

The Impact of War and Security Crises on Iran's Economy and Labor Market

April 2026

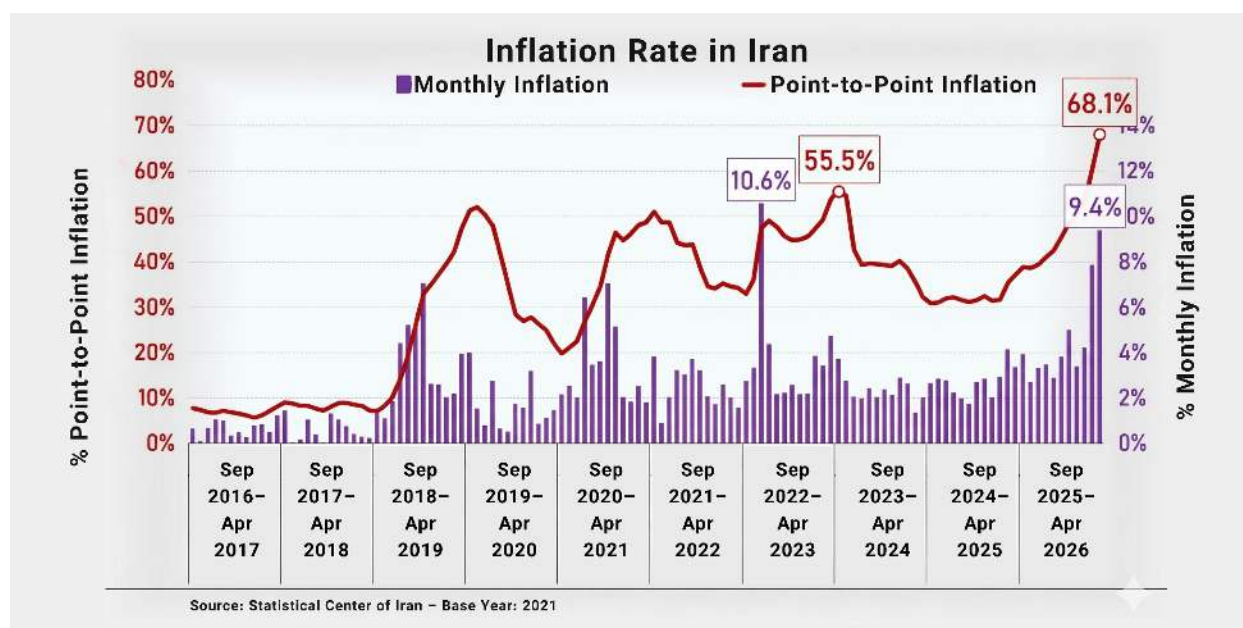
Images of war are not always confined to collapsing piles of rubble, flames, and thick plumes of smoke; sometimes, war's darker face is found in the heavy silence of factories, the shuttered storefronts of shops, and the mass layoffs of workers. The reality is that today, the pulse of war beats in the darkened pages of online businesses and at the increasingly modest, diminished dinner tables of ordinary people.

Iran's economy, already grappling with runaway inflation, declining purchasing power, energy shortages, and a deep investment crisis, has now become more fragile than ever under the pressure of military attacks. This report seeks to shed light on the less visible dimensions of these shocks: from disruptions in supply chains and liquidity crises to internet shutdowns (state-imposed restrictions or near-total disruptions of access to the global internet), which serve as the lifeline of modern commerce. Drawing on the experience of the war in Ukraine, we also attempt to address a central question: what kind of future awaits Iran's economy as it confronts this military deadlock?

Iran's Economic Structure Prior to the Onset of Military Attacks

To understand the depth of the crisis, it is first necessary to examine the state of Iran's macroeconomic indicators in the Iranian year 1404 (March 2025–March 2026): a year marked by a series of simultaneous domestic and external shocks, the effects of which became clearly visible across key economic variables.

According to a [report](#) by Donya-ye Eghtesad (a leading Iranian economic newspaper), citing the Statistical Center of Iran, the first sign of this situation was the contraction of gross domestic product (excluding oil), which entered negative territory and signaled the beginning of a recessionary period. In the spring quarter, economic growth fell to -0.5 percent, and in the summer, coinciding with the 12-Day War (an armed conflict initiated by Israel against Iran on 13 June 2025 and halted on 24 June 2025), it stabilized at -0.2 percent. Although in autumn, with a relative improvement in energy supply and access to raw materials, growth reached 1.8 percent, the average growth rate for the first three quarters of the year stood at only 0.37 percent. Compared to growth of over 2.1 percent in the previous year, this marks a significant decline and signals the economy's entry into a recessionary phase.



