AMERICAN FOREIGN POLICY COUNCIL

Is a sanctions rethink in the works?

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The Biden administration's announcement that it will limit economic sanctions as a tool of foreign policy could prove significant, since it follows two decades in which policymakers of both parties dramatically increased the use of sanctions against governments, individuals, and entities that they considered bad actors.

"After the Sept. 11, 2001 attacks," the Treasury Department wrote in a new report after a nine-month review, "economic and financial sanctions ('sanctions') became a tool of first resort to address a range of threats to the national security, foreign policy, and economy of the United States. This tool rests on the formidable strength of, and trust in, the U.S. financial system and currency."

Looking forward, the Treasury wrote, "Economic and financial sanctions should be tied to clear, discrete objectives that are consistent with relevant presidential guidance — such as countering forces that fuel regional conflict, ending support to a specific violent organization or other malign and/or illicit activities, stopping the persecution of a minority group, curtailing nuclear proliferation activities, enhancing multilateral pressure, or ceasing specific instances of atrocities."

Fine. But the notion of limiting the use of sanctions — e.g., trade embargoes, investment restrictions, asset freezes on governments or individuals — could prove a sea change for U.S. policymakers who, in recent years, have viewed sanctions as the go-to response to global bad behavior.

The figures are striking. Sanction designations imposed by the Treasury Department's Office of Foreign Assets Controls (commonly referred to as OFAC) and its 37 separate sanctions programs rose in number from 912 in 2000 to 9,421 in 2021 — or by 933 percent in just over two decades.

Nor does that include the separate sanctions imposed by other departments, such as State, Commerce, Homeland Security, and Justice. The State Department, for instance, can name a foreign organization as a terrorist entity or, as it does in its annual human rights reports, label a government as a state sponsor of terrorism. Such designations can set the stage for sanctions of different kinds.

Nor do these numbers include the multinational sanctions that Washington pushes, sometimes successfully, at the United Nations Security Council or the European Union, such as on North Korea and Iran over their nuclear programs.

Like U.S. sanctions, global and regional sanctions — whether promoted by Washington or otherwise — have grown in number and scope.

During the Cold War, the Security Council sanctioned just two nations (Southern Rhodesia in 1966 and South Africa in 1977), due largely to U.S.-Soviet disagreements and other issues. Since 1990, however, the Council has sanctioned more than 20 other nations. That figure could have been higher, had China and Russia, for instance, not vetoed sanctions against Syria over its brutal civil war of recent years.

Similarly, while the European Union has imposed sanctions more than 30 times, it has expanded their range of late. And while traditionally focused on individuals and companies, the EU sanctioned Iran over its nuclear program (although it dropped those sanctions as part of the 2015 global nuclear agreement with Iran).

None of this is surprising, for sanctions provide a convenient in-between alternative to the polar options of diplomacy and war. They activate U.S., regional, or global pressure without the risk of bloodshed.

And, sometimes, they work well. U.S. designations of more than 1,600 entities and individuals over the last two decades have weakened them by, for instance, drying up their funding sources. U.S. and global sanctions brought Iran to the negotiating table over its nuclear program before the 2015 nuclear agreement (although the West is now split over how, and how quickly, to resurrect that deal).

The Treasury report offers only general guidelines for the future use of sanctions, so it's not clear how influential they will be. The mere notion of limiting sanctions, however, raises vexing questions.

"Where possible," the Treasury wrote, "sanctions should be coordinated with allies." True, but should Washington eschew sanctions in the face of allied opposition — especially when the United States is a greater target of an outlaw regime, such as the one in Tehran, than are its allies in Europe or elsewhere?

“Treasury,” according to the report, “should seek to tailor sanctions in order to mitigate unintended economic and political impacts on domestic workers and businesses, allies, and non-targeted populations abroad.” Fair enough, but should it eschew sanctions even when the pain they impose on “non-targeted populations abroad” will help weaken the government in power? When Washington debated sanctions on South Africa in the 1980s, in-country activists argued that the long-term benefits of pressure on the government would outweigh the short-term pain on the people of their nation.

Here’s a final question to mull. Will diminished U.S. use of sanctions increasingly leave policymakers with the choice between: (1) a campaign to isolate a regime that might not care about its outlaw status, and (2) military action, alone or with others, that brings bloodshed and unintended consequences?

These are admittedly hard questions, with no easy answers in sight. The Biden administration, however, deserves credit for beginning to ask them.

Lawrence J. Haas, senior fellow at the American Foreign Policy Council, is the author of The Kennedys in the World: How Jack, Bobby, and Ted Remade America’s Empire, from Potomac Books.
