



**Original Article**

Pages: 36-52

# The Effect of Western Sanctions on the Political Will and Economic Structure of Iran

Enayatollah Yazdani<sup>1</sup>, Amin Nozari<sup>2</sup>

Received: 2018/12/08    Revised: 2019/01/24    Accepted: 2019/03/11

---

**ABSTRACT:** One of the significant signs of the globalization phenomenon is the existence of close connection between economy and politics and deep correlation between these two. One of the most important matters that can influence the economic security of governments is the issue of economic sanctions. Islamic Republic of Iran has been constantly suffering from extensive economic sanctions. This study seeks to address this fundamental question: What impacts have the economic sanctions had on the economy and political will of the Islamic Republic of Iran according to the Realist, Liberalist and Constructivist schools of thought? The present study, using a descriptive-analytical method indicates that, according to Realism and Liberalism, economic sanctions have made the economic structure of the Islamic Republic suffer heavy losses. They have also led to changes in the political behavior of Iran and the countries that enforce these sanctions. According to the constructivist approach, however, despite their detrimental effects on the economy, the sanctions have not been able to undermine the political determination of the Iranian Nation-State in defending its lawful rights.

**KEYWORDS:** Iran, Economic Sanctions, Realism, Liberalism, Constructivism.

---

---

<sup>1</sup> Associate Professor of International Relations, Department of Political Science, University of Isfahan, Isfahan, Iran. *E-mail:* [yazden2013@gmail.com](mailto:yazden2013@gmail.com)

<sup>2</sup> Scholar of International Relations, University of Isfahan, Isfahan, Iran.  
*E-mail:* [amin.nozari2012@yahoo.com](mailto:amin.nozari2012@yahoo.com)

## 1. INTRODUCTION

Economic security is one of the chief concerns of any government. Given that extensive economic interdependence exists between governments, economic disorders can jeopardize the economic development and domestic security of countries. One of the issues that may threaten the economic security of any country is the issue of economic sanctions. Economic sanctions are pressures imposed by the international community upon one or a group of countries. Since the Islamic Revolution in 1979, White House has passed about 9 laws and 16 executive orders related to sanctions against I.R.I. American sanctions on I.R.I have gone through three phases: the first phase from 1979 to 1995 was in response to the hostage crisis in the American Embassy and I.R.I's support of the region's radical groups (Jentleson, 2007). The second phase of the sanctions, carried out from 1995 to 2006, was aimed to weaken Iran by targeting oil and gas industries and preventing Iran from getting hold of rocket and nuclear technologies. American sanctions also targeted companies of the third-party country who had invested in Iranian energy sector which led them to shift their attitude toward Iran to an anti-Iranian one. The third wave of the sanctions formed chiefly due to concerns regarding I.R.I's nuclear intention. These sanctions targeted almost all the vital organs of I.R.I's economy (Ilias, 2010).

There are different perspectives on the effect of sanctions on the economic body of a country and the political will of leaders. In this paper, the effect of sanctions on the economy and policies of Iran is discussed from the perspective of Rationalist (Realism and Liberalism) and Reflexive (Constructivism) theories of international relations. The hypothesis is that from the perspective of Realism and Liberalism theories, heavy political and economic costs and increasing pressure of the sanctions on the penalized country will definitely force that country to change its policies to evade pressures produced by the sanctions and adopt a policy more in line with the sanction-imposing country. From the constructivist point of view, with regard to beliefs, values and ideas, sanctions do not affect the political will of the penalized country in the short term and will not necessarily lead to changes in policies of the target country. Although all perspectives confirm that the economic costs of sanctions are heavy, there are disagreements whether the sanctions will yield the desired political results. This paper employs a descriptive-analytic method and library resources, articles, tables, diagrams and statistics as well as comparing it with the approaches of the study to develop the hypothesis.

The structure of the paper is based on three main sections. In the first section, the theoretical relationship between meta-theories of international relations (Realism, Liberalism and Constructivism) and the issue of sanctions is discussed. In the second section, the impact of sanctions on the economic body of Iran will be addressed from the perspective of Rationalist theories (Realism and Liberalism). In the third section, the effect of sanctions on the political will of I.R.I will be dealt with from the viewpoint of the Constructivist theory. Finally, there will be a concluding part which wraps up the discussions.

The recent wave of sanctions against I.R.I which peaked in 2010 was prompted as a result of the passing of Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 by the U.S Congress that included some of the most severe restrictions which U.S has imposed on any country so far. In addition to the Central Bank of I.R.I which was responsible for transferring oil revenues to the country, recent sanctions have targeted the transportation, insurance, manufacturing and financial sectors of I.R.I. The first two phases of the sanctions against I.R.I were imposed unilaterally by Washington. The next two phases of the sanctions, however, include similar arrangements imposed on Iran simultaneously by the U.N and allies of U.S, and is virtually tantamount to a global regime of sanctions against I.R.I (Clyde & Co LLP, 2010). In other words, the second and third waves of sanctions were concomitant with the Statement No. 1696 in July 31st 2006, No. 1737 in December 23rd 2006, No. 1747 in March 24th 2007, No. 1803 in March 3rd 2008 and No. 1929 in June 2010 of the Security Council which made the sanctions against Iran worldwide (Krause & Mallory IV, 2010).

In the interval between 2010 and 2012, nine executive orders were issued by Barrack Obama against Iran which is unprecedented compared to the last three presidency terms. Some of these executive orders which are mentioned below specifically targeted vital organs of the Iranian economy: Executive Order No. 13590 (2011), Executive Order No. 13599 (2012), Executive Order No. 13606 (2012), Executive Order No. 13608 (2012), and Executive Order No. 13623 (2012) in which commercial sanctions against Iran were intensified. Aside from these nine executive orders Obama also signed the Congress's anti-Iranian bill. Anti-Iranian sanctions are part of U.S's 633-billion-dollar defense law in 2013 which targets Iran's energy, shipping, shipbuilding, as well as Iranian ports (Clyde & Co LLP, 2010).

In parallel with the measures taken by U.S, according to the decision made by the EU in January 2012, European countries and EU are prohibited from making any contracts related to Iran's oil activities. We can also notice Swift (Bank) sanction by EU in March 2012 which prohibited foreign financial institutions and companies from trading with and money transferring to and from the Central Bank or any other financial institutions of I.R.I (Camallonga & Lismary, 2012). In the new sanctions by EU.

