:** The program reached nearly universal coverage by 2011, with about **73 to 75 million Iranians** (roughly 95–97% of the population) receiving the benefit.
- **Funding:** Half of the savings from removing the price subsidies was legally mandated to be redistributed as cash to households, with the remainder intended for enterprise restructuring and social security improvements. [2, 3, 4, 5, 6, 7, 8, 9, 10]

Impact on Poverty Levels

The program initially had a dramatic **pro-poor effect**, though this was later undermined by economic instability. [11, 12]

- **Immediate Poverty Reduction:** Studies show the reform directly reduced the national poverty headcount ratio from **22.5% to 10.6%** in its early phase.
- **Rural Success:** The impact was most significant in rural areas, where poverty dropped from roughly **44% to 23%**. In urban areas, the reduction was more modest, from 13% to 5%.
- **Improved Inequality:** The Gini index (a measure of income inequality) fell from **0.42 in 2009 to 0.37 by 2013**, indicating a substantial improvement in wealth distribution.
- **Erosion by Inflation:** Over time, high inflation—fuelled in part by the printing of money to fund these transfers and by international sanctions—halved the real value of the payments within five years. This caused the poverty-reducing effect to decline by about **40%**, pushing many households back toward the poverty line. [3, 13, 14, 15, 16, 17, 18, 19, 20]

By 2014, the government attempted to transition to a more **targeted system** to exclude the wealthiest 20% and save fiscal resources, but this faced significant public resistance. [12]

Would you like to know more about the **2019 fuel price protests** and how they were linked to the further erosion of these subsidy reforms?

[1] <https://erf.org.eg>

[2] <https://www.unicef.org>

[3] <https://erf.org.eg>

[4] <https://www.sciencedirect.com>

[5] <https://shs.cairn.info>

[6] <https://djavadsalehi.com>

[7] <https://d-nb.info>

[8] <https://www.researchgate.net>

[9] <https://rise.esmap.org>

[10] <https://www.elibrary.imf.org>

[11] <https://ideas.repec.org>

[12] <https://www.tandfonline.com>

[13] <https://www.tandfonline.com>

[14] <https://ideas.repec.org>

[15] <https://www.cgdev.org>

[16] <https://journals.openedition.org>

[17] <https://journals.openedition.org>

[18] <https://pomeps.org>

[19] <https://erf.org.eg>

[20] <https://theforum.erf.org.eg>

Q.24 What were the 2019 fuel price protests, and how were they linked to the further erosion of these subsidy reforms?

R1. The **2019 fuel price protests**, often referred to as "Bloody November" (*Aban-e Khounin*), were a wave of nationwide demonstrations triggered by a sudden, overnight decision on 15 November 2019 to ration gasoline and increase its price by up to **300%**. [1, 2]

The unrest spread to over 100 cities within hours. Protesters blocked major highways by turning off car engines and, in some cases, attacked gas stations and banks. The state's response was a severe crackdown, including a near-total internet blackout and a security operation that reportedly killed over **300 people** and led to thousands of arrests. [1, 2, 3, 4]

Link to the Erosion of Subsidy Reforms [5]

The 2019 crisis directly resulted from and contributed to the "erosion" of the 2010 Targeted Subsidies Reform in several ways:

- **Failure of the 2010 Model:** By 2019, the original 2010 reform had largely collapsed. High inflation and the devaluation of the Rial—driven by international sanctions—had rendered the original fixed cash transfers almost worthless in real terms.
- **A "Shock Therapy" Attempt:** Facing a massive budget deficit and rampant fuel smuggling, the government attempted to "reset" the subsidy system with a sudden price hike. They promised to use the new revenue to provide extra cash allowances to **18 million low-income families** (roughly 60 million people) who were "under pressure".
- **Deepened Public Mistrust:** The abrupt, secretive nature of the 2019 announcement destroyed the remains of public trust in the state's economic management. It reinforced the perception that price reforms were simply "indirect taxes" used to plug budget holes rather than genuine developmental tools.
- **Political Paralysis:** The trauma of the 2019 crackdown has created a "shadow of unrest" over all subsequent energy policy. It took until **December 2025** for the government to attempt another significant gasoline price adjustment, and even then, they opted for a cautious **three-tier system** to avoid another sudden "shock" that might trigger a repeat of the 2019 violence. [2, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14]

