



The Daily Dish

The Iran Nuclear Deal Resurfaces

DOUGLAS HOLTZ-EAKIN, PATRICK HEFFLINGER | APRIL 20, 2017

Vice President Pence told CNN yesterday that he is “very confident” that Congress will succeed in repealing Obamacare. Pence went on to state that the administration is still dedicated to repealing and replacing Obamacare but stopped short of saying whether or not Congress was close to a deal. Last month the House pulled the Republican Affordable Health Care Act (AHCA) from the floor when it appeared the GOP would not have the votes to pass it.

On Tuesday House Ways and Means Chairman Kevin Brady (R-TX) stated that the committee has an “aggressive timetable” for tax reform and hearings will begin in the near future. Brady said the president and members of his economic team are “absolutely committed to overall, comprehensive tax reform.” While Brady refused to give a specific date for when tax reform hearings will begin, he did say that reform will happen this year.

Eakinomics: The Iran Nuclear Deal Resurfaces

Tuesday, Secretary of State Rex Tillerson wrote to House Speaker Paul Ryan saying that Iran has complied with the 2015 nuclear deal, but highlighted ongoing concerns about Iran as a state sponsor of terrorism. The letter satisfies a provision of the deal in which the State Department must notify Congress every 90 days on Iran’s compliance with the deal known as the Joint Comprehensive Plan of Action (JCPOA).

Concerns over Iran’s terror sponsorship are not new. At the time of the announcement of the Iranian nuclear deal, the Obama Administration claimed it would provide Iran access to about \$50 billion in frozen assets and then-Secretary of State John Kerry labelled as “fictional” the notion that Iran would gain access to \$100 billion. The State Department then changed its tune and said the deal would release about \$100 billion to Iran.

At the time of the deal, AAF’s Rachel Hoff 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. In light of such evidence, even Secretary Kerry acknowledged that lifting the economic sanctions would finance terrorism.

In the interim, there have been Iranian ballistic missile tests that caused some in Congress to threaten to pass new sanctions on Iran. This would limit the new revenue to the Iranian regime. Others have called to designate the IRGC as a Foreign Terrorist Organization, which would diminish some of the impact that sanctions relief would have on Iran’s ability to increase its funding for terrorism. Secretary Tillerson noted that the administration would review the conduct of Iran, but did not say how long such a review might take. In the interim, however, it likely forestalls any Congressional pressure for further action.