

Iran's Foreign Policy and Economic Development: An Analytical Review

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Abstract

The success of Developmental State in East Asia once again has proved the role of the state in the process of development and shed light on the weakness of Neoclassic theories in their emphasis on the role of the market as a balancing force. One of the necessary variables for the formation of a developmental state is the international context. Like many states in East Asia, the path toward development in post-revolution Iran seems to be through the formation of a developmental state in the context of the existing international system. But the reality is something different. Therefore, the objectives of the present paper are 1 - to study the relationship between the international context and formation of the developmental state in Iran; 2 – to study the role of the United States in the process of formation of the developmental state in Iran; 3 – to study the means the US has employed to block the formation of a developmental state in Iran; and, 4 – to study the role of Iran's foreign policy behavior in the formation of the developmental state. The main question of the present paper is what are the international obstacles to the

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formation of a developmental government in the Islamic Republic of Iran? The main hypothesis of this paper is: International context, US hegemonic status in the international system, and various political and economic obstacles and sanctions imposed by the US have prevented the formation of a developmental government in the Islamic Republic of Iran. The findings of the research sustained the hypothesis of this study.

Keywords: Economic Development, Developmental State, International System, Iran, the United States.

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Introduction

One of the effective factors regarding the formation of developmental state is the availability of the international contexts. This variable, along with other variables such as the development elite, efficient bureaucracy, and relative independence of the government, has a considerable share in the formation of a developmental state. On this basis, unlike the Dependency Theory that sees underdevelopment of peripheral states in their relations with the imperial core states, and unlike the classic theories that have confined their attention to the internal issues of states thus ignoring effective external factors, the role of international variable is very important in the formation of a developmental state.

With the emergence of the industrially developed states, specially the United States of America and European countries, the process of the formation of international institutions and organizations after the World War II, on one hand, and their interaction with the member states, on the other hand, have brought about the development of these states in many cases. Although there are criticisms on their performance, in the majority of cases these interactions have paved the way for their development. The developmental states in East Asia are good examples for these interactions. Colonization of Korea and Taiwan by Japan had a great influence on future development of these two countries so that Japanese technology was transferred to these countries in the period of colonization, even until now.

In other words, Japan helped agricultural development, industrialization, development of bureaucracy, formation of institutions as well as accumulation of wealth and human and material capital during colonization, although it was not a result of its good intention. Moreover, the political, economic and military aids of the United States to these countries in the Cold War context were also important. Malaysia and Singapore enjoyed such advantages as well. After World War II the United States opened its markets to Japan, South Korea and Taiwan to help the promotion

of the developmental states. At the same time, the US tolerated their extreme strategy of supporting domestic products.

However, post-revolution Iran's situation in international arena was quite different from the developmental states in East Asia. This is because a revolutionary morale ruled in Iran and sought its mission beyond the national borders. Basically, the new regime had defined its ideal as fighting the political, economic and cultural hegemony of the United States. On the other side, the United States used all ways and means to fight the new revolutionary ending up with sanctions and creation of various obstacles.

On this basis, the central question of this paper is this that "What are the international obstacles to formation of developmental state in the Islamic Republic of Iran?" In response to this question, we have studied four administrations after the revolution, i.e. Transition Government and the administrations known as the Reconstruction, Reformist and Fundamentalist. Each administration in some way has prevented the formation of developmental state in post-revolution Iran. We have tried to provide response to the central question of this paper by using the theory of Constructivism as a theoretical basis.