Any form of financial support, insurance and reinsurance associated with investment on importing, purchasing and transportation of Iranian crude oil, petroleum products and petrochemical products is forbidden (Haak & Michael, 2012).

## **2. RESEARCH LITERATURE**

Previous researches carried out with focuses in line with the present study and have both directly and simultaneously attempted to investigate and define influential factors on sanctions imposed on Islamic Republic of Iran. They have often looked into this issue through an international relations perspective (realism, liberalism and constructivism) comprehensively and functionally, each having referrals to the present study either generally or indirectly.

Biniiaz (2011) did an investigation under the title of "Recent Middle East upheavals and sanctions imposed on Islamic Republic of Iran" in which he characterized upheavals taken place in Middle East and North Africa and their effects on Iranian sanctions. Findings indicated that, regarding recent upheavals in Middle East and North Africa, one can expect support and cooperation of countries which export oil, because they are in political and social instability and, also, their goals are in line with those of great powers.

Dolatkhah (2010) made attempts in her study, entitled "A comparison of sanctions imposed on Iran and North Korea in United Nations Security Council", to comparatively analyze sanctions against Iran and North Korea. She suggested that boosted sanctions against these countries were not fair and equal due to profits of UNSC (United Nations Security Council) members.

Furthermore, Simbar's (2010) study, titled "US foreign policy and new sanctions against Islamic Republic of Iran", dealt with an explanation of US foreign policy against Iran. He proposed that president Obama, despite his motto 'change in foreign policy', has not been able to perform what he has announced about foreign policy with Islamic Republic of Iran and, instead, he has followed previous presidents' policies, i.e. force, military threat, and economic sanction against Iran.

Yazdanfam (2006) in his study "International sanctions and Islamic Republic of Iran's national security" deals with Iran nuclear power and international punishments formed as result of that. He introduces that Islamic Republic of Iran's national security would be vulnerable to any type of international punishment. He came to the conclusion that international sanctions against Iran, if boosted and maintained, would gradually disable the government, have serious damages to its economy, cause tension, and make people doubtful about government's legitimation.

In a study with the title of "A consideration of sanctions against Iran through an International laws perspective" Mafi (2006) takes accounts of economic Sanctions, particularly those

imposed by US against Islamic Republic of Iran and evaluates whether such sanctions are credible, legitimate, or illegitimate. He proposed that fundamental principles of international laws are based on nations' rights of equality, no interference, cooperation and friendship, respect of freedom and land integrity. In this sense, execution of an extraterritorial law to other Companies which are a part of interaction with Iran is an unfriendly activity and this can be mentioned as a violation to international principles. To get rid of this problem, international community needs to think of executable punishments in a common goal framework so as to preserve nations' security.

### **3. THEORETICAL FRAMEWORK**

In the field of international matters, economic sanctions are alternative instruments used instead of war and exertion of force and are considered an intermediate solution between fairly moderate diplomatic action and forceful military intervention. Economic sanctions, therefore, are considered as coordinated restrictions of trade, services, transactions and financial relations of a country with the aim of achieving certain political goals and damaging the economic life of that country (House of Lords, 2007).

The inherent logic of sanctions is making political use of the economic regulations of the penalized country in order to prevent it from obtaining certain positions. Accordingly, the negative impact of the sanctions presents itself in the form of increased consumer prices, increased production costs, state-run economy, increased inflation, increased unemployment, losses suffered by business owners and decreased supply of imported goods and increased prices (The Iranian Nuclear Program: Alternatives to Sanctions, 2010).

The intentions behind sanctions are also considerably varied. When sanctions were first discussed as a legitimate tool in the hands of the International community against a certain country, Woodrow Wilson considered it as an alternative to war that could make the population of that country suffer heavy losses without exerting military force (Drezner, 2003). The purposes and the manner of imposing the sanctions also gradually changed. In this regard, Holsti believes that the purpose of sanctions is changing principles and the domestic and foreign behaviour of the country on which sanctions are imposed (Holsti, 1994). But another group of researchers believe that the instrument of sanctions used with different political goals always goes after different goals. For example, according to Bare Carter, three main reasons may be pointed out to justify the usage of sanctions:

- producing changes in the target country's system;
- changing the policies or tendency to influence the policies in the target country;
- punishing and penalizing the target country as a symbolic gesture showing disapproval of its approaches and policies (Alikhani, 2005).

#### **3.1. Different Interpretations Regarding the Efficiency of Economic Sanctions**

There are three principal viewpoints in international relation theories which have rich literature about the effectiveness of sanctions on the target country's economy and policies. These three theories are Realism, Liberalism and Constructivism. The first two views pertain to the Rationalists of the international relations and the third view belongs to the Reflexivity group or culture-oriented theories. In Realists' view, policymakers use advertising, diplomacy, economic sanctions or war as options to employ coercion and force. Among the mentioned options, the governments consider those options that have more advantages and usages with highest benefit and lowest costs in regard to their desired objectives. Accordingly, one of coercive instruments in the foreign policy of international players is using the diplomacy of coercion. The diplomacy of coercion which also includes sanctions is used by powerful countries against target countries in cases where their behavior does not comply with their wishes and demands (Drury, 2001).



Thus, Realists believe that by undermining the opposing country's potentials, negative economic drives sooner or later force that country to succumb to the imposing country. Liberalism sees men as money-lovers and believes that human beings react (politically) quickly in regard to their economic welfare. Consequently, their governments are obliged to pay attention to their people's wishes or otherwise be overthrown. Liberalists of international relations in the matter of economic sanctions believe that given the interdependence between actors in the international arena in different political, economic, cultural and other dimensions, imposing economic sanctions may inflict irreparable damage on the economy of the target government insofar as to leave significant costs including increase in prices, lower economic growth rate, decrease in national revenues and threatening of public welfare (Christopher Hill, 2007). Accordingly, by observing the severity of economic and social welfare, the public opinion of the penalized country will extend its political protests against their government's domestic and foreign policies to the extent that it will either lead to the concession of the target government to the wishes of the imposing government or collapse of the regime (Chan & Drury, 2000).

