



**Original Article**

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# Passing Through Sanctions By Resistive Economy

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Received: 2018/01/15    Revised: 2018/04/27    Accepted: 2018/06/18

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**ABSTRACT:** Disappointed from its military and cultural strategies and especially the soft war, the aggressive world system resorted to an illegal mechanism to put the Islamic state of Iran under hard pressure due to the economical shortcoming of the country. They imposed restrictive financial and trade unilateral sanctions against Iran. To counteract the sanctions, the supreme leader of the Islamic revolution proposed resistive economy and considered it as a vital goal in changing the direction of the country's economy.

The aim of this paper is to answer the question and national needs, what is a suitable solution of counteract the sanctions. In this paper using content analysis approach and available resources, economic sanction's implications and its effectiveness are surveyed in Iran and around the world. Explaining resistive economy and its elements and components is concluded that the main solutions to overcome sanctions and thwart their effects is using a resistive economy plan.

**KEYWORDS:** Economics, Sanctions, Resistive Economy.

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## 1. INTRODUCTION

Iran is a country of climate variability with great human and natural resource capacity containing suitable conditions for economic and political development in the region. Furthermore, the Islamic revolution of Iran was one of the most important political events of the twentieth century whose different dimensions have not been recognized properly. The outbreak of this Islamic revolution has created new equations in today's political and scientific space, which are becoming more sophisticated and are covering more aspects. Obviously, the opponents will resort to all possible techniques to confront this revolutionary approach (Samadzadeh, 2012).

In the present structure of the international system, America can be regarded as a country with hegemonic stability (in technology and advanced economy, supporting military power by political power, and so on), whose behavioral model has gathered a number of homogeneous countries to make use of the benefits which America has supplied for them. In the process of hierarchy of power, a possible danger is that the disharmonic states may challenge the hegemonic country (Gavam, 2001). According to Washington and its allied countries, Iran is the most dangerous country for America. According to them, Iranian policy has always been buffering. They believe that Iran has been the axis of revenge in the Middle East for a long time. Western governments propose that the authorities of IRI have always tried to block anything that the US government planned to do just because it belonged to America (Tayyebi, etal, 2012).

Although Iran has been under political and economic security council sanctions for decades, it is able to pass through these sanctions by making use of its plentiful potential resources and employing deliberate political and economic policies (Azadi et al, 2013). It is obvious that our enemies are determined more than before to impose their wills on us to make us draw back from our pertinent rights. Resistance against this evident oppression requires two important principles. Resistive economy is a policy which is proposed by the supreme leader of the Islamic revolution. Resistive economy is an economic system closely related to national coherence. It is coordinated with political and security policies of the state which emphasize on the resistance against destructive measures of the oppressors. It is intended to resist against the economic sanctions and different economic conspiracies of the arrogant enemies and continue its progressive intentions in national, regional, and global dimensions. Resistive economics is an active economy, rather than a passive and dependent one, whose main intention is to make the country endure obstacles and challenges in the way of the country (Asgari, 2012).

## 2. Literature Review

Katzman (2014) believed By all accounts, a comprehensive nuclear agreement, if reached, will entail significant easing of U.S. and third country sanctions on Iran particularly those sanctions imposed since 2010 that reduce Iran's oil exports and limit its access to the international financial system. The Administration has said that substantial sanctions relief under a comprehensive deal would be provided, but that comprehensive sanctions relief would be stepwise as Iran fulfills the terms of an agreement. Although it might be able to act on its own authority to suspend most sanctions on Iran, the Administration has said it would work with Congress on long-term sanctions relief in the event of a final nuclear deal. Most observers assess that additional U.S. sanctions are likely to be proposed, and perhaps enacted, if negotiations on a comprehensive settlement break down and Iran expands its nuclear work.



Allen and Lektzian (2014) discussing about the Economic sanctions have been referred to as a blunt instrument that the international community has often wielded without full consideration of the impact that these measures will have on the population of the targeted countries, particularly the weakest elements of society. Case studies of sanctions against Cuba, Iraq, and Yugoslavia have demonstrated the impact that sanctions can have on the availability of food, clean water, and medicine, causing many to conclude that all sanctions have extensive public health consequences. In this article, we examine the generalizability of these conclusions in a quantitative cross-national study of sanctions and their public health effects. Additionally, we compare these effects to those associated with both civil and interstate conflicts as critics have recently suggested that sanctions are not a humane alternative to armed warfare. We find that when sanctions have a large economic effect on the target they can have severe public health consequences. These consequences are substantively similar to those associated with major military conflicts. However, when sanctions have little or no economic effect on the target, they also have no substantive effect on public health. Building on recent work to explore the human consequences of war, this work also helps to demonstrate the importance of smart sanctions and humanitarian exemptions in sanctions policy.