Caption: Monthly inflation shows the average increase in the prices of consumer goods and services compared to the previous month. In contrast, point-to-point inflation reflects the average price increase of these items compared to the same month in the previous year.

According to the Central Bank, the average point-to-point inflation rate for the entire year is estimated at around 46.3 percent, indicating a significant inflationary gap compared to the previous year (35.7 percent). Among the factors contributing to the intensification of this trend in the final months of the year were changes in the method of subsidy payments and the implementation of a “coupon-based distribution scheme” (a government program providing subsidized essential goods through vouchers), both of which led to rising inflation expectations and additional pressure on prices.

In the labor market, although some indicators appear to show relative improvement on the surface, a simultaneous examination of the unemployment rate and the labor force participation rate presents a different picture. In autumn 2025, the unemployment rate declined to 7.8 percent, while the labor force participation rate remained low at 40.7 percent. The decline in unemployment alongside a drop in participation does not indicate an improvement in the labor market; rather, it reflects the growing phenomenon of “discouraged workers”—a situation in which part of the labor force exits the job market after losing hope of finding employment, thereby contributing to an apparent reduction in the unemployment rate.

This picture points to a shrinking labor market and a weakening of the economy's employment capacity. The trend becomes even clearer when examining the structure of employment in Iran, where a large share of jobs is concentrated in the service sector, small businesses, and emerging forms of economic activity. These sectors are inherently less stable and are highly sensitive to fluctuations in demand, economic shocks, and structural imbalances, including in the energy sector. In such an environment, any disruption can quickly lead to reduced income, suspension of operations, or workforce reductions in these sectors. For example, repeated electricity and gas outages during the summer [resulted](#) in reduced production capacity and, in some cases, the closure or scaling down of industrial units.

Alongside all of this, according to a [report](#) by the Parliament Research Center (the research arm of Iran's parliament), the government's fiscal position was already unstable even before the onset of the war. Put simply, government revenues did not match expenditures. Estimates suggested that, at best, only about 88 percent of the budgeted resources would be realized, leaving a shortfall of approximately 500 trillion tomans (roughly \$8.3 billion, based on an exchange rate of approximately 60,000 tomans per US dollar).¹

Performance data further confirms this picture: in the first five months of the year, only 58 percent of the government's general revenues were realized, resulting in a deficit of around 300 trillion tomans (approximately \$5 billion). During this period, tax revenues reached 68 percent of their projected levels, customs revenues 43 percent, and revenues from the sale of government assets, intended to help offset the deficit, amounted to only 1 percent of the target.

At the same time, to compensate for the funding gap, the government resorted to alternative financing methods, including issuing financial bonds (effectively borrowing from future revenues) worth 194 trillion tomans (around \$3.2 billion) and withdrawing 147 trillion tomans (about \$2.4 billion) from the National Development Fund (a sovereign wealth fund). This [indicates](#) that even before the war began, the government was already under severe pressure to finance its current expenditures.

¹ All USD conversions in this report are approximate and based on an average market exchange rate of 60,000 tomans per US dollar during the period under analysis

Widening Livelihood Gap

In light of these conditions, the government attempted to offset part of the pressure on living standards by increasing wages. According to decisions made by the Supreme Labor Council in March 2026, the minimum wage for workers for the year 2026–2027 was [raised](#) by 60 percent, while other wage levels were increased by 45 percent plus a fixed amount. Housing allowances were also [set](#) at 3 million tomans (approximately \$50), and other benefits, such as food allowances, marriage benefits, and child allowances, were either determined or maintained.

However, estimates show that even with these increases, the gap between income and the real cost of living remains substantial. The total monthly income of a married worker with one child amounts to around 24 million tomans (approximately \$400), while that of a single worker [is about](#) 22 million tomans (around \$370). In contrast, the official “livelihood basket” calculated by the wage committee places the cost of living for a working-class household at approximately 42.9 million tomans (about \$715).

Accordingly, many economic experts argue that although the wage increase appears significant on paper, in practice, it is insufficient to fully compensate for the decline in workers’ purchasing power. Put simply, even with full implementation of these measures, a considerable portion of living costs remains uncovered, a gap that, in the context of high inflation and wartime conditions, is likely to place increasing pressure on working-class households.

Ehsan Sohrabi, a labor activist, referring to both the outcomes of the Supreme Labor Council’s decisions and the lived realities of workers, [told](#) ILNA (the Iranian Labor News Agency): “The final resolution of the Supreme Labor Council, even with a 60 percent increase, still falls short of the real cost of living for households and only compensates for part of the chronic income gap.”