On the other hand, from the perspective of Liberalism, we can point out the role of political parties and beneficiaries who direct their procedures and policies with respect to the costs and benefits the sanctions bring about for them. Therefore, on the one hand, if sanctions make them bear heavy costs, they begin to direct public opinion and extend their political protests. On the other hand, if sanctions bring about many benefits for these groups and parties, they tend to support them and make them appear legitimate. Therefore, one might say that from the perspective of the Liberalists, sanctions function differently in every political unit. One can clearly observe the effective role of public opinion in democratic governments where the imposition of sanctions is responded with quick reaction of the public whereas in non-liberal governments, people's protest against the effects of sanctions on their livelihood is confronted with the regime's resistance and the effect of public opinion fades. In other words, the effect of sanctions in liberal democratic governments is higher than non-liberal governments (Yazdanfam, 2007).

Constructivism emphasizes the determining role of values and norms in interactions between human beings and nations. It stresses the fact that social realities are constructed: actors or players construct their own world and shape and frame it as they wish and then interpret and analyze their own perception of the world, and finally put it into action. Constructivist approach does not ignore the role of material forces in social realities and generally in international politics, but considers a secondary role for it. This approach believes that "there are no benefits without ideas, no meaningful material conditions without benefits, no reality without material conditions" (Behyar Moghaddam, 2007). Based on what is said so far, according to constructivist approach, international players' behavior is formed in the following stages as sketched out by the diagrams.

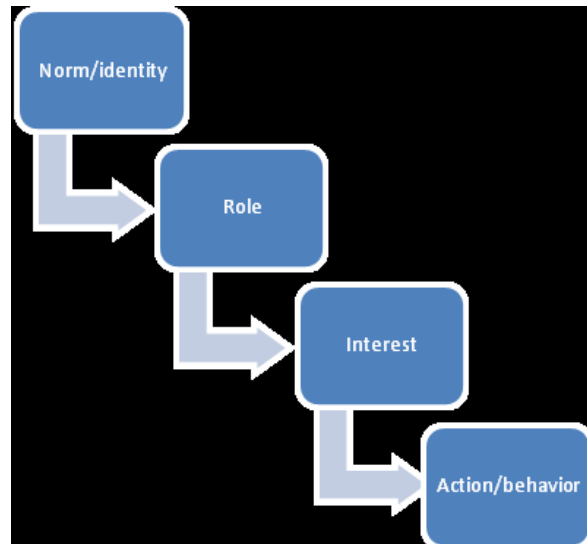


Figure 1: formation of players' behavior in constructivist approach

Constructivism holds that human beings in different cultures act differently to material drives. This theory considers conflicts between countries as normative-identity conflicts and sanctions indicate the confrontation of the norms of sanction-imposing countries and imposed countries. In fact, by applying sanctions against the target government and undermining it, great powers and sanction-imposing countries seek to make their own norms dominant (Levornik, 2011).

Therefore, economic sanction is one of the issues that covers all aspects, namely cultural, political, social, economic, etc. of the target country's existence. That is to say, economic sanction is an action that its primary goal is to influence the target country's behavior and reducing its legitimacy to the lowest possible degree. According to constitutionalists, real power should be found in the one who has the capability of influencing the values, norms and ideas of other actors. In fact, those aspects of national power (political, economic and military) that make a country capable of enforcing domestic and foreign policies are actively influenced by social and cultural factors (Moradi, 2009).

According to constitutionalists, success and efficiency of economic sanctions are higher when the imposing country succeeds in ideological domination. Sanctions (whether bilateral or multilateral) are feasible only when the sanction-imposing country is able to persuade other actors of the international community that the penalized country is a threat to international security, principles and values and attract their support and effective participation. On the other hand, if the people of the target country accept the rightfulness of sanctions and succumb to it, Sanctions will be a decisive influence. Therefore, convincing the international community depends on the political and ideological position of the sanction-imposing country in international arena and ideological vulnerability of the penalized country (Mohseni, 2010). Thus, according to constitutionalists, economic policies are not adequate to counter sanctions, it is necessary to form a resistance culture as strong as the domineering ideology of the sanction-imposing country and the internal structures of sanction and non-material intentions of the imposing countries are divulged.

#### 4. METHODOLOGY

The research method used in this paper is descriptive-analytic and library and internet resources as well as related literature are used to support the research hypothesis.



## 5. THE EFFECT OF SANCTIONS ON THE IRANIAN ECONOMIC BODY AND ITS POLITICAL CONSEQUENCES FROM THE PERSPECTIVE OF REALISM AND LIBERALISM

From the Rationalist perspective of international relations (Realism and Liberalism), sanctions have affected different parts of the economic body including oil revenues, investment growth, and employment rate as described below. These theories maintain that with respect to the quick reaction of human behavior to material-economic factors, sooner or later we will observe a change in the political behavior of Iran in the direction of the sanction-imposing countries. The economic indices which the advocates of these views believe are negatively affected by sanctions will be discussed further on. Indeed, it should be noted that it is probably unfeasible to scientifically determine the exact effect of the variable of sanction on economic indices because in economic output, different factors including administrative factors play a crucial role. Thus, disregarding other factors, the effect of sanctions on major economic variables can be analyzed as follows:

### 5.1. Oil and Gas

By restricting Iranian oil export market, sanctions have reduced oil revenues of Iran and have increased the cost and complicated the transfer of earned revenues. According to the estimation of the International Energy Agency in October 2012, Iranian oil export reduced from 2.2 million barrels per day at the end of 2011 to 860000 barrels in September 2012 (Flavia, 2010). In other words, reduction of Iranian oil selling at the end of 2011 has caused Iran to suffer 50 million dollars loss in a one-year term with current oil prices. Therefore, Iranian reserves which were 106 billion dollars at the end of 2011 shrank to 80 million dollars in November 2012 which translates to a 50% loss of value between September 2011 and September 2012. Hence Iranian Rial which had lost its value by 80 percent since the autumn of 2011 has lost 100 percent of its value after EU's oil sanctions since early October 2012 (Nasseri, 2012).

The diagram below which is extracted from AEA's bulletin indicates reduction of oil production in 2011 and the first 10 months of 2012 following the enforcement of economic sanctions on I.R.I. It reveals that oil export revenues have reduced nearly by half in 16 months.

