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# Iran, Persian Gulf, the Political Economy, and its Security Strategy

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**Abstract:** *The Persian Gulf is the largest economic-political arena in Iran and the world's energy. Iran has its most benefits. Nearly all Iran's economy is connected to this sea and its activities. Examining the situation in Iran and considering this situation in strategic policies and using the regional geopolitical situation of the Persian Gulf are under the effect of some factors. These factors include oil and gas, Hormuz Strait, the commodity market and transportation, the presence of Western governments in military and security form, Historical identity conflicts, America's creating problems towards Iran's interests and its fear of Iran's development goals and the fear that Iran may be a super power. The ultimate goal was to focus on the analysis of the state-oriented approach towards security and military issues and, especially the political economy of the Persian Gulf for Iran. The method of the study was library and analyzing the available documents, which was finally confirmed. The governmental approach to the Islamic Republic of Iran was necessary for a military and security regime to protect its interests and to use these resources in development, advancement and economic independence.*

**Keywords:** *Persian Gulf, Political economy, Security strategy, Iran, Development*

## INTRODUCTION

As a historic canal, the Persian Gulf has been the crossroad of great regional and trans-regional powers. Moreover, in many cases, the struggle of the great powers and their regional successors has always been observed in this sea.

This shows the domination of colonial powers and the looting and plundering its resources. It is a unique region concerning ecological and environmental culture. It has only 8 coastal countries with huge reserves of gas, accounting for 63% of the world's energy, and the Hormuz Strait has increased its geopolitical and strategic status. The role of this sea in Iran's political economy is so high that its security for gaining interests and the approach of statehood to protect these interests and issues of Iran is very significant. Moreover, the presence of stakeholder countries (America, England, and so on) has added to its significance in the international system. However, the significance of this sea cannot be ignored in political, military and security issues. What is more significant today is to know which aspects of the capabilities and potentials of this waterway have been considered and endorsed by the Islamic Republic of Iran. Moreover, documented and analysis studies shows how the waterway could be an area for economic, commercial or symbolic cooperation between different governments regarding their trans-regional, especially security interests.

## **Persian Gulf and political economy of Iran**

### **Political economy**

World War I in 1914 and the crises of 1919 and 1929 paved the ground for more and more state intervention in the economy. Applying economic policies became increasingly prevalent to confront “public poverty” and “economic recession.” Finally, with World War II (1939-1944), there was a greater context created for increased government interventions in economic activities, so that from the middle of the twentieth century, though with differing degrees of liberal capitalist economic system, liberal economic system in the capitalist countries was completely replaced by regulatory capitalism.

However, traditional liberalism and the Chicago School had introduced government intervention as the source of all economic problems. Moreover, socialism had agreed to publicize ownership and place it in the hands of the government, which could regulate a widespread economic plan and enforce it if necessary (Azimi Arani, 2009).

However, if we know the economic policies in the international arena as a follow-up to economic policies within countries, the result will be the further involvement of leaders in each other's internal affairs. Additionally, this is precisely because the behaviors and consequences of economic decisions of governments are not constrained within the national borders, showing the significance of deciding on more economic issues that must be done considering the international situation.

Nonetheless, the Islamic economic system is based on 5 axes extracted from Islamic law and regulations: 1) Mixed ownership, 2) the true existence of the individual and community, 3) economic freedom in the limited frame, 4) state intervention, and 5) social justice (Mohtasham Dolshahi, 2008).

The two basic principles of social security and social balance further clarify the notion of social justice in the Islamic economic system, which the overall plan of generalization is the mutual responsibility of the members of the Islamic community to each other. Moreover, in the protection of sustenance, it is the duty of the state to provide adequate living and livelihoods for the people of society. This provides the contexts with fixed and variable verdicts according to the temporal and spatial needs. (Namazi, 2008, p.p. 33-35)

### **Persian Gulf in the light of the theory:**

In the Persian Gulf region, the second feature of the Barry Buzan's model can be exploited (Barry Bozan, 2008) ; i.e., the models of friendship and hostility in the region. This is because of the territorial disparities of the countries of the region, such as the border dispute between Iraq and Kuwait, the dispute between Kuwait and Saudi Arabia (over Qaruh Islands), the dispute between Saudi Arabia and Qatar over the border areas, the disputes between Bahrain and Qatar over Hvar Archipelago, and the dispute between the United Arab Emirates And Oman area Diba region in the Persian Gulf. In some cases, these disagreements have led to tensions among the regional governments .The military conflict on the Saudi Arabia-Qatari border 1992 - A study of the dispute between Bahrain and Qatar 1998 in the International Court of Justice (Mojtahedzadeh, 2001; pp. 12, 14)

### **Security arrangements in the Persian Gulf**

Thinkers and scholars have presented some theories for security arrangements according to the conditions of the Persian Gulf.

