Despite Saudi Crisis, US Increases Threats Against Iran

Though the U.S.-Saudi alliance may have been weakened because of the Khashoggi murder, both countries are still targeting Iran as new US sanctions are announced on Sunday, writes Marjorie Cohn of Truthout.

By Marjorie Cohn
Truthout

The alleged torture, murder and dismemberment of journalist Jamal Khashoggi, widely believed to have been carried out on orders of Saudi Crown Prince Mohammed bin Salman, may put a crimp in Donald Trump's plans to escalate his aggression against Iran.

Saudi Arabia, the United States and Israel are unified in their hatred of Iran, albeit with different motives. Iran has been in the crosshairs of the United States since the 1979 Iranian Revolution overthrew the vicious, US-installed puppet Mohammad Reza Shah Pahlavi; indeed, in 2002, George W. Bush initiated Iran into his "axis of evil." Saudi Arabia, home to the two holiest Muslim sites, sees Shiite Iran as a rival for regional hegemony. And Israel considers Iran an "existential threat."

"Trump administration officials and outside experts said that possible repercussions on an elaborate plan to squeeze the Iranians have dominated internal discussions about the fallout over what happened to Mr. Khashoggi," David Sanger reported in *The New York Times.*

The allegations against the Saudi crown prince "have already had an effect" on Israel, "effectively freezing the push to build an international coalition against Iran's regional influence, the top priority for Prime Minister Benjamin Netanyahu," Ben Hubbard and David Halbfinger, citing "analysts," wrote in the *Times.*

White House officials are worried the mushrooming crisis with Saudi Arabia could "derail a showdown with Iran and jeopardize plans to enlist Saudi help to avoid disrupting the oil market."

Trump Still Ramps It Up

Following the dangerous and foolhardy withdrawal from the Iran nuclear deal — the Joint Comprehensive Plan of Action (JCPOA) — which pleased Israel and Saudi Arabia, the Trump administration is slated to announce on Sunday that companies doing business with Iran — including purchasing oil or making investments in the country – will be forbidden from doing business in the United States. The imposition of these punishing sanctions are intended to result in a full embargo of Iran's oil.

Trump will need Saudi military and political cooperation if, "as threatened," Iran retaliates against his oil embargo by taking "reciprocal, physical action to halt Saudi and Gulf states' oil exports via the Strait of Hormuz in the Gulf and the Bab-el-Mandeb strait, at the mouth of the Red Sea," Simon Tisdall noted in *The Guardian*. "If this crisis point is reached, escalating confrontations across the region cannot be ruled out."

The Trump administration is relying on Saudi Arabia to pump extra oil once Iran is out of the market. But Congress is considering whether to punish Saudi Arabia for the Khashoggi case.

"To penalize what the Saudis care about most – oil revenue – would be to undercut the Iran policy and send the price of gasoline and heating oil significantly higher, just as winter approaches," Sanger noted.

Richard N. Haass, president of the Council on Foreign Relations, told the *Times,* "It's a neat trick if you both sanction a country and partner with them at the same time," adding, "it's not easy to keep the focus on Iran's behavior when the Saudis are doing terrible things to journalists and dissidents, and bombing children in Yemen."

The Khashoggi murder has shone a spotlight on the commission of Saudi war crimes in Yemen, aided and abetted by the United States. In a *New York Times* opinion piece, Sen. Bernie Sanders called for ending US military support to Saudi Arabia. But Sanger cited administration sources as saying, "the issue of limiting American arms sales to Saudi Arabia, which Mr. Trump has said would threaten American jobs, pales in importance [to the plan to squeeze Iran]."

Meanwhile, Trump continues to rattle the sabers at Iran.

Taliban Targeted

On Oct. 23, the Terrorist Financing Targeting Center, comprised of the United States, Saudi Arabia, the United Arab Emirates, Bahrain, Kuwait, Oman and Qatar, designated nine individuals "associated with the Taliban," some of whom have "Iranian sponsors." A Bush-era executive order authorizes the Office of Foreign Assets Control to block the assets of anyone or any group designated as a terrorist.

Treasury Secretary Steven Mnuchin announced the terrorism designations in a press release, stating that the United States is "targeting key Iranian sponsors providing financial and material support to the Taliban." He added, "Iran's support to the Taliban stands in stark violation of the United Nations Security Council Resolutions and epitomizes the regime's utter disregard for fundamental international norms."

In a May speech, Secretary of State Mike Pompeo said the United States would "crush" Iran with new sanctions so severe that regime change could result.

Moreover, on Oct. 5, the White House released its long-awaited 25-page counterterrorism strategy, which calls Iran "the most prominent state sponsor of terrorism." It pledges to fight Iran and "radical Islamist" militants to eliminate the terror threat against the United States.

In fact, Iran has not used aggressive military force against a hostile neighbor for more than 200 years. Curiously, the new U.S. counterterrorism strategy fails to identify Saudi Arabia, which is targeting civilians and killing thousands of them in Yemen (and backing extremists in Syria and elsewhere), as a terrorist threat.

Eric Margolis, a veteran war correspondent in the Middle East, reported in July that the Pentagon has prepared plans for an air attack on Iran:

> The Pentagon has planned a high-intensity air war against Iran that Israel and the Saudis might very well join. The plan calls for over 2,300 air strikes against Iranian strategic targets: airfields and naval bases, arms and petroleum, oil and lubricant depots, telecommunication nodes, radar, factories, military headquarters, ports, water works, airports, missile bases and units of the Revolutionary Guards.

The National Coalition to Prevent an Iranian Nuclear Weapon, a group of more than 50 prominent foreign policy experts, released a statement saying, "The Trump Administration's Iran strategy is to assert maximum economic, political and military pressure to change Iran's behavior and threaten, if not cause, collapse of the regime." That strategy, they added, "has left Iran the option of either capitulation or war."

Many in Congress are worried that Trump may be gunning for Iran. They are trying to prevent him from mounting a preemptive strike.

Will Congress Stop an Attack?

On Sept. 28, Sen. Tom Udall (D-NM), joined by Senators Patrick Leahy (D-VT), Dianne Feinstein (D-CA), Richard Durbin (D-IL), Bernie Sanders (I-VT), Jeff Merkley (D-OR), Martin Heinrich (D-NM) and Chris Murphy (D-CT), introduced the

Prevention of Unconstitutional War with Iran Act of 2018. It would prohibit the United States from appropriating money that could lead to war with Iran unless Congress expressly approves. The legislation makes clear that a preemptive attack on Iran would be illegal under the War Powers Act and the US Constitution.

The Udall bill notes that “the International Atomic Energy Agency repeatedly verified that Iran has continued to comply with it nuclear-related obligations under the Joint Comprehensive Plan of Action.” US noncompliance with the JCPOA, the bill continues, “risks an unnecessary conflagration with Iran through the use of sanctions against both allies and adversaries in the region and throughout the world, absent a clear diplomatic path for resolving the crisis.” The bill quotes Trump’s tweet that Iran “[w]ill suffer consequences the likes of which few throughout history have ever suffered before.”

Congress explicitly provided in the National Defense Authorization Act of 2019, “Nothing in this Act may be construed to authorize the use of force against Iran or North Korea.”

In April, a bipartisan bill to replace the 2001 Authorization for the Use of Force (AUMF) was introduced in the Senate and is currently pending in the Foreign Relations Committee. The proposed bill would allow the president “to use all necessary and appropriate force” against Iraq, Afghanistan, Syria, Yemen, Libya and Somalia, al-Qaeda, ISIS (also known as Daesh), the Taliban and their “associated forces.” But by its terms, “associated forces” specifically excludes “a sovereign nation.” So, the new AUMF would not cover Iran.

That wouldn’t stop Trump from purporting to rely on the 2001 AUMF to attack Iran, however. Although specifically limited to those responsible for 9/11, Bush, Obama and Trump have all used it to justify at least 37 military operations, many of them unrelated to 9/11.

