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Veröffentlichungsversion / Published Version
Zeitschriftenartikel / journal article

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Iran’s Dissociation from Cooperation with the West between the 1960s and 1980s

Frank Bösch & Daniel Walter *

Abstract: »Iran’s Abkopplung von der Kooperation mit dem Westen zwischen den 1960er und 1980er Jahren«. Iran was one of the most important partners of the West in the post-War period. In particular, the governments of the US and West Germany supported the intense political, economic, and strategic cooperation with Iran under the regime of the Shah. The Iranian Revolution of 1979 is known as a turning point in Iran’s relations to the West. This article analyzes Iran’s dissociation processes from cooperation with the West and Western institutions in a long-term perspective. It argues that we cannot speak of a coherent dissociation process but of different changing forms of integration since the 1960s. While political cooperation decreased already in the 1970s, economic cooperation increased in this period. The nascent Islamic Republic also differentiated between different cases of cooperation with Western states and institutions. A clear break is figured out for institutions like the Central Treaty Organization (CENTO), while Iran acted, especially in economic relations, with a certain revolutionary pragmatism that shaped political interactions. Although the conflict between Iran and Western states was highly ideational, it did not lead to a uniform pattern of dissociation. Our comparison of Iran’s post 1979 relations with the US and West Germany shows important differences.

Keywords: West Germany, international relations, conflicts, CENTO.

1. Introduction

One would not think of the word “amity” to describe the current state of relations between Iran and Western states like the US. Since the popular revolution that toppled the Shah in 1979, Tehran’s relationship to the West and subsequently wide parts of the international community has fluctuated somewhere between outright hostility and cautious rapprochement. It might therefore come as a surprise that a bilateral treaty signed in 1955 survived up until October 2018, before Washington finally decided to withdraw.

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“This is a decision that is, frankly, 39 years overdue,” Secretary of State Mike Pompeo commented when speaking about the withdrawal. It was of course only a symbolic move, officially in response to an unfavorable ruling by the International Court of Justice and meant to underline the Trump administration’s policy of “maximum pressure.” The “Treaty of Amity, Economic Relations, and Consular Rights between the United States of America and Iran,” as the official name goes, had little relevance in the current relationship between the two countries, as none of the tax structures or commercial relationships subject to it had been applied since 1979. Notably, however, both countries did make use of the treaty’s dispute-resolution mechanism various times (Kashani 2016). However, the fact that its mere existence outlasted the general fallout in bilateral relations after the Iranian revolution sheds light on the question how the Islamic Republic renegotiated its relationship to the West at large.

Iran was well known as an important political, economic, and strategic partner of Western states between 1953 and 1979. The Iranian Revolution of 1979 and the creation of the Islamic Republic, however, were often seen as a watershed and hard rupture. This article analyzes and reconsiders Iran’s dissociation processes from cooperation with the West and Western institutions between 1979 and 1989. Following Stuart Hall, we understand the “West” primarily as a historical construct that functions as a system of representation (Hall 1993, 229-74). Institutions are understood as “persistent and connected sets of rules (formal or informal) that prescribe behavioral roles, constrain activity, and shape expectations” (Keohane 1988, 383). Formal examples of institutions thus include international organizations and informal institutions, which can take the form of international regimes like the international trade regimes. Dissociation, on the other hand, “refers to a process, whereby states distance themselves intentionally from the core rules and norms embodied in an institution. Dissociation in this sense is an expression of discontent with an existing institution and the result of preceding institutional crisis” (Deitelhoff et al. 2019, 2).

This article analyses this dissociation in three steps: (1) it discusses Iran’s global role between 1945 and 1989 and the buildup of anti-Western resentment and (2) profiles the institutions and international regimes relevant for Iran’s relations to the West. Iran’s international re-orientation after 1979 cannot be understood simply by looking at one institution or bilateral relation alone. A comparative approach will highlight the different levels of dissociation the nascent Islamic Republic undertook or was subject to. The case

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studies of the Iranian role in institutions and international regimes will be the Central Treaty Organization (CENTO), the United Nations (UN), as well as the International Monetary Fund (IMF) and World Bank. Finally (3), we will review bilateral relations with the US and West Germany as two examples of pre-1979 entanglements as well as major differences in the severity of the post-revolutionary rupture. All of the aforementioned case studies will be treated chronologically to highlight the dissociation process in the first post-revolutionary decade.