Bazkhaneh et al. (2013) carried out a research to investigate the relationship between culture and resistive economics emphasizing the role of national media. They expressed that the most important factors leading to the formation of resistive economics include insight, attitude, and culture of society which is considered as motivating factor of human activities. In order to fulfill the purpose of resistive economics, the required culture of its appearance should be institutionalized in the society paving the way for all the people of the society to be in line with this purpose. Applying descriptive-analytic methodology, the study highlighted the role of society culture in the progress of resistive economics and the impressive role of national media in this process. Finally, some suggestions for better actions were proposed.

Briguglio and Piccinino (2012) In an article entitled “Growth with Resilience in East Asia and the 2008–2009 Global Recession” assesses why the 2008–2009 global economic recession impacted East Asia less than it did the United States (US) and the European Union (EU). The paper utilizes a “growth-with-resilience” (GWR) index aimed at measuring the extent to which a country can absorb or counteract external shocks and at the same time promote economic growth. The main findings show higher GWR index scores for East Asia compared to those for the EU and the US, which may explain why the global recession had a milder impact on the region. The study also shows East Asia as being very heterogeneous, with major differences in the countries’ economic, political, and social realities, more so than in the US and EU. Therefore, the overall picture for the region may not apply to individual economies.

Abiad, et al (2012) Entitled “ The Rising Resilience of Emerging Market and Developing Economies“ The article concluded that document the history of emerging market and developing economies (EMDEs’) resilience over the past sixty years, and investigate what factors have been associated with it. We find that their improved performance in recent years is accounted for by both good policies and a lower incidence of external and domestic shocks better policies account for about three-fifths of their improved resilience, while less frequent shocks account for the remainder.

Briguglio et al (2009) In an article entitled “Economic Vulnerability and Resilience: Concepts and Measurements” It began to study the economic vulnerability is defined as the exposure of an economy to exogenous shocks, arising out of economic openness, while economic resilience is defined as the policy-induced ability of an economy to withstand or recover from the effects of such shocks. The paper briefly reviews the work already carried out on economic vulnerability and extends the research towards the development of a conceptual and methodological framework for the definition and measurement of economic resilience. Towards this end, the paper proposes an index of economic resilience gauging the adequacy of policy in four broad areas, namely macroeconomic stability, microeconomic market efficiency, good



governance and social development. The analysis of economic resilience explains how small economies can attain a relatively high level of gross domestic product per capita if they adopt appropriate policy stances. In other words, the relatively good economic performance of a number of small states is not because, but in spite of, their small size and inherent economic vulnerability. The results of this study can be used as a tool towards the formulation of policies aimed at overcoming the adverse consequences of economic vulnerability.

Peksen (2009) in his study challenges Does economic coercion increase or decrease government respect for human rights in countries targeted with economic sanctions? If economic sanctions weaken the target regime's coercive capacity, human rights violations by the government should be less likely. If, on the contrary, sanctions fail to attenuate the coercive capacity of the target elites and create more economic difficulties and political violence among ordinary citizens, the government will likely commit more human rights violations. Focusing on competing views of why sanctions might improve or deteriorate human rights conditions, this article offers an empirical examination of the effect sanctions have on the physical integrity rights of citizens in target countries. Utilizing time-series, cross-national data for the period 1981-2000, the findings suggest that economic sanctions worsen government respect for physical integrity rights, including freedom from disappearances, extra-judicial killings, torture, and political imprisonment. The results also show that extensive sanctions are more detrimental to human rights than partial/selective sanctions. Economic coercion remains a counterproductive policy tool, even when sanctions are specifically imposed with the goal of improving human rights. Finally, multilateral sanctions have a greater overall negative impact on human rights than unilateral sanctions.

Habibi (2008), believes that, the economic mismanagement and institutional inefficiencies of the Iranian economy have made it more vulnerable to the economic sanctions that have been applied against Iran in recent years. The economist intelligence unit (eiu, 2012), in its report of Western sanctions on Iran asks this important question that: is Iranian economy cracking under pressure? Analyzing Iran's economy under embargoes concludes that, the sanctions regime against Iran's oil exports could become a prolonged affair, lasting throughout 2013, and is not guaranteed to lead to the result desired by Western policymakers. GAO (2013)-United States Government Accountability Office- has estimated the impact of sanctions on both of Iran's crude oil production and its oil export revenues. In this estimation Iran has been compared with peer economies. According to the GAO's analysis of data from the Energy Information Administration (eia) and International Monetary Fund (IMF), In contrast to its peers, Iran's oil production and oil export revenues have fallen.