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Treasury’s ‘Kremlin Report’ Seen as Targeting Russian Economy

The Treasury Dept. has issued a list of some 200 Russians for sanctions, which could impact the whole Russian economy and further exacerbate U.S.-Russian tensions, Gilbert Doctorow explains.

By Gilbert Doctorow

January 29 had been seen as a kind of “D-Day” in Russia, with anticipation and apprehension building for weeks over what many Russians believed could mark a critical change for the worse in relations with the United States. Russian media pitched their coverage to the country’s elites, who were under the Sword of Damocles of new U.S. sanctions that might be directed against them, but also to the general Russian public, who have watched with uneasiness, concerned over the effects of sanctions on the economy, on their livelihoods and living standards.

The document to be released on Jan. 29 was the Treasury Department’s so-called “Kremlin Report,” which identified 210 Russian officials and billionaires considered to be part of President Vladimir Putin’s ruling elite. The report, which the Trump administration was required to file with Congress no later than the 29th under the terms of the Countering America’s Adversaries Through Sanctions Act, could open up these “oligarchs” to sanctions.

CAATSA was passed overwhelmingly by Congress and signed into law by President Trump on August 2, 2017, notwithstanding the Act directly contradicting his stated desire to normalize relations with Russia. His signature was effectively forced, in the recognition that his possible veto would be instantly overridden and further embitter his relations with Congress at a time when his administration had still no legislative achievements to its record.

With the anticipation of a breaking-news story of great importance to the nation, Russian media spared no expense to ensure their coverage of the Kremlin Report on the ground in the U.S. at the time of the release of reports relating to sanctions would be appropriate to the suspense at home. The top-rated Russian state news channel, Rossiya-1 sent its principal talk show presenter Yevgeni

Popov to Washington to head up a panel of local experts that would get extensive broadcast time back home.

Among the American panelists chosen to speak about the Kremlin Report were the credible and well known commentators Paul Sanders of *The National Interest* and David Filipov, until recently the Moscow bureau chief of *The Washington Post*. Their live coverage began at mid-day Moscow time which turned out to be almost 20 hours before the Report about which they were expected to comment was actually released. No matter, talk shows often dwell on speculation and so the medium did not disappoint.

By contrast, American and European media generally reacted more slowly and with less interest to the release of the Kremlin Report, with most coverage appearing only after the fact. While part of the lag might be explained by the timing of the report's release just before midnight on the 29th – and the six-hour time difference between the U.S. and Europe – the differences in coverage may also be explained by the level of prioritization the various players in the media give to Russian affairs.

In any case, be it known that notwithstanding the midnight hour of release, the European newspapers *The Financial Times (UK)* and *Le Monde* were right there in their morning online editions with excellent news coverage of the reports that remained factual and did little or no editorializing. This set them apart from other mainstream print media on the Continent who had zero coverage even in the middle of the business day on the 30th. I think in particular of *The Guardian (*UK*), Le Figaro* (France), *Die Zeit* or *Frankfurter Allgemeine Zeitung* (Germany).

Tuesday morning in the United States found no coverage of the Kremlin Report in mainstream print media including *The New York Times* and *The Washington Post*, despite the report's potential for aggravating U.S. tensions.

Typically on major developments relating to Russia that somehow take an unexpected turn, as was surely the case with the Kremlin Report, the editorial boards take their time, sniff the air to see which way the wind is blowing, and only then commit themselves to an editorial position that directs their journalistic reporting.

And so it was not before mid-afternoon that the online edition of *The New York Times* took a stand on the report. And it was an equivocal and arm's length stand, telling us that the Trump administration had issued a report that managed to offend both sides to the issue: the Russians and the American Congressmen, both sides objecting to the lists and how they were compiled.

U.S. electronic media were faster off the mark and gave much more extensive coverage to the issue. None entered the fray with greater zest for the scent of blood than CNN, the longstanding *bête noire* of the Trump administration. CNN reporter and guest experts rounded on the President for defying the will of Congress and not immediately ratcheting up the sanctions on Russia to punish them for their meddling in the 2016 presidential elections and to prevent continued meddling in the 2018 midterm elections as CIA director Pompeo had warned might happen just the day before.

Meanwhile, Bloomberg's online article on the sanctions was factual if brief, while their opinion writer specializing in Russian affairs, Leonid Bershidsky, smelled a rat in the way the lists of officials and in particular "oligarchs" had been compiled. As one-time chief editor of the Russian edition of *Forbes*, the rather embittered anti-Putin émigré Bershidsky used his space less for objective analysis and more for editorializing on how the lists really should have been drawn up and on how sanctions should have been imposed now.

Russian concerns over what exactly the Trump administration would issue had been fed by statements to the media from several advisers to the sanctions list project, all of whom have well established reputations as Russia-bashers. I make reference to the authors of an article entitled "How to Identify the Kremlin Ruling Elite and its Agents. Criteria for the US Administration's Kremlin Report" published by the Atlantic Council on November 13, 2017.

These authors are Anders Aslund, Daniel Fried, Andrei Illarianov and Andrei Piontkovsky. The idea they wished to see realized was an exposé of Putin and his "cronies," tracing their alleged illicit gains through corruption and abuse of power. Their view follows directly on the principles that guided the first American sanctions on Russia, the Magnitsky Act of 2012. In the days just before the 29th, Russian television carried a short video of several of the authors. One, Aslund, boasted that the coming sanctions would be "smart," as in targeted against the malefactors running things in Russia while doing no harm to the general population.

For more than a week in advance of what they called "Judgment Day," Russian media had featured warnings that the Kremlin Report could spell sharply stepped up sanctions. In Davos last week, Andrei Kostin, CEO of VTB Bank, one of the country's largest state-owned financial institutions decried the expected new sanctions as all-out economic warfare which would get a very harsh response from the Kremlin.

Against the background of threats by American Neocons and Russian fears and warnings in response, US Ambassador in Moscow Jon Huntsman had, in the meanwhile, been issuing statements to the press insisting that the sanctions would not be a serious impediment to relations,, that he sought dialogue with

Russia just as his counterpart, the Russian Ambassador in Washington, was doing, and that there remain prospects for cooperation in areas of common interest notwithstanding the disagreements making the news.

So we must ask yet again, which voice on Russia policy coming from Washington is authoritative? Who has the upper hand: Congress or the White House? And within the administration, the President or his cabinet, and in particular his Secretary of State, who has in recent months become an intellectual hostage to the same neocons who ran the Obama foreign policy and before that the foreign policy of George W. Bush?

The Kremlin Report mandated by U.S. law was released to the public by the Treasury at the same time as a longer secret redaction was delivered to Congress. The time of delivery and more importantly the content of the report suggest that the Trump administration was responding to the letter of a law that the President had opposed but could not veto given its fulsome support in the legislature.

Yet, the administration dragged its feet and produced at the very last moment a report that could have been compiled in a couple of hours if it so desired. And the public version of the report itself is so patently absurd in content as to bring ridicule on the Congress that ordered it.

To wit, as the few Russians who were amused by this cynical anti-Russian exercise commented, the authors of the Kremlin Report lists of 200-plus Russians eligible for future sanctions just took the telephone directory of the Russian cabinet of ministers, presidential administration, and parastatal institutions and copied down the names of the top officers. The only high official omitted was Vladimir Putin himself.

As for the “oligarchs,” they were arbitrarily defined as persons with net worth of more than $1 billion, as shown in the Forbes ranking of the 100 richest persons in Russia.

If there was any exposé, any dirt on Russia’s government and business elite in the secret version of the report, one can be sure that would have been leaked by now, given past behavior of the US authorities in anti-Russian operations. Nothing at all has surfaced so far.