The conflict between Iran and Western states was obviously a highly ideological and ideational one. Material conflicts relating to the oil trade played a minor role. In line with the assumption developed in the introduction of this forum, we find that the foregrounding of ideational conflicts during the dissociation resulted in high levels of tensions between Iran and the Western states (Dembinski and Peters 2022, in this issue). However, the paper also notes important differences in how relations between Iran and the US and Iran and Germany unfolded. At least it will be shown that Iran’s break with the US had more dramatic consequences than its dissociation from West European countries such as West Germany. While it is certainly the case that Iran represents a case of withdrawal from a set of institutions characterized by low levels of integration and a low significance of values in the design of the institutions, we argue that Iran did not change its international relations with a revolutionary stroke of a brush but instead behaved differently towards different (Western) actors. In short, the nascent Islamic Republic acted with what we call revolutionary pragmatism.

2. Between Coups and Revolution: Iran and the West in Global Perspective

Iran’s strong ties to the West were a result of World War II. At the beginning of the 20th century, Iran’s economic relations were rooted mainly in its geographic position. Roughly 70 percent of exports went to its northern neighbor, Russia, and another 10 percent to the United Kingdom (UK) and India. Import figures reveal a similar pattern, with Russia leading at 45 percent before the UK and India at 37 percent (Esfahani and Pesaran 2009, 197). Trade with the US or Germany was basically nonexistent (ibid.). Seventy years later, these figures were almost reversed. The US and West Germany now were Iran’s main trade partners, and the country was a bustling economy firmly entrenched in the world capitalist system. It was the result of roughly six decades of authoritarian modernization.

The country’s dramatic overhaul began under Reza Shah Pahlavi (r. 1925–1941). Following a coup d’état in 1921 that ended the short-lived democratic
experiment of the constitutional revolution (1905–1911), the Cossack Brigade general undertook massive infrastructure reforms and attempts to modernize the state modeled after European examples (Amirahmadi 2012; Martin 2017; Chehabi and Martin 2010; Cronin 2003, 2010; Katouzian 2006; Atabaki and Zürcher 2000). In 1941, the British and Soviets, afraid of Reza Shah’s sympathies for Nazi Germany and attempting to secure oil resources, deposed and exiled the Pahlavi ruler. London and Moscow instead installed his son Mohammed Reza (r. 1941–1979) on the Peacock Throne, and the young man ruled under the auspices of the two great powers. The struggle to dominate Iran culminated in the 1946 Azerbaijan crisis, when Iran became a hotspot of the early Cold War (Fawcett 1992).

While resentment towards foreign incursions had been a feature of Iranian politics at least since the Russian-imposed Treaty of Gulistan in the early 19th century, no event was as consequential for the proliferation of anti-Western attitudes as the British-American coup against Prime Minister Mohammed Mossadegh in 1953 (Abrahamian 2013; Rahnema 2005; Gasiorowski and Byrne 2004). In toppling the popular National Front politician, London and Washington secured their grip on the Iranian oil industry, which Mossadegh sought to nationalize. After a brief exile in Europe, Mohammed Reza Pahlavi was reinstated as a Shah and leading political figure, who chose loyal Prime Ministers.

Despite all violations of Iranian sovereignty and the country’s increasing lack of economic independence ever since the late 19th century, it was never a formal colony. Instead, the post-1953 relationship between Iran and the increasingly dominant power in the Middle East, the United States, can be described as “hegemonic cooperation” (Keohane 1984, 135-81). Partly empowered through this relationship, the Pahlavi ruler himself developed into a political hegemon in Iran. It monopolized the discourses of modernity and nationalism and pursued a modernization program in the language and rigidity of a civilizing mission, thereby functioning as what Afshin Marashi has called a “surrogate colonial state” (Marashi 2014, 18). The modernization theory itself shaped the US-Iranian relationship (Offiler 2015; Latham 2000; Shannon 2017; Ansari 2001, 1-24).

Despite its close alliance to the West, Iran’s foreign policy never merely followed directives from Washington. According to historian Shahram Chubin, Pahlavi Iran’s foreign policy after World War II can be divided into two periods: From 1945 until 1962, Iran was relatively weak, and its actions were shaped primarily by Cold War dynamics. From 1962 until 1979, however, empowered by the oil bonanza and increased room for maneuver in the light of the Nixon doctrine, Iran pursued a more proactive regional foreign policy (Chubin 1997, 225). In contrast to Turkey, Iran was never a member of NATO. However, it received tremendous deliveries of weapons from NATO states because of its direct neighborhood to the Soviet Union. No other state, for
instance, received as much financed military supply from West Germany in the 1960s as Iran – jets, machine guns, and even factories to produce weapons.\footnote{Conversation Kiesinger-Reza Pahlavi May 28, 1967, in Ilse Dorothee Pautsch u.a. (Bearb.), Akten für Auswärtige Politik der Bundesrepublik Deutschland (PAAA) 1967, München 1998, 797-808, Fn. 12.; Mirbach/Botschaft Neu Dehli to Auswärtiges Amt March 12, 1966, in PAAA 1966, S. 1073-5.}