Today, while Iran's fuel remains among the cheapest in the world, the government continues to struggle with a "negative loop" in which any price increase fuels the very inflation that erodes the intended benefits of subsidy reform. [4, 11]

Would you like to know more about the **three-tier pricing system** introduced in late 2025 or how it attempts to target "high-consumption" users?

[1] <https://www.timesofisrael.com>

[2] <https://agsi.org>

[3] <https://www.rnz.co.nz>

[4] <https://niacouncil.org>

[5] <https://www.elibrary.imf.org>

[6] <https://www.rnz.co.nz>

[7] <https://erf.org.eg>

[8] <https://www.youtube.com>

[9] <https://www.youtube.com>

[10] <https://agsi.org>

[11] <https://www.ctvnews.ca>

[12] <https://www.timesofisrael.com>

[13] <https://amwaj.media>

[14] <https://www.timesofisrael.com>

R2. The **2019 fuel price protests**, or "Bloody November," were nationwide demonstrations sparked by a sudden 300% increase in gasoline prices on 15 November 2019. Intended to curb consumption and fund welfare for the poor, the move instead triggered unrest in over 100 cities, resulting in a severe crackdown with at least **321 deaths** reported by [Amnesty International](#). [1, 2, 3, 4]

Link to Subsidy Erosion

The 2019 events represent a critical failure and subsequent paralysis of the subsidy reform cycle:

- **Failure of the 2010 Model:** By 2019, the original 2010 reform—which replaced cheap fuel with cash transfers—had been eroded by high inflation and a depreciating rial. The cash payments had lost most of their real value, leaving the public vulnerable to the sudden 2019 "shock therapy" price hike.
- **Deepened Mistrust:** The abrupt nature of the 2019 increase destroyed public trust, leading citizens to view price reforms as "indirect taxes" rather than developmental tools.
- **Political Stalling:** The trauma of the 2019 crackdown caused subsequent governments to avoid meaningful reform for years. It was only in **December 2025** that the government attempted a new adjustment, choosing a cautious **three-tier system** to avoid another "rupture".
- **Vicious Cycle:** Currently, Iran remains trapped in a "negative loop" where high inflation continuously erodes the impact of any price increases, requiring ever-larger subsidies to keep domestic prices at "birthright" levels. [1, 3, 5, 6, 7, 8, 9]

Current Fuel Pricing (as of April 2026)

Following the December 2025 reforms, Iran operates a tiered system to manage consumption while attempting to protect lower-income households: [7]

- **Tier 1 (Subsidised):** 60 litres/month at ~1.3 cents/litre.
- **Tier 2 (Semi-subsidised):** Next 100 litres at ~2.6 cents/litre.
- **Tier 3 (Market Rate):** Consumption over 160 litres/month at ~4.3 cents/litre. [7, 10, 11]

The [National Iranian Oil Products Distribution Company](#) monitors these tiers to reduce a budget deficit that currently exceeds 50% of public spending. [7]

Would you like to know how the **2026 war with Israel** has further impacted these fuel tiers and **national inflation**?

[1] <https://www.timesofisrael.com>

[2] <https://www.rnz.co.nz>

[3] <https://www.timesofisrael.com>

[4] <https://agsi.org>

[5] <https://erf.org.eg>

[6] <https://zamaneh.medium.com>

[7] <https://niacouncil.org>

[8] <https://futureuae.com>

[9] <https://www.ctvnews.ca>

[10] <https://agsi.org>

[11] <https://www.ctvnews.ca>

Q.25 Could the Iranian cash transfer be considered a Basic Income scheme as defined by the Basic Income Earth Network, and does the scheme still exist?

