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**Unpacking the 2015 Iran nuclear deal (JCPOA)
internationalisation of capital, imperial rivalry and
cooperation, and regional power agency**

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Unpacking the 2015 Iran nuclear deal (JCPOA): Internationalisation of capital, imperial rivalry and cooperation, and regional power agency

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journals.sagepub.com/home/pol**Kayhan Valadbaygi** 

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Abstract

The existing accounts of the Iranian nuclear programme and the JCPOA suffer from ontological exteriority, in conjunction with the problematic conception of the state and unpersuasive assessments of future outcomes. Grounded on the philosophy of internal relations, which challenges the artificial detachment between political economy and military-security concerns, this article contends that grasping the Iranian nuclear programme and the JCPOA requires unpacking their internal links with neoliberal global capitalism. The article thus presents a three-part argument. First, it asserts that the Iranian nuclear programme and economic sanctions should be viewed as part of the great powers' efforts, particularly those of the United States and the European Union, to shape neoliberalism in the Middle East and North Africa. Second, it delves into the post-2008 global economy's imperial rivalry and cooperation, suggesting that the nuclear deal was a result of the US pivot to the East, China's Belt and Road Initiative in West Asia, and the need for multinational companies to find new avenues for capital accumulation following the financial crisis. Finally, it connects the JCPOA to Iranian neoliberalisation, which gives rise to two competing capital fractions (the internationally oriented capital fraction and the military-bonyad complex) to emphasise the crucial role played by the former in reaching the nuclear deal.

Keywords

geopolitics, imperialism, Iranian nuclear programme, JCPOA, neoliberalism

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Introduction

The Iranian nuclear programme has been at the centre of global politics for more than two decades. Although Iran has rejected the allegation of developing nuclear weapons, the 2002 disclosure of its clandestine nuclear activities has loomed large on the nature of the programme ever since. Vindicating previous accusations, the 2002 revelation has thus provided a convenient pretext for the United States to mount its pressure on Iran in the form of military threats and devastating sanctions in the following years. The European Union's (EU) heavy involvement in the 'Iranian nuclear crisis' has ranged from calls for the continuation of negotiations to the imposition of crippling sanctions while rejecting the use of military force. Despite recognising the rights of Iran to develop nuclear energy for peaceful purposes, China and Russia have endorsed several UN Security Council (UNSC) resolutions against Iran after 2006 on the grounds of the infringement of the conventions of the International Atomic Energy Agency (IAEA). After years of military threats, international sanctions and rounds of intense talks, Iran and the P5 + 1 (the UN Security Council's five permanent members plus Germany) reached a deal known as the Joint Comprehensive Plan of Action (JCPOA) in July 2015. The JCPOA puts significant limits on the capacity of Iran's nuclear programme in exchange for the lifting of the post-2006 international sanctions.

Iran's nuclear programme and the JCPOA have been the subject of scholarly debates. According to defensive realists, because of regional and extra-regional threats, such as the US regime change policy and Israel's nuclear weapons, Iran necessarily endeavours to acquire nuclear arsenals so long as these threats that destabilise the balance of power in the region are intact (e.g. Betts et al., 2007; Bowen and Kidd, 2004; Kemp, 2003; Waltz, 2012). For offensive realists, since external threats to Iran is a fabrication due to the collapse of the Soviet Union, overthrowing of Saddam and the Taliban, US reluctance for waging another war in the region and Israel's self-defence strategy, Iran as a revisionist power seeks nuclear arms to achieve its strategic dominance of the Middle East (Eisenstadt, 2001; Rahigh-Aghsan and Jakobsen, 2010; Rubin, 2006; Sherrill, 2012; Warren, 2012; Whyte, 2011). While defensive realism stresses the improbability of a nuclear deal without the provision of a security guarantee to Iran, offensive realism perceives the JCPOA at best as a means for postponement of Iran's nuclear ambitions (see, for example, Norell, 2015). Constructivists explain the Iranian nuclear programme through its identity constructed around popular discourses of independence, self-sufficiency and resistance against the 'Western arrogant powers', asserting this identity makes the abandonment of the nuclear programme by Iran impossible (e.g. Behraves, 2011; Jansiz and Lakani, 2015; Kreidie, 2013; Mohammadnia, 2011; Moshirzadeh, 2007). With a focus on the JCPOA, liberals maintain that not only does the deal attest that world politics is a game of win-win, but also proves the capability of the global nuclear non-proliferation regime and thus the superiority of the 'rule-based' liberal world order (e.g. Fitzpatrick, 2015, 2017; Mousavian and Mousavian, 2018; Sherman, 2018; Tabatabai, 2017).

Apart from their unpersuasive assessments of future outcomes (i.e. Iran signed a deal without security guarantees, complied with the JCPOA that practically ends its nuclear programme, and the 'irreversible international agreement' melted into the air following the US withdrawal), these accounts conceive the Iranian state as a homogeneous unit, either as a transhistorical 'billiard ball' preoccupied with national survival or with a singular post-revolutionary identity that ignores the ideological and material antagonism

within the state among the wings of the ruling class. Crucially, this corpus of literature is characterised by what Adam David Morton (2013: 133) calls ‘ontological exteriority’, which entails maintaining an artificial detachment between political economy and military-security concerns. Informed by the ontology of the ‘philosophy of internal relations’, this article contends that grasping the Iranian nuclear programme and the JCPOA requires unpacking their internal links with neoliberal global capitalism. This proceeds through several conceptual propositions on the relations between the internationalisation of capital, imperialism and geopolitics. First, capitalism as a totality entails that geopolitical competitions are internally related to the neoliberal processes of capital accumulation at the national, regional and global levels. Second, due to the internationalisation of capital, the relationship between the global centres of power (the United States, the EU, China and Russia) should be viewed as the dialectic of competition and unity of interests between them. Third, the hierarchical structure of contemporary capitalism permits these global centres of power to deploy geopolitics to (re)shape neoliberalism around the world, but the dual tendency of imperial rivalry and consensus provides space for peripheral powers to exercise agency in relation to geopolitical tensions. Drawing on this theoretical framework and utilising primary sources, the article presents a three-part argument. First, it asserts that the Iranian nuclear programme and economic sanctions should be viewed as part of the great powers’ efforts, particularly those of the United States and the EU, to influence neoliberalism in the Middle East and North Africa (MENA). Second, it delves into the post-2008 global economy’s imperial rivalry and cooperation, suggesting that the 2015 nuclear deal was a result of the US pivot to the East, the realisation of the Chinese Belt and Road Initiative (BRI) in West Asia and the need for American, European and Chinese companies to find new avenues for capital accumulation following the global financial crisis. Finally, it connects the JCPOA to the process of Iranian neoliberalisation, which gave rise to two competing capital fractions within the state, namely the internationally oriented capital fraction and the military–bonyad complex. The article emphasises the crucial role played by the former in reaching the nuclear deal.

