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INTERNATIONAL SYSTEM AND FORMATION OF DEVELOPMENTAL STATE: A CASE STUDY OF THE ISLAMIC REPUBLIC OF IRAN

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ABSTRACT

The success of Developmental State in East Asia, particularly in Japan, South Korea and Malaysia, once again has proved the role of state in the process of development and shed light on the weakness of neoclassic theories in their emphasis on the role of market as a balancing force. One of the necessary variables for the formation of a developmental state is the international context. Like many states in East Asia, the path toward development in post-revolution Iran seems to be through the formation of developmental state in the context of the existing international system. But the reality is something different. Therefore, the objectives of the present paper are: 1 - to study the relationship between the international context and formation of developmental state in Iran; 2 – to study the role the United States in the process of formation of developmental state in Iran; 3 – to study the means the US has employed to block the formation of a developmental state in Iran; and, 4 – to study role of Iran’s foreign policy behavior in the formation of developmental state. The hypotheses of this paper are: 1 - the international context has turned itself into an obstacle in the way of formation of a developmental state in Iran; 2 - the hegemonic status of the United States in international system has turned into a major obstacle to formation of a developmental state in the Islamic Republic of Iran; 3 – The US has imposed diverse political and economic obstacles, limitations and sanctions on the post-revolution administrations to block the formation of developmental state; despite Iran’s attempts to adjust some of its foreign policy behaviors from 1968 to 1984 with the norms of international system, the existing international system did not take favorable measures. The findings of the research sustained all the three hypotheses of this study.

Keywords: *Developmental State, International System, Islamic Republic of Iran, the United States of America*

INTRODUCTION

One of the effective factors regarding the formation of developmental state is the availability of the international contexts. This variable, along with other variables such as the development elite, efficient bureaucracy, and relative independence of the government, has a considerable share in the formation of a developmental state. On this basis, unlike the Dependency Theory that sees underdevelopment of peripheral states in their relations with the imperial core states, and unlike the classic theories that have confined their attention to the internal issues of states thus ignoring effective external factors, the role of international variable is very important in the formation of a developmental state. With the emergence of the industrially developed states, specially the United States of America and European countries, the process of the formation of international institutions and organizations after the World War II, on one hand, and their interaction with the member states, on the other hand, have brought about the development of these states in many cases. Although there are criticisms on their performance, in the majority of cases these interactions have paved the way for their development. The developmental states in East Asia are good examples for these interactions. Colonization of Korea and Taiwan by Japan had a great influence on future development of these two countries so that Japanese technology was transferred to these countries in the period of colonization, even until now. In other words, Japan helped agricultural development, industrialization, development of bureaucracy, formation of institutions as well as

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accumulation of wealth and human and material capital during colonization, although it was not a result of its good intention. Moreover, the political, economic and military aids of the United States to these countries in the Cold War context were also important. Malaysia and Singapore enjoyed such advantages as well. After World War II the United States opened its markets to Japan, South Korea and Taiwan to help the promotion of the developmental states. At the same time, the US tolerated their extreme strategy of supporting domestic products. However, post-revolution Iran's situation in international arena was quite different from the developmental states in East Asia. This is because a revolutionary morale ruled in Iran and sought its mission beyond the national borders. Basically the new regime had defined its ideal as fighting the political, economic and cultural hegemony of the United States. On the other side, the United States used all ways and means to fight the new revolutionary ending up with sanctions and creation of various obstacles. On this basis, the central question of this paper is this that "What are the international obstacles to formation of developmental state in the Islamic Republic of Iran?" In response to this question, we have studied four administrations after the revolution, i.e. Transition Government and the administrations known as the Reconstruction, Reformist and Fundamentalist. Each administration in some way has prevented the formation of developmental state in post-revolution Iran. We have tried to provide response to the central question of this paper by using the theory of Constructivism as a theoretical basis.

Theoretical Framework

Constructivism is one of the theoretical frameworks for studying and analyzing the behavior of players in international system. The theory says normative structures, at least as much as material structures, are important in the formation of foreign policies of the states. The system of beliefs and common values are structural in nature and they exert influence on the interactions and behaviors of the states in two ways. First, it is the systems of meaning that define and clarify how states explain about their material environment, i.e. material resources and capacities and capabilities of the states that form their interactions and behaviors and they become meaningful in the context of common knowledge and wisdom that the states share. Second, the normative structures form the social identities of states in international system. The norms and the institutionalized system of meaning in international system and in domestic societies clarify the social identities of the countries and the interests strengthen them while forming their interactions (Dehqani, 2012).