This, of course, did not prevent the Russian authorities from hyperventilating over the sanctions report when asked to comment by local and international media today. For his part, while attending a campaign gathering, Vladimir Putin explained his views on the Kremlin Report in taking a question from the floor as to why he alone in the government was not on the sanctions list.

Putin said that the report named individuals who hold sway over whole sectors of the economy and strata of the population, which means, in a sense, that the sanctions lists embraced the entire Russian nation of 146 million people.

He noted that things could have been worse, and that he had been prepared, if necessary, *to cut all ties with the United States down to zero*. Nonetheless, he deemed the release of the Kremlin Report to be a hostile act that would contribute only to further deterioration of relations with the United States. For the moment, he said, there would be no Russian counter-measures, with his government adopting a wait-and-see posture.

Indeed, while the Kremlin Report did not introduce new personal sanctions and only identified those who would be the first to feel them if the situation justifying sanctions changed, that situation itself is very much under the control of American authorities and their proxies in Ukraine, in the Baltics, in Syria. The possibility is ever present that some miscalculation or some provocation would once again bring opprobrium upon the Russian Federation and prompt imposition of severe sanctions that were averted now.

Finally, let us consider the second report delivered by the Trump administration to Congress under the terms of the CAATSA: the report on advisability of further sectoral sanctions on Russian companies.

This was still briefer and will surely be questioned by the Russia-bashers in Congress. The administration reported that the existing sectoral sanctions on Russia’s military industrial complex and on those who do business with it domestically in Russia and abroad were working effectively, so that no further sectoral actions were required. Specifically, it was claimed that thanks to the sanctions in place, Russia had been denied sales of arms worth several billion dollars.

That claim may be hard to verify, but January 29 was also the effective date for application of previously enacted sanctions on companies anywhere in the world doing business with prescribed Russian defense manufacturers and sales or import entities.

The ultimate objective of these sanctions is to attack Russia’s arms sales abroad which amounted to more than $14 billion in 2017, making it one of the largest suppliers worldwide. Major customers for Russian arms were India, China, Algeria, Vietnam, Iraq and Egypt as reported by the news agency RBC quoting *Jane’s* for 2016.

Theoretically the U.S. can punish companies violating this ban on dealings with the Russian military industrial complex by applying any of five different sanctions including restricting their access to credits from American banks, a prohibition on carrying out transactions in dollars, or barring their officers from entering the United States.

However, in practice these sales can be shifted from private companies to Ministries of Defense, and then the feasibility of attaching sanctions becomes doubtful. The recent efforts of the U.S. to persuade the Turkish authorities to abandon their $2.5 billion contract with Russia for procurement of its S-400 air defense system failed miserably. In these open trials of strength with the objective of punishing Russia, the United States exposes itself to failure and humiliation.

To summarize, should the United States resolve one day to impose sanctions on the whole Russian government listed in the Kremlin Report of 29 January, it will create a barrier that will quickly be broken by kinetic action, meaning a hot war with Russia.

If it implements the possibilities it theoretically enjoys against Russian industrial sectors, and in particular against the military industrial complex, then it is likely to suffer humiliation as other nations refuse to be bullied. For the United States in relation to Russia, the whole sanctions game amounts to a "heads you win, tails I lose" proposition.

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How North Korea Outmaneuvered U.S.

Exclusive: Like U.S. presidents before him, Donald Trump blustered about North Korea, but the seemingly isolated nation has somehow survived and may now be coming out on top, as Daniel Lazare explains.

By Daniel Lazare

Don't look now, but North Korea has just won its latest diplomatic tussle with the United States. No matter how often Donald Trump promises to rain down "fire and fury" on the Democratic People's Republic "the likes of which the world has never seen before," it's increasing clear that Kim Jong Un's nuclear-deterrence policy is working and that there's little the U.S. can do in response.

This was evident the moment the U.N. Security Council voted on Monday to slap the DPRK with yet another round of economic sanctions, its ninth in 11 years. The Security Council resolution certainly sounded tough enough as it accused Kim of “destabilize[ing] the region” by exploding an underground thermonuclear device on Sept. 3 and posing “a clear threat to international peace and security.”

But thanks to Russia and China, it ended up with so many loopholes as to be well-nigh meaningless. The resolution imposes trade restrictions, for example, but rejects a U.S. bid to allow outside powers to enforce them by stopping and inspecting North Korean ships on the high seas or by forcing down aircraft suspected of carrying contraband. Where the U.S. had pushed for a total energy embargo, it allows oil imports to continue at current levels. It permits North Korean workers in foreign countries to continue sending hard currency back home, a practice the United States had hoped to stop. And it rebuffs U.S. demands for a ban on the North Korean national airline, Air Koryo.

Considering how adept China, Russia, and others have gotten at evading previous sanctions, it’s hard to believe they’ll have much trouble dealing with the latest round. As permanent Security Council members, Russia and China have veto power over enforcement, moreover, so it’s highly unlikely that they’ll allow it to do anything to stop them from carrying on precisely as they please.

They’ll enforce sanctions when they feel like it and look the other way when they don’t. Trump admitted as much on Tuesday when he told reporters: “We think it’s just another very small step, not a big deal. I don’t know if it has any impact, but certainly it was nice to get a fifteen-to-nothing vote, but those sanctions are nothing compared to what ultimately will have to happen.”

In other words, it’s a face-saving gesture with little real substance. As a candidate, Trump swore to make the Chinese do something about “this madman” in Pyongyang, telling the TV news show “Fox & Friends”: “They’re draining our country, and they’re toying with us with North Korea. China should do it.”

Not So Easy

But now that he has to deal with reality, Trump is finding that getting his way is not so easy. In fact, he now has to deal with two realities, not only foot-dragging on the part of Russia and China but an unexpected resurgence on the part of North Korea.

This last item is the game-changer that “regime change” advocates are afraid to face. For years, the U.S. told the world that North Korea was an economic basket case that was killing itself off thanks to its outdated socialist policies. As the neoliberals at Vox put it:

“Pyongyang is one of the world’s poorest countries. Its GDP per capita is estimated at about $1,000, about 1/28th of South Korea’s. It faces chronic shortages of food and medical supplies, depending on Chinese aid to meet its citizens’ basic needs. There’s a real risk that the Kim regime collapses under the weight of its own mismanagement.”

If the North was dangerous, it’s because its predicament was so extreme that it might do something rash out of sheer desperation. Rhetoric like this was not so easy to dismiss in the 1990s when North Korea was reeling under the impact of the post-Soviet collapse and its economy was declining by nearly half.

But then a funny thing happened on the way to that inevitable demise. Not only didn’t it happen, but the DPRK has since bounced back with remarkable vigor. Pyongyang, for example, has seen a building boom over the last 10 years that has rendered it “unrecognizable” according to Henri Féron, a North Korea export at Columbia Law School.

When a project consisting of 18 towers standing up to 48 stories tall opened up in the heart of the city in 2012, observers dismissed it as a one-time occurrence. But Kim has inaugurated a grand new apartment complex nearly every year since, not to mention an impressive new theater, a 37-acre water park, a new airport, and even an atom-shaped science center. Streets are crowded with traffic while young people zip along on inline skates.

Says Rüdiger Frank, a German specialist: “Restaurants and shops are everywhere, people are better dressed, more self-confident than two decades ago, and obviously also better fed, at least in the capital. Air conditioners are mounted on the walls of many residential buildings and offices. Everyone seems to have a mobile phone, and there are even tablet computers. In the countryside, too, signs of improving living standards are visible, including solar panels, TV antennas, cars in front of farmer’s houses, shops, restaurants, and so forth.”

Backfiring Sanctions

To the extent sanctions had any impact at all, they may actually have backfired by encouraging the DPRK to diversify its economy much as they did in Iran prior to the 2015 nuclear accord. Mitsuhiro Mimura, a Japanese expert who has visited the North 45 times since 1996, calls the DPRK “the poorest advanced economy in the world,” meaning that while output is low for the moment, technological knowhow is high.