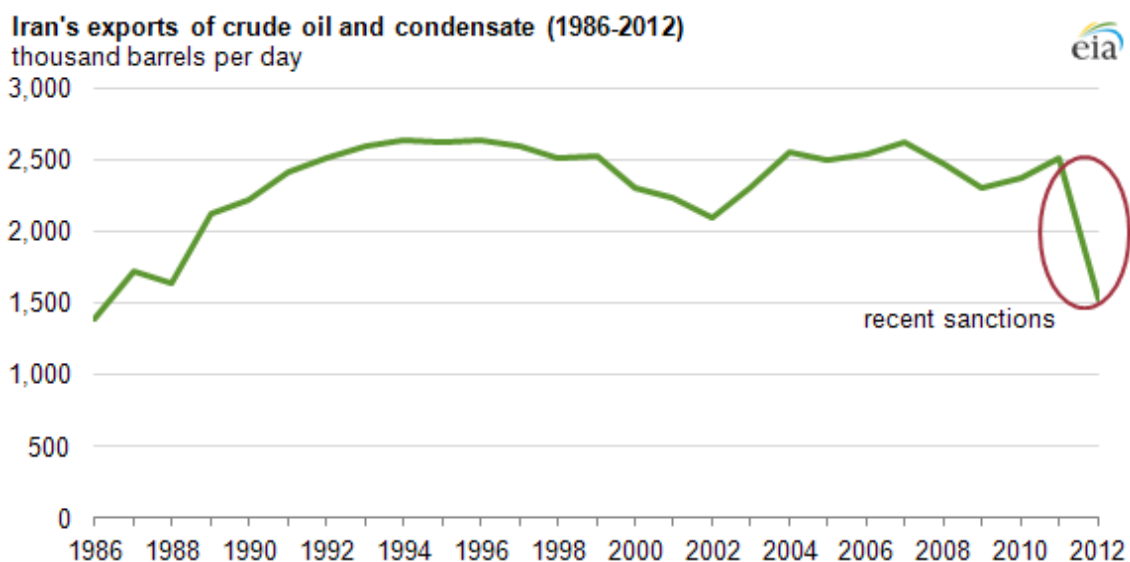


Figure 2: reduction of oil production in 2011 and the first 10 months of 2012 following the enforcement of economic sanctions on I.R.I.

Furthermore, considering that Iranian oil and gas industries require foreign investment for renovation and development, West's unilateral sanctions have undoubtedly impeded direct



foreign investment in Iranian oil and gas sector and increased investment risk and costs. This has hindered the growth of the country's production capacity in oil and gas areas, whereas according to the reports by world oil market, Iran has suffered an annual reduction in production of 280 to 300 thousand barrels per day and in order to compensate for this reduction in production requires large investments in the upstream section of oil industry (Katzman, 2012).

## **5.2. More State-run Economy in Iran**

Iranian economic system has become a state-run economy after thirty four years of enduring economic sanctions and it has remained a largely public-governmental system in order to reduce the costs and pressures exerted by sanctions. The intensification of sanctions has increased the likelihood of Iranian economy to become a more state-run one and this process of becoming a more state-run economy has many implications for the economic status of the society including bribery, wasting of resources, state pricing, increased interference of the government in economy, increased public expenditure of the government and more budget deficit and limited field of action for the private sector (Crescenzi, 2008).

## **5.3. Increased Smuggling**

Another consequence of economic sanctions is increased smuggling of goods. Since sanctions virtually disturb the regulations governing free market, emergence of monopolization and black market for the basic goods under sanction and international legal restraints for their transit creates an environment in which opportunist individuals and companies are encouraged to extend the black market in order to increase goods smuggling and earning easy money. This in itself results in an increase in prices and social and economic corruption (Yazdanfam, 2006).

## **5.4. Increased Unemployment Rate**

Another outcome of the sanctions is increased unemployment as a result of increased inflation in I.R.I. The Economist had reported that unemployment rate would reach 15% in the second half 2012. In its March 2012 issue, The Economist reported that the employed work force was 26 million and 400 thousand people with unemployment rate of 14.1 percent compared to the same period in the last year and predicted that this index would be, respectively, 17 million people and 15 percent for 2012. In addition to that, the information unit of The Economist has predicted that in 2012 and 2013 the workforce in Iran would be 27 million and 700 people and 28 million and 400 thousand people, respectively. Unemployment rate for these two years has been predicted to be 15 and 15.5 percent, respectively. Furthermore, it has predicted that in 2015 the number of employed people in Iran will reach 29 million and 100 thousand people hence an unemployment rate of 15.1 percent for this year (Performance Report by the Armaghan-e Iranian Investment Fund for a six-month fiscal period, 2013).



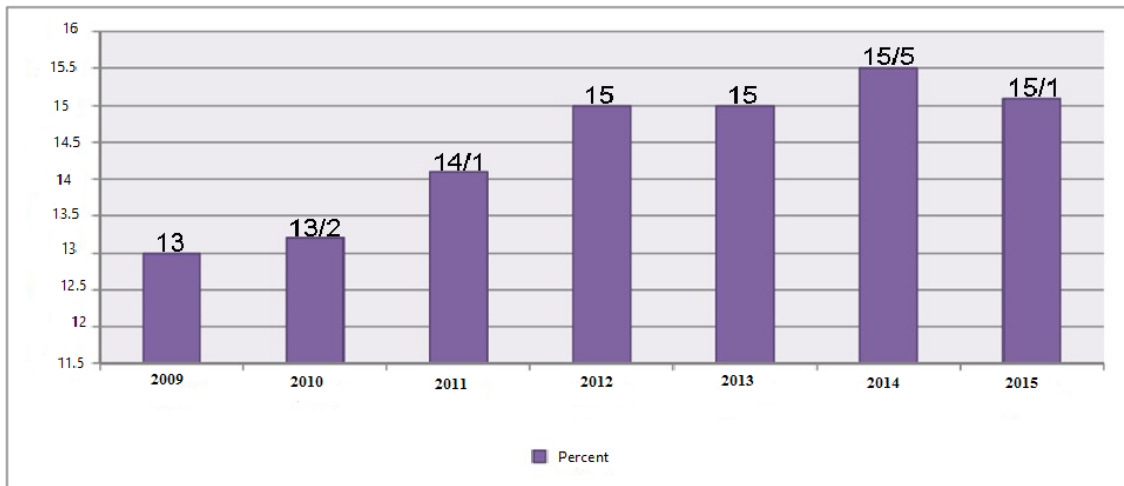


Figure 3: (Performance Report by the Armaghan-e Iranian Investment Fund for a six-month fiscal period, 2013)

