

UNITED AGAINST NUCLEAR IRAN

Sanctions: Fact or Fiction

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Fiction 1: Economic Crisis: Iran's economic crisis is caused by sanctions and will only end once sanctions are lifted.

FACT: Iran's economic crisis is caused by a variety of factors—sanctions are only part of the story. The regime's mismanagement and corruption is another significant element. In fact, [according](#) to Saeed Laylaz, an economist and informal advisor to Iranian President Hassan Rouhani, "less than 10 percent of our economic difficulties are due to sanctions" as "the first signs of economic crisis appeared in 2007, five years before the sanctions." Iran's recession "started in the summer of 2011, exactly one year before the sanctions hit." According to a [study](#) on the impact of sanctions on Iran, "during the bulk of the existence of the Islamic Republic, poor government policies and inefficient and corrupt institutions far outweighed the impact of sanctions in impeding economic growth, producing a dysfunctional and vulnerable economy, and undermining the economic well-being of Iranians." Even while the U.S. government remained in the Joint Comprehensive Plan of Action (JCPOA), Iran [suffered](#) from severe unemployment—a condition with which President Rouhani had to contend when running for reelection in 2017. For example, one of his conservative opponents [charged](#): "the gap between the poor and rich has widened in the past four years." Thus, there are structural issues in the Iranian economy—beyond sanctions—which make Iranians prisoners of their own government.

Fiction 2: Healthcare System: Sanctions, not regime mismanagement, are responsible for the degradation of Iran's healthcare system.

FACT: [Rampant government corruption](#), mismanagement, and sponsorship of terror have caused a healthcare crisis in Iran. In 2012, Iran's then-health minister was fired after [revealing](#) that Iran's Central Bank delivered only \$600 million worth of imported medicine and medical supplies out of the \$2.5 billion earmarked in Iran's annual budget. She stated, "I have heard that luxury cars have been imported with subsidized dollars but I don't know what happened to the dollars that were supposed to be allocated for importing medicine." In a 2013 [interview](#), the former head of Iran's Central Bank confirmed that Iran was importing large quantities of cars and luxury products in place of medicine and other essential products. Indeed, RouhaniCare—one of President Rouhani's signature initiatives to combat the aforementioned mismanagement—has been underfunded, causing his government's minister of health to resign over budget cuts in January 2019. This comes while Tehran continues funding terrorist proxies like Hezbollah, Hamas, and Palestinian Islamic Jihad.

Fiction 3: Medicine Shortages: Sanctions are designed to punish Iranian citizens, including by causing medicine shortages in Iran.

FACT: The U.S. does not sanction Iranian imports of humanitarian items, including medicine and medical devices. Sanctions are drafted to include broad discretionary authority, as well as humanitarian carve-outs, to ensure ordinary Iranian citizens are not targeted—only regime officials. Medicine shortages are caused by the Iranian regime's corruption and neglect. Not only does the Iranian government [import luxury items in place of medicine](#), but a governmental pharmacy employee in Tehran [revealed](#) that Iran has placed artificial constraints on public access to drugs and medicine. According to this report, for

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every 20 units of medication in government supply, only two are available to the public. The rest have been “reserved” for Iranians with influence or connections.

Fiction 4: Food Shortages: Sanctions are designed to starve Iranians by limiting access to basic essentials and foodstuffs.

FACT: [According](#) to Secretary of State Michael R. Pompeo, re-imposition of U.S. sanctions on Iran “are targeted at the regime, not the people of Iran, who have suffered grievously under this regime. It’s why we have and will maintain many humanitarian exemptions to our sanctions including food, agriculture commodities, medicine, and medical devices.” Unfortunately, corruption and mismanagement are rampant in Iran, and are widely blamed for the misallocation of governmental resources derived from Iran’s vast energy reserves. In the eight years of Ahmadinejad’s presidency alone, when Iran was under punishing multilateral sanctions, Iran accumulated \$700 billion in oil revenue. Yet, according to the then-Mayor of Tehran Mohammad Baqer Qalibaf, “The government’s mismanagement, which doesn’t allow us to benefit from the country’s huge capacity, is the main cause of the current situation.” In one [instance](#), in July 2013, 4 million tons of food and medicines were, “stranded in 3 Iranian customs because of disagreements between the central bank and the Commerce Ministry over access to a preferential currency exchange rate.”

Fiction 5: Studying Abroad: Sanctions punish ordinary Iranians by preventing Iranian students from studying in the U.S. and Europe.

FACT: International sanctions do not prevent Iranian students from studying in the U.S. or Europe. [According](#) to the U.S. Treasury Department, licenses may be issued on a case-by-case basis for “certain targeted educational, cultural and sports exchange programs, provided such programs are not in furtherance of Iranian military, industrial or technological infrastructure or potential.” Indeed, [reports](#) indicate that even the children of regime officials are able to study in the U.S. The son of Iran’s vice president for family and women’s affairs, Masoumeh Ebtekar, who served as the spokeswoman for Iran during the Iran hostage crisis, has been a student in Los Angeles. Additionally, the daughter of Iranian parliament speaker, Ali Larijani, is [reportedly](#) a resident in internal medicine at an Ohio hospital.