Constructivists place emphasis on the interaction between the international politics and domestic politics that constitute the international community in the process of interaction (Azqandi, 2012). Transnational norms are the inter subjective approach based on value on appropriate behavior that share commonality with regional subsystems among states and take their roots from interstate organizations and NGOs that serve as norm creators. The influence of international norms on foreign policy, that takes place through transnational sociability, is due to the fact that states are worried about their international credit and prestige not only as allies or trustable partners in negotiations, but also as reputable members internationally (Dehqani, 2012). Constructivist theory places emphasis on agent-structure relations. The structure is the same as international community coming from the interaction between domestic politics and international politics and the agent refers to the government as the most important political unit in clarification of international conflicts. Agents shape the structures with respect to the norms, values, rites, traditions, and procedures and the structure coming from these variables will be responsible for meeting security demands and preserving survival of the world community (Azqandi 2012).

Therefore, the most important factor and independent variable that determines the foreign policy behavior of the Islamic Republic of Iran, is the inter subjective expectations on appropriate behavior, i.e. national and transnational social norms that the country is facing with. The transnational norms cause and explain identical behaviors of the country as well as behavioral distinctions and differences in international level. On one hand, the Islamic Republic of Iran shows similar behavior in identical international normative structures, and on the other hand, it causes diversity and behavioral differences since international norms are formed in international situations, particularly in the course of different regional situations (Dehqani, 2012). A revolutionary country like Iran, acts upon normative-static factors in pursuing its foreign policy goals (Ajami, 1988). Based on constructivist model of foreign policy, the common inter subjective norms

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in domestic and international levels shape the national identity of Iran that call for certain national role. These national roles in turn, clarify certain national interests that steer foreign policy of the Islamic Republic of Iran and shape its behavior. Therefore, this model will help us study the influence of intellectual and ideological structures like ideology and world view on the foreign policy of Iran and clarify the status of non-material resources and interests in the foreign policy of the Islamic Republic of Iran (Akraminia, 2013).

In view of agent-structure factor, this paper, on one hand pays attention to the behavior of international system as structure in comparison with the behavior of the Islamic Republic of Iran as agent – that Constructivist theory emphasizes – and sees how the policies adopted by Iran has faced reactions from the international system and this has brought about a period of tensions and limitations. On the other hand, we will use the theory of Constructivism to see how intellectual and ideological structures have influenced the foreign policy of the Islamic Republic of Iran. Similarly, we will study the role and status of interests and resources for the non-material power in foreign policy. In this sense, the type of response of the international system to Iran and the pertinent obstacles will be interesting.

International Contexts for Developmental States in East Asia

In order to understand the impact of international conditions on formation or promotion of the developmental states better, we will have a short glance on the course of action in East Asian states. This can serve as a basis for the analysis of obstacles to the formation of developmental state in the Islamic Republic of Iran. In this connection, the support or lack of support by the international system and the role of the United States as a hegemonic power can be a supporting or deterring role. One of the most important factors behind development of South Korea and Taiwan was the considerable US supports during the Cold War. As a matter of fact, after disunion, South Korea was seriously subject to Communist threats from inside and outside and Taiwan felt the threat from the Communist China. Therefore, US's East Asian policy paid prime attention to supporting these two countries and consequently granted political, economic and military aids. To prevent the increasing power of Communism the United States had to expand a security umbrella on these countries to help their economic development as successful models against Communist model on one hand, and eliminate Communist movements in these countries on the other hand. In between 1973-1969, South Korea received aids worth 4/2 USD from the US. Some 70 percent of South Korean imports, i.e. 80 percent of the fixed capital of this country, from 1953 to 1962 were based on US financial supports. In sum, US granted a total of 13 billion dollars in economic and military aids to South Korea. The United States still has 25,500 soldiers at service in South Korea. Also the South Korean government implemented land reform successfully upon receiving technical consultation from the United States (Delforouz, 2014). In the case of Taiwan, the United States used this country as the frontline in its fight against Soviet Union and Chinese Communism in between the years 1950 and 1960. In this connection, US economic and military aids to Taiwan played key role in its development. First, Kuomintang government accomplished land reform program with the US technical assistance. Second, the US guaranteed the survival of Kuomintang government in the hard years after the World War II. US financial aids also resulted in increased consumerism in the turbulent years after war (Amsden, 1979). Singapore basically lacked domestic capital so it was interested in attracting foreign direct investment from the beginning. Singapore was in the circle of capitalist countries because of suppressing the Leftist groups. The country created desirable political, economic and institutional grounds to turn into the heaven of foreign investors. Therefore, the United States and Western states, with their priority to prevent the spread of Communism, established closer relations with Singapore, so it became the largest country among the developing states to attract foreign direct investment (Delforouz, 2014). Malaysia put atop its agenda attracting foreign direct investment most particularly after coming to the power of Mahathir Mohamad. In the meantime, the capital rush from Korean and Japanese companies played key role in the rapid development of Malaysia. In other words, Malaysia used the same model of Japan and South Korea as a later example of developmental state toward all-out development (Ibid, 215). The important point in all the above-said occasions is this that those countries maintained close political and security relations with the United States despite their special political systems. As a matter of fact, the

