

TESTIMONY

Iran Sanctions

Options, Opportunities, and Consequences

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Subcommittee on National Security and Foreign Affairs
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Further international sanctions will probably not compel a change in Iran's nuclear policies nor cause a halt to those programs. There are nevertheless good reasons to peruse such restrictions.

There are, in fact, at least five distinct rationales for further sanctions against Iran. The obvious one is to influence Iranian policy. A second would be to promote positive change in the nature of the Iranian regime. A third objective is to degrade Iranian military and power projection capabilities. A fourth is to set a deterrent example for other aspirant proliferators. And finally, whatever may be the hoped for effect of sanctions, such measures at least provide an alternative to two even less attractive options: doing nothing in the face of Iranian efforts to develop a nuclear weapons capability or going to war to prevent it.

Historically, sanctions have seldom forced improved behavior on the part of targeted regimes. Sanctions did not compel the Soviet Union to withdraw from Afghanistan, Pakistan to halt its nuclear weapons program, Saddam to evacuate Kuwait, the Haitian military regime step down, Milosevic to halt ethnic cleansing in Bosnia and Kosovo, or the Taliban to expel Osama Bin Laden. Stiff sanctions were applied in all these instances, but it took either foreign military intervention or violent domestic resistance or both to bring about the desired change. There is thus little reason to believe that sanctions, however comprehensive and universally respected, could compel the Islamic Republic of Iran to abandon its nuclear program.

While none of the above named regimes altered their behavior in response to sanctions, all but one of them eventually fell. Sanctions may have contributed to their fall, but more as a gesture of solidarity with those seeking to change the regime, often by violent means, than as the prime

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cause. Universally supported sanctions in support of human rights in Iran might make a similar contribution to regime change there, as they did in South Africa, Haiti, Serbia, Iraq, and Afghanistan. However, at the current moment, there is not the slightest prospect of getting such universal support, nor does the U.S. President or Congress intend this to be the rationale for the new sanctions.

The objective for additional sanctions on Iran currently under consideration is to force that regime to abandon its nuclear aspirations. Sanctions so directed are unlikely to encourage and could even diminish domestic resistance to the regime. Most Iranians, including most Iranian democratic reformers, support Iran's efforts to master the nuclear fuel cycle. As a result, even universally applied sanctions directed to that objective and targeted in on the Iranian populace are unlikely to contribute to the revolutionary regime's demise and could even help it rally domestic support.

Sanctions can definitely degrade the economic performance of the targeted state, and thereby limit its military and power projection capabilities. This was certainly true with Saddam's Iraq, which after 1991 was compelled to abandon its nuclear, chemical and biological weapons programs, and to see its conventional military strength diminish steadily, year after year, until the United States invaded in early 2003. This was also true with respect to Haiti, Serbia and Afghanistan. In each case, comprehensive and universally widely enforced sanctions made an eventual American military intervention even easier than it otherwise would have been. Sanctions as a prelude to invasion thus have a lot to recommend them.

Even unilateral American sanctions, for instance against Cuba and Iran, have had some impact on the targeted country's economy and capacity to project power, although poor economic policies on the part of these governments has probably been an even more important impediment. On the other hand, unilateral American sanctions also have bolstered the targeted regimes domestic political support. In other words, unilateral American sanctions have both moderated and perpetuated the threat such regimes present.

The exemplary deterrent effect of sanctions is harder to measure, but in the case of nuclear proliferation could be quite important. Were the United States and the rest of the international community to passively acquiesce to the development of an Iranian bomb, other regional states would be given a green light to go down the same path. One or more of them may eventually do so anyway, but the threat of becoming an international pariah should have some deterrent effect. This is one of the best reasons for pursuing tougher international sanctions against Iran, and the only rational with no clear downside.

Finally, we have the political imperative not to just stand there, but to do something. In situations where inaction is unacceptable and preemptive military attack unappealing, sanctions often provide the only alternative. This is not the place to rehearse in any detail the arguments for and against a military strike on Iranian nuclear facilities, but many experts believe that elements of that program can neither be found nor destroyed, and that an attack would lead Iran to redouble its efforts to develop a nuclear weapons capability, unite the Iranian public in support of the regime, legitimize the Iranian nuclear program in the eyes of many outside Iran and consequently dissolve the international consensus that currently exists in opposition to Iran's nuclear ambitions. Given these downsides to preemptive military action, sanctions become the default option, almost regardless of their efficacy.

While sanctions may offer an irresistibly appealing political fix to a policy dilemma, they are not without cost to the imposing states. In an immediate sense, of course, the consequences are principally borne by the targeted society. Paradoxically, however, some of that cost is eventually transferred, to the American taxpayer. This is because rogue regimes eventually give way to something better. When they do, the former pariah state invariably becomes a recipient of American aid, and the United States begins to pay to undo the consequences of that society's economic isolation. Much of the American aid for Haiti, the Balkans, Afghanistan and Iraq has been directed to repairing the ravages of American supported international sanctions. One day the American taxpayer will be called upon to do the same for democratic Cuba. Unfortunately these nearly inevitable costs are never considered, calculated or even mentioned when sanctions are initially imposed.

