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Review Essay 40

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Richard Nephew's *The Art of Sanctions: A View from the Field* offers a refreshing perspective on the study of economic sanctions. It draws on the author's experience as Director for Iran on the National Security Council and as deputy sanctions coordinator at the State Department in the Obama Administration. Having been involved in developing and managing sanctions during the negotiations with Iran that eventually produced the Joint Comprehensive Plan of Action (JCPOA) in 2015, Nephew speaks from the point of view of a practitioner who brings a hands-on approach to the topic. The book offers practical insights about what sanctions can and cannot do, rather than ex cathedra statements about their efficacy in general. The most commonly asked question about sanctions—do they work?—is misleading because it is incomplete, since the utility of any tool can only be judged against a specific goal and under a determinate set of conditions. Against this, *The Art of Sanctions* presents a practice-oriented study of the preconditions for their success.

Nephew builds his analytical framework around the balance between two elements involved in the use of sanctions: the *pain* imposed by the sanctioner and the *resolve* shown by the targeted state. There is no doubt that a country like the United States can deploy enormous economic force against other states. But what Nephew rightly emphasizes is that the countervailing force on the side of the targeted state is its preparedness to incur economic losses to pursue some highly-prized objective of national policy. In such a setting of two clashing wills, the key to successful sanctions is the infliction of pain in places where it is most difficult for the target to muster resolve in response. Mere material dependence on certain economic sectors is not enough; what matters is that exploiting the leverage is likely to affect a state and its society in ways that break or sap the resolve of the target to weather the sanctions. Where those fissures lie, and how they can be exploited to dissipate the resolve of the target, is something that depends on a variety of political, social, cultural, demographic, and economic factors.

This frame is much more dynamic and methodologically pluralistic than the more economic analysis often used by political science research on sanctions. It can be generalized to cover other cases of sanctions use.

Although Nephew spends a few pages summarizing the history of the Iraq sanctions regime, the core of the book is an insider's account of the US economic sanctions against Iran under the Obama Administration. The penultimate chapter looks ahead to the current application of sanctions against Iran (for non-nuclear issues such as support for foreign movements and for missile testing), against Russia (for its involvement in Eastern Ukraine and annexation of the Crimea), and against North Korea (for its intensified nuclear proliferation and ballistic missile tests). The book's source base consists mainly of official documents and statements from governments and international agencies, news reports, and studies by think tanks and NGOs; its references to scholarly work are primarily to political science and international relations literature on sanctions rather than monographs on particular episodes or countries.

Nephew's basic model for sanctions design focuses on six steps: first, identifying clear goals for the success and lifting of sanctions; second, understanding the target's interests and commitments; third, correctly identifying vulnerabilities; fourth, monitoring and re-adjusting the sanctions continuously to drive down resolve as quickly as possible; fifth, communicating with the adversary about the conditions for sanctions relief that could be used as the basis for a deal; and sixth, acknowledging the risk of failure at every point.

Some of these steps may seem self-evident, but Nephew's book makes a compelling argument for the importance of knowledge (step two) and of dynamic re-adjustment (step four) in particular. It is of decisive importance, he argues, that the sanctioner has "knowledge of one's opponent, their tolerances, and their vulnerabilities...for sanctions to work, one must actually know one's enemy better than the enemy knows itself" (16). The major problem with contemporary sanctions, he argues, is that they are all too often used without considering whether the pressure imposed is likely to achieve the intended goal, and that too little thought is given beforehand to how the targeted state will respond. The highlighting of the effects of time in the analysis of sanctions regimes is another virtue of the book. Prussian general Helmuth von Moltke's famous aphorism that no strategy survives its first contact with the enemy is highly applicable to the practice of sanctions, since, unlike pitched battles, economic embargoes are continuous and interactive in their application. Counter-reactions by the target require adaptation from the sanctioning state, so that the most effective mix of sanctions must be constantly recalibrated. Putting all these factors together, Nephew compares the task of the sanctioner to that of maze-builder constructing a labyrinth of barriers around an evasion-prone opponent. The aim is that "the quarry should be channeled in the direction the sanctioner determines" (184). Changing conditions require the ongoing refashioning of this edifice. The end goal of such maze construction is to arrive at the point where a deal may be reached. In Nephew's account, sanctions are therefore always to some degree dependent on preparedness to engage in diplomacy. This embedding of sanctions in diplomacy can be constructive if it is appropriately used, but, as I will suggest below, it contains some problems of its own.

The *Art of Sanctions* thus drives toward the conclusion that designers of sanctions should be on the lookout for an inflection point. This juncture presents opportunities for an arrangement between sanctioner and target; beyond it, further economic pressure is no longer needed, or it may become counterproductive because it will strengthen the target state's resolve. Identifying this optimal point for an exit from escalating sanctions is clearly very important, because recognizing success has proven a challenge in the past: the UN sanctions regime on Iraq from 1991 to 2003 did not prevent an ill-judged and catastrophic invasion because American and British policymakers were unable to grasp the effective disarmament in Weapons of Mass Destruction (WMD) that they had in fact achieved by applying economic pressure on Iraqi President Saddam Hussein.

