

Forgetting the Carrot

By Ali Gharib | October 29, 2007

Last Thursday, the heads of the U.S. State and Treasury Departments jointly announced new sanctions aimed at the further economic isolation of Iran, citing the Islamic Republic's defiance on its continued nuclear program and its alleged involvement with terrorist organizations.

The George W. Bush administration's announcement comes at a time of heightened tensions with the Iranian regime, and an increased ratcheting up of rhetoric from Washington.

"The United States is pursuing a comprehensive policy to confront the threatening behavior of the Iranian government," said Secretary of State Condoleezza Rice on Thursday in a press conference with Treasury Secretary Henry Paulson. "Today Secretary Paulson and I are announcing several new steps to increase the costs to Iran of its irresponsible behavior."

Rice and Paulson named three large Iranian banks as well as the Iranian Revolutionary Guard Corps (IRGC)—the largest and most powerful segment of Iran's military—as specific backers of both terrorism and a nuclear program that could yield the capability for nuclear weapons.

"The Iranian government continues to spurn our offer of open negotiations, instead threatening peace and security by pursuing nuclear technologies that can lead to a nuclear weapon, building dangerous ballistic missiles, supporting Shia [Shiite] militants in Iraq, and terrorists in Iraq, Afghanistan, Lebanon, and the Palestinian territories," said Rice in her remarks.

President Jimmy Carter put the current sanctions program against Iran in place in 1979 when Iranian students occupied the U.S. Embassy in Tehran, amid rumors that the embassy would be used as a staging ground for a counter-coup to reinstall the shah in the immediate aftermath of the Islamic Revolution. Since that time, the sanctions have grown more rigid and been codified in law by Congress.

The newly imposed restrictions are unilateral extraterritorial sanctions that prevent businesses and other groups inside and outside of the United States (but that do work within the United States) from dealing with individuals who are part of any of the banks, military forces, and other organizations in Iran that were named.

Extraterritorial sanctions have had their legality challenged in courts and are often overturned because they conflict with the sovereignty of other countries. As a result, the new sanctions promise to further endanger already strained relations with U.S. allies.

Though Rice twice stated that "the United States is fully committed to a diplomatic solution with Iran," many critics point out that these sanctions will do just the opposite.

"The Bush administration is framing this as a diplomatic initiative," William Reinsch, president of the National Foreign Trade Council and the co-chair of USA*Engage, said in a statement. "In fact, they are sanctions intended to punish Iran, though their primary effect may well be on companies in third countries. As a result they are unlikely to lead to a positive diplomatic outcome." USA*Engage is a coalition of businesses that opposes unilateral sanctions on the basis of their costs to the U.S. economy.

The administration's announcement comes on the heels of Bush's comments last week implying that Iran getting nuclear weapons could lead to "World War III," and Vice President Dick Cheney's hawkish speech in which he said that "the international community is prepared to impose serious consequences" if Iran does not comply with demands, leading many critics to speculate that the

new sanctions are part of a wider scheme steering the United States toward war with Iran.

“The United States is focused way too much on sticks and not on carrots in Iran,” said Jim Cason of the Friends Committee on National Legislation, a peace lobby in Washington. “More threats from the United States have always led to more threats from Iran. So these sanctions will affect Iranian policy, but they will push toward confrontation.”

A particular problem with the policy is its sweeping targeting of anyone or any organization involved with Iran’s wide-reaching IRGC. The IRGC, established for national security purposes shortly after the overthrow of the shah in 1979, is believed to be around 100,000 strong, and is intimately tied to both Iran’s government and much of its economic activity.

“The IRGC is so deeply entrenched in Iran’s economy and commercial enterprises, it is increasingly likely that if you are doing business with Iran, you are doing business with the IRGC,” said Paulson, implying that the United States knows that the sanctions will hurt the broader Iranian economy.

The new specific sanctions against the Revolutionary Guard will also close many channels to the highest level of the Iranian government. Cason commented that “half of the current cabinet and 30% of the parliament” in Iran are tied to the IRGC.

With the policy nakedly aimed at broad-based isolation, there is concern that the sanctions will also help to turn

the somewhat sympathetic Iranian public against the United States.

“Iranians watch TV, they are on the internet,” said Cason. “If I was sitting in Iran and saw this, I would not take what you say about diplomatic solutions very seriously. Good people in both the United States and Iran trying to promote dialogue are being undermined by these sweeping sanctions.”

At the end of her comments, Rice spoke directly to the Iranian people, saying: “We in the United States have no conflict with you. We want you to have every opportunity to develop and prosper in dignity, including the peaceful use of nuclear power.”

But these comments are also viewed with suspicion in light of last month’s remarks by the International Atomic Energy Agency’s director general, Mohamed ElBaradei. He said: “Iran has provided the Agency with additional information and access needed to resolve a number of long outstanding issues” and called for further engagement and investigation into the nuclear program.

“What the United States is saying is that we need to have an agreement, and then we can talk,” noted Cason. “But that is not how negotiations work. You talk first, and then you come out with an agreement.”

Ali Gharib writes for the Inter Press Service.

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