Briguglio (2004) Entitled "The Vulnerability Index and Small Island Developing States a Review of Conceptual and Methodological Issues" The article concluded that As stated, the Economic Vulnerability Indices produced so far indicate clearly that SIDS tend to be more economically vulnerable than other groups of countries. In the case of the economic and social vulnerability indices, work is still at an early stage of development and there is no conclusive quantitative evidence as to which type of countries are particularly vulnerable. The paper also discussed a number of methodological issues related to the vulnerability index and discussed the strengths and weakness of the index. It was argued that a number of criteria need to be observed when constructing the index, to elicit support for it and to render it operational.



### **3. Theoretical Framework**

#### **3-1. Sanctions**

Before dealing with the sections, it seems necessary to mention that the nature of sanctions, contrary to what some people think in the country, is not legitimate internationally. In addition to the principle of non-intervention as a general rule in international law, and “Acceptance of the Principle of Free Trade” which is agreed upon by almost all classical and liberal economists (which indicate that in both cases the sanctions against Iran are illegitimate), on the basis of article 2, paragraph 8 of Algeria Agreement, 1975, the USA is committed not to intervene in the internal affairs of Iran and not to prevent the flow of trade between Iran and Iraq. This agreement as well as Treaty of Amity and Consular Law, 1955, indicate that America has distorted international law and has misused its military and financial power to harass independent countries and take away the freedom they have earned by so much struggle (Esmaili, et al, 2012).

The theory of sanction was first coined by Galtung. He defined sanction as the expression of discontent and prevention of some countries from misbehaving (Galtung, 1967). Chan developed the theory and introduced it as way of communicating messages to make them have similar behavior (Chan, 2000). The term sanction is defined as punishment, penalty, and guarantee (Clawson, 1994). Sanction is regarded as concurrent practice by a group to refute relationship with individuals or group of people to punish them or make them compensate damages. In other words, sanction is for imposing restriction on the commercial and political relationship with the countries who have deviated from international rules (Mitsuru, 2007). Sanction theories are directly related to employment of economic power. According to Zhilpie economic sanction is an intervention in economic relationship with economical purposes (Meron, 1990). The term sanction is an interdisciplinary word. Not only does it involve political economics, but also it encompasses disciplines such as law, sociology, and most important, social psychology (Bearce and Tirone, 2010). Sanctions can generally be divided into the following types, which have been experimented in different countries.

Types of sanctions:

##### **1. Economic sanction**

- 1-1. trade sanctions
- 1-2. financial sanctions

##### **2. Noneconomic sanctions**

- 2-1. Travel sanctions
- 2-2. Aviation sanctions
- 2-3. Military sanctions
- 2-4. Diplomatic sanctions
- 2-5. International criminal prosecution

#### **3-1-1. Economic sanctions**

Economic sanctions can be defined from economic and law points of view. Economically, it means punishment or manipulation of the economic relationship and cooperation for political purposes (Lapz, et al, 1997). In law, sanctions include a group of measures performed by one or several international players against a certain country to punish it by depriving it from its values or enforce it to follow values which are important for them, or both types of measures (Baldwin,, 1985).

Sanctions have two aspects, declaration and implementation. Sometimes, sanctions are declared against a country without putting them into practice. This is a kind of induced threatening called





soft threat (Carstenius,, 2013). Lindsay states that four possible purposes of economic sanctions may include: compliance, destruction, internal behavior change, international behavior change (Lindsay, 1986). Economic sanctions are mostly imposed through trade and financial bans. The most important trade bans include: allocation, threatening and blocking exportation and importation, professional discrimination, rejecting further cooperation with target countries, rejection of general tariff advantages, rejection of trade agreements, cutting, stopping and suspending technical and educational help. The most important financials bans include: ban of insurance and financial services, tax on exports, financial and banking restrictions, banning general transportation, blocking foreign properties, restricting oil selling or importing oil products, making trouble in opening letter of credit for the tradesmen of the country and preventing foreign investment (Carter, 2014).

