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*UNLOCKING THE ASSETS: ENERGY AND THE FUTURE OF CENTRAL
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UNITED STATES POLICY TOWARD IRAN: CAN SANCTIONS WORK?

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Introduction

Since the 1979 revolution in Iran, U.S.-Iranian relations have been among the most contentious in the world. Indeed, each country has indicated that resentment for the other is deep and pervasive. During the revolutionary period in Iran, popular chants advocating "death to America" were second only to "God is great" (Cottam, 1988, p. 3). Similarly, memories of the hostages held in Tehran permeate the American consciousness. For nearly 20 years the United States has imposed economic sanctions on Iran, and Iran has staunchly resisted compliance. The latest round of U.S.-imposed sanctions against Iran was initiated in 1984 and further strengthened in 1995. One important question, of course, is whether these sanctions have played any significant role in inducing Iran to behave more to the liking of Americans. In this paper, we examine this question and conclude that the sanctions have been, and will continue to be, wholly ineffective in bringing about a change in Iranian behavior. We show why this is the case, and we also show why, in spite of the failure of sanctions, we anticipate that they will continue to be imposed.

Two recent developments suggest that a reassessment of U.S. sanctions toward Iran is in order. In May 1997 Iran elected a new president, Mohammed Khatemi. Journalistic accounts of his beliefs, philosophy, and policies indicate that he would prefer to move toward closer relations with the U.S. His recent public calls for a dialogue with the U.S. indicate that he is sincere in this desire. Second, the recognition of the potential for sizable quantities of recoverable oil in the Caucasus have given many in the American oil industry a renewed interest in an opening to Iran. Iran is clearly in an advantageous geographical position for accessing that oil, and its existing infrastructure for transporting oil makes it an important player in developing the potential of the fields. These factors suggest to many that the U.S. should be more accommodating toward Iran and that U.S. policy certainly should not impose a significant barrier on American companies trying to compete in the Caucasus. In the latter part of this paper, we consider what political strategy could be followed by American political actors who wish to see the sanctions lifted.

We address these questions by applying a formal model developed by Morgan and Schwebach (1996) to assess the effectiveness of sanctions policies. Below, we develop the general intuition

underlying the working of the model, though we do not present its full mathematical complexity. First, however, we present a brief historical review of U.S.-Iranian relations.

U.S.-Iranian Relations: 1979-Present

Since 1979, U.S relations with Iran have been shaped by the Iranian revolution and the hostage crisis. The 1979 revolution witnessed a dramatic and unexpected change in the Iranian domestic political structure. Mohammed Reza Shah Pahlavi, who had governed the country since the 1940s, was replaced by the exiled Ayatollah Khomeini, who returned to Iran to establish the new Islamic regime. During the tumultuous first year of the new regime, the U.S. embassy was seized by a group of student protesters who later appeared to have gained Khomeini's tacit approval (Milani, 1988, p. 275). The seizure of the embassy was, in part, retaliation for the Carter administration's decision to admit the shah to the United States for medical treatment and a result of revolutionary zeal. To the Iranian students, the shah's admission to the United States recalled the history of Western complicity in Iran's domestic affairs, a dominant theme in the revolution (Milani, 1988, p. 275). There is little doubt that capture of the American hostages and their term in captivity set the tone for subsequent U.S.-Iranian relations.

In an effort to gain the release of the hostages, the United States initiated a comprehensive sanctions program against Iran. Included in this set of trade controls were restrictions against the shipment of military spare parts, an embargo against all oil imports from Iran, and the freezing of all Iranian deposits in U.S. banks (Hufbauer et al., 1990). While the hostages were released 444 days after captivity (in time for the Reagan inauguration), the economic sanction program appeared to play a small role. Most experts agree that the sanctions were minimally instrumental in the release of the hostages. Instead, Iran's war with Iraq and consolidation of its postrevolutionary regime were the key features leading to the release (Milani, 1988).

The term of hostage crisis, highlighted by televised appearances of the captives and Iranian street protests against the United States, established mutual and negative perceptions among the population of both countries. While the hostage crisis was essentially resolved in 1981, its legacy and the perceptions it established dominate the relationship today.

Even before the terms of the release were fully achieved, the United States imposed another round of economic sanctions against Iran. Initially, two specific incidents prompted the U.S. to impose the 1984 sanctions that remain in effect. The first concerned alleged Iranian involvement in the bombing of the U.S. marine base in Beirut, Lebanon, in October 1983 (HSE, 1990, p. 578). Second, sanctions were imposed when evidence of the use of chemical warfare during the Iran-Iraq war surfaced (HSE, 1990, p. 578). Both sides were subsequently subject to trade controls on the chemicals that could be used for military purposes.

