Dead-End Diplomacy: Washington’s Failed Sanctions on Iran

By Trita Parsi

THE ADMINISTRATION OF US President Barack Obama continued the two-track policy of President George W. Bush regarding Iran’s nuclear program, a combination of diplomacy and ever escalating sanctions. But today, several former Obama administration officials admit that, in essence, there was always only one track: pressure. Once the initial effort at diplomacy failed in 2009, the policy was about nothing more than sanctions.

Obama has been more successful than any other US president in isolating and sanctioning Iran. The administration is passing extraterritorial laws with regard to Iran — that is, laws by which other countries have to abide — with hardly an objection from friends and foes alike. Gone are the days of former Presidents Bill Clinton and Bush, when even a hint of extraterritorial laws would generate threats of a trade war or other reactions from Europe and Asia.

Indeed, the United States has used its leverage over the international financial system to create the most comprehensive unilateral sanctions regime in history. And to be sure, the sanctions on Iran have had an impact. Most politicians and pundits agree that 2012 was the most tumultuous year in Iran’s business community to start lobbying the government to take action. This could have meant worse, during the 2012 negotiations, US government officials publicly took sanctions relief off the table, which just played into Khamenei’s position. If sanctions have caused the economic malaise, and nuclear concessions won’t elicit sanctions relief, then why make any concessions, decision-makers in Tehran asked themselves.

Sanctions became particularly problematic when the pain reached levels that prompted Iran’s business community to start lobbying the government to take action. This could have been the kind of “elite-turning-against-the-policy” moment that has sometimes rendered sanctions successful elsewhere. But precisely because the belief among the elite was that nuclear concessions wouldn’t result in the lifting of the sanctions, private lobbying by the business commu-
nity has tended to focus on securing domestic economic concessions for itself rather than pushing for nuclear concessions to the West.

More sanctions won’t change this dynamic, nor will additional time for the sanctions to sink in. Tehran will likely continue to expand its nuclear program to counter the sanctions, bringing the parties closer to a military standoff.

A smarter approach, however, could be effective — one that, on the one hand, makes it abundantly clear that the sanctions will be traded for Iranian nuclear concessions, and on the other hand, deliberately works to break Khamenei’s narrative about innate Western hostility toward Iran. As the country’s domestic dynamics indicate, it is possible to produce narratives that compete or even clash with Ayatollah Khamenei’s. For example, senior politician Habibollah Asgaroladi’s support for releasing opposition leaders Mir Hussein Moussavi and Mehdi Karroubi from house arrest is an alternative approach on domestic affairs. But the fact that Iranian stakeholders have not produced an alternative approach on nuclear policy is a direct consequence of the fact that meaningful, proportionate sanctions relief is not on the table.

Unless sanctions are used as bargaining chips, it is unlikely that the regime will succumb to greater pressure. Tehran’s official view remains unchallenged, key figures are not visibly lobbying for policy shifts and capitulation is seen as a threat to the regime’s survival — an even greater one than a military confrontation with the US.

In the meantime, while the US has focused on sanctions alone, Iran has moved further away from Washington’s desired goals. According to the Worldwide Threat Assessment report presented by Director of National Intelligence James Clapper to the US Senate in March:

> Iran is growing more autocratic at home and more assertive abroad ... Supreme Leader Khamenei’s power and authority are now virtually unchecked, and security institutions, particularly the Islamic Revolutionary Guard Corps (IRGC), have greater influence at the expense of popularly elected and clerical institutions ... Meanwhile, the regime is adopting more oppressive social policies to increase its control over the population, such as further limiting educational and career choices for women.

Clapper lists three factors that are responsible for this regrettable development: elite and popular grievances, a deteriorating economy and an uncertain regional dynamic.

The first factor is the regime’s doing. It stole the votes of the population in 2009, and its intensified repression since then has only deepened the government’s unpopularity. The third factor — the uncertain regional dynamic — is beyond the control of the Iranian regime and the US government. But the second factor contributing to Tehran’s intensified repression at home and assertiveness abroad is due to a combination of domestic economic mismanagement and the blind, indiscriminate sanctions imposed by the US and its allies. Clapper notes in his report how “Iran’s financial outlook has worsened since the 2012 implementation of sanctions on its oil exports and Central Bank.” Yet, he points out, “growing public frustration with the government’s socio-economic policies has not led to widespread political unrest.” Instead, regular Iranians have seen greater repression at home.

Sadly, the Obama administration’s sanctions-only policy is both failing to achieve its objective on the nuclear front and adding to the regime’s repression and the Iranian public’s misery. And worst of all, the policy does not offer a credible exit either for Iran or the United States.

As long as the state manages to retain internal unity, its ability to sustain its policies remains intact — even if it is under enormous economic pressure.

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