As becomes clear from the book's early chapters, the Iraqi failure was a major factor shaping U.S. efforts to tackle Iran's nuclear program through sanctions. Nephew's chapters on the construction and management of the Iran sanctions regime provide a complementary perspective to that of Trita Parsi, whose *Losing an Enemy: Obama, Iran, and the Triumph of Diplomacy* (2017) provided the first major account of the JCPOA negotiations.¹ Parsi was critical of the role of sanctions in achieving the deal, arguing that their success had been much overstated and that this view reflected a broader overestimation of the efficacy of sanctions among U.S. foreign policy elites. Nephew contends that although there were limits to what sanctions could achieve—he frankly admits that the pressure they created reached a peak in the fall of 2013—they were nonetheless important to strengthen the impression that the U.S. would not let Iran get away with its full nuclear ambitions (p. 138). This seems plausible, though it does suggest that the resolve of the sanctioner, and not that of the target, is what may have been decisive.

Nephew's book is smoothly written, timely, theoretically parsimonious and analytically nuanced. The book does have some limitations in its scope, perspective, and implications. The first is a flipside of its strength: since Nephew's argument is so strongly based on one case—the sanctions campaign against Iran between 2006 and 2015—the historical, political, and geographic reach of his conclusions is open to question. Even in appraising the role of sanctions in achieving the deal with Iran, however, more attention could have been paid to other forms of pressure against the Islamic Republic, from advanced and aggressive cyber-warfare to assassination to threats of air strikes against nuclear facilities. To be sure, not all these disruptive activities emanated from the Obama Administration, which tried to steer a balanced course towards an agreement, which it eventually achieved. But these destabilizing intimidations did contribute to a broader climate of tension and are significant enough as external factors that their ultimate contribution to Iranian preparedness to settle for a deal cannot be dismissed.

The extended reflection on sanctions informed by practice in *The Art of Sanctions* is surely to be welcomed. Although Nephew speaks of 'sanctioning countries' and 'sanctioned countries' or of 'sanctioners' and 'targets' or 'quarries,' the book's lessons are implicitly directed at one country above all: the United States. *The Art of Sanctions* is not so much a dispassionate study of the uses, advantages, and disadvantages of the instrument itself, as a how-to guide specifically for U.S. policymakers on how to use economic sanctions to preserve global power and influence. This an entirely valid aim for a work like this. Yet because Nephew's argument turns precisely on the need to know one's adversary, his framework, in which the adversary's behavior is manipulated in a process orchestrated by the United States, is likely to simplify the complexity, aims, and worldviews of other states and societies. In other words, there may be a trade-off between being able and willing to impose sanctions against other countries, and being in a position to understand those countries best.

One example is the relationship between sanctions and inequality. Nephew notes that the level of inequality in a target society should be factored into sanctions design. In the case of Iran, he notes that U.S. policymakers in 2012 welcomed the rising inequality in Iran caused by tightening financial and oil sanctions as a way to increase domestic pressures that would force Tehran to negotiate. For the Obama Administration, driving up inequality was "a choice...a deliberate way of prying apart the regime and the population" (111).

¹ Trita Parsi, *Losing an Enemy: Obama, Iran, and the Triumph of Diplomacy* (New Haven: Yale University Press, 2017). For the January 2018 H-Diplo/ISSF roundtable on Parsi's book, to which Nephew contributed a review, see: <https://issforum.org/roundtables/10-7-Iran>.

But as scholars of Iranian politics and society such as Kevan Harris have shown, the relationship between socio-economic equality and support for the Islamic Republic is complex.² Insofar as the current state apparatus has credibility as a dispenser of welfare and opportunity, rising inequality was as likely to strengthen domestic support for the government as it was to discredit it. Indeed, these cross-cutting tensions between popular legitimacy, the economic situation, and foreign policy moderation appeared during the nationwide protests in December 2017 and January 2018. If a stable economic situation would better enable moderates to negotiate and compromise on issues of national security, then further economic pressure on Iran may have precisely the opposite effect.³ Regarding Iran as an adversary can therefore lead policymakers to welcome developments—such as rising socio-economic inequality—which a more dispassionate and in-depth analysis of Iranian society would show to be counterproductive and harmful, both to Iran and to the long-term U.S. goal of moderating Iranian foreign policy.