These arguments unfold as follows. The second section outlines the conceptual framework of the study on the interiority of relations between the internationalisation of capital/neoliberalism, imperialism and geopolitics. The third section navigates the geo-economic and geopolitical strategies of the US, the EU, China and Russia in the MENA in the neoliberal era. The fourth section maps Iranian neoliberalisation and the reconfiguration of the ruling class. The fifth section scrutinises the place of Iran in the neoliberal world order and within the context of the dialectic of rivalry and cooperation between the global centres of power to explore the internal links between the Iranian nuclear programme, international sanctions and the JCPOA with global neoliberal capitalism.

It is noteworthy that this analysis places particular emphasis on inter-capitalist competition due to the focus of the article. However, this emphasis on the dynamics of capital does not suggest a disregard for the significance of the agency of subaltern classes, and their collective struggles from below, in shaping the orientations and policies of these Iranian capital fractions with respect to the nuclear programme and the ensuing international sanctions.

Internationalisation of capital, imperialism and geopolitics

In the ontology of the philosophy of internal relations, there are ‘inner connections’ between all spheres of the social world by treating each of them as different parts of one

organic unit (Ollman, 2003: 25–27). What follows from this is that if there is a dialectical interaction between all parts of the social world, we ultimately engage with the notion of totality. However, rather than being viewed as the sum of all parts, the totality is an evolving, self-forming whole in which parts/instances are ‘distinct mutually-conditioning moments’ of this singular phenomenon (McMichael, 1990: 391). That is to say, the interactions and changes between relational parts generate the distinctive characteristics of the whole, but at the same time, the whole is ‘greater than the sum of its parts, and becomes, again over time, a major influence on the processes that have until then been the main influence on it’ (Ollman, 2003: 10–11). The whole thus is not an a priori entity but an emergent totality (see also Bieler and Morton, 2018: 8–20; McMichael, 1990).

Grounded in this ontological position, I perceive capitalism as a totality. While there is a strong propensity in capitalism for the unification of the world, the relentless competition between individual capitalists for the domination of the market through either concentration/centralisation (i.e. monopolisation) or the introduction of technological innovations always yields uneven development. In addition, the construction of spatially embedded physical infrastructures, which is necessary for the perpetual accumulation of capital, permanently reproduces unevenness in capitalism. These economic impacts of uneven development in effects block the formation of a single fraction of global capital and a single global state, therefore generating the territorial configuration of the state and the state system (Anievas, 2008: 200–202). The structural contradictions of the capitalist mode of production also generate periodic crises, but spatial reorganisation often emerges as an answer for averting and overcoming crises thanks to the uneven geographical development of capitalism (Harvey, 2006: 416–438). These constant reorganisations for the facilitation of endless capital accumulation, in turn, generate competition and cooperation between states. To concretely demonstrate these dynamics, I shall now look at the post-1970s spatial reorganisation of global capitalism.

To tackle the 1974–1982 global economic slump, the internationalisation of capital has been devised and implemented in the global economy, therefore leading to the replacement of Fordism with global value chains (GVCs). Accordingly, developing countries have abandoned import-substitution industrialisation (ISI) in favour of participating in the GVCs through export-oriented industrialisation. Neoliberalism, as a set of policies, is envisioned to promote the deregulation of all economic activities to facilitate the realisation of this global material reorganisation (Hanieh, 2010: 82). Based on the notion of emergent totality, neoliberalism cannot be reduced to certain policies and ideas generated by Western intellectuals and policymakers (e.g. Harvey, 2005; Klein, 2007), nor a new stage of capitalist development that first emerged in the economy of the United States and Europe (e.g. Duménil and Lévy, 2004; Robinson, 2001). Rather, it should be viewed as ‘a re-weaving of worldwide economic and social relations’ (Connell and Dados, 2014: 124), whereby both advanced capitalist states and developing countries, more specifically their ruling classes, have participated in the reconstruction of the global economy to tackle the same pressures and crises tendencies. Through this spatial dimension, it is possible to draw attention to the necessity of surveying dynamics beyond the global North and acknowledge that there is necessarily agency unfolding beyond America–Europe. However, this does not mean ignoring the hierarchical structure of the global economy and the geopolitical balance of forces, since these factors have enabled certain powerful actors to (re)shape neoliberal accumulation and capitalist class formation in different regions and states to consolidate these inequalities. This is where I explore the relationship between the internationalisation of capital, imperialism and geopolitics with three propositions.

First, in the age of the internationalisation of capital, imperialism should be perceived as the tendency of leading capitals to dominate the world market (Hanieh, 2013: 12). Drawing again on the philosophy of internal relations, we also need to situate the full meaning of the 'logics' of state and capital or corporate and policy-planning networks in their internal relationship with the others (Bieler and Morton, 2015: 100; Morton, 2007: 606). Taking these two together, geopolitical confrontations thus should be viewed in relation and response to the international movement of capital and the processes of neo-liberalism at the national, regional and global levels. Second, the internationalisation of capital has caused the dialectic of competition and cooperation between states because, on one hand, it

has generated heightened levels of competition between the large corporations that dominate the global economy, and this is refracted through increased interstate competition. Consequently, inter-imperialist rivalry remains a salient feature of the world market. On the other hand, the very nature of internationalisation demands greater coordination and cooperation between states in order to maintain the required conditions for accumulation as a whole (Hanieh, 2013: 13).

Finally, some peripheral states exploit the geopolitical spaces generated as a result of this dual tendency of rivalry and cooperation between the global centres of power to exercise agency. Although this allows us to incorporate the agency of peripheral states/actors in the analysis of the relationship between capitalist development and geopolitics, we should not overlook the hierarchal structure of contemporary capitalism, which I now turn to examine.

