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# Beyond Sanctions: The Resistance Economy as the Islamic Republic of Iran's Policy Discourse for Economic Independence<sup>\*</sup>

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## Abstract

This article covers the emergence of resistance economy in the Islamic Republic of Iran within the context of international sanctions, arguing that this policy ought to be understood beyond the historical context in which it emerged. The article captures the historical, political, and economic context in which the first comprehensive economic discourse of the post-revolutionary establishment emerges, and seeks to account for its scope, concerns, and objectives. Rather than another word for protectionism, import-substitution industrialisation, economic diversification of a rentier state or a mere response to sanctions, resistance economy as espoused by Ayatollah Khamenei, is a comprehensive economic policy discourse affecting all levels of state and society in the Islamic Republic of Iran. Rather than mitigating the impact of sanctions, resistance economy is an economic discourse that seeks to realise the revolutionary objective of economic independence, whilst transforming the economy of the Islamic Republic from a source of weakness to a source of strength in its pursuit of a new, more equitable international order.

**Keywords:** Iran, Islamic Revolution, Khamenei, Political Economy, Resistance, Sanctions

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## 1. Introduction

The Islamic Republic of Iran's adoption of the resistance economy marks a pivotal shift in its economic discourse, fundamentally aimed at achieving economic independence and resilience in the face of persistent international sanctions. Originating from Ayatollah Sayyed Ali Khamenei's policy discourse codified as a comprehensive General Policy of the System<sup>1</sup>, the argument advanced here is that resistance economy transcends conventional economic strategies and objectives like protectionism, Import-Substitution Industrialization, pursuit of self-sufficiency, or mere sanction mitigation. Instead, it seeks to empower Iran's economy from a perceived vulnerability to a position of strength, thereby supporting its pursuit of economic independence and a more equitable international order.

The Islamic Revolution of 1979 marked Iran's transformation from a guardian of the status quo to a revisionist force in the international system (Chubin, 2009, p. 166). Seeking to change the current international order, which is understood by the Iranian establishment as the order of domination<sup>2</sup> characterised by great power domination and submission to it (FBIS-NES, 1989), the foreign policy of the Islamic Republic of Iran has prioritised resistance and opposition to the world's Great Powers and their allies since 1979. Starting with the Soviet Union and the United States until the 1990s, and later the United States and its allies until the beginning of the 21<sup>st</sup> century, the pursuit of what the Iranian establishment understands to be a just world order has not been without various costs, as attempts to change the international order inevitably get contested by its guardians.

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1. siyāsāt-e kolli-ye nezām

2. nezām-e solteh

While opposition to the Islamic Republic's international project has been constant, the methods for countering it have changed in accordance with the circumstances. Following the end of the Iran-Iraq War (1980-1988), where Saddam Hussain was encouraged by both the United States and the Soviet Union to invade Iran as the last attempt at overthrowing or weakening the Islamic Republic by military means (Tracy, 2022, p. 166), the focus of the opponents of Iran's revisionist project has become increasingly related to political propaganda, psychological, and economically focused campaigns that are often equated with warfare in Iranian establishment discourse, whether it is the 'cultural invasion'<sup>1</sup> and 'soft war' (*jang-e narm*) in the cultural and political arena, or economic war (*jang-e eqtesādi*) when it comes to the economy.

Iran's experience of having its resistance to the order of domination countered with sanctions precedes the Islamic Revolution. Between 1951 and 1953, the United Kingdom and the United States imposed an oil embargo on Iran in response to Prime Minister Mohammad Mosaddeq and the National Front government's nationalisation of the Iranian oil industry. With oil revenues being the state's main income source, the embargo led to a significant reduction in these revenues from USD 58.9 million in 1950 to a total of USD 8.4 million across the subsequent years until the Anglo-American Coup on 19 August 1953 (Dadkhah, 1988, pp. 87-88). With oil sanctions crippling the Iranian economy, the National Front sought to mitigate its impact under the banner of an 'oil free economy'<sup>2</sup>, which included raising taxes, selling bonds and expanding monetary supply (Dadkhah, 1988, p. 94; Katouzian, 1988, p. 211). However, the policies carried out under the banner

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1 . tahājom-e farhangi

2 . eqtesād-e bedun-e naft

of an oil free economy did not only fail to mitigate the impact of the embargo, but also contributed to rampant inflation and an economic crisis, which laid the groundwork for the infamous Coup of 1953 (Dadkhah, 1988, p. 103).

