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### **QI Panel:**

#### **Sanctioned Realities: Iran and the Failure of Economic Warfare**

February 15, 2023  
12:00-1:00 PM EST

#### **Trita Parsi 0:46**

Welcome to the Quincy Institute's panel titled Sanctioned Realities, Iran and the Failure of Economic Warfare. My name is Trita Parsi. I'm the Executive Vice President of the Quincy Institute, transpartisan think tank in Washington that promotes ideas that move U.S. foreign policy away from endless war and toward prolonged and sustained diplomacy. We have tended to have a sanctions-skeptical approach at the Quincy Institute, which is part of the reason why it is a great pleasure for us today to talk about a book that looks at this issue at great depth and detailed sanctions have long been a staple in US foreign policy on the assumption that they're an effective alternative to war. But a new book, Ali Vaez, Narges Bajoghli, Djavad Salehi-Isfahani, Vali Nasr, titled How Sanctions Work: The Impact of Economic Warfare in Iran demonstrate that punishing sanctions are not only often unsuccessful, but actually counterproductive. The case of Iran, which has undergone US sanctions for over four decades is instructive. Escalating US sanctions has only furthered enmity between the United States and Iran, increasing the likelihood of lethal conflict and the prospect of a nuclear Iran at the same time, all the while compelling the Iranian population to pay the price for this economic function at a time when the risk of a region wide war in the Middle East is growing, and it is important to consider the extent to which economic warfare may have helped bring us to this point. And what does that then mean for US foreign policy going forward?

We're delighted to have with us today two of the authors of this new book, Narges Bajoghli and Vali Nasr, who were co directors of the Rethinking Iran initiative at Johns Hopkins SAIS to discuss the arguments and the evidence that they have on earth in this new book in greater detail. For those of you who are joining us via zoom, you can use the q&a function to ask your question. I'm trying to get to those throughout our conversation. And if you're watching it through Facebook, Twitter or YouTube, you can use the comment section to ask your questions and we'll try to get to those as well. So without any further, let me introduce our excellent panelists. Narges Bajoghli is an assistant professor of Middle East Studies at Johns Hopkins SAIS, she's an award winning anthropologist, scholar and filmmaker. Her book, Iran Reframed, Anxieties of Power in the Islamic Republic received the 2020 Margaret Mead award the 2020 choice of what of outstanding academic title and the 2021 silver medal in independent publisher Book Award. So clearly a book that everyone here has to pick up and read. Vali Nasr is Professor of International Affairs at Johns Hopkins SAIS and also served as its Dean from 2012 to 2019. He's author of several books on the Middle East and he served in the Obama administration as a senior adviser to Ambassador Richard Holbrook. Both Vali and Narges are widely recognized as two of the foremost experts on Yvonne in the United States. So let's get started. Let me ask you the first question to both of you the topic of sanctions and their lack of political

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successfulness in terms of being able to change the policies of the country that the US is sanctioning is quite well established in academic circles. Plenty of studies have been done that show that the rate of successfulness is far below anything that could be considered useful. Yet it does not seem to have translated into any awareness or consideration of that reality in Washington. Sanctions continued to be a tremendously popular if not increasingly popular tool in Washington despite clear evidence in the academic circles have its many, many flaws and problems. What prompted you you for to write this book about sanctions, given how difficult it has been to penetrate Washington's thinking about sanctions? And how you think or hope that what you have unearthed in this book will help change that reality? Narges, why don't we start off with you?

### **Narges Bajoghli 5:23**

Sure. First of all, thank you so much for having us. And thank you for everyone who's a part of this conversation today. That's a great question, Trita. And I think I would start answering that by saying that, first of all, a lot of that academic research, which isn't really incredible and really important, it's not being necessarily read by the policy community. So there was a problem of translation here between different communities. Second, is the fact that a lot of the academic research is also being done in either not a sustained ways across different parts of the populations that are being sanctioned. But also importantly, they're being done in such a way that it's still maintaining the the, the arguments about what sanctions do in a very abstract sense. And so what we were trying to do here is to bring together a comprehensive study looking at the impact of sanctions, not only economically, which has been done in others countries, including Iran, but also looking at it from the perspective of different members of different sectors of society, both those who benefit from sanctions, including those connected to the IRGC or the Supreme Leader's offices and businesses affiliated with them, as well as those who are affected in adverse ways and throughout the population. And we wanted to bring in the perspective of a civil society activist in Iran and look at really on the ground, what is happening and how do sanctions refract in the very everydayness of a society. So this is part of we wanted to sort of offer a comprehensive analysis, and to do so in a language that brings it down to the human level, because sanctions are both the ways in which they are written and the ways that they are talked about very abstract, very legal, they take the human experience out of the whole thing. But really, sanctions are when imposed, and especially in the long duration of a country like Iran, but comprehensively regardless, they have severe ramifications throughout society. And the question often asked in policy circles of do sanctions work, we argue is actually the wrong question to ask because sanctions work, they do work in society. But do they work in the ways that they're intended to is the bigger question and then the only way that we think you can answer that is by looking at it from every possible angle that this research allows us to do?