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50s and 60s were the ages of the dominance of industrialization discourse based on replacement of imports and supports. The developmental states consequently tended toward external economy and exports. First, they adopted the policy and second, they extended their supports gradually to the domestic industries (Ibid, 217).

International Obstacles to Formation of a Developmental State in Islamic Republic of Iran

The foreign policy of the developmental states in the developing countries is of special significance. In this sense, such a policy serves as a bridge to the world of capital and technology. The developmental state is obligated to provide the regional and international contexts in their strategy toward development. In this connection, we can deduct that the macro scientific strategy in foreign relations conforming to the realities of the country and the world can provide appropriate framework for using production factors of other countries and for presenting and marketing domestic products in other countries (Behkish, 2001). All developmental states have created organizations to attract foreign companies and capital for their development such as Botswana, South Korea, Taiwan, Singapore, China, Indonesia, Thailand, and Malaysia (Leftwich, 2005). Historical surveys show that developmental states have been formed before coming into effect of foreign and national capital. This enables the developmental states to play more effective roles in development (Aqaei and Akbarian, 2011).

Such countries as Iran which seek international identity, and on the other hand, show unconformity with the existing patterns, face coordinated reaction of the international politics. Evidence shows that big powers and regional actors do not pay due attention to adopting unilateral pattern in their confrontation with Iran. They prefer to follow up the bilateral issues through international or regional organizations. In the meantime, American players stress on unilateralism in its approaches but this will be realized when the efforts by international and regional organizations yield no result (Mottaqi & Poustinchi, 2011).

Iran's position after the revolution had fundamental differences with the post-World War II situation of South East countries. Iran's anti-US policies and its initiative for the unity of Islamic Umma brought into conflict the dependent Arab states in addition to the US and Western states (Delforouz, 2014). The Islamic Republic of Iran in its foreign policy maintains value system based on Islamic principles and doctrines that can exert influence on its behavior and foreign policy. When a large number of values are presented in a network of cause and effect, they show a sort of connection, coherence and order that depict system of values (Rafi'pour, 1999). This system of value is sometimes conforming to the international system, sometimes not. If we consider the most important characteristics of Iran's foreign policy in its Islamic and revolutionary nature, the Islamic Iran's foreign policy will have challenges with the structure of the international system. An analysis of Islamic Revolution in macro level shows that Iranian Revolution took place in clear contradiction with the international system and presented norms and values that were in open contradiction with interests of the big powers supporting status quo. Some values were independence, freedom, justice, the right to determine the country's destiny, unity of the oppressed people across the world, wakefulness of the Muslims, legitimacy of the deprived nations, truth-seeking, cooperation and collaboration, as well as fight against hegemony, oppression and suppression, monopoly, foreign military bases, imperialism, etc. (Sotoudeh, 2001). Dehqani (2008) reasons that developmental foreign policy has an interactive nature and the interaction is of competition-cooperation type with limited tendency toward conflict and confrontation. Another specification of this policy is its interactive externalism and when the national development model is based on exports, this specification is more outstanding. Peaceful coexistence, détente policy, confidence building, multilateralism in world and regional levels are among the principles of developmental foreign policy.