I- Development in East Asia

In Order to understand the impact of international conditions on formation or promotion of the developmental states better, we will have a short glance on the course of action in East Asian states. This can serve as a basis for the analysis of obstacles to the formation of developmental state in the Islamic Republic of Iran. In this connection, the support or lack of support by the international system and the role of the United States as a hegemonic power can be a supporting or deterring role. One of the most important factors behind development of South Korea and Taiwan was the considerable US supports during the Cold War. As a matter of fact, after disunion, South Korea was seriously subject to Communist threats from inside and outside and Taiwan felt the threat from the Communist China. Therefore, US's East Asian policy paid prime

attention to supporting these two countries and consequently granted political, economic and military aids. (Delforouz, 2014: 214)

The successful emergence of East Asian economies cannot be fully understood without considering the context of the Cold War, i.e. the existence of external and internal threats as well as diplomatic, financial and in some cases military aid from the United States (Beeson, 2007: 5-39). Here one of the most critical threats must be one from Asian communism. In the early post-WWII period, concern of the United States with geopolitics prompted the strategy to forge a hub-and-spoke network of bilateral security treaties with Asian “front-line” States. This dependence on the United States protection, however, constrained the security policies of the region’s States. Furthermore, the region’s economies soon came to depend heavily on the United States market, shipping on average 20 to 30 per cent of their exports to it (Tsunakawa, 2005: 105).

Japan, the most important Asian ally of the United States, was a beneficiary of massive, stimulatory procurements resulting from the Korean War – totalling US\$3.4 billion, or one-fourth of all United States merchandise imports at that time (Cumings, 1984: 38).

In 1953, Korea's economy continued to rely on agriculture. During this period, more than \$ 1,170 million in foreign aid was paid to the South Korean government, particularly through the United Nations and the United States, to rebuild key industries as well as curb inflation. As a result, industrial production grew by an average of 20 percent during 1954-1957, and the Korean economy experienced an average annual growth of 5 percent, which in 1957 reached 72.7 percent. South Korea's economic growth rate fell to 2.6, 6.4, 1.8, and 8.4 percent in 1958, 1959, 1960, and 1961, respectively, following a reduction in US aid to the country. In fact, South Korea's economy relied heavily on US aid after the Korean War, with almost all of its raw materials, consumer goods and food being purchased with US financial and credit assistance. (Burnell

& Randala, 2017: 324)

In the case of Taiwan, the United States used this country as the frontline in its fight against Soviet Union and Chinese Communism in between the years 1950 and 1960. In this connection, US economic and military aids to Taiwan played key role in its development. First, Kuomintang government accomplished land reform program with the US technical assistance. Second, the US guaranteed the survival of Kuomintang government in the hard years after the World War II. US financial aids also resulted in increased consumerism in the turbulent years after war. (Amsden, 1979: 373)

Singapore basically lacked domestic capital so it was interested in attracting foreign direct investment from the beginning. Singapore was in the circle of capitalist countries because of suppressing the Leftist groups. The country created desirable political, economic and institutional grounds to turn into the heaven of foreign investors. Therefore, the United States and Western states, with their priority to prevent the spread of Communism, established closer relations with Singapore, so it became the largest country among the developing states to attract foreign direct investment. Malaysia, put atop its agenda attracting foreign direct investment most particularly after coming to the power of Mahathir Mohamad. In the meantime, the capital rush from Korean and Japanese companies played key role in the rapid development of Malaysia. In other words, Malaysia used the same model of Japan and South Korea as a later example of developmental state toward all-out development. (Delforouz, 2014: 215)

The Cold War also provided a “relatively” permissible environment in which the Asian developmental States continued to protect and nurture their strategically important manufacturing sectors, while the United States maintained a tolerant attitude toward the neo-mercantilist position of its Asian allies (Harvie and Lee, 2002: 10). Referring specifically to Japan, Beeson (2009:15) explains: “[The country] was able to take advantage of a rapidly expanding international economy and relatively unfettered access

to important markets in Europe and North America, without having to open up its own markets and, crucially, while maintaining control of the domestic financial system.” The United States policy to keep its market open to Asian Allies, particularly to Japan, was to compensate for costs resulting from its insistence to them on not trading freely with China (Pempel, 2005: 8).

A study of East Asian development governments has shown that there are good international contexts for the development of these countries. These contexts, which include international aid, dismantling, lack of sanctions, foreign investment, etc., have played an effective role in the formation of this type of government. In addition, effective international relations can be considered as another important factor in the formation of East Asian development governments, which can be examined in the form of relations with the United States of America and its support.

