



Triangle of oil, foreign policy and international policy

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Abstract: Formation of international and political processes is influenced by different forces. In other words, any regional and international event comes into existence based on players from different forces. One of the main issues in international policy and regional security in the Middle East is the relation between oil and foreign policy. On the other hand, oil price has influenced the international structure. It indicates that the price of energy is so important for the Middle East countries that can affect the orientation of their approaches to protective policy. The more income the Petroleum Exporting Countries gain thereby, the more self-reliance they feel. While oil revenues serve as one of the main factors in formation of rentier state in realm of home policy, the rise in oil price results in more self-confidence, accountability and activism in the realm of foreign policy. Thus, when the oil price rises, its effects are manifested in the foreign policy of countries. In this way, the countries exporting strategic goods can provide the costs of their activism in regional and international environment. On the other hand, the rise in oil price affects the equation of the global political economy because the revenues from oil sales pave the way to purchase modern tools and to achieve multifunctional technologies. Iran's foreign policy after World War II has reflected such a model. [Payam F. **Triangle of oil, foreign policy and international policy**. *J Am Sci* 2021;17(9):83-88]. ISSN 15451003 (print); ISSN 2375-7264 (online). <http://www.jofamericanscience.org> 9. doi: [10.7537/marsjas170921.09](https://doi.org/10.7537/marsjas170921.09).

Keywords: Rentier state, oil-based economy, geopolitical conflicts, international structure, global growth, oil price.

1. Introduction:

The capitalist countries owe their economic and political survival to the growth processes in economic structure. When economic growth is formed, on the one hand, economic liquidity increases and on the other hand, the way is paved to transfer the funds to the peripheral countries. In the process of economic growth, the world encounters some periods of "cyclical downturn". This leads the planners of the global economy to prevent the price of economic resources, especially oil prices, to be down. Although, the increase in oil prices balances the global market, however, it has some other economical consequences for dominating countries in the global economy. Of such economic consequences, the increased economical revenues can be noted in oil exporting countries. This reflects the "vicious cycle of fear and stagnation" in the global economy.

In general, the world being integrated more through economic processes and the financial instruments becoming more expensive, many observers worry about "cycle of growth and confidence" to become "vicious cycle of fear and stagnation". But, so far it has created greater flexibility and coherence in global economic system, in of painful crises, diversity of resources and the huge volume of new investments. (Zakaria, 2009:30). In years when the global economic growth was

limited or the rate of dependency of countries was at low level in global

economy, the rise in economical resources, including the oil prices, was influenced by the equation of supply and demand as well as periodic crises. This has been formed in the era after Cold War, based on the equation of expanding the demand in the global market particularly from China, India and other newly emerging markets. In such a process, we observe a dense and relatively stable demand for economic resources, especially oil, by the developed world. It indicates that the equation of the global economy isn't affected merely by several parameters, but the new emerging economical powers have changed this process. The equation of the global economy and oil prices are influenced by the many and varied powers. In this process, the countries' need for the global economic resources isn't met without regard to the issue of energy. Gradually, the energy enforces and stabilizes its axial role in developing the global markets, and it will leave the relevant political and cultural consequences in the foreign policy of different countries. Rising energy prices has left its impacts on the major challenges of world policy and the Western ideas of the world order.

In these circumstances, America is facing the challenges related to the countries whose economic, strategic and technological power has been gained

from their oil resources. In this period, Iran's foreign policy has become more radical. Iran's political literature has been influenced by the increased revenues of the government through the oil sales, and as a result, this country is accounted for the main axis of the resistance against America's and international pressures (Holliday, 1979: 134). Such a process has also seen in other historical periods. In the mid-1930s and based on the rise in oil revenues, Reza Shah followed a new foreign policy in the form of "third force of the world". Tendency to Germany and resistance against the behavior patterns of England and of the Soviet Union is a reflection of such a process. In the 1950s, the rise in oil prices raised Mossadegh's political, economic and security demands. This led Mossadegh to resist against the global policies.

In the 1970s, Mohammed Reza The Shah of Iran utilized economic revenues from oil sales to upgrade its strategic security. This can be seen as the introduction to the formulation of "independent national policy" during the ear of the second Pahlavi. This trend also was kept on after the victory of Islamic Revolution. An initiative was done to interact with America in the context of security discussions with McFarlane in a situation where the oil price was at its lowest during the past 37 years. Theory of dialogue among civilizations and détente in Iran's foreign policy is also related to the conditions where the oil price was about \$ 20. It indicates a significant relationship between the foreign policy and the oil revenues. The trend which led the oil price to increase from 2000 on has influenced the foreign policy of many countries including Iran, and reproduced and enhanced the concepts of resistance dialogue.