Due to the weight of historical time, the United States and the EU are still at the apex of the system with more effective tools at their disposal to utilise global neoliberal restructuring to reproduce the dominance of the West over the 'Rest'. In the period between the early 1980s and 2007, alongside pushing for neoliberal free trade agreements, the United States used military actions (e.g. the invasion of Iraq) and economic sanctions against 'rogue' states to consolidate its hegemonic power under neoliberalism. Likewise, the EU on behalf of its international capital deployed free trade agreements and economic sanctions to realise its interests which were often in line with the United States despite occasional disagreements and conflicts.

In recent decades, because of the internationalisation of capital, new centres of capital accumulation outside this historic core of the capitalist system have emerged. In particular, the 2008 global financial crisis has acted as a catalyst for the rise of China and, to some degree, Russia. China and Russia are not yet dominant imperial powers but can be viewed as 'nascent empires' or 'empires in formation' (Katz, 2022: 178–179). To counter the 2008 crisis, China's major infrastructural projects and investments to transform its economy to produce high-value goods have led to the flood of its export of capital abroad following the launch of the BRI in 2013 through commercial loans and FDI (Gallagher and Qi, 2021: 260–261; Harvey, 2020: 64–68 and 92–94). While the strategy made China 'the world's number one overseas investor' in 2020, this is far from the dominance of the world economy because 'US capital, multilateral institutions and European investors have more strength, prestige and networks worldwide than their Chinese counterparts'. Moreover, 'Western loans and investments are still preferred to China's, whether in Europe, Africa or Asia' (Ye, 2022).

In this context of the economic rise of China and the return of the military power of Russia, the United States and the EU have more and more relied on economic sanctions.

Accordingly, they have more regularly attempted to block the entire world from trading with targeted ‘unfriendly’ and ‘rogue’ states to overthrow or destabilise them to accept policies in favour of American and European capitals. More meaningfully, they have imposed economic sanctions against China and Russia during this period (Capasso, 2021; Davis and Ness, 2021: 2). The United States has effectively used unilateral extraterritorial sanctions and secondary sanctions thanks to ‘its immense control over the international financial system and banking, and the traditional use of the dollar as the unit for international trade, and as a reserve currency’ (Beal, 2021: 40). In response, China and Russia have endeavoured to develop transnational grey markets and de-dollarise international finance by resorting to trade in local currencies, reducing their holdings of US treasury bonds and hoarding gold to prepare for a possible future of a multi-currency monetary system (Beal, 2021: 33; Bridenthal, 2021: 325–326; Cox, 2022).

The rise of China and Russia more than anything else implies a dialectic of rivalry and unity of interests rather than an inter-imperialist competition, because a total instability of integrated global capitalism does not serve their interests, especially China given its deeper enmeshment in global trade and capital flows. In addition, indeed the Chinese BRI and the Russian military intervention in Syria and the invasion of Ukraine have posed serious challenges to the United States and the EU in various regions of the world, but we need to remember that the infiltration of Chinese and Russian capitals into these regions similar to other major Western states has been predicated upon the intensification of neo-liberalism rather than a qualitative break with it (Hanieh, 2013: 44).

While still a significant number of developing countries reside at the bottom of the capitalist system, in the hierarchy of contemporary capitalism after these imperial powers and ‘empires in formation’, there are some countries with noticeable accumulation processes and regional projections that can be called ‘peripheral powers’ (Alexander, 2018; Katz, 2022: 163–169). Two determinants have been crucial in the rise of these peripheral powers. First, the policies of the great powers (e.g. trade agreements, economic sanctions, military actions) to integrate different regions of the world into global patterns of trade and investments have reproduced power hierarchies within these regions in favour of ‘friendly’ states. For instance, the US facilitation of regional accumulation in the MENA has led to the rise of Gulf capital that simultaneously augments the power of the Gulf monarchies in the region and consolidates the US power through petrodollars, military sales, among others (Hanieh, 2013: 33–42). Second, the dialectic of rivalry and unity of interests between the global centres of power have provided some spaces for these peripheral powers to utilise geo-economic and geopolitical tensions and cooperation for deepening or halting the international movement of capital linked to the major accumulation centres (i.e. North America, Europe and East Asia), especially after 2008. However, since the capitalist class formation in these peripheral powers has increasingly tied to the ebbs and flows of accumulation at the global level due to the internationalisation of capital, they often pursue independent actions in coordination and conflict with great capitalist powers and thus are not always in a position to exert a constant degree of influence in their region (Alexander, 2018; Katz, 2022: 163–169).

Geo-economic/geopolitical strategies of superpowers in the MENA since 1990

In the 1990s and 2000s, the post-WWII US policy of controlling the Middle East due to the importance of oil for the global economy continued, but the US sought to reshape

national neoliberal programmes and integrate regional accumulation in the MENA into global value chains dominated by its multinational companies (MNCs). Through a series of trade and financial initiatives, most notably free trade agreements with the Gulf States, Israel, Egypt and Jordan, Washington aimed at tightening the linkages of regional capital with Western capital and reconstructing hierarchies within the MENA in favour of the Gulf monarchies and Israel to consolidate its power. To punish regional challenges to its neoliberal economic order, the United States simultaneously operated military interventions or threats and deployed economic sanctions against 'rogue' states in the region, namely Iraq, Iran, Syria and Libya under the name of 'fighting terrorism', 'defending of human rights' and 'preventing the spread of weapons of mass destruction'. The EU similarly endeavoured to augment its influence by integrating the MENA into European production and trade networks. Accordingly, Brussels negotiated free trade agreements with countries such as Egypt, Israel, Jordan, Tunisia, Algeria, Lebanon, Palestine, Syria and Libya through the EU–Mediterranean Partnership (EMP) and the European Neighbourhood Policy (ENP), and endeavoured to facilitate the entry of European capital into Iran. As the EU viewed Iran, Syria and Libya as part of its strategy of restructuring the region in line with the needs of its MNCs, it occasionally contested US geopolitical measures against them. The Franco–German axis against the US invasion of Iraq was the epitome of this transatlantic rift (Fakiolas and Fakiolas, 2006; Hanieh, 2013: 39–42).