A number of related and ongoing issues sustain the sanctions against Iran. Chief among the issues in contention are American perceptions regarding Iranian complicity in the holding of American hostages in Beirut, Iranian attempts to disrupt the peace process between Israel and its neighbors, and Iranian efforts to "export" actively its revolutionary ideology to surrounding states through terrorist activity. Iranian domestic politics in 1984 determined the response to the U.S. demands regarding these issues. A brief review of the relevant features demonstrates how the internal political situation in 1984 affected the course of the sanction episode.

By the time the U.S. sanctioned Iran in 1984, the revolutionary regime was 5 years old. There is evidence that revolutionary uncertainty had given way to consistency and institutionalization (Menashri, 1990, p. 305). Almost all the government apparatus was in the hands of "Khomeini line clerics" (Menashri, 1990, p. 305). The Ayatollah Khomeini remained the principal political player, instrumental in quieting potentially destabilizing divisions within the core leadership and keeping the regime in tact until his death in 1989. By 1984 the clerical regime was popularly supported and virtually all its opponents were silenced (Menashri, 1990, p. 219).

There were, however, two principal concerns facing the clerical regime. The war with Iraq and severe economic problems dominated the political agenda (Menashri, 1990, p. 305). Management of and policy responses to these pressing concerns promoted an apparent rift among the regime's top leadership in 1984. The rift is sometimes characterized as one between moderate and radical elements. This division within the leadership extended to the relationship with the U.S.; the emerging factions offered different approaches to the problem.

Of primary concern to the United States was the issue of the export of the Iranian revolution, manifest primarily by Iranian activity in Lebanon in the late 1980s and by Iranian efforts to undermine U.S. interests in the region (Hunter, 1992, p. 113). In 1986, American threats of violent retaliation against Iran for the terrorist acts in Lebanon were made at the highest levels (Cottam, 1988:243). More specifically, the U.S. wanted Iran to use its influence with the Shi'a leaders in Lebanon for the release of the detained personnel (Cottam, 1988, p. 245). Related to this, the U.S. wanted the Iranians to stop supporting Hezbollah and Hamas.

Three significant obstacles prevented those inclined to heed the demands articulated by the United States. The first divisive issue concerned Iran's role as an Islamic model for the broader Moslem community. The revolutionary constitution expressly states that "[a]ll Moslems are declared to be one nation." The government must exert continuous efforts to realize the unity of Islamic nations and to defend the rights of all Moslems (Menashri, 1990, p. 117). Presumably, this provides the impetus for activities beyond Iranian borders. During the initial stages of the regime's tenure, more radical expressions of this tenet were evident; gradually these were toned down (Menashri, 1990, p. 331). By 1984, while the spirit of the clauses was fully intact, there was disagreement as to the best means to fulfill their objectives. Ayatollah Khomeini said that "export of the revolution" did not mean "invasion" of Moslem states; rather, it meant that Iran was to provide a model for those who could benefit (Menashri, 1990, p. 331). Cultural programs and international conferences on issues relevant to Iran, Islam, and unity were, at times, the preferred means of fulfilling the constitutional obligation for some. In so doing, the moderates placed primacy on Iran and its national aspirations over broader Islamic concerns. For the more radical minded, active and aggressive measures were called for, and Iran was obligated to tend to the broader Moslem community not bound by Iranian borders. This group among the leadership in Iran interpreted "exporting the revolution" as the principal goal of foreign policy (Menashri, 1990, p. 246).

The second issue concerns Iran's influence in Lebanon (Cottam, 1988, p. 242). While the U.S. perceived Iran as having significant bargaining power in the region, some maintain that there is scant evidence of the interaction process and little to indicate that Iranian planning was involved (Cottam, 1988, p. 242). In short, it is unclear how much influence and control Iran had over

events in Lebanon. Therefore, it is not certain that Iran could have complied with American demands regarding Lebanon even if it had wanted to.

The third factor impeding Iranian compliance resulted from the difference between the moderates' means of achieving their policy objectives and the means of the radicals. Irrespective of the regime moderate's efforts to normalize relations with the international community in 1984, their dominance in decision making was not yet sufficiently solid (Hunter, 1992, p. 116). By continuing to engage in terrorist acts through organizations that they controlled, the radicals successfully prevented Iran's reintegration into the international community (Hunter, 1992, p. 116). In principle, these acts were designed to evoke a negative response from the West, thus allowing the radicals to claim that "the West was inherently against the Islamic regime and that the moderate's policy had no chance of success" (Hunter, 1992, p. 116).