However, it can be argued that even before the 1960s, Iran did not neatly fit into the Cold War scheme. In 1955 alone, Iran took part in the Afro-Asian Bandung Conference and joined the deeply Western-centric Baghdad Pact, which later evolved into the Central Organization Treaty (CENTO) (Dinkel 2015; Lawrence 2013, 139-55). A number of studies have underlined the view of an increasingly autonomous Iranian foreign policy in the age of détente. Tehran’s arms deal with the Soviet Union in early 1967, its relations with Nicolae Ceausescu’s Romania, and the intervention in Oman in 1972 are three particular examples (Alvandi 2010, 159-77; 2014; 2018; Alvandi and Gheorghe 2014; Goode 2014, 441-62; Takriti 2013; Cooper 2011; Castiglioni 2013, 13-24; Gasiorowski and Keddie 1990).

Given Pahlavi Iran’s varied relationship with the US, West Europe, and especially West Germany as its leading power, several authors have argued that Cold War dynamics and Western alignment had its most severe impact not in the realm of foreign policy but domestic politics. This “dual logic of alliances” (Chubin 1997, 217) meant that the Shah’s internal adversaries identified the West with the regime per se. Thereby, in particular, the watershed moment of 1953 and the high dependency in the 1950s and early 1960s both functioned as “exogenous structural determinant[s] of Iranian domestic politics” (Gasiorowski 1991, 223). Western public critique of human rights violations in Iran, which increased since the mid-1960, had a certain impact in single court cases and the Shah was seen more critically in the political sphere (Michels 2017). At the celebration of 2,500 years jubilee of Persia, for instance, only a few leading statesmen of the West joined the opulent celebration, while many leaders from socialist countries joined the festivity. Neither the British Queen nor the French President Pompidou nor US-President Nixon nor the German Chancellor Brandt participated, although the Shah urged them to come. While the Western press criticized the immense cost of the “most expansive event in world-history,”\footnote{Kaviar und Tretminen, in Spiegel September 27, 1971, 139f.; see also Spiegel October 18, 1971, 123-5.} many Islamic clerics condemned it as a Western “celebration of the devil,” because it was honoring former kings and not the prophet Mohammed (Milani 2011, 322-5). This example underlines the complicated international relations of Iran even before 1979: The Shah tried to integrate Iran internationally as a cultural center of world history but failed to receive the expected recognition of Western politics and publics.
Iran’s regime remained autocratic and suppressed the political opposition. As human rights became more crucial in international relations in the 1970s, Iran’s political position decreased. However, the growing Western dependence on Iranian oil increased trade relations between Iran and West European states. This economic coalition stabilized the political coalition in the age of the world economic and oil crises past 1973.

In Iran, the relations with Western countries and the Western modernization strengthened the opposition. The proliferation of anti-Westernism was an important factor in the growing opposition towards the monarchy and was symbolized by Jalal Al-e Ahmad’s popular essay “Westoxofication” (gharbzadegi). Naturally, however, an event of the scope of the Iranian revolution cannot be explained on a monocausal basis. If we want to understand the dissociation processes between Iran and the West after the 1979 revolution, the complex intellectual and material formations of the opposition towards the Shah and the West must be taken into account. Intellectually, the blend of Third Way social democracy, Third Worldist populism and anti-colonialism with Shi’i discourses on social justice and morality provided the particular rhetoric for mass mobilization (Mottahedeh 2008; Mirsepassi 2019; Rahnema 2013; Gheissari 1997; Boroujerdi 1996; Hanson 1983, 1-23).

No revolutionary claim captured this fusion better than the slogan “Neither East, nor West, Islamic Republic!” The Third Way approach in the Cold War it encapsulates so pointedly is commonly seen as a shorthand playbook for the way the newly emerged elite sought to reformulate Iran’s diplomacy. Scholars agree on the significance the revolution had in this regard. According to Odd Arne Westad, it was “a watershed for both superpowers in their encounters with the Third World” (Westad 2005, 299). Salim Yaqub even goes so far as to claim that “the Cold War ended a decade early in the Middle East” (Yaqub 2013, 12). Most common (Western) historiography also sees 1979 as a crucial starting point for an era of “Islamic renewal” and international Islamism (see in a broader context Bösch 2019). Peter Mandaville argues against this notion and highlights the continuities of Muslim politics (Mandaville 2007).

