The Daily Dish

The Iran Nuclear "No Deal"

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Eakinomics: The Iran Nuclear "No Deal"

Yesterday President Trump announced his intention to withdraw United States from the Iran nuclear deal (technically the Joint Comprehensive Plan of Action, or JCPOA). This is an important moment in U.S. foreign policy that merits a few reflections:

1. The JCPOA was never the right deal because it treated Iran as only an issue of nuclear proliferation, and not as a fundamental force in destabilizing the region. It did nothing, for example, to control the development of Iran's ballistic missile program. Defenders of the JCPOA can argue that nuclear non-proliferation was the only attainable goal, but it only delayed — not precluded — a nuclear-armed Iran without dealing with the reality that Iran is a state sponsor of terrorism, supports the Assad regime in Syria that has killed hundreds of thousands and displaced of millions of its own citizens, violated human rights within its borders, and cost the lives of hundreds of Americans. These facts will be cited by advocates of the president's decision.

2. The proliferation-only approach empowered Iran's destabilizing actions. Even though then-Secretary of State John Kerry labelled as "fictional" the notion that Iran would gain access to $100 billion, the State Department changed its tune and said the deal would release about $100 billion to Iran. AAF estimated Iran would have access to $140 billion in sanctions relief and unfrozen assets. Extrapolating historical performance, Iran was spending 3.4 percent of its total budget on defense and 65 percent of its defense budget on the Islamic Revolutionary Guard Corps (IRGC), its elite paramilitary force that actively supports terrorists in the Middle East. Thus, even at the time of the deal, it was easy to see that it would mean around $5 billion in additional Iranian defense spending and a 50 percent budget increase for the IRGC. This is all quite bad, but in no way reversible. Unfortunately, sometimes the toothpaste is already out of the tube and the president's decision can't undo that mistake.

3. U.S.-only sanctions are a narrow strategy. The announcement merely promises to return to a sanctions-based approach to Iran (after a 180-day delay). This can accomplish only so much. A better strategy would require international support, and U.S. allies, from the U.K. to France to Germany, have lobbied against this move.

4. As with many Trump announcements, this is a work in progress. He appears to have ignored allies' concerns, as well as multi-issue, multilateral complications. The strategy and ultimate endpoint remain unclear.

Stay tuned.