To recapitulate, further sanctions against Iran are not likely to alter Teheran's nuclear policies. Such sanctions will weaken the state economically and even militarily, but perhaps also strengthen the regime's domestic support and hold on power. Sanctions against Iran will serve, to some degree at least, as a deterrent to other potential proliferators. In any case, further sanctions are almost inevitable, given the paucity of other viable options. The next question, therefore, is how to structure further sanctions in a manner that best achieves positive objectives while minimizing the negative consequences.

Since 1979 the Iranian regime has been guided by an amalgam of ideological strains: the Islamic, the republican, and the revolutionary. The first is represented by members of the clergy who seek to promote and preserve their influence on the broader society. The second encompasses secular politicians and their supporters who take the democratic component of Islamic Republic's constitution seriously, and seek to strengthen the representative nature of the regime. The third

strain is epitomized by the country's dominant security force, the Revolutionary Guard Corps. Individuals often straddle these divides, and there are certainly reformist ayatollahs and even, reportedly, some reformist Revolutionary Guardsmen.

For the past thirty years, the equilibrium among these three shifting strains has favored first one and then the other, without ever fully eclipsing any faction. The present Supreme Leader has seen his role as a balancer, sustaining his influence and pivotal position by ensuring that no single faction becomes too strong. Last summer's fraudulent election and the outraged popular reaction to it have gravely upset this balance. Much of the secular political leadership and some of the clerical have openly resisted efforts of the revolutionary faction to ensure a second term for President Mahmoud Ahmadinejad. The resultant, so far peaceful revolt has forced the Supreme Leader to abandon, temporarily at least, his balancing role in order to support the forces of revolutionary order against those of republican reform.

This is not an inherently stable arrangement. Iran may be headed toward a real police state, with both the Islamic and republican factions permanently eclipsed and the Supreme Leader gradually marginalized. Alternatively, secular and clerical reformists might stage a successful "counter-revolution", although the odds in their favor do not currently seem very promising. Perhaps the most likely development would be for the gradual reestablishment of some rough balance among all three of these groupings.

Sanctions that target Iranian society as a whole would seem likely to promote the least desirable of these results, that is to say the consolidation of a police state under Revolutionary Guard leadership. Such would particularly be the case if sanctions were to restrict the inflow of consumer products, of which gasoline is perhaps the commodity most widely consumed. Such a ban would hit hardest those who own automobiles, the urban middle class, or precisely those who have been risking their lives daily to protest the recent election and subsequent regime crack down. Senior officials will get gasoline for their limousines no matter how scarce it becomes, and pay nothing for it. Much of the gasoline that does get through any embargo will be smuggled, and the smuggling will be controlled by the Revolutionary Guard, who will reap the profits produced by the resultant shortage. The more effective the embargo, the greater the shortages, the larger the Revolutionary Guards profits.

So an internationally imposed ban on sales of gasoline to Iran would probably penalize the populace, particularly the most politically progressive element of it, and strengthen the most regressive elements of the regime. A unilateral American ban would be meaningless, as the United States does not export any gasoline to Iran. A unilateral American ban with extraterritorial

application would seem to offer the worst combination of effects, penalizing the population, strengthening the regime, embroiling the United States in endless disputes with its allies, and thereby disrupting existing international solidarity in opposition to Iran's nuclear aspirations.

So what to do? Strengthened sanctions are needed to reduce Iran's capacity to threaten its neighbors, to deter other aspiring nuclear powers and to provide an alternative to the even less productive courses of complete inaction or a preemptive military attack. To achieve these results, while minimizing negative consequences, such sanctions should be international. They should be targeted on the regime, and on its nuclear and military potential. Such measures would include a comprehensive embargo on arms sales and on transfers of nuclear technology, financial sanctions focused on the military, power projection, an internal security apparatus, and an international travel ban on those associated with those institutions. Sanctions which single out the leadership and impose even symbolic penalties on them can help further delegitimize the regime in the eyes of the Iranian people. Sanctions designed to impoverish the country as a whole probably have a reverse psychological effect, generating a sense of solidarity under unwarranted foreign pressure.

Finally, any sanctions should also be rapidly reversible. Admittedly there seems little immediate prospect that the Iranian regime will alter its behavior or go the way of the former Soviet, Haitian, Serbian, Afghan and Iraqi regimes. Nevertheless, on two occasions over the past eight years the Islamic Republic made far reaching overtures of cooperation and accommodation to Washington. Those offers were made in the immediate aftermath of the US intervention in Afghanistan and then again following its invasion of Iraq. In the mood of national hubris that prevailed in this country back then, Washington chose on both occasions to ignore Teheran's overtures. We cannot now predict if or when another such opportunity will arise, but we should ensure that the President is in a position to respond rapidly if and when it does. This argues for including in any legislation broad authority for the President to waive or terminate sanctions in response to changing conditions.