The Islamic Republic of Iran built its foreign policy based on the principle of No West, No East in order to advance its policy of independence and no dependency on East or West. Therefore, Iran placed itself in none of the bipolar structures that had been already formed in the Middle East. Joining the either pillar of power was only possible in 80s because the bipolar system and the Cold War were flexible to some extent and there was no serious competition between the two superpowers specially on the Middle East (Haji, 2005). Whereas the developmental states applied their foreign policies for the economic development, in Iran Islamic norms and values played the key role in its foreign policy. In other words, Islam constitutes

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the ideological discourse in foreign policy of Iran. It is in the context of this ideological and ontological discourse that the fight against Great Satan, supporting the oppressed, and demand for justice become the principal pillars of Iran's foreign policy (Dehshiri, 2008-9).

In order to understand the international obstacles better, we will study four periods in each of which, depending upon domestic and international conditions, Iran has faced international obstacles toward the formation of developmental state. By domestic conditions we mean adoption of policies and strategies in Iran's foreign policy and by international conditions we mean the type of confrontation and reaction of the international policy toward Iranian domestic policies.

First Period (1979-1988)

This period marks two realist benefit-oriented and value-centered discourses. The realist benefit-oriented discourse gained relative dominance on Iran's foreign policy in the Transition Government and Bani Sadr Administration. In view of this discourse, the foreign policy of Islamic Republic of Iran had to be regulated based on the national interests and all capacities of the country should be employed to that end. Therefore, national interest was prioritized over the Islamic expediencies, so that Islam and the world of Islam had to be utilized in line with realization of national interests (Dehqani, 2012).

Upon the exit of the Transition Government of Bazargan from official scene of politics, the idealist revolutionary forces took the power and from that time the idealistic and radical tenets gained momentum in Iran's foreign policy and Islamic tenets and principles became the dominant factors in this policy. The efforts, according to Iran's foreign policy, for realization of revolutionary culture, anti-West tendencies, establishment of international just system and taking initiatives for the export of the revolution brought about the appearance of Islamic school foreign policy (Dehshiri, 2001). The value-centered discourse in its radical form, while creating chances for meeting the transnational demands and realizing political influence, ideological unity and expanding influence in regional and international level, caused limitations in terms of meeting the national interests, industrial and technological development, economic welfare and gaining international credibility in particular (Azqandi, 2002).

Generally speaking, the most important ideological features in international arena during this period, as affected by the ideological goals of the revolution and the special atmosphere of Iran-Iraq War were: prioritizing Islamic interests over national interests; inflexibility in foreign policy; conflict with the international system; pursuing all-out independence and self-sufficiency in all areas; unconformity of national goals with the national power and capacity (Ranjbar, 2000) and opposition to the international organizations specially the United Nations as a tool for questioning legitimization of the decisions of countries possessing the right to veto.

In such a condition, the United States felt Washington and its allies' interests at risk and tried to prevent the dominance of Iran's influence. Following a number of unsuccessful attempts for staging coup against the revolutionary regime, the United States at the temptation and encouragement of Saddam Hossein imposed an eight-year war on Iran. Five months before the war, the US officials gave the green light to Saddam to invade Iran and in the meantime enjoy US supports and aids. During the war both pillars of power and their allies supported Saddam and the US was directly involved in military clash with Iran in the final years of war. It was in 1988 that the US shot down an Iranian passenger plane with 290 people onboard. Even the conservative estimation of the US experts put the losses of war imposed on Iran at 450 billion dollars (Delforouz, 2014). During the period, the United States imposed sanctions against Iran in many cases such as nullifying contracts for the sale of military equipment to Iran, confiscating billions of dollars of Iran's assets, sanctions on granting loans to Iran, preventing the export of cargoes with dual military and nonmilitary use and preventing international financial grants such as those by the World Bank to Iran (Yavari and Mohseni, 2009). In this period, due to the dominance of the revolutionary ideals, the legitimacy of international organizations such as the Security Council of the United Nations was questioned inside the country. Human Rights Commission's resolution intensified Iran's case. Despite Iran's long years of membership and its considerable shares in Bretton Woods, Washington, including the World Bank and the International Monetary Fund, due to international pressure, Iran failed to collect required loans but instead insisted on no need to their loans or guidelines. Presence in the ordinary

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assemblies of the United States and the specialized organizations such as International Labor Organization, International Telecommunications Union, World Health Organization, etc. was not serious and sensible due to economic problems (Mosaffa & Amin, 2013).

