

## Resistance Economy in International Law

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### Abstract

*In the present era, economy is the basis of wealth and power production and is the infrastructure of international relations in any country. Even countries that have weak political and military power are trying to improve their economic status through appropriate international ties. This issue was of interest to the Islamic Republic of Iran and the country conducted a lot of planning to achieve economic development, but economic sanctions were always hard obstacles to achieve this goal. The recent sanctions were imposed by the United States and Europe, affected large part of the economy. However, the intelligent approach of the Supreme Leader in adopting resistance economic strategy, not only did not reduce the growth of country's economy, but led to growth and development of internal economic and promote positive interaction in the international arena. In this article we discuss the role of resistance economy in international law. To achieve this goal, first, a brief review of definitions and the pillars of resistance economy and its consequences are presented. Then the role of resistance economy in internal condition and in international law will be investigated and challenges in adopting resistance economy from the perspective of international law will be discussed.*

**Keywords:** resistance economy, sanctions, international, Iran.

## Introduction

Iran's 20-year vision plan, introduces Iran in 2025 as the leading country in the region in terms of economy, science and technology. On the other hand, Iran's economy has been seriously considered as the sanctions' target of Western countries to achieve their goals. In these circumstances, the idea of a "resistance economy" was introduced by the supreme leader. The issue became well known as West and U.S. sanctions against Iran tightened, and in a sense, it is a set of management measures to minimize the vulnerability of the economy in numerous domestic and foreign risks. In this regard, the Islamic Republic of Iran's constructive and effective interaction with the world during sanctions requires appropriate and diplomacy and strategies in line with the ideals and values based on long-term interests of the Islamic Republic of Iran; So that appropriate opportunities for change within the Islamic Republic of Iran be provided in a constant movement and evolution. The starting point of this process is clever attention to capacities to overcome challenges in the framework of international rules and norms, as well as fundamental principles and values. In this paper the position of resistance economy as a rational strategy in international law is discussed.

## Definition of Resistance Economy

Supreme Leader introduced the term "resistance economy" in September 2010 for the first time as a way out of the current crucial and momentous juncture in economic and political literature. As defined by the supreme leader, "resistance economy is an economy that allows a nation to achieve growth and prosperity of their own even under pressure time pressure; it is a thought, a public demand; that is, an economy in pressure conditions, under sanctions, in enmity and severe hostilities can ensure the growth and prosperity of a country "(Seif and Hafezieh, 2013: 185).

According to Iran's 20-year vision plan, Iran will be the leading country in the region in terms of economy, science and technology by 2025. On the other hand, Iran's economy has been seriously considered as the sanctions' target of Western countries to achieve their goals. In these circumstances, the idea of a "resistance economy" was introduced by the supreme leader as the program and approach to deal with this threat and to advance the country towards long-term goals mentioned in the vision document. Resistance economy is an economic model, which provides growth and prosperity for a nation, even in conditions of pressure and sanctions (Seif Lu, 2014). By intensifying and tightening the Western pressure and sanctions against Iran, the most important issue is the needed financing of the country. To meet the financial needs of the economy, approaches such as tax increase strategies, focusing on reforming consumption patterns, and implementing the second phase of subsidy reform plan has always been acknowledged. But, it seems resistance economy is more than these well-known and conventional approaches (Arabi, 2013: 10).

## The pillars of resistance economy

Resistance economy is a concept that is introduced for strengthening, solving crisis, repairing existing inefficient economic structures and institutions. Certainly, public belief and participation and adopting rational management are the precondition and requirements for this issue.

Resistance economy reduces dependence and stresses on the advantage of domestic production and efforts for self-reliance. Some basic themes of resistance economy include:

### **Support of national production**

Supreme Leader's emphasis on the need for continuation of national production and supporting Iranian labor and capital, shows three tasks for governments, stakeholders and the public; the three cycles that the interaction between them together have a direct impact and the end result depends on this interaction. It means even we encourage people to buy domestic goods as much as possible; if the quality of domestic products is poor, people will be reluctant to buy domestic goods. If the producer attempt to produce high quality goods, but the government and the country's banking system do not provide monetary and financial services or the laws of economics make business environment difficult or people are reluctant to buy domestic products, again the result will be negative. All the connections of the three cycles need to be modified together and be improved in order to increase national production (Behkish, 2001: 88).

### **Policies of Article 44 of the Constitution**

Limiting state economy and liberalization of economy are important outcomes of Article 44 of the Constitution. Active and dynamic resistance economy requires strategic planning and people-based economy by further empowering the private sector and solving the problems of this sector. The private sector as an engine and stimulating factor of economic growth and industry which employs capital and attracts participation of private capital and through optimum use of human resources and efficient management, plays a role in economic and industrial growth of the country as well as fulfilling the development objectives of government. Resistance economy is based on intellectual capital of individuals and community and private sector is as the main pillar of resistance in society to protect economy against the impact of sanctions (Baniasad, 2011: 23).