II- Iran`s Development and International Obstacles

The foreign policy of the developmental states in the developing countries is of special significance. In this sense, such a policy serves as a bridge to the world of capital and technology. The developmental state is obligated to provide the regional and international contexts in their strategy toward development. In this connection, we can deduce that the macro scientific strategy in foreign relations conforming to the realities of the country and the world can provide appropriate framework for using production factors of other countries and for presenting and marketing domestic products in other countries. (Behkish, 2001: 282) All developmental states have created organizations to attract foreign companies and capital for their development such as Botswana, South Korea, Taiwan, Singapore, China, Indonesia, Thailand, and Malaysia. (Leftwich, 2005: 215) Historical surveys show that developmental states have been formed before coming into effect of foreign and national capital. This enables the developmental states to play more effective roles in development. (Aqaei and Aabarian, 2011: 18)

Such countries as Iran which seek international identity, and on the other hand, show unconformity with the existing patterns, face coordinated reaction of the international politics. Evidence shows that big powers and regional actors do not pay due attention to adopting unilateral pattern in their confrontation with Iran. They prefer to follow up the bilateral issues through international or regional organizations. In the meantime, American players stress on unilateralism in its approaches but this will be realized when the efforts by international and regional organizations yield no result. (Mottaqi & Poustinchi, 2011: 273)

Iran's position after the revolution had fundamental differences with the post-World War II situation of South East countries. Iran's anti-US policies and its initiative for the unity of Islamic Umma brought into conflict the dependent Arab states in addition to the US and Western states. (Delforouz, 2014: 357) The Iran in its foreign policy maintains value system based on Islamic principles and doctrines that can exert influence on its behavior and foreign policy. When a large number of values are presented in a network of cause and effect, they show a sort of connection, coherence and order that depict system of values. (Rafi'pour, 1999: 270)

This system of value is sometimes conforming to the international system, sometimes not. If we consider the most important characteristics of Iran's foreign policy in its Islamic and revolutionary nature, the Islamic Iran's foreign policy will have challenges with the structure of the international system. An analysis of Islamic Revolution in macro level shows that Iranian Revolution took place in clear contradiction with the international system and presented norms and values that were in open contradiction with interests of the big powers supporting status quo. Some values were independence, freedom, justice, the right to determine the country's destiny, unity of the oppressed people across the world, wakefulness of the Muslims, legitimacy of the deprived nations, truth-seeking, cooperation and collaboration, as well as fight against hegemony, oppression and suppression, monopoly, foreign military bases, imperialism, etc. (Sotoudeh,

2001: 4)

Dehqani Firouzabadi reasons that developmental foreign policy has an interactive nature and the interaction is of competition-cooperation type with limited tendency toward conflict and confrontation. Another specification of this policy is its interactive externalism and when the national development model is based on exports, this specification is more outstanding. Peaceful coexistence, détente policy, confidence building, multilateralism in world and regional levels are among the principles of developmental foreign Policy. (Dehqani Firouzabadi, 2008: 366)

The Iran built its foreign policy based on the principle of No West, No East in order to advance its policy of independence and no dependency on East or West. Therefore, Iran placed itself in none of the bipolar structures that had been already formed in the Middle East. Joining the either pillar of power was only possible in 80s because the bipolar system and the Cold War were flexible to some extent and there was no serious competition between the two superpowers specially on the Middle East. (Haji Yousefi, 2005: 64)

Whereas the developmental states applied their foreign policies for the economic development, in Iran Islamic norms and values played the key role in its foreign policy. In other words, Islam constitutes the ideological discourse in foreign policy of Iran. It is in the context of this ideological and ontological discourse that the fight against Great Satan, supporting the oppressed, and demand for justice become the principal pillars of Iran's foreign policy. (Dehshiri, 2008-9, 102-3)

In order to understand the international obstacles better, we will study four periods in each of which, depending upon domestic and international conditions, Iran has faced international obstacles toward the formation of developmental state. By domestic conditions we mean adoption of policies and strategies in Iran's foreign policy and by international conditions we mean the type of confrontation and reaction of the international policy toward Iranian domestic policies.

