

# Sanctions Are Only a Stop-Gap

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## The question is not whether sanctions have worked but whether the strategy they serve is correct.

To judge the effectiveness of Western sanctions against Iran, it is important to first establish their purpose. U.S. officials and their European counterparts have set out a number of different goals for the sanctions regime, including deterring the proliferation of nuclear technology across the Middle East, as other countries imitate Iran, and persuading Iran to comply with the UN Security Council's orders to suspend all nuclear enrichment. The sanctions have met some of those aims and failed to meet others. But for the Obama administration, they have succeeded in one crucial way -- bringing Iran back to the negotiating table. The question, then, is not whether sanctions have worked but whether the strategy they serve is correct.

To begin with, Tehran's decision to reenter discussions about the future of its nuclear program represents a dramatic about-face. During the January 2011 round of negotiations between Iran and the so-called P5 plus 1 (the five permanent members of the UN Security Council and Germany), for example, Tehran rejected any talk of its nuclear program. For the next 15 months, it refused to meet until the P5 plus 1 accepted the precondition of Iran's right to enrich uranium. In new talks in Istanbul this past March, however, Iran agreed to discuss its nuclear efforts and dropped its precondition.

The Islamic Republic did not do this out of goodwill but because of tougher sanctions. By demonstrating a willingness to negotiate and working closely with Europe, the Obama administration has rallied many countries behind its efforts. This broad coalition has established increasingly severe sanctions -- results that the United States could not have achieved alone. In March, for example, the European Union banned the largest Iranian banks from the Society for Worldwide Interbank Financial Telecommunication, the main institution used for transferring money between banks across the globe, thereby crippling the ability of Iranian financial institutions to conduct business. And earlier this year, the European Union began imposing an oil embargo on Iran that has already reduced the country's oil exports. In the last six months, these measures, along with Iran's erratic economic policies, have

robbed the currency of half its value and, according to Iranian estimates, caused inflation to soar above 20 percent (and likely much higher). Iranian Central Bank Governor Mahmoud Bahmani described the sanctions “as worse than physical war,” proclaiming Iran “under siege.” And Iranian business leaders worry that more sanctions are on the way, since the United States and Europe have made clear that the longer the impasse over its nuclear ambitions continues, the more economic and political trouble Iran will face.

The sanctions have also helped Washington slow Tehran’s nuclear progress. Alongside sabotage, defections, cyber attacks, and assassinations, sanctions -- such as the UN ban on the acquisition of so-called dual-use items, seemingly benign technologies that could be applied to the nuclear program -- have hampered Iran’s technological advancement. For example, the Islamic Republic, despite its best efforts, continues to use a poor, outdated design for its centrifuges, which frequently break down because the country cannot obtain better technology or high-quality materials.

Yet the sanctions do have limits. The EU oil embargo and U.S. and EU financial restrictions have largely failed to decrease Iran’s oil revenue. Those sanctions would have had much more impact a decade ago, when Iran averaged \$19 billion a year in oil income. Oil prices are now so high that Iran can compensate for Western pressure. Prior to the recent sanctions, the International Monetary Fund estimated that revenue from Iran’s oil and gas exports in 2012–13 would reach \$104 billion, \$23 billion more than in 2010–11. In March, The Wall Street Journal cited estimates that sanctions could cut Iranian oil income in half -- painful but still equal to the \$54 billion Iran earned from oil sales in 2005–6, the year when it decided to provoke the West by resuming nuclear enrichment after a three-year pause. Even if sanctions could somehow decimate Iran’s economy, there is still no guarantee that the regime would end its pursuit of nuclear technology.

Whether or not diplomacy results in an agreement, the sanctions have already fulfilled the core objective of the Obama administration -- namely, kick-starting negotiations. But that is not the right goal. Given Iran’s poor track record of honoring agreements, negotiations remain a gamble because they may never lead to an agreement, let alone one that can be sustained. Rather than focus on talks that may not produce a deal, then, the United States should place far more emphasis on supporting democracy and human rights in Iran. A democratic Iran would likely drop state support for terrorism and end its interference in the internal affairs of Arab countries such as Iraq and Lebanon, improving stability in the Middle East. And although Iran’s strongly nationalist democrats are proud of the country’s nuclear progress, their priority is to rejoin the community of nations, so they will likely agree to peaceful nuclearization in exchange for an end to their country’s isolation.

The United States could assist democratic forces in Iran by providing money and moral support. It could fund people-to-people exchanges and student scholarships; support civil society groups providing assistance to Iranian activists; work closely with technology companies such as Google on how to transmit information to the Iranian people; and overhaul Voice of America’s Persian News Network, where journalistic standards have suffered under uneven management. It could also raise human rights abuses in every official meeting with Iranian officials, such as the ongoing nuclear negotiations, and bring Iranian rights violations to the United Nations and the International Court of Justice. Iran’s supreme leader, Ayatollah Ali Khamenei, understands the danger of a popular revolution in his country and has done everything in his power to prevent it. If the United States is going to take a risk, it should aim not for a partial, insecure nuclear arrangement but the best return possible -- a democratic Iran. ❖

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