Iran’s Resistance Economy and Regional Integration

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Abstract

Iran’s ‘resistance economy’ is sometimes presented as defensive strategy. Despite Washington’s ‘New Middle East’ wars and the rapid evaporation of expected benefits from the long JCPOA (nuclear deal) process, a certain illusion remains that a general ‘normalisation’ with the outside powers might still bring economic benefits to the country. Nevertheless, it remains true that, while Iran is a large country, pure self-sufficiency would impose physical limits. Therefore, the question that one may ask is what are the better economic opportunities for the nation’s economic growth? By engaging with the globalist and new regionalism debates, making parallels between Latin American and West Asian integration, and presenting examples from Iran’s previous experiences, this paper argues that the answer to the above-mentioned question lies in a resistance economy, which builds an economically integrated regional bloc. The article begins by demonstrating the false promises of global economic liberalism, and then locates Iran’s resistance economy principles in the context of the ‘new regionalism’ debates. This forms the basis for discussing the economic potential of West Asian integration. This research is an interpretive study, testing the economic liberal project with evidence, and then comparing it with contemporary regional initiatives.

Keywords: Liberalisation, Resistance economy, Regional integration
1. Neoliberalism and Economic Warfare

Neoliberal globalism, as an ideology of compulsory corporate globalisation (Hoogvelt, 1997), suggests that complete openness to foreign capital would bring benefits similar to those theorised for the so-called ‘free trade’. Yet, the systems to deliver this openness embodied ‘rigged rules’ and delivered asymmetric benefits.

This Anglo-American neoliberal project drew selectively on the economic liberal principles of ‘comparative advantage’ (Ricardo, 1817), which encourage specialization and trade, and the ‘open market’ ideologies of the European neoclassical economists of the 1870s, supplemented by mid-twentieth-century standards of macroeconomic management (Keynes, 1936). The principles of universal liberalisation, aimed at generalised economic growth, have been promoted by international financial institutions, such as the World Bank (2009). The need for diversification (and as a result ‘broad based growth’) was accepted, whereas planned industrial upgrades were not. The developmental prospects of ‘comparative advantage’ were always limited, as the idea was based on comparative statics and only addressed short-term opportunities. Economic liberals spoke of a minimal economic role for the state, opposing public investment that might crowd out (or compete with) private investment (Spencer & Yohe, 1970). In this view of the world, the state should minimize its commitments and introduce ‘user pays’ and privatized services to encourage consumer participation and market formation. The liberal idea of a minimalist state always faced a double standards contradiction: highlighted by what was believed to be (in the North American ‘exceptionalist’ tradition) the need for a powerful ‘benevolent hegemon’ to stabilise the world system.

There have been extensive criticism of open market principles,
in particular because market theories do not correspond to the reality of industrial production dominated by giant corporations, including monopolistic finance corporations. However, the most important criticism is that liberal models do not describe the historical development path of the wealthy countries. Open market strategies were not used in the industrialisation of Europe, North America, or Japan. Liberal attempts to suggest the contrary (e.g. Rostow, 1960) have little historical substance.

Development in much of Europe was backed by a substantial economic surplus from the colonies and slave-based economies (e.g. Williams, 1944) absorbed into commerce and industry. European, North American, and Japanese capitalist development grew both their human resources and technologies with state sponsorship, financial assistance and public-private monopolies (Ettlinger, 1991). After the World War II, the USA suggested that Japan should pursue its ‘comparative advantage’ as a provider of cheap labour in basic industry. The Japanese, on the contrary, in a war-devastated, resource-poor country, decided instead to invest in human resources and upgrade their productive capacities (Johnson, 1982).

Nevertheless, the USA and the Europeans were keen to open export markets for their industrial products, in the post-World War II period. That was the chief motive behind the General Agreement on Tariffs and Trade from 1947 onwards, and for its successor, the World Trade Organization (WTO), which was established in 1995. However, the fine sounding principles of equal opportunity and non-discrimination in trade did not match the practice. The detail of agreements and a manipulated ‘consensus’ decision-making processes, dominated by the large powers, saw to that. Agriculture was included for the first time in the final Uruguay Round of
GATT (1986-1994) to draw in a group of agricultural exporters, looking for new trade opportunities. Yet, when the WTO talks grounded to a halt in the early 21st century, the failure of promises over agriculture exports was determined to be a leading reason. The agricultural subsidy rules were declared to have been ‘rigged’ in favour of Europe and the USA, who “weren’t willing to give up their agricultural subsidies” (Amadeo, 2019). Jawara and Kwa (2003) studied the process and found a toxic negotiating environment, which was “entirely at odds with the official picture of a rules based consensus”. They found “closed doors rather than open access”, decisions made without full approval of the developing countries and, “illegitimate pressures and inducements … including threats ... and hints that aid to countries refusing to kow-tow may be withheld”. The failure of the WTO process, and the subsequent boom in regional agreements, has been widely discussed. Hussain (2004) puts the failure down to the “uneven playing field” facing developing countries, increased unilateralism and farm protection in the wealthy countries.