Iran would not encounter significant economic sanctions after the Coup until the Islamic Revolution of 1979. In response to the embassy seizure on 4 November 1979, where Iranian students seized the embassy in which the 1953 Coup had been orchestrated and took American diplomats and embassy staff hostage, the United States imposed a series of sanctions, banning the import of a number of Iranian goods while freezing USD 12 billion of Iranian assets in the United States (Mousavian & ShahidSaless, 2014, p. 36). Having backed Saddam Hussain's invasion of Iran in October 1980, the United States would further strengthen the economic dimension of their campaign against the Islamic Republic by designating it as a state sponsor of terrorism in 1984, leading to further unilateral sanctions (Mousavian & ShahidSaless, 2014, p. 92). With the Islamic Revolution continuing its trajectory after the collapse of the Soviet Union, economic sanctions against the Islamic Republic would continue to increase under the Bush Sr. (1989-1993) and Clinton administrations (1992-2000), whose response to President Ali Akbar Hashemi Rafsanjani's outreach and pursuit of economic ties was the sanctioning of oil and gas trade between the two countries (Mousavian & ShahidSaless, 2014, pp. 120-123).

However, unlike the Mosaddeq government in the 1950s, the Islamic Republic of Iran had the strategic benefit of European dependency on Iranian oil imports that prevented significant sanctions on its main export commodity (Van de Graaf, 2013, pp. 145-163). As a result, the impact of United Nations Security

Council (UNSC) sanctions from 2006 to 2010 only had a limited impact on the country's economy. This would change with the shale revolution in the United States, which diminished this strategic advantage, paving the way for a series of overwhelming unilateral and multilateral economic sanctions that included Iranian oil and gas, causing an unprecedented recession, which, with the exception of a short breathing period between 2016-2018 under the Joint Comprehensive Plan of Action (JCPOA) era, has to a large extent persisted and been expanded until today (Van de Graaf, 2013, pp. 145-163).

Losing a country's strategic advantage of utilising European dependency on its national resources to pursue a revisionist foreign policy, the establishment of an Islamic Republic in Iran forced the country's leaders to reconsider their political discourse on the economy, which was increasingly becoming a key battleground against the United States. This shift also foregrounded a noteworthy aspect of the Islamic Revolution of 1979 and the hegemonic discourses of the post-revolutionary establishment, namely the rather ambiguous role and importance devoted to the economy. Unlike the other major social revolutions of the 20<sup>th</sup> century, such as the Bolshevik Revolution of 1917 and the Chinese Revolution of 1949, where historical materialism and economic transformation constituted core tenets, the hegemonic revolutionary discourse in Iran rarely went beyond calling for economic independence (Pesaran, 2011, pp. 1-6). Consequently, economic policy debates in post-revolutionary Iran have showcased greater diversity compared to foreign and cultural policy discussions, where the revolutionary parameters were both clearer and more consolidated.

Within this discursive ambiguity, international circumstances

often shaped shifts in Iranian economic discourse in the 1990s, such as the necessity of post-war reconstruction after the Iran-Iraq War (1980-1988), the collapse of the Soviet Union and the global rise of neoliberalism from the 1990s onwards, which launched economic policy discourse away from state-controlled economy and towards embracing market liberalisation, international trade, and privatisation, thereby marking a significant departure from the revolutionary and war time era's initial economic approach of state control and nationalisation of key industries (Amuzegar, 2014, p. 6; Crane et al., 2008, p. 79). Leading establishment figures such as former Speaker of Parliament, Ali Larijani have thus in recent years conceded that while Imam Khomeini had called for 'independent politics, economics, security and culture oriented' policy making, the Islamic Republic is yet to achieve economic independence, and that this can have a significant adverse effect on the future of the Islamic Republic (*Bāzār va sarmāyeh*, 1396 [2018 A.D.], p. 25).