Finally, in spite of a preference for pragmatist rather than revolutionary tactics in foreign policy, the regime remained committed to a rejection of the United States. "Death to America" and "great Satan" were popular phrases in official statements, newspapers, and the well-attended jumah (Friday) sermons (Menashri, 1990, p. 364). All ills afflicting Iran, including the war with Iraq and the deteriorating economy, were attributed to the U.S. Burning the American flag was a popular pastime at all public demonstrations. Iran's grievances against the U.S. included the refusal to recognize its compensation claims, support for Iraq in the war, and undeserved American blame for terrorism (Menashri, 1990, p. 364). Thus, 1984 marked a low point in Iranian-U.S. relations.

Since 1984, the U.S.-Iranian relationship has not experienced change. During the past 14 years, the relationship has been fraught with tensions that at times became acute. Most recently Iran is suspected in the bombing of the air base in Saudi Arabia where 19 American airmen were killed. The U.S. has been unrelenting in its criticism of Iran (Timmerman, 1996, p. 2). Iran, in return, does not appear to be moved by the increasing severity of the economic sanctions. Indeed, as recently as 1996, Foreign Minister Velayati was reported as calling the Hamas suicide bombers "freedom fighters." There is little to indicate that the economic sanctions have yielded change in Iranian policies.

American objectives have varied over the course of this sanction episode. During the initial stages of the sanction program, the trade controls were aimed at Iran's zealous revolutionary and subversive activities in the Arab world (Hunter, 1992, p. 113). In the last few years, the Americans held in Beirut have been released, and Iran's leadership appears less zealous in its commitment to "export" the revolution (Menashri, 1990, p. 329). It is not clear that the economic sanctions greatly facilitated these results. Yet, as late as 1995, the Clinton administration passed new laws further strengthening the sanctions against Iran. In addition, the Iran-Libya Sanctions Act, passed in 1996, targets non-American firms seeking to do business in Iran. According to reports in the press, these further measures against Iran are based on three features of past and current Iranian policy. The sanctions purport to address Iranian efforts to derail the Israeli-Arab peace process, indications that Iran is building the capability for weapons of mass destruction, and continued Iranian state support for extraterritorial "terrorist" activity.

President Khatemi's term in office may herald a new era in the relationship between the two countries. Some say that his outlook led the U.S. to a favorable interpretation of the newly enacted sanctions and consequently to accept the pipeline from Turkmenistan to Turkey through Iran. Secretary of State Madelein Albright, however, denies that this portends a change in American policy (Economist, 1997). President Khatemi's landslide victory has encouraged observers to believe that Iran is headed in a new direction in domestic politics (Petro Finance, 1997, p. 1). It is too early to conclude whether Iran is headed for a new phase. A clearer conclusion, however, can be made about the economic sanctions against Iran: they alone can not achieve the desired results.

Our purpose in this paper is to evaluate the current state of U.S.-Iran relations. It is fairly clear to most observers that the current U.S. policy of sanctioning and attempting to isolate Iran has had virtually no effect on Iranian behavior. We will explain why this is the case, and we will show that the current policy will continue to have little effect on Iranian policy. Our analysis also shows, however, that we have little reason to expect that U.S. policy will change, at least in the near term, even though it is ineffective and even though it is costly to a number of American firms. We conclude with a discussion of what would be necessary for a shift in American policy toward improving relations.

Evaluating Economic Sanctions

As noted above, economic sanctions are the cornerstone of current U.S. policy toward Iran. The American government hopes that the economic cost to Iran is sufficient to induce a change in behavior. Our first task is to evaluate this policy to determine if it can be effective and, anticipating the answer to this question, to explain why it cannot.

In previous work, Morgan and Schwebach (1996, 1997; see also Morgan, 1995) have developed a model that identifies the conditions under which economic sanctions are, or are not, effective instruments of foreign policy. By applying this model to the U.S. sanctions against Iran, we see that the conditions conducive to sanctions success are not met. We begin our argument with a brief introduction to the model. Two variants of this model have been proposed—a "state-as-unitary-actor" variant and a "domestic-politics" variant. While it is necessary to begin with the former, the focus of this discussion will be on the domestic-politics variant. Our purpose here is to offer a brief introduction to this model, not to develop it fully. We therefore omit the mathematical rigor and the formal deductions in favor of offering a general sense of the intuition underlying the model. Readers interested in these treatments can turn to Morgan (1984, 1990, 1994) as well as to Morgan and Schwebach (1996, 1997).

The key feature of the model is the representation of political conflict with an m -dimensional space in which each dimension is associated with one of the issues under dispute. Each point on a dimension represents a possible outcome on the respective issue, so a set of coordinates in the space is associated with a given outcome to the dispute. Each participant in the dispute is located in the space by its ideal point, the coordinates of which are associated with its most preferred outcome on every issue. The model can accommodate any number of issues and any number of actors, but for the purposes of illustration we can consider a single-issue conflict involving only two parties. An example representing the 1979 hostage situation is depicted in Figure 1. Here we have two actors, the United States (U.S.) and Iran (I) in dispute over Iran's holding of American hostages. The issue is represented on the single dimension, and each point represents some resolution of the issue. U.S. is located at its ideal point (all hostages released), and I is located at the other end of the continuum (it continues to hold the hostages). Intermediate points on the

dimension correspond to other possible outcomes—perhaps a release of some proportion of the hostages, or a release of the hostages under specified terms.