Crucially, a number of structural and internal constraints hindered post-revolutionary Iran’s fervor. Some of the challenges are, as Fred Halliday writes, common to all revolutionary regimes. These “antinomies” produce contradicting results that “neither idealistic declamation of a complete rupture nor ‘realist’ denial can do justice to.” Revolutionary foreign policies, Halliday writes, are always “riven by conflicting forces and rival considerations” (Halliday 1999, 133). This is certainly the case for the nascent Islamic Republic and can be divided into three fields. Firstly, geopolitical conflicts dominated much of Iran’s foreign policy and internal politics during most of the 1980s. The war with Iraq (1980–1988), the Soviet-Afghan War (1979–1989), and the Lebanese Civil War (1975–1990) all became crucial staging grounds for
international enmities, in the latter case in the form of bombings and hostage takings through the Iran-affiliated Lebanese Hezbollah (Razoux 2015; Hiltermann 2007; Potter and Sick 2004; Hershberg 2003, 23-48; Saikal 2010, 112-34; Chehabi 2006).

Secondly, economic restraints resulting from war, revolutionary turmoil, and sanctions plunged Iran into a deep recession. GDP per capita decreased by 30 percent between 1978 and 1988 (Esfahani and Pesaran 2009, 192), limiting the options for Iran’s new leaders. Martin Beck posits that the structural constraints of the global economy and oil market left Iran no room for maneuver. Despite massive nationalization efforts and an emphasis on barter trade to break with the economy’s oil dependency, the Islamic Republic, he argues, integrated itself “nolens volens” (Beck 2011, 75) into the Western-dominated global economic order. Bahramitash and Esfahani, on the other hand, highlight the specificity of the Iranian case compared to other countries in the Middle East and North Africa at the time. Egypt, the West’s most important Arab strategic ally from the mid-1970s to early 1980s, underwent the economic opening known as infitah in response to World Bank structural adjustments. Far from increasing integration into the global economy, the Islamic Republic instead went through a period of “de-globalization” (Bahramitash and Esfahani 2011).

Finally, the global re-orientation of post-revolutionary Iran was shaped by the heavy political infighting that was at its height between 1979 and 1982 but continued throughout the decade. Between 1979 and 1981 alone, Iran had five Prime Ministers and eight Foreign Ministers. Foreign diplomats and politicians often enough simply could not be certain who best to address – a feature that, despite its apparent stability, stayed with the Islamic Republic’s power structure. Some of the most dramatic instances of anti-Western actions can only be understood through the lens of revolutionary elite infighting, be it the US hostage crisis or Ayatollah Khomeini’s fatwa against Salman Rushdie in early 1989.

This brief overview has shown that Pahlavi Iran’s relations to the West between 1945 and 1979 varied from a US/UK-backed coup d’état to hegemonic cooperation and a more autonomous foreign policy beginning in the late 1960s. In the eyes of its critics, the surrogate colonial state the Pahlavi monarchy had turned into became synonymous with the West. The anti-imperialist populism of the revolution was limited in action through the effects of the war with Iraq, changes in global political economy, and internal infighting.

3. Drifting Apart: Iran and International Organizations

Iran was a member of different international organizations, such as the UN, CENTO, the World Bank, or the IMF. A brief analysis of Iran’s membership in
these very different organizations reveals how the revolution of 1979 changed the cooperation within international organizations. In this perspective, Iran was drifting apart.

Iran’s membership within the Central Treaty Organization (CENTO) is an example for such a strong rupture. This mutual security organization was composed of Britain, Turkey, Pakistan, and Iran to counter the threat of Soviet expansion into vital Middle East oil-producing regions. The creation of CENTO had several precursors in the form of bilateral “friendship” treaties, most notably the Turkish-Iraqi Pact of Mutual Cooperation, which was its direct predecessor in many ways (Sanjian 1997, 226). The direct forerunner of CENTO, the Baghdad Pact, was founded in 1955 by Britain, Turkey, Pakistan, Iran, and Iraq and was based on an initiative of the US. Its founding marked a high point of British-American efforts to create a favorable trading environment in the Middle East during the Cold War. It was modeled after the example NATO to secure mutual protection and cooperation. The Baghdad Pact’s purpose was the “maintenance of peace and security in the Middle East region,” calling on member-states to “cooperate for their security and defense,” as stated in the foundational document (Kechichian 1988, 415). The pact was a short-lived endeavor, as the country whose capital lent its name to it withdrew in 1958 after the Iraqi Revolution and its subsequent pro-Soviet stances. Following Iraq’s withdrawal, the alliance did not manage to win over any other Arab state, which deprived it “of much of its significance” (Kechichian 1990, 259-60) and greatly damaged its legitimacy.

In 1959, the pact was renamed Central Treaty Organization (CENTO), and its headquarters moved from Baghdad to Ankara. Moreover, a scientific secretariat for research in agriculture and technical expertise was established in Tehran, and the United States became an associate member of the organization. In fact, CENTO was not a mere defense pact but had an extensive organizational structure including four non-military divisions. Over the course of the 1960s, the activities in economic and agricultural development outweighed the military strategic importance since the organization was regarded as unable to act in the face of the Pakistani-Indian war. However, already around 1970, CENTO had little international relevance, represented by book titles such as “The Forgotten Alliance” (Hadley 1971).