It is within this context—marked by the dispensability of Iranian oil and resulting economic vulnerability—that the Islamic Republic, led by Leader Ayatollah Khamenei, introduced the concept of resistance economy. Contrary to mainstream takes on the policy discourse, resistance economy is not an Iranian formulation of the obsolete Import-Substitution Industrialisation policy<sup>1</sup>, a “conservative rhetoric” which “insists on economic self-sufficiency” (Saikal, 2019, p. 136); nor is it limited to make the Iranian economy “resilient in the face of continued sanctions” (Bajoghli et al., 2023, p. 49). Conceptualising resistance economy beyond third worldist economic discourses and sanctions, this essay will demonstrate that resistance economy differs from

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1. See for example: Rózsa & Szigetvári, 2019, pp. 169-182; Ehteshami, 2017, p. 144

diversification policies pursued in other resource rich rentier states, as it is more concerned with economic resilience rather than preparation for the impending post-oil era.

At the time of writing the present study, resistance economy remains in its formative stages under what can be labelled the second decade of the era of economic warfare. Specifically, it is being put to practice under what, in qualitative terms, is the most comprehensive sanctions regime in modern history, the UNSC sanctions, which were later re-imposed and expanded on unilaterally by the United States in the form of the maximum pressure campaign from 2018 until today, the purpose of this essay is not to discuss particular government policies pursued under this banner, as much as it seeks to delineate its broad contours which largely remain misunderstood both at home and abroad. In what follows, this research will discuss the emergence of resistance economy and its transformation into a General Policy of the System, as well as its main areas of focus as a legal obligation for the Islamic Republic of Iran by analysing the speeches and declarations of its main architects and propagators in the Iranian government.

## 2. Emergence of Resistance Economy

The increased economic vulnerability of the Islamic Republic of Iran coincided with the rise of the power of Iran and its allies on the international stage. With the first decade of the 21<sup>st</sup> century highlighting the limits of the United States' power through their unsuccessful attempt at reshaping the political landscape of West Asia and North Africa through military interventions, Iran and its allies were experiencing the opposite. With Hezbollah successfully

expelling the Zionist occupation from its Southern borders in 2000, marking the first time “Israel ceded land under the force of arms” (Baer, 2008, p. 51), followed by another successful resistance campaign against the Zionist invasion under the 33 Day War in 2006 (Ministry of Foreign Affairs of Israel, 2006), confidence in the Islamic Revolution’s resistance project would increase significantly. Adding the consequences of the Anglo-American invasion of Iraq in 2003, which saw the Iraqi state transforming from an archenemy to a strategic ally, the rise of the Islamic Republic of Iran would largely be countered by Western powers and the UNSC focusing on the country’s nuclear programme.

With President Sayyed Mohammad Khamati’s moderate foreign policy, which emphasised dialogue and included the voluntary suspension of Iran’s nuclear programme between 2003-2005 being met with significant opposition domestically and earning Iran a place in George W. Bush Jr.’s famous ‘axis of evil’ alongside Saddam Hussain’s Iraq and North Korea (Mousavian & ShahidSaless, 2014, pp. 175-177; Bush, 2002), the Ahmadinejad administration (2005-2013), which followed that of Khatami, would increasingly adopt a confrontational approach to the West. Having seen concessions and moderation, a changing course of action was seen as both prudent and necessary by both the electorate and establishment alike (Ehteshami, 2017, pp. 38-39; Enayati Naghibi, 1399 [2020 A.D.]).

However, the combination of President Ahmadinejad’s confrontational discourse, with unsuccessful talks with the European Union, Russia, and China (EU3), and failure to cooperate with the International Atomic Energy Agency (IAEA) resulted in a nuclear file being referred to the UNSC, culminating in the UNSC resolution 1737, which was expanded on in UNSC resolution 1747,



1803, and 1929. While multilateral sanctions served to limit the purchase of arms and nuclear technology, the EU and the United States would unilaterally inflict significant damages on the Iranian economy by sanctioning the purchase of Iranian oil and gas in its entirety in the summer of 2010 (The White House, 2012). Combined with the Ahmadinejad administration's economic mismanagement, high inflation and financial crisis would often dominate media headlines and political debates at the time (Pesaran, 2011, pp. 161-188).

It is within this context that the Leader of the Islamic Republic would increasingly shift his focus towards the Iranian economy. On 5 July 2010, the Leader submitted a communiqué<sup>1</sup> to the Expediency Discernment Council<sup>2</sup> under the title of 'general policy for reforming consumption patterns'<sup>3</sup> that called for the following:

Reforming the culture of individual, societal and organisational consumption, promoting a culture of frugality (*sarfeh juyi va qenā'at*) and combating wastefulness (*esrāf*), prodigality (*tabzir*), luxury (*tajamol gerāyi*) and consumption of foreign goods by using cultural, educational, and artistic resources, and media, especially the national media (The Expediency Discernment Council, 1389 [2010 A.D.]).