Fiction 6: Internet Sanctions: Sanctions have cut off ordinary Iranians and Iranian activists from accessing the internet thereby stifling the spread of grassroots political and protest movements.

FACT: Claims that sanctions continue to impede Iranian activists’ access to the internet are baseless. In reality, Iranians’ limited access to the internet is a result of the Iranian regime’s crushing censorship program. For example, Iran blocks millions of websites, including [more than 50%](#) of the world’s top websites such as Facebook and Twitter, while its senior officials like the supreme leader, president, and foreign minister all maintain a robust social media presence on these very same platforms. The Iranian government also jams satellites to prevent foreign broadcasts from reaching the Iranian public, and keeps the internet artificially slow to curb internet use within Iran. By contrast, the U.S. has provided multiple sanctions exemptions specifically to facilitate the delivery of modern communications equipment to Iran and foster communication between Iranians and the rest of the world.

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Fiction 7: Cost to United States: Sanctions on Iran cost U.S. companies revenue.

FACT: U.S. sanctions on Iran do not cost U.S. companies substantial revenue. A report misleadingly claimed that between 1995 and 2012, Iranian sanctions cost the U.S. “\$175 billion in lost export revenue or 200,000 lost jobs in one year.” The Washington Post’s Glenn Kessler has [refuted](#) its specious arguments. The \$175 billion figure for lost export revenue is not, as the report implies, a per annum figure, but an estimate for lost export revenue over the course of 18 years. The \$175 billion total figure is also grossly inflated, as it is predicated on a disingenuous theoretical best-case context. Such a scenario was never plausible in view of the Iranian regime’s commitment to its “Death to America” ideology. Prior to 1995, under the rule of ayatollahs, U.S. exports to Iran did not exceed [\\$750 million](#). In fact, the average value of U.S. exports to Iran from 1985-1994 was \$268 million. The study’s inference – that U.S. exports could have jumped to \$10 billion a year – is ludicrous. The report claims that “the negative impact of sanctions to the U.S. economy has been staggering.” However, even if one were to take the \$175 billion figure at face value, it would only mean a loss of 0.5% of total U.S. exports over that 18-year period.

Fiction 8: Empower Iran: Sanctions empower the Iranian regime by impoverishing Iranians, thereby reinforcing their dependence on and support for the government.

FACT: Iranians have in large part [blamed](#) the government’s massive economic mismanagement for the country’s poor economic performance. That’s why there has been a slow burn of protests since December 2017 throughout the country. Meanwhile, Iranian politicians routinely point the finger at each other. For example, Iran’s parliament speaker, Ali Larijani, has [claimed](#) that 80% of Iran’s economic problems stem from mismanagement. Senior officials within the Islamic Revolutionary Guard Corps have also alternatively [blamed](#) “the choice made by the people” for Iran’s economic malaise. By putting Iran’s leadership in the position of defending its corrupt behavior to the public, sanctions actually empower opposition leaders who promise an alternative to the status quo.

Fiction 9: Sanctions Ineffective: Sanctions don’t work.

FACT: Sanctions on Iran have worked. There is [widespread agreement](#) that sanctions against Iran succeeded in bringing the regime to the negotiating table during the Obama administration. Former U.S. Treasury Secretary Jacob Lew [credited](#) “the most sweeping, most powerful, most innovative, and most comprehensive sanctions regime in history...” for bringing Iran to the negotiating table. Former U.S. Secretary of State John Kerry [stated](#) that “outreach alone is not a strategy. If diplomacy is to work, it must be backed by the prospect of tough, escalating multilateral sanctions strong enough to actually change behavior.” Even Iranian President Hassan Rouhani has [said](#) that the regime needed to negotiate over its nuclear problem due to the country’s economic crisis. Indeed, in the aftermath of the U.S. withdrawal from the nuclear deal in 2018 and the institution of the Trump administration’s maximum pressure campaign, Foreign Minister Javad Zarif has publicly [hinted](#) at openness to negotiations with the Trump administration.

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Fiction 10: Ineffective Bargaining: Sanctions do not achieve policy objectives. They are not an effective bargaining tool.

FACT: Due to sanctions, Iran's nuclear program has required an exorbitant amount of time and money, [costing well over \\$100 billion](#) "in lost foreign investment and oil revenue," and in a separate estimate [\\$130 billion](#) over the course of two years alone. Iran's Bushehr nuclear reactor, for instance, took nearly [four decades](#) to complete, in addition to costing Iran the equivalent of \$11 billion today. The success of Iran's nuclear program is not merely contingent on the commitment of its leaders, but on the government's ability access to these vast financial resources. Sanctions have a documented history of efficacy. [According](#) to the Peterson Institute for International Economics, cases in which "financial, export, and import sanctions were all used, often comprehensively," resulted in a 40% success rate of sanctions in achieving their goals. Furthermore, while the Iraq sanctions were repeatedly dismissed as ineffective, the discovery that Iraq did not, in fact, harbor an active WMD program may provide the most concrete corroboration [regarding the efficacy of sanctions](#), and their ability to inhibit nuclear proliferation.