### **Trita Parsi 7:52**

Very interesting, Vali?

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### **Vali Nasr 7:54**

It's a very good question. I mean, when you read this book, it's a book that crosses academics and policymaking, let's say, academics and broader public. And we did that deliberately. Now for those who are much more interested in academic probing, this book was based on a project that rethinking Iran and Argus led, which brought together a group of social scientists to work on all aspects of sanctions based on field data, its impact on health care, education, politics, economics, and all of those papers are actually available on rethinking Iran's website. But we decided to bring this together, both to actually inform the academic community. I mean, there are two academic community audiences here. One is the study of Iran and Iranian Studies, which, you know, there is a lot written on the nature of the Islamic Republic, the nature of the social opposition to the nature of Iran's economy, its foreign policy, but it's actually divorced from the two time elephant in the room, which is what this pervasive presence of sanctions over four decades has done to Iran. And in a way this book looks not to say that it's completely ignores all of that, but but looks at what's happened to Iran through the angle of sanctions rather than through the angle of ideology of the Islamic Republic or the character of its leaders, etc, which we think adds a new dimension to the study of Iran. Secondly, many of the academic studies that have been done on sanctions are still divorced from the most important sanctions case before us, which is the case of Iran, the country that until Russia's invasion of Ukraine was the most sustained and most sustained sanction country and the most sanction country in history. And, and there are aspects to Iran's the case both at the micro level of data on society and economy as Nargis mentioned or as our co author Djavad Salehi-Isfahani has dug up but also at the much more macro level. In other words, you know, how does Iran actually survive under sanctions? Why is it becoming more aggressive on sanctions? How does it calculate against sanctions. And one of the issues that is important in case of Iran is not that sanctions don't work, which is what academics, as you mentioned, have concluded, but why sanctions actually has the exact opposite effect, that of the intention, and that's a sort of has to be an area of research.

And for policymakers, of course, you know, it's difficult necessarily to change Washington's opinion. But throwing in the towel definitely is not the way to do it, which is that you still have to confront all these assumptions and an arguments that are put out there with data. I mean, during the height of the protests last year, the very people who are asking for democracy in Iran and freedom in Iran, were also advocating for sanctions, targeted sanctions, more sanctions, don't lift sanctions, without connecting that actually, what they're arguing in terms of sanctions undermines what they wish for Iran. And unless you present this to the debate, you're not going to change minds. And again, you know, we're not challenging necessarily the sort of abstract idea of sanctions are basically telling American foreign policymakers that if you really want Iran to change, then you're actually having the counterproductive effect. And maybe it's time for the United States to stop and pause and think that, you know, if its goal is for Iran, to come to the nuclear table, not get involved in Lebanon and Gaza, to your normalize, are you actually producing results over there. And our argument in this book, which is counterintuitive is that it's actually the opposite. The sanctions have made Iran more aggressive, more nuclear, more

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dictatorial at home on every indices that sanctions was supposed to work, it's had the opposite effect.

### **Trita Parsi 12:07**

I want to get into almost every one of those aspects on the policy side. But as Narges mentioned earlier on, one of the I would say, amazing contributions of this book is the extensive interviews you have all done with people on the ground and giving the human angle and dimension to it, which I agree fully has been largely missing and much of the sanctions literature otherwise, I want to read a passage, it's actually in the very beginning of the book, from one person in Iran. It reads,

*"I'm a 44 year old woman who has lived 41 years of her life, on the varying degrees of economic sanctions that have emerged as a writer and editor, writing nearly two years into the US maximum pressure sanctions on Iran. I grew up with the sanctions, I went to school with them, I learned to read and write with them hovering over my head, I fell in love, I began my career as a journalist, and have stayed alive, all under sanctions from the United States of America, sanctions have been a part of my life, like the weather."*

There's so much to unpack in this. In this paragraph there, on the one hand, is the fact that sanctions tend to become permanent, that lifting of sanctions is so tremendously difficult. And that as a result, the populations who end up becoming under sanctions end up becoming under sanctions for the entire life, and they adjust their lives to it, can you and there's other things of this, that is so tremendously important, because he also shows who is actually really suffering from these sanctions. But can you tell me a little bit more about what the testimonies from inside the country has been? And how people have had to adjust their lives to sanctions and what that has done to their psychological view and political perspective of what the point of the sanctions are? In the sense of, are they there to help them against the very unpopular regime? Or how do they end up seeing the sanctions when it's becoming a part of their life? Like the weather?