Some people regarded sanctions as diplomatic skills in the far past. As a strategic economic war in the hostile situation of these days, economic sanctions follow a more massive purpose than its traditional concept. Particularly after 1990, it has followed a quite different concept being referred to as the superior policy which can replace military action with lower cost (Lopez and Cortright, 1995). Employment of economic sanctions as a device for the foreign policy of some countries has greatly increased in the recent decades. The mechanism of sanctioning is quite simple; the country which is under sanction (the target country) endures some costs which are imposed by the sanctioning country. Yet, this theory is scarcely put into practice. There are limited evidence indicating that the sanctioned countries have changed their behavior. Experts believe that sanctions communicate messages for the world and deviate some behavior (Petrescu, 2008).

### **3-1-2. Effectiveness of sanctions**

The issue of sanction raises a question about how much it has been effective where it has been employed. Sanctions is a kind of distortion of the international route for trading. Having reviewed 120 cases of economic sanctions, Hufbauer and Schott, and Elliot (1990) proposed that economic sanctions have been successful in 34 percent of the cases. However, Paibey believes that only 5 percent of the 50 cases he has reviewed were successful. Therefore, the scope of successfulness of economic sanctions extend from 5 to 34 percent which do not indicate a high degree. Hufbauer, Elivet, and Eskat (from the Institute for International Economics) have related the amount of successfulness of economic sanctions to the amount of achievement of the predetermined goals. They believe that sanctions do not affect the target country seriously. On the other hand, Cartwright and Lopez (2002) state that when a special purpose underlines sanctioning, it can be regarded an effective instrument (Petrescu, 2008).

Special studies have been conducted about the effects of sanctions on Iran. Amoozgar (1997) declares that American sanctions against Iran have had no significant results, because they have made no change in Iranian positions. Clawson has reviewed the absolute effect of American economic sanctions against Iran during 1998-2000, and has found it negative. He has estimated the effects of trade sanctions on Iran as much as \$700 to \$1300, and the cost effect of these sanctions as much as \$800 to \$1300 each year. Alikhani (2000) reviewed the effects of sanctions on Iran historically and politically and found out that it has been futile. Asgari, et al (2001) reviewed the issue using attraction model. According to their estimation the effect of sanctions on Iran has been as much as 27 million dollars. Financial sanctions has imposed a cost from 1160 to 1321 million dollars. Behroozifar (2011) has also assessed the effects of unilateral sanctions of America on world trade and energy world market. He believes that in addition to the country under sanction, it has affected the world market and even its conductors as well. Having a look on the history of communication between Iran and America, Ismailia at el (2014) have assessed the effects of trade and fantail boycott separately. They believes that economic boycott has had negative effects on some sections. Yavari and Mohseni (2010) have reviewed the case historically and have concluded that trade and financial sanctions on Iran in 2000 have had some effects on the economy of the country. Using Delphi research method, Fakhari, et al

(2013) have conducted similar surveys in the knowledge-based companies and have come to the result that sanctions have caused economic instability by restricting international communication, increasing investment risks, reducing technological imports, and paralyzing bank systems. Ebrahimi, et al (2012) have investigated the effects of sanctions on international commercial contracts and have stated that the unilateral sanctions of America have changed into multilateral sanctions resulting in issuing resolutions by International Atomic Energy Agency decisions.

The investigation held by Institute for International Economics, 115 cases of sanctions from Word War I to 1998 are reviewed, 35 percent of which are evaluated as successful because:

1. Goals were relatively small and unimportant;
2. The target country was much smaller than the sanctioning country having instable political situation.
3. The country under sanction was dependent on the sanctioning countries.
4. Sanctions were imposed precisely and intensely.
5. The sanctioning country avoided great damage on its country (Kitous,, 2013).

Elliot (theorist in economic sanctioning) proposes some characteristics for effectiveness of sanctions:

1. The less the scope of sanctions is, the more the effectiveness of sanctions will be.
2. Economic sanctions can be more effective when accompanied by political vulnerabilities.
3. The more friendly the relationship between the country under sanctions and sanctioning country are, the more effective the sanctions will be.
4. The more the speed and preciseness of sanctions are, the more its effectiveness will be.
5. The less the costs are for the sanctioning country, the more effective the sanctions will be.

### 3-2. Difference between sanctions

According to the empirical researches on sanctions, there are differences between sanctions in terms of the three perspectives presented in table 1.