Immediately after the fall of the Shah in 1979, Iran withdrew from CENTO on the ground of its firmly Western stance. This cast the death spell on the organization as a whole. The same year, it was dissolved entirely. Against the common view in international relations scholarship of the longevity of international organizations, CENTO is therefore among the roughly one-third of international organizations created since 1815 that have disappeared (Eilstrup-Sangiovanni 2018). As for post-revolutionary Iran, however, it was a rare step. CENTO was the only international organization the Islamic Republic unilaterally withdrew from.
CENTO is an example of an international organization with a low level of shared values and low level of integration. The members’ anti-Soviet stance was the defining feature, combined with the Middle Eastern member-states’ willingness to cooperate in developmental policies vis-à-vis the Arab-republican states opposed to the organization.

A similar, but slightly different picture becomes visible if we look at Iran’s membership in the UN. Iran was among the 51 founding members of the UN in 1945 and has since belonged to all specialized agencies. Despite this longstanding engagement, Iran’s activities in the UN so far have not been subject to rigorous scholarly investigation. Under Pahlavi rule, Iran signed and ratified all three major UN treaties created during the time: The International Convention on the Elimination of All Forms of Racial Discrimination (signed 1967, ratified 1968), the International Covenant on Economic, Social and Cultural Rights (1968/1975), and the International Covenant on Civil and Political Rights (1968/1975). Since 1979, ten more major UN treaties or optional protocols have been passed, only one of which – the Convention on the Rights of the Child – the Islamic Republic has both signed and ratified (1991/1994). Three treaties were either only signed or even ratified, for the remaining five treaties neither is the case – among them the Convention on the Elimination of All Forms of Discrimination Against Women, better known as Istanbul Convention, and the Convention against Torture.5

The apparent hesitance towards the subjugation under international law notwithstanding, it can be argued that the UN has served as an important forum for the Islamic Republic to create international legitimacy – as has been the case for many countries of the Global South, and revolutionary countries challenging the international order in particular (Connelly 2002; Byrne 2016).

The change in approach and rhetoric is apparent in the first speech of an Islamic Republic representative at the General Assembly in October 1979. Foreign Minister Ebrahim Yazdi, who had spent the 1960s and 1970s as a student and anti-Shah activist in the United States, drew a sharp line towards the Pahlavi monarchy and outlined the priorities his country would follow from now on:

It is an undeniable fact that during the past 25 years the Shah of Iran was a puppet of imperialism and zionism [sic]. While our people identified with the liberation movements of the third world, the Iranian delegation to the General Assembly sided with the racist or imperialist suppressors. While the Iranians felt a deep sense of solidarity with the people of Palestine, and their sole and legitimate representative, the PLO, the Iranian delegation voted with the Zionists, whose repression of the Palestinians has become comparable to Nazi criminal acts. It is a source of immense pleasure for me to announce to this session of the General Assembly that from now on the Iranian delegation to the United Nations will act and vote on the basis of the

true preferences and aspirations of the Iranian people. It is intrinsic to the Islamic Republic of Iran that our representatives in the world Organization [sic] should always side with the victims of colonialism, imperialism, exploitation, racism, and zionism [sic] [...] It is indeed true that both the Western and the Eastern worlds have difficulty understanding the nature of the Iranian revolution.  

Roughly one month later, the entire cabinet of Prime Minister Mehdi Bazargan, including Ebrahim Yazdi, stepped down. The reason was the Ayatollah Khomeini support for the students that had seized the American Embassy in Tehran. The drastic international fallout of the 444-day hostage crisis at the US Embassy has led some authors to call it the “Second Islamic Revolution” (Arjomand 1988, 139). It was followed by a rupture of relations to the United States and saw a refusal on the Iranian side to solve it with the help of the UN. Resolutions by the Security Council and the General Assembly, a ruling from the International Court of Justice, and a visit by Secretary General Kurt Waldheim to Tehran in January 1980 were all dismissed by Iran (Taylor 1984, 38). Lacking other fora, the crisis was finally resolved through Algerian, Swiss, and West German backchannels (Bösch 2015, 319-49; Fischer 2004).

More Iranian dissatisfaction with the UN’s main political bodies arose after the Security Council refused to condemn Iraqi dictator Saddam Hussein for its invasion of Iran in September 1980 and instead adopted a position of equidistance in Resolution 479. Throughout the course of the 1980s, Iran’s position towards the Security Council and the General Assembly was framed primarily through the dynamics of its war with Iraq. However, the fact that the devastating conflict came to a cease in 1988 through the acceptance of Security Council Resolution 598 (passed a year before) might signify the special role the UN hold as a diplomatic channel for the Islamic Republic.