Mechanisms and Channels of Transmission: How War Shocks Affect the Economy and Labor Market

Wars typically impact the economy through several key factors, including “physical damage to economic infrastructure,” “declining demand,” “disruptions to infrastructure,” and “reduced purchasing power.”

The ongoing war by the United States and Israel against Iran, similar to the 12-Day War, has disrupted Iran’s economy and labor market through several identifiable channels:

1. Damage to Factories and Industrial Zones

Among the sites targeted during the ongoing war, as [reported](#) in a statement by the High Council of Iranian Workers' Trade Associations (a national umbrella body representing workers' trade associations in Iran) and in official media outlets, the following can be noted:

<p>Ji Industrial Zone, Isfahan</p> <p>Ji Industrial Zone, located in Isfahan Province, has been targeted multiple times by missile strikes. According to labor activists in Isfahan, more than 1,000 industrial units operate in this zone; however, in the wake of recent developments and crisis conditions, around 70 percent of these units have suspended their operations. Part of these shutdowns has been carried out by employers in order to ensure the safety of workers and prevent further damage, while others have resulted from workers' own concerns and their requests for a temporary halt to activities.</p> <p>During the course of US and Israeli attacks on a factory producing heating and cooling equipment in this zone, 15 workers lost their lives, and a significant portion of the facility was destroyed.</p>	<p>Tola Industrial Zone, Qeshm</p> <p>Tola Industrial Zone, one of the key production centers in the Qeshm Free Zone, covers an area of 1,300 hectares and hosts 69 active companies operating in sectors such as shipbuilding, tobacco, cosmetics and personal care, motor oil, apparel, and gas analyzers, among others. The zone has generated significant employment for local workers.</p> <p>Following multiple rounds of attacks on the Tola Industrial Zone on Qeshm Island, at least five people were injured. The injured included two firefighters and three security guards from industrial units, who were wounded during the second attack</p>
<p>Abbasabad Industrial Zone, Pakdasht</p> <p>Abbasabad Industrial Zone, one of the largest industrial zones in eastern Tehran Province, employs more than 35,000 workers and hosts hundreds of active production units across various sectors, including food processing, plastics, metals, and industrial components. The zone has been targeted multiple times, including on March 5, 2026.</p>	<p>Shenzar Industrial Zone, Sharifabad</p> <p>Shenzar Industrial Zone, located in the Sharifabad area, is an active industrial hub hosting a large number of small and medium-sized workshops and production units, employing a significant share of the local workforce. This zone is part of the eastern Tehran industrial cluster and, alongside Abbasabad, plays an important role in regional employment. It has been targeted multiple times, including on March 5, 2026.</p>

<p>Lia Industrial Zone, Qazvin</p> <p>Lia Industrial Zone, one of the key industrial zones in Qazvin Province, covers an area of more than 267 hectares and hosts numerous production units operating in sectors such as food processing, chemicals, and manufacturing. The zone plays a significant role in regional employment.</p> <p>Reports indicate that the Abgineh Glass Factory in this zone was targeted in an attack, leaving at least 12 workers injured.</p>	<p>Hasanabad Industrial Zone, Fashafuyeh</p> <p>Hasanabad Industrial Zone, located in southern Tehran Province, is one of the country's major industrial zones, hosting a wide range of factories and production units across diverse sectors, including chemicals and plastics, cellulose-based products, tobacco, textiles and apparel, food and beverages, and electrical and electronic industries, among others. The zone has been targeted multiple times.</p> <p>In one such incident, on March 13, 2026, local authorities reported that an attack in the Fashafuyeh area resulted in two fatalities and nine injuries.</p>
<p>Shokouhieh and Mahmoudabad Industrial Zones, Qom</p> <p>The Shokouhieh and Mahmoudabad industrial zones are among the largest industrial centers in Qom Province, hosting hundreds of production units across various sectors and employing thousands of workers.</p> <p>Following an attack on a lightweight concrete production plant in the Mahmoudabad Industrial Zone, the facility was completely destroyed. The factory had employed at least 110 workers, all of whom lost their jobs. The attack also resulted in 7 fatalities and 10 injuries.</p>	<p>Kheirabad Industrial Zone, Arak</p> <p>Kheirabad Industrial Zone is one of the key production centers in Markazi Province, where a significant share of the region's industrial and workshop activities is concentrated, generating extensive employment opportunities for workers. The zone has been targeted in several attacks; however, no fatalities have been reported so far.</p> <p>The industrial zone has been developed in three phases and hosts more than 450 industrial units, including the Amir Kabir Arak Steel Company (a major iron and steel producer).</p>
<p>Heydarabad Industrial Zone, Solduz (Naqadeh)</p> <p>In an attack on the Payard starch and flour factory in this area, at least 10 workers lost their lives. The factory had previously provided employment for approximately 2,500 people.</p>	<p>Industrial Units in Hamedan Province (Malayer and Bahar)</p> <p>In an attack on a paper manufacturing plant in Malayer, along with the destruction of several warehouses and storage facilities in Bahar County, at least three workers were killed and several others were injured.</p>