First Period (1979-1988): This period begins with the transitional government. In the writings related to the study of Iran's foreign policy, the period of the interim government has been mentioned as the period of the rule of expedient or realistic discourse. This 9-month period begins with the Prime Minister of Bazargan and the government of the transitional government and ends with the occupation of the US Embassy by Imam Khomeini students and the resignation of Mehdi Bazargan.

Upon the exit of the Transition Government of Bazargan from official scene of politics, the idealist revolutionary forces took the power and from that time the idealistic gained momentum in Iran's foreign policy and Islamic tenets and principles became the dominant factors in this policy. The efforts, according to Iran's foreign policy, for realization of revolutionary culture, anti-West tendencies, establishment of international just system and taking initiatives for the export of the revolution brought about the appearance of Islamic school foreign policy. (Dehshiri, 2001: 374) The value-centered discourse, while creating chances for meeting the transnational demands and realizing political influence, ideological unity and expanding influence in regional and international level, caused limitations in terms of meeting the national interests, industrial and technological development, economic welfare and gaining international credibility in particular. (Azqandi, 2002: 12-13)

Generally speaking, the most important ideological features in international arena during this period, as affected by the ideological goals of the revolution and the special atmosphere of Iran-Iraq War were: prioritizing Islamic interests over national interests; inflexibility in foreign policy; conflict with the international system; pursuing all-out independence and self-sufficiency in all areas; unconformity of national goals with the national power and capacity (Ranjbar, 2000: 68); and opposition to the international organizations specially the United Nations as a tool for questioning legitimization of the decisions of countries possessing the right to veto.

In such a condition, the United States felt Washington and its allies' interests at risk and tried to prevent the dominance of Iran's influence. Following a number of unsuccessful attempts for staging coup against the revolutionary regime, the United States at the temptation and encouragement of Saddam Hossein imposed an eight-year war on Iran. Five months before the war, the US officials gave the green light to Saddam to invade Iran and in the meantime enjoy US supports and aids. During the war both pillars of power and their allies supported Saddam and the US was directly involved in military clash with Iran in the final years of war. It was in 1988 that the US shot down an Iranian passenger plane with 290 people onboard. Even the conservative estimation of the US experts put the losses of war imposed on Iran at 450 billion dollars. (Delforouz, 2014: 359)

During the period, the United States imposed sanctions against Iran in many cases such as nullifying contracts for the sale of military equipment to Iran, confiscating billions of dollars of Iran's assets, sanctions on granting loans to Iran, preventing the export of cargoes with dual military and nonmilitary use and preventing international financial grants such as those by the World Bank to Iran. (Yavari and Mohseni, 2009: 15-16)

In this period, due to the dominance of the revolutionary ideals, the legitimacy of international organizations such as the Security Council of the United Nations was questioned inside the country. Human Rights Commission's resolution intensified Iran's case. Despite Iran's long years of membership and its considerable shares in Bretton Woods, Washington, including the World Bank and the International Monetary Fund, due to international pressure, Iran failed to collect required loans but instead insisted on no need to their loans or guidelines. Presence in the ordinary assemblies of the United States and the specialized organizations such as International Labor Organization, International Telecommunications Union, World Health Organization, etc. was not serious and sensible due to economic problems. (Mosaffa & Amin Mansour, 2013: 22-23)

In summarizing and analyzing this course, we can say One of the effective factors in the formation of a developmental government, as mentioned in the theoretical foundations of this article, is foreign investment. With the occurrence of the Islamic Revolution of Iran and its identity-seeking and independence-seeking nature, the international system reacted to the Islamic Revolution of Iran by creating investment barriers. Therefore, after the Islamic Revolution and especially with the beginning of the imposed war, a large number of foreign investors withdrew their capital from the country, so that the number of foreign-Iranian joint ventures decreased to 115 companies by the end of 1987. The volume of capital entering the country decreased from 6235 million rials in 1978 to 333 million rials in 1979, which reached zero in 1980.