The need to understand such complexities in other countries is all the more urgent at a time when U.S. sanctions policy has taken a drastic turn. This change is not just driven by executive policy from the White House, but also underpinned by the sweeping Countering America's Adversaries Through Sanctions Act (CAATSA) passed by Congress in July 2017. Nephew's plea for thoughtfulness contrasts starkly with the active course of destabilization undertaken by the Trump Administration. This radicalization of sanctions policy makes the lessons of the book very timely. The risks of overuse are starting to be acknowledged in recent debate on sanctions.⁴ Yet this situation of saturation and fatigue is in part the result of the broad consensus among U.S. policymaking elites that sanctions are a net-positive instrument of foreign policy. If one possesses the hammer of the economic weapon, then many foreign policy issues start to look like nails, to the point where sanctions often substitute for instead of complement effective diplomacy and international engagement.⁵

By recounting the campaign that led to the JCPOA, Nephew shows how the art of sanctions is always a part of the wider art of diplomacy. However, as a successful synthesis of a sanctions-cum-diplomacy approach, the

² Kevan Harris, *A Social Revolution: Politics and the Welfare State in Iran* (Berkeley: University of California Press, 2017).

³ Nephew effectively admits that the power of the Islamic Revolutionary Guards Corps (IRGC) was strengthened by the sanctions regime, as reduced foreign market access gave it a larger influence over the domestic economy and contacts with other countries (131-133). Though he does acknowledge this outcome fully, lest it be used by opponents of the JCPOA, no explanation is provided for why this consequence was not anticipated, or, even if it was, why it was considered a risk worth taking. For the complexity of the IRGC position within Iran and with regard to the JCPOA, see the work of Narges Bajoghli, "Iran Will Never Trust America Again," *Foreign Policy* (5 May 2018), <https://www.foreignpolicy.com/2018/05/08/iran-will-never-trust-america-again/>.

⁴ Elizabeth Rosenberg, "Leaving the Iran Deal Will Have Unintended Consequences," *Foreign Policy* (15 May 2018), <https://www.foreignpolicy.com/2018/05/15/leaving-the-iran-nuclear-deal-will-have-unintended-consequences/>. The number of sanctions regulations against foreign countries and individuals issued by the Office of Foreign Assets Control (OFAC) has increased since the early 2000s and continues to grow. "America must use sanctions cautiously," *The Economist* (17 May 2018), <https://www.economist.com/leaders/2018/05/17/america-must-use-sanctions-cautiously>.

⁵ Robert E. Hunter, "Sanctions: A Substitute for Serious Foreign Policy," *Lobe Log* (14 February 2018), <https://www.lobelog.com/sanctions-a-substitute-for-serious-foreign-policy/>.

road to the JCPOA is a historical exception. Nephew acknowledges that most sanctions regimes never culminate in an effective deal, but instead either fizzle out over time, ossify into stasis, or lead to war or violent regime change (141). This raises the question of how to delineate the realm of foreign policy problems to which sanctions can usefully be applied from those issues which they cannot address. Without a clear criterion for identifying cases where sanctions should not be considered at all, the space available for other forms of pressure as well as more positive forms of enticement and persuasion is automatically narrowed. One might conclude from Nephew's book that the point of imposing pressure through sanctions is to build up leverage that can be translated into concessions at the negotiating table. It would then make sense for the United States to start imposing sanctions on all kinds of states to drive them towards bargains that it perceives as favorable to its national interests. This seems to be the approach currently being taken by the Trump Administration towards traditional U.S. allies, old opponents and recent challengers alike. If the main options on the table are various shades of economic coercion or military force, then the difference between the fine art of sanctions and the Trumpian art of the deal may turn out to be smaller than supposed.⁶ In other words, without a wider and better grasp of which problems warrant the use of sanctions in the first place, advocates of non-coercive approaches will always find themselves on the back foot.

Nephew's book shows in a lucid way how the effective use of sanctions is the work of diplomacy as much as technocracy. Since this depends both on U.S. international economic power and the goodwill of other countries to participate in the networks upholding this power, the potency of sanctions is shaped in no small part by the future development of these infrastructures and webs of exchange. This brings us back to Nephew's metaphor of the sanctioner as maze-builder. He convincingly argues that forcing the sanctions target towards the desired outcome is highly demanding and always uncertain. Declining U.S. economic heft will make the future work of sanctioners more challenging. It may be that future administrations will restore some of this broad material and political basis for future sanctions policy. But the facts of relative decline cannot be ignored, and this means that the United States' ability to coerce other countries will be structurally weakened and fragmented. In those conditions, making sanctions work, and deciding when they should be used at all, will become an even more delicate art.

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⁶ Considering his effort in distinguishing smart from crude versions of sanctions regimes, it is remarkable that Nephew's recommendations for U.S. sanctions policy differ from the intensification of sanctions that has been pursued energetically if erratically by the Trump Administration since the summer of 2017 towards Iran, Russia, and North Korea mainly in style but less so in substance. It is too early to say if this represents a structural increase or merely a temporary uptick in the use of sanctions. At any rate, the fear that Trump would act as an 'isolationist' in this regard has been proven wrong.