Concerning the security of this sea, three theories and models in international security can be considered given their status.

- A realist competitive policy or the traditional model
- Hegemonic model
- Participatory security model

According to the realist's competitive policy, based on the evident and secret military threats, one cannot ignore the sovereignty, national interests and security concerns of other actors. In this model, there is a multipolar combination of countries with fluid and temporary profit and loss relations changing over time. In

this model, most of the logic of the equilibrium is accepted. Overall, no countries are considered permanently as friends or enemies. This model is better in today's world because of the inability to build confidence and gain common interests. This is because both the power of the actors is different and the political-ideological, cultural and military goals of different countries vary across one another.

#### **Hegemonic model:**

This model is designed based on the overcoming of the interests of a set of countries over the other ones and the operational application of military and economic instruments for the application of deterrence policies. Nowadays, this model has also been used to counter the proliferation of nuclear weapons, with a social approach to dealing with non-aligned countries. (Mahmoud Vaezi, 2006).

This model involves preventing technology transfer, the prevention of access to weapons of mass destruction and accurate and even conventional guided weapons. In this model, the defense method is based on pre-emptive attacks and reactive actions, or complete defenses of deterrence and pre-emptive attacks. The hegemonic bases and model are gaining interest and negative competition.

#### **Participatory security model**

The prevailing thinking over this model is the acceptance of restrictive mutual obligations regarding military capabilities. In this security regime, there is a participatory perspective for friends, allies and enemies who will accept the same technical limitations on their behavior. This is possible despite the existence of mutual mistrust. In this model, security guarantees are created by making some selections unacceptable, whose aim is to gain domination over rivals. However, this model is not a saving set for any regions and its weakness is that the provision of equally threatening international relations is impossible. Regarding this, different theorists of international relations have expressed their views on this region. Given the changes and conditions of the region and the role of different countries, they have presented different methods of creating security in this area, such as attention to the security set with the presence of all countries without the intervention of the West and non-regional governments. This case should be considered by the regional governments of the Persian Gulf to protect the interests of the region and prevent the confrontation with Iran as the only trans-regional power in the Persian Gulf, on the one hand, and the reduction of the costs that the West has placed on the people of the region, on the other hand. This seems somehow tough because of the strategic interests of the West in the region.

#### **Historical factors:**

##### **Old era:**

Persian Sea has existed from the Ancient Period and from the Achaemenid, Parthian, and Sassanid Periods and has continued until the Arab conquest of Iran. The Persian Gulf is considered as the domestic territory of Iran.

Standish wrote that "If we look at the old borders of Iran, we could see the four seas - the Black Sea, the Red Sea, the Caspian Sea, the Persian Gulf (Oman) –which were parts of Iran's internal seas" (Political Journal, 2006).

And then Zangians, Qarmatians, Al Boyah, Atabakan, and Malik Hormoz ruled it (Political Science Association, 2006).

Le Thog Hartisan, who visited Hormoz in 909, wrote that:

"Sometimes more than three hundred ships from different countries gathered in this city. Almost 400 businesspersons lived in this city. Homoz trading was more pearl, silk, jewelry and spices".

It was this great wealth and centrality that made Portuguese and Albuquerque to get the idea of capturing this city. During the Ottoman-Iran war in the Persian Gulf War and the Turkish domination over Al Qatif in 957 and Muscat in 960, the same Portuguese with the friendship of the Iranians were able to extricate the Turks from Al Qatif, Southwest coast of the Gulf. They removed the Turks with their defeat from The Persian Gulf and thus the Portuguese dominated Hormoz. Later, with the help of the British, Iran defeated

Portuguese in 1026, when the Dutch, German, and Russians had already gone to the Persian Gulf (Abdol hossein, Political and Economic Relations in the Safavid Period).

Finally, with the discovery of oil in Iran in 1908 and the beginning of its consideration as a strategic and significant military element, it became the source of British warships.

The British took many actions to maintain their position in the region.