2. Formation of petropolitics in international policy:

Coherence and integration of the global economy leads to enhance the importance of petroleum resources in the processes of growth and recession of economy. When the crisis spreads in the oil-rich regions, the global energy prices are immediately affected and some implications and consequences are created in the international environment. Global economy would be of little growth without international financial markets, regional commercial centers and modern industrial technology, but in the meantime, the role of natural resources in the global economy and public policy of industrial states is of special importance. (Friedman, 2009:215).

As global economic growth provides opportunities for industrialized countries to enhance their positions in international economy, it is also empowering the

challenging countries against the effective actors in international policy. This indicates that a rule so-called "alliance of conflicting forces" is emerging in the global process, because the countries earning oil revenues gain more challenging power against the constraints of international policy, an issue which now is seen also in various fields of politics and global security. The signs of such a process can be observed in different geographical areas, so that the main challenges against the security and strategic policies of America are in the regions where the petroleum exporting countries are located. These countries have gained considerable interests through the sale of energy resources during the years after the Cold War.

In this process, the growth of global economy and the enhancement of regional and international challenging forces have been interwoven. These forces are located in different geographical areas. Russia is considered the most central challenger to America's policies in Eurasia. Iran also has contested the western ideas of the world order in the Middle East and resisted against the politics of America and its allies. Also, in Latin America, Venezuela has enjoyed the challenging literature and politics. All above-mentioned countries have gained their political power and strategy to resist against America through the sale of energy (Garr and Marshal, 2005: 13).

Industrial developed countries have achieved their political and strategic authority through the coordination of interests of different classes and layers. In this process, the issue of security and the national interests are provided parallel to the interests of various layers of classes. Therefore, the traditions based on of the accountability in the domestic realm have also their effects in the international arena. They pursue the interests and the national security through the promotion of economic and technological capabilities, thus they are able to create a harmonious and organic link between the different areas of national security. Accountability in political behavior will lead to improve and promote the strategic rationality in various fields. Formation of various research institutions and different policy-making governmental groups can be recognized as the organized efforts of governments to improve the national security by creating a balance between the various areas of economic resources. In this regard, it can be addressed to the "petropolitical diamond". This diamond has been designed by Thomas Friedman as well as "Barrtner". Petroplioitical diamond is based on the equation which reveals two variables, oil price and foreign policy process, about the Challenging and radical countries. According to this approach, whenever the price of oil rises, the

Middle East governments find more authority to control the political, social, economic and security environment. When the government has self-confidence, authority and unaccountability to the demands of social layers in its domestic structure, its actions and attitudes toward foreign policy will also be relied on the radical and challenging patterns (Friedman, 2009:4). Such an approach can be considered in the conflicts common in the international policy. Although the conflicts are of unique nature, but in general, they have the same characteristics. The oil producing countries which have extensive political authority tend often to have extensive domination and control. For this reason, these countries spend a part of their income to develop their influence scope in foreign policy. In other words, such a process is performed with the aim of taking advantages of the capabilities to implement effective policies in the strategic space.

Hegemony may be dependent on the ability to make optimal use of available measures and tools. These measures can be considered an attempt to make the inferior actors obey; the actors who are dependent for their survival on the upper side. Furthermore, controlling the foreign policy can be applied based on the concepts and methods of interpretation. The actors who gain the regional power in the Middle East apply all forms of domination and control over their environment (Inkeles & Levinson, 1992: 54). So, when the oil price happens to increase, it would be possible an effective regional Government to be formed. Such government attempts to highlight the conflicts, stresses on the ethnic identity and orients its foreign policy against the existing order. This is seen in the Middle East more often than in other geographic areas. "Lack of consensus about a desired issue may lead to the emergence of a conflict. This occurs when one insists that the other party should agree with his priorities, or when one believes the other party threatens his life. Such controversial conflicts arise from the differences between religions, cultures, ideologies, values and styles of life. Such phenomena are often the basic and main reason for conflict. These phenomena are social constructs that individuals, groups and governments of symbolic systems use to define and display their experience (Chris Berg, 2007:80).