It is worth mentioning that regardless of the 12 billion rials of capital that was imported to Iran by Japan in 1981, the total capital invested during the years 1357-1372 amounts to 15.8 million rials (Mofruzlu et al, 2015: 206)

Second Period (1989-1997): After the war, Hashemi Rafsanjani's Administration adopted a more pragmatic approach. He concentrated on economic reconstruction and more merging with the international economy. The priority of the foreign policy in this period was improving relations with the Persian Gulf littoral states, especially Saudi Arabia and with the newly independent Central Asian republics plus Russia.

Of course, the government had an eye on improving relations with Europe but such a policy did not mean ignoring Islamic and revolutionary values and principles or leaving enmity with the United States. The United States intensified pressures against Iran by sticking to such issues as Iran's enmity with the Middle East peace process, Iran's support of terrorism, and supporting Hezbollah of Lebanon. In May 1993, Clinton Administration adopted the dual containment policy against Iran and Iraq that imposed sanctions against the two countries. D'Amato bill completed the sanctions in 1996 against Iran and Libya. (Delforouz,

2014: 360)

When the double containment policy was implemented against Iran, the US foreign policy agents introduced Iran as an undesirable country and a threat in international level. To them, Iran was a country that employed all ways and means to fight US interests. On this basis, signs of reduced economic and technological cooperation appeared such as Iran-Japan cooperation. US restrictions on granting World Bank loans to Iran and its opposition for the transfer of Caucasus oil to Europe through Iran were the reflections of the dual containment policy. (Mottaqi & Poustinchi, 2011: 315)

Another point was this that US sanctions against Iran weakened Iran's bargaining power in its transactions and contracts. Iran had to accept the risks to overcome the impacts of sanctions. (Delforouz, 2014: 360) During this period, the US sanctions forced Iran to sell oil below the market price and buy equipment from brokers at higher prices. These imposed heavy losses on Iranian economy. (Nasri, 2001: 247-248) Sanctions also reduced Iran-US trade volume from 16 percent in 1987 to less than a percent. Moreover, Iran's imports from the United States reduced from two percent until before 1995 to zero level. US exports to Iran were chiefly nuclear reactors, steam boilers, cultural goods, pharmaceutical products, tobacco and machinery but after D'Amato bill US exports confined to books only. (Aziznejad and Seyed Nourani, 2009: 196)

As a result, the experience of structural adjustment in Hashemi Rafsanjani's government faced major shortcomings in its text. The adjustment policy was based on the two axes of attracting foreign investment and receiving loans, but the government failed to attract foreign investment and due to the existence of Political challenges with the international lending system were also limited. The government received loans at high interest rates. Also, a significant part of the manufactured goods could not reach the global markets and therefore the repayment of loan installments was stopped.

Third Period (1998-2005): This period is known as the Reformist Government. Despite continuation of the détente policy

and introducing the slogan of “Dialog among Civilizations” and despite improvisation of relations with the European states, there was no betterment in Iran-US relations. Iran's foreign policy in this period is distinguished from the previous and next periods in certain areas because of its specific principles, goals and dimensions. In this period too, pursuing national goals was prioritized over the transnational goals. Such national goals as gaining and boosting international reputation and credibility as a logical, accountable and normal state were prioritized. (Dehqani Firouzabadi, 2012: 450)