Second Period (1989-1997)

After the war, Hashemi Rafsanjani's Administration adopted a more pragmatic approach. He concentrated on economic reconstruction and more merging with the international economy. The priority of the foreign policy in this period was improving relations with the Persian Gulf littoral states, specially Saudi Arabia and with the newly independent Central Asian republics plus Russia. Of course, the government had an eye on improving relations with Europe but such a policy did not mean ignoring Islamic and revolutionary values and principles or leaving enmity with the United States. The United States intensified pressures against Iran by sticking to such issues as Iran's enmity with the Middle East peace process, Iran's support of terrorism, and supporting Hezbollah of Lebanon. In May 1993, Clinton Administration adopted the dual containment policy against Iran and Iraq that imposed sanctions against the two countries. D'Amato bill completed the sanctions in 1996 against Iran and Libya (Delforouz, 2014).

When the double containment policy was implemented against Iran, the US foreign policy agents introduced Iran as an undesirable country and a threat in international level. To them, Iran was a country that employed all ways and means to fight US interests. On this basis, signs of reduced economic and technological cooperation appeared such as Iran-Japan cooperation. US restrictions on granting World Bank loans to Iran and its opposition for the transfer of Caucasus oil to Europe through Iran were the reflections of the dual containment policy (Mottaqi & Poustinchi, 2011). Another point was this that US sanctions against Iran weakened Iran's bargaining power in its transactions and contracts. Iran had to accept the risks to overcome the impacts of sanctions (Delforouz, 2014). During this period, the US sanctions forced Iran to sell oil below the market price and buy equipment from brokers at higher prices. These imposed heavy losses on Iranian economy (Nasri, 2001). Sanctions also reduced Iran-US trade volume from 16 percent in 1987 to less than a percent. Moreover, Iran's imports from the United States reduced from two percent until before 1995 to zero level. US exports to Iran were chiefly nuclear reactors, steam boilers, cultural goods, pharmaceutical products, tobacco and machinery but after D'Amato bill US exports confined to books only (Aziznejad and Seyed, 2009).

Third Period (1998-2005)

This period is known as the Reformist Government. Despite continuation of the détente policy and introducing the slogan of "Dialog among Civilizations" and despite improvisation of relations with the European states, there was no betterment in Iran-US relations. Iran's foreign policy in this period is distinguished from the previous and next periods in certain areas because of its specific principles, goals and dimensions. In this period too, pursuing national goals was prioritized over the transnational goals. Such national goals as gaining and boosting international reputation and credibility as a logical, accountable and normal state were prioritized (Dehqani, 2012). Despite serious efforts the opponents of Iran-US relations managed to prevent any advancement in this period. During the years 1997-1999 the United States imposed sanctions on Iranian trade partners including the multinational corporations. In 2000 the law on banning Iran from proliferation of military equipment was passed and Iran was deprived of the export guarantees issued by the United States. In the tenure of Bush Jr. Administration the sanctions were intensified. Following September 11, 2001 attacks, the United States invaded Afghanistan on pretext of fighting terrorism. His administration officially announced its intention to change the regime in Iran in 2000 and in 2002 he placed Iran, Iraq and South Korea on the "axis of evil". In March 2003 US threatened Iran for many times and said it was the turn of Iran to undergo a change of regime after Iraq. Rapid progress of Iran in its nuclear technology intensified the challenges between Iran and the West. Although an agreement was signed in suspension of enrichment in Paris, the failure of the West in fulfilling its commitments made the fundamentalist 7th Parliament to obligate the state to resume enrichment. This heightened the tensions once again (Delforouz, 2014). Also, despite Iran's good relations with Central Asian republics the United States prevent Kazakhstan and Turkmenistan oil

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transport through Iran to the Persian Gulf by passing anti-Iran laws in 1997. Iran could earn 67.5 million dollars in oil swap. Additionally the United States prevented laying oil pipeline through Iran from the Central Asian republics to the Persian Gulf. In case of realization of this project Iran could gain at least 210 billion dollars per year (Yavari & Mohseni, 2009).