In parallel, there had been a significant reaction amongst developing countries to ‘structural adjustment programs’ (SAPs) created by the World Bank and the IMF in the early 1980s. These policy prescriptions (balanced budgets, openings to foreign capital, privatizations, removal of tariffs and reduction in social controls on investors) were attached to debt relief packages for a public debt crisis, which followed the lifting of controls on bank interest rates. The SAPs were widely associated with austerity budgets and the sale of public assets to foreign companies. In 1999, SAPs were renamed Poverty Reduction Strategy Papers and the world ‘privatization’ disappeared from the World Bank-IMF lexicon, to be replaced by a variety of ‘partnerships’. Analysts pointed to serious compromises made in those countries under structural
adjustment’, in particular political repression and a weakening of the ‘buffer’ role of the state, to protect populations from external shocks (Cheru, 1999). Others found that the SAPs acted to ‘worsen government respect for physical integrity rights’, such as torture, political imprisonment and extra-judicial killings (Abouharb & Cingranelli, 2006).

By the late 20th century, there was internal revolt against the neoliberal program. Former World Bank chief economist and later Nobel Prize winner Joseph Stiglitz (2002) decried the IMF-World Bank liberalisation program as dysfunctional because, in the absence of a proper institutional framework, hasty capital ‘liberalization’ (as in Russia and certain eastern European countries) could simply aggravate a country’s economic problems. Several years later, Stiglitz pronounced the neoliberal project “dead in both developing and developed countries” (Martin, 2016).

Iran lost the opportunity to benefit from the above-mentioned experiences, as it was never a member of the GATT or the WTO. The Islamic Republic did apply to join the WTO in 1996 (Yousef Vand, 2016), but was blocked by the USA. Tehran was later reported saying that accession was no longer a priority (Jalili, 2017). Nor are Iraq, Syria, Lebanon or Palestine members of the WTO. Amongst the independent West Asian countries, only Yemen was admitted (in 2014) to enjoy the dubious benefits of WTO ‘most favoured nation’ status (WTO 2019b), just before it was smothered in a US-Saudi led war.

It is hardly a coincidence that today, Iran, Iraq, Syria, Lebanon and Yemen are all subject to siege or sanction by the USA and its allies, on various pretexts; same is applied to practically all the Palestinian Resistance groups (US Dept. of Treasury 2019). Would WTO membership prevent discrimination in trade? No, as the case
of besieged Yemen illustrates. Such is also the case with Cuba, a WTO member, who is subject to US economic ‘sanctions’ (which the Cubans call a ‘blockade’) since 1962.

There is little doubt that most of Washington’s unilateral sanctions go against international law, which prohibits economic coercion, drawing on the principle of non-intervention in the UN Charter. That Charter law is supplemented by customary and treaty law in trade, shipping and telecommunications. The illegality is made more obvious by the ‘unlawful intent’ involved in political coercion and the stated intention to inflict damage on entire populations (Shneyer & Barta 1981: 468, 471-475). In addition, the assaults on the rights of third parties are illegal. Unlawful aims, aggressive intent and damage to third parties permeate most of Washington’s sanctions regimes (Anderson 2019: 36), including those against the Islamic Republic of Iran. The false promises of neoliberal regimes have paralleled consistent economic and physical aggression against Iran and most of the independent countries of the region. This claim is outlined in Table 1 below.

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<th><strong>Table 1: The false promises of neoliberalism</strong>*</th>
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<td><strong>Globalism</strong></td>
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<td><strong>Structural adjustment</strong></td>
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<td><strong>GATT-WTO</strong></td>
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<td><strong>Unilateral sanctions</strong></td>
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<td><strong>West Asia</strong></td>
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Source: the author
In a parallel process, the US government has tried to pressure the Cuban people and “to control actions of third party states,” as regards Cuba (Shneyer & Barta 1981: 452). The tightening of the blockade on Cuba in the 1990s has been described as a policy of imposing ‘deliberate harm’ (White, 2018: 14). In the early 1960s, a senior US official, Lester Mallory, put the case for economic attacks on the entire population, to undermine the popular Cuban government: “every possible means should be undertaken promptly to weaken the economic life of Cuba …to bring about hunger, desperation and overthrow of government” (Mallory, 1960). Similarly, in the early 1970s, US President Nixon expressed the hope of forcing political upheaval and change in Chile by measures “to make the economy scream” (Kornbluh, 2017). Nixon intended direct damage to public health, food security, well-being and safety. These actions against Cuba and Chile – as also today against Iran, Venezuela and Syria – are economic warfare and arguably crimes against humanity (Selby-Green, 2019).

