

The Sanctions War - Easier to Start than to Finish

On July 3, 1988 Iran Air Flight 655 was shot down over the Persian Gulf by the US Navy cruiser USS Vincennes. All 290 people on board were killed. The civilian airliner was shot down in Iranian airspace while flying a regularly scheduled flight on its registered flight path. The incident occurred more than 10,000 km away from the United States.

There were no international calls for sanctions on the United States. American businesses were not penalized and American officials were not inconvenienced with travel bans. The captain of the Vincennes was decorated, not disciplined. Though the United States ultimately accepted responsibility for the incident, it made no apology.

Contrast this with the American response to the Soviet Union's downing of Korean Air Lines Flight 007 four years earlier on September 1, 1983. The Korean airliner was flying more than 500 km off course and twice overflew Soviet territory, including a restricted military reservation. It was shot down by a Soviet fighter jet, killing all 269 people on board.

In response, NATO deployed additional nuclear-armed missiles to western Europe. Though the civilian company Aeroflot played no part in the incident, Aeroflot flights to the US were canceled and Aeroflot offices were closed. Cultural and scientific exchanges were suspended. Formal sanctions on Aeroflot were in place for nearly three years.

As these examples illustrate, American foreign policy is not based on broad moral principles like respect for human life and the promotion of freedom, democracy, and the rule of law. American foreign policy is based on America's national interests. More specifically, it is based on the interests of powerful American nationals.

Thus when Malaysia Airlines Flight 017 was shot down over eastern Ukraine on July 17, 2014 the United States instantly pinned the blame on Russia. The truth is that no one in the United States government knows for certain who was responsible for killing the 298 people on this flight. But the truth is not relevant when it comes to foreign policy.

The Flight 017 incident was used by the American government to solidify public support for economic sanctions against Russia. Russia was subjected to international economic sanctions following its annexation of Crimea on March 21, 2014. These sanctions were later tightened and have prompted Russian retaliatory sanctions on the United States and its allies.

Russia should expect these sanctions to remain in place for a very long time. The United States has imposed economic sanctions on Iran since 1979 and on Cuba since 1960. The American sanctions on Cuba persist despite the fact that the security threat posed by Soviet troops on Cuban soil was resolved more than fifty years ago.

American sanctions on Cuba are especially instructive for understanding American foreign policy. Obviously, in 2014 Cuba poses no threat to the United States. Sanctions on Cuba are arguably not even in the American national interest, since they complicate relations between the United States Latin America while providing no balancing strategic benefits.

The United States maintains sanctions on Cuba not because they serve the American national interest but because they serve the interests of powerful American nationals. Following their expulsion or emigration from Cuba many elite Cubans became American citizens, establishing an economic and electoral base in south Florida.

These few Cuban-Americans and their families largely dictate American policy toward this otherwise irrelevant island Caribbean nation of 11 million people. It is true that the Cuban government can be criticized for its lack of representation and spotty human rights record. But the United States does business with many countries that have much worse records.

It is a staple of international affairs aphorizing that countries have no friends, only interests. A less pithy but more accurate maxim would be that countries pursue only the interests of their most influential citizens. People have interests and use their countries to advance them. Countries are not people and it is a mistake to treat them as if were.

In the 1920s the greatest fear of rich and influential Americans was international communism. The United States government accordingly took a vehemently anti-Soviet stance in its foreign policy. But when in the early 1940s the survival of the Soviet Union became crucial for America and Americans the United States mounted a massive program of military support.

At the end of the war the United States returned to its previous anti-Soviet stance. The USSR's communist system provided minimal scope for American business investment and Soviet foreign policy undermined American investments in third countries. It was no surprise that the United States strongly supported the break-up of the Soviet Union in 1991.

Independent Russia initially welcomed American investment and the United States was a strong supporter of Russia on the international stage, going so far as to invite Russia to join the G8 group of world leaders. As Russia became less hospitable to American investors in the 2000s, American support for Russia declined.

In 2014, at a time when most western investment in Russia originates in western Europe, influential Americans have little interest in supporting a strong Russian economy. In particular the bank with the strongest political connections in Washington, Goldman Sachs, has in recent years been spectacularly unsuccessful in Russia.

When Goldman was making money hand over fist in Russia in the 1990s American economic relations with Russia were very strong. Goldman's Russian profits and American relations with

Russia deteriorated together in the 2000s. By the time Russia's economics ministry hired Goldman as a public relations advisor in 2013 it may have been too little, too late.

The United States was never going to be happy about Russia's annexation of Crimea and continuing involvement in Ukraine. But the fact that very few of America's rich and powerful are benefiting from economic development in today's Russia has made the American government's response much more aggressive than it otherwise might have been.

American and European sanctions imposed on China in 1989 were rapidly diluted in the early 1990s in the face of intense lobbying from western businesses. There was simply too much money to be made in China to let human rights stand in the way. By contrast, Russia in 2014 is not so well-positioned.

Russia certainly has the capacity to withstand western sanctions, especially since European sanctions are unlikely to stay in place very long. But Russia should be prepared to face a long campaign of increasingly tight American pressure. Because most large European businesses operate in the United States, American sanctions will eventually affect them as well.

As America's sanctions regimes on Iran and Cuba attest, once firmly in place American sanctions are almost impossible to remove. Unless the Ukraine crisis is resolved very soon, Russia should expect to face sanctions for decades to come. Long after Russia has reconciled with Ukraine the sanctions war with America will drag on indefinitely, perhaps forever.