This allows the country to marshal its resources so as to produce a wide range of capital goods such as “railroad locomotives and carriages, cargo vessels, turbines and generators for power plants, [and] numerically controlled lathes.” On the military front, it turns out everything “from small arms to ballistic missiles and nuclear weapons, trucks, jeeps, destroyers, and diesel engines.”

This is a productive little economy that the DPRK’s neighbors want to get a piece of. A recent U.N. report thus found that nearby countries “wittingly and unwittingly” provide North Korean front companies with banking services and look the other way when local vessels fly the DPRK flag in order to evade import restrictions.

Andrea Berger, an expert at the Royal United Services Institute, a London think tank, described the restrictions as “in many respects a house without foundations,” adding that “not a single component of the U.N. sanctions regime against North Korea currently enjoys robust international implementation.”

Commerce is so brisk, in fact, that Russia recently inaugurated weekly ferry service between Vladivostok and the North Korean port of Rajin, a hundred miles or so to the southwest.

But if nobody wants sanctions, why do they bother at all? Why not stop pretending and allow the DPRK to trade as much as it wishes?

The reason is that the current standoff is not without certain benefits. For Kim, nukes are not only a guarantee against U.S. invasion, but a means of driving a wedge between Washington and Seoul – a goal that Trump has made all the easier by repeatedly attacking the 2007 Korea-U.S. Free Trade Agreement and by reportedly telling Republican Sen. Lindsey Graham: “If there’s going to be a war to stop them, it will be over there. If thousands die, they’re going to die over there, they’re not going to die here.”

If Korean lives really count for less in Trump’s view, then people on both sides of the 38^{th} Parallel may have more in common than they previously believed and the North may be one step closer to its long-term goal of driving the U.S. off the peninsula. Meanwhile, Russia and China are willing to provide the DPRK with a measure of cover for two reasons: because neither wants a failed state, which is precisely what a U.S.-imposed oil embargo is designed to achieve, and because neither wants a South Korean takeover since it would mean U.S. troops right on their doorstep.

China sent more than a million troops across the Yalu River in 1950 to prevent any such eventuality while Russia, which shares an 11-mile border with the DPRK, has enough problems with NATO forces massing on its western frontiers without having to worry about U.S.-South Korean troops doing the same in the east.

Neither country is particularly happy with North Korean off-the-wall rhetoric about beating the U.S. “to death like a rabid dog” or nuking the Japanese archipelago “into the sea.” But they’re willing to put up with the rambunctious Kim if it means holding off an even more rambunctious Trump.

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The Mindless Harm of Economic Sanctions

American politicians love to hurl economic sanctions at disfavored governments, but the current labyrinth of sanctions is so complicated that it has unintended consequences, as ex-CIA analyst Paul R. Pillar explains.

By Paul R. Pillar

U.S.-imposed economic sanctions often have been misdirected and counterproductive, but a new sanctions-related development involving Iran is especially illustrative.

First, some background. Iran has been a favorite target of American politicians who use sanctions as a vehicle for expressing disapproval for a regime, with little apparent thought about the actual effects of the sanctions. Since the entering into force of the nuclear agreement known as the Joint Comprehensive Plan of Action, which in the eyes of most governments successfully resolved the issue of a possible Iranian nuclear weapon, the United States has been alone among major powers in continuing to sanction Iran.

The sanctions that the United States has piled on Iran for years have become so extensive and complex, and the penalties for violation so severe, that many American companies have erred on the side of caution by forgoing business opportunities in Iran even more than is legally required. The fear of God, or rather of the U.S. Treasury Department, has made them wary of inadvertently stepping across some unclear line.

The new development is that Apple is attempting to shut down apps developed by Iranians for use on iPhones inside Iran. The sanctions prohibit Apple from selling its phones in Iran, but millions of the popular devices have been smuggled into the country from places such as Dubai and Hong Kong. Hence the market for apps that Iranians find useful, such as an Uber-like ride-hailing service known as Snapp. Apple is removing Iranian-developed apps, including

Snapp, from its App Stores. The company issued a message to Iranian developers in which it attributed the move to “U.S. sanctions regulations.”

That Apple’s move is the result of an abundance of fear and caution is indicated by Google taking a different tack. Google has done nothing to remove Iranian-developed apps for Android phones from its Play store, and it permits Iranian developers to publish their apps in Iran provided that they do not involve purchases.

Maybe Google is on firm legal ground. But with the American political impulse to keep imposing still more anti-Iran sanctions, and with a resulting system of sanctions that is so complicated it can be fully understood only by a few experts in Treasury’s Office of Foreign Assets Control, many companies will take Apple’s more cautious approach.

No Benefits

Impeding the full use by Iranians of their iPhones does absolutely nothing to weaken the Iranian regime, to punish it for behavior we don’t like, to deter it from future behavior we might not like, or to accomplish any other ostensible purpose of the sanctions that have led Apple to do what it is doing. It only takes ordinary Iranians farther away from fully enjoying an American product with an American operating system, and it stimulates a turn to Iranian alternatives such as an internal Iranian online payment system.

As with many of the U.S. sanctions, the overall effect on the Iranian economy is to weaken portions of that economy that are outside the regime and to strengthen the regime’s influence over other parts, including the economic activities of the Islamic Revolutionary Guard Corps.

An instructive irony of Apple removing apps that ordinary Iranians use is that recently Apple removed apps that ordinary Chinese were using to circumvent government censorship and gain use to non-Chinese internet sites. The Iranian regime, like the Chinese regime, blocks the use of some popular Western-based social media (although the Iranian telecommunications minister has hinted that some of these restrictions may be dropped). The difference is that in one case Apple is responding to pressure from the Chinese government, while in the other case it is responding to pressure not from Iran but instead from the U.S. government.

Meanwhile, the sanctions mean more lost business for American companies. While Apple is prevented from selling its phones in Iran, one of its biggest competitors, Samsung, opened earlier this year a large sales center in Iran.

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The 'Hybrid War' of Economic Sanctions

U.S. politicians love the "silver bullet" of economic sanctions to punish foreign adversaries, but the weapon's overuse is driving China and Russia to develop countermeasures, as British diplomat Alastair Crooke explains.

By Alastair Crooke

Iran's Supreme Leader Ali Khamenei **told** a large group of people in the holy city of Mashhad on Sunday that "The Americans did not act on what they promised in the [Iranian] nuclear accord [the JCPOA]; they did not do what they should have done. According to Foreign Minister [Javad Zarif], they brought something on paper but prevented materialization of the objectives of the Islamic Republic of Iran through many diversionary ways."

This statement during the Supreme Leader's key *Nowruz* (New Year) address should be understood as a flashing amber light: it was no rhetorical flourish. And it was not a simple dig at America (as some may suppose). It was perhaps more of a gentle warning to the Iranian government to "take care" of the possible political consequences.

What is happening is significant: for whatever motive, the U.S. Treasury is busy emptying much of the JCPOA sanctions relief of any real substance (and their motive is something which deserves careful attention). The Supreme Leader also noted that Iran is experiencing difficulties in repatriating its formerly frozen, external funds.

U.S. Treasury officials, since "implementation" day, have been doing the rounds, warning European banks that the U.S. sanctions on Iran remain in place, and that European banks should not think, even for a second, of tapping the dollar or euro bond markets in order to finance trade with Iran, or to become involved with financing infrastructure projects in Iran.

Banks well understand the message: touch Iranian commerce and you will be whacked with a billion dollar fine – against which there is no appeal, no clear legal framework – and no argument countenanced. The banks (understandably) are shying off. Not a single bank or financial lending institution turned up when Iranian President Hassan Rouhani visited Paris to hold meetings with the local business élite.