Table 1. Differences between sanctions

Differences	Explanation
<b>purpose</b>	<b>Strategic purpose.</b> In this case strategic interests of a country is in danger. Sanctions replace war here. <b>Change behavior.</b> In this case sanctions are not comprehensive and do not follow the overthrow of the regime. <b>Destabilization of the political regime.</b> Here are contradictions between the interests of the sanctioning country with those of the sanctioned.
<b>Addressee</b>	<b>Coercive sanctions.</b> special class of people (elites) <b>Controlled sanctions.</b> The main purpose is to destabilize and overthrow the regime addressing the common people. <b>Inclusive sanctions.</b> Causing nationalistic and antiforeigner emotions



	and makes black markets. <b>Intelligent sanctions.</b> Military sanctions, blocking government accounts, stopping loans and commercial helps, banning travel of diplomats and athletes with little cost which do not affect people directly.
<b>Method</b>	<b>Primary sanctions.</b> This sanction relates only to the relation between two countries; one country decides to stop trade, financial and services to another country, or decides not to have economic or social relation with it. <b>Secondary sanctions.</b> In this case the sanctioning country decides not to have relationship with a country as well as all other countries which are related to it.

Source: Aghakhani, et al. 2014.

## 4. RESISTIVE ECONOMY

### 4.1. Resistive Economy Background

The supreme leader of the Islamic revolution proposed the idea of resistive economy several years ago. Restraining from selling crude oil and movement towards non-petroleum economy, maximum usage of internal products, and not getting frightened from economic sanctions were some points raised by the supreme leader several years before the extension of the sanctions. Yet, the term resistive economy was coined firstly in a meeting with some national entrepreneurs in 2011. The supreme leader said, “We must create a real economy in the country. This is the meaning of entrepreneurship these days. My friends correctly stated that we can bypass the sanctions. I am sure the nation and its authorities will be able to do so. They will make the sanctioning countries, disappointed. This is like what they did politically years ago and realized that they had made a great mistake. Then they had to draw back their claims and come back to us for apology.” Being aware of economic warfare and its objectives from putting Iran under tense pressure, the supreme leader proposed proper plans and models for counteracting these measures. He believes that one of such measures is to follow resistive economy seriously. He emphasized that “resistive economy is not just a slogan. Rather it is a reality that must be fulfilled. The country is taking progressive steps. There are brilliant perspectives open in front of us. It is obvious that such long steps raise some enmities and oppositions in our ways. Some of these enmities are economic, some are political. Some of them are regional and some others are international. Some of them have resulted in the pressure that we are facing these days. Political pressure, sanctions and other deterrents that they have applied are part of their propaganda. Yet, among all these thorns, firm steps are going forward with great motivation and determination. We have decided to go through all these difficulties to reach the ultimate goals. This is the situation of the country now.”

In the following diagram keywords from the speeches of the supreme leader of the Islamic revolution relating to resistive economy are demonstrated to show the state of this notion in his view.



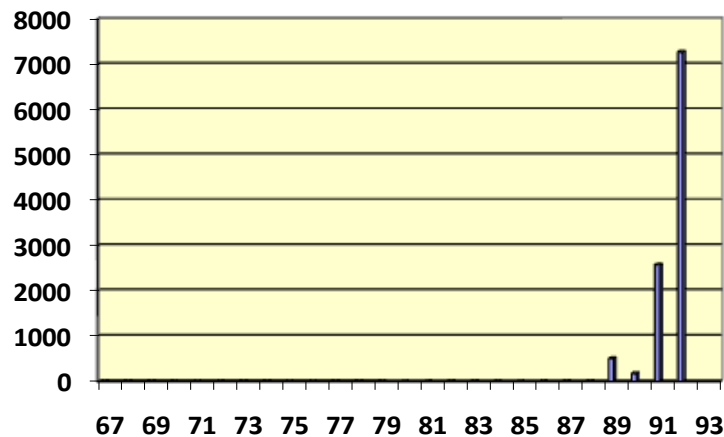
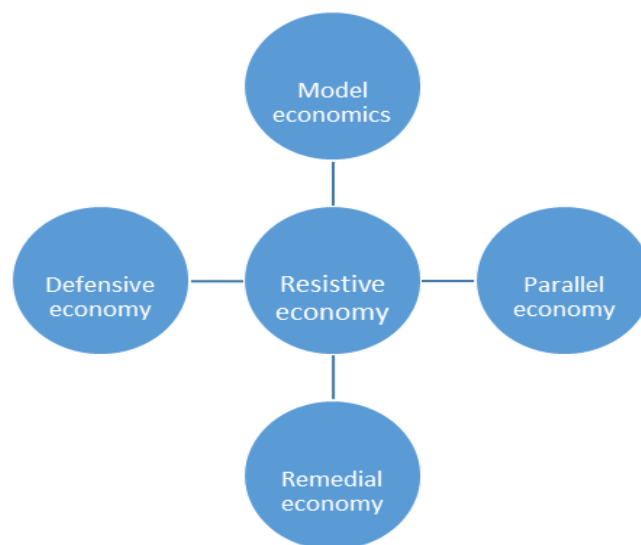


Figure 1- Frequency of resistive economy keywords

#### 4-2. Definition of Resistive Economy

There is no written precise theory for resistive economy in economics. There is no theoretical and scientific background relating to sanctions of the central bank. Hence, resistive economy can be defined in four ways each of which, or a combination of all can be regarded as national projects.