### **Attention to the elites and using new technologies**

Elite refers to an outstanding and prominent individual whose influence in the production of science, art and technology is evident. And his intelligence, creativity, entrepreneurship and intellectual genius in regard to knowledge production and innovation leads to quick and balanced development of the country. When new technologies are subjected to sanctions and enemy countries do not allow the transfer of technology to Iran, if the elites are supported, these technologies can be applied into the business. Supporting elites in the industry, trade and agriculture are the characteristics of resistance economy and the conditions should be in a way that the elites do their work unobstructed. What is of concern, is not foreign sanctions, all is about production and trade barriers within the country which sometimes acts more severe than sanctions (Ghaffarpour and Pourhatami, 2014: 11).

### **The outcomes of resistance economy**

Resistance economy is one of the approaches to increase national production that keeps the market out of recession and positive view toward this issue can prevent the country's irregular imports of foreign goods. The positive objectives of resistance economy are to overcome pressures from Western countries' sanctions and economic pressure on other countries. In this

regard, since our country is under the pressures of sanctions, to deal with sanctions one should implement the policies mentioned by supreme leader; thus there would be no need for excessive import of poor quality products. It can be said that by flourishing in business and production, we will see progress in various fields and move toward implementing the resistance economy. With the implementation of resistance economy, its positive and significant effects will be seen, and it will open the path to achieve our objectives. Our country needs to support manpower and resources to fulfill the goals of the resistance economy; Asit requires practical measures and actions to achieve these goals (Shahrudi, 2016: 8).

### **The position of resistance economy on the stability of the country**

Last year was named as Economic Jihad by the Supreme Leader. It was a movement leading to the elimination of obstacles and economic problems of the country. For this reason, this year as named national production and supporting Iranian labor and capital, one of the main goals is to create resistance economy. Economic Jihad is effective move to build the foundation for a future; living in better and ideal conditions. Resistance economy is a result of an economy that is caused by jihad and sacrifice and standing against hoarding and monopoly. And it fights with inflation, so people feel relative comfort in their lives. The most important objectives of resistance economy include:

### **Restrain trafficking and corruption, the first step of adopting resistance economy**

The meaning of trafficking is non-productive activities that abuses market turbulence and volatility, and gives advantages to some people. In an economy based on dealers and trafficking, the productive sector gets the hardest damage by the economy system will move toward the bubble prices and severe fluctuations. Such economic has the lowest resilience in the face of external pressure, and quickly breaks apart. Some appropriate policies are: control of land and housing policies, combating smuggling and illegal import, organizing of information to provide equal access to economic data for the public.

### **Democratization of the economy, promote resistance economy against sanctions.**

To do so, the first step is to consider empowering people on the agenda to create the opportunity for effective participation of all citizens in productive economic activity. Unity and cooperation among actors can be in various forms of networking, clustering, and supply chain. However, with a focus on collective discipline of activities, democratization of the economy will be achieved and the level of economic stability in the time of sanctions and pressure will be expanded.

### **Independence on oil revenues, self-reliance**

Economic mechanisms should be revised in way that could identify any dependence and decide on it. In less important cases, these areas are can be varied and diverse to reduce the country's dependence. In certain cases an alternative may be considered. Some of the policies that are discussed in this regard include: replacement of current revenues instead of oil revenues such as

taxes and transit revenues, as well as expanding business partners from a major partner to several smaller partners.

### **Prioritize trade partners of Iran**

Countries in the region and also countries with ideological alignment should be preferred. On the other hand, countries with greater solidarity are less willing to enter into an agreement of the parties against each other. On the other hand, by facing common threats and opportunities in the region, the safety is tied together. In fact, a block from neighboring countries and adjacent geographically, with larger size of the economy and population will have more stability. If a country progress in the field of industries and fields such as food and medicine it becomes a major exporter, and can achieve technical and industrial developments in these fields. Thus survival of the nation and the country is ensured and the possibility of sanctions and pressure will be reduced. Energy and military industries are also two other important areas which should be of particular focus. The next priority is the cultural industries. In this area due to the cultural approach of the Islamic Revolution, Islamic morals can be issued to the world through appropriate and dynamic cultural and educational basics, and challenge the hegemonic system.

### **Culture-building practices in priority of production than imports and purchasing domestic products**

In addition to promoting and propagating general concepts of resistance culture such as jihad and struggle, in the economic arena, one should develop appropriate cultural concepts. Priority of production than imports and purchasing domestic products is important, which are faced in many cases with cultural barriers. Negation of greediness at the same of advertising and generating wealth, negation of waste while promoting normal consumption should also be considered. Culturally, economic jihad should be noted as military jihad in mind in a way that useful economic activity would be a divine cause. Above issues will be possible only by economic jihad. Creating a relatively stable and strong and secure economic and self-sufficiency are the wishes of every nation.

### **The position of resistance economy in international relations**

Between two views of hostility toward Iran and stopping its powering the region and accepting Iran as a major player in the region, it seems that the Obama administration takes the second view. Obama's speech at the end of the second Gulf Cooperation Council summit revealed this fact.

Today, the rise of Iran and its power is undeniable fact. Iran is the only country in the region that has entered into the field of space technology. In the field of military equipment, it achieved significant progress and has appeared as a cyber-power. Iran has a military presence in the Persian Gulf and challenged the United States, and showed independent foreign policy. In addition, traditional factors of power such as its strategic location and oil and gas resources have come to the aid of Iran.