The influential *Keyhan* Iranian newspaper wrote on March 14 on this matter that: “Speaking at the UN General Assembly session in September, Rouhani stated: ‘Today a new phase of relations has started in Iran’s relations with the world.’ He also stated in a live radio and television discussion with the people on 23 *Tir*: ‘The step-by-step implementation of this document could slowly remove the bricks of the wall of mistrust.’”

Keyhan continues: “These remarks were made at a time when the Western side, headed by America, does not have any intention to remove or even shorten the wall of mistrust between itself and Iran. … Moreover, they are delaying the implementation of their JCPOA commitments. Lifting the sanctions has remained *merely as a promise on a piece of paper*, so much so that it has roused the protest of Iranian politicians.

“The American side is promoting conditions in such a way that today even European banks and companies do not dare to establish financial relations with Iran – since all of them fear America’s reaction in the form of sanctions [imposed on those same banks]. Actually, the reason for the delay in the commencement of the European banks’ financial cooperation with the Iranian banks and the failure to facilitate banking and economic transactions, is because many of the American sanctions are still in place, and Iranian banks’ financial transactions are [still] facing restrictions. Moreover, given their continuing fear of the biting legislations and penalties for violations of the Americans’ old sanctions, European financial institutions are concerned about violating the American sanctions that continue to be in force …

“It is pointless to expect the US administration to cooperate with Iran given the comments of the US officials, including [National Security Advisor] Susan Rice, since the Americans’ comments and behaviour reveal their non-compliance with their obligations and speak of the absence of the US administration’s political will to implement even its minimum obligations.”

Here *Keyhan* is specifically referring to Susan Rice’s **observation** to Jeffrey Goldberg in *the Atlantic* that, “The Iran deal was never primarily about trying to open a new era of relations between the US and Iran. The aim was very simply to make a dangerous country less dangerous. No one had any expectation that Iran would be a more benign actor.”

Keyhan continues: “*Any action on the international scene calls for suitable and appropriate reaction*. Therefore, we cannot expect a government like the US administration that seizes every single opportunity to restrict our county, to lift the sanctions. Rice’s recent comments are only a small part of the increasing anti-Iranian rhetoric of the American officials in recent months. These remarks should actually be regarded as a sign … that the dream of the JCPOA is nothing but wishful thinking and far from reality.” (Emphasis added).

The Supreme Leader’s nudge therefore was intended for the ears of the government: Do not build too much politically on this accord: beware its foundations may turn out to be built on sand.

‘Silver Bullet’ Worries

Recently U.S. Treasury Secretary Jacob Lew gave **a talk** at *Carnegie*, on the Evolution of Sanctions and Lessons for the Future, on which David Ignatius **commented**: “Economic sanctions have become the ‘silver bullet’ of American foreign policy over the past decade, because they’re cheaper and more effective in compelling adversaries than traditional military power. But Jack Lew warns of a ‘risk of overuse’ that could neuter the sanctions weapon and harm America. His caution against overuse comes as some Republican members of Congress are fighting to maintain U.S. sanctions on the Iranian nuclear program despite last year’s deal limiting that Iranian threat.”

So what is going on here? If Lew is warning against sanction overreach, why is it that it is precisely his department that is the one that is so assiduously undermining sanctions relief for Iran – “particularly since Lew’s larger point is that sanctions won’t work if countries don’t get the reward they were promised – in the removal of sanctions – once they accede to U.S. Demands”, in the **paraphrase** by Ignatius himself?

One reason for this apparent contradiction implicit in Lew’s remarks probably is China: Recall that when China’s stock markets were in freefall and hemorrhaging foreign exchange, as it sought to support the Yuan – China blamed the U.S. Fed (U.S. Reserve Bank) for its problems – and promptly was derided for making such an “outlandish” accusation.

Actually, what the Fed was then doing was stating its intent to raise interest rates (for the best of motives naturally!) – just as those, such as Goldman Sachs, have been **advising**. U.S. Corporate and bank profits are sliding badly, and in “times of financial depletion,” as the old adage goes, “bringing capital home becomes the priority” – and a strong dollar does exactly that.

But the Peoples’ Bank of China (PBOC) did a bit more than just whine about the Fed actions, it reacted: *It allowed the Yuan to weaken,* which induced turmoil across a global financial world (already concerned about China’s economic slowing); then raised the Yuan value to squeeze out speculation, betting on further falls in the Yuan; then let it weaken again as the Fed comments started to slide in favor of interest rate hikes, and a strong dollar – until finally, as *Zero Hedge* has noted:

"It appeared the messaging from The People's Bank Of China to The Fed was heard loud and understood. Having exercised its will to weaken the Yuan (implying turmoil is possible), Janet Yellen (Fed Chair) delivered the dovish goods [i.e. indicated that global conditions trumped the advice of the likes of Goldman Sachs to strengthen the dollar], and so China 'allowed' the Yuan to rally back. In a double-whammy for everyone involved, the biggest 3-day strengthening of the Yuan fix since 2005 also pushed the Yuan forwards, back to their richest relative to spot since Aug 2014 – once again showing their might against the dastardly speculative shorts."

In short, the Ignatius's "silver bullet" of foreign policy (the U.S. Treasury Wars against any potential competitor to U.S. political or financial hegemony) is facing a growing "hybrid" financial war, just as **NATO has been complaining** that it is having to adjust to "hybrid" conventional war – from the likes of Russia.

So, as the U.S. tries to expand its reach, for example by claiming legal jurisdiction over the Bank of China, and by blacklisting one of China's largest telecom companies, thus forbidding any U.S. company from doing business with China's ZTE, China is pushing back. It has just demonstrated convincingly that U.S. Treasury "silver bullets" can fall short.

This, we think, may have been Lew's point – one directed, possibly, at Congress, which has become truly passionate about its new-found "neutron bomb" (as a former Treasury official described its geo-financial warfare).

In respect to Russia, this is important: Russia and America seem to be edging towards some sort of "grand bargain" over Syria (and possibly **Ukraine too**), which is likely to involve the Europeans lifting, in mid-2016, their sanctions imposed on Russia. But again, the U.S. is likely nonetheless to maintain its own sanctions (or even add to them, as some in the U.S. Congress are arguing).

So, if Russia, like Iran and China become disenchanted with promises of U.S. sanctions relaxation – then, as the *Keyhan* author noted, a suitable and appropriate (i.e. adverse) reaction, will ensue.

Boomerang Effect

What the Fed and Lew seem to have assimilated is that the U.S. and European economies are now so vulnerable and volatile that China and Russia can, as it were, whack-back at America – especially where China and Russia co-ordinate strategically. Yellen specifically signaled "weakening world growth" and "less confidence in the renormalization process" as reasons for the Fed backtrack.

Ironically, David Ignatius in his **article** gives the game away: Lew is not going soft, saying that the US needs to use its tools more prudently; far from it. His point is different, and Ignatius exposes it inadvertently:

"U.S. power flows from our unmatched military might, yes. But in a deeper way, it's a product of the dominance of the U.S. economy. Anything that expands the reach of U.S. markets – such as the Trans-Pacific Partnership in trade, for example – adds to the arsenal of U.S. power. Conversely, U.S. power is limited by measures that drive business away from America, *or allow other nations to build a rival financial architecture that's less encumbered by a smorgasbord of sanctions."*

This latter point precisely is what is frightening Lew and Ignatius. The tables are turning: in fact, the U.S. and Europe may be becoming more vulnerable to retaliation (e.g. Europe, with Russia's retaliatory sanctions on European agricultural products) than China and Russia are, to unilateral Treasury or Fed warfare.

This is the new hybrid war (and not the hot air issuing from NATO). Lew and Ignatius know that a parallel "architecture" is under construction, and that Congress' addiction to new sanctions is just speeding it into place.

So, why then is the U.S. Treasury so zealous in undermining the effectiveness of JCPOA's agreed lifting of sanctions? Well, probably because Iran has less leverage over the global financial system than either China or Russia. But also perhaps, because "Iran sanctions" are (erroneously) viewed by U.S. leaders as the Treasury's "jewel in its crown" of geo-financial success.