Despite serious efforts the opponents of Iran-US relations managed to prevent any advancement in this period. During the years 1997-1999 the United States imposed sanctions on Iranian trade partners including the multinational corporations. In 2000 the law on banning Iran from proliferation of military equipment was passed and Iran was deprived of the export guarantees issued by the United States. In the tenure of Bush Jr. Administration, the sanctions were intensified. Following September 11, 2001 attacks, the United States invaded Afghanistan on pretext of fighting terrorism. His administration officially announced its intention to change the regime in Iran in 2000 and in 2002 he placed Iran, Iraq and South Korea on the “axis of evil”. In March 2003 US threatened Iran for many times and said it was the turn of Iran to undergo a change of regime after Iraq. Rapid progress of Iran in its nuclear technology intensified the challenges between Iran and the West. Although an agreement was signed in suspension of enrichment in Paris, the failure of the West in fulfilling its commitments made the fundamentalist 7th Parliament to obligate the state to resume enrichment. This heightened the tensions once again. (Delforouz, 2014: 361)

Also, despite Iran's good relations with Central Asian republics the United States prevent Kazakhstan and Turkmenistan oil transport through Iran to the Persian Gulf by passing anti-Iran laws in 1997. Iran could earn 67.5 million dollars in oil swap. Additionally, the United States prevented laying oil pipeline through Iran from the Central Asian republics to the Persian Gulf.

In case of realization of this project Iran could gain at least 210 billion dollars per year. (Yavari & Mohseni, 2009: 44-45)

Therefore, in the reform government, despite the policy of de-escalation and reduction of investment risk, there has been no particular success in attracting foreign investment.

Fourth Period (2005-2013): The most important development in Iran's foreign policy in the beginning of Mahmoud Ahmadinejad's Administration in 2005 was the change in the nature of foreign policy from reformist and moderate framework to revolutionary-offensive foreign policy. The two approaches were of quite different languages and literatures and still more important, the criteria for analytical reviews were very different. The 9th Government was apparently seeking universality of Islam. Its ideological approach in foreign policy under the influence of Islamic Revolution ideals was in high extremist form. In the context of reproduced foreign policy reflecting Islamic idealism, big powers headed by the United States were the arrogant powers fighting Iran in terms of Islamic glory and the oppressed people of the world not because of diplomatic and geopolitical concerns. (Azqandi, 2012: 143)

In this period the fight against unipolar system and US hegemony is pursued by two strategies: 1) All-out internal fight through unilateral measures in regional and international level; 2) Boosting Iran's power and capability in all military, economic, political and cultural aspects. The fight against US hegemony was pursued in a multilateral framework and external balancing. On this basis, the foreign policy of Iran embarked on regional, trans-regional and international coalition against arrogant system led by the US. Diversification of relations with Asian and African countries, particularly with Latin American countries took place in this connection. (Dehqani Firouzabadi, 2012: 514)

Therefore, Iran entered into a new phase in its conflict with the West. Ahmadinejad pursued offensive foreign policy. He rejected the solutions for settling the Palestine-Israel conflict that had already been approved in the administrations of Hashemi

Rafsanjani and Khatami. He reintroduced Imam Khomeini's saying on Israel (Wipe Israel off the face of the Earth) and said the Holocaust was a fable to legitimize Israeli regime. He also strongly stressed on Iran's indisputable right for access to peaceful nuclear technology. In March 2006 he celebrated Iran's 3.5% uranium enrichment. The United Nations Security Council issued six resolutions against Iran in between the years 2006 and 2010. All resolutions called for preventing the transport of commodities, services and technologies believed to be of dual military and nonmilitary use, preventing new investments or technical partnership in Iran for producing prohibited goods, equipment or technology transfer, freezing the assets or real and legal entities abroad, and the like. The European Union froze the assets of some Iranian banks during the years 2009 and 2010 for three times. (Aziznejad & Seyed Nourani, 2009: 175-182)

Both the US and the EU pursued the sanction objective of restricting Tehran's ability to fund the further development of the nuclear program and resorted to enhanced oil and financial sanctions. Within the framework of the consecutively passed US Congress National Defense Authorization Act (NDAA), which was signed by Obama in December 2011, the Iran Freedom and Counter-Proliferation Act (IFCPA), and the Iran Threat Reduction and Syria Human Rights Act (ITRSHRA), Washington planned to curtail Iran's oil revenues by prohibiting foreign banks from performing transactions with the CBI, which received the country's oil receipts to a great extent. In the context of these sanctions, the Obama administration forced European and Asian countries to refrain from importing Iranian crude oil or at least to reduce their oil imports. As a consequence, the United States effectively caused the EU to prevent Iran from circumventing its sanction measures (Bassiri Tabrizi and Hanau Santini 2012: 2).