Further, the potential outcomes of the dispute are ordered along the continuum in a meaningful fashion. To continue with our example, if the leftmost outcome is associated with the release of no hostages, the point immediately to its right would be associated with the release of one hostage. The next point would correspond with the release of two, and so forth. This construction allows us to associate distance in the issue space with any actor's preferences. That is, an actor will prefer an outcome closer to its ideal point over an alternative that is farther away.

At the heart of this model is the notion that this type of political issue is resolved through bargaining by the states in dispute. Bargaining takes place as each side moves progressively toward the other's position, and the final outcome is the point at which both ultimately agree. The model is designed to identify the conditions under which the states will agree to a negotiated settlement and to evaluate the impact of a number of key variables on bargaining outcomes. We assume that four key variables affect the willingness of states to make concessions. First, the greater the utility loss associated with a concession, the less likely a state is to make that concession. Simply put, a state is more likely to accept a proposed outcome that is close to its ideal point than it is to accept one that is farther away. Second, we assume that the relative capabilities, or power, of the disputants affects their bargaining behavior. States with a favorable balance of capabilities make fewer concessions than do their opponents. Third, the resolve of a disputant influences its willingness to offer concessions. The greater the resolve of a state, the less willing it is to accept outcomes far from its ideal point. Finally, we assume that bargaining is not costless and that the costs associated with continuing the dispute are associated with concessions. The greater the costs it must suffer, the more willing a state is to accept outcomes farther from its ideal point.

Following Morgan and Schwebach, we assume that the effect of economic sanctions can be evaluated by focusing on the cost of bargaining variable. Any impact of sanctions should be felt through their making continued disagreement more costly. Thus, if we wish to determine how effective sanctions by U.S. on I would be, we determine how much such sanctions would affect the willingness of I to make concessions and then derive conclusions regarding how such a shift

would affect the predicted outcomes. It is important to note, however, that we also assume that sanctions are costly for the sanctioner as well as for the target.

The state-as-unitary-actor model produces a number of conclusions regarding the effectiveness of sanctions. Here we summarize these conclusions without proof. First, the model suggests that the cost variable is not as important in determining outcomes as is the utility over outcomes for the actors, the resolve of the actors, or the actors' relative capabilities. Thus, the results of the model are consistent with a substantial body of previous work suggesting that sanctions are largely ineffective instruments of policy. The model does refine this general result, however, in that it does show that sanctions can, under certain circumstances, have an impact on outcomes. To understand the conditions for success specified by the model, we must first appreciate that the model shows we cannot expect sanctions to shift an expected outcome from one that strongly favors the target to one that strongly favors the sanctioner. At best, sanctions produce a modest shift in the expected outcome. That is, sanctions can work if we have limited (and, we think, more reasonable) expectations regarding what it means to "work."

Furthermore, sanctions only produce this effect if sanctions can be found that are costly to the target while being relatively costless to the sanctioner. The model also clarifies what we mean by "costly." Costs must be evaluated relative to the value of the issues under dispute, not relative to some absolute scale such as the GNP of the country. That is, sanctions that seemingly impose mild costs on the target can be effective if the issue in dispute is of low salience to the target. On the other hand, sanctions that involve heavy costs will have no impact on a target for whom the issue at stake is vital. The bottom line is that sanctions can work, but only in certain circumstances and only in a relatively limited fashion. In our example, we would expect sanctions to have an impact only if the cost of the sanctions to I was significant relative to the benefit of keeping the hostages and that the effect of the sanctions would be to move the expected outcome from about midway between the actors' ideal points (I and U.S.) to a point somewhat closer to U.S.. In this case, the model suggests that sanctions contributed to the ultimate release of the hostages, but other factors also had to come into play.

This development of this model raised a number of additional issues, two of which are particularly relevant for our purposes. First, many empirical studies of sanctions have concluded

that sanctions do not work. This is largely consistent with the theoretical results, but there is likely to be a significant selection bias in the cases studied. Studies have overwhelmingly focused on cases in which sanctions were applied. In those cases where sanctions are likely to be successful, the target can anticipate this fact and will alter its policies before the sanctions are imposed. Thus, we expect the threat of sanctions to be successful more often than the application of sanctions. Second, the state-as-unitary-actor model probably underestimates the potential effectiveness of sanctions. The cost of sanctions are considered in terms of the cost to the entire society. In reality, countries are made up of a number of domestic political actors, some of whom have greater control over policy outcomes than others. If sanctions can be targeted so that the costs are borne heavily by the domestically powerful actors, the impact of sanctions should be even stronger than if the cost of sanctions are borne by the domestic elements that have little control over the policy that the sanctioner wants changed. Thus, we would expect a version of the model that considers domestic political factors to account for the impact of sanctions much more accurately. For this reason, such a model has been developed.