Iran was also a founding member of both the World Bank and the IMF. Abolhassan Ehtehaj, prominent banker and chair of the Iranian delegation at Bretton Woods 1944, was notably among the 11-headed Conference Steering Committee. Even some of the time’s brightest minds disregarded the presence of Iran and other countries from the Global South. A few months before the meeting took place, fellow Steering Committee member John Maynard Keynes wrote that Iran and other countries like the Philippines and Venezuela had “nothing to contribute and will merely encumber the ground” (Bostock and Jones 1989, 59). Between 1957 and 1979, Iran was an active borrower from the World Bank. During these 22 years, lending amounted to an overall $1.2 billion in 33 loans, and the World Bank established a special advisory branch in Tehran to assist in the development of the agricultural sector (Kapur et al. 1997, 500).

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The same cannot be said about Iran’s relationship with the IMF, which started its lending program only in 1952 (to Belgium and Finland). Despite economist Jahangir Amuzegar representing the country as one of its executive directors between 1973 and 1989, Iran only had two brief IMF programs (Reinhart and Trebesch 2015, 42). In 1959 and 1960, when the country was going through a balance of payment crisis in the face of growing foreign debt and a drop in oil prices, the IMF imposed an austerity program that led to a rise in unemployment, which was followed by social unrest. Economist Ramin Nassehi argued that this experience had a lasting effect on the economic ideology of Iranian technocrats from the free-trade ideas of modernization theory towards protectionism of the Latin American sort (Nassehi 2018, 35-69).

The year 1979 marked several global watershed moments (Bösch 2019). In the light of changing economic and monetary policies under US President Ronald Reagan and UK Prime Minister Margaret Thatcher as well as newly appointed Federal Reserve Chairman Paul Volcker, the year is commonly considered to be the advent of global neoliberalism (Panith and Gindin 2013; Dumenil and Levy 2004). The Iranian Revolution coincided with this major restructuring of the international political economy. World Bank lending to Iran stopped after the revolution and did not resume until 1991, in the era of post-war reconstruction and economic liberalization under President Hashemi Rafsanjani. The IMF, on the other hand, has not engaged in lending programs with the Islamic Republic at all. While US sanctions certainly are part of the reason, research also suggests Iran was interested in receiving IMF loans but was discouraged from applying on the grounds of anticipated US objection (Peksen and Woo 2018, 681-708).

What, then, can be said about Iran’s role in the international regime called global political economy during the 1980s? Against the backdrop of foreign debt crises in a number of middle-income states of the Global South followed by IMF restructuring programs, Iran’s economy was experiencing a severe recession caused by the war with Iraq and economic sanctions resulting from the breakdown of relations with the US. Furthermore, the “counter-shock” of declining oil prices in 1985/86 made it even harder for Iran to reduce its reliance on fossil fuel exports (Castiglioni 2019, 117-39). This reading would support Bahramitash and Esfahani’s argument of a “de-globalization” of the Iranian economy. International relations scholar Evaleila Pesaran furthermore highlights that despite all their importance, external factors alone do not explain Iranian protectionism. Instead, the ideology of economic nationalism with religious foundations exemplified in Iraqi Shi’i scholar Baqer al-Sadr’s book Our Economy (Eqtesaduna), and the continually pursued model of a “resistance economy” (eqtesād-e moqāvemati) need be taken into account.

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7 The term was first used by Supreme Leader Ali Khamenei in 2011.
Despite 40 years of claims that the Islamic Republic would have to bow to “some kind of global logic” about market integration, she argues that the revolutionary struggle for economic independence has proven to be – despite its obvious flaws – remarkably resilient (Pesaran 2011, 189). In fact, it can be assumed that not only external pressure has a certain consolidating role for regime stability. Continuous sanctions push parts of the economy into informality that can in turn benefit actors inside and outside of Iran. We can conclude so far that the dissociation is framed as an ideational conflict and, consequently, it envelops the whole of Iran’s foreign relations – diplomacy, security, economy. So, did this lead to a shift in tensions with individual states?

