

Sanctioning Iran: What is the U.S. Trying to Accomplish?

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RICHARD PLACZEK, APR 1 2014

Since the November 1979 seizure of the US Embassy and its staff, a key aspect of American foreign policy has been to sanction Iran. Recently, the issue of sanctions has again come to the fore again.^[1] On November 24, 2013, a six-month pact known as the Joint Plan of Action (JPA), which came into effect on January 20, 2014, was struck between Iran and six world powers: the United States, Great Britain, China, France, Germany, and Russia.^[2] The deal involved Tehran suspending the enrichment of uranium beyond levels which would be needed for use in power plants. In exchange for uranium suspension, international sanctions worth about seven billion dollars would be relaxed. This agreement was welcomed by U.S. President Barak Obama and the new Iranian President Hassan Rouhani as well as Ayatollah Ali Khamenei.^[3] It is the position of this paper that the American government should allow the JPA to run its course unimpeded by not agreeing to any new form of sanctions, at least until the agreement has expired. Coming to a long term solution on the issue of Iranian sanctions has the potential to be legacy defining for President Obama, a gesture of peace he can make and upon which he should capitalize.

The deal was very well received by the Iranian people who gave members of the nuclear negotiating team a hero's welcome as they returned from the Geneva nuclear talks.^[4] In the U.S., the deal was not met with the same level of enthusiasm, however. In fact, the debate surrounding sanctions has only intensified. In December, *The Iran Nuclear Weapons Free Act of 2013* was introduced by Senators Robert Menendez (D-NJ) and Mark Kirk (R-IL) to impose stronger restrictions on Iran's crude oil exports if Tehran reneged on the agreed upon deal or if a final deal was not reached. Support for this bill has been steadily rising in the Senate: nearly 60 senators have signed the bill as co-sponsors and sixteen democratic senators endorsed the bill, amounting to an almost filibuster-proof majority in the Senate.^[5] If this act were passed, it would pose a serious threat to reaching a long-term solution in regards to Iran's nuclear ambitions. Foreign Minister Mohammed Javad Zarif has stated that if Congress imposes new sanctions, the entire deal will be dead.^[6] During his State of the Union Address and in subsequent statements, President Obama has stated that he would veto any proposals for new sanctions on Iran.^[7]

This controversy brings up an important question: what exactly are the goals of U.S. sanctions against Iran? Is it the US's intention to bring the current Iranian regime to the negotiating table or is it the goal of the sanctions to cripple and then oust the regime? The Geneva negotiations and some of the President's early statements show a willingness to work with the current Iranian regime. If that is the case, the administration should follow a strategy that will lead to negotiations. The policy choices are clear in this case: if the U.S. wants to give diplomacy a chance, no new sanction bill can be passed until all the options involving negotiations have been exhausted. On the other hand, if the U.S. is looking for regime change, then passing a new sanction bill would signal that the U.S. would like to devastate the Iranian economy and force change.

In general, for any sanction regime to be effective, it should follow two broad lessons when deciding on how to structure the sanctions. First, sanctions are most likely to work when the sanctions regime is structured depending on the desired outcome.^[8] Sanctions should be created based on a flexible framework so if the target government responds positively, sanctions can be adjusted accordingly.^[9] Second, the success of the sanctions will greatly depend on the extent to which sanctions are aided by other tools such as military force and economic engagement.^[10] These other tools are vital for any sanction to achieve its desired result because military force provides a greater

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threat than the current sanctions, or in essence a “stick,” whereas the promise or hope of economic engagement is the proverbial “carrot” to which the targeted nation can look forward if it adjusts its behaviour.

The basic framework for U.S. policy towards Tehran was established during the earliest hours after the seizure of the U.S. Embassy and its staff in November 1979. In response to the takeover, the Carter administration embraced a dual-track strategy that focused primarily on economic pressure. This involved the prohibition of Iranian oil imports to the U.S., the freezing of all Iranian state assets held by U.S. institutions, and an almost all encompassing trade embargo with Iran as well as a travel ban. Yet despite all of these constraints imposed by the sanctions, they alone were not totally responsible for the state of the Iranian economy, which was also suffering as a result of revolutionary chaos. When the Algiers Accords were struck in January of 1981, a key issue for the Iranian leadership was settling the financial disputes with the U.S.^[11] Sanctions against Iran have been issued and expanded upon by Presidents Reagan, Clinton and George W. Bush for a number of issues ranging from the Iranian nuclear program to Iran's support of terrorist groups such as Hezbollah.^[12]