Fourth Period (2005-2013)

The most important development in Iran's foreign policy in the beginning of Mahmoud Ahmadinejad's Administration in 2005 was the change in the nature of foreign policy from reformist and moderate framework to revolutionary-offensive foreign policy. The two approaches were of quite different languages and literatures and still more important, the criteria for analytical reviews were very different. The 9th Government was apparently seeking universality of Islam. Its ideological approach in foreign policy under the influence of Islamic Revolution ideals was in high extremist form. In the context of reproduced foreign policy reflecting Islamic idealism, big powers headed by the United States were the arrogant powers fighting Iran in terms of Islamic glory and the oppressed people of the world not because of diplomatic and geopolitical concerns (Azqandi, 2012). In this period the fight against unipolar system and US hegemony is pursued by two strategies: 1) All-out internal fight through unilateral measures in regional and international level; 2) Boosting Iran's power and capability in all military, economic, political and cultural aspects. The fight against US hegemony was pursued in a multilateral framework and external balancing. On this basis, the foreign policy of Iran embarked on regional, trans-regional and international coalition against arrogant system led by the US. Diversification of relations with Asian and African countries, particularly with Latin American countries took place in this connection (Dehqani, 2012).

Therefore, Iran entered into a new phase in its conflict with the West. Ahmadinejad pursued offensive foreign policy. He rejected the solutions for settling the Palestine-Israel conflict that had already been approved in the administrations of Hashemi Rafsanjani and Khatami. He reintroduced Imam Khomeini's saying on Israel (Wipe Israel off the face of the Earth) and said the Holocaust was a fable to legitimize Israeli regime. He also strongly stressed on Iran's indisputable right for access to peaceful nuclear technology. In March 2006 he celebrated Iran's 3.5% uranium enrichment. The United Nations Security Council issued six resolutions against Iran in between the years 2006 and 2010. All resolutions called for preventing the transport of commodities, services and technologies believed to be of dual military and nonmilitary use, preventing new investments or technical partnership in Iran for producing prohibited goods, equipment or technology transfer, freezing the assets or real and legal entities abroad, and the like. The European Union froze the assets of some Iranian banks during the years 2009 and 2010 for three times (Aziznejad & Seyed, 2009). In the new round of sanctions with the centrality of US Department of the Treasury, intelligent sanctions (purposeful financial sanctions) were imposed in a bid to violate Iran's financial and banking system. In this connection, many Iranian banks have been sanctioned and many important financial institutions and banks of the world like three important Japanese banks, Swiss Credit reform Association, Deutsche Bank AG and Commerzbank of Germany, and British HSBS have cut or reduced their banking cooperation with Iran. Even the Chinese and UAE banks have reduced their banking transactions with Iran. During the years 2006 and 2008 the number of banks cooperating with Iranian banks fell from 46 to 20 banks. In this connection, the trade volume between Iran and EU fell down from 18 billion dollars worth of exports in 2005 to 13 billion dollars in 2006 and the falling trend continued in 2007. Due to sanctions investments in oil and gas infrastructures fell down. Oil sanction was the heaviest sanction against Iran. In January 23, 2010 the EU member states decided to impose sanctions against Iranian oil from July 23, 2010, and they did. These sanctions included Iranian oil and oil tankers insurance by European firms. The new sanctions imposed heavy losses to the Iranian economy and the national currency exchange rate for USD fell down sharply (Delforouz, 2013).

For the first time in the history of American sanctions against the Islamic Republic of Iran, serious limitations were imposed on the export of oil products (gasoline, diesel fuel, aviation kerosene) to Iran. Since the summer of 2010, a company from any country would surely find itself under U.S. sanctions if its one-time shipment of fuel to Iran was worth more than \$1 million or the overall cost of its shipments

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more than \$5 million in a one-year period. The same terms apply to any services (insurance, shipment, financing, brokerage) related to fuel trade with Iran.