Before coming to the direct aggression against the independent countries of West Asia (the ethnic cleansing in Palestine, the destruction of states in Afghanistan, Iraq and Libya, the invasions and occupation of Syria, the aggression against Yemen and the terrorist proxy wars conducted against much of the region), we can identify a systematic economic exclusion and aggression against those same nations, going back several decades. All this forms a critical background, essential for considerations of economic strategy.

2. Strategic Concerns of the Resistance Economy

Calls for a ‘resistance economy’ in Iran came after years of external aggression. They emerged in the context of Iran’s ‘20 year
national vision’ announced in 2005. Principles at that time included calls for Iran to become a developed country “founded on ethical principles and Islamic, national and revolutionary values” which will take a lead in “advanced knowledge … economy, science and technology” (Khamenei, 2005). The national vision goals suggested that Iran should be “a fully advanced country, rising to the number-one rank in economic, scientific and technological progress among 28 nations in the Middle East and Southeast Asia”. This would entail (a) achievement of fast-paced and sustainable economic growth; (b) creation of durable employment opportunities; (c) enhancement of factor productivity; (d) active presence in regional and international markets; (e) development of a diverse, knowledge-based economy, free of inflation and blessed by food security; and (f) establishment of a market environment conducive to domestic and international business entrepreneurship” (Amuzegar, 2006). In addition, an implicit request was made to move from dependency on oil and gas. However, a new wave of economic aggression (‘sanctions’) was undertaken by the US and Israeli attempts to block Iran’s nuclear program.

In such circumstances, Iran’s supreme leader Ayatollah Ali Khamenei elaborated his concept of an “economy of resistance” in 2012. According to him, “the enemy's goal was to focus on our economy, work against our national growth, undermine efforts to create employment opportunities, disrupt and jeopardize our national welfare, create problems for the people, make the people disappointed and isolate them from the Islamic Republic” (Khamenei, 2012). In response to that, Iran’s leader suggested “an economy of resistance … [which meant] putting the people in charge of the economy … minimizing the country’s dependence on oil … managing consumption - that is to say, moderate consumption and avoidance of extravagance … making the best of
the available time, resources and facilities ... moving forward on the basis of plans ... reliance on domestic talents, on the domestic capacities of the country. Furthermore, special attention was given to the capacities of the youth, their creativeness, the tasks they can manage and follow, the knowledge that they acquire, and the knowledge that they turn into technology” (Khamenei, 2012 & 2016). The concept can be summed up as a process to achieve growth, diversification and prosperity under pressure from western countries. Iran would support local industries to turn threats into opportunities (Sharara 2019).

Based on this proposition, one can observe several articulated strategic concerns, beginning with a concerted effort to boost domestic production. How could the threats be turned into opportunities? Sanctions during the administrations of President Khatami and President Ahmadinejad had already “stimulated Iran’s industrial development, insofar as they kept foreign competition at bay. Iran was in fact able to become something of an industrial powerhouse” (Sharara, 2019). The proposed resistance economy emphasised national production, with specific roles for the government, cooperatives and workers, but including elites and their technologies. Increasing national production implied stabilising the economy, boosting innovative national production and reducing dependence on oil revenues (Jalili Piran & Soleymani Dorche, 2015, pp. 648-651).

The country’s industrial development, whilst targeted and threatened due to numerous sanctions, included eliminating imports of steel and fuel. Indeed, the US-based International Trade Administration recognised that between 2015 and 2018, Iran had moved from a net importer of steel into one of the world’s top 20 steel exporters (ITA, 2018). Steel production averaged more than 2
million tons per month from October 2018 to June 2019 (Trading Economics, 2019) or 25 million tons per year (Rahmani, 2019). Today, Iran no longer exports crude oil to import fuel, because its expanded refinery capacity has ensured national fuel self-sufficiency (Paraskova, 2019). The country’s mobile telephone and computer hardware sector is well advanced (PBC, 2019). Motor vehicle production, including export production, has grown strongly and will grow more since the time when US third party sanctions forced French automakers (Renault, Peugeot and Citroen) to withdraw (Khatinoglu, 2018). A foreign industry analyst termed Iran’s motor vehicle market (2019-2024) a “consolidated market with strong growth prospects” (MI, 2019). Meanwhile, Iran has been reverse engineering foreign built tunnelling machines and pharmaceuticals. Barakat pharmaceutical town (Alborz province), opened in 2018, employs 7,000 and indirectly another 30,000 (Sharara, 2019). In many of these cases, an export potential has been built.