### 5.5. Decreased Domestic and Foreign Investment

In systematic financial sanctions, one of the important subcategories of new international sanctions, sanction-imposing countries refrain from having financial transactions, money transfer and investment in the target country and use their influence on international financial institutions to make them avoid providing any financial and technical assistance to or even blockading the assets of the target county. Since investors tend to invest only in conditions of political-economic stability and security and low risk factor, one of the latent burdens of sanctions on finance and bank affairs in the matter of production is increased investment risk hence increased insurance costs. When the risk of economic activity is high, domestic and foreign insurance companies are obliged to increase their insurance rate. As a result, investment, import and export costs increase. Domestic investor needs minimum confidence in future and predictable conditions to invest in the country's industry, whereas foreign investor needs minimum security and security of the principal and reasonable profit for itself in the target country. Therefore, imposers of sanction on Iran have targeted all factors ensuring security of investment in Iran in their new wave of international sanctions (Crescenzi, 2008).

The amount of foreign investment in the Islamic Republic of Iran has decreased since 2006 due to the political pressures put by U.S on foreign investors and banning of any foreign investments in Iran. After the last round of EU sanctions in 2012, direct foreign investment will probably fall considerably. This has caused the growth of I.R.I to dwindle (Redzic, 2012). Investment growth rate during the tenure of President Rafsanjani was 7.2 percent which reached 7.8 percent at the time of Khatami's government. However, investment growth rate plummeted to lower than 4 percent from 2004 to 2012 during the tenure of Ahmadinejad.

Table 1: The Amount of Foreign Investments in I.R.I (Mazroui, 2013)

Average Annual Investment Growth Rate (Percent)	Index Period (Years)
-8	1977-1988 (First Decade and the War Period – Musavi's Government)
7.2	1989-1996 (8-Year Term of Rafsanjani's Government)

7.8	1997-2004 (8-Year Term of Khatami's Government)
4	2005-2011 (8-Year Term of Ahmadinejad's Government)

### 5.6. Economic Growth Rate

Economic growth rate is a general criterion of all important economic indices and can show to what extent gross domestic production has increased or decreased. This index shows both the amount of revenues earned and somehow indicates the level of employment in the country. Following the imposition of economic sanctions after 2010, economic growth rate in this country experienced some changes and it decreased significantly and reached -5.4 in 2012 while it was -1 percent in 1987 compared to -5.5 percent in 1988. In 2004, economic growth rate in Iran increased 3.3 percent and it continued to grow until 2011. Nevertheless, economic growth rate decreased to -5.4 percent in 2012. This fact shows the impact of economic sanctions on the economic growth rate of Iran. The following diagram outlines the economic growth rate of Iran since 1981.

Table 2: Economic Growth Rate in I.R.I

Year	Economic Growth Rate	Year	Economic Growth Rate	Year	Economic Growth Rate
60	-4.4	71	4	82	7.8
61	12.6	72	1.5	83	6.4
62	11.1	73	0.5	84	6.9
63	-2	74	2.9	85	6.6
64	2	75	6.1	86	5
65	-9.1	76	2.8	87	0.8
66	-1	77	2.9	88	3
67	-5.5	78	1.6	89	5.8
68	5.9	79	5	90	3
69	14.1	80	3.3	91	-5.4
70	12.1	81	8.2	92	-

(Donyay-e Eqtesad Newspaper, 2013)

The effects of sanctions on Iran's economy during different periods have been such that gross domestic production has not been immune from them. However, since 1989, gross domestic production in Iran has had an increasing trend, and after the intensification of West's sanctions since 2012, we have observed a decreasing trend in this index (Taraz Analytic-News Website, 2012). The following diagram outlines the decreasing trend of gross domestic production growth in I.R.I along with decreasing of the country's economic growth.

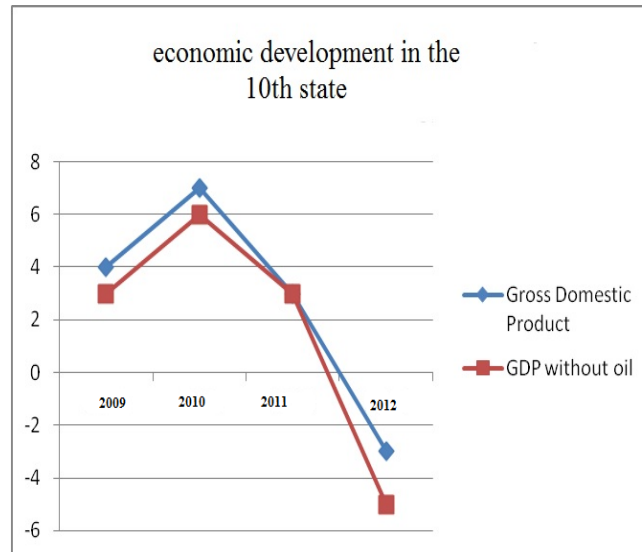


Figure 4: Economic Growth in the Tenth Government

### 5.7. Inflation Rate

In the circumstances of sanctions, imported goods have a high finished price because on the one hand, imposition of any kind of sanctions is actually translated as increase in customs tariffs and reduction of imports and on the other hand, the penalized country is forced to import goods at whatever prices the exporter or intermediary sets and pay unreasonably high prices. In 1978, inflation rate started with 10 percent. In 1987, inflation rate was 6.9 percent. Beginning in 1996 we observed a declining trend in inflation rate until in 2001 growth rate reached 11.4 percent. In the interval between 2002 and 2004 inflation rate reached about 15 percent. From 2005 onwards inflation rate approached 10 percent so that increase in inflation rate reached 25.4 percent in 2008. In 2011, inflation rate fell to 21.5 percent and the year 2012 finished with 30.5 percent. According to the report by the I.R.I Central Bank, in the twelve months before April 2012 inflation rate was estimated to be 32.2 percent, in the twelve months before May 2013 compared to the twelve months before May 2012 it was estimated to be 43 percent. In addition, in the twelve months before March 2013 compared to the twelve months before March 2012 inflation growth rate was estimated to be 35.9 percent (Adapted from the data produced by the Central Bank and Tehran- Emruz Newspaper, August 2013).