Seeking to reform societal patterns of spending and consumption in accordance to Islamic values, Ayatollah Khamenei also understood the context to be an opportunity to utilise the 'the opportunity and permission to grow and prosper even when under pressure' that includes both public officials as well as the consumption culture of the general public (Khamenei, 1391 [2012c

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1. eblāqiye

2. majma'-e tašxis-e maslahat-e nezām

3. siyāsāt-e kolli-ye eslāh-e olgu-ye masraf

A.D.]). The focus on the economy would continue during 2010, with the concept of a resistance economy, presented within the context of production and job creation. On 7 September 2010, approximately three months after the second Western oil embargo against Iran, the country's supreme leader presents the concept of a resistance economy to a group of Iranian entrepreneurs:

We need to bring about a genuine resistance economy in the country. Today this is what entrepreneur means. Friends were right to say that we circumvent sanctions; I am certain of that. The Iranian people and the country's officials will get around the sanctions and make those who sanction (tahrirkonandegān) into failures. Just like in other issues in the past years there were political issues in which they made a mistake ... and were forced to retreat and apologise individually. I am certain you remember a few examples. Nowadays the youth do not know [about this], but in the past 10-20 years, they have done this several times. It will be the same this time. Of course, sanctions are nothing new to us, we have been under sanctions for 30 years. All the things that have happened, all the great progress of the great nation of Iran, has been done in the context of sanctions; thus, they cannot do anything. Ok, but this is a reason for all officials and those who care about their country to consider themselves obliged, [and] tasked with creating jobs (ijād-e kār), production (towlid), entrepreneurship (kārāfarini), to the growing prosperity of this great workshop (kārgāh-e 'azim) [Iran] ... Everybody must hold themselves responsible (Khamenei, 1389 [2010 A.D.]).

Confident that Iran will be able to overcome the new wave of sanctions, the Leader nevertheless emphasised the importance of increasing Iran's economic resilience through job creation, production, and entrepreneurship. The prescription of a

communiqué on consumption and the speech introducing the notion of resistance economy would later synthesise in what would be called the discourse of resistance economy within a couple of years, as the Iranian economy gained further prominence in policy discussions and inflation and economic recession intensified towards 2012 (Nakli et al., 2021, p. 762). Understanding the country to be engaged in economic warfare, the Leader stated that the objective of sanctions is not the nuclear programme, but to inflict economic damage so that the people will “separate [themselves] from the Islamic system” (Khamenei, 1391 [2012b A.D.]). As a solution to these problems, Ayatollah Khamenei calls for ‘democratising the economy’<sup>1</sup>, a recurrent theme in the resistance economy discourse, which revolves around privatisation and increased public participation in the generation of wealth in order to make it less vulnerable to sanctions and the instability of traditional sources of income such as the oil market (Khamenei, 1391 [2012b A.D.]). Whereas these objectives clearly fall within the realm of economic policy making, Ayatollah Khamenei also stressed its socio-cultural dimensions by stressing the importance of managing consumption as essential to resistance economy, arguing that it is a ‘*jihadi* move’ against the enemy to manage consumption, as it will reduce the enemy’s ability to exert pressure on the Iranian economy (Khamenei, 1391 [2012b A.D.]). The synthesis of the communiqué on consumption with the emerging discourse of a resistance economy was echoed by Commander of the Popular Mobilisation Forces<sup>2</sup>, Mohammad Reza Naqi (1391 [2012 A.D.], p. 15), who claimed that the main duty of the Iranian *Basij*’s—who are mostly known as a paramilitary entity in Western

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1. mardomi kardan-e eqtesād

2. Basij

scholarship<sup>1</sup> — is the “comprehensive participation in resistance economy” by “striving towards domestic production, spreading the culture of work and manufacturing and reforming patterns of consumptions, arguing that his organisation had been at the forefront of implementing the Leader’s orders”. After decades of focusing on military threats, political and cultural challenges posed by globalisation and American hegemony, the economy, the ideal of a resistance economy would rise to the forefront of the Islamic Republic’s establishment discourse in its third decade.