What may be missing from this hubristic interpretation, however, is the understanding that Iran's experience will not be lost on the others, nor on the SCO when it convenes its next meetings on how to combat Western "color revolution" operations (with Iran likely joining that organization as a member, rather than an observer, this summer).

Alastair Crooke is a British diplomat who was a senior figure in British intelligence and in European Union diplomacy. He is the founder and director of the Conflicts Forum, which advocates for engagement between political Islam and the West. [This article previously appeared at the Conflicts Forum's Web site and is republished with permission. Copyright Conflicts Forum - not to be reprinted, reproduced or re-circulated without prior permission. Please contact CF with any queries.]

Failed US Sanctions on Russia

The U.S. mainstream media excludes almost all reporting and analysis that challenges the neocon/liberal-interventionist “group think” about the supposed Russian threat, but once in awhile a backhand acknowledgement of reality slips through, as Gilbert Doctorow was surprised to find.

By Gilbert Doctorow

The newest issue of *Foreign Affairs* continues to show a significant drop-off of professionalism in the mostly Russia-phobic essays at the flagship American magazine on international relations. Yet as low-grade as these essays may be, one of them is highly damaging to the dominant Washington narrative against Vladimir Putin’s Russia.

Emma Ashford, a visiting research fellow at the neoliberal/libertarian Cato Institute, produced an essay that is a jumble of statistics and arguments, many of them contradictory, and all of them set out without prioritization. The author clearly lacks experience and judgment. But what makes this essay newsworthy is that hit or miss the author is going up against the U.S. establishment and directly calling for an end to U.S. sanctions against Russia.

If I may sequence her arguments properly, the sanctions a) have been totally useless in changing Russian foreign and military policy in the directions desired by the U.S., b) they have caused very little damage to the Russian economy but much harm to immediate European and American economic interests, and c) they have caused the Russians to join with other BRICS members in creating institutions and pursuing financial practices that ultimately will undermine U.S. global hegemony, thereby compromising America’s future.

Along the way, Ashford agrees with IMF predictions that “even with continued low oil prices growth will return to the Russian economy in 2016.” This means the sectoral prohibitions have not impaired the economy in the ways intended.

The author notes that Moscow circumvented the sanctions partly by turning to China, where it concluded a $400 billion gas deal, a 150 billion yuan currency swap and other major agreements. Moreover, the sanctions on individual targeted companies have been compensated by largess from the Kremlin so as to attenuate any losses.

And the travel bans and property arrests on targeted members of the elite have only been a minor nuisance, which never provoked them to turn against their president. Looking to the future, Ashford does not expect the sanctions to eventually work, calling that “wishful thinking.”

The essay goes off the rails when Ashford tries to explain the “costs of containment” to the U.S. and its allies in Europe, which she characterizes as “major.” Next we read that in Europe the European Commission estimates that sanctions cut growth by 0.3 per cent of GDP in 2015. Perhaps even she understands that is not much, so Ashford tries again by citing predictions from the Austrian Institute of Economic Research that continuing the sanctions on Russia may cost Europe “over 90 billion euros in export revenue and more than two million jobs over the next few years.” Predictions about the “next few years” are not the kind of hard data that normally moves politicians.

And she trots out the widely cited figure of 400,000 German jobs that are at risk over sanctions. Still more vaguely, she speaks of how major European banks like SociÃ©tÃ© GÃ©nÃ©rale in France and Raiffeisen in Austria may be destabilized and require state bailouts if their large loans to Russian concerns become uncollectible due to borrowers’ insolvency. Turning to the U.S., Ashford directs attention to the administrative and legal costs that American banks have to bear as they enforce regulations calling for freezing and managing the assets of sanctioned individuals. They have had to hire additional legal and technical staff to ensure they are in conformity with the myriad of sanctions and thus avoid rippling penalties from the federal authorities for the least error of execution. At what cost? Not a word, although that is obviously a difficult measure to quantify.

Meanwhile U.S. energy companies are suffering foregone (not specified) profits by being unable to pursue the large exploration and production contracts they had concluded with Russian counterparts. And they may possibly lose the multi-billion-dollar investments they made in such projects before the sanctions came into effect. Still, there is no reason to see any of this as crippling punishment for U.S. energy companies.

I think it is fairly obvious that all of the foregoing “costs” for the U.S. and its allies are not much more than mosquito bites. By presenting them as she does, the author shows lack of discernment in what constitutes proof to justify a dramatic change in direction of a fundamental foreign policy stand by the U.S.

But her lapse of professionalism does not end there: Ashford moves on, falling into glaring logical inconsistencies. We are told that the sanctions “may harm European energy security.” Specifically, Ashford cites a prediction from Cambridge Energy Research Associates that as a result of sanctions Russian oil production may drop from 10.5 million barrels a day today to 7.6 million barrels in 2025.

This does not jibe with her remarks earlier in the essay on how the Russians were circumventing sanctions: “Russia has been able to find loopholes .[and] in order to obtain access to Arctic drilling equipment and expertise, Rosneft acquired 30 percent of the North Atlantic drilling projects belonging to the Norwegian company Statoil.”

Nor does this jibe with her assertion at the end of her essay when setting out her recommendations on what punitive measures should replace sanctions if we accept that they have been a failure. There she urges the U.S. to export oil and liquefied natural gas to Europe so as “to provide Europe with an alternative source of energy” and “to starve the Russian state of revenue.” This would, she says “allow European states to wean themselves off Russian oil and gas.”

One of these positions may be correct, but they cannot all be correct, and it should not be up to the reader to choose from this Chinese restaurant menu.

Given the unimpressive nature of Ashford’s arguments against sanctions coming from their past and present economic consequences, her real knock-out blow against sanctions comes in the completely different and unquantifiable area of argumentation that is political and geopolitical. She faults the sanctions for prompting a “rally round the flag” phenomenon in Russia that has, perversely, raised President Putin’s approval rating from 63 percent in March 2014 when Russia took possession of Crimea to 88 percent in October 2015. His power, which theoretically should have been shaken by the U.S. and E.U. sanctions, has instead consolidated.

The sanctions also encouraged Russia to take actions to protect its financial institutions that ultimately will threaten the global economic influence of the United States. These measures include the creation of an alternative international payment system to SWIFT, the creation of a domestic credit-card clearing house that challenges Visa and MasterCard, and the creation of a BRICS development bank that duplicates the World Bank and International Monetary Fund.

The net effect of these actions, once implemented, will be to cause the United States “to have a harder time employing economic statecraft,” by which she means imposing crippling financial sanctions on other states as they succeeded in doing to Iran. In the same vein, Ashford sees a threat in Russia’s shift away from trading in dollars.

Ashford’s recommendation, the true punch-line of the article, is that “the United States should cut its losses and unilaterally lift the majority of the sanctions on Russia.” This advice surely will set off alarms within the Beltway.

In that sense, Ashford’s essay may have dealt even a harder blow against

Washington's "sanction Russia" consensus than did John Mearsheimer's iconoclastic *Foreign Affairs* article from 2014, "Why the Ukraine Crisis is the West's Fault," a top-drawer essay that caused dyspeptic fits and sparked a lively debate in the follow-on issue of the magazine.

Gilbert Doctorow is the European Coordinator, American Committee for East West Accord, Ltd. His latest book *Does Russia Have a Future?*(August 2015) is available in paperback and e-book from Amazon.com and affiliated websites. For donations to support the European activities of ACEWA, write to eastwestaccord@gmail.com. © Gilbert Doctorow, 2015

America's Overuse of the Sanctions Option

America's use of economic sanctions to punish various foreign adversaries has grown so promiscuous that U.S. businesses often don't know when they might be crossing some legal line, thus inflicting financial pain not only on other countries but on the U.S. economy, notes ex-CIA analyst Paul R. Pillar.