From the early 1990s to 2007, while Russia focused on the sale of military equipment and security collaboration with countries outside the US orbit such as Iran, Syria, Libya and pre-2003 Iraq, China regarded the Middle East as the key region to meet its growing energy demands (Dannreuther, 2012: 550). This led to a surge in China's crude oil imports from the region, including the Gulf States (Yetiv and Lu, 2007: 203). The Chinese strategy for the region has moved beyond its immediate energy needs after 2008. By 2021, as well as being 'the largest trade partner with Iran' and 'the largest source of imported goods for Turkey', China was 'the second largest trading partner of the Arab world as a whole, and the largest trade partner of 10 Arab countries, including Egypt, Saudi Arabia, the UAE, Oman, Iraq, Lebanon, and Sudan' (Wu, 2021: 451). With this increasing economic presence, China has thus striven to reorientate the trade and financial flows in the MENA in its favour through the promotion of the BRI in the Middle East, which strategically connects Central Asia with Europe (Kamel, 2018: 78). Despite the centrality of Iran for the initiative as a major country along the China–Central Asia–West Asia Economic Corridor of the BRI and second largest economy in the region, China has pursued a 'strategic ambiguity' in the region by signing of partnership agreements with most MENA states (15 out of 25) rather than taking a clear position in favour of Iran (Burton, 2021: 203; Kamel, 2018: 85–86; Niblock, 2020: 500–501).

Since 2008, Russian trade and investment in the MENA have remained behind the United States, the EU and China, even though the presence of Russian key sectors such as the agricultural and military–industrial complexes and oil and gas industries in the region has considerably augmented (Stepanova, 2018: 51). The whole MENA has been the main destination for exports of Russian grain, but Russia's arms sales and gas and oil exploration projects have often centred around regional 'anti-Western' states despite cooperating with the Gulf states to shape the global flow of hydrocarbons. This Russian policy follows an overarching strategy that aims at preventing Europe from diversifying its heavy reliance on Russian gas and substantially increasing Russia's gas exports to Asian markets particularly China (Kozhanov, 2018: 11–21). As this strategy has increased its threshold for regional instability in the context of the US 'pivot to Asia' strategy,

Russia has favoured a more interventionist policy in the MENA (e.g. the military intervention in Syria, closer relationship with Iran and involvement in the Libyan conflict) (Burton, 2021: 192).

In the post-2008 global economy, the containment of the rise of China has put the Asia-Pacific region as a key priority for the United States. Moreover, the preservation of European security and stability has become vital for the EU and to some degree the United States following the Russian annexation of Crimea and the invasion of Ukraine (Karlin and Wittes, 2019). Yet, without total unity regarding the Middle East, the United States and the EU have maintained their upper-hand position in the region against the backdrop of Chinese and Russian ambitions. Washington has continued the policy of deepening the connections between regional capital and American capital and the maintenance of the regional hierarchy in favour of its allies, namely Israel, the oil-producing Gulf regimes and other Arab states such as Egypt and Jordan. The pronounced EU presence in the region has equally sustained after 2008 since the flows of investment between Europe and MENA countries have remained above the flows between China and the region (Niblock, 2020: 498). However, the shock of the 2008 crisis on the US and EU economies, coupled with the Chinese economic and Russian military challenges, has forced Washington and Brussels to amend the means to achieve their objectives in the MENA. Accordingly, the United States has replaced large-scale deployment of boots on the ground with (1) wide-ranging economic sanctions with devastating impacts as discussed above and (2) a 'leading from behind' strategy. Regarding the former, Iran and Syria have been the main targets of US and EU sanctions, but aggressive US sanctions have had more debilitating effects due to the centrality of the dollar in the global economy. As we will see in the fourth section, the United States and the EU have deployed more stringent sanctions against Iran in relation to its nuclear programme as part of this strategy. Without abandoning its commitments as the security guarantor of pro-US regional states, through the leading from behind strategy, the United States has encouraged regional allies and European partners to share the burden of regional military and security costs and deal with their challenges such as the post-Arab Spring crises (Ahmadian and Mohseni, 2021: 786–787; Gerges, 2013: 322). Against this backdrop, Turkey and Saudi Arabia have become proactive and risk-taking actors, embarking on more assertive foreign policies in the MENA region, and openly opposing some US policies (Ahmadian and Mohseni, 2021: 787). Nevertheless, the intervention of the bloc of the Gulf capital led by Saudi Arabia has been a decisive factor in taming the Arab Spring revolutionary rupture from below and reimposing the counter-revolutionary neoliberal restoration in the region in favour of the United States and the EU.

Despite these changes, the patterns of rivalry and tacit/explicit cooperation between the global centres of power to deal with the region have continued in the post-2008 era. Because 'China's interests in the Middle East are more multidimensional and multifaceted, owing to economic exchange that is both widening and deepening across a range of different sectors', Beijing has recognised the vitality of regional stability. Given this, China has been more diligent in its relations with the United States, the EU and the regional powers to expand its influence and realise its interests in the MENA. In contrast, Russia's limited economic interests in the MENA have enabled Moscow to take more risks with regional instability in order to challenge the United States and the EU (Burton, 2021: 192). Again, this should not be interpreted as an incessant enmity since Russia has cooperated with the United States and the EU in the region whenever their interests have aligned. By situating Iran within these policies of the global centres of power and the

dialectic of rivalry and cooperation between them in the MENA, I shall explain the political economy of Iran's nuclear deal. Before this, we first need to explore the process of Iranian neoliberalisation and the emergence of two ruling class fractions with opposing approaches to the global centres of accumulation.

Neoliberalism and the ruling class reconfiguration in contemporary Iran

Despite its anti-capitalist rhetoric, the post-1979 revolutionary state retained the Shah's state capitalist project (ISI state-led development), albeit in the face of US hostility and under the banner of supporting the 'downtrodden' through a range of measures such as the provision of subsidies for essential goods and job security for workers. However, these welfare policies took a backseat to the interests of the new ruling class with two fractions that were engendered in the first decade of the revolution (1979–1989). Shortly after the revolution, some of the assets of the old ruling class came under the control of the government and were categorised as being under 'government ownership' (*bakhsh-e dolati*). This led to the emergence of the *stratum of government managers* who administered these enterprises and most of the state bureaucracy, advocating for a radical interventionist approach to the economy. On the other hand, the remaining expropriated assets and enterprises were handed to newly created revolutionary foundations (*bonyads*) by classifying them as being under 'public non-governmental ownership' (*bakhsh-e omumi-e ghar-e dolati*). Directly under the control of the supreme leader, these enterprises were exempted from government regulation and taxation to distribute wealth among the downtrodden. With close ties between these revolutionary foundations and the mercantile class of the traditional marketplace (bazaar), the *bonyad-bazaar nexus* thus emerged as the second wing of power (Valadbaygi, 2022: 5).