### **Narges Bajoghli 14:25**

Yeah, that's a great question. So the the, you know, because, again, we had been working on sanctions for a few years before we decided to write this book. And what we kept kept coming up against was the fact that no matter how much you read about it, sanctions always remained abstract. And as and when something remains abstract, it's difficult to have language about it that allows us to understand it. And when we don't have language to really understand something, then we can't even begin to grapple with it and debate it and critique it. And part of the part of that requires us to understand and actually see what sanctions do. When I began reading more and more and talking with more folks who are policymakers of making sanctions in the United States and in Europe and read their work, one of the things I realized was that they actually say that not the sanctions being invisible as a power to to sanctions as as a foreign policy tool. And our decision became then okay, we need to take people inside Iran, and we

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need to, we need to visualize for them, what is going on. And the way that you do that is through very long form, oral histories. And so I spent years sort of building off of my previous work and looking at the ways in which sanctions affected both those tied to the IRGC and businesses with them, as well as activists and civil society workers, as well as regular people just trying to get by who are not involved in the in the political or active spaces. And part of what we were trying to do is because sent, you know, it's really difficult to social scientists to say that sanctions cause X, that kind of causal argument is a difficult one, especially when it spanned out over many years, and that there are multiple factors at play to be able to explain what is going on. But one of the ways that you can get at it is through looking at people's trajectories over long periods of time, and then seeing how how what is going on in their lives is mapping on to the various types of sanctions that Iran goes under the point of maximum pressure sanctions became a really important one, because it was implemented in such a severe way that it allowed for us to be able to see some of these shocks that it made in society, and then map it onto people's, you know, interviews and what they were telling us about what was going on in their lives. So part of what what, what we're seeing, and from that passage that you bring out, is that Iranians have learned that sanctions are sticky, and they're not coming off. It's been a part of their lives, like, like you read, like, like the weather. And so what that has turned into is for those folks who have attempted to create ground in Iran and actually create discursive space and material space to push for changes, whether in order to for to have diplomacy with the West, or in order to be able to make domestic changes to their to their government. All of those folks, no matter who I talked to said to me, it feels like we are in a boxing ring. And we're being hit by two sides by both the hardliners within Iran, and we're being hit by US sanctions over and over again.

And what I found most drastically, I think one of the findings that I didn't expect as much was how much as civic society participants and activists have either well ended up in prison or have retreated from from activism and from their involvement in the civic sphere because it has become so incredibly dangerous, because not only as Vali said, does a sanction state, go on the offensive and become more aggressive on the foreign policy and geopolitical space, but it sees its internal population over time as more and more of its enemy and it because sanctions is not only just economic warfare, it is media warfare, it is psyops it is cyber warfare, it is comprehensive. And when a state comes under that kind of comprehensive pressure it it reacts as if it is in an existential crisis. And that reaction is not just external, it is also internal. And that has had severe consequences for activists. But then it has also meant that in order to break it to bus sanctions, there's a lot of corruption that happens. And that kind of money is coming into the hands of business people who are tied to the, to the regime in some capacity. And so their wealth has mushroomed while everyone else has decreased.

### **Trita Parsi 19:09**

That's an excellent point, I'm gonna get a little bit deeper into that particular angle of how it has strengthened some of the elements inside the country that the US otherwise defines as being most problematic from a US standpoint. But you mentioned earlier on also that there have been voices favoring sanctions, I think Vali mentioned that there have been voices favoring sanctions in order to defeat the regime. But based on your interviews, etc, how much of those voices are

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actually coming from people inside Iran, activism inside Iran And how much was that is coming from elements outside the country, who are not the primary folks suffering from the pain of the sanctions since they're not inside the country?

### **Narges Bajoghli 20:01**

So I would say that for the I mean, the only time I began to hear from activists on the inside that Iran should be sanctioned more, was at a certain point in the midpoint of the Mahsa Amini uprisings. And I think that that is, was a very understandable sort of set of grievances that I, that I heard over that time period, ever since those uprisings and and then I think the understanding by a lot of folks that the reason why those very real grievances, and that outpouring of rage did not turn into something more sustained in long term was actually because, for example, their parents or folks around them could not join them in strikes or could not join them in protest, because they they now are under such economic constraints that they need to be able to go to work, they need to be able to bring money home at the end of the day. And so it began to I think, deepen the understanding even internally of what sanctions are doing. And then one of the things that we're beginning to see now, too, is that there is a reconsideration of this idea of who is it that sanctions are actually benefiting? Because it's not? I think one of the other things that we have to talk very critically about, and we try to point to in the book is that it's not that sanctions harm everybody, sanctions are actually beneficial to segments of society within a targeted system that allows those segments to have a monopoly after a while on wealth, and a monopoly on power. And so there are also vested interests within targeted societies that are benefiting from sanctions. And that is something that is becoming more and more apparent within Iran. The conversations I'm having lately are about folks saying there are so many skyscrapers going up into Tehran, there's so many luxury malls that are being built. Well, why is that happening? That's happening because sanctions push trade onto the black markets in bribes go up, corruption goes up, money needs to be washed within the country, it's happening through these high rise luxury buildings in luxury malls. Meanwhile, the folks who were in the middle class are becoming poor and poor by the day, and now sanctions for folks is becoming a visible reality in the material, in their material world.

### **Trita Parsi 22:29**

Very interesting. You are using a term in the title that some may find a bit provocative, you're calling it economic warfare. And I think particularly in Washington, where by and large, the perception is that actually, this is the opposite of warfare. This is the alternative to warfare. We're doing this precisely because of our humanity. We don't want to go to war. We don't want to fire bullets. So we're doing this because it saves lives rather than actually causing suffering. But if we were to accept that this is economic warfare, what are the implications of it? Are you suggesting that the use of this tool if it is economic warfare, justifies a military response by a sanction country because this is warfare, what are the implications in your view of using the term economic warfare?