### **3. The Resistance Economy Becomes Law**

With the economy becoming a key priority in the Iranian policy discourse, Ayatollah Khamenei would utilise his authority to establish the framework of economic policy making in Iran. On the one hand, the Leader sought to utilise his discursive power to foreground resistance economy by devoting each year from 2012 until today to various aspects of the economy. The tradition of naming particular years is a practice established by the Leader himself since the Iranian calendar year of 1378 (1999-2000); according to Senior Advisor to the Leader and member of the Supreme Council for the Cultural Revolution, Gholamreza Haddad Adel (1390 [2012 A.D.]), the naming of the year is done with the objective of “attracting people’s attention towards a particular value and at the same time highlighting an issue”. While the names given to the various years have ranged from symbolic names, marking particular anniversaries such as the first year marking the centenary of Imam Khomeini’s birth, others have focused on other issues such as national unity, accountability and moderating

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1. See for example: Golkar, 2015

consumption. Therefore, whereas the years until the Iranian calendar year of 1389 (2010-2011) covered a wide range of issues, the year of 'Movement towards reformed pattern of consumption'<sup>1</sup> in 1388 (2009-2010) was the only one relevant to what would later become resistance economy. However, from 21 March 2010 until today, the names of the new years have almost exclusively focused on economic issues covered by resistance economy:

**1390/2011-2012:** The year of economic jihad (*sāl-e jahād-e eqtesādi*) (Khamenei, 1390 [2011 A.D.]).

**1391/2012-2013:** The year of domestic production and support for Iranian work and capital (*sāl-e tolid-e melli va hemāyat az kar va sarmāye-ye Irāni*) (Khamenei, 1391 [2012a A.D.]).

**1392/2013-2014:** The year of political and economic heroism (*Sāl-e hemāse-ye siyāsi va hemase-ye eqtesādi*) (Khamenei, 1392 [2013a A.D.]).

**1393/2014-2015:** The year of economy and culture with national determination and jihadi leadership (*Sāl-e eqtesād va farhang ba 'azm-e melli va modiriyat-e jahādi*) (Khamenei, 1393 [2014a A.D.]).

**1394/2015-2016:** The year of government and nation, empathy, and compassion (*Sāl-e dolat va mellat, hamdeli va hamzabāni*) (Khamenei, 1394 [2015 A.D.]).

**1395/2016-2017:** The year of resistance economy; action and practice (*Sāl-e eqtesād-e moqāvemati; eqdām va 'amal*) (Khamenei, 1395 [2016a A.D.]).

**1396/2017-2018:** The year of resistance economy; production and employment (*Sāl-e eqtesād-e moqāvemati; tolid va ešteqāl*) (Khamenei, 1396 [2017 A.D.]).

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1. harekat be samt-e eslāh-e olgu-ye masraf

**1397/2018-2019:** The year for supporting Iranian products (*Sāl-e hemāyat az kālā-ye Irāni*) (Khamenei, 1397 [2018 A.D.]).

**1398/2019-2020:** The year of growth in production (*Sāl-e ronaq-e tolid*) (Khamenei, 1398 [2019 A.D.]).

**1399/2020-2021:** The year of leap in production (*Sāl-e jaheš-e tolid*) (Khamenei, 1399 [2020 A.D.]).

**1400/2021-2022:** The year of production, [its] support, removal of obstacles (*sāl-e tolid, poštibāni-ha, māne'zodāyi-hā*) (Khamenei, 1400 [2021 A.D.]).

**1401/2022-2023:** The year of production, knowledge-based [industry], [and] job creation (*sāl-e tolid; dānešbonyān, ešteqālāfarini*) (Khamenei, 1401 [2022 A.D.]).

**1402/2023-2024:** Year of controlling inflation, production growth (*sāl-e mahār-e tavarrom, rošd-e tolid*) (Khamenei, 1402 [2023 A.D.]).

**1403/2024-2025:** Year of leap in production with the participation of the people (*jaheš-e tolid bā mošārekāt-e mardom*) (Khamenei, 1403 [2024 A.D.]).