1. Establishing supported states (Bahrain) of Khuzestan (Sheikh Khazaal), which the parliament opposed. It was only the 1299 contract between England and Russia that left the creation of undercover governments. With the reign of Reza Shah and the formation of the army as well as buying the first Persian Gulf warships and several helicopters after years of weakening and avoiding issues in the region, Iran returned to its security. The number of Iranian forces in 1941 reached 127,000, which happened in 1939 by adopting the law of the system of duty during World War II. Once again, the strategic significance of the Persian Gulf has emerged in the battle of hostile groups during World War II. Eventually, with the weakening of England in the region, and exiting the Persian Gulf and the false English referendum, Bahrain was virtually isolated from Iran in 1971. However, during this period, America was the supreme power in the Persian Gulf and considered Iran as the region's gendarme in the bi-column Nixon-Kissinger policy.

### **Second Pahlavi Period**

As a strong force, Iran was selected as the region's gendarme. In April 1965, the Iranian government announced that it will pay more attention to the Persian Gulf region in military operations since then. Moreover, in the fall of the same year, the Iranian parliament passed a law, based on which, about \$ 400 million was allocated to the reinforcement of the armed forces. A significant contribution was devoted to the formation of an effective naval force.

Furthermore, a naval base was built in Bandar Abbas (Homayoun Elahi, p.95).

### **Islamic Revolutionary period**

#### **First stage:**

The significance of the Persian Gulf in the political economy of Iran after the Islamic Revolution became more sensitive and deeper. It has different reasons. On the one hand, with the Islamic Revolution, the regional order in terms of international relations underwent some changes in Iran.

Regarding the external aspect, leaving the security guard of the region (region gendarme), Iran forgot about the security strategy of the region and decided to exit the two-column policy and issued the Islamic Revolution to other countries of the Persian Gulf, most of which were kingdom, causing a vacuum of security in the region. Thus, the trans-regional states of the Persian Gulf, despite having interests, decided to act by themselves and establish security and control their regional interests and interfere in the security of the region.

#### **Second step: Security of the Gulf**

The fear of exporting the revolution to other Islamic countries of the region and the panic of the pro-Western governments and the existence of trans-national monetary and exchange reserves of the Persian (Arabic) Gulf countries was another factor for the Western opportunists (trans-regional powers) to plan for the region in the light of the regional disputes they themselves have been creating for centuries.

Among the other significant factors having global significance in the region are the arm competition of the countries in terms of the power balance, competition in the distribution of oil and gas and natural resources of the region as the primary cheap source for the developed countries of the region as the market of sale of western products.

At the onset of the first Persian Gulf War (Iran and Iraq), Iran destroyed the Iraqi navy at the beginning of the war (in pearl operation) to protect its interests and prevent the enemy from gaining the full potential. The escort of merchant ships, carrying more than 95% of the country's oil exports from the sea, and the phenomenon of piracy in the Gulf of Aden, with a distance of 3,000 kilometers from 2001 to 2016 continued.

The establishment of the Persian Gulf Cooperation Council, most of which was in opposition with Iran to prevent the issuance of the revolution in the land of their countries, was formed by the formation of an Arab-coordinated army and in 1981 the Persian Gulf region was progressing towards security. However, nowadays, despite deep divisions among the members of the Gulf Cooperation Council, it virtually turned into a weapon in the hands of Saudi Arabia to play the role of a great brother.

#### **Inner dimension**

After the victory of the Islamic Revolution, the dependent structure of the country's economy showed its true part. The bankruptcy of the banking system was the first predictable reaction of the patient's economy and critical affairs due to excessive payment of credit and a sharp withdrawal of capital from the country.

With the onset of insecurity and its being felt, the capitalists sold their movable and immovable capitals and production institutions were closed down.

Economic sanctions by America and other Western countries exacerbated the problems after the revolution, and the economy was constraint more under pressure from both sides. Firstly, Iran's oil was left with no buyer and reduced from \$ 18 billion in 1979 to \$ 11 billion in 1980. On the other hand, due to the lack of timely supply of raw materials for parts and machinery needs, the affiliated industries were badly affected.

#### **War and defense**

The cost of the war after 1980 during eight years of defense led to increase in prices and a dramatic increase in capital-adjusted some policies (Ebrahim Razzaghi, 2009; p. 25).

War expenditures incurred due to many destructions: up to the end of the fifth year of 1985, it amounted to about \$ 309 billion, and the cost of the armed forces of the Islamic Republic of Iran in 1986 was 1/3 of the budget, in 1987, it was 1/4 of the budget, and 1/3 of the currency facilities (Keyhan newspaper, April 5, 1987).

#### **Post-war stage**

After the war, the reconstruction of the army and equipping the Revolutionary Guards drastically increased the military costs of Iran, so that in the first post-revolution development program, military and defense expenditure and defense boost increased by 32% and in the second-generation program received 26.3% of the current budget expenditures.