The mid- to late-1980s saw a major economic crisis caused by US sanctions and damage to oil infrastructure during the war with Iraq, which made it extremely difficult to finance the ISI project through importing intermediate and capital goods. Against this background, some influential members of the stratum of government managers promoted export-oriented industrialisation as a viable developmental model. In an effort to launch neoliberalism in 1990, they thus allied themselves with the *bonyad-bazaar nexus*, which later proved to be temporary, to sideline those in the government who still held onto the statist approach and ISI. Consequently, the two successive governments of Akbar Hashemi Rafsanjani (president from 1989 to 1997) and Mohammad Khatami (president between 1997 and 2005) implemented a series of neoliberal reforms (phase I of neoliberalisation). With different rhetoric and objectives, these policies continued during the Ahmadinejad presidency between 2005 and 2013 (phase II of neoliberalisation) (Valadbaygi, 2022: 5).

These two phases of neoliberalisation have significantly altered the process of capital accumulation and thus restructured the composition of the two ruling class fractions. The principal outcome of the first phase of neoliberalisation was the metamorphosis of the stratum of government managers into the *internationally oriented capital fraction*. This transformation began with the privatisation of 391 government-owned enterprises during the Rafsanjani administration, with many other similar enterprises being handed over to newly created large conglomerates under the pretext of self-sufficiency. Investment companies of the banking system and pension fund investment companies, recognised as non-governmental business groups, acquired many of these government-owned enterprises. For instance, the National Development Group Investment Co., the Social Security

Investment Co., and the Civil Servants Pension Fund are currently among the largest diversified business conglomerates in the country, each with dozens of holdings and hundreds of subsidiaries. In addition, during Khatami's presidency, a further 339 government-owned enterprises were privatised, and licences for the establishment of new private companies in permitted sectors were granted (Iranian Privatization Organization, n.d.). Moreover, more than 100 National Iranian Oil Company spin-off firms with state capital operating as private companies were created during this period (Maloney, 2015: 394–396). This capital fraction comprises not only some private owners but also numerous 'semi-private' firms, which are in reality subsidiaries of various government ministries and organisations, including some bureaucrats and their relatives. With close ties to various ministries and governmental organisations for oil rent and securing contracts, the continued existence of the internationally oriented capital fraction depends heavily on the control of the executive body of the state, that is, the government. In line with export-oriented industrialisation, this fraction also views integration into the GVCs of Western capital, particularly European capital, as essential to its long-term survival (Valadbaygi, 2022: 7).

During the second phase of neoliberalisation, which took place under the Ahmadinejad presidency from 2005 to 2013, the process shifted in favour of the revolutionary foundations and military forces. The 2006 executive decree of the Supreme Leader permitted the transfer of government-owned enterprises to 'public, non-governmental entities and organs' under the guise of privatisation, resulting in the transfer of shares of many large government-owned enterprises to contractor firms, cooperatives, banks and investment companies of financial groups and pension funds affiliated with the Revolutionary Guards, the Basij and other armed forces. This also allowed the Mostazafan Foundation, the Headquarters for Executing the Order of the Imam (*Setad*), the Imam Reza Shrine Foundation, and the Martyrs' Foundation to expand their economic activities by acquiring shares of large government-owned enterprises (Iran Chamber of Commerce, Industries, Mines & Agriculture (ICCIMA), 2012: 39–40). The total market share of the affiliated conglomerates of the armed forces and the bonyads is estimated to be at least 40% of the country's GDP (Valadbaygi, 2021: 321). During the second phase of neoliberalisation, with the ascendancy of military forces in the economy, the bazaar was further marginalised. As a result of these transformations, the structure of the bonyad–bazaar nexus eventually evolved into what I call the *military–bonyad complex*. Similar to the internationally oriented capital fraction, the economic machine of military forces and bonyads embraces the deregulation of the labour market and exploits the privatisation mechanism to control some large government-owned enterprises. However, this fraction emphatically rejects the policy of the incorporation of (Western) multinational corporations into state industries.

The policies of these 'hostile brothers' in relation and response to the advance of international capital and associated geopolitical tensions are influenced by two key factors. First, both fractions invest in various economic sectors, but the military–bonyad complex focuses heavily on the built environment as the key site of accumulation, therefore enabling it to foster closer relations with China. Second, ideology also plays a significant role. The military–bonyad complex positions itself as a defender of the values of the 1979 revolution and thus portrays closer economic ties with Western capital as a threat to the revolutionary idea of 'self-sufficiency'. These material and ideological factors lead to opposing policies towards the world order by both fractions. Whenever in control of the government, the internationally oriented capital fraction has pursued the

‘Europe-oriented’ foreign policy with a conciliatory approach towards the EU and the United States. Since 2008, they have also emphasised ‘the necessity of balancing Chinese influence through expansion of relations with the European Union and the United States’ (Shariatinia and Azizi, 2019: 992). In contrast, the military–bonyad complex has consistently sabotaged the rapprochement with the West, mostly through the construction of what they refer to as the ‘axis of resistance’ in the region (a geopolitical bloc that included Syria, Iraq, Hezbollah and some Palestinian resistance groups) to challenge the military and political agenda of the United States and its regional allies (Mohseni and Kalout, 2017). Moreover, it has attempted to tighten Iran’s economic and political links with China and Russia under the ‘Look East’ approach in foreign policy by perceiving their growing economic and geopolitical power as positive developments that can cement the military–bonyad complex footholds. The rise of China has been particularly considered significant. Besides allowing full access to the Chinese market during the sanctions, the military–bonyad complex has supposed that the Look East approach would open expanding areas of opportunities for them due to ‘the rivalry between China and the United States, the Westphalian attitude of China toward the concept of sovereignty, its support for the Iranian policies in the Middle East, arms trade between the two countries, and economic interactions’ (Shariatinia and Azizi, 2019: 991–992).

