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THE CURRENT

Is the US on a collision course with Iran?

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(MUSIC)

FINAN: You're listening to "The Current" from the Brookings Podcast Network. With us today is Suzanne Maloney, the deputy director of the Foreign Policy Program at Brookings and a senior fellow at the Center for Middle East Policy.

Suzanne, on Monday, The New York Times ran a story with the headline, "White House Reviews Military Plans Against Iran, in Echoes of Iraq War." Are we on the cusp of war with Iran?

MALONEY: I think there's a legitimate cause for uncertainty and for trepidation about whether or not the United States and Iran are on a collision course. To some extent, this is a widely anticipated, predictable outcome of the pressure that the Trump administration has applied to Iran. This maximum pressure strategy, which has essentially amounted to virtually economic warfare and a serious effort to try to collapse the Iranian economy in a way that's had direct implications for average Iranians, but also for the long-term stability of the Islamic Republic of Iran's government.

I think it's entirely natural that there would be some kind of response. Most of us who were writing and talking about the prospects of the Trump administration exiting the nuclear deal, as the president did one year ago this month, suspected that there would be some fallout from that decision and from the economic pressure that was applied. In the wake of that decision, the expectation was, in fact, that Iran would lash out at American interests and assets across the Middle East – that, in fact, there would be a heightened threat level as a result of Iran's long-term strategic doctrine, which requires a forceful pushback against any attempt to put pressure on the country.

The other element of this puzzle, which is entirely predictable, is the fact that what we've seen, at least in terms of specific actions on the ground, have been cases of sabotage of several vessels at a key port in the United Arab Emirates and small-scale attacks on pump stations of a Saudi pipeline. I think if in fact we can attribute these incidents to Iran, and there is no clear evidence as yet, it would be again entirely predictable because the Iranians have long said if they can't export their oil, then no one else across the region would be able to export their oil. And this comes only weeks after the Trump

administration has announced that they will try to drive Iran's oil exports down to zero. So, we find ourselves in a crisis that is very much of the Trump administration's own making.

FINAN: How intense are these sanctions that have been imposed on Iran?

MALONEY: They're incredibly severe. The United States has the capacity to essentially cut Iran off from the international financial system. We did so in the past with the cooperation of our allies and with other partners around the world. This time around, in the wake of the decision to exit the nuclear deal, the Trump administration took a go at it alone strategy and there were real doubts about whether the rest of the world would comply.

What we've seen is that the threat of penalties from the U.S. Treasury Department and the prospect of losing access, either to U.S. markets or access to the U.S. dollar, are severe enough that they really compelled an almost universal compliance with the sanctions. Iranians have a lot of experience in evading sanctions and smuggling and finding other workarounds to manage economic difficulties overall. But fundamentally, the difficulties in both exporting oil and repatriating the currency, the revenues for that oil, has already had a massive impact on the value of the Iranian currency, the availability of key commodities -- there are ration lines in Iranian cities, there are difficulties in accessing very vital medicines. There is a real sense of siege on the part of the Iranian people, and while we haven't yet seen an impact on the political dynamics within the system itself, it's undeniable that this level of economic pressure, particularly without a predetermined endpoint, is going to eventually have some kind of impact on the stability of the regime.

FINAN: And that's what I wanted to ask is -- what is the end point here? Because it seems like this can't be sustained for an extensive period of time on the Iranian economy because it would collapse, right? Because it's something like 40 percent of the economy depends on oil.

MALONEY: Well, of course, as sanctions have been imposed, Iran's dependence on oil revenues begins to decline. And so, Iranian officials just this week were pointing out that at this stage, only 30 percent of government revenues derived from oil sales. But essentially, it is the lifeblood of the Iranian economy and it's not simply the oil exports that have been targeted -- it's really all means of accessing the international financial system. It's very difficult to do any kind of transactions with any banks or firms around the world for the Iranians at this stage. And so, that has had a kind of spillover effect on every other part of the economy.

I think there's a real question about how long the Iranians can sustain this, because, of course, that's been their strategy to date -- to try to demonstrate to the Trump administration that they won't be broken, that, in fact, they can endure economic hardship, as they did under very severe circumstances during the Iran-Iraq war and in previous points during their history. I have some doubt as to whether or not the Iranians could or that they believe they could, in fact, wait this out for the next administration, which has been the sort of guidance they've been getting from the Europeans and others -- wait till January 2021. You may have a different administration in office and at that time, all things can revert to status quo ante.

I think that's unlikely. I think a strategy of endurance is unlikely to succeed because there are too many uncertainties. Whether or not, in fact, there will be a different administration, whether or not even a Democratic candidate who might have committed to return to the JCPOA would be able to quickly waive or suspend all of the relevant sanctions and how quickly that impact would be able to assuage the strain that Iran is under. So, I think what we're seeing here -- if in fact the Iranians are beginning to retaliate and there still are real doubts about what precisely ties the Iranians to the attacks we've seen or to the reports of threats -- if we are seeing retaliation, I think it's part of a broader strategy that is in fact intended to push the Trump administration to the negotiating table.

FINAN: There seem to be two narratives going on right now -- that the U.S. is trying to precipitate war, perhaps by saying you're going to move 120,000 troops to the region, the carrier etc., or that it could escalate into war because of some minor confrontation. What is your sense of how fraught is this moment?

MALONEY: I'm pretty anxious at the moment, about both where the administration is going and the capacity of both sides to read the other side accurately, and therefore to be able to manage an escalatory spiral in a way that prevents the worst possible outcomes. I am not wholly bought into what has become the prevailing narrative, particularly on the Democratic side of the aisle, which is that the National Security Advisor, John Bolton -- who has a long standing antipathy to the Islamic Republic and has often spoken on behalf of either regime change or military action against Iran -- that he is somehow the Rasputin who is dragging the United States and President Trump himself into a war that the president has said he does not want. I think that's a little oversimplified, but I do think that the administration has chosen to embark on this campaign of maximum pressure without fully playing out the very predictable contingencies. And it's not clear to me that there is a strategy for managing the rising tensions in a way that will avoid military conflict or in a way that can actually achieve what has been a very vague, but still very ambitious goal of this policy, that is to see Iran behave like a normal nation. I don't see that happening under the current set of circumstances.

FINAN: It strikes me that it's weirdly coincidental as it's the 40th anniversary of the Iranian Revolution, and here we are again, at this moment, where tensions are so high between the United States and Iran. Is there a way back out of this?

MALONEY: There's always a way back out of it. And you raise a really important point, that over the course of the past 40 years we have had prior moments of escalation with Iran, and even direct conflicts during the course of the Iran-Iraq war. So, there are always opportunities to find a way to navigate back from a position of precipitous conflict to one where there is at least some degree of managed hostility or even something better than that. But that's where you need both, I think, willpower and capacity. And this administration has a very distorted and sometimes nonexistent policy process for making decisions. Key officials aren't in place. We still have a longstanding acting Secretary of Defense who doesn't bring an enormous background in national security decision making, but comes instead from the defense industrial sector. We have real concerns about both capacity and whether or not the

president is in a position to understand the information that's being put in front of him, to appreciate the risks of the policy that he's undertaken, and to accurately assess how likely it is that he's going to be able to achieve any stated goals with an adversary that has been as difficult to manage and to deter, as the Iranians have for four decades.

FINAN: Thank you for that summation of the moment Suzanne. Thanks for coming by today.

MALONEY: Thanks a lot.