

The Impacts of U.S. Sanctions on the Iranian Civil Society: Consequences for Democratization

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Economic Sanctions as a Tool of Political Pressure

One of the tools of exerting political pressure on other countries by powerful economies has been the use of sanctions. As defined by Jentleson, sanctions are “the actual or threatened denial of economic relations by one or more states (sender(s)) intended to influence the behavior of another state (target) on non-economic issues or to limit its military capabilities”. There are however few practical objective criteria for measuring whether or not sanctions are effective, and there is great controversy on their efficacy (Jentleson 2000). It has been argued that that sanctions, if not designed carefully can lead to the solidification of power in the target country, impacting the population, while not achieving any change in behavior on behalf of the state (Drezner 1999). Many policy analysts have therefore argued for “smart” or targeted sanctioning (Rogers 1996, Cortright and Lopez 2002).

According to the Congressional Research Service, by the end of 1997 there were 191 different sanctions being imposed by the United States. A 1997 study by the Institute for International Economics found that since 1970, unilateral U.S. sanctions had achieved foreign policy goals only 13 percent of the time. The study also concluded that sanctions are costing the United States \$15 billion to \$19 billion annually in potential exports

Short History of U.S. Sanctions on Iran

The first U.S. sanctions against Iran were formalized in November of 1979, and during the hostage crisis, many sanctions were leveled against the Iranian government. By 1987 the import of Iranian goods into the United States had been banned. In 1995, President Clinton issued Executive Order 12957, banning U.S. investment in Iran's energy sector, followed a few weeks later by Executive Order 12959 of May 6, 2000, eliminating all trade and investment and virtually all interaction between the United States and Iran.

Effect of Sanctions

According to the Institute for International Economics (IIE) sanctions rarely work in the way they are intended. Many argue that sanctions, particularly unilateral sanctions such as those targeted at Iran, are less and less effective in a global economy, where governments have the opportunity to procure their strategic needs from other countries. Instead sanctions are likely to impose further hardship on the poor, while seldom adversely affecting the regime and government officials.

If the intent of the sanctions was to limit the Iranian government's military or nuclear procurements, or limit investments in oil and gas exploration, the sanctions have

been a total failure. European companies have taken the lead in investing in Iranian oil and gas fields in the Persian Gulf. According to EU statistics, Iran exported 6.7 billion Euros in Oil and other goods to the EU, while importing 6.6 billion Euros worth of European goods. Iran's cooperation with Russia, Pakistan and other countries on procuring equipment for its nuclear power plants have also not been affected by the sanctions. In terms of military equipment, in a recent Security equipment exhibition in Tehran, US security products such as closed-circuit televisions produced by Pelco, face-recognition systems by Visionics, access control by Apollo Security, satellite pictures by Space Imaging, printers by Hewlett-Packard and communications equipment by Motorola were on display.

However, if the intent of the sanctions was to punish the Iranian population, sanctions can be deemed quite effective. Iranian state-owned airlines are flying dilapidated planes that put passengers at risk, and the consumers purchase U.S. products at double or triple their original price. Iranian students intending to study at U.S. academic institutions cannot take standardized tests such as TOEFL and GRE, and Iranian academics are barred from publishing papers in U.S. based scientific journals, since the U.S. Treasury considers editing an article a financial service. The sanctions have also strengthened the grip of economic Mafia close to conservative hardliners in Iran to control most of Iran's economy. With trade channels limited, only those with control over assets and networks can dominate economic activity. Iran's private sector has been hit the hardest, being at the mercy of semi-state owned foundations such as the Mostaz'afan Foundation and other units dominating the Iranian economy. Iranian government officials have also used sanctions extensively as an excuse for many domestic mismanagements and shifts the blame away from its source (Haass, 1999). In summary, it could be argued that the sanctions are undermining the growth of a civil society that could serve as a vehicle for democratization in the country.

Many proponents of U.S. sanctions against Iran have argued that sanctions can serve to increase dissatisfaction with the Iranian government and increase the likelihood of an internal regime change (Gordon, 2001). This apparently did not work in the case of Iraq, where far harsher, multilateral sanctions were in effect, and it is far less likely to happen in Iran. In fact, at any time the Iranian government has felt less isolated, it has been more responsive to the international community. The fact that European pressures on Iran are far more effective than pressures applied by the U.S. may be explained by the large investment of European firms in the Iranian oil and gas industries, as well as extensive trade. It has been argued that rather than instead of promoting democratization and moderation, sanctions may in fact play into the hands of hardliners who have used the potential of American aggression to justify repressive and isolationist policies (Iran Today, 2001).

Change on the Horizon?

The decision of the Bush administration to suspend the sanctions against Iran for 90 days, in light of the Bam earthquake, has signaled willingness from the U.S. government to consider easing pressure on the Iranian population. More than \$1.2 million have been raised in the first two weeks by Iranian-Americans and sent to earthquake victims, mostly through international organizations and Iranian non-governmental organizations (NGO). The activism of the NGOs in delivering timely aid to the disaster areas showed the importance of the Iranian civil society in organizing for change in the country. While the Bush administration has noted that the move was humanitarian in nature, and not a change in policies, it would be very much to the advantage of the Bush administration in the election year to win over the Iranian people, and the Iranian-American voters by focusing sanctions in a way that does not harm the Iranian population. A historic move towards opening up trade and strengthening the Iranian private sector and civil society could prove more fruitful than the isolationist policies of the past 25 years, which have not had any significant effect on social and political changes in Iran. Still, it is too soon to predict whether this administration will be the one breaking the impasse.

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