

### By George Friedman

The Iranian government has rejected, at least for the moment, a proposal from the P-5+1 to ship the majority of its low-enriched uranium abroad for further enrichment. The group is now considering the next step in the roadmap that it laid out last April. The next step was a new round of sanctions, this time meant to be crippling. The only crippling sanction available is to cut off the supply of gasoline, since Iran imports 35 percent of its refined gasoline products. That would theoretically cripple the Iranian economy and compel the Iranians to comply with U.S. demands over the nuclear issue.

We have written extensively on the ability of sanctions to work in Iran. There is, however, a broader question, which is the general utility of sanctions in international affairs. The Iranian government said last week that sanctions don't concern it because, historically, sanctions have not succeeded. This partly explains Iranian intransigence: The Iranians don't feel they have anything to fear from sanctions. The question is whether the Iranian view is correct and why they would believe it — and if they are correct, why the P-5+1 would even consider imposing sanctions.

### The Assumptions of Sanctions

We need to begin with a definition of sanctions. In general, sanctions are some sort of penalty imposed on a country designed to cause it sufficient pain to elicit a change in its behavior. Sanctions are intended as an alternative to war and therefore exclude violence. Thus, the entire point of sanctions, as opposed to war, is to compel changes of behavior in countries without resorting to force.

Normal sanctions are economic and come in three basic forms. First, there is seizing or freezing the assets of a country or its citizens located in another country. Second, sanctions can block the shipment of goods (or movement of people) out of the target country. Third, sanctions can block the movement of goods into a country. Minor sanctions are possible, such as placing tariffs on products imported from the target country, but those sorts of acts are focused primarily on rectifying economic imbalances and are not always driven by political interests. Thus, the United States placed tariffs on Chinese tires coming into the United States. The purpose was to get China to change its economic policies. On the other hand, placing sanctions on Iraq in the 1990s or on Sudan today are designed to achieve political and military outcomes.

It is important to consider the underlying assumptions of the decision to impose sanctions. First, there is the assumption that the target country is economically dependent in some way on the country or countries issuing the sanctions. Second, it assumes that the target country has no alternative sources for the economic activity while under sanctions. Third, it assumes that the pain caused will be sufficient to compel change. The first is relatively easy to determine and act

on. The next two are far more complex.

Obviously, sanctions are an option of stronger powers toward weaker ones. It assumes that the imposition of sanctions will cause more pain to the target country than it will to the country or countries issuing sanctions, and that the target country cannot or will not use military action to counter economic sanctions. For example, the United States placed sanctions on the sale of grain to the Soviet Union during the Cold War. It discovered that while the sanctions were hurting the Soviets, they were hurting American farmers as well. The pain was reciprocal and there was an undertone of danger if the Soviets had chosen to counter the sanctions with military force. An example of that concerned Japan in 1941. The United States halted the shipment of oil and scrap metal to Japan in an attempt to force it to reshape its policies in China and Indochina. The sanctions were crippling, as the Americans expected. However, the Japanese response was not capitulation, but Pearl Harbor.

To understand the difficulties of determining and acting on the assumptions of imposing sanctions, consider Cuba. The United States has imposed extensive economic sanctions on Cuba for years. During the first decades of the sanctions, they were relatively effective, in the sense that third countries tended to comply rather than face possible sanctions themselves from the United States. As time went on, the fear of sanctions declined. A European country might have been inclined to comply with U.S. sanctions in the 1960s or 1970s, for both political reasons and for concern over potential retaliatory sanctions from the United States. However, as the pattern of international economic activity shifted, and the perception of both Cuba and the United States changed within these countries, the political implication to comply with U.S. wishes declined, while the danger of U.S. sanctions diminished. Placing sanctions on the European Union would be mutually disastrous and the United States would not do it over Cuba, or virtually any other issue.

As a result, the sanctions the United States placed on Cuba have dramatically diminished in importance. Cuba can trade with most of the world, and other countries can invest in Cuba if they wish. The flow of American tourists is blocked, but European, Canadian and Latin American tourists who wish to go to Cuba can go. Cuba has profound economic problems, but those problems are only marginally traceable to sanctions. Indeed, the U.S. embargo has provided the Castro regime with a useful domestic explanation for its economic failures.

### Limitations

This points to an interesting characteristic of sanctions. One of the potential goals of placing sanctions on a country is to generate unrest and internal opposition, forcing regime change or at least policy change. This rarely happens. Instead, the imposition of sanctions creates a sense of embattlement within the country. Two things follow from this. First, there is frequently a boost in support for the regime that might otherwise not be there. The idea that economic pain takes precedence over patriotism or concern for maintaining national sovereignty is not a theory with a great deal of empirical support. Second, the sanctions allow a regime to legitimize declaring a state of emergency — which is what sanctions intend to create — and then use that state of emergency to increase repression and decrease the opportunity for an opposition to emerge.