4. Ruptures and Continuities: Iran’s Relations to the US and West Germany, 1945–1989

Notwithstanding a lively ongoing debate about the depth, variation, and structure, there is little doubt about the general significance of the relationship between the United States and post-World War II Pahlavi Iran. Notably, the amount of research dedicated to this period is still outsized by the vast amount of (particularly US) literature on the revolution and post-revolutionary period (for a literature review, see Offiler 2015). Obvious explanations are the trauma of the hostage crisis and the continuous presence of the enmity in world politics and the American public for decades. Different key events, which are linked in the visual memory culture until today (such as the US-supported coup of 1953, the flight of the Shah to the US in 1979, or the hostage taking in the embassy) led to this long-lasting dissociation of both sides. This most relevant of bilateral dissociation processes, we argue, was shaped by a pattern of misreading and misperceptions. We would suggest as a hypothesis that, for the most part, escalating actions on the Iranian side were answered by retaliatory measures by the US government. Sanctions in April 1980 were justified by Iran’s relentless stance in the hostage crisis, and the even tougher round of sanctions in 1984 was justified by the bombing of US Marine barracks in Lebanon, which was seemingly carried out by Iran-affiliated Hezbollah and Washington regarded as masterminded in Tehran; the following trade restrictions mostly dealt with other acts of international terrorism (For a timeline of US sanctions against Iran up until 2002, see Torbat 2005, 410-1).

At the same time, scholars have demonstrated that hawks in the US administration regarded the events in Iran mainly through the lens of the Cold War up to the 1980s (Emery 2013). As unrest spanned from Ethiopia to Pakistan in early 1979, it was a widespread trend to see the Soviet Union as a force lurking in the background, as the TIME magazine cover from January 1979 illustrates.
(TIME magazine, 113:3, January 15, 1979). Shahram Chubin convincingly argues that as a consequence of this Cold War frame, the Islamic Republic benefited from the Western security umbrella “whether [it] sought it or not” (Chubin 1997, 245). While from the US perspective the Cold War frame dominated, the Iranian perspective was mainly shaped through the war with Iraq. This would explain pragmatic actions like the Iran-Contra-Deal – the secret sale of US weapons to Iran between 1981 and 1986 – that were entirely at odds with anti-American rhetoric.

Iranian foreign policy pragmatism was visible in a number of other bilateral relations. For instance, the Islamic Republic defied its anti-colonial claims by maintaining relations with Apartheid South Africa and made use of the sanctions-busting system Pretoria had developed (Chehabi 2016, 687-709). However, concerning the dissociation process with the “West,” it is more instructive to look at Iran’s relations with unequivocal Western states. Among these, the Federal Republic of Germany stands out. In the years before the revolution, trade between Bonn and Tehran was booming. In 1975, Iran was the most important market for West German goods outside Europe and the US. Between 1974 and 1979 alone, 136 West German businesses established branches in Iran (Weiβgerber 2019, 7-9). Furthermore, Iran rose to the top of West German petroleum imports. The West German government and industry supported a strategy to “recycle” Iran’s revenues from its oil trade in West Germany. Although some big projects, such as the delivery of “Leopard 2”-tanks and an oil refinery, failed, West Germany delivered modern technology to Iran (Lurz 2022, 459). German companies, such as Siemens/KWU, were leading massive industrial projects like the construction of the Bushehr nuclear power plant, and German arms were flowing into Iran unabatedly – including submarines, frigates, and tear gas canisters that were approved for shipping by German government authorities as late as November 1978, when anti-Shah unrest in Iran was accelerating visibly (Hamblin 2013, 1128; Weiβgerber 2019, 84). In 1976, Iran acquired a 25.01 percent share of the Essen-based industrial multinational Thyssen Krupp. In this perspective, Iran became an even closer partner of Western countries than before.

The close trade relations, however, did not materialize in political amity, if high-ranking government visits are taken into account. Between 1972 and 1979, social-democratic Chancellors Willy Brandt and Helmut Schmidt only paid one visit to Tehran, while the liberal and business friendly foreign minister Hans-Dietrich Genscher shunned Iran entirely. The West German debate about human rights violations in Iran since the late 1960s led to a political distance even after the oil crisis. Visits of Ministers of Economic Affairs and undersecretaries of state with managers replaced high-ranking political meetings, while ministers of Iran still came to West Germany. So, the political dialogue continued.
This might be part of the explanation why post-revolutionary Iran’s relations to the Federal Republic proved to be remarkably resilient. In 1979, the West German trade with Iran broke down with a loss of four billion dollars; big exports, such as the nuclear power plant and submarines, were stopped by Iran’s new government (Lurz 2022, 465). However, many trade relations recovered quickly. With the breakdown of US-Iranian relations, West Germany remained Iran’s most important trade partner, battling for this status with Japan throughout the 1980s (Wiegrefe 2005, 309). Iran kept, for instance, its high stock options in Krupp until 2010. While “the West” and especially the US were treated as an enemy in Iran, a certain cooperation with single Western states like West Germany in economic questions continued. While the US hostages suffered, Iranian students brought flowers to the West German Embassy to stress that the hostage taking was not intended as a general split with the West. The foreign office advised Germans in Iran to make clear that they are not American but German. The German ambassador in Teheran continued his work, kept the contact to new leaders, and was even able to lead secret negotiations, which supported the release of the US hostages after 444 days (Bösch 2017, 137-72). In general, Germany was to a much lesser degree perceived as an enemy state.