The Domestic-Politics Variant of the Model

The domestic variant of the model has been developed with the goal of deriving general hypotheses in mind, but the model can be applied to specific cases. This involves a high level of abstraction and requires that we ignore many facts surrounding a case. We gather only the information that the model tells us is important, and we rely on the general explanation to guide our understanding of the cases. This variant of the model retains the spatial conceptualization of politics upon which the previous model was based. It extends that model by assuming that each state is comprised of a number of domestic actors. Each of these actors are located in the issue space, and we assume that outcomes are produced in a two-stage process. In the first stage, the actors within each country battle to produce positions for their respective states, and in the second stage, the state actors adopting these positions interact to produce outcomes. The model is similar to and draws heavily from the forecasting model developed by Bueno de Mesquita and his colleagues (1985, 1994); however, since this model is primarily intended to produce general hypotheses rather than specific predictions, it is much simpler. In this section, we sketch the

general logic underlying the domestic-politics variant of the model and specify the sorts of information needed to apply it to a particular case.

The domestic-politics variant of the spatial model of economic sanctions is based on a simple conjecture: Sanctions will have a greater impact to the extent that the costs they impose are suffered most by the domestic actors within the target state that have the greatest influence over the policy that the sanctioner wants changed. For example, if the United States wants Iran to change its behavior toward Israel, it should direct sanctions toward those domestic actors that have the ability to influence policy. Developing the model around this conjecture requires that we model the interaction process domestic actors use to produce state policies. We must identify the important domestic actors, the positions each adopts on the issues, and the amount of relative influence each has over the policy. The necessary information is gleaned from standard texts, news sources, and area experts, and the general idea is to codify the intuition present in these sources in a systematic fashion. Since our goal is to simplify and to generalize, however, a great deal of information is ignored, and the facts that we do consider are often greatly condensed. For example, rather than consider every single individual who has an impact on policy decisions, we try to identify a few (around 10) groups that can be considered as coalitions. Thus, while we recognize Khatemi as a critical individual actor, we treat him as only one member of a larger coalition.

The procedures followed in applying the model are straightforward. The first step is to identify the major political actors within the state being modeled and the issue positions adopted by these actors. We then determine the proportion of domestic political power held by each actor and the salience of the issue at hand for each, which is depicted on a 0.0 to 1.0 scale (i.e., how important, in the grand scheme of things, the issue is to an actor). When multiplied, these two scores provide an indication of the amount of influence each actor will exercise on the particular issue—thus, a powerful actor with a salience score of 0.1 for a specific issue can exercise less influence on that issue than would a less powerful actor with a salience score of 0.9. In other words, the salience score can be interpreted as indicating the proportion of the actor's power it is willing to devote to getting its way on the particular issue. When the issue positions, power scores, and salience scores for all actors are determined, we calculate an expected outcome (without sanctions) for the issue. This is done using a variation on the weighted-median voter

method. We suppose, for each actor, that the power-times-salience score provides an indication of the number of "votes" that actor casts for its most preferred outcome on the issue. By taking the number of "votes" cast for each position, multiplying by the scale number associated with that position, summing over all actors, and dividing by the total number of "votes," we arrive at a predicted outcome on the issue. Although we use the language of voting in this discussion, we do not assume that outcomes are determined by a voting procedure. Rather, we assume that outcomes are the product of bureaucratic bargaining games and this method is designed to capture this conceptualization. The predicted outcome represents the weighted average of the bargaining influence brought to bear on the issue.

The expected impact of economic sanctions is determined by following a similar procedure. For each domestic actor, we specify a salience of sanctions score that identifies the degree to which that actor would suffer under the sanctions. We then allow each actor to shift its position on the issue under dispute in response to the sanctions. If the sanctions are not as salient for the actor as the disputed issue, there is no shift in position; that is, if the actor cares more about the issue than about the economic relationship interrupted by sanctions, the sanctions will have no effect on that actor. This construction is consistent with the derivations from the unitary-actor model, which suggested such a threshold effect regarding sanctions. If the sanctions are of greater salience for the actor, we shift that actor's issue position by an amount equivalent to the difference in the salience of the sanctions and the issue multiplied by the difference in the issue position of the sanctioner and the actor's original issue position. The predicted outcome on the issue is then recalculated using these alternative positions, and the expected effect of sanctions is given as the difference in the expected outcomes with and without the sanctions.