Other than the ones imposed by the Carter administration, past U.S. sanction regimes against Iran have failed for a number of reasons. These past failures must be recognized if the U.S. is going to achieve the desired result of the Geneva negotiations. One barrier to the sanction's effectiveness is the way Iran has reacted to their imposition. This reaction has been one marked with defiance and attempts to subvert the effects the sanctions aim to produce. This emanates from the top of the leadership structure where Supreme Leader Khamenei does not harbour an irrational sense of hate for the U.S.; rather, he simply feels that Iran has always suffered in its relations with the U.S. and to progress, Iran must limit its interaction.^[13]

To achieve this goal, Iran actively pursued a strategy of counter-containment that has focused on several primary strategies. First, Iran wanted to create points of division between the U.S. and its European allies. The leadership in Iran believed that one way to accomplish this goal was to increase trade relationships with European Union countries in the hope that this would discourage its new trade partners from supporting regime change, essentially creating a counterweight against further US aggression. This strategy brought limited success as the E.U. accounted for as much as 24% of Iran's total international trade which amounted to 12.6 billion Euros in 2007. However, France, Germany and the United Kingdom's active support of the U.N. Security Council's 2005 review of the Iranian nuclear program showed the limitations of this policy.^[14]

The second component of Iran's counter-containment strategy was to strengthen ties with countries that could provide a counterbalance to the U.S. Iran came to see China and Russia as natural allies since they were also opposed to the U.S. unilateralism and its efforts to isolate Iran.^[15] This is troublesome for the U.S. because it means China and Russia are increasing their influence in the Persian Gulf. This counterbalancing strategy however does have its limitations as Moscow and Beijing have both shown that under pressure they are more likely to gravitate towards Washington than Tehran, albeit reluctantly, and in the end they supported U.N. sanctions against Iran.^[16]

One consequence of Iran's strategy and the sanctions in general has been that many Western companies that have expressed a desire to bid for Iran's untapped natural gas reserves have struggled to do so because of U.S. sanctions or reluctance on the part of Tehran to work with American companies. As a way to immunize itself against the effects of sanctions, Iran has shifted its oil trade from the West to new markets and, as of 2008, Japan, China, India, South Korea, and Italy have received the highest amount of Iranian oil exports. Iran has also made progress on a pipeline that would carry gas from the Persian Gulf to India by way of Pakistan. The long-term implications for the U.S. interests should not be underestimated. Iran has aided Russia and China by increasing their influence in the Persian Gulf while Tehran's move to the Euro has weakened the dollar; however, Iran has suffered because it has not had access to important technology that would have aided its energy sector. Overall, sanctions have led to a lose-lose situation.^[17]

A constant theme throughout all of Iran's attempts at counter-containment has been to find a counter-weight to the US, and some would say there is no stronger deterrent than obtaining a bomb. The U.S. believes it cannot hope to bargain with a country whose economy it is trying to throw into disarray. As harsh sanctions continue to bring further damage to Iran, the leadership in Tehran will see the benefit from doubling down on its quest for the ultimate

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deterrent. If the White House is going to take a strategy position that entails open-ended pressure, that will indicate its eventual goal is regime change,^[18] yet this perception ultimately pushes Iran even further away from the negotiating table.

Each side has missed an opportunity for resolving this conflict. In 2000, Iran's reformist President Mohammed Khatami asked for a "Dialogue of Civilizations" that would solve the problems between Iran and the U.S. After the events of September 11, 2001, Iranian citizens held candlelight vigils for Americans and Iran provided intelligence to the US in its war against the Taliban. Despite these overtures from the Iranian people and government, the Bush administration responded to Iran's proposal for a "Grand Bargain" with Vice-President Dick Cheney saying, "We don't negotiate with evil."^[19] Similarly, when Barak Obama came to power in 2008, he vowed to "extend a hand if Iran would unclench its fist," but this time it was Iranian hardliners who missed an opportunity for re-engagement.^[20] Both sides should not continually miss these sorts of opportunities for re-engagement. If it is understood that both sides are being hurt in one form or another by the sanction regimes currently in place, it only benefits both countries to capitalize on these chances.