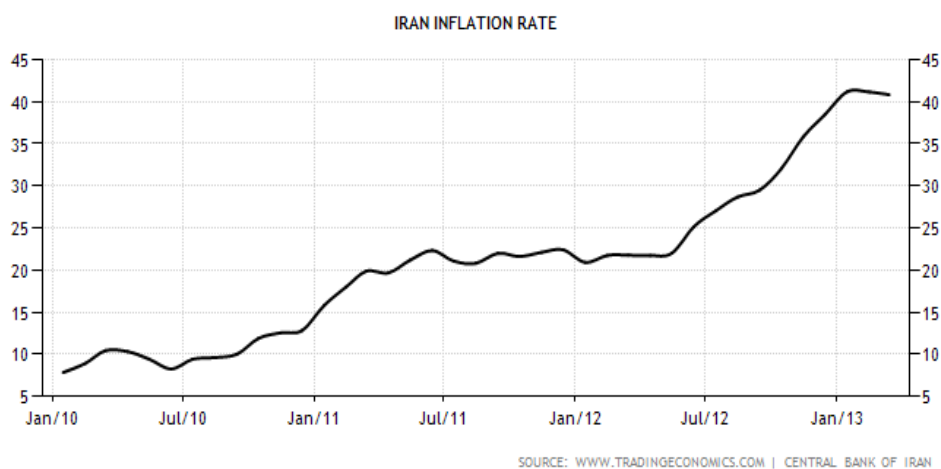


Figure5 : Inflation Rate in Iran

## 6. THE FINDINGS

Constructivism emphasizes the fact that social realities are constructed. In other words, players or actors construct their own world and shape and frame it as they wish and then interpret and analyze their own perception of the world, and finally put it into action. In this regard Alexander Wendt refers to two fundamental parameters in constructivist approach:

- a. certain shared ideas determine social structures rather than material forces;
- b. actors' identities and their interests in foreign policy emanates from their norms and transformation and cannot be taken as predetermined;

As discussed earlier, the primary goal of economic sanction is to influence the target government by undermining its cultural, political and social patterns through hegemonic power. Thus, it is able to use these advantages to win the support of allies and legitimize its measures against the target government in order to jeopardize the entire identity-cultural infrastructures of the target government and then start changing the factors that define the national identity of the target government. In contrast, the country that is threatened to be penalized by sanctions tries to counter the sanctions with any possible means; in other words, it institutionalizes some kind of resistance culture in its internal system and bolsters the home culture in opposition to the invading culture (Pishgami Fard et al, 2011)

Sanctions might have had detrimental impact on the economic sanction of the country, but is there enough reason to conclude that Iran has backed off from its position in the nuclear program? Realism and Liberalism theories hold that Iran has backed off from its positions or it soon will. From the perspective of rationalist schools of thought (Realism and Liberalism), decreasing of economic indices, international consensus, relative cooperation of international organizations with sanction-imposing countries and introduction of the notion of "heroic flexibility" and the results of the 2013 presidency elections suggest the effect of sanctions on Iranian economy and political will. Apparently, Western countries including U.S claim success with sanctions. As U.S president maintains, the purpose of applying sanctions is to coerce Iran into negotiation so that this conflict is, as he says, resolved "peacefully." President Obama said, "We will not be sure by waging war if they will not try to obtain nuclear bomb more resolutely.

While admitting the efficacy of sanctions he said, "If we believe in diplomatic solutions, we should not enforce new sanctions. Existing sanctions have dragged them (Iran) to the table." (BBC Persian, November 2013). But was not Iran already prepared to negotiate? Does Iran's participation in these negotiations imply her surrender? Were not Western parties themselves the main reason for the failure of negotiations?

The constructivist approach, however, does not endorse this rationalistic approach and its related results in regard with Iran. From the constructivist viewpoint, imposing economic sanctions against the Islamic Republic of Iran by the United States implies that U.S, considering her own national and cultural identity as a global superpower and capitalist system, cannot allow Islamic Republic of Iran to have access to nuclear energy, the symbol of a country's resistance against capitalist domination, and struggles to impede Iran's nuclear activities in different ways. On the other side, Islamic Republic of Iran does not, according to its Islamic-Iranian identity and based on its religious norms accept being dominated by any exploiting power considering its bitter historical experiences. Therefore, Iran continues its peaceful nuclear activities. In fact, considering Iran's traditional culture of resistance which originates in the Shia culture, it resists against the imposition of any economic sanctions against itself and considers economic sanctions a product of the Western dictatorial culture (Akbari, 2011).

According to the constructivist approach, the West, which senses its supremacy and hegemony threatened in the light of Iran's resistance-seeking norms, confronts the Islamic Iran in different ways including sanctions in an unremitting, multidimensional war in order to reduce Iran's power and in other words, lessen the level of threat the Western hegemony is facing. What is

worth noting here is that in this stage the Islamic Republic of Iran is not a certain country with limited geographical borders? Iran is an idea that has risen in opposition to the idea of West's supremacy. According to the constructivist methodology, nuclear activities of Iran are "a symbol of independence-seeking" in the eyes of Western authorities; a symbolic gesture that is so well developed and worked out that seems like a nightmare that may destroy the interests of the Western powers in other regions. The rightful and oppression-defying measures and statements by leaders of the Islamic Republic of Iran in their speeches (as texts and objective matters) are thus interpreted, translated and symbolized for Western leaders (Ragheb, July 2012).

In other words, existence of opposing perceptions and meanings in the minds of these two political units (Islamic Republic of Iran and United States) is a factor that contributes to creation of crises in the interactions between these two countries. In fact, adopting this aggressive approach is the transliteration of the same ideas formed in their minds and evolved in the course of their mutual interactions. Therefore, sanctions symbolize and reflect this identity and normative duality and the more they struggle, the more severe will the sanctions become (Seifzadeh, 2005).

In addition, we should mention this point that despite the negative impact of sanctions on the economy of I.R.R, they have strengthened values in the Islamic Republic nation-state. Therefore, one can say that in the Shia tradition, suffering is very important in promoting God's justice. This tradition has made the spirit of resistance to be embodied in the I.R.I state and nation in opposition to the dictatorial and domineering culture of the West, especially U.S (Mottaghi, 2008). Thus, Islamic Republic of Iran resists against countless severe sanctions as well as the demands made by Western governments particularly U.S to suspend its nuclear activities (Molana & Mohammadi, 2009).