R. The Iranian cash transfer scheme launched in 2010 was widely considered a **de facto Universal Basic Income (UBI)**. While the program was never officially labelled as a "basic income" by the Iranian government—referring to it instead as "cash subsidies"—it closely aligned with the core criteria defined by the [Basic Income Earth Network \(BIEN\)](#). [1, 2, 3, 4]

Alignment with BIEN Criteria

According to BIEN, a basic income must be periodic, individual, universal, and unconditional. Iran's 2010 scheme met these as follows: [3, 4, 5]

- **Periodic:** Payments were made on a regular **monthly** basis.
- **Individual:** Although paid to the head of the household, the amount was calculated **per person**, including children.
- **Universal:** At its peak, the program covered approximately **95–97% of the population** (over 73 million people).
- **Unconditional:** There were **no work requirements** or behavioural conditions (like school attendance) attached to receiving the funds. [1, 4, 6, 7, 8, 9]

Current Status (as of 2026)

The scheme **still exists**, but it has evolved significantly from its original universal form: [3, 6, 10]

- **From Universal to Targeted:** Following years of political pressure and budgetary strain, the program was officially transitioned into a **targeted cash transfer**. By 2022, the government actively began excluding wealthier deciles to focus resources on the "needy".
- **Shift to Non-Cash Credit:** In early **January 2026**, the government expanded an **electronic commodity credit program**. This non-cash system provides digital "coupons" or credits (approximately \$7 per person) that can only be used to purchase specific essential goods at designated stores, further distancing the scheme from the "unconditional cash" definition of UBI.
- **Erosion by Inflation:** Persistent inflation (exceeding 40% in 2026) has drastically reduced the purchasing power of these payments, prompting the government to use them more as a **crisis-management tool** than a stable basic income. [8, 11, 12, 13, 14, 15, 16]

Would you like to know how the **2026 budget** allocates funds for these [commodity credits](#) compared to previous cash assistance?

[1] <https://www.researchgate.net>

[2] <https://www.researchgate.net>

[3] <https://www.researchgate.net>

[4] <https://ideas.repec.org>

[5] <https://documents1.worldbank.org>

[6] <https://www.unicef.org>

[7] <https://www.ubie.org>

[8] <https://www.unicef.org>

[9] <https://erf.org.eg>

[10] <https://www.researchgate.net>

[11] <https://www.researchgate.net>

[12] <https://ideas.repec.org>

[13] <https://wanaen.com>

[14] <https://english.aawsat.com>

[15] <https://www.dw.com>

[16] <https://www.intellinews.com>

Q. 26 When Iran's cash transfer scheme now is compared with the scheme at its maximum value, what percentage of the original purchasing power will it now achieve?

As of April 2026, the Iranian cash transfer scheme retains roughly **10%** of its original purchasing power when measured in real-world terms (USD equivalents).

While the nominal amount paid to citizens has increased over time, it has failed to keep pace with the massive devaluation of the rial and rampant domestic inflation.

Purchasing Power Erosion (2010 vs. 2026)

- **Original Value (December 2010):** At its launch, the monthly payment of **445,000 IRR** was worth approximately **US\$42.40**. At this peak, it accounted for nearly **29% of the median household income** in Iran.
- **Current Value (April 2026):** For middle-income households (deciles 4–9), the current monthly payment of **3,000,000 IRR** is worth only about **US\$4.30** on the open market, where the exchange rate has surged past **700,000 IRR per dollar**.
- **Net Loss:** This represents a staggering **90% decrease** in the real value of the assistance provided to Iranian citizens. [1, 2, 3, 4]

Factors Driving the Decline

The scheme's erosion is primarily attributed to a "vicious cycle" of economic shocks:

- **Hyper-devaluation:** By early 2026, the rial has lost roughly **20,000 times its value** over four decades, with a significant portion of that collapse occurring during the "maximum pressure" and "Economic Fury" sanctions eras.
- **Inflationary Pressure:** Because the government occasionally printed money to fund these payouts during revenue shortfalls, the scheme itself contributed to the very inflation that destroyed its value.
- **War Shock:** The ongoing **2026 conflict** has further spiked the cost of essential goods, making the fixed cash amounts even less effective as a safety net. [3, 4, 5, 6, 7]

To mitigate this loss, the government has increasingly shifted toward **electronic commodity credits**—digital coupons for food—as they are easier to adjust for rising prices than pure cash. [3]

Would you like a breakdown of how the **new three-tier commodity credit system** compares to the original cash model for the lowest-income households?