Outside commentators sometimes speak of a ‘securitization’ of the Iranian economy, indicating that security forces have come to play an important economic role. Toumaj (2014) observes that the resistance economy implies ‘securitization’, where the security forces, including the IRGC, play an important role in managing both economic policy and strategic enterprise. The Intelligence Ministry has also become involved, as economic concerns are linked to Iran’s strategic position in the region, with Iran looking to a multipolar world and greater linkages with Asia (Toumaj, 2014: 7-8). The term ‘securitization’ is often used disparagingly, suggesting either inefficient management or something that reflects adversely on the government. In fact, security forces’ involvement in strategic enterprise is a rather natural adaptation to decades of aggression. In Cuba, for example, the military is involved in tourist
operations at the outer borders of the main island, where surveillance and defence also have a priority (Frank, 2017). In North Korea (the DPRK) securitization has become a systemic matter, termed ‘Songun’, where there is security force involvement in virtually all major infrastructure and strategic industry (Park, 2007). Iran also has its own version.

Alongside strategic economic ventures, Iran has a fine military industry. In this area, Iran has made substantial progress. The contextual history is that almost all the major powers helped Saddam Hussein wage his war against Iran in the 1980s; many of those same powers (including Russia and China) in more recent years helped subject Iran to great pressure to place its nuclear industry under outside controls and surveillance. One result of the reaction to this pressure is that since 2019, Iran claims to be close to manufacturing the necessary jet and helicopter engines that it needs (Tasnim, 2019). The country has also produced a wide range of missiles, the Kosar fighter jet (Sharara, 2019), and its own anti-missile defence system, the Bavar-373, an upgraded counterpart of Russia’s S-300 (IFP, 2019).

The idea of greater participation in a resistance economy has been linked to Article 44 of the Iranian Constitution, which requires the state, cooperative and private sectors to contribute to development, under a planned system. As regards to ‘resistance,’ there have been calls for further empowering of the private sector, decreasing the country’s dependence on oil, while promoting more efficient resource management and stable planning (Farhi, 2012).

Internal management and planning challenges are linked to participation; that is, the Iranian state has to foment this participation while overcoming its own problems. In 2012, the Speaker or President of the Iranian Parliament, Ali Larijani,
claimed that foreign sanctions only accounted for 20% of Iran’s economic problems of inflation, foreign exchange and production, and that domestic mismanagement was a more significant problem in Iran (Farhi, 2012). Such problems become more complex by internal divisions over policy, between the liberal faction and what is called the ‘principlality’ inside the country and ‘hardliners’ outside. For example, President’s Rouhani’s ‘mismanagement’ of exchange rates in early 2018 was blamed for production problems, because it was said to have “favoured consumption over production” at a time of crisis (Sharara, 2019). Recriminations over the 2015 JCPOA nuclear deal, over which the liberals were rather enthusiastic, also illustrate the internal division in the country.

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<th>Table 2: Strategic concerns</th>
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<td>Leader's idea</td>
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<td>Boost domestic production</td>
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<tr>
<td>Securitization</td>
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<tr>
<td>Greater participation &amp;</td>
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<tr>
<td>improved management</td>
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<tr>
<td>Strategic partners and Iran’s regional role</td>
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<td>Source: the author</td>
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Internal division of opinion may also be accounted for in the relative importance given to developing reliable strategic partners, as compared to greater attention to the demands of the western powers. Yet, resistance economy strongly favours the search for new economic opportunities with strategic partners, not least with those in the region (Jalili Piran & Soleymani Dorche, 2015, pp. 648-651). US analysts are keenly aware of the ‘consensus’ of Iran’s factions around strategic policy, while noting differences over the desired strength of economic ties with the Europeans and the Americans (Toumaj, 2014: 2). However, for Iran, important
strategic partners, such as Russia, China and Venezuela, also reside outside the region. Furthermore, despite vicious US sanctions, Iran’s non-oil trade with Vietnam, Indonesia, South Africa, Turkey and Argentina (the VISTA group with a population of more than 540 million) grew very strongly in the first months of 2019 (FT, 2019). Nevertheless, Iran’s regional relations remain central in the country’s economic exchange and growth.

3. New Regionalism: Lessons for West Asia

‘New regionalism’ is a new type of discourse that discusses different approaches taken after the failure of the Doha Round of the WTO, and in the wake of the failure of US-led globalism. In certain discussions, it refers simply to the search for new trade opportunities, and it often implies the development of competitive blocs (e.g. NAFTA following the EU); it sometimes involves new hegemonic strategies, while at other times, there is a developmental or counter-hegemonic impetus.