In fact, I.R.I has arrived at a special perception of sanctions; it considers sanctions against Iran as attempts in the direction of overthrowing and restructuring the Islamic Republic and sanctions against Iran are of an overthrowing kind, overthrowing a system that is standing single-handedly against oppressive policies. It is in this regard that Ayatollah Khamenei has stressed this point in relation to the imposition of sanctions that "sanctions irritate people, but there are only two ways against it: 'surrendering and repenting in front of the oppressors; or 'like the brave nation of Iran, activating the potentials and internal forces and heroically and sturdily passing the safe zone...' the nation of Iran will, undoubtedly, choose the second path and in God's name will turn sanctions into a phase of development and increased flourishing" (Khajehpur et al, 2013).

## **7. DISCUSSION, CONCLUSION AND SUGGESTIONS**

An existing gap in finding obtained from the above findings is that none of them has comparatively considered the relationship between economic sanctions and theories of international relations. However, the present study attempts to fill this gap by performing a comprehensive and functional investigation of the efficiency of economic sanction against Islamic Republic of Iran. This would be done through a perspective of international relation theories and attempts would be made to complete previous talks which were indirect and general.

Even though the sanctions have disturbed the economic lives of Iranians and they are looking for ways to extricate themselves from this situation, for the people of Iran this material liberation is tantamount to inferiority and surrender; that is why they have never yielded to it.

In addition, sanction has found another meaning and that is self-sufficiency and localization of sciences. Although the imposition of sanctions on the Islamic Republic of Iran resulted in the limitation of economic growth and development, it paved the way for the Islamic Republic of Iran to be able to localize sciences and technical knowledge in different fields. Hence, the perception of the penalized is that sanctions have strengthened the value of independence and

self-sufficiency through localization of technical knowledge in economic and military fields (Abbasi Shahkuh, 2013).

In other words, imposing sanctions on I.R.I caused Iran to achieve self-sufficiency in some economic industries and be able to exploit the complications arising from sanctions. In this regard, we can refer to the statements by Ayatollah Khamenei, who said, “in the harshest sanctions and in circumstances where the enemy talks of crippling sanctions, the country has made considerable progress in different areas including science and technology” (Teymouri, 2012). Therefore, sanctions have had a positive impact on Iranians’ idea of self-confidence and self-reliance and the outcomes of the sanctions have not been necessarily negative in all aspects.

According to the theories of Realism and Liberalism, sanctions have inflicted many negative impacts on the economy of the Islamic Republic of Iran so that one can observe decrease in economic growth, decreasing of petroleum and non-petroleum imports and exports, increasing of prices and level of unemployment, etc. These two theories hold that sooner or later Iran will change or modify its political behaviour regarding issues in dispute<sup>5</sup>. In contrast to these two theories, the constructivist approach believes that even though the sanctions have had negative impact on Iran’s economy, it has not been able to alter the political will and determination of the Iranian Nation. In other words, the Iranian Nation, following their culture of resistance, are prepared to endure all pressures exerted by the Western countries and U.S in form of economic sanctions rather than accept oppression and subordination. Based on what was said, we may say that economic sanctions will not have practical effect on the political will of the Iranian Nation unless they metamorphose the values, ideas and norms of the Iranian Nation-State.

Therefore, it is suggested that:

1. Besides promoting resistance culture among the people of the society and institutionalizing it among the laymen and elites, some appropriate measures should be conducted regarding diplomacy and foreign relations according to the requirements of the government and the people and also supporting national interests.
2. As the authorities have emphasized, it is necessary that besides negotiating, and relying on internal and national power against foreign pressure and invasion, public endurance should be employed.
3. Using potentials of human forces and natural resources, the native production can be boosted in order that sanctions cannot fulfill the objectives of the sanctioning countries.

## **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.

## **COPYRIGHT**

THIS IS AN OPEN ACCESS ARTICLE DISTRIBUTED UNDER THE TERMS OF THE CREATIVE COMMONS ATTRIBUTION (CC BY 4.0)



## REFERENCES:

- Abbasi Shahkuh, M. (2013). Software movement as a propagation of the Islamic Revolution. *Development Strategy Quarterly* No. 22, p. 157(In Persian)
- Akbari, H. (2011). The discourse of resistance. Preparing to exert transnational power. *Collection of Articles from the Islamic Resistance International Conference*. Tehran: Cultural Studies and Social Planning Office of the Science, Research and Technology Department, pp. 25-26(In Persian)
- Alikhani, H. (2005). *Iran Sanctions: Failure of a Policy* (M. Mottaghi Nejad, Trans.). Tehran: Ministry of Foreign Affairs. Markaz-e Chaap va Entesharat, pp. 36-42 (In Persian)
- Behyar Moghadam, S. R. (2007). Foreign policy of the Islamic Republic of Iran regarding peace in Middle East. *Journal of Rahavard-e Siasi* No. 17, pp. 124-125(In Persian)
- Biniaz, A., (2011). Recent Middle East upheavals and sanctions imposed on Islamic Republic of Iran. *Journal of Foreign Policy*; 25 (3)
- Camallonga ,José María Viñals & González Lismary Suárez. (2012), *New economic sanctions against Iran: oil embargo and freeze of assets*, NEWSLETTER, pp. 1-5
- Chan, Steve &, A. Cooper Drury. (2000). *Sanctions as Economic Statecraft: Theory and Practice*. Basingstoke: Macmillan, p. 3
- Christopher Hill(2007), *Bringing War Home: Foreign Policy Making in Multicultural Society*, *International Relations*, Vol. 21, No. 3, p. 259
- Clyde & Co LLP( 2010), *Update on US Economic Sanctions Iran, Regulated by the Solicitors Regulation Authority*, p. 1
- Crescenzi, M. G. C., (2008). *The Effect of Economic Relations in Political Conflicts and International Relations* (E. Karami, Trans.). Tehran: Tadbir-e Eghtesad Research Institute, p. 161and pp. 113-116 (In Persian).
- Dolatkah, Z., (2010). A comparison of sanctions imposed on Iran and North Korea in United Nations Security Council. *Journal of Political Science*; 6 (2)
- Drezner, Daniel (2003), *How Smart are Smart Sanctions?*, Department of Political Science, University of Chicago ,Oxford,OX42DQ,UK, p. 1
- Drury, A. Cooper (2001). *Sanctions as Coercive Diplomacy: the US President's decision to Initiate Economic Sanctions*, *Political Research Quarterly*, 54(3), p. 487
- Donyay-e Eqtesad Newspaper. *Consequences of Economic Growth* (September 2013). No. 3011, p. 1 (In Persian)
- Holsti, K. G. (1994). *Basics of International Politics Analysis* (B. Mostaqimi & M. Tarom Sari, Trans.). Ministry of Foreign Affairs, p. 377 (In Persian)
- House of Lords (2007), *The Impact of Economic Sanctions*, Select Committee on Economic Affairs, Volume I, p. 7
- Jentleson , Bruce W.(2007), *Sanctions against Iran: Key Issues*, A Century Foundation Report, P. 8
- Khajehpur, B. Mor'eshi, R. & Parsi, T. (2013). *The Effect of Sanctions on Iranian Nuclear Equations*. Bale University Publications, p. 26(In Persian)