The EU Council on Foreign Relations also aligned itself with the United States in creating obstacles to development in Iran; So that In January 2012, the EU Foreign Affairs Council decided to impose an embargo on Iranian crude oil and petrochemical

products, which took effect in July 2012 and was accompanied by, among other things, an insurance ban for oil shipments and a freeze on the CBI's assets. In March of that year, the Belgium-based Society for Worldwide International Financial Transfers (SWIFT) excluded Iranian banks from its network and, thereby, effectively prevented any foreign transactions with them through this network (International Crisis Group 2013: 13–14). Due to the importance of crude oil revenues for the Iranian economy, the US and EU oil and financial sanctions went beyond the targeted selective sanctions.

For the first time in the history of American sanctions against the Islamic Republic of Iran, serious limitations were imposed on the export of oil products (gasoline, diesel fuel, aviation kerosene) to Iran. Since the summer of 2010, a company from any country would surely find itself under U.S. sanctions if its one-time shipment of fuel to Iran was worth more than \$1 million or the overall cost of its shipments more than \$5 million in a one-year period. The same terms apply to any services (insurance, shipment, financing, brokerage) related to fuel trade with Iran. Apart from these measures, the American authorities canceled all provisions loosening restrictions on Iranian imports into the United States that had been adopted at the end of the 1990s. Additionally, Washington prohibited branches and subsidiaries of American companies registered in third countries from trading with Iran. The punitive measures of 2010 also made export-licensing procedures tougher for foreign companies from countries such as the UAE and Malaysia, whose governments were reluctant to prevent the re-export of American goods to Iran. The new sanctions, moreover, reinforced previously existing measures against financial institutions dealing with the Iranian banks suspected to be funding the Iranian nuclear program. (Kozhanov, 2011: 6)

In connection with the interaction between Iran and regional and international institutions we must say that in the beginning Iranian NGOs experienced relative fall in their regional and international activities, but gradually they managed to boost their presence specially in human rights assemblies. Also, the private

sector was put aside from the decision-making process in international and interstate programs. Participation of the women in the delegations for overseas missions reduced to some extent. Playing a role in the secretariats of the international institutions by Iranian employees became weaker. Therefore, Iran's foreign policy in relation with the international organizations and regional arrangements from 2005 until now has been under the influence of such factors as negative approach and performance of these organizations toward Iran in such issues as nuclear dossier as well as Iran's objections to the structure and performance of these organizations, in particular the US Security Council. However, presence in the international assemblies, summits and procedures in line with macro objective of exerting influence on the world issues and participation in the world governance by presenting a different discourse turned into one of the ordinary activities in Iran's diplomacy. (Mosaffa & Amin Mansour, 2013: 35)

III- The Need for Foreign Direct Investment

One of the most important goals of this article is to examine the tools that the United States has used to prevent the formation of a developmental government in the Islamic Republic. In this regard, one of the tools of the United States is to prevent the inflow of foreign capital into Iran, which has been done in various ways. Although part of the reason for the lack of foreign investment in Iran is due to the high risk of investing in Iran, but the same risk has increased due to US actions against the Islamic Republic of Iran.