It has been argued that new regionalism was a means of the newly decolonised states, escaping from a dependence imposed by imperial dictates, whether in Asia (Saravanamuttu 1986: 204-222) or in Africa (Omotola 2010: 103-131). This regional focus was in part a reaction to the challenges of globalisation posed to new states, and their need to coordinate macroeconomic policy while building local autonomy (Omotola 2010: 117). This has been referred to as “moments of re-scaled regionalized state power that now enframe the process of economic governance” (Macleod 2001: 804-829), alongside strategies of broader social and economic development. For example, Giovanni Andrea Cornia, Director of the United Nations University/ World Institute for Development Economics Research, wrote that new regionalism was not simply
an economic issue, but rather “a comprehensive, multi-dimensional, political phenomenon including economics, security, environment and other issues”, and in particular secure development (Cornia in Hettne et al., 2016, pp. xvii).

In a similar way, Linares (2011) speaks of the ‘new socio-cultural strategy’ of the Latin American ALBA group, founded by Cuba and Venezuela. Porter et al. (2015) speak of new regionalism as a way of promoting regional development, and Grugel (2004) stresses on the differences in the ‘new regionalism’ of the EU and the USA towards Latin America. The term is quite flexible (see Table 3a below).

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<th><strong>Table 3a: New regionalism</strong></th>
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<td><strong>New regionalism</strong></td>
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<td><strong>Trade opportunities</strong></td>
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<td><strong>Strategic bloc concerns</strong></td>
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<td><strong>West Asian context</strong></td>
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Regional agreements are certainly a new game. According to the WTO, in June of 2019, there were at least 294 RTAs in power, and another 170 notified, compared to less than 30 in 1992 (WTO 2019a). Most of these agreements were registered after the multilateral talks began to collapse from 2003 onwards. This means that most new trade opportunities in the last two decades have come through regional and bilateral ‘preferential’ trade agreements. There have been several failed attempts by the USA to create ‘mega-regional trade agreements’ (MRTAs), such as the Transatlantic Trade and Investment Partnership (TTIP), the Trans-Pacific Partnership (TPP) (Mevel, 2016) and the Free Trade Area of the Americas (FTAA), the latter scuttled by a coalition of
independent Latin American states in 2005 (Amadeo, 2018). Those proposals carried elements rejected in the WTO Doha round, such as stronger intellectual property rights and investor access claims. These may be viewed as new attempts to drive European and North American corporate privilege by securing monopoly rents.

Earlier in the 50s and 60s, plans for regional integration amongst developing countries stressed (like Iran’s resistance economy) making use of “import substitution on a regional scale”, while facing problems of inefficiencies in production, especially if not confronted with competition (Balassa & Stoutjesdijk, 1975). Iran today does not face the same developmental challenges, as do many developing countries, which have far less development in human capital, technology and industrialisation. Yet, it is worth briefly reviewing the developmental arguments by way of addressing the liberal arguments against regionalism, and in the context of economic aggression. Table 3b below illustrates key points and suggested aims outlined by Langhammer and Hiemenz (1990). These aims closely parallel those determined for the resistance economy, albeit with a regional focus: expanding the domestic market, improving resource allocation, enhancing industrialisation, protection against outside shocks, and building a security consensus.

<table>
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<th>Table 3b: Regional integration and development: potential benefits</th>
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<tr>
<td>'Training ground'</td>
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<td>Expand domestic market</td>
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<td>Improve resource allocation</td>
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<tr>
<td>Enhance industrialisation</td>
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<td>Joint production of public goods</td>
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<td>Protection against global shocks</td>
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<tr>
<td>Collective bargaining power</td>
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<td>Build security consensus</td>
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Source: Langhammer and Hiemenz 1990
Latin America’s counter-hegemonic regional bloc, the Bolivarian Alliance for our America (ALBA) – founded by Venezuela and Cuba – offers additional lessons, from a parallel experience. This progressive bloc grew in direct reaction to Washington’s hegemonic plan for the Americas, the failed Free Trade Area of the Americas (FTAA). That project was seen as an extension of an annexationist, exclusionary and subjugating practice, which dated back to the 19th century.

The late Hugo Chavez stressed the need for integration to be a participatory process: “necessary integration, liberating integration, not neocolonial integration … the social movements of Latin America, the workers, the students, the small farmers, the organised women have a key role”, in a struggle against neoliberalism and imperialism (Chavez, 2004). This group would integrate, while excluding the imperial power, the United States of America. According to the ALBA, the integration would also exclude the oligarchs of the region. Integration would go beyond trade and economic matters, into a deep, inclusive socio-political integration based on solidarity, complementarity and cooperation (Martinez, 2005; Anderson 2014: 26-31).