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### **Nali Vavr 23:29**

I mean, you asked that, I mean, first of all, we don't get to choose how the other side interprets our actions. I mean, and although there are there are policymakers who actually have referred to this as as, as economical, as with the terminology of warfare, I mean, warfare, it just doesn't mean using bullets means using coercive measures to force another country to, to basically bend to your bend to your will either change their behavior, give up territory, change its regime, we can either do that by, by by varieties of forms of, of pressure. And countries essentially view warfare as a threat to their security. And we want we might want to parse this that this is economic that one is military, but in the eyes of Iran, the United States is out there to to overthrow its regime to undo its revolution, to force it out of the region to min to reduce its power, or all of these things. And yes, we may say that's justifiable, because this regime has behavior and ideology. That is, that is not acceptable, but but the regime is still there. And that's, that's basically the recipient of this. And therefore for them, the day will come that is in the best way that they see and beneficial to them like they would build a nuclear program to force the The United States to negotiate over sanctions, they become involved in aggressive behavior in the region, in order to force the United States back. They insist on controlling Iraq, in order to have outlets for for Iran's economy. They invest in networks of economic military security relations, in order to be able to punch holes into into these activities, they decide that they should supply, you know, Russia with ballistic missiles or drones in the middle of this war, because it benefits them in terms of creating a Eurasian trade network that would help them so and then if you will look at it historically, you know, Japan, when it defended itself after World War Two of why it had attacked Pearl Harbor, it basically said that the Dutch and American blockade of sale of oil to Japan, you know, the sanctions that were put on Japan, warranted self defense, and the attack on Pearl Harbor was self defense. Of course, this argument is not acceptable to Americans. And it was not after World War Two, but the Japanese clearly saw the economic blockade as warfare. And the response to it was military. So, you know, the United States may think it's not waging war on Iran, but in the eyes of the Iranians starving as population, deliberately reducing the level of the country's wealth, try to crush its institutions to bring down its regime is is to them as warfare is something that the country would do with bullets when Secretary Pompeo says, you know, the Iranian regime has to decide whether it wants to feed its people, or basically do what we asked it to do. You know, to them, it's no different than if this was a military tool. So so just because we're sort of satisfied with this with the fact that this is not warfare, this is cheaper on us. We don't send soldiers, it doesn't mean that that the other side doesn't see it as warfare.

### **Trita Parsi 27:19**

And then on top of that, you have literature and studies that show that contrary to Washington's assumption, that this is an alternative to war, it actually increases the likelihood of the use of military force. So David Lexie, and and Christopher Sprecher, had a study in 2007, in which they looked at the very large number of sanctions cases and studied as to whether it truly ended up being an alternative to war, but pointed to it actually dramatically increasing the likelihood of the use of force, particularly when it when democracies impose sanctions, which is most of the

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countries that do so, because of the failure of the signaling effort, you know, you bind yourself to a certain measure, you cannot walk it back because of political pressure from home. So your only option is to escalate further, and eventually it leads to use of force, that process that they described, which is that you essentially get stuck in a cycle of escalatory steps that eventually leads to some use of force. In the case of U.S.-Iran it never led to a full blown war, but do you see evidence of that also, having played out between the US and Iran, given the very, very extensive use of sanctions and how political US-Iran relations is on the US side, as well as on Iran's

### **Vali Nasr 28:41**

I would just give a quick question and let me now guess my perspective also from within, you know, it actually we came extremely close to it. The fact that it didn't happen was by basically by by by a hair, in other words, maximum pressure led to much more aggressive Iranian activity in the Gulf, in Iraq, etc. I mean, one reason as as as Narges said, is that once the country is in a state of war, or sees it's in a state of siege, that people who gather around the decision making table tend to be the hawks on that side. I mean, people who talk about engagement, etc, diplomatic path, they basically get pushed aside. So Iran, you know, attacked Saudi Arabia, downed American drone, which, you know, almost brought an attack on Iran and President Trump last minute, decided against that. It led to a crisis in Iraq after an American was killed and then there was a seizure of the American Embassy in Iraq, and then it led to the killing of Soleimani and the killing of Soleimani, there was 48 hours after that, that almost two countries went to war. In other words, the Iranians reacted to the killing of Soleimani with a with a lot single largest barrage of missiles to hit US troops ever. And the United States may very well have reacted to that just because of the audacity of that act or because somebody might have been killed in Iraq. And in fact, the Iranians were expecting and and that's why they led to the circumstances where they shot down a Ukrainian airliner over their own country that would that trigger happy so and there was a 48 hour period where there was backchannel efforts to defuse the situation, but the two countries came very close to war. And then recently, again, when three Americans were killed in an in an attack in Jordan, they were causing this country to actually, you know, go directly after Iran, and the Gaza war, Iran's behavior in it, Iran's response to it is also happening in the context of where Iran and the United States that in other words, you know, since President Trump imposed maximum pressure, Iran is still under maximum pressure. And Iran is reacting to maximum pressure. And Iran and the United States are never too far right now, from from getting into a war. But just because it hasn't happened right now. It doesn't mean that we may not end up in a war between US and Iran, or Iran, or us and Iran's proxies in the region in the next month, as we're speaking, or that, and also how close they came actually is proof of the fact that post maximum pressure, the likelihood of war between US and Iran went drastically higher than it was the case before.