Given values for the Iranian cash transfer (monthly per person)
Launch (Dec 2010): 445,000 IRR. Exchange rate was roughly 10,000-11,000 IRR/USD.
Current (April 2026): Base cash is roughly 3,000,000 to 4,000,000 IRR (varies by decile).
Exchange rate (April 2026): Open market rate often exceeds 600,000-700,000 IRR/USD.

```
original_value_irr = 445,000
original_rate_usd = 10500 # Approx 2010-2011 rate
original_usd_value = original_value_irr / original_rate_usd
```

```
# Estimates for 2026 based on common reported figures
current_value_irr = 3000000 # Typical base for lower deciles
current_rate_usd = 700000 # Estimated open market rate April 2026
current_usd_value = current_value_irr / current_rate_usd
```

```
percentage_remaining = (current_usd_value / original_usd_value) * 100
print(f"{{original_usd_value=}}, {{current_usd_value=}}, {{percentage_remaining=}}")
```

[1] <https://erf.org.eg>

[2] <https://erf.org.eg>

[3] <https://amwaj.media>

[4] <https://www.euronews.com>

[5] <https://erf.org.eg>

[6] <https://www.interest.co.nz>

[7] <https://www.fidelity.co.uk>

Q.27 Can the erosion of the cash transfer scheme be attributed to fundamental problems with the scheme or to other external and otherwise unrelated factors?

R. The erosion of the Iranian cash transfer scheme is a classic case of a policy designed for a stable environment being decimated by **external shocks** and **internal design flaws**. While it initially succeeded in reducing poverty, it lacked the mechanisms to survive the specific economic pressures Iran faced.

1. External and Unrelated Factors (The Dominant Cause)

Most economists agree that external pressures were the primary "eroders" of the scheme's value:

- **International Sanctions:** The 2012 and subsequent "maximum pressure" sanctions crippled Iran's oil exports and froze its foreign assets. This caused the national currency (the Rial) to collapse. Since the cash transfers were fixed in Rials, their **real-world purchasing power vanished** as the price of imported goods skyrocketed.
- **Geopolitical Conflict:** The [2026 war with Israel](#) and previous regional tensions diverted the national budget toward military spending, leaving fewer resources to adjust the cash transfers for inflation.

2. Fundamental Problems with the Scheme (Internal Flaws)

The scheme also suffered from "built-in" weaknesses that made it vulnerable to the external factors mentioned above:

- **Lack of Inflation Indexing:** The payment amount was **not linked to inflation**. Unlike many Western social security systems, the payout stayed the same even as prices doubled or tripled. This meant the "Basic Income" effectively shrank every month that inflation existed.
- **Universalism vs. Budgeting:** By paying 95% of the population, the government committed to a massive, fixed expense. When oil revenues dropped due to sanctions, they couldn't afford to raise the payments to keep up with inflation without printing more money—which ironically **fuelled even more inflation**.
- **Disruption of the "Grand Bargain":** The scheme was supposed to be funded by the savings from removing fuel subsidies. However, when fuel prices were hiked, people often reduced consumption or smuggled fuel, meaning the government didn't always save as much as they expected, creating a [funding gap](#).

3. The "Vicious Cycle"

These factors created a loop: Sanctions caused **inflation** → Inflation eroded the **value of the cash** → The government **printed money** to keep paying the cash → This caused **further inflation**.

By 2026, the transition to **commodity credits** (coupons for specific food items) is seen as an admission that a pure cash system cannot survive in a high-inflation, sanctioned economy because food prices rise faster than the government can adjust cash payouts.

Would you like to know which **essential goods** are currently covered by the [2026 commodity credit program](#)?