With the exception of the Iranian calendar year of 1394 (2015-2016), which focused on national unity, all the slogans since 1390 (2011-2012) have either directly or indirectly focused on the various aspects of resistance economy, suggesting the centrality of achieving its objectives for the highest echelons of establishment. Moreover, it is clear at the initial stage and on the symbolic level, that support for domestic production and managing spendings hold a central role in the Leader's propagation of a resistance economy discourse. However, contrary to dominant understandings, resistance economy is not limited to production and limited spending. When the Rouhani administration assumed the

presidency in the summer of 2013, Ayatollah Khamenei further specified the framework and the ideals for the country's economic policy, such as when he stressed that the new administration ought to understand that 'resistance economy does not mean economic austerity'<sup>1</sup>, it does not mean hiding in your shell' but that 'we have to be able to create an economy in the country that can resist international crisis and instability' (Khamenei, 1392 [2013b A.D.]). Therefore, resistance economy was increasingly becoming a comprehensive discourse, dealing with most aspects of the Iranian economy. The exact framework would become codified in law on 18 February 2014, when the Leader submitted the communiqué of 'General Policy of Resistance Economy' to the Expediency Discernment Council, who implemented it as a general policy of the system (The Expediency Discernment Council, 1392 [2014 A.D.]).

The communiqué, which seeks to outline the general policy objectives for official institutions, covers a wide range of economic issues divided into 24 points, which can be condensed to the following:

**1-2:** Efficiently utilising available resources and manpower in the country, become the number one exporter of goods and services in the region through supporting innovation and entrepreneurship.

**3-5:** Increase productivity and factors boosting production (*avāmel-e towlid*), training and educating the workforce, making the economy more competitive by utilising the various capacities available in different provinces, target-oriented subsidies that will increase employment and production, equitable distribution of income across the supply chain.

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1. riyāzat-e eqtesādi

**6-8:** Increase production of essential goods, with particular focus on ‘strategic goods and services’ (*mahsulāt va khadamat-e rāhbordī*), diversify and increase quality of production to reduce import dependency, manage (reduce) consumption in accordance with the general policy for reforming consumption patterns, and achieve food security.

**9:** Reforming and strengthening the financial sector in all areas required seek to achieve financial stability and strengthening the manufacturing and service sector.

**10:** Comprehensive and targeted support for exports of goods and services in the form of offering required trade assistance, encourage foreign investment for exports, planning domestic production in accordance with international demand, create new markets, increase trade relations, especially with neighbouring states, using barter system where necessary, and establish consistent procedures and regulations for export.

**11:** Increase the scope of action for economic free zones to include exchange of advanced technology, expand and facilitate production, export of goods and services and providing essential needs and financial resources from abroad.

**12:** Increase the resilience of the Iranian economy through strengthen strategic trade relationships, using diplomacy to support economic objectives, using regional and international organisations.

**13:** Reduce the vulnerability of the Iranian economy’s oil and gas sales through choosing customers strategically, diversify methods for conducting trade, involving the private sector in sales, increase export of gas, electricity, petrochemical products, and refined oil goods.

**14-15:** Increase strategic reserves of oil and gas in order to



increase Iran's strategic position in the global market and increase production of refined petrochemical products with a greater return on investment.

**16:** Reducing public expenditure, reducing size of government and dissolving overlapping and unrequired institutions.

**17-18:** Reform the government source of income towards taxation and increase the National Development Fund with money collected from oil and gas exports to reduce budget dependency on oil and gas income.

**19:** Increase economic transparency, preventive action against practices and sources of economic corruption in the financial, trade and exchange sector.

**20:** Strengthening jihadi culture in the creation of wealth, productivity, entrepreneurship, investment, and job creation and award resistance economy badge to prominent individuals in this realm.

**21:** Clarify the scope of resistance economy and engage in discourse building (*goftemān sāzi*) in scientific, educational and media environments and transform it into a national discourse.

**22.** The government is specifically requested to identify the available resources and opportunities in the country and act accordingly, assess the nature sanctions and 'increase the cost for the enemy', design counter measures against both 'domestic and foreign threats'.

**23-24:** Increase transparency and streamline distribution and pricing systems, improve supervisory functions over the economy. Implement and promote certificates of standard for domestic products (The Expediency Discernment Council, 1392 [2014 A.D.]).