Having explored the geo-economic and geopolitical policies of the global centres of power in the MENA in the previous section and the process of capital accumulation and ruling class formation in Iran in the era of neoliberal global capitalism in this section, the next section will analyse the 2015 nuclear deal between Iran and P5 + 1.

Iran nuclear programme: From crippling sanctions to the JCPOA

In line with the newly initiated process of neoliberalisation, the governments of Hashemi-Rafsanjani and Khatami embarked upon a new foreign policy approach. During the presidency of the former, besides taking a pragmatist policy regarding the first Gulf War, the government reinstated ties with regional powers, made serious efforts to restore relations with Europe and downgraded hostility towards the United States. While this approach led to the normalisation of political and economic relations with Europe, it failed to change US policy. By repeating the allegation of acquiring nuclear weapons and insisting on the inability of the government to control the overseas terrorist actions of the radicals inside the state, the Clinton administration passed unilateral extraterritorial sanctions in 1996 (the Iran-Libya Sanctions Act) against the Iranian energy industry (Drenou, 2012: 79; Gordon, 2013: 982; Sabet-Sadie, 2012: 60–61). Apart from changing its rhetoric, the Clinton administration ‘did not take any meaningful steps to lift the sanctions’ during Khatami’s liberal project at home and détente in foreign relations to align with the post-Cold War order that led to closer ties between Iran and the EU under the Trade and Cooperation Agreement (Kaussler, 2008: 269–272; Sahimi, 2021: 179). Yet, the Iranian government cooperated with the United States in its fight against the Taliban and searched for a common ground to take part in the political process of post-invasion Iraq. As the IRGC actively undermined the reconciliation policy of the government by orchestrating guerrilla warfare against US troops in Iraq and sheltering a number of al-Qaeda leaders at its bases, the Bush administration named Iran a member of the ‘axis of evil’ under the charge of exporting terror and pursuing weapons of mass destruction (Arjomand, 2009: 165–166; Forozan, 2015: 183; Joyner, 2016: 21). The revelation of the Iranian clandestine

nuclear programme in June 2002 provided a further pretext for the intensification of the US aggressive rhetoric and threats of using military force against Iran (Ehteshami, 2017: 166–167, 209–211). Revisiting the discussion in the third section, it is evident that both formulations of US policy regarding Iran during the Clinton and Bush administrations were consistent with the American strategy to influence neoliberalism in the region in order to uphold the regional hierarchy that benefits its allies (such as Israel and the oil-producing Gulf regimes) while marginalising Iran.

Iran resumed working on its pre-revolutionary nuclear programme after the end of the war with Iraq under the charge of the IRGC. Throughout the 1990s, the IRGC's intelligence units 'were reportedly involved in the acquisition of military materials and nuclear weapons' from abroad and built ties with domestic organisations engaged in Iran's nuclear research (Forozan, 2015: 189, 181–182). With a strong hold over Iran's national defence policy that bypassed the government, the IRGC publicly reprimanded Khatami's rapprochement policy, dialogue of civilisations and signing of chemical and nuclear non-proliferation (Forozan, 2015: 182). To deal with the US pressure after the 2002 nuclear disclosure, the Iranian government turned to the EU for a diplomatic approach to the crisis given the EU–US escalation of relations following the invasion of Iraq. This resulted in the 2004 Paris Agreement between Iran and Europe through which Tehran voluntarily decided to suspend all nuclear enrichment-related activities in return for the resumption of the Trade and Cooperation Agreement negotiations with the EU and support of its application to join the World Trade Organization (WTO; Drenou, 2012: 81; Simpson, 2016: 46). Following the US swift rejection of the Paris Agreement, the EU blamed the United States for the failure of constructing a workable nuclear accord (Arjomand, 2009: 168; Osborne and Morrison, 2013). As explained above in the theoretical section, this tension between the United States and the EU concerning Iran in this period can again be attributed to their occasionally conflicting interests for restructuring the MENA in favour of their international capitals.

The EU normalisation policy towards Iran changed decisively during the second phase of Iranian neoliberalisation under the Ahmadinejad presidency. In line with the rising power of the military–bonyad complex, the Ahmadinejad government disputed the legitimacy of Israel and the authenticity of the Holocaust, intensified the support of Iraqi and Afghan insurgent groups, heavily sponsored Hezbollah's 2006 military campaign against Israel and abandoned the Paris Agreement (Forozan, 2015: 185–186; Simpson, 2016: 47). Hence, the EU's push for non-military tougher measures against Tehran in control of 'anti-Western hardliners' brought Brussels and Washington closer, leading to three UNSC resolutions between 2006 and 2008 that targeted the IRGC-affiliated entities, a few Iranian banks and key individuals connected to the nuclear programme. Ahmadinejad disdainfully labelled the first round of UNSC sanctions as a 'worthless piece of paper' and the supreme leader described it as 'an opportunity' for the development of an independent national economy (Borszikip, 2014: 10). Consequently, the military forces and bonyads justified the unparalleled expansion of their economic activities in all economic sectors as a response to the international sanctions and the facilitation of the 'economic resistance' and 'self-reliance'. More importantly, as the Ahmadinejad administration conceived the emergence of new centres of accumulation and political rivalries as significant developments, it decisively turned to Russia and especially China (Sabet-Saeidi, 2012: 57). The government insisted that Iran's energy reserves would be more important for China because Iran, as the only 'independent and secure' country in the region, could provide Beijing's energy demands without the influence of Washington (Ghafouri, 2015).

As explained above, since this was in line with China's policy towards the MENA during this period, Beijing attempted to maximise these opportunities offered by the international sanctions. This resulted in a sharp hike in the imports of Iranian crude oil and major Chinese investments in exploring several gas and oil fields in Iran (Yetiv and Lu, 2007: 203–204). Coupled with an unparalleled boost in Chinese exports to Iran, China replaced the EU as the top trading partner of Iran by the end of the 2000s (Aizhu, 2012).