<p>Damage to 24 pharmaceutical and medical equipment facilities</p> <p>According to Mehdi Pirsalehi, Deputy Minister of Health and Head of the Food and Drug Organization, at least 24 facilities operating in the pharmaceutical sector, medical equipment, and distribution chain have been targeted or seriously damaged in the roughly one month since the start of the war.</p> <p>These include the Tofiq Darou pharmaceutical company, which was struck by missiles on March 31, resulting in the complete destruction of its production units and research and development (R&D) facilities.</p>	<p>Eslamshahr Industrial Zone</p> <p>This Zone is located in the village of Firouz Bahram, in the Chahardangeh district of Eslamshahr County, Tehran Province. At the time of the missile strike, two Afghan workers were present at the site; one was killed and the other injured.</p>
---	---

2. Infrastructure Disruptions and Internet Shutdowns (Collapse of Critical Layers)

In Iran, war and military conflict, as well as domestic security crises such as public protests, have consistently been accompanied by extensive government-imposed internet restrictions. As a result, during such periods, the country's economy faces not merely a single crisis, but what can be described as a "collapse of infrastructure and operations."

According to Ehsan Chitsaz, Deputy for Policy and Development Planning in the ICT and Digital Economy sector at the Ministry of Communications, the daily economic damage caused by internet disruptions to businesses in Iran is [estimated](#) at approximately 400 to 600 billion tomans (roughly \$6.7–10 million). Under such conditions, the sales of many online businesses decline by as much as 80 percent, according to official statements by the head of the Iranian Union of Virtual Businesses. This sharp drop places the entire digital ecosystem, from small online shops to startups and large platforms, under severe [liquidity pressure](#).

Considering that there are around 200,000 businesses holding an e-Namad certification (a government-issued trust seal for online businesses), it can be estimated that internet shutdowns [affect](#) close to 10 million people, both directly and indirectly. This cycle of disruption and economic loss, previously experienced during the 12-Day War and the

January protests, has now, for the third time within a single year, resumed on February 28, coinciding with the onset of military attacks, with no clear end in sight.

3. Shift in Consumption Patterns Toward Survival Goods

In times of crisis, household consumption patterns change, with demand shifting toward essential goods and services linked to basic survival. War becomes visible in people's shopping baskets through increased demand for staple goods and items with longer shelf lives.

As a result, under wartime conditions, the market effectively narrows to essential goods, and only businesses operating in the provision of basic needs are able to sustain their sales. In contrast, a large share of businesses, particularly those in non-essential services, face a sharp decline in demand and are effectively pushed out of the economic cycle.

The experience of the 12-Day War confirms this pattern. During that period, sales data from a grocery delivery application [showed](#) that canned vegetables and legumes recorded the highest growth, with a 417 percent increase. In contrast, non-essential services and tourism experienced a collapse in demand. The “travel platform Alibaba” saw a 90 percent decline in tourism-related activity, the “accommodation platform Jabama” experienced an 80 percent drop in bookings, and “service platforms such as Achareh” reported a 47 percent decrease in demand for general services.

4. Liquidity Crisis and Widespread Unemployment

As noted earlier, the shift in consumption priorities and the decline in demand directly reduce sales, disrupting the inflow of liquidity into businesses. According to a [report](#) by the Tehran Chamber of Commerce, the liquidity crisis was one of the most significant consequences of the 12-Day War for businesses: 63 percent of companies in the information technology sector experienced a decline of more than 50 percent in their cash flow. Under such conditions, production declined in 90 percent of businesses, and the sharp reduction in operational capacity placed direct pressure on the labor market.

The result was a clear shift by businesses toward reducing labor costs: 33 percent of companies laid off employees, and 36 percent partially suspended their operations—clear evidence that the liquidity crisis directly translated into job losses and declining employment.

In the current war, similar signs of mounting pressure on the labor market are already visible. According to ILNA (the Iranian Labor News Agency), [quoting](#) Ebrahim Rahimian,

executive secretary of the Workers' House in Tabas (a pro-labor organization in Iran), some workshops have been fully or partially shut down in recent weeks, and employers, due to declining revenues, have struggled even to pay workers' wages and social insurance contributions. He emphasized that layoffs have also occurred, including the dismissal of workers who were only a few months away from retirement, an indication of how deeply economic pressure has affected vulnerable segments of the labor force.