That does not mean that tensions were nonexistent – quite the opposite. West German companies and private investments were not exempt from nationalization steps taken by the post-revolutionary government. The nuclear program was put on hold, including the construction site in Bushehr. Over the course of the decade, claims about outstanding payments or deliveries seriously strained relations between Tehran and Bonn. In one case out of many, Klaus Glaser, the German CEO of Iransped, the local subsidiary of the logistics company Schenker, was barred from leaving the country between November 1981 and March 1984 – he apparently fled across the border to Pakistan, as reports from the German foreign ministry show. Other remarkable events include the 1982 riot at the student dorm “Inter 1” in Mainz, when Khomeini loyalists stormed into the building to attack rival political groups. The instance, which left a German bystander dead, marked a climax in a series of transnational political battle that took place in West Germany. The continuously fragile state of German-Iranian relations was demonstrated again in 1987, in an instance known as the “Rudi Carell affair.” The Dutch TV comedian sparked one of the most serious diplomatic raft’s of the decade when joking about the Ayatollah Khomeini in his evening show. The German Goethe-Institute in Iran was closed, and Iran Air cancelled its flights to Germany (Cliteur 1999, 21-38).

Overall, however, it appears that both Bonn and Tehran were highly interested in maintaining good working relations after the revolution. Iran was an

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8 Cf. Fernschreiben TEH-BON vom 01.03.1984, Petersen, „Betr.: Fall Glaser”, PA/AA, B/36, Bd. 137763.
important market for West German goods, and German companies were eager not to concede ground to Japan – naturally, the obvious need for investment in Iran’s infrastructure grew every day its war with Iraq went on. At the same time, this was a balancing act for Bonn. A triangle of considerations had to be taken into account: Relations to the US, which pressed its allies to adopt a tougher stance towards Iran; relation to Israel, Arab states, and revolutionary Iran in the arena of both the Cold War and the Iran-Iraq war; and finally, the pressure from human rights groups that urged the German government to hold Iran accountable for its human rights abuses.

This brief outline of Iranian relations to the US and West Germany between 1949 and 1989 indicates Tehran’s revolutionary pragmatism in its relations to Western powers throughout the 1980s. Far from cutting all ties to the “West,” the Islamic Republic continued relationships to US allies like West Germany. At the same time, Bonn emancipated itself from the US by adopting a softer approach towards Iran that Washington was pressing for.

5. Conclusion

The aim of this article was to outline Iran’s dissociation processes from cooperation with the West and Western institutions. Therefore, the ruptures in the context of the revolution in 1979 were discussed in the broader context of changes in the decades before and the decade after. The chosen examples underline that we cannot speak of a coherent dissociation process but of different changing forms of integration since the 1960s. While political cooperation decreased already in the 1970s, economic cooperation increased in this period. Not only was the course of foreign policy contested in all capitals under consideration, especially during the post-revolutionary turmoil in Iran that lasted until 1984, but the nascent Islamic Republic also differentiated between different cases of cooperation with Western states and institutions. There was a clear break if we look at institutions like CENTO, while Iran remained a member in other institutions like the UN, yet more formally. Therefore, Iran was an early example of a withdrawal from the liberal order and of attacks against Western institutions, which have increased since the 2000s. However, Iran acted especially in economic relations with a certain revolutionary pragmatism that also shaped political interactions. This was the product of internal antinomies as well as structural limitations and necessities.

Although the conflict between Iran and Western states was highly ideational, it did not lead to a uniform pattern of dissociation. In fact, our comparison of Iran’s post-1979 relations with the US and West Germany shows important differences. Although Iran did restrict its cooperation with Germany, it still preserved economic and diplomatic relations at a much higher level compared with the US for a relatively long period of time. While long-
lasting visual memories of key events such as the hostage taking contributed to the ongoing dissociation from the US, Iran’s more pragmatic cooperation with Germany might be explained with traditional cultural and economic relations, stereotypes, and a specific form of anti-imperialism. It was also facilitated by West Germany’s economic pragmatism in its relation to autocracies.

Future research might entail a downsizing of the case studies under investigation. A closer look at Iran’s reorientation towards other institutions such as the Organization of the Petroleum Exporting Countries (OPEC), the Non-Aligned Movement, and the New International Economic Order might paint a clearer picture of the country in the global historiography of the 1980s. Finally, while amity between the US government and the Islamic Republic certainly is too much to hope for, the diplomatic opening that can be offered through existing agreements, for a, and treaties is more important today than ever.

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doi: 10.12759/hsr.47.2022.14

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