In the post-2008 global economy, the Obama administration implemented the so-called 'dual-track approach' to deal with the Iranian nuclear programme, which involved direct engagement along with harsher sanctions (Joyner, 2016: 44–49). This initially resulted in the UNSC Resolution 1929 in 2010 that further prohibited Iran's access to proliferation-sensitive items and technology (Arms Control Association, 2013: 13). While all post-2006 UNSC resolutions on Iran largely used explicit and binding language to target its ballistic missiles and nuclear weapons proliferation, these resolutions contain 'other non-binding terms . . . or terms that sound innocuous and vague' such as 'exercising vigilance' (Gordon, 2013: 991). By invoking the use of this vague language in these resolutions, in the second step, the United States introduced extremely broad and damaging unilateral sanctions to target Iran's key sectors, namely the oil and financial and banking sectors, between 2010 and 2012. Besides subjecting foreign firms involved in the Iranian oil industry to serious restrictions that limit their access to the US market or services, these sanctions imposed financial sanctions on foreign banks that would conduct transactions with all Iranian banks (Gordon, 2013: 982–996). Likewise, the European Council passed several devastating sanctions, including the sanctioning of all Iranian banks and denying its access to the Society for Worldwide Interbank Financial Telecommunication (SWIFT) in 2012, which cut Iran off from the international economic system (Arms Control Association, 2013: 13–19; Davenport et al., 2015: 38–39).

After the revolution, Iran was constantly under the US sanctions regimes, but the banking and financial sectors were not targeted, and oil exports continued without many restrictions. In fact, 'the United States was the largest purchaser of Iranian oil in the early 1990s, taking around 30 per cent of Iran's oil exports' (Ahmadian and Mohseni, 2019: 348). The new, harsh restrictions on Iran's key sectors forced the state to actively look for novel ways to circumvent the sanctions, such as discreetly transporting oil shipments to China and other Asian countries and using smuggling routes via Turkey and the UAE (Bridenthal, 2021: 324; Yacoubian, 2021; Yıldız, 2021: 605). The military–bonyad complex also intensified its attempts to strengthen the 'axis of resistance' in the region in the context of the 'Arab Spring' by supporting Ansar Allah in Yemen and intervening in the Syrian Civil War to change the balance of force in favour of the Ba'ath regime (Ahmadian and Mohseni, 2019: 249 and 355–358). Neither the circumvention methods nor the regional interventions alleviated the impacts of the crippling sanctions that created a catastrophic crisis, with a 72% drop in purchasing power, a 50% increase in prices and a 5% contraction in the country's GDP in 2012 and 2013 (Ehteshami, 2017: 232).

The imposition of these devastating sanctions called into question the foreign policy of the Ahmadinejad government that intended to facilitate the control of the military–bonyad complex over the economy by linking it to China and blocking the entrance of Western capital. While the approach practically functioned until 2010, the Western pressure ultimately turned it on its head because the sanctions threatened the state's integrity. The sanctions also altered the balance of power in the post-Green Movement context in favour of the internationally oriented capital fraction, whose representatives (the moderates) now

promoted the necessity for direct negotiations with the United States to dismantle the nuclear related-sanctions (Ensaf News, 2019).

Soon after the victory of moderate Rouhani in the 2013 presidential election, the new Iranian nuclear negotiation team entered talks with the P5 + 1 (Jām-e-Jam, 2013; Shargh, 2015). This resulted in a provisional agreement in November 2013 and a definitive deal (the JCPOA) in July 2015. Under the JCPOA, Iran committed to putting significant limits on the development and expansion capacity of its nuclear programme, including reducing the uranium enrichment level to less than 3.67%, decreasing the number of operational centrifuges from 20,000 down to under 6000 and accepting the continuous supervision of existing sites and unrestricted access to other facilities on request, among others (Axworthy, 2016: 172; Joyner, 2016: 62–63; Simpson, 2016: 133). In return, the P5 + 1 and the EU vowed to coordinate the gradual lifting of the post-2006 sanctions based on the fulfilment of Iran's obligations. Less than a week later after the deal, the UNSC endorsed the JCPOA through Resolution 2231.

Described as the best enforcement mechanism for the nuclear deal, the Iranian government advocated an intertwined economic tie with the world, particularly the Western countries, in the shortest possible time (BBC Persian, 2015b). In line with this, even before the IAEA approval of Iran's commitments, during a business opportunities event in Austria a few days after the deal, the Iranian Minister of Industries and Mines presented a pro-market package to 400 potential investors from Europe, the United States and Asia to encourage foreign investment (Taadol Daily, 2015). By referring to Iran's liberal Foreign Investment Promotion and Protection Act of 2002, Namatzadeh 'promised his audience that basically everything except the country's national oil company theoretically was for sale' (Erdbrink, 2015). In the same meeting, to ensure the trust and confidence of Western investors, Namatzadeh reiterated the determination of his government to restrict the economic activities of the military forces and revolutionary foundations (BBC Persian, 2015a). This enthusiasm for greater economic integration was shared by European counterparts more than other parties, as several ministers accompanied by numerous economic delegations from Germany, France, the United Kingdom and Italy visited Tehran shortly after the accord. China also was another major beneficiary since the deal would facilitate Chinese investments in Iran under the BRI framework. With the announcement of the IAEA in January 2016 that Tehran met the necessary conditions for the implementation of sanctions relief, the influx of international firms to Iran expectedly precipitated (Axworthy, 2016: 173 and 180). Accordingly, until the US withdrawal in May 2018, hundreds of lucrative deals were signed with Iran in almost all sectors of the economy, including oil and energy, finance and banking, insurance, aviation, automobile and infrastructure (BBC Persian, 2018a, 2018b; Reuters, 2017). It is important to note that Iran's economy is 'surprisingly diverse' since 'the oil and gas industry made up only 10 per cent of GDP in 2014' with 'around 30 other sectors listed on the stock exchange' (Webb, 2016). While European firms led the race, China's direct investment in many sectors of the Iranian economy also increased by 20% from March 2014 to late January 2018 (Kamel, 2018: 84). Russian oil and gas firms were also 'among the first companies to return to Iran in 2015–16' (Kozhanov, 2018: 17).