Krause, Joachim & Mallory IV, Charles King(2010), The Strategic Implications of the Iranian Nuclear Program, Aspen European Strategy Forum, P. 95

Mafi, H., (2006). A consideration of sanctions against Iran through an International laws perspective. Journal of Law and Political Science; No.1

Mohammadi, M. & Molana S. H. (2009). Foreign Policy of the Islamic Republic of Iran in Ahmadinejad's Government. Tehran: Dadogstar Institute Publications, pp. 205-206 (In Persian)

Mohseni, R. (2010). The effects of commercial and financial sanctions on Iranian economy: historical analysis. Journal of Majlis and Research , No. 61, pp. 48-49 (In Persian)

Moradi, S. (2009). International sanctions and formation of overthrowing movements: Case study of Iran. Political and International Strategies, No. 16, pp. 47-48(In Persian)

Mottaghi, E. (2008). Investing the pattern and process of American confrontation against Iran during 1979 to 2008. Strategy Quarterly No. 47, p. 217 (In Persian)

Performance Report by the Armaghan-e Iranian Investment Fund for a six-month fiscal period, (2013), pp. 32-33(In Persian)

Pishgami Fard, Z. Ghalibaf, M. B., Taheri, & Sadeqi (2011). The status of the power of flexibility with emphasis on Islamic Republic of Iran. Rahbord Quarterly No. 20, p. 51 (In Persian)

Redzic, Ilham(2012), Efficiency and Impact of Economic Sanctions, International Symposium on Sustainable Development, p. 217.

Teymouri, A. (2012). Investigating thirty years of challenges and threats facing the Islamic Republic of Iran. Rasm-e Shahadat Monthly. No. 5, p.1 (In Persian)

Yazdanfam, M., 2006; International sanctions and Islamic Republic of Iran's national security; Strategic Studies; No. 34.

Yazdanfam M. (2006). International sanctions and the security of I.R.I. Strategic Studies (34). p. 808(In Persian).

Yazdanfam, M. (2007). Transformation of theories and concept of international security. Strategic Studies Quarterly 10(38), pp. 732-733 (In Persian)

BBC Persian (November 2013). Obama's Request from the Congress: Delay in Enforcing new Sanctions against Iran In [http://www.bbc.co.uk/persian/iran/2013/11/131114\\_u10\\_obama\\_iran\\_sanctions.shtml](http://www.bbc.co.uk/persian/iran/2013/11/131114_u10_obama_iran_sanctions.shtml)

Flavia Krause-Jackson (2010). Sanctions Cost Iran \$60 Billion in Oil Investments, Burns Says, at: <http://www.bloomberg.com/news/2010-12-01/sanctions-cost-iran-60-billion-in-oil-investments-burns-says.html>, p. 1.

Haak, Andreas and Michael Brüggemann(2012), The Iran Embargo Overview on Latest Developments and Outlook, at: [www.theworldlawgroup.com](http://www.theworldlawgroup.com), pp. 1-2

Katzman, Kenneth. (2012), Iran Sanctions, Affairs Congressional Research Service, at: <http://www.fas.org/sgp/crs/mideast/RS20871>, p. 2

Levornik, Zoe I. (2011), Nuclear Dialogues: A Constructivist Approach to Nuclear Proliferation, at: [http://citation.allacademic.com/meta/p\\_mla\\_apa\\_research\\_citation/4/9/8/6/7/p498679\\_index.html](http://citation.allacademic.com/meta/p_mla_apa_research_citation/4/9/8/6/7/p498679_index.html), pp. 5-7

Ilias, Shayerah. (2010), Iran's Economic Conditions: U.S. Policy Issues, CRS Report for Congress, at: [www.crs.gov](http://www.crs.gov), p.3



Mazroui, A. (2013). Early Assessment of Iran's Economic Performance in 2012. Retrieved from <http://www.kaleme.com/2013/02/18/klm-14271>, p. 1 (In Persian)

Nasseri, Ladane. (2012). Iran Won't Yield to Pressure, Foreign Minister Says; Nuclear News Awaited, at: <http://www.bloomberg.com/news/2012-02-12/iran-won-t-yield-to-pressure-foreign-minister-says-nuclear-news-awaited.html>, p. 3 (In Persian)

Ragheb, A. (July 2012). Trends in Western Sanctions against Iran. Center for Islamic Revolution Documents. Retrieved from <http://www.irdc.ir/fa/content/20232/print.aspx> (In Persian)

Taraz Analytic News Website. Investigating economic growth in sixth to tenth governments + diagram (October 2013). Retrieved from <http://www.taraznews.com/content/49638>

Tehran-e Emruz Cultural, Social and Economic Newspaper. Publishing Iran's 76-Year Inflation Report (August 2013). No. 5 (In Persian)

The Iranian nuclear program: Alternatives to Sanctions (2010), Al Sharq Centre for Research and Strategic Studies (SCRSS) and the Rosa Luxemburg Foundation (RLF), American University in Cairo, at: <http://www.rosalux.de/publication/37597/the-iranian-nuclear-program-alternatives-to-sanctions.html>, p. 5

Seifzadeh, Hossein, (2005). Iran Assertiveness in Maintaining its Nuclear Technology: Foreign Effectiveness and Domestic Efficiency, Center for Strategic Research, at: <http://sam.gov.tr/irans-assertiveness-in-maintaining-its-peaceful-nuclear-technology-foreign-effectiveness-and-domestic-efficiency/> pp. 20-23 (In Persian)