### **Trita Parsi 31:34**

Hmm. Let me ask you a hypothetical. A counterfactual perhaps is the right word, back in 1995, when the US, '94-95', when the US first was considering broad based economic sanctions on

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Iran, even during the 1980s, while they were all sanctions, etc, there was actually trade on goods at the level of \$4 billion a year. But 9495, that's when it really changed. And he had a couple of executive orders. The debate in the country here was very interesting. One of the core arguments against sanctioning Iran at the time was that if the United States sanctions Iran, eventually this will lead to a scenario in which we will push Iran into the orbit of Russia, and China. 30 years later, it seems that that argument has proven quite true. So I would like to ask both of you a counterfactual. You Vali, tell us where you think us Iran relations and Iran's foreign policy would be if we had not gone down that path back in the 1990s. Or to make it a little bit more a brief perhaps, or a shorter time period, if we hadn't gone out of the JCPOA under Trump. Would Iran be supporting Russia in Ukraine today? And have you not I guess, what do you think would have happened to Iran society internally? If it had not been put under those sanctions already? 30 years ago? Where would civil society in Iran potentially have been able to take the country in terms of their efforts to push for greater openness democratic nation? You want to start off Narges?

### **Narges Bajoghli 33:23**

Sure. So part of what we are you in the book and part of what we try to show is that the we're dealing with a revolutionary system and society here that was founded on a, a rhetoric and an outlook that was anti American and anti imperialist in the region. So then, therefore, those who wanted to push for engagement, those who wanted to push for a different kind of politics, whether internally for reform and externally for engagement of some sort, they had to actually make the space within society to be able to do that. They had to create the space to have those conversations, they had to create the the ability to have that language be out there very publicly, in in an environment where the where the the entire sort of apparatus and the entire understanding and discourse of the country had become one of confrontation from 79 onwards. And then we have all of the years of the war and the type of rhetoric that that produced. So when you get to '94-'95, in the mid 1990s, this is when you begin to see that the children born in the 1980s, those who had wanted to have a different kind of politics moving forward, those who had either fought in or you know, struggled in '79 for a revolution but wanted something different, not the mid 90s is when they begin to hit the stage as far as the social stage as far as the political stage and it's where they begin to make plushies and are really attempting to create something different. This is when you have all of the new newspapers that begin later on a couple of years after that coming out. And so what happens when sanctions are imposed? And when sanctions sort of, that part of what we show in in the book, and we really attempt to show how this happens within the political structure of the of the system, is that the more that sanctions increase, the more that they come on, or, or tensions get harder, nytime there's any kind of attempt at outreach, whether folks on the other side think that this is genuine or not, right now, my concern is not about that I'm talking about what's happening on an internal level, there has to be a momentum made internally for the discourse to even shift. I mean, look at this conversation we're having here in the United States, right. Part of the reason we're having this conversation and you started out the conversation you did treat to on sanctions is because the the window of debate on sanctions has been so difficult to budge, even though you started out the conversation saying there's all this academic knowledge that shows this and that why are

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we still having this conversation in a mainstream environment that doesn't want to see this? Well, we that exists in a space like Iran to when it came to any kind of engagement with the outside. So then when the ground is won, and then sanctions keep coming onto that the other side that does not want the engagement says and WAGs their fingers and say, See, we told you so see, we told you so that you can't trust the Americans see, we told you so the West is going to come back on its agreements.

And then with the JCPOA, what ends up happening almost completely once maximum pressure sanctions come in, is a complete domination, by the by the sector of the political spectrum that did not want engagement with the West and said that you cannot trust them. Because we see from their perspective, they say we see what is happening in the region militarily. And then therefore we don't we don't think that what they're saying diplomatically is truthful, either. So folks say no, no, no, we have to trust them maximum pressure comes in. And then therefore that entire side of the political spectrum gets pushed out, not only electorally, but completely discursively. That conversation is done with right. So then that creates new realities for what is even allowed to be discussed, where people have to begin to push from again, and that has ripple effects all in various ways throughout. So I would say one of the biggest things that I saw looking at this and these decades was a hardening of the political culture and a hardening of the political language. And this idea that because multiple maximum pressure sanctions are a form of shadow warfare, their economic war, but also a route, the entire thing that is happening is cyber operations, psyops operations, media wars, and it's going in multiple directions, right? Iran is not just sitting there. And it's this is happening from multiple directions. So then what that means is that the out the political outlook of the Islamic Republic becomes one that is dominated by the floods forces, which is the IRGC extraterritorial forces, and the IRGC is Intel forces. So then they come that kind of outlook, which is they call it the battlefield mentality, the battlefield mentality then comes and dominates the entire political systems outlook on what is happening internally and externally. And that is a process that takes time, but when you track it out, it moves along with the severity of the sanctions.