Results from the general model indicate that sanctions will have the greatest effect when they involve great costs (relative to the issue in dispute) to powerful domestic actors within the target state whose positions are far from what the sanctioning state desires and when the imposition of sanctions does not bring significant costs (again, relative to the value of the issue at stake) to powerful coalitions within the sanctioning state. On the other hand, when sanctions are most costly to the weak, especially the weak who already favor policies close to what the sanctioning state wants, they are likely to be wholly ineffective. If, in addition, the sanctions are costly to powerful actors within the sanctioning state, they may even prove to be counterproductive.

Although the technical details of the model have been omitted, the reader can probably anticipate the line of reasoning we follow in the argument (that sanctions simply are not that costly, relative to the issue at stake, to important political actors within Iran). In the next section we apply the model to an analysis of U.S. sanctions against Iran in 1984, when the current round of sanctions were implemented, and in December 1997.

Evaluating Sanctions on Iran: 1984 and 1997

The first step in applying the model is to characterize the issue over which the parties are in dispute. Identifying the issues over which the U.S. and Iran contend is not a straightforward matter. Ostensibly, the U.S. imposed sanctions as a response to Iranian support for international terrorism, opposition to the Arab-Israeli peace process, and attempts to export its revolution beyond its borders. Iran typically denies involvement in the activities to which the U.S. objects, expresses confusion over exactly what the U.S. is demanding, and believes that the sanctions are really a part of a grand strategy of American imperialists to undermine the revolution. Even to reasonably objective observers, it is difficult to discern what Iranian behaviors by could lead to the removal of sanctions.

We believe that it is most appropriate to characterize the dispute as one over fundamental political, social, and economic philosophies. In essence, the U.S. wants Iran to behave more in accordance with Western, liberal principles. The issue, then, concerns what set of philosophical principles should be embodied in Iranian policy. We represent this issue through the line segment depicted in Figure 2. Points on the right side of the continuum depict a philosophy that, more or less, embodies Western liberalism. A state adopting such a stance would place a strong emphasis on constitutionalism and individualism, and would favor minimal government intervention in the economy, the separation of church and state, and the acceptance of private property and capital. Internationally, such a state would see sovereign states as the most important international actors. It would value free trade and place a strong emphasis on stability. Points to the left reflect philosophies that are more or less the antithesis of the liberal ideal. A state characterized by such a philosophy would have a collective orientation and would rely on a highly centralized political authority that tightly controls all aspects of life—political, economic, cultural, and moral. In the international sphere, such a state would stress the importance of

transnational organizations and ideology. It would believe that sovereignty rests with an authority higher than the state and that furthering ideological aims is more important than international stability.

We recognize that no state embodies those characteristics found at either extreme of our continuum. Most states are a complicated mixture of policies and preferences, and our continuum allows us to account for this subtlety. We have placed a number of contemporary states in Figure 2 to illustrate our concept. Canada is quite liberal, possessing a largely free-market economy and holding dear the principles of individualism, judicial process, and constitutionalism. So it is located at about .8 on the scale. Singapore, which has a strong centralized government but takes a laissez-faire approach to the economy, is located at .5. Finally, Cuba, which eschews the principles of individualism and constitutionalism, has a strong central government actively involved in the economy, and has endeavored to use its foreign policy to further its ideology, is located at about .2.

The U.S.-Iranian conflict has had many specific manifestations, from Iran's perceived support of international terrorism to its efforts to develop weapons of mass destruction; from its human rights abuses to its subverting of regional stability; and from its undermining of international peace accords to its promotion of destabilizing philosophies. All, however, can be seen as fundamental disagreements over political philosophy. The U.S. would like Iran to adopt principles of Western liberalism. Ideally, it would see Iran become a secular society that valued individualism and an open economy. At a minimum, the U.S. wants Iran to behave as a liberal state internationally by valuing sovereignty and stability over the support of ethnic, religious, and ideological brothers. As will be seen below, the U.S. ideal point is at .8: it would most like to see Iran be like Canada. Iran, as will be shown below, is currently at about .3 and (understandably) would like to remain true to its own philosophical principles. The dispute, then, is over how liberal Iran should be, and the U.S. has imposed sanctions with the intent of forcing Iran to move to the right on this dimension.