Chavez spoke of “constructing a Great Country (Patria Grande) in Latin America” (Lopez Blanch 2009: 2). Venezuela and Cuba enunciated several founding principles: “just and sustainable development”; “special and differential treatment” for unequal partners; guaranteed access to benefits for those who participate (as opposed to a competitive system where influential players win); “cooperation and solidarity”, particularly as expressed by strong regional social programs; special funds and measures for the environment and for emergencies; energy integration (a theme coined by Venezuela); less dependence on foreign investment and
inter-member preferences for public and joint venture capital; protection of Latin American and Caribbean cultures and the establishment of Telesur, a public television channel to present “our realities”. There would also be shared positions on democratic struggles (ALBA-TCP, 2004). A Cuban economist claimed that the project had two principles: to create “a regional integration scheme that promotes social justice together with economic development”, and “a space of anti-hegemonic power projection to neutralise the US domination of the Western Hemisphere” (Alzugaray Treto, 2011).

Practical complementarity may be seen in the first Cuba-Venezuela exchanges, which were large-scale barter swaps, most prominently Cuba’s provision of medical and educational services and training in exchange for Venezuela’s discount oil and assistance in rebuilding Cuba’s energy sector. For five years, from 2004 and 2008 (when the US financial crisis hit), Cuba’s average per capita economic growth rate was 8%, while Venezuela’s was 8.6%, compared to a Latin American average of 4% (ECLAC, 2012). Within a few years, the ALBA group had grown to 11 nation states.

The most prominent expressions of ALBA were its social programs – literacy, primary health care, educational and health programs – most often financed and otherwise supported by Venezuela and staffed by Cuban health and education professionals (Anderson 2014: 26-31). Through these programs, Venezuela, Bolivia and Nicaragua all reduced their adult illiteracy to minimal levels in a few years (Nehru, 2011). By 2011, achievements of the new grouping were believed to include: lifting 11 million people from poverty; making 3.5 million people literate, thus raising overall literacy from 84% to 96%, increasing school and college
enrolments, massive joint health programs reducing infant mortality by 32%; and assisting 900,000 handicapped people in 2010 alone (ERBV, 2011).

ALBA-type agreements were formed with non-ALBA countries. For example, in 2005 Venezuela signed nine agreements with Argentina, which included: support for Telesur; cooperation between state energy agencies; supply of Argentina’s ship-building facilities to Venezuela in exchange for agreements on concessional oil supply; and cooperation on health, hospitals, sciences and social sciences (ALBA-TCP, 2008), as well as an agreement to develop a continental gas pipeline (Anderson 2014: 26-31). Other countries expressed their interest to participate in ALBA’s social programs, such as the disabilities mission. Further, ALBA articulated the call for a ‘new regional financial architecture’, which included a new regional currency and a Bank of ALBA, to finance large joint venture projects (ALBA-TCP Secretariat, 2010).

In addition to the above-mentioned participation of various nations in ALBA’s social programs, certain ‘Great Nation’ projects and enterprises went into the new territory. ALBAMED, for example, listed 475 essential medicines, which would be made available to the member countries under a new regulatory system. ALBATEL was constructing a new system of communications through its own satellite (Sanz, 2012). Cooperation in pharmaceutical enterprises would mean greater efficiency in producing necessary medicines and, if necessary, greater bargaining power in making purchases outside the bloc (Cuba Standard, 2013; RTV, 2014). Although the ALBA bloc is still young and has faced certain setbacks, it seems to present interesting lessons for Iran and its neighbours. First, a regional counter-hegemonic bloc with diverse political systems but a shared
social solidarity can produce rapid benefits. Second, such a bloc can consolidate real interests to lessen the threat of outside hegemonic powers; and third, the principles established by such a bloc can have a wider influence. Existing West Asian bilateral agreements might usefully be reshaped into more formal regional cooperation mechanisms.

4. Iran and West Asian Integration

From 2018 onwards, Iran was again under pressure from Western nations. The government must have as its priority, the security and stabilisation of its citizens, but that cannot mean disengagement from the region, as its enemies demand. The 'resistance economy' has wider implications for both Iran and the region. It implies active construction and engagement in new political and economic realities, rather than attaching hope to the false promises of neoliberalism. There is little doubt that the Islamic Republic of Iran, with its principled stability and great capacity, is best placed to lead a West Asian economic alliance, alongside an independent security bloc. That alliance must be between those countries assailed by the US-led coalition, precisely for their independence. Such integration would benefit Iran, as well as the region. The often-stated imperial and Zionist fear of such an alliance simply reinforces this view. This paper’s final section outlines the key relevant elements of Iran’s capacity and the benefits and practical implications of regional integration.