The first definition which Figure 2- Resistive economy approaches is that resistive economy is parallel economy. It means that as different institutions such as the Islamic Revolutionary Guard Corps, Jihad for Construction, Committee for Relief, and Housing Foundation were established after the victory of the revolution, the same way revolutionary institutions must be established and completed to follow the intentions. According to this theory, the Islamic revolution needs resistive economy and resistive institutions to fulfill it, because the formal organizations cannot manage it. Therefore, parallel institutions are necessary for this purpose.



The second definition involves a type of resistive economy whose main intention is to remedy deficiencies, fill in the gaps, and retrofitting effete and inefficient economic structures and institutes. In the first approach, it is said that the existing institute cannot suffice resistive economy needs; yet, in this type it is tried to do something to adapt the institutes to the needs. The central bank and the trade ministry must identify the weak points of the economic system of the country and redefine themselves according to the new conditions of sanctions and revolutionary needs to be able to have Jihadist performance.

The third type of resistive economy relate to offensive and defensive aspect of resistive economy. Here, it is necessary to find out how and by which devices the enemies attack against the economy of Iran. Resistive economy is achieved when we identify the devices and methods of the enemy and design our strategy accordingly.

The first approach indicates that resistive economy is not just a short-time defensive reaction. Contrary to the previous three approaches which regarded resistive economy as a short-time and defensive reaction, this approach involves a long-term and comprehensive perspective towards Iranian economy. This approach seems to be close to the views of the supreme leader. It is proactive and foreseeing. It intends to reach to an Islamic ideal promoting us to the first rank in the region. This economy is inspiring for the whole world and can pave the way for the Islamic civilization.

All these approaches are related to each other with partial inclusion. Yet, some of them are short-term and some others are long-term. A combination of all these approaches can be considerable.

### **4-3. Elements and Components of Resistive Economy**

Resistive economy contains several elements and components which affect its continuation. Based on the ideas of scholars, some of these component are discussed here.

- Economic Jihad is an important component of resistive economy which means behavioral self-scarification. The theory of “jihadi management” is proposed in this regard which indicates that those who have practiced through Jihad and self-scarification, have been more successful than those who have just worked for benefit (Abdulmaleki).
- The main characteristics of a resistive economy is its durability under internal and external tensions and restrictions (Khandoozi). The peak of external pressure is sanction. The internal pressure comes from all factors that pave the way for the fulfillment of external pressure. Internal pressure can be divided into two parts. The first relates to unawareness of the economists whose policymaking is in the same way as of the Western oppressors against Iran. The second part relates to the economic activists who invest and import just consumer goods. The economic necessities and conditions of the country is another problem originated from previous policies which were based on selling crude oil (Derakhshan).
- Although resistive economy is not equivalent to supportive economy, purposive and continuous intellectual support of the government of some economic activities is an important ingredient of resistive economy. “Even in the ordinary situation, some governments pay great attention to and support national economic activities in order to promote the resistance of national economy against foreign tensions. The USA, which is one of the founders of world trade organization, has breached international regulations and has annoyed other countries. For example, on account of promoting internal production, America banned importing tire from China. China complained about the issue to the World Trade Organization calling it breaching international trade regulations (Rezaei).



- During war crisis (in military or economic wars), there is more need to resistive economy. This is as important as offensive and defensive actions in military wars. This is the defensive and economic aspect of resistive economy (Al Eshagh).

#### **4-4. Resistive economy and sanctions**

Resistive economy is an economic system coherent with grand political and security policies of the country designed for resisting the destructive measures of the arrogant regimes such as economic impact, sanctions, and other oppressive measures (Asgari, 2012).

#### **4-5. the necessity of the implementation of resistive economy**

Generally, if enemies become aware of the economic situation of the country under sanction, they will be able to inflict more damages making the country more vulnerable. This is an obvious evidence indicating the necessity of resistive economy. Referring to the speeches of the supreme leader, some of these necessities are explained in this section.

- 1- Managing consumption and preventing consumerism and supporting internal products.

Referring to the importance of modification of the consumption model, the supreme leader said in his speech to the executive officials in 1391 that “management of consumption is one of the essential components of resistive economy.”