The support and escort of export goods and shipping interests of the navy have been done by naval forces of the Islamic Republic since the war years, especially since 2001, which included the sea routes of southern Iran for 2043 km. The Islamic Republic of Iran's shipping line had 107 ships by 2003. In March 2009, the number of ports was 153 berths, their lengths was 27,500 meters, and the number of registered vessels (oil and non-oil) reached 7913 until March 2009. In 2016, Iran had the most functional sea ports in the area with well-equipped docks and 5 star amenities for international engineering and welfare services. Nowadays, by building a variety of torpedoes, fast boat equipped with weapons, submarines, advanced destroyers equipped with a variety of effective defensive and deterrent weapons, the Navy of the Islamic Republic of Iran is the most powerful naval force in Southwest Asia with interior logistics.

The Persian Gulf is significant for Iran due to the following reasons:

1. Native aquatic species
2. Various mines in the Persian Gulf
3. Tropical forests are the most beautiful source of tourism attraction in the Persian Gulf.

#### **Persian Gulf region and the new approach**

##### **1) Shield of the island**

Conservative Arab leaders of the Persian Gulf claim that the fear of nuclear Iran has forced them to create a new defense structure called the Shield of the Island. "The Shield of the Island" is an advanced stage of the military structure of the Co-operation Council, whose purpose is to defend the interests of the members of the safe navigation and protection of the sensitive area of the Strait of Hormuz, said a senior military officer in Kuwait who has served as an advisor to the Ministry of Defense.

Since his assuming power in July 2013, President Rouhani has always raised the issue of reforming relations with the Arabs as a strategic priority.

However, at the same time, the Arab countries of the Gulf region have become the main cause and source of many security threats throughout the region, and have contributed to the persistence, which have continued the presence of the West, especially the United States, for at least the past five years.

Especially since President Obama's diplomatic engagement with Tehran and the resolution of the Iranian nuclear dispute, they have shown opposition towards the White House more than ever. Although Washington does not consider anyone to have owed it. In just one instance, Vice President Joe Biden explicitly referred to these interventions and dangers in July 2016 (Moslem Matin, 2014).

(Moslem, Matin stated that the storm signs in the Persian Gulf are becoming apparent without being aware of the level of readiness of the United States.

Friday, December 26, 2014 (Moslem Matin, 2014).

Written by Moslem, Matin <http://khabar.online.ir>

## **2) The New British and American Approach in the Middle East (beyond the region)**

Some analysts consider London's decision to have acquired a permanent military base in the Persian Gulf, which have deployed large-scale warships to the area as a kind of change in British politics due to the horror of the events in the Middle East.

In fact, the English government has defined focusing on issues such as terrorism, insecurity and instability, transnational crime and weapons of mass destruction as the key priorities of its foreign policy. According to this country, in the present situation, the main issue is the stabilization of the political and security situation in the Middle East. The British government is currently working to prevent fundamentalist growth in the region and to maintain its authoritarian allies in the Persian Gulf region.

However, at the 10th International Conference of Manama, British Foreign Secretary Philip Hammond on December 6, 2014 stated that Britain's returning after 45 years, announced the establishment of a permanent base in Bahrain.

It is predicted that the site will be operationalized in 2016.

Its form has changed from traditional into a smart presence with facilities that make them more affordable. These facilities include defense agreements - periodic exercises with regional armies, the acquisition of appropriate points for transport and the sudden dispatch of force at appropriate times.

According to British analysts, it insists on increasing its military presence due to a storm of social and political developments that have swept across the region since the start of the Islamic Awakening.

Britain's former ambassador to the United Nations, Sir Jeremy Green, has argued that denying ISIS advance to the Persian Gulf is the main motive for increasing Britain's military presence in the region.

- Energy security is another significant issue making marine security in the Gulf, the Strait of Hormuz and the Indian Ocean essential for Britain.

Qatar has turned into the most significant supplier of British natural gas, and with increasing energy demand in Britain over the next decade, the significance of Qatar as a UK partner in gas exports is increasing.

Another reason is the US's focus on the Far East (Asia-Pacific Ocean) and reducing its presence in the Middle East. Thus, Britain wants to take part in a new approach to return to the east of the Suez Canal and, having its military presence in the region, take a part of America's security responsibilities. Here, the presence of Turkey and Russia in the Persian Gulf, for creating a military base, should not be ignored due to the disagreement between Qatar and Saudi Arabia.