UNCTAD (United Nations Conference on Trade and Development) statistics show that within 18 years starting from 1990, Iran has managed in total to collect 5/29 billion dollars of FDI whereas Turkey has collected over 145 billion dollars during the period. In this sense, Turkey held the first rank and Iran stood at the 9th rank among the 14 states in the Middle EAST. Also, in terms of investment in stock market, Iran stood last among the 21 countries under study, while according to the 20-year Outlook Plan

Iran has to collect at least 45000 billion rials investments to promote the level of technology in the country. (Seyed Nourani, Aziznejad & Tak Roosta, 2008: 210-213)

On the other hand, the status of economic risk in Iran is not better than the state of investment. Statistics show that during the years after the revolution, Iran holds an undesirable rank in national risk (political risk plus risk of economic policymaking, and other risks) in the Middle East, whose risk is still higher than the other regions in the world. For instance, in 1999, Iran stood at the 92nd rank in terms of risk among 100 countries and according to another statistics Iran held the 8th rank among the selected 10 states in the Middle East. (Mosallanejad, 2005: 276-280)

Iran, with its vast oil and gas reserves, needs foreign investment in this area. But US sanctions have severely hampered foreign investment in these sectors. An example of this can be seen in the words of Brian Hook (the US State Department's special representative for Iran): «US sanctions on Iran's oil exports have caused revenue losses for Iran exceeding \$50 billion, severely hindered the country's push to expand refined-product exports, and ended foreign investment in its energy sector». (Brian, 12Dec 2019)

UNCTAD statistics also show a decrease in foreign investment in 2020, the most important reason for this decrease is the US actions against Iran, especially in the energy sector. Foreign direct investment into Iran declined almost 10% in 2020 compared to the year before, according to the United Nations Conference on Trade and Development (UNCTAD). Based on data published in the World Investment Report 2021, the UN agency put Iran's FDI inflow at \$1.34 billion in 2020, which was down 11% compared to \$1.508 billion in 2019. The nuclear agreement opened the way for a growing number of foreign companies flocking to the Iranian market untapped after years of pent-up demand as a result of years of international sanctions related to its nuclear energy program. However, the flow fell to \$2.37 billion in 2018, mostly under the influence of the Trump administration's unilateral withdrawal from the 2015 agreement.

Conclusion

The foreign policy of the developing countries is of special significance. In this sense, such a policy serves as a bridge to the world of capital and technology. These countries are obligated to provide the regional and international contexts in their strategy toward development. In this connection, we can deduce that the macro scientific strategy in foreign relations conforming to the realities of the country and the world can provide appropriate framework for using production factors of other countries and for presenting and marketing domestic products in other countries. Another specification of this policy is its interactive externalism and when the national development model is based on exports, this specification is more outstanding. Peaceful coexistence, détente policy, confidence building, multilateralism in world and regional levels are among the principles of developmental foreign Policy, but Iran's position after the revolution had fundamental differences with the post-World War II situation of the East countries. Iran's anti-US policies and its initiative for the unity of Islamic Umma brought into conflict the dependent Arab states in addition to the US and Western states.

Whereas the developing countries applied their foreign policies for the economic development, in Iran Islamic norms and values played the key role in its foreign policy. In other words, Islam constitutes the ideological discourse in foreign policy of Iran. It is in the context of this ideological and ontological discourse that the fight against Great Satan, supporting the oppressed, and demand for justice become the principal pillars of Iran's foreign policy.

Although the four administrations from 1968 to 1984 took some steps in conformity with the international norms to achieve détente, promote dialogue among civilizations, official recognition of the international system and the like, the international system, spearheaded by the US in particular, considered the steps not as a positive measure by Iran but as a sign of its weakness and imposed more and more limitations. As a result, the international system prevented the realization of a developmental state in Iran by

adopting a confrontational approach, which hindered the formation of a developmental state.

The findings of the present study show that despite the efforts of the Iran to use appropriate international conditions and contexts to develop its infrastructure, but the US obstruction in the form of sanctions, the prevention of foreign investment in Iran, the ban and blocking financial and technical aid, aligning countries, especially the European Union, etc., has largely prevented the formation of a development government in the Islamic Republic.



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