The International Federation of Journalists has also [reported](#) widespread layoffs among journalists as a result of deteriorating economic conditions and rising costs.

Since the onset of the war, many informal workers and service-sector workers, often lacking contracts and social insurance, have lost their jobs. Mikaeil Sediqi, head of the Construction Workers' Trade Association in Marivan County, [told](#) the Iranian Labor News Agency on March 19, 2026:

“Approximately 80 to 90 percent, and possibly even more, of construction sites have been shut down. In effect, construction activity has come to a complete halt, and employers openly state that given the wartime conditions and the uncertainty prevailing in the market, continuing projects is neither feasible nor economically justifiable.”

According to *Shargh* (a reformist Iranian newspaper), as the war entered its third week, the scale of unemployment and the suspension of economic activities [expanded](#) significantly. Alongside the destruction of some factories, the referral of workers to unemployment insurance, the closure of construction workshops, and job losses among seasonal workers, signs of recession have become visible across a wide range of occupations.

For example, reports indicate that up to 50 percent of staff in some newsrooms have been laid off, while certain manufacturing plants are operating at only 20 percent of their capacity. At the same time, sports coaches, language instructors, and other online education professionals have effectively lost their jobs, and small online shops have shut down due to internet disruptions.

In the service sector, hair salons, beauty clinics, and businesses tied to non-essential consumption have faced a complete downturn. In the transportation sector, in addition to ride-hailing drivers, truck drivers have also experienced a sharp decline in freight demand.

Silent Victims: An Analysis of Vulnerable Groups in the Face of War

The impact of war on Iran's economy and labor market is not distributed evenly. Groups with less security and more precarious employment conditions are the first to face layoffs or be pushed out of the labor market:

1. The Digital Economy, Platforms, and Freelancers:

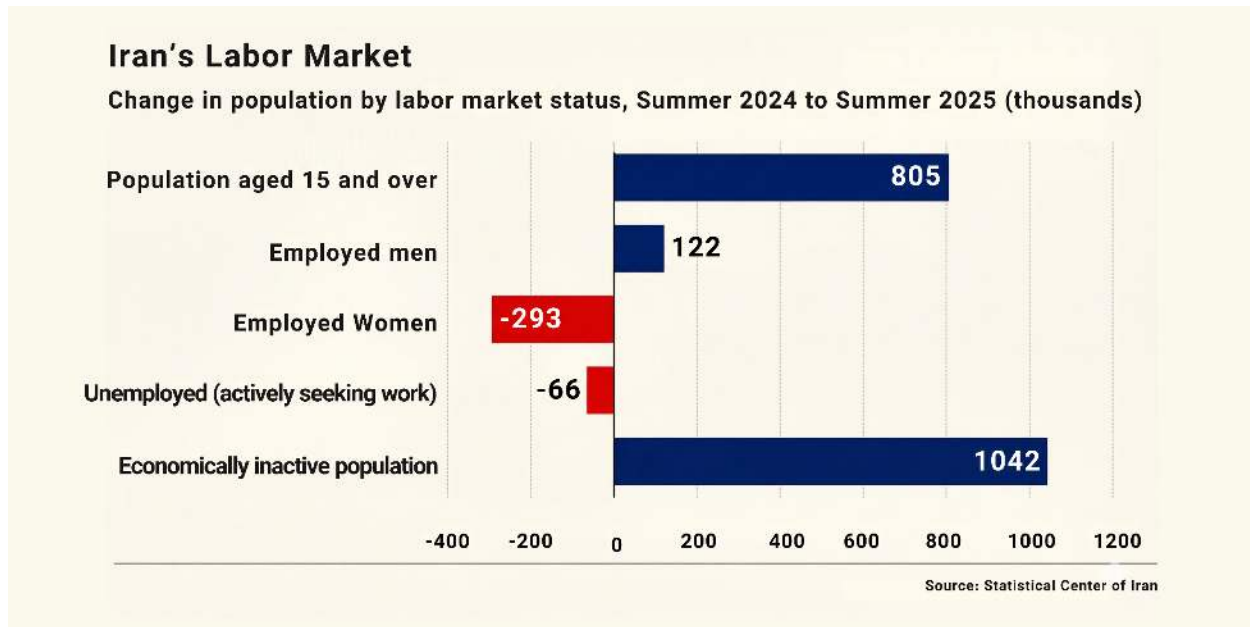
Iran's platform-based economy, from transportation and online food delivery to e-commerce and freelance services, relies directly on internet access. During the previous 12-Day War, the income of ride-hailing drivers declined by 25 to 35 percent, sales on online platforms fell by 15 to 30 percent, and demand in freelance markets dropped by 20 to 40 percent. Given the prolonged nature of the current crisis, these declines are expected to intensify further.