Consider an extreme example of sanctions during World War II, when both the Axis and Allies tried to use airpower as a means of imposing massive economic hardship on the population, thereby attempting to generate unrest and opposition to the regime. Obviously, strategic bombing is not sanctions, but it is instructive to consider them in this sense. When we look at the Battle of Britain and the strategic bombing campaigns against Germany and Japan, we find that countereconomic warfare did not produce internal opposition that the regime could not handle. Indeed, it could reasonably be argued that it increased support for the regime. It is assumed that economic hardship can generate regime change, yet even in some of the most extreme cases of economic hardship, that didn't happen.

Imposing an effective sanctions regime on a country is difficult for two reasons. First, economic pain does not translate into political pressure. Second, creating effective economic pain normally requires a coalition. The United States is not in a position to unilaterally impose effective sanctions. In order to do that, it must act in concert with other countries that are prepared not only to announce sanctions but — and this is far more important and difficult — also to enforce them. This means that it must be in the political interest of all countries that deal with the target to impose the sanctions.

It is rarely possible to create such a coalition. Nations' interests diverge too much. Sometimes they converge, as in South Africa prior to the end of apartheid. South Africa proved that sanctions can work if there is a coalition that does not benefit extensively from economic and political ties with the target country, and where the regime is composed of a minority within a very large sea of hostility. South Africa was a special case. The same attempt at a sanctions regime in Sudan over Darfur has failed because many countries have political or economic interests there.

It is also difficult to police the sanctions. By definition, as the sanctions are imposed, the financial returns for violating them increase. Think of U.S. drug laws as a form of sanctions. They raise the price of drugs in the United States and increase the incentives for smugglers. When a broad sanctions regime was placed on Iraq, vast amounts of money were made from legitimate and illegitimate trading with Iraq. Regardless of what a national government might say (and it may well say one thing and do another) individuals and corporations will find ways around the sanctions. Indeed, Obama's proposed sanctions on corporations are intended precisely for this reason. As always, the issue is one of intelligence and enforcement. People can be very good at deception for large amounts of money.

The difficulty of creating effective sanctions raises the question of why they are used. The primary answer is that they allow a nation to appear to be acting effectively without enduring significant risks. Invading a country, as the United States found in Iraq, poses substantial risks. The imposition of sanctions on relatively weaker countries without the ability to counter the sanctions is much less risky. The fact that it is also far less effective is compensated for by the lowered risk.

In truth, many sanction regimes are enforced as political gestures, either for domestic political reasons, or to demonstrate serious intent on the international scene. In some cases, sanctions are a way of appearing to act so that military action can be deferred. No one expects the

sanctions to change the regime or its policies, but the fact that sanctions are in place can be used as an argument against actions by other nations.

This is very much the case with Iran. No one expects Russia or China (or even many of the European states) to fully comply with a sanctions regime on gasoline. Even if they did, no one expects the flow of gasoline to be decisively cut off. There will be too many people prepared to take the risk of smuggling gasoline to Iran for that to happen. Even if the U.S. blockaded Iranian ports, the Caucasus and Central Asia are far too disorderly and the monetary rewards of smuggling are too great of an incentive to make the gasoline sanctions effective. Additionally, the imposition of sanctions will both rally the population to the regime as well as provide justification for an intense crackdown. The probability of sanctions forcing policy changes or regime change in Iran is slim.

### Balancing Acquiescence and War

But sanctions have one virtue: They delay or block military action. So long as sanctions are being considered or being imposed, the argument can be made to those who want military action that it is necessary to give the sanctions time to work. Therefore, in this case, sanctions allow the United States to block any potential military actions by Israel against Iran while appearing domestically to be taking action. Should the United States wish to act, the sanctions route gives the Europeans the option of arguing that military action is premature. Furthermore, if military action took place without Russian approval while Russia was cooperating in a sanctions regime, it would have increased room to maneuver against U.S. interests in the Middle East, portraying the United States as trigger-happy.

The ultimate virtue of sanctions is that they provide a platform between acquiescence and war. The effectiveness of that platform is not nearly as important as the fact that it provides a buffer against charges of inaction and demands for further action. In Sudan, for example, no one expects sanctions to work, but their presence allows business to go on as usual while deflecting demands for more significant action.

The P-5+1 is now shaping its response to Iran. They are not even committed to the idea of sanctions. But they will move to sanctions if it appears that Israel or the United States is prepared to move aggressively. Sanctions satisfy the need to appear to be acting while avoiding the risks of action.

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