Therefore, less than four years after its introduction, resistance economy had become crystallised as a broad multifaceted strategy aimed at achieving the revolutionary objectives of economic independence, whilst seeking to increase the country's resilience in the face of global challenges, including Western sanctions. On the one hand, the emphasis on economic diversification resembles other oil-dependent rentier economies such as Saudi Arabia and the United Arab Emirate's pursuit of reducing their dependency on a highly volatile commodity (Mishrif, 2018, p. 4). However, the particular form and objective of diversification differs; while the Gulf Cooperation Council states to pursue diversification within a context of having relatively unlimited access to the global economy, thereby seeking to prepare themselves for the post-oil era (Mishrif, 2018, pp. 8-10), the Iranian quest for diversification appears to be in pursuit of increased resilience of a revolutionary resistance state. While both seek to become dynamic participants in the global economy, the Iranian objective of increased economic power is balanced by the accepted consequences of being a revisionist force in the world, to create an economy that is not the achilles heel of the resistance project, but a resource that can sustain it. As a result, rather than increasing the country's participation in the global economy, the Leader's directive stresses the strategic choice of customers, goods to be produced, and alternative forms of conducting economic transactions. Moreover, the focus on increased taxation, transparency, combatting corruption and excessive government spending is a recognition that resistance economy is not limited to production or a mere response to sanctions, but a comprehensive economic discourse that has to be situated within the constitutional obligation of treating the 'economy as a means, not an end' to the broader objectives of the Islamic Republic of Iran (Papan-Matin, 2014, p. 163).

According to the Leader, this comprehensive communiqué of resistance economy constitutes a “native and scientific blueprint, which emanates from Iran’s revolutionary and Islamic culture” (Khamenei, 1392 [2014 A.D.]). Importantly, and as is evident in the communiqué, the policies proclaimed are not meant to be a short-term strategy for overcoming the adversity of sanctions, but a general guideline for the economic path of the state, which will enable it to adapt according to new circumstances in the future (Khamenei, 1392 [2014 A.D.]). These circumstances transcend the immediate issue of unilateral and multilateral sanctions, as resistance economy is presented as a challenge to the ‘capitalist economy’ and the ‘problems that follow from it’, specifically what Ayatollah Khamenei mentions the excessive interdependence resulting from it, which makes economies, particularly outside the West, more vulnerable to global instability (Khamenei, 1392 [2014 A.D.]). He therefore stresses that all countries are, to various extents, pursuing a resistance economy, but that the Islamic Republic’s ‘need for a resistance economy is greater than other countries’, not with the ‘intentions of separating and isolating itself from the global economy’, which, he argues, is impossible today, but “because of our independence, because of our honour’ and ‘our insistence on not being under the influence of the policies of [great] powers; we are also under attack and malice<sup>1</sup>” (Khamenei, 1392 [2014 A.D.]).

As mentioned above, resistance economy should be understood to be a necessity rising from the Islamic Republic’s politics of defiance to the international order; the task of establishment figures would therefore consist of situating their policies within the framework established in the overall politics of the system.

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1. su’-e niyat

Immediate examples of this were seen in Rouhani administration's quick expression of their acceptance of resistance economy following its communiqué, although it appears that his understanding of resistance economy, as well as that of his Vice President Eshaq Jahangiri, includes an emphasis on increasing oil exports<sup>1</sup>, while Mohammad Nahavandian, the government's Vice President for Economic Affairs understood it to be resilience against sanctions (Government of the Islamic Republic of Iran, 1394 [2015 A.D.]), which either suggests the extent to which the government either tacitly disagreed with resistance economy, or operated with a different understanding of it.

For Ayatollah Khamenei, however, resistance economy is the economic component of combatting world arrogance<sup>2</sup> (Khamenei, 1395 [2016b A.D.]), and "economic independence can only be achieved with resistance economy"; While foreign investment is an important aspect of resistance economy, the most important component of this economy is 'activating domestic capacities' in the Iranian economy (Khamenei, 1395 [2016c A.D.]). Comparisons to Import Substitution Industrialisation can thus emerge from the focus on domestic production, and Ayatollah Khamenei acts as "the spine of resistance economy" (Khamenei, 1393 [2014b A.D.]). As mentioned above, this is heavily reflected in the more recent new year speeches that have largely revolved around domestic production. However, resistance economy cannot be reduced to domestic production. In the words of one of the architects of the resistance economy communiqué, Expediency Discernment Council Member Mohammad Javad Irvani (1393 [2014 A.D.], p.

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1. See for example: Government of the Islamic Republic of Iran, 1392 [2014a A.D.]; 1392 [2014b A.D.]; 1395 [2016 A.D.]