This situation becomes even more critical when considering that Iran's platform economy lacks a clear regulatory framework, and a large share of its participants do not have formal employment contracts or access to unemployment insurance. This leaves them highly vulnerable to the shocks caused by war.

2. Women: Forced Exit and Growing Disengagement from the Labor Market

Data from the Statistical Center of Iran [show](#) that following the 12-Day War, women were more adversely affected in the labor market than other groups. In summer 2025, while the number of employed men increased by approximately 122,000, the number of employed women declined by nearly 293,000 – a gap that highlights how the burden of recession has fallen disproportionately on women.

At the same time, the decline in the number of unemployed women does not indicate an improvement in their situation, but rather reflects growing discouragement and withdrawal from the labor market. This trend has occurred in a context where women's labor force participation was already very low, with only about 11.5 percent of working-age women employed. In other words, only one out of every nine women holds a job.

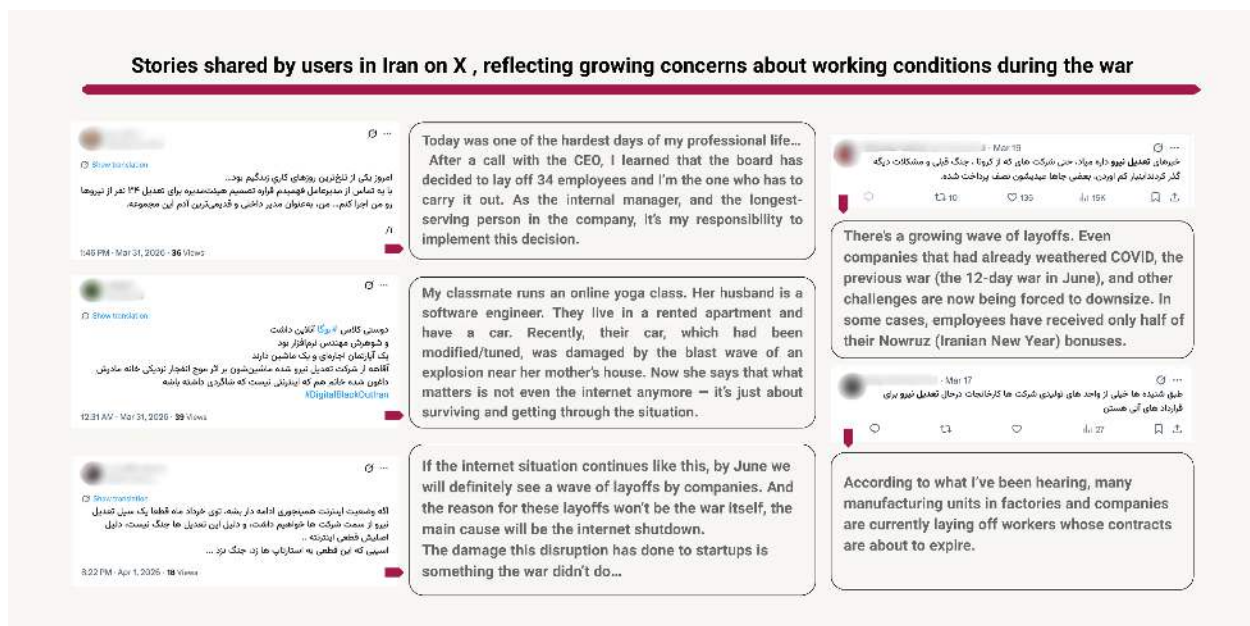


Overall, within the span of a single year, more than 280,000 women lost their jobs, and over 200,000 exited the labor market altogether, while the female unemployment rate rose significantly to 16 percent. These figures indicate that in times of crisis and war, women not only lose their jobs more quickly, but also face far lower chances of re-entering the labor market.

3. Small Businesses and Informal Workers

Service-sector jobs and small businesses account for a large share of employment in Iran, yet they have the lowest level of resilience. With declining demand and a deepening liquidity crisis, these businesses are quickly pushed toward closure. Since a significant portion of workers in this sector are self-employed or informally employed, they lack access to support mechanisms and unemployment insurance, leaving them in a state of severe job insecurity and forcing them to rely on informal support networks such as family assistance or local community funds.

A substantial part of this group consists of low-skilled and everyday service jobs—from cleaners and service staff, janitors, and municipal workers to hairdressers, repair workers, photographers, street vendors, small-scale sellers, and delivery couriers—occupations whose livelihoods depend on a steady daily flow of customers. These jobs, which are often without formal contracts, insurance coverage, or any form of institutional support, are highly vulnerable during wartime and economic downturns. As demand declines, they are among the first to lose both work and income. As a result, a significant share of these workers now face the risk of complete exclusion from the economic cycle.