- 2- Emphasizing on national product and consuming it.

The supreme leader of the Islamic revolution in his speech to Mapna Industrial Group said: “The backbone of the resistive economy is national product.” He also stated in an interview in parliamentary election that due to the wrong habits of consuming foreign goods, there is a great responsibility for the national radio and television to propagate the culture of relying on national products. The supreme leader added that this culture requires deep thought and study.

- 3- Popularization of economy and authorizing private sector based on article 44.

Emphasizing the importance of resistive economy, the supreme leader clarified its principles in 2013. He stated that “resistive economy requires action, one of which is popularization”. He also emphasized in his speech in the holy shrine of Imam Reza in 2014 that “resistive economy is based on people. It is not based on the government, it is popular, relying on people’s will, their investment, and their participation.”

- 4- Decreasing dependence on petroleum and mono-product economy.

The supreme leader of the Islamic revolution declared that decreasing the dependence on petroleum is one of the requirements of resistive economy which is a 100-year old heredity from the past. He added “one of the most serious problems in our economy is dependence to petroleum”.

- 5- Programming and movement on the basis of plans and fixation of policies and laws.

According to the saying of the supreme leader, having programs and not changing it unexpectedly are essential parts of resistive economy.

- 6- Fighting economical and official corruption

In a meeting with the president and cabinet, the supreme leader declared that resistive economy is the only way to persevere the progressive way in the country. He added that economical health and fighting corruption is the fourth indicator of a good government.

- 7- Empowering knowledge-based companies

The supreme leader of the Islamic revolution announced in his meeting with some researchers and scientific entrepreneurs that “what you are doing in the knowledge-based companies is part of the resistive economy.” In a meeting with young elites, the supreme leader stated that “the



necessity of reconstruction of research organizations and improving their agility, having a real and correct perspective about research and knowledge-based companies, and establishment of supporting banks for them are among the priorities of scientific movement according to comprehensive scientific plan of the country.”

#### 8- Low productivity

Evidences indicate that productivity is low both in the field of employment and investment. This, in turn, brings about incorrect usage and dissipation. In this regard, the supreme leader in a meeting with some authorities declared that “serious acute problems such as inflation, unemployment, dependence on crude oil, massive imports, and deficiency in some structures will never come to an end except by developing appropriate culture, serious attempt of the authorities, high-ranking managers and popular activists. All authorities, including the executive branch, the government, the council and the judiciary branch and all others who are responsible for the economy of the country must work seriously. Nothing will happen without serious determination.”

#### 9- Consideration of entrepreneurship

The supreme leader of the Islamic revolution said in a meeting on entrepreneurship and its relation to resistive economy that “we must propose a real resistive economy in the country. This is what entrepreneurship means today. My friends correctly said that they are able to bypass the sanctions. We will do it and make the enemy disappointed”. The first article in the stated resistive policy relates to “supplying the provisions and activation of all facilities, as well as human and scientific properties towards developing entrepreneurship and estimating the participation of all people in the way for making values and especially by increasing human resource capital through achieving skills of creation, entrepreneurship and experimentation.”

#### 10- Western intentions for passivation of the country toward regional changes and making them give up in negotiation.

Western powers intend to prevent the geopolitical region to become Iranized by secluding Iran and imposing any type of harassment against it. They tried to invite Iran for a preplanned negotiation. The supreme leader clarifies the situation: “Their plot was quite foolish. Facing the tensions, Iran realized that there is no use in negotiation with America.”

#### 11- The role of media in directing people toward resistive economy.

Media is responsible for most of the essential parts of fulfillment of resistive economy by modifying consumers’ culture and socializing it in the society to promote national product.

#### 12- Lack of a strategic creative local attitude and a jihadi comprehensive managerial entrepreneur strategy for economy.

If the notion of “economic Jihad” proposed by the supreme leader will not be considered, the result will be the lack of constant national jihadi attitude. That is why this year is also called the year of “economy and culture with national determination and jihadi management”.

Hence, referring to the aforementioned issues, the fulfillment of resistive economy can be divided into two periods:

1. Short-term period. In this period the administrative affairs of the country including support of national product, management of foreign exchange, consumption management, finest use of time, resources and facilities.

2. Long-term period. In this period the economic system of the country must be modified. It includes issues such as relying on people and authorizing them in economic affairs, resistance of economy against international tensions and sanctions, knowledge-based economy and science,



knowledge and knowledge-based companies, decreasing dependence on oil and selling crude oil, and academic justification of resistive economy.