## **Iran Opportunities in the Middle East**

The climax of the rise of Iran as a regional power is the nuclear deal between Iran and six world powers known as the JCPOA. Politically, the agreement granted legitimacy to a country that was labeled as "rogue state" before. Economically, it led to the cancellation of international sanctions against Iran and accepts it as a strategic actor in the war with ISIS.

However, Iran's position is not beholden only to the nuclear deal. Developments in the region in two or three decades were in such a way that maximum benefits accrued to Iran. The fall of the Soviet Union in 1991 and vanishing two important enemies of Iran by the US, the Taliban in Afghanistan and Saddam Hussein in Iraq was the most important developments that turned in favor of Iran. The fall of the Soviet Union and the emergence of independent states led the buffer zone between Russia and Iran as well. And given the long history of the Soviet interference in Iran, it is a very important issue. In fact, the winner of the US military intervention in Middle East is Iran of which expanded Iranian influence in the region. ISIS and Arab Spring acted as a catalyst to expand Iran's influence. Iran's presence and in particular the Quds Force in Syria and Iraq was justified in terms of security. The slogan is: "If we do not fight the Islamic State in Damascus, we should fight them on the streets of Tehran." Talks about keeping Assad in power as the red line of the Islamic Republic of Iran was raised numerous times by Iranian officials. At the same time, the general decline in the Arab world, increased the opportunities for Iran (Jafari and Karam, 2005: 66).

### **Iran's strategies to strengthen its power and influence in the region**

Growing power of Iran has been combined with special strategic developments. Islamic Republic's strategy has changed to strengthening political ties with the government of Shiites in the region.

Contrary to ideological revolution strategy that led to the superpowers' supporting Iraq in its war with Iran, the current strategy of the Islamic Republic is non-ideological. The current strategy includes efforts to strengthen the power of Shiites in the region and economic development on the basis of resistance economy. Both components of this new strategy could significantly increase the role of Iran in the region.

Historically, permanent rift between Sunni and Shia and Arab and non-Arab, prevented Iranian influence in the Arab world. But US invasion in Iraq and the rise of the Shiite government changed the game and urged the Shia people of the region to crack down on al-Qaeda by deepening political ties, economic and cultural forces and oppose the domination of Sunnis in Iraq. Serious and widespread presence of Iran in Syria and supporting Assad, made Iranian believe that they are the leader of the Shiite revival from Beirut to Tehran. Therefore, Iran has been able to overcome internal divisions between Shias and built a united bloc of Shias against Sunni bloc in the Middle East.

The concept of resistance economy arises from Iran's efforts to neutralize the effects of Europe and the US sanctions against the country. Generally, sanctions had stopped Iran's relationship with the global economy. Resistance economy aims to create local capabilities to promote knowledge-based economy, strengthen the industrial and technological competitiveness, combat

inflation and unemployment and reduce dependence on oil and gas exports and protect the country from fluctuations in the global economy. It seems that this approach has shown positive results (Kamfiruzi et al., 2014: 28).

### **The challenges in adopting resistance economy from international perspective**

Despite the success of this strategy, Iran is facing three major challenges to reach the prominent position in the region. Until recently, the most important challenges were country's opposition to the US and Western integrated and comprehensive sanctions against it. To some extent JCPOA has been able to solve these challenges. There are high tensions between Washington and Tehran (Nur-al-Zaman, 2016).

The second challenge is related to Iran's neighbors in the region, especially Saudi Arabia. Nature of the Saudi Arabia's enmity is geopolitical rather than ideological. The possibility of an end to the challenges in the region, led by Saudi Arabia is unlikely in the near future and it depends on a decision by Iran to negotiate and cooperate with them. A similar approach like peaceful rise of china could be useful in this regard (Shahrudi, 1395).

The third challenge arises from within Iran and is caused by the rift in the echelons of political power in this country. Three groups: conservatives, reformists and pragmatists in Iran have different views on national issues such as relations with the West, development strategy, regional strategic issues and other issues. These differences are to the extent that the Iranian president talked about the need for consensus inside the country. Not solving internal affairs, can cause serious challenges for Iran in achieving prominent position in the region (Nur-al-Zaman, 2016).

### **Conclusion**

Taking into consideration of all factors and subsystems in resistance economy, it should be said that sanctions cannot cause significant damage to a country of Iran with the expanded boundaries and natural endowments. A country that relies on God with a strong and smart nation will be victorious in this issue. The Islamic Republic is capable of converting a major part of today's threats into opportunities by planning, effort, strategy and action-oriented resistance economy. In regard to Islamic Republic of Iran diplomacy which is to communicate and establish political and economic relations with the rest of the world, our country must exploit this diplomacy. According to the characteristics that exist in authorities, we need to fulfill higher goals of the Islamic Republic of Iran in regard to resistance economy. Proper strategies to deal with sanctions and their effects, creating a resistance economy, creating trade agreements with organizations and institutions, especially at the regional level, and internal efficiencies to increase internal capacity can turn threats into opportunities.

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