Among them, those who already lacked job security, full social insurance coverage, and broader legal and social protections before the war have become even more vulnerable. Construction workers are a clear example of this situation. With the halt of development projects and a severe downturn in construction activity, a large number of these workers have lost their jobs—workers who typically have neither stable contracts nor comprehensive insurance, and no safety net for times of crisis.

Mikaeil Sediqi, in an interview with ILNA, [emphasized](#) that the construction sector has effectively become paralyzed, noting that approximately 80 to 90 percent of construction sites have been shut down. This situation translates into widespread unemployment among daily wage workers in this sector. According to him, given that construction workers lose their entire daily income if they are unable to work even for a single day, no clear support packages, loans, or livelihood assistance have been provided to compensate for this loss of income. At the same time, insurance costs have increased

by around 60 to 70 percent, while high inflation has imposed additional pressure on workers' livelihoods, creating a combination of widespread unemployment, lack of support, and rising costs that has effectively pushed many workers into a complete economic deadlock.

Comparative Analysis of Business Resilience in Iran and Ukraine

A comparative examination of how the economy and labor market in Iran and Ukraine have responded to the crisis of war reveals significant differences in levels of resilience, the nature of the damage, and support strategies.

In Ukraine, Russia's military invasion in 2022 led to a 28.8 percent [decline](#) in GDP, with traditional industries such as metallurgy (following the destruction of major plants that had [produced](#) 20 percent of the country's steel), construction, and the food services and tourism sectors [experiencing](#) the most severe damage and shutdowns. However, in contrast, Ukraine's information technology (IT) sector demonstrated remarkable resilience. As many as 76.9 percent of companies in this sector [continued](#) operating without interruption. Not only did the sector endure, but in 2023 it also [recorded](#) 8 percent growth by leveraging foreign cloud servers, with export revenues [reaching](#) \$7.3 billion.

In Iran, by contrast, widespread internet shutdowns made the IT sector and the digital economy among the primary victims of the war. Disruptions to internet access and GPS services paralyzed logistics networks, causing direct losses estimated at between \$2.3 million and \$2.9 million per hour in this sector.

To avoid complete shutdown, Ukrainian businesses [adopted](#) three main survival strategies: geographical relocation (moving branches, workforce, and offices to safer regions in western Ukraine); digitalization and the use of cloud infrastructure (transferring sensitive business and government data to external cloud servers such as those of Google, Amazon, and Microsoft to protect against physical attacks); and coping with energy shortages and power outages through the purchase of generators, shifting work schedules to nighttime hours, and investing in distributed energy sources (such as solar panels).

Despite these measures, the labor force in Ukraine also [faced](#) severe consequences. The shock of war led to the [exit](#) of 5 million people from the labor force, rising inflation, and income declines for 77 percent of the population. At least 1.8 million people fell below the poverty line, and the share of households with very low income [increased](#)

from 21 percent to 30 percent. Women accounted for around 90 percent of refugees leaving the country, while the mobilization of 1.1 million men created labor shortages in traditional sectors. The number of people with disabilities rose to 3.4 million due to war-related injuries, and marginalized minorities such as Roma communities and LGBTIQ+ individuals [faced](#) structural discrimination and limited access to shelters.

Another major gap between Iran and Ukraine lies in the scale of financial injections and government and international support. In Ukraine, the government sustained the private sector through measures such as the “5–7–9” preferential [loan program](#) (offering interest rates between 0 and 9 percent and covering loans worth 300 billion hryvnias), wage subsidy schemes for employers, and small [grants](#) for businesses. In addition, in 2023 alone, approximately \$42.5 billion in external financial assistance flowed into Ukraine, while institutions such as the European Bank for Reconstruction and Development (EBRD) [provided](#) war-risk insurance for companies.

Significantly, since February 2022, Ukraine has [received](#) over \$380 billion in international aid, consisting of military, financial and humanitarian support, most of it provided by the United States and the European Union. This is in stark contrast to the situation in Iran, a country that has been under sanctions and internationally isolated.

In Iran, the lack of support and the intensification of economic pressure are strongly felt. Field data presented at the “Saman Academy event” on post-12-Day War business support indicate that the distribution of assistance was uneven, with the main government support largely directed toward large companies and holding groups. Content creators, freelancers, and workers in the digital economy, who had been among the most severely affected by internet shutdowns and were not eligible for unemployment insurance, were left without any safety net, financial backing, or tax and banking relief.