### **Trita Parsi 38:38**

Very interesting. Do you see a similar development on foreign policy, Vali, he battleground mentality? And where, if we didn't have that mentality, where do you think Iran's foreign policy would be today?

### **Vali Nasi 38:52**

Absolutely. And I would just sort of say that, just to build on what what Now you said, I mean, for every country, you have to say, you know, its decision makers say is that is the strategy or foreign policy working? Is it serving national interest, as its interpreted by the people of that country by the leadership of that country, not not, not at the leadership, we we imagine they should be the existing leadership. And if in the 1990s, Presiden, Rafsanjani or then President called me and later on in the 2010, President Rouhani basically say that, you know,

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engagement would solve Iran's problems, would put the country on a better footing, would reduce tensions with protected sovereignties. And if and if they face increased sanctions, you know, as they're not rewarded by the West for thinking in that way, then basically, their whole foreign policy theory is seen as having failed. That's when the battleground mentality not only that it is caused by the sanctions but also the people who are behind it. argue that well, you Your your whole theory was wrong. And you're not, you're not going to protect our national interest that has to be a different theory. Secondly, I would say that, you know, the periods that are that you are that you're referring to, particularly under Rafsanjan in the 1995 time period, and then under Rouhani, you had really seriously influential and powerful advocates for engagement. And that's the time that had the United States adopted a different strategy. Had Trump not come out come out of JCPOA, had Clinton not responded to Rafsanjani with more and more sanctions, that potentially they had the ability to move this ball forward much more. And let's say what's the consequence? You know, just like now, you said in answer to previous question, that sanctions created a wealthy economic class, which we now see in Iran, whose economic interests are now tied with the sanctions economy. When you have trade with the West, you create a wealthy economic class, whose economic interests are tied with trade with the outside. And that class over time, becomes the force of change. Right? It's not immediate, it's not going to happen overnight. I give you one statistics that so before embarking on JCPOA, when he first became president, just before Rouhani, basically had done it, had a group do a study that if JCPOA was to sorry, did it actually actually, during an after the, they knew the results of the deal, that if JCPOA had survived for a period of 10 years and had been implemented, that the size of Iran's middle class would expand by 35%. And this and that, this expanded middle class' economic wealth will be anchored in trade with Europe, even if not with the United States and trade with the world. He and his coterie and a lot of even secular intellectuals supported him in Iran, who saw promise in the JCPOA believed that that would be the force of change in others, the size of the Iranian votes back, that would vote for change in Iran would become bigger and bigger. And, and instead, maximum pressure has pushed 20% of Iran's middle class under the poverty bill. Now, for people who say what's the alternative to sanctions, I think this is the alternatives of sanctions, you don't want to go to war, sanctions are not a solution, what you want is actually to to expand the size of the society that wants change, make it independent of state control, anchor it in relationship with the West, and then see that changing and we've seen it worked in Iran, Iranians voted for Rouhani, twice with extraordinary numbers. They voted for Hatami. You know, in other words, you know, when that when that middle class was there and was expanding, it could be a force for change. And had the United States made different decisions in 1995. And 2018. You know, we would be in a very different place.

### **Trita Parsi 43:23**

Interesting, thank you so much about it. We have several excellent questions from the audience. And one, I think that is very relevant to this specific angle on the foreign policy is from Greg Lane, who has extensive experience with Iran, having served in the CIA, and worked on these issues. He asked that well, if one of the metrics at least or is to make sure that the sanctions push back you bombs nuclear program. Isn't there an argument to say that at least on that

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count, sanctions may not have overthrown the government, but hasn't it been successful? In terms of what it's done on the nuclear front? And if it's not pushing back the program, the arguments that Greg is not necessarily making here, but you are otherwise here very often, sanctions were useful for getting Iran to the negotiating table. How would you answer that?

### **Vali Nasr 44:29**

Firstly, the same way, yes, yes, they were, they were successful in bringing Iran to the negotiating table. But the problem is not is not that whether sanctions can compel countries to talk to you. The question is that if you can't or won't lift sanctions, those talks won't go anywhere. Right. In other words, once the United States re imposed sanction, maximum pressure, Iran's program is now bigger than it was in 2015. Even if we went back to full compliance to JCPOA. The breakout time period is not going to be two years anymore, at best is going to be six months. So sanctions has not actually pushed back against Iran. program, it has expanded it. Iran's program has grown bigger and bigger as the US has increased sanctions in 22,006, when Iran first negotiated with the US and had only 119,000 centrifuges, and the United States dismissed it for more sanctions on it along the way, your AAS program grew to 119,000 centrifuges. And then when the United States came out of JCPOA, the program has expanded even further. So, I mean, it goes to a larger point that needs to be addressed. One is we have to decide what is the purpose of sanctions? Are they just punitive? Are they for regime change? Or Or do they have a very specific goal in mind, which is, let's say, Russia needs to get out of Ukraine, or Iran needs to end this nuclear program. But are you actually able to use not sanctions imposition, but sanctions lifting as an efficacious way to achieve that, and there the United States as has failed miserably.