### **The next reason**

The kingdom countries of the Persian Gulf, which consider security equal to the presence of foreign powers, considered Obama's foreign policy have focused in the region as a vacuum of power in the Persian Gulf. With

further cooperation with the British and French and the Trump governments, buying conventional and unconventional weapons from the West, attacking Yemen, supporting the ISIS, and the efforts to disassociate the region deeply affected security issues and imposed huge human and financial losses on the people of the region.

England's policy is to support the Arab sheikhs of the region. The British government is one of the major exporters of arms to the suppressive governments of the Middle East. The British policy toward Iran has been a function of American policy. While maintaining its close relations with the Arab countries of the region and concluding military and weapon cooperation with them, England gives the message to these countries that Britain is committed to security and relations with its Middle Eastern friends (Middle Eastern English policy) from Independence to dependence on America.

(Review group, 2016)- (www .far news.com Outlook No. 139403030000364May 24, 2015)

**In the present analytical-library study, different results have been identified and summarized as follows.**

### **Findings Research :**

### **Conclusion: the paper proved that:**

- 1) The presence of foreign governments in the form of security has had a direct effect on the prices of goods and raw materials, especially oil and gas (creating competition in their favor)
- 2) There is pressure from trans-regional countries to affect the region and to provide a place for the withdrawal of competitors from the scene to the dependent countries of the region.
- 3) The divide and conquer policy of trans-regional governments has been used in the region in line with their goals, which has proven detrimental to the security of the region.
- 4) Iranian phobia due to the Islamic Republic of Iran support of the free movement as a constitutional principle in support of the oppressed to undermine the regional status of Iran and preventing its development and progress, and concluding an alliance with the countries of the region by America and its allies have been considered.
- 5) Creating obstacle in the implementation and conclusion of regional treaties with the participation of all countries in the region, especially Iran, is an American-backed strategy in support of Israel.
- 6) Iran's opposition to usurper Israel and the supporting Muslim nations are the causes of the opposition and hurdling of the West and the region Arabs, and Iran`s remaining alone in terms of its support against the supreme powers.
- 7) The security approach in the Persian Gulf is a function of the governments' perception towards their interests in the region.
- 8) The presence of transnational countries for reasons somewhat hidden behind the logical issues of protecting their interests have been another reason for the security of the region.
- 9) The reasons for trans-regional countries to visit the region during the history: 1) trading 2) defending colonies and its development and interests, 3) prevention of piracy, 4) supporting business partners, 5) fighting terrorism, 6) security alliances, 7) gaining more benefits (market for selling goods and supplies), and 8) presence in the international arena.
- 10) The weakness and selfishness of the governorates of the region and neglecting other states of the region despite common cultural and economic interests have become so obvious.
- 11) Gaining more benefits will strengthen the military and development of the country and the success of the survival of their rule as a necessary.
- 12) The lack of a security model that would benefit the interests of all countries and their trust in the region in terms of closeness and positive interaction in international relations.

- 13) The region is not considered just as a geo-strategic waterway for Iran. This waterway is the continuation of Iran's territorial plateau, and the country's life is tied to 95% of its exports and imports. Thus, any country's meddling there, under any circumstances, would be unbearable.
- 14) Iran tries its best to ensure its security, which is why it believes in creating its collective security by the countries of the region, with no involvement of trans-regional countries.
- 15) The friendship and hostility approach has created the positive or negative national-level orientations in the region.
- 16) Following the principle of balance of powers in the region has overshadowed the peaceful approach against the invasive and negative attitudes in the region.
- 17) The existence of different types of government practices (monarchy, democracy, secularism, Zionism, Islamic Shiite) in the region has created the ground for classifying and diversifying the ideological and religious perspectives and pessimism in the region.
- 18) Moreover, linguistic, cultural, natural resources, population, and land area differences have been among the other elements of governmental approach in the region (dependence, independence, or convergence).

### **Result:**

The Persian Gulf has one of the world's largest energy sources of oil and gas and the supply of energy to most of the industrialized countries is through the trade of these resources by the marginalized countries. The approach of these countries is to provide its economic benefits to direct supply or investment of developed subregional countries. The presence of investor countries over time provides cheap resources and keeps competitors out. The small countries of the region have been affiliated with the industry and influenced by their power. The factors suggested in the research reflect the security approach in the Persian Gulf, which is a part of the perception of the regional governments over competitors and the influence of investor power and its resources and the research hypothesis is confirmed. There is a lack of a security pattern to serve the interests of all countries. The Persian Gulf region is threatened.

### **Appreciation**

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