In the current war, as well, in response to the wave of business closures and war-induced unemployment, the government has put forward a set of promises and support policies. However, a closer examination of these measures raises serious doubts about their effectiveness. On the one hand, the Ministry of Labor has [announced](#) the allocation of financial facilities to affected businesses and their identification through data from systems such as Shaparak (Iran's national electronic payment network, used to track declines in revenue through card transaction data). While this approach appears, in principle, to move toward targeted support, in practice it excludes a large portion of Iran's economy, namely informal and small-scale jobs, which are precisely those most affected.

To what extent can businesses operating through informal, cash-based, home-based, or semi-formal arrangements be captured by such mechanisms?

On the other hand, announced support [packages](#), such as three-million-toman loans for drivers (approximately \$50) or limited loans for retirees, are, given the scale of the crisis and the combined effects of inflation and income loss, effectively negligible and short-term, and cannot substitute for a sustainable support policy. Even in the case of construction workers, [measures](#) such as the temporary extension of skill certification cards or facilitation of insurance payments amount less to meaningful support and more to the administrative suspension of existing problems.

On the one hand, the government has stated that construction workers' skill cards will be automatically extended and that insurance contributions can continue, essentially an administrative measure aimed at preserving minimal access to insurance. On the other hand, under prevailing interpretations of labor law, employment contracts are not automatically [extended](#) during wartime and may even be suspended, with no guarantee of reinstatement. As a result, a worker may, on paper, retain insurance coverage, yet in reality have no job to perform and no income to sustain their livelihood. This gap underscores that the announced support measures are largely symbolic and minimal, rather than substantive and livelihood-oriented.

At the level of official discourse, the [emphasis](#) on “preserving the frontline of production” (a commonly used phrase by Iranian authorities referring to maintaining production under crisis conditions) without offering tangible guarantees for job security and livelihoods indicates that the burden of the crisis has effectively been shifted onto workers and small business owners themselves. Overall, the measures introduced by the government thus far amount to a fragmented set of minimal interventions that neither correspond to the scale of the crisis nor have been able to prevent the deterioration of livelihoods among vulnerable groups.

Labor market experts argue that in the face of war, declining demand, and disruptions in production chains, the government must implement active, interventionist support policies to prevent the mass exit of workers from the labor market. Farshad Esmaeili emphasizes that such policies must be structural and network-based, designed to cascade (“trickle down”) to small companies, micro-businesses, and even freelancers, rather than being limited to a narrow group of large firms. The government should provide long-term relief on bank and tax liabilities, reduce the burden of insurance contributions and operating costs, and offer low-interest business loans with extended

grace periods—based on documented disruptions to business activity (such as unpaid checks)—to prevent bankruptcies and business collapse.

Drawing on the lessons of the 12-Day War, if the current war between the United States and Israel and Iran becomes prolonged and internet restrictions persist, the outlook for the labor market will be extremely bleak. Esmaeili predicts that without sufficient structural support, Iran's economy will face successive waves of unemployment and instability, with the primary burden falling on wage earners and small-scale occupations. Global experience shows that digital economies typically require between four and sixteen months to recover after war; however, when crises are compounded by severe internet filtering and disruptions, losses escalate exponentially. The continuation of such conditions in Iran could push damages in parts of the digital economy close to 100 percent, effectively irreparable.

Ultimately, analysts emphasize that the combined impact of war and internet shutdowns is no longer merely an economic issue, but a “structural shock” that has led to the erosion of job security and constitutes a clear violation of citizens’ “right to equal access to economic opportunities” and the “right to work.”

Conclusion

The war that Israel and the U.S. launched against Iran is ongoing. As the war enters its second month, with its end uncertain, and as military strikes have caused much damage to vital infrastructure, it is clear that its economic impact will be devastating and the full extent of this damage is still unknown. The brunt of the economic crisis will, as is always the case, be borne by those who are most vulnerable and in the most economically weak position. Given that Iranians have suffered from longstanding economic pressures in Iran, compounded by sanctions and political crises, it is critical for the international community to ensure that Iran's economy does not collapse completely, and that measures are taken to ensure that the most vulnerable segments of the population, especially women, are protected.



- ✕ [FemenaNet](#)
- f [FemenaNet](#)
- @ [FemenaNet](#)
- ▶ [FemenaNet](#)
- 🌐 www.femena.net

Femena works with partners to promote gender equality, inclusion, and peace; expand civic space; strengthen civil society and WHRD resilience; visibilize the work of WHRDs and progressive feminist movements; and foster solidarity and south-south cooperation in the South-West Asia and North Africa (SWANA) region. Femena's work is particularly focused on contexts, experiencing crisis, conflict, authoritarianism and closing civic space.