So countries have now come to the conclusion and Iran after 2018, so it's no point going back to 2015. As the maximum pressure and America's double dealing on has not happened, as part of this experience, is that if you is that Iranians and now probably Russia and others are looking at the same thing, have come to the conclusions that the United States would never lift these sanctions. And the only way that you may slow the sanctions is actually if your program also becomes bigger. So let's not forget that President Biden concluded that 60% Sorry, that maximum pressure was just fine. When he came in, it's actually not true that he wanted to go back into JCPOA, that was kind of Iran first has to go in do everything. And then I'll decide what I want to do. And the Iranians saw that maximum pressure is not moving the United States basically following on Trump's footsteps. So they went to 60%. It's only then that the US talk to them. And then they went to 84%. That's only then that United States agreed to, you know, call for current policy in in Oman before October 7. So the Iranians have learned that actually, to manage sanctions, you don't need to, you're not going to get anything from the United States. By behaving by reducing your centrifuges, you're only gonna get a response from the United States by becoming bigger and more menacing. And, and it's in that sense that sanctions have been completely counterproductive. So we today see an Iran that is far more dangerous in terms of its nuclear program than it was in 2015.

### **Trita Parsi 47:43**

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Hmm. Very interesting. And in terms of what you mentioned, you know, let's decide what actual purpose the intent is. We have a good question from Stuart Kaplan on this that I want to get back to in a second. But just very quickly, if you all could respond, both on the foreign policy front, but also on the internal front. So what lessons to be learned than from the Iranian case when it comes to Russia? If the sanctions have on the one hand, radicalized Iran's society, strengthen the most hardline elements internally in Iran, radicalized and embolden its foreign policy externally, as powerful as a player as Iran is in the Middle East context, Russia is a major power. How do you see this potentially playing out in the Russian case? Both again, internally and under foreign policy? Narges, you want to start?

### **Narges Bajoghli 48:42**

Sure, I would say that there. I what we are seeing so after we finished this book, we began a whole nother series of research projects here at sites that looks at sanctions in different sanctions countries around the world. And pretty much so far, we are seeing the same patterns that we've seen in Iran, we are seeing in different sanction countries and whether again, those sanctions are comprehensive, like the Iran ones are are different, even if targeted, sanctions end up having similar kinds of, of outcomes. And I'm happy to talk about that later. But I would without being a Russia expert, what I'm seeing from my colleagues who are doing this kind of work at the moment and then they will be writing it up and publishing it is that the same similar patterns or underplay the state becomes much more because again, it sees it as itself and in it in an increased war like situation. So therefore, the same things that we see in societies that are under war, and Russia is actually in a war itself, in addition to the sanctions, is that a hardening of the political class as the increased and even more suppression of what is going on internally. And then the other thing that I would just add to the conversation is that and this is what we point to in the book as well is that as bigger and bigger economies get sanctioned, more and more infrastructure gets built to make trade happen away from the dollar. And so that does not mean that de-dollarization is coming tomorrow or next year or anything like that. But the reality is, is that more and more sanctions, more and more countries become sanctions, and they're learning from the Iran case that sanctions cannot easily be taken off. They, you know, they stick. And so then therefore, there's an invested interest now to create and they and they have already begun creating infrastructure that allows for trade to happen away from the US dollar and the arms.

Trita Parsi 50:38

Yeah. So ultimately, that may be the end of Washington sanctions frenzy, because once de-dollarization goes very, very far, the utility of or even the punishing character of financial sanctions will start to wither away.

### **Vali Nasr 50:57**

Yeah, I would say in addition to that, is that, as Marcus said, that, that if Russia, China, Iran, Cuba, Venezuela, etc, not rely on one another, to basically absorb sanctions, then then actually,

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the efficacy of sanctions goes down. So because because they now have strategic depth in one another. So the more you use sanctions all over the place, the less effective your sanctions become, because countries are not alone in this anymore. There is there is now an ecosystem of sanctioned countries, some of them very large economies, that basically produce basically allow allow one, each of those pieces to live to live on the sanctions. So Russia was able to absorb the immediate shock to its middle class by the disappearance of consumer goods by turning to Iran, four varieties of consumer goods from, you know, a parallel to Pepsi, two varieties of things that it already produces, to basically provide Russian middle class or Russian malls with goods that are disappearing.

### **Trita Parsi 52:06**

But when you all saying that sanctions are sticky, are they sticky right away? Or is there, you know, perhaps the first couple of years phase in which if during that period, something is done to amend the sanctions, one does not end up into the sticky trap of sanctions. And as a result, US Russia relations may not go down the same very negative destructive path as US Iran, relations have gone and of course, it's not all about sanctions, but sanctions is a big part of it. What do you think about that added value?