To conclude our discussion, we will now establish a connection between the preceding empirical analysis and the article's theoretical framework and core arguments. The Iranian nuclear agreement is widely regarded as the pinnacle of international cooperation among the global centres of power. Nonetheless, when revisiting the theoretical discussion presented in the second part of the article, it becomes apparent that a complete

comprehension of the JCPOA can only be attained in the context of the dialectic of rivalry and cooperation in the post-2008 global political economy. The Obama administration's response to the rise of China was the 'pivot to the East'. Accordingly, in order to divert the focus from the Middle East to the Asia-Pacific region, Washington encouraged Europe and its regional allies to take a more active role to manage the post-Arab Spring crises. Another significant aspect of this strategy was the intensification of US efforts to solve the Iranian nuclear crisis by deploying unprecedented sanctions and building an extensive coalition under the name of 'multilateralism'. Since the US and European sanctions impeded China's investments in Iran and indirectly hampered the realisation of the BRI in West Asia due to the importance of Iran for the initiative, Beijing was compelled to cooperate with the United States and the EU to advance its economic and strategic interests. The sanctions also made it difficult for Russia to expand its influence in Iran. In light of this, China and Russia were deeply involved in the talks on the Iranian nuclear issue and key parties in the JCPOA (Wu, 2021: 453). In addition, the post-2008 global financial crisis necessitated the finding of new, fresh avenues for capital accumulation of American, European and Chinese firms. With less significance, the appetite of Russian companies to enter Iran was also evident as Moscow made it clear during the negotiations that Russia only 'agreed to hold the US\$1 billion project at the Bushehr nuclear facility [Iran's oldest nuclear site]' in exchange for 'a substantial stake in Iran's economy' after the sanctions (Kaussler, 2013: 31). Against this backdrop, the opening of the Iranian market through resolving the nuclear programme was considered to be 'an economic game-changer, providing global investors' access to one of the most promising markets in the developing world' (Heydarian, 2015). The then UK Secretary of State for Business, Sajid Javid, explicitly articulated the desire of European capital, arguing that post-sanctions, Iran would be 'the biggest opportunity among the emerging markets in the last quarter century' (Pickard and Mance, 2016; see also BBC Persian, 2016). Due to their traditional trade links that made their return easier and quicker, European and Chinese companies anticipated that they would be the main winners of the nuclear accord. In particular, Europeans were sanguine because of their close ties with the Rouhani government.

The impact of the JCPOA on the future of the Middle East was also significant, with Riyadh and Tel Aviv reacting negatively to the agreement under the pretext of its temporary postponement of Iran's nuclear ambitions. However, the underlying fear was that the JCPOA would reshape the Middle East in a way that ran counter to the long-term US strategy in the region, favouring the Gulf Cooperation Council (GCC), Israel and other Arab allies. Prior to 2008, the United States relied on its support of the GCC and Israel to shape the political and economic landscape of the region while exerting pressure on Iran. This, in turn, increased the power and influence of the GCC and Israel in the region. However, following the 2008 global financial crisis, the Obama administration pursued a nuclear deal for a number of reasons outlined above. Since the JCPOA held the potential to reintegrate Iran into the global economy and increase its regional influence, traditional pro-US powers in the region resisted it, viewing it as a threat to the US-backed Middle East structure established after the 1980s. This view was later shared by the Trump administration.

Finally, in Iran, the two fractions of capital exerted their influence over the JCPOA in distinct ways, depending on their approach towards international capitals from the West and China. Political forces aligned with the internationally-oriented capital fraction aggressively fought for reaching the nuclear deal, while those associated with the military-bonyad complex denounced the Rouhani administration for being overly compliant,

as they feared this could expose the country to Western influences (Ehteshami, 2017: 241; Resālat, 2017). Three key elements of the JCPOA included: (a) the cessation of the application of economic sanctions against Iran's oil industry, (b) the termination of the sanctions against the banking sector to allow the Iranian banks and firms to reconnect with international financial systems such as SWIFT and (c) the complete opening up of the Iranian market for the entry of MNCs. The military–bonyad complex supported the first two elements because the integrity of the state was in jeopardy without oil exports and access to the global financial system. Although it considered that the deal may realise the potential of the Chinese BRI and enhance the role of Russia in Iran to augment its national and regional ambitions, the military–bonyad complex viewed the infiltration of American and European capitals as a threat. At the very least, they perceived the JCPOA as the means for the consolidation of the power of the internationally oriented capital fraction inside the Iranian state at their expense. Given this, in addition to attempts to hinder the entrance of Western capital following the signing of the JCPOA, the military–bonyad complex 'sought to balance the successful outreach to the West under the administration of the moderate President Rouhani by engaging more closely with Russia against the United States and EU' in Syria and Yemen 'to prevent Iran from moving too close to a Western orbit' (Ahmadian and Mohseni, 2019: 359).

Conclusion

The Iranian nuclear programme has been perceived by realists as a deterrence policy or a tool for hegemony in the region and by constructivists as the product of Iran's identity. The JCPOA calls into question these conceptualisations, but the outcome of the 2015 deal also displays the shortcoming of liberal perspectives. In contrast, by deploying the philosophy of internal relations, this article contended that there are interconnections between the Iranian nuclear programme, related international sanctions and the JCPOA with the internationalisation of capital and global neoliberalism. With the primary objective of understanding the JCPOA, the article first revealed that the military–bonyad complex was the major force behind the development of the nuclear programme as a viable means to halt further integration of Iran into the (Western) dominated world order, which has been advocated by the internationally oriented capital fraction. It then showed that the United States and the EU have used the Iranian nuclear programme as a legitimate excuse for the imposition of unprecedented economic sanctions as part of their geo-economic and geopolitical strategy to shape neoliberalism in the region and Iran after 2006. The prime upshot was the 2015 nuclear deal, in which China and Russia were also deeply involved. Labelling the involvement of the United States, the EU, China and Russia in the deal as the manifestation of the dialectic of imperial rivalry and cooperation in the aftermath of the 2008 global financial crisis, the article demonstrated that the US pivot to the East strategy, the realisation of the Chinese BRI in West Asia and the dire needs of US, European and Chinese international firms to open fresh avenues for capital accumulation played an indispensable role in the formation of the 2015 nuclear deal. By connecting the JCPOA to the tensions within the state between the internationally oriented capital fraction and the military–bonyad complex over the process of the Iranian neoliberalisation, it also exhibited that the intervention of the former by utilising the nuclear programme as a bargaining chip with the EU and the United States was central to reaching the nuclear agreement in 2015.

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