Therefore, when the countries feel threatened, they make further efforts to restore their status and power. All countries in the Middle East, including Iran are feeling threatened from their surroundings. In this regard, Islamic republic of Iran is always considering the United States as the origin of imperialistic suppression, and declares that this country has occupied the place of Britain and Russia. On the other hand, there are some indications of

growing conflict between Western and Islamic cultures. Suspicious view of Iran to the outside world and its emphasis on own itself as a victim, what the great powers wish, all results in introversion and egocentricity of this country to maintain that Iran is the focal spot of global calculations. From Iranians' viewpoint, the great powers are not controlling only the smaller countries, but they also tear each other (Fuller, 1993: 308-292). So if Iran or any other country in the Middle East feels that its security is threatened, it seems natural to apply its abilities to promote its influence sphere and to deal with threats. Petropolitical diamond shows that there is a direct link between the foreign policy and the revenues resulting from the fluctuations in oil price. Two axes are seen in this diamond: the first axis is related to the flexibility in the foreign policy and the second axis which is inversely related to the first axis represents another variable called the oil price. Evidences show that if the oil price rises, the degree of flexibility of countries in their foreign policy is reduced. This pattern can be considered in relation with different countries and different historical periods. In other words, two variables "oil price" and "degree of flexibility" can be compared in the realm of foreign policy with each other. The considerable point is that the waves of globalization lead the price of raw materials and primary sources to increase and it is something that influences the government structure and also the processes of foreign policy. Petropolitical diamond can be seen in the following diagram regarding the processes leading to the fluctuations in oil price.

Based on the above diagram, many indices Iran's foreign policy can be consider. A similar pattern to this can be examined in relation to the period before the Revolution. It is worth mentioning that parallel to such a process, there will be opportunities for the international system to be changed. In general, part of structural changes is resulting from the balance of economic revenues, and the countries' positions in multilateral interaction with each other and at the structural level.

2) Relationship between fluctuations in oil price and Iran's foreign policy between 2007 – 1970:

Although the foreign policy of countries and political units is a function of technological and economic indicators, but the structural realities have also a decisive role in this relationship. In general, the rise in the price of natural resources and raw materials was formed when there was a conflict between the great powers. In other words, any process related to the international economy has left its impacts and consequences in the international policy. And this suggests an interactive, reciprocal

and endless relationship between the economy and the international policy.

Halsty has come to this conclusion in his studies about economic indices and political processes that: “only, a few states are blessed enough with a complete variety of natural resources, food and energy in order to exploit in their economic installations. In governments’ viewpoints, business processes, financial flows and foreign aids can be effective in the position of countries. Without access to oil, the economy of most countries in the world is lacking for the growth and development. Now, the opportunities for economic exchange are created through the international economic exchanges. Disruptions in the flow of economic transactions can be resulted from all types of political purposes. The government disrupting this process is seeking to change the domestic and foreign behavior of government (Halsty, 1994: 375-7)”.

Thus, the economic indices can influence the political processes of countries such as Iran. In this regard, the oil price has played heretofore a decisive role in Iran's political climate. Mossadegh's fall can be considered as a function of economic sanctions on Iran's oil industry in the markets. If Iran - Britain economic problems about the nationalization process of Iran's oil industry was resolved, in that case, it would to be minimal the formation of political and structural instability in Iran. This also applies to other periods of Iran's political history. Studies by Gaziorsky show that Iran has had common political views with America in some parts of its history. This is interpreted as “puppet government”.

In other words, many security policies in Iran has been formed in light of Iran's oil revenues and the role it plays in the structure and the process of transporting oil to the world markets (Gaziorsky, 1998: 62).

Iran's national security policies in the 1960s were under the influence of America's economic, military and security support. Iran's oil revenues hadn't much influence on this relationship. This trend was faced with changes in the early 1970s when English forces withdrew from the Persian Gulf. In other words, in the 1960s, America's support for Iran was considered as a measure to protect Iran's national security. However, the Shah was always in an unstable situation. In 1970 (and in the framework of Nixon Doctrine), Iran felt more needs for America's economic and hardware supports, and following that, the rise in oil price enhanced Iran's position. Consequently, Iran's foreign policy was transformed into an independent national policy (Arez & Dean Moon, 2000: 305). These changes indicate that the process of transforming “puppet government” to “independent national government”

is influenced by the economic processes, particularly the rise in oil price This influenced the economic structure significantly. In other words, the government's economical programs changed not only Iran's domestic politics, but also Iran's role in the foreign policy faced with significant changes. In such a process, an increase in oil price led Iran's foreign policy to move. And Iran's position was promoted in the regional area and the military expenditures had their impacts on the domestic and foreign policy of Iran. It could provide a more suitable position for Iran. Although Iran's economic revenues would increase, meanwhile the expansion of regional interventions provided the opportunity to balance the relations of America and Russia with Iran. Such a process has been influenced by the increase in oil price in 1973.