#### **4-6. Requirements of Resistive Economy in Crisis Situation**

The following suggestions are presented for the fulfillment of resistive economy:

- 1- In order to identify the context and situation necessary for the fulfillment of resistive economy, it is necessary to engage in pathology of the country's economy and the obstacles in the way to achieve it. The first necessity is to establish a centrality for resistive economic activities. The activists of resistive economy need a center for sharing their activities.
- 2- Activities in this field require monitoring the internal and external economic activities with exact statistics without which economic activities are nonsense. To achieve this, local indicators are necessary in that we need them for the measurement of the vulnerabilities of our economy and that how it can resist the situation and how much this economic document can tolerate it.
- 3- The educational system of the country must be revised to cope with resistive economy. The function of an educational system is to train students who fit the necessities of the period. Yet, this is unfortunately not the case in Iran.
- 4- Extending the theory of resistive economy is a point relating to media and propaganda system. This system must be coherent enough to communicate the theory through formal and informal media in proper packages. This is somehow similar to what responsible institutes did during the imposed war.
- 5- The possibility of immediate reaction when the enemies launch economic attack. It is important to know how much we can tolerate enemy attacks and how much powerfully we can react against them. How much can people tolerate the situation? We must strengthen our advantages and amend our weaknesses.
- 6- Playing a distinguished role by the people through propagating the slogan of "we can".
- 7- The necessity of supporting and acknowledging economic activists by the government. If the government supports economic activists in ordinary situation, he can expect them to support the country in crisis time. If not so, the government will be left alone in hard conditions, because the activists are not strong enough to give a hand.

#### **5. CONCLUSION**

Resistive economy is the only convertor of threat to opportunity. However, it must be noticed that resistive economy is not just economic resistance. Providing security and stability and resistance against foreign economic shocks, economic independence is one of the distinguished indicators of resistive economy. The enemies have tried every kind of devices to fight against Iran. Yet, economic instruments have always been employed along with other devices, and today it is being resorted as the most effective one. However, resistive economy is not restricted to war time and sanctions. Rather, it is a long-term perspective in front of Iranian people. Resistive economy must be regarded as main part of economic system, especially in relation to strategic goods imports and exports. The same way that Iran needs to resort to resistive economy in external economic relations, it is necessary for the country internally to fight against economic and political corruption. Our studies cover Jorjani *et al.* (2013), Meshkat (2013) and Yong, Hajihosseini (2013).

At the end it is important to note that, Iran has done its best to control the negative impacts of sanctions, however, naturally every restriction has some efficacies that no aimed state can control them completely. And Iran is not as exception in this issue.



## **5-1. Suggestions for Policymaking**

1. Elimination of gold and dollar as national monetary backing. ups and downs of dollar due to different world crises and America's making use of dollar as a device to press others by releasing dollars without enough backing and changing its value, can damage Iranian economy who uses dollar for foreign exchange.

2. Developing knowledge-based companies. These are industries having advanced technology relying on advanced science which are characterized by huge research costs. According to the classification of The Organization for Economic Co-operation and Development (OECD), these industries include space and air travel transportation, production of chemical, medical, optical, and precise instruments (Kodama, 2007).

3. Supporting small businesses. Schumpeter (1934) believes that entrepreneurship is the driving engine of the economy of progressed and progressing countries. He believes in destructive entrepreneurship by which the traditional methods are damaged (Dianati and Tayyebi, 2011). These days experiment show that important entrepreneurship and advanced technology do not take place in great companies. Adaptation with the market and modern needs cannot be expected from sophisticated companies. Therefore, it is necessary to establish small economic companies to make progress and produce new products (Feizpour, 2008).

4. Development of tourism. Not only does tourism develop cultures, but also it can lay a role in social and economic progress. Having great tourism opportunities, Iran can get rid of mono-product economy by correct programing. Moreover, tourism is a rich industry and can make abundant income for the country. This is more important for a country with high unemployment, limited exchange resources and mono-product economy.

6. Development of entrepreneurship universities. Third generation universities, i.e. entrepreneurship universities, are not isolated from industries and society. They are intelligently related to the industry and society to identify their needs and fulfill them. These universities are effective in two ways. First, because of their internal change which provide an open space for them. Second, because of their external communication which brings about knowledge-based entrepreneurship.

## **ACKNOWLEDGMENTS**

None.

## **ETHICAL CONSIDERATION**

Authenticity of the texts, honesty and fidelity has been observed.

## **AUTHOR CONTRIBUTIONS**

Planning and writing of the manuscript was done by the authors.

## **CONFLICT OF INTEREST**

Author/s confirmed no conflict of interest.

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