By Paul R. Pillar

The roots and manifestations of American exceptionalist thinking go way back. One of those manifestations is the use of economic measures as a weapon intended to coerce or deny. The specific thinking involved is that such measures employed by the United States, and even the United States alone, should be enough to induce or force change in other countries.

The thinking is solipsistic insofar as it centers narrowly on the idea of American will and the exercise of American power and, as too often has been the case, pays insufficient attention either to the other nation's motivations or to what damage or denial the United States is inflicting on itself.

More than two centuries ago the young American republic made one of its first big attempts at such economic warfare. The Embargo Act of 1807 shut down U.S. overseas trade in an attempt to get the warring European powers Britain and France to respect U.S. neutrality.

President Thomas Jefferson's intentions were honorable in that he genuinely sought neutrality in the European war, unlike so many today who, if they see an armed conflict going on somewhere in the world, believe it necessary for the United States to take sides even if there are bad guys on more than one side.

Jefferson also saw the embargo as an alternative to war rather than a prelude to it, unlike many today, who are both sanctions hawks and military hawks.

But the embargo was a miserable failure on all counts. Prosecuting war in Europe with all means available was much more important to Britain and France than was anything that the American republic could do to them.

The economic damage to the United States was severe, especially in New England, which sank into depression. And the United States would eventually wind up going to war anyway, against Britain in 1812. Realizing the mistake, Jefferson signed a repeal of the embargo in the closing days of his presidency in 1809.

With the American economy and American power having expanded over the subsequent 200 years, the temptation to think in terms of American denial of trade being an all-powerful tool has become all the greater. But the thinking is still erroneous, as demonstrated by the miserable failure of the half-century-old embargo against Cuba. That embargo has caused no favorable change in Cuban policies or politics, and probably has only retarded what change would have been taking place for other reasons.

Economically it has not caused another depression in New England, but the fact that it has been a negative for the U.S. economy is reflected in support by U.S. business interests, as represented by the U.S. Chamber of Commerce, for change in policy toward Cuba. President Barack Obama deserves credit for bringing about as much change as it is in his power to effect, but the embargo itself will not come down until the U.S. Congress displays changed thinking too.

The President also deserves similar credit for a redirection of policy on Iran, but there also is a similar solipsistic, sanctions-happy attitude in Congress that applies to Iran. That attitude persists despite the substantial damage to the U .S. economy from those sanctions, the years of a sanctions-centered approach having failed to achieve any positive results until there was also engagement and negotiation, and the self-contradictory nature of the stated purposes for keeping those sanctions in place.

The obsessive persistence of this attitude (besides, to be sure, the malign influence of other factors, such as an oppose-anything-Obama-does mindset) is demonstrated by Republican presidential candidates, including the just-declared Marco Rubio, saying that they would, if elected president, re-impose whatever sanctions had been suspended or lifted in accordance with any agreement on the Iranian nuclear program.

The biggest question about such a pledge is why, if Iran had by that time complied for three years with severe restrictions on its program, any U.S.

president would want to demolish all those restrictions on the Iranian program (because that's what deal-killing sanctions would do) and allow the Iranians to expand their nuclear activities as fast as they wanted.

The further question about the sanctions themselves is how they could be expected to have any effect at all when the United States would be clearly responsible for killing the deal and when the rest of the world, operating under a new United Nations resolution, would have moved on toward doing normal business with Iran.

The rest of the world includes our closest European allies, as Britain and France, among others, would help to write another chapter in America's unflattering history of ill-advised economic warfare. The United States would be left as lonely and feckless as it has been with the embargo against Cuba.

If even Thomas Jefferson screwed up on this subject, perhaps it's too much to expect today's politicians to do much better, although they do have a lot more national experience to go on. And Jefferson realized his mistake and corrected it much more quickly than what we've seen happening in Congress on Cuba and Iran.

Oh, and there's that issue about the danger of war. Given the way the Iranian nuclear issue has been playing out, the risk of a war occurring in the wake of a destruction by the United States of the negotiated agreement on the subject is probably even greater than the risk that impressment of seamen and other maritime issues posed leading up to war in 1812.

Paul R. Pillar, in his 28 years at the Central Intelligence Agency, rose to be one of the agency's top analysts. He is now a visiting professor at Georgetown University for security studies. (This article first appeared as a blog post at The National Interest's Web site. Reprinted with author's permission.)

How US Policy Unites Iran and China

The proliferation of U.S. government's economic sanctions against a growing multitude of countries and individuals has created confusion and animosity around the world, driving some countries, like Iran and China, closer together and threatening the future U.S. economy, say Flynt and Hillary Mann Leverett.

By Flynt Leverett and Hillary Mann Leverett

As the world waits to see if Iran and the P5+1 reach a final nuclear agreement by Nov. 24, we remain relatively pessimistic about the prospects for such an outcome. Above all, we are pessimistic because closing a comprehensive nuclear accord will almost certainly require the United States to drop its (legally unfounded, arrogantly hegemonic, and strategically senseless) demand that the Islamic Republic dismantle a significant portion of its currently operating centrifuges as a *sine qua non* for a deal.

While we would love to be proved wrong on the point, it seems unlikely that the Obama administration will drop said demand in order to close a final agreement.

Alternatively, a final deal would become at least theoretically possible if Iran agreed to dismantle an appreciable portion of its currently operating centrifuges, as Washington and its British and French partners demand. However, we see no sign that Tehran is inclined to do this.

Just last week, Deputy Foreign Minister Abbas Araqchi reiterated that, in any agreement, "all nuclear capabilities of Iran will be preserved and no facility will be shut down or even suspended and no device or equipment will be dismantled."

Still, almost regardless of the state of U.S./P5+1 nuclear diplomacy with Iran a month from now, the Islamic Republic's relations with a wide range of important states are likely to enter a new phase. Among these states, China figures especially prominently.

To explore the historical factors and contemporary dynamics shaping the prospective trajectory of Sino-Iranian relations, we have written a working paper, *American Hegemony (and Hubris), the Iranian Nuclear Issue, and the Future of Sino-Iranian Relations*. It has been posted online (see here to download) as part of the Penn State Law Legal Studies Research Paper Series. It will soon be published as a chapter in a forthcoming volume on *The Emerging Middle East-East Asia Nexus*.

As our paper notes, the People's Republic of China and the Islamic Republic of Iran have, over the last three decades, "forged multi-dimensional cooperative relations, emphasizing energy, trade and investment, and regional security." There are compelling reasons for this. Among other things, both political orders were born of revolutions dedicated to restoring their countries' independence and sovereignty after extended periods of dominance by foreign, above all, Western, powers.

Today, both are pursuing what we describe as "counter-hegemonic" foreign policies, especially *vis-Ã -vis* the United States. But, while U.S. primacy incentivizes closer Sino-Iranian ties, it has also kept those ties from advancing as far as they might have otherwise, particularly on the Chinese side.

Over the years, Beijing has tried to balance its interests in developing ties to Tehran with its interest in maintaining at least relatively positive relations with Washington. Our paper examines a series of trends that are reducing China's willingness to continue accommodating U.S. pressure over relations with Iran.

We assess that, as these trends play out, "Chinese policymakers will continue seeking an appropriate balance between China's relations with the Islamic Republic and its interest in maintaining positive ties to the United States. Nevertheless, [this] balance will continue shifting, slowly but surely, toward more focused pursuit of China's economic, energy, and strategic interests in Iran."

We also argue that, unless the United States fundamentally revises its own posture toward the Islamic Republic, "a deepening of Sino-Iranian relations will almost certainly accelerate trends in the international economic order, e.g., backlash against Washington's increasingly promiscuous use of financial sanctions as a foreign policy tool and the slow erosion of dollar hegemony, that are weakening America's global position."