Again, the oil price rose after the Islamic Revolution, and it was provided the chance to create transnational obligations in Iran's foreign policy. Although, the sale of oil was decreased obviously in 1975-1978, however it had no much effect on Iran's economical policy, because increasing the oil price helped to support common needs. Embassy of America was occupied in this period, when the oil price had increased more than any other time. James Bill writes in this regard: “Ayatollah Khomeini believed America's policies as an obvious reason for the superpowers, hostile to Iran. Never had he the slightest hesitation in condemning America and encouraging people to fight against it. He labeled it as “Great Satan”. Iranian overwhelming revolution surprised American decision-makers. What was happening in Iran was a fierce anti-American policy” (Bill, 1992: 370-4). Americans took several measures for controlling power in Iran. Encouraging Iraq to attack Iran can be considered as a symbol of the struggle to control Iran's revolutionary politics. In this time, war costs created strategic risks for Iran. When Iran enhanced and improved its military position in the war fronts, to reduce the ability of Iranians, Americans made decisions resulting Iran's oil revenues to fall. It drove Iran to balance its foreign policy in the regional and international arena. McFarlane's trip to Iran in 1986 was regarded a symbol of such issue.

In general we can say that in the years 1986-1985, the same attitudes and interests between Iran and America on oil price led to improve their bilateral relations. This can also be generalized to other areas. It is to say that at this time (1986), Iran had different oil policies from America's. After that the oil price fell under \$ 10 in spring and summer of 1995, many economical problems emerged in several states of America, and it followed that America decided to show goodwill to Iran in relation to the oil price (Bill,

2000: 172-5). During the years after the war between Iraq and Iran, Iran's oil price again fell. The oil price reached \$ 15 in 1995. This was while the Iranian governments took the policy of economic development and required considerably the oil revenues. In such circumstances, Iran's foreign policy was redirected towards "détente" and then "trust making". Hashemi Rafsanjani's government needed to attract foreign resources and investments in the framework of support from the international economic institutions. In this period, Iran's regional and international policy changed. Ruhollah Ramazani believes that Hashemi Rafsanjani had two fundamental goals: the first, reconstructing Iran's economic structure and the second, promoting Iran's relationships with international bodies. This resulted in changes in Iran's foreign policy (Ehteshami, 1999: 113-15).

The main wave of rise in oil price is related to the years 2007 - 2005. In this period, the oil price rose greatly in the world markets. This happening met the needs of Iran's domestic structures and foreign policy. The rise in the oil price is of the factors which enhance Iran's international position on one hand, and made the orientation of Iran's foreign policy more radical, on the other hand. It also changed the global and regional order. Change in Iran's oil revenues created a new form of geopolitical power and security and the global markets could support some of Iran's needs in the new economic environment. That is why America and other powerful countries tried to pass limiting resolutions against Iran. In general, resolutions 1696, 1737, 1747, was enacted in an era when the oil price had been increased and Iran had possessed an economical and technological mobility at the international level. In 2008, the fall in the oil price resulted in the resolutions which were of the less limiting power, compared with the previous resolutions. In such a process, Iran's foreign policy was placed in the sphere of the awaking of world policy, but the economic constraints decreased Iran's power and influence in controlling the critical environments like Afghanistan and Iraq. The decreased oil prices and also the limited effectiveness of Iran's policies in the region can be reflected in the emerging opposite waves against Iran's policies in Iraq and Afghanistan in the election in 2009 process.

Conclusion:

Since Iran's economy is dependent on the oil revenues, it is natural that the oil price influences the foreign policy and strategic goals of this country. In other words, fluctuations in oil price influence not only the income and gross national product of Iran's economy, but also the processes of foreign policy.

Turning points in Iran's foreign policy from the 1970s onwards show that the oil price has affected the political will and the domestic and international positions of the government. In general, whenever a country's fate is tied to the economic resources of a single product, it is natural that the fluctuations in the price of that product can affect that country's political waves and economical programs. All analyzers in Iran's foreign policy believe that Iran could play an effective political and security role in Afghanistan, Pakistan, Iraq, Jordan, and Egypt. In the years after the victory of Islamic revolution, the rise in the oil price influenced the national self-confidence to confront effectively the forces limiting the international system. This shows that many of waves of revolution have been influenced by such factors. In this process, Americans also increased its restrictive policies against Iran. They provided the grounds for the imposed war against Iran, and as a result, most of economical revenues and strategic capabilities of Iran were placed in the erosive conditions. When the oil price fell below \$ 10, there were grounds for Iran's international cooperation. McFarlane trip to Tehran and its result is related to such process. Although the oil price faced with some changes, but its average price of \$ 16 per barrel remained unchanged until the mid-1995. This led to modify the economical policy, and consequently Iran's foreign policy. In 2005, the rise in oil price resulted in the increase in Iran's economic revenues and it left considerable influence on the political waves and the foreign policy of Iran. The spread of fundamentalism and attempts to export revolution can be considered the reflection of such issue.

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2/21/2021