### **Vali Nasr 52:44**

Well, I mean, if you listen to all the rhetoric we have about Russia, and if you were in Putin's shoes, you would say the only thing he's not hearing is a quid pro quo of sanctions, very specific shot sanctions being lifted and a guarantee that they won't return. So everything is being told to him about not doing certain things, leaving, you know, Eastern Ukraine agreeing to negotiations, whatever it is. But what he's being told, not being told is that the sanctions that were imposed on you are going to be lifted. So the assumption on the other side is that sanctions are permanent. Right. So if we don't behave in a way as if the sanctions get lifted, and I want Nargis to sort of say, because she's worked on this, is that this whole idea of vilifying countries immediately in order to put sanctions on is also part of this? And I guess maybe you should say something about that. Yeah.

### **Narges Bajoghli 53:35**

Yeah. I mean, part of I think the answer to your question Trita to is that sanctions require a, because it's not bombs dropping, so it requires an entire narrative shift or further shift if it's already on your plate to happen to make that country undesirable, or to make that country a pariah to make that country an enemy. So it's not just the political establishment, it's the because trade has to be blocked off, so it's about making Russian society or Iranian society into an enemy, and that's done discursively. And so therefore, it becomes really difficult, for example, to then have the hill, representatives on the hill or in the Senate, or the political class in general, or even just within the media begin to agree to, Okay, sanctions should be lifted on Russia or on Iran or whatever, you can't even get to that level of the conversation because discursively they are already so far from the pale. And so there has to be an in addition to sanctions coming off

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there has to also be a shift and how you discuss these, these societies. And that is a very difficult thing to do in a very polarized political atmosphere. And one in which and this is another part of the stickiness is that these narratives are then built over decades of time.

### **Trita Parsi 55:00**

Very interesting. We have a question from Stuart Kaplan. That goes to what you have discussed in terms of what is the intent of the sanctions? And, you know, he's asking whether, you know, the intent actually, is to appease domestic constituencies in the United States, show yourself tough, etc, rather than necessarily changing behavior. I want to add a dimension to his question, which is that in the case of the United States and Iran, and I know, your book is mostly focusing on the impact of the sanctions, but in terms of the process over here, that, you know, the intent may actually have been very, very different from changing the behavior in specific ways. The first sanctions, we're focusing more on Iranian support for terrorism, opposition to the Middle East peace process, and the nuclear front, the two first ones have been more or less completely dropped from the from the narrative, and it's only been on the nuclear front. But some of the elements that have been pushing for it, have perhaps also seen sanctions as a very useful tool for precisely what you just said. Now, yes, you are vilifying and you're creating a pariah out of a state. By having the sanctions you need to have a degree of pariah narrative to start off, but then once you have sanction them, they're almost permanently that block, which has certain geopolitical benefits for actors who have been pushing us off, go into the very first question we talked about, which is, you know, how do you measure where it's been successful, you have to have a very clear idea what the intent is, and should we really be assuming that the actual intent is the expressed intent, mindful of the fact that we don't tend to lift sanctions anyways, even when those expressed intents are met at times? Who wants to go first.

### **Narges Bajoghli 56:51**

Um, so this is not a part of the book. So I'm not going to attribute it to the book. This is sort of my own analysis that I'm doing separately, which is that sanctions are another form of us forever war. And, and precisely because of this, pushing into a pariah and then, and sanctions, solidifying conflict, and not having any kind of I mean, even Serbia, for example, that was sanctioned. And then in the mid 1990s, there is a change in the government's behavior, and they're attempting to remove sanctions. And it's a very, very difficult process. So you know, this is something that solidifies conflict over decades. And this is part of the reason that the conclusion of the book is called permanent siege.

### **Trita Parsi 57:41**

Vali, the last word to you.

### **Vali Nasr 57:43**

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I agree with her. And, you know, in the case of Iran, which might be different from other countries, there's also varieties of lobby groups, allies of the United States as well as internal constituencies which are which which have a say here. So their motivations from sanctions may be different from a particular administration, in particular point in the office, but ut I do agree with with Narges, that it does become a Forever War. And then the reaction on the other side becomes a Forever War. And once you get on a track of Forever War, it can actually become a Forever War.

### **Trita Parsi 58:18**

Thank you so much, both to you, Vali and Narges. Yes, this is a fantastic book a fantastic contribution to a much needed conversation that needs to be heard much more in Washington than has been the case. And I am confident that it will have an impact over here. Before we leave, I want to highlight another webinar that we have next week that is very relevant to the very questions we just discussed here. George Beebe and Anatol Lieven from Quincy Institute have a new report coming out on a Diplomatic Pathway for a Peace in Ukraine, which of course then touches on what needs to be done with the sanctions as part of that equation. The events will be held on Wednesday, February 21, at 11am. It's going to be a discussion about this report and the recommendations that are giving to the Biden administration on how to embark on a diplomatic strategy, which has been sorely missing for the last two weeks or two years. For those of you who are subscribed to the Quincy newsletter, you will receive these updates from us if you are not please go to Quincy inst dot o RG sign up for newsletters, you will get automatic invitations to all of these different webinars events, as well as our reports and other products that we are producing. Without thank you all so much for attending. Thank you again to Narges and Vali for an excellent conversation and I hope to see you all very soon. Thank you so much.