Since the previously noted overture by Obama to Iran was rebuked, the administration found it needed a new strategy for engaging Iran.^[21] Obama's strategy for sanctions was to coerce Iran back to the negotiating table, which is much more complex than a containment strategy, because his administration's hope was to incite the type of behavioural change that can be translated into political change. Once this goal was identified, the first act was to narrowly define the administration's objectives. Obama's early recognition of the "Islamic Republic of Iran" should have helped to change Iran's perception of U.S. designs on regime change,^[22] so any new sanctions would be intended to produce the change in behaviour the administration was hoping for. The next step would be to garner the necessary multilateral support to ensure the sanctions would apply the pressure necessary for Tehran to change its behaviour. Gaining this multilateral support was a key component for the success for a fourth round of sanctions imposed by the UN, which primarily targeted military sales to Iran as well as trade and financial transactions carried out by Iran's Islamic Revolution Guard Corps.^[23]

China's assistance was a key component of this multilateral support garnered on the part of the US. This was extremely difficult to gain as in November 2009, China signed a deal with Iran worth \$14.5 billion to help develop the South Pars natural gas field. Chinese companies had also begun shipping 30,000 to 40,000 barrels of refined oil to Iran, which accounted for a third of Iranian demand. In September 2009, when most of the European community was calling for massive sanctions, China was opposed, citing such sanctions were not conducive to the current diplomatic efforts. It wasn't until additional pressure was placed on China in the form of Israel's concerns that China went on board for a new round of sanctions.^[24]

Now may be the perfect time to engage Iran: the combination of sanctions and economic mismanagement has put Iran in a position where it is willing to negotiate.^[25] President Rouhani has referred to his recent election as a "mandate for change," and Ayatollah Ali Khamenei has given him the opportunity to seek peaceful detente with America.^[26] The timing is also right for President Obama to capitalize on this opportunity to enhance his personal legacy. Many of the goals Obama announced when he came into office have not been fulfilled. He has been ineffectual at passing legislation on immigration reform or gun control. The reviews are also mixed regarding Obamacare, his signature piece of legislation that had a botched roll out. Bringing a resolution to the Iranian conflict would help to cement Obama's legacy for effectiveness in foreign policy, as well as adding legitimacy to the Nobel Peace Prize he won in 2009 that he himself admits was a controversial choice.^[27]

Politically one of the greatest obstacles to a deal with Iran is Israel, who views the possibility of an Iranian nuclear program as an existential issue.^[28] Israel's Prime Minister Benjamin Netanyahu has attempted to urge the US and others not to be swept in by Rouhani's charm offensive.^[29] Netanyahu was also not pleased with the agreement made in Geneva; soon after a deal was reached, he released a statement: "This is a bad agreement that gives Iran what it wanted – the partial lifting of sanctions while maintaining an essential part of its nuclear programme."^[30] Many of the arguments in support of the *The Iran Nuclear Weapons Free Act of 2013* are very similar to Netanyahu's position that Iran should not be trusted, this is just a stall tactic, and "surely muscular diplomacy is preferable to feckless diplomacy."^[31] These concerns do represent a potential downside to the Geneva Agreement and to not passing any

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new sanctions.

Domestically one thing that should be considered is how the Democrats may be affected by any backlash from the pro-Israel vote. Jeffrey Helreich found in his 2001 study that the “Jewish vote” can affect Presidential elections by swaying the vote in important swing states such as Florida.^[32] However, even if President Obama aggressively pursued a peaceful resolution with Iran that displeased the American Jewish community, the effects may be limited for a few reasons. The Jewish community traditionally supports the Democrats: in the 2012 election, almost 70% of Jewish voters cast a ballot in favour of Obama.^[33] Additionally the Democrats are years away from the next Presidential election and by that time any change in relations with Iran may prove beneficial. The current concern for the Democrats is the mid-term elections, and in Florida the only race of significance is for the Governor’s office.^[34]

Another factor to consider is what American voters think are the key issues. In a Gallup poll released on September 11, 2013, the top four concerns of Americans noted at that time were the economy, unemployment, dissatisfaction with government, and healthcare. The top foreign policy issue was Syria, which only 8% of people thought was a concern.^[35] If American voters are much more concerned with domestic issues than foreign policy, that minimizes the impact of any foreign policy decision. More importantly, 73% of Americans would prefer the government rely on economic and diplomatic efforts, with only 28% supporting military action if diplomacy fails.^[36] As was previously stated, if a new sanctions bill is passed, the message being sent to Tehran would be that the US goal is regime change, which could possibly lead to further escalation.

In conclusion, President Obama should stress to other members of the Democratic Party how important this opportunity is. The US already missed a chance to come to a peaceful resolution with Iran when its last reformist President, Mohammed Khatami, was in office. The administration has shrewdly handled the fourth round of U.N. sanctions and it has seen the change in behaviour hoped for from Iran. Now the U.S. needs to finish the job by working out a long term agreement, but any deal will die once a bill for new sanctions is passed. If President Obama can show strong leadership during this process, he can solve a foreign policy issue that has hurt America and Iran for thirty-four years. Showing this type of resolve would go a long way towards cementing his legacy.

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