Evaluating Sanctions: 1984

We begin our evaluation of the U.S. sanctions policy toward Iran by applying the spatial model to the situation in 1984, when the current round of sanctions were first applied. To apply the model, we need five essential pieces of information for each side. First, we must identify the important political actors. While we do not need to identify every single individual who has some role in policy making, we do need to specify the main coalitions who have an impact on the policy in question. Second, we must identify the position each actor takes on the issue of how Iran should behave. For each, this is the outcome they would most prefer. We assign number values to these positions reflecting the location of the actors on the issue dimension specified above. Third, we must identify the potential political power possessed by each actor. This reflects the amount of influence the actor could assert in determining the policy outcome if it chose to use all of the political resources at its disposal. The number assigned, in essence, reflects the proportion of political power the respective actor has in its own domestic context. Fourth, we specify how salient the issue is for the actor. The number assigned is basically an indicator of how much of the actor's power it is willing to devote to this particular issue. Finally, we determine the salience of the economic sanctions to the actor. If the actor is, for the most part, unaffected by the sanctions its score will be zero. The actor's score will increase as does the degree to which it suffers a loss as a result of the sanctions. This cost is calculated for actors in both the target and sanctioning countries, reflecting the fact that sanctions are not costless to the senders.

On the basis of this information, the model tells us what policy position we would expect each country to adopt in the absence of sanctions and then it tells us what position each is expected to adopt as a result of the sanctions. To the extent that these positions are different, we have an indication of how much affect sanctions have on the policies of the countries. If the positions of the two countries come close together, we can conclude that a settlement of their differences is likely. Finally, by looking at the shift that occurs in actor positions as a result of the sanctions, we can determine if any important actors are suffering sufficiently from the sanctions to consider seriously advocating a change in policy. Our analysis for 1984 is presented in Figure 3.

For the U.S. in 1984, we have identified eight important groups of actors. We divide the administration into two actors. The White House, the Department of State, and the Department of Defense form one actor (i.e., a coalition), and the Commerce Department composes another. Although the administration, broadly defined, includes many other organizations and actors with foreign policy relevance (the National Security Council, several intelligence organizations, treasury, etc.), we believe that the two actors identified here capture an important split in the U.S. administration in terms of policy preference and responsibility.

The first coalition, White House-State-DOD, viewed Iran primarily as a geopolitical problem in need of resolution and was charged with forming the broad outlines of American policy. The second, Commerce, possessed an institutional charter dictating that it focus primarily on America's need to engage in economic trade with the world. Commerce was also important in that it was responsible for implementing the majority of sanction policies at this time, largely through its export controls and review procedures.

We draw three actors from the congressional arena: a neutral actor, a probusiness actor, and a prosanction actor. In real life, Congress consists not only of 535 formal members and an influential committee system, but also of hundreds of congressional staff and an ever-expanding constellation of interest groups, PACs, citizens groups, corporations, unions, and other various individuals who attempt to exert influence on Capitol Hill. Here, we simplify to gain clarity and insight. The first actor, the neutral coalition, was numerically the largest in 1984. Due to the overwhelming demands on their time, the "forced specialization" imposed by the jurisdictional boundaries of the committee system, and the simple distribution in issue interest, most members of Congress, most of the time are not able or inclined to be actively engaged on most issues. Indeed, as the scholarly "cue-taking" literature has documented, many members have relatively vague levels of information about most issues that come across the congressional agenda. The Congress-neutral actor represents this large subset: a coalition that had vaguely formed opinions and feelings, generally negative, about the nature of U.S.-Iranian relations but that devoted little time and effort to the issue. This actor was important, however, and became increasingly more so for the same reason that potential energy is important in physics: it possessed the potential to move powerfully in a desired direction if mobilized by others.

The second congressional actor, the probusiness actor, was a much smaller subset in the U.S. Congress. These members and their allies tended to view economic sanctioning not in terms of the underlying issue (i.e., the degree to which Iran conforms to liberal principles and what, if anything, should be done about), but in terms of its costs to American industry and the broader economy. This coalition tended to be not only small (e.g., in 1984, during a typical hearing of the Senate Foreign Relations Committee, Senators Cranston and Mattingly were the only senators to express concern about the costs to U.S. business in a wide-ranging discussion on economic sanctions) but varied in composition over time. Members of Congress are likely to shift in and out of this coalition in response to changes that make industries and companies bear the economic costs for sanctions. As we shall see, this group was further hampered by the difficulty of forming a "pro-Iran, antisancion" argument that was politically palatable to the broader U.S. audience. Nonetheless, this group remained influential, largely through the advocacy of procedural changes in sanctioning law and practice (e.g., requirements on the periodic review and reporting of costs to U.S. business).

The third congressional actor in 1984, the prosanction actor, was also small but very vocal. This coalition, anchored by active members on key committees (e.g., most famously Senator D'Amato), felt that the U.S. was not doing enough about Iran's conformance to liberal principles. These actors wanted to go even further, and calls to remove MFN status, refreeze assets, or even declare a state of emergency with respect to terrorist acts (as Senator Denton suggested shortly after the 1984 episode) were not uncommon at this time.