Propaganda never sleeps. On the 40th anniversary of Iran’s revolution, US President Donald Trump published a series of propaganda graphics suggesting Iran had experienced ‘40 years of failure’ (AFP, 2019). No one can take claims from a dedicated enemy at face value. In fact, independent evidence from the United
Nations Development Programme indicates that despite constant aggression, Iran has made outstanding progress in the past decades. Between 1990 and 2017, the country’s Human Development Index grew on average 1.21% per year, second only to China (UNDP, 2018b: Table 2). Iran’s progress was due to exceptional and sustained improvements in life expectancy - mainly due to health care improvements and child survival - and improvements in education (UNDP, 1999; UNDP, 2018a). Between 1980 and 2017, average life expectancy in Iran rose from 54.1 to 76.2 years, and average years of schooling rose from 2.2 to 9.8, a more than fourfold increase, almost at gender equity (UNDP 2016; UNDP 2018a). Inequality and poverty fell substantially (UNDP 1999; World Bank 2019a). Iran moved ahead while its enemies waged dreadful and futile wars.

Iran has been attempting to escape its dependence on oil revenues, a trend that coincides with the new round of unilateral coercive measures from Washington. In 2017, oil revenues as a percentage of GDP were down to 15% of GDP, from highs of 32% over 2000-2008 (World Bank 2020a). That revenue had been battered by periodic coercive measures, which cut exports in 2011-2012, followed by recovery in 2015-2016, then another decline in 2018-2020. While GDP has contracted very strongly since the Trump administration’s ‘maximum pressure’ assault, the current account increased substantially, as imports “outpaced the decline in exports” (World Bank (2020b). This provides a significant space for the country to stabilise and make structural adjustments, even while dealing with the COVID19 epidemic. Yet, what sort of structural adjustments were made in the country?

In the region, Iran’s role has been rather critical, in its support of the people of Palestine, of Lebanon, of Syria, of Iraq and of Yemen. This solidarity with independent and suffering people,
under similar attacks by the West, is what has caused an increase in Zionist regime and Washington’s aggression. They rightly fear that Iran is likely to lead an alliance of independent peoples. That ‘threat’ rests in Iran’s principles, its stability, its political will and its human capacity. For example, former US official Larry Wilkerson acknowledged that in face of the US plan “to sweep the Middle East” and to “destabilise the entire region”, Washington was confronted by Iran as “one of the most stable countries in the region” (Wilkerson, 2018). Cheap polemics against Iran these days are refuted by independent sources. According to the World Bank (2019b), Iran reduced its inequality (as measured by the Gini index) from 47.40 in 1986 to 38.80 in 2014. Inequality in the US remains significantly higher, at 41.5 (Gini). Despite the rhetoric of ‘freedom’, the US imprisonment rate (the highest in the world at 698 per 100,000 people) was more than two times that of Iran (at 287). In addition, far more Iranians trust their national government (71%) than is the case in the USA (39%) (UNDP 2018b: Tables 3, 12 & 14). This continuing progress and trust are at the root of Iran’s current stability.

With such stability and capacity, what role could Iran play in regional integration? Zionists and their allies fear Iran’s role in forming a united front facing the occupied Palestine, and dread the emergence of an ‘Iranian land bridge’ from Tehran to Beirut (Ibish 2017). In fact, such infrastructure corridors would represent a great economic and social advance for the peoples of the sabotaged and divided region. The positive spillover effects of major infrastructure, properly managed, can work at the regional level, as it does at the national level (Najkar et al., 2018). A similar claim could be made about the Russia-Iran joint rail project, linking to Asia and Europe (SRB, 2017). The resurrection of energy projects, such as the Kirkuk-Baniyas oil pipeline (Boev, 2017) fall in the
same category. Such cross-national projects can break the attempted siege of West Asian countries and open new possibilities to benefit the peoples of the region. However, they require cooperation, joint investment and close security cooperation. This raises the question of enforcing security guarantees from outside investors who might wish to join in the probable benefits from West Asian development. Shouldn’t strategic partners be required to contribute to the protection of large projects from attempts at destabilisation?

Land-based ‘connectivity’ is proving important both for trade and for avoiding the oceanic interventions of outside powers. This is despite the fact that rail links, while often faster, can be more expensive than sea transport (Ruta, 2018). Land connectivity remains an important factor in China’s Belt and Road Initiative (BRI), as does for Iran in building its regional and extra-regional networks. The great promise for Ankara and Tehran in Russia-China relations has been stressed (Duarte, 2014), same as the importance of Central and West Asia to India’s pipelines and transport corridors (Mubarik, 2017), as well as the China-Pakistan corridor as a mechanism for “regional integration and peace” (Khan & Marwat, 2016).