Flynt Leverett served as a Middle East expert on George W. Bush's National Security Council staff until the Iraq War and worked previously at the State Department and at the Central Intelligence Agency. Hillary Mann Leverett was the NSC expert on Iran and from 2001 to 2003 was one of only a few U.S. diplomats authorized to negotiate with the Iranians over Afghanistan, al-Qaeda and Iraq. They are authors of *Going to Tehran.*[This article was also posted at http://goingtotehran.com/the-iranian-nuclear-issue-and-sino-iranian-relations.]

The Sanctions Madness on Russia

Official Washington is in full meltdown mode as politicians and pundits frantically one-up each other in over-the-top rhetoric on the Ukraine crisis. But now the madness is shifting into legislative excesses to sanction Russia, notes ex-CIA analyst Paul R. Pillar.

By Paul R. Pillar

Seventeen years ago, Richard Haass, now president of the Council on Foreign Relations, wrote an article titled "Sanctioning Madness." The crux of his argument was:

“With a few exceptions, the growing use of economic sanctions to promote foreign policy objectives is deplorable. This is not simply because sanctions are expensive, although they are. Nor is it strictly a matter of whether sanctions ‘work’; the answer to that question invariably depends on how demanding a task is set for a particular sanction. Rather, the problem with economic sanctions is that they frequently contribute little to American foreign policy goals while being costly and even counterproductive.”

Haass was not saying to give up sanctions entirely. But they should not be the go-to tool, reached for habitually and unthinkingly, to address any foreign policy problem under the sun.

The American sanctions habit has not lessened at all during the intervening years, especially on Capitol Hill. Now Congress is getting out its sanctions pen yet again to see what it can do to Russia in response to the Crimean crisis. This may be an even clearer indication of the sanctions addiction than the recent unsuccessful effort to impose more sanctions on Iran, given that the latter move was more of a calculated attempt to sabotage an ongoing negotiation.

The multiple drawbacks and limitations of economic sanctions are too infrequently considered before sanctions are enacted. These include issues of who exactly in the target country will be hurt and who might actually benefit. They also include consideration of counterproductive political reactions, including resistance to be seen buckling under pressure.

The costs, including economic costs, to ourselves of sanctions we impose are insufficiently acknowledged. In some situations trade patterns are such that the costs to ourselves may be minimal, but in those circumstances, and for that very reason, the desired impact on the target country is likely to be minimal as well.

This may be the case with Russia today, with which the European Union has much more trade than the United States. Unilateral U.S. sanctions are thus likely to be ineffective with regard to Russia, while being needlessly disruptive to cooperation and common purpose with regard to the Europeans. Of course, any policy conducted with an attitude of “f—- the E.U.” is not likely to be swayed by that concept.

The most important shortcoming to how sanctions tend to be used is a failure to link them carefully to the behavior we would like to see on the part of the target government. This means being very clear about exactly what it is to which we want the other side to say yes. It also means being clear in our own minds how the sanctions fit into an overall set of incentives and disincentives that will make saying yes seem more attractive than the alternative.

Ask someone pushing for sanctions against Russia today what they are intended to accomplish, and the answer is likely to be an end to Russian military occupation of Crimea. But that concept needs clarification, given that a reversal of moves made over the past week would still leave a Russian military presence on the peninsula by virtue of previous treaties and base leases.

Needed also is a more complete package of understandings with the Ukrainians on matters of interest and concern to Russia, ranging from Ukraine not joining NATO to the status of the Russian language within Ukraine. It is unlikely that Russian military withdrawals will take place in the absence of some such understandings. It is thus unlikely U.S. sanctions would do any good unless carefully integrated into such a larger package.

The sanctions habit has persisted because imposing sanctions is a primitive, easy way to "do something" about difficult problems on which there is an urge to do something. It is a gesture. Congress needs to decide whether gestures are more important than making progress in getting out of the current crisis.

Paul R. Pillar, in his 28 years at the Central Intelligence Agency, rose to be one of the agency's top analysts. He is now a visiting professor at Georgetown University for security studies. (This article first appeared as a blog post at The National Interest's Web site. Reprinted with author's permission.)

Economic Blowback from Iran Sanctions

Economic sanctions have notched some successes, like freeing Nelson Mandela and ending South Africa's apartheid, but other sanctions have lost sight of practical reforms and become destructive ends in themselves, as ex-CIA analyst Paul R. Pillar notes about Iran.

By Paul R. Pillar

An infatuation with economic sanctions, applied against countries Americans do not like such as Iran, loses sight of the concept that sanctions are only a tool for trying to accomplish some other objective, rather than being an objective in their own right.

This lack of understanding shows up mainly in the tendency to think of the economic pain that sanctions inflict on the target country as an end in itself, as if we lived in a completely zero-sum world in which pain for a country we don't like equates to gain for us. We do not live in such a world, and pain for someone else does not directly mean any gain for us.

We also tend to overlook, however, how our own sanctions inflict direct costs on ourselves. Think about this partly as a matter of economic theory. Sanctions represent government interference in the workings of the market. They prevent enterprises from doing what the market would otherwise determine to be the most efficient way of supply meeting demand. The interference inevitably entails added costs, which we Americans share.

The formidable, fear-inducing enforcement of U.S. sanctions against Iran entails substantial costs for U.S. companies. Not only are these companies excluded from some major opportunities for new business; they have to jump through additional hoops to make sure they do not run afoul of the enforcers in areas where they still are doing business.

A *Washington Post* story concerns how this fear leads American companies to report to government regulators in excruciatingly minute detail anything they do that could conceivably brush up against the sanctions. Citibank, for example, felt it necessary to report that it made four dollars in profit from ATM transactions in Bahrain that involved a joint venture that included two Iranian-owned banks.

It is remarkable that some members of Congress who otherwise do not hesitate to preach that onerous government regulations and the administrative burdens they impose are bad for the American economy are also enthusiastic backers of the sanctions.

With Iran there also is, of course, the effect on the oil market. The state of that market has been a major factor in the economic history of the United States over the past half century.

In general (with the exception, of course, of the oil industry itself) it has been bad for the American economy when foreign oil producers and especially the OPEC cartel have gotten their act together enough to jack up prices, and good for the American economy when freer competition among producers has prevailed and oil prices have fallen. Higher oil prices mean higher costs of doing business for most of the American economy.

Notwithstanding all the high hopes about domestic shale oil production, production in the Middle East still matters a lot. We could use some more vigorous, price-depressing competition among foreign producers. West Texas

Intermediate is going today for $97 per barrel, about twice what it was five years ago as the recession was close to hitting bottom.

The Iranian oil minister says Iran would like to strike up exactly that type of competition. But it won't happen as long as the sanctions against Iran are in place.

Then there are all of the other non-economic and non-quantifiable but still significant costs to the United States of the sanctions. The enormous diplomatic effort expended in erecting and maintaining the sanctions regime has burned a lot of chits with other countries around the world, as well as much energy and attention of U.S. officials. It would be nice to see that political capital expended on something that has more direct benefit to U.S. interests.

And as illustration of another sort of cost, consider the case of a Ph.D. candidate at New York University whose field research in Iran was put on hold because of sanctions-inflicted complications and fears of those giving her a research grant that they might run afoul of the government enforcers.

It took nine months of administrative hassles and thousands of dollars of legal expenses incurred by the university before she finally got Treasury Department approval to make her trip. Even then, she was prohibited from taking into Iran any laptop, hard drive, cell phone, audio recorder, or camera. Count this as a blow against greater American understanding, through academic research, of Iran.

This case brings to mind all the hand-wringing after the Iranian revolution in 1979 of how poorly Americans and American officials were said to have understood what was going on in Iran at the time.

Some of the most enthusiastic American promoters of sanctions today make no secret of their longing for some sort of new Iranian revolution that would overthrow the current regime. They are unlikely to get their wish, but if they did, such political change would probably be all the more a surprise because of how their beloved sanctions are getting in the way of broad understanding of what is going on in Iran today.

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