Apart from these measures, the American authorities canceled all provisions loosening restrictions on Iranian imports into the United States that had been adopted at the end of the 1990s. Additionally, Washington prohibited branches and subsidiaries of American companies registered in third countries from trading with Iran. The punitive measures of 2010 also made export-licensing procedures tougher for foreign companies from countries such as the UAE and Malaysia, whose governments were reluctant to prevent the re-export of American goods to Iran. The new sanctions, moreover, reinforced previously existing measures against financial institutions dealing with the Iranian banks suspected to be funding the Iranian nuclear program (Kozhanov, 2011). In connection with the interaction between Iran and regional and international institutions we must say that in the beginning Iranian NGOs experienced relative fall in their regional and international activities, but gradually they managed to boost their presence specially in human rights assemblies. Also the private sector was put aside from the decision-making process in international and interstate programs. Participation of the women in the delegations for overseas missions reduced to some extent. Playing a role in the secretariats of the international institutions by Iranian employees became weaker. Therefore, Iran's foreign policy in relation with the international organizations and regional arrangements from 2005 until now has been under the influence of such factors as negative approach and performance of these organizations toward Iran in such issues as nuclear dossier as well as Iran's objections to the structure and performance of these organizations, in particular the US Security Council. However, presence in the international assemblies, summits and procedures in line with macro objective of exerting influence on the world issues and participation in the world governance by presenting a different discourse turned into one of the ordinary activities in Iran's diplomacy (Mosaffa & Amin, 2013).

The Need to Attract Foreign Direct Investment

UNCTAD (United Nations Conference on Trade and Development) statistics show that within 18 years starting from 1990, Iran has managed in total to collect 5/29 billion dollars of FDA whereas Turkey has collected over 145 billion dollars during the period. In this sense, Turkey held the first rank and Iran stood at the 9th rank among the 14 states in the Middle East. Also in terms of investment in stock market, Iran stood last among the 21 countries under study, while according to the 20-year Outlook Plan Iran has to collect at least 45000 billion rials investments to promote the level of technology in the country (Seyed *et al.*, 2008). On the other hand, the status of economic risk in Iran is not better than the state of investment. Statistics show that during the years after the revolution, Iran holds an undesirable rank in national risk (political risk plus risk of economic policymaking, and other risks) in the Middle East, whose risk is still higher than the other regions in the world. For instance, in 1999, Iran stood at the 92nd rank in terms of risk among 100 countries and according to another statistics Iran held the 8th rank among the selected 10 states in the Middle East (Mosallanejad, 2005).

CONCLUSION

One of the effective factors for the formation of a developmental state is an appropriate and favorable international context. This findings of this paper demonstrated that the international context was essentially favorable, but turned into an obstacle due to US attempts to forge a consensus against Iran, retarding or blocking the formation of a developmental state in Islamic Republic of Iran. Moreover, the international system, as an independent variable, not only did not favor the formation of such a state in Iran but also due to the US hegemony prevented its formation. Hence, this independent variable could not play its role in the formation of a developmental state in Iran. Since the victory of the Islamic Revolution, the United States left no stone unturned to block the formation of a developmental state in Iran. Hence it imposed diverse limitations and obstacles in the form of sanctions, intimidation, banning and blocking financial and technical assistance, foreign direct investment, etc. As a result the international context turned into an obstacle instead of being an effective variable in the process of formation of a developmental state in Iran. Iran's post-revolution foreign policy has been fluctuating between idealism

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and realism. Although the four administrations from 1968 to 1984 took some steps in conformity with the international norms to achieve détente, promote dialogue among civilizations, official recognition of the international system and the like, the international system, spearheaded by the US in particular, considered the steps not as a positive measure by Iran but as a sign of its weakness and imposed more and more limitations. As a result, the international system prevented the realization of a developmental state in Iran by adopting a confrontational approach, which hindered the formation of a developmental state. In a constructivist approach, the central motif and the driving force of an action or foreign policy behavior of a country, is not the result of various measures to attain the definite a priori objectives, but a particular behavior is adopted because it is in conformity with the common inter subjective and value-centered expectations about an appropriate behavior. Therefore, a review of various periods of Iran's foreign policy would demonstrate the adoption of policies that were in contradiction with the intersubjective norms acceptable to the prevailing international system – because Iran considered them unjust. In this sense, some foreign policy behaviors served not as a facilitator, but as an obstacle to the possibility of utilization of the existing conditions and facilities in the international system, while one of the key features of a developmental state is establishing connections with the private sector at home the international system abroad.

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