An integrated trade zone with preferential terms clearly opens an expanded market. Such market already exists to a certain level, for example with regards to Iran’s automobile industry. However, systematic trade preferences deepen such advantages. If we take just a simple four nation model, as illustrated in Table 4a, choosing four of the independent and assailed states of the region, we can see that a preferential trade bloc could double Iran’s market, and expand to a much greater extent the market of the smaller partners. Initial concessional allocations can largely raise peripheral
production. For example, if there were a particular efficient industry in Yemen (assuming the country were unified and stable), an integration agreement and initial concession could expand its national market of 30 million to a regional market of 172 million. This is what happened in Cuba’s Ernesto Guevara Electronic Components Complex under the ALBA. A small rural factory that supplied rural schools with solar panels suddenly became a much larger enterprise after it gained preferential access to several other countries. That factory was then able to diversify into other electronic components (Prensa Latina, 2014).

<table>
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<th>Table 4a: Four country model of market integration</th>
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Sources: Worldometer 2020 (populations); the author (concepts)

However, integration is not simply a matter of expanded markets. Inchoate regional growth may generate “powerful centrifugal forces within regions”, and thus not necessarily strengthen coherent capacity (Garzón, 2017). Further, effective leadership with shared values is essential for an economic bloc to have an advantage in agreements with other blocs and powerful states. Advantage, or weight, is needed for advantageous terms on specific and broad issues, both with more ‘neutral’ countries and with adversaries. Such principle applies to West Asia’s place in China’s belt and road infrastructure initiative (Lehr, 2018). An Indian analyst has pointed out the challenge to Washington’s
ambitions posed by Iran-China relations (Bhat, 2012); but such a challenge would have greater substance with an Iran-led West-Asian bloc linked to China.

There is the important question of strengthening shared values and the character of a West Asian Alliance, to build internal strength while maintaining a degree of openness to trusted neighbours and other partners. This also applies to industrial development. Two decades ago, UNCTAD claimed that the criteria for successful industrial clusters went further than competition and exports. Successful industrial clusters were characterised by high levels of innovation, trust, cooperation, learning and skill development (UNCTAD, 1998). Cultivation of these qualities requires more than just ‘markets’.

Both Iran and the region benefit from a counter-hegemonic regional alliance. Naturally, such an alliance pre-supposes a security alliance. This paper has kept its focus on economic issues. However, strategic concerns have always been central to the concept of a ‘resistance economy’. A Washington-based academic, while assuming that the US influence in the region is a constant, recognises that Iran’s geo-political role and its expanded trade are closely linked (Peyrouse 2014). The necessary implications of the economic integration of a region subject to repeated aggression are that (i) a certain form of participation in security guarantees would most likely be an appropriate requirement for those seeking to benefit from investment in large infrastructure, energy and other strategic joint venture projects; (ii) strategic partners (whether countries or corporations) might best be rated on levels of trust for the purpose of investment partnerships and fiscal concessions.
Concluding Remarks

This paper has focussed mostly on Iran and its independent Arab neighbours. However, Iran’s relations with the other neighbours such as Tajikistan and Afghanistan are also important issues to be investigated (Muzalevsky, 2010). Relations with Turkey, selected Persian Gulf countries and the Asian continent need not be prejudiced by the formation of a West Asian alliance. Regional integration, like industrialisation, can develop spread effects.

As the leading independent country of the region, Iran is able to chair a coalition of proven and experienced regional resistance leaders, to jointly determine priorities and cooperation in security, strategic partnerships and regional infrastructure. Such group could also coordinate cooperation in education, science, culture, social programs, industry and commerce, a coalition, which would build on existing cooperation, making it more systematic and resilient.

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<th>Table 4b: Foundations of and potential benefits to Iran and regional partners from West Asian integration</th>
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Source: the author

This paper has outlined the failed promises of neoliberalism, which moved from a partisan construction of ‘liberal’ markets, with
rigged rules, to a comprehensive rollout of siege warfare against the independent countries and peoples of West Asia. The Europeans, for the most part, have proven themselves either complicit or unable to break from the aggression driven by Washington, whose hybrid wars have aimed at keeping the entire region fragmented and weak.

In these circumstances, a decisive and distinct economic path is necessary for the future of both the people of Iran and of the region. The principles of Resistance economy, in particular the call to transform pressures into opportunities and to develop strategic partnerships, have become even more relevant in today’s world. A wider, counter-hegemonic ‘new regionalism’ is essential, and might draw lessons from the parallel experiences of Latin America; notwithstanding the distinct conditions and cultures of West Asia. Iran’s leadership of a counter-hegemonic bloc, with diverse political systems, but shared institutions, could produce rapid benefits, therefore consolidating real interests to lessen outside threats and build distinctive forms of cooperation. This is not simply altruism. Iran would economically benefit from an integrated and expanded market. A West Asian economic bloc could upgrade human and industrial capacity, reinforcing security and stability while entrenching decent human values.

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