2. estekbār-e jahāni

8), resistance economy is not a short term 'tactic' in reaction to sanctions, but a "long term approach and strategy based on the conditions and requirements of the Islamic Republic", which seeks to transform the potentials of the country into a strategic advantage.

At its essence, the discourse of resistance economy is therefore an economic policy-oriented discourse that seeks to reduce the costs inflicted on Iran due to its revisionist endeavours, and in the long term help the Islamic Republic in its pursuit of a fair world order by espousing a discourse advocating a transparent economy, not blighted by corruption, which is able to provide essential goods and services from within. However, this does not necessarily translate into protectionism, as we have demonstrated above; instead resistance economy is a strategic export policy that mainly focuses on neighbouring states and constitutes a broader attempt to create sustainable economic relationships that are not dependent on, nor vulnerable to major powers.

Nearly 70 years after the unsuccessful oil-free economy of Mosaddeq and 40 years after Imam Khomeini declared that the revolutionary understanding of independence espoused by the Islamic Republic ought to include "true cultural, economic, and political independence" (Khomeini, 1981, p. 268), the economy would rise to prominence in the Islamic Republic's establishment discourse. In his declaration of the "second phase of the revolution"<sup>1</sup> in 2019, Ayatollah Khamenei again sought to affirm the role of the economy in the Islamic Republic:

Economy, of course, is not an ideal of the Islamic society. Rather, it is a means without which one would not be able to fulfil the ideals. ... The Islamic Revolution showed us the way

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1. gām-e dovvom-e enqelāb

out of the weak, dependent and corrupt economy of the Pahlavi era. However, feeble performances have posed internal and external challenges to the country's economy. The external challenges include the enemy's sanctions and temptations that would be rendered less effective or even ineffective if the internal challenges are resolved. The internal challenges consist of structural defects and managerial weaknesses ... The solution to these problems lies in the strong, responsible and lively implementation of the policies delineated by the Economy of Resistance that need to be outlined, followed up and acted upon by administrations (Khamenei, 2019).

Acting as an 'independent economy' based on production, fair distribution of resources, sustainable consumption and a healthy bureaucracy (Khamenei, 2019), resistance economy has thus manifested itself as a core feature of the Islamic Republic's establishment discourse as it moves towards its fifth decade. It has transformed itself from a victim to foreign aggression and domination, to a regional force standing at the forefront in the struggle against the domination of West Asian states, and has become a crucial tool for achieving the country's revolutionary aspirations.

#### 4. Conclusion

The Islamic Republic of Iran has been engaged in an economic war with the United States for most of the decade since Resistance Economy became a General policy of the System. The impact of the unilateral sanctions regimes imposed on Iran by Western powers has contributed to a volatile currency and high inflation, which has significantly reduced the purchasing power of the

Iranian people (Bourse & Bazaar Foundation, 2022). However, despite facing one of the most extensive sanctions regime in recent history, the Iranian economy has demonstrated a resilience, which was not expected by the architects (Bajoghli et al., 2023, pp. 1-2). Rather than collapsing, the Islamic Republic has been able to navigate through a decade of economic stagnation, while pursuing its structural reforms (Bourse & Bazaar Foundation, 2022). Whilst reflective of the partial success of resistance economy, the performance of which lies outside the scope of this essay, it is clear that resistance economy, as it stands today, is a tangible manifestation of the ongoing endeavour to achieve economic independence and continue the Islamic Revolution into the 21st century.

Resistance Economy in Iran thus represents a paradigm shift in the country's economic discourse, reflecting a combination of revolutionary ideals and responses to changing international circumstances. Importantly, the discourse is not a short-term reaction to sanctions, but a strategic, long-term approach towards the revolutionary objective of economic independence and resilience. Its multifaceted focus, encompassing diversification, reduction of oil dependency, and a focus on domestic production, distinguishes resistance economy from previous third worldist strategies such as Import Substitution Industrialisation, as well as contemporary pursuits of economic diversification in resource rich rentier states. While challenges remain, particularly in the face of ongoing sanctions and global economic fluctuations, Iran's approach ought to be seen as an alternative model of economic development for a revisionist state in a highly volatile international context. The future of resistance economy will be a crucial factor in determining Iran's place in the international order and its ability to

sustain its broader resistance project, and consequently, a valuable case study for understanding the interplay between domestic economic policies and international politics in West Asia.

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