U.S. industry contributed two actors as well: one actor that was keenly and adversely affected by sanctions, and the other (really, the rest of the business community) that was not. The former, Industry Group 1, was really the coalition of U.S. businesses who bore the brunt of the sanctioning effort in 1984. In reality, this was a very small group. Economic relations with Iran as a whole were a tiny percentage of all U.S. foreign trade, and many industries and businesses simply had very few economic ties to Iran. Still, in the 3 years prior to the imposition of export controls, the Department of Commerce approved \$104.5 million worth of exports that would have to be denied after 1984 measures. This sum, although painful to the companies that are denied, represents a very small number relative to U.S. trade with the rest of the world (representing only 1.9% of total U.S. exports) and the U.S. economy (in the trillions). Given

these small sums, the remainder of U.S. business is placed in Industry Group 2. This coalition, although opposed to economic sanctions on perhaps a philosophical level, was simply unaffected by the controls implemented on Iran in 1984. Nonetheless, it represented a notable counterweight to the sanctioning bandwagon.

The eighth and final actor is the larger U.S. public. Anyone who digests the output of the U.S. media (which is fond of uncritically reporting the results of polls that suggest the public is leaning this way or that on a host of issues) can easily be persuaded to believe that the public actively follows a great many issues in detail. But in reality, we know that this is simply not the case. When one considers that for almost 20 years now, modern survey research has documented that anywhere between 40 and 60% of the public does not know which party controls Congress or the occupation of William Rehnquist, it is easy to see that for the vast majority of the American people, U.S. sanctions against Iran were simply a "nonissue" reflecting (to borrow a term from political psychologists) a "nonattitude." However, much like the neutral-Congress actor, this actor remained important for its potential. The public, through the ballot box, is the great retrospective and summary judge of political events. Moreover, nearly all other actors in the model struggle to anticipate what the public, in the unlikely event that it becomes engaged, might think, and therefore their inclusion in the present analysis is critical.

Turning to the position these actors take on the issue in dispute, we find that the eight actors in the U.S. were a homogenous lot. As there is today, there was considerable agreement in the U.S. in 1984 over the degree to which Iran should conform to liberalism. All relevant U.S. actors concurred on questions of the proper role and function of the state, a desirable international order, and what is appropriate behavior of states within that order. This high level of agreement is formalized in the range of opinion scores for the U.S. actors, which are depicted in the chart accompanying Figure 3. Several of the actors are located at .7 on the issue; the most extreme actors are at .85. This indicates that all important actors would have most preferred to see Iran act as a moderately liberal state. As we shall see, the differences across U.S. actors lie not in their "ideal points," or what they would have liked to see in their heart of hearts, but primarily in how much they cared about the issue (salience), their power, and how costly the sanctions were perceived to be.

The next piece of information required is the salience of the issue for each actor. Recall that salience refers to the issue's importance in the grand scheme of things to the actor. Alternatively, this can be interpreted as indicative of the proportion of the actor's political capital that it is willing to devote toward achieving its aims on the issue. Assigning salience scores involves two determinations: (a) who derives the benefits from and pays the costs for Iran's behavior (i.e., liberal or illiberal) and (b) how important the issue is in the grand scheme of political life for a particular actor. In practice, it is tempting to believe that any issue one is studying was of vital concern to all political actors at the time. The researcher's (and reader's) attention is drawn only to those documents concerning that issue, creating the impression that little else was occurring. It is all too easy to forget, especially in the case of the U.S., how many issues there were in 1984 and how, relative to the grand scheme of things, Iranian behavior was a relatively minor concern. Even if we consider only the international arena, we must recall that in 1984 the U.S. was much more concerned with the Soviet Union's and China's conformity to liberalism (i.e., their behavior), and that in terms of the Middle East, the U.S. was generally more concerned about the behavior of Iraq and Libya than of Iran (a fact reflected in the percentage of time that key committees in Congress devoted to each).

These factors are reflected in the salience scores assigned to the American political actors. The highest salience scores are for the administration and the pro-sanction element of Congress, and even these are a modest 0.3. For White House-State-DOD, Iran's behavior was a reasonably important concern. Turmoil in the gulf received attention within the administration, and the disruption of shipping in the gulf posed a strategic, diplomatic, and a military challenge. Moreover, it is widely known that President Reagan was personally concerned and affected by terrorist incidents. For all other actors, however, the salience scores are quite low, .1 or less.

The next task is to determine the amount of power each actor had on the domestic political scene. We assign each actor a score that reflects the amount of influence that actor could, in principle, have in determining the outcome on any given issue. Notice that the sum of all actors' power scores equals 1.0. Thus, each score reflects the proportion of the power in the political system held by an actor. The scale specified is a ratio scale, so an actor with a score of 0.2 is seen as having twice the potential influence of an actor with a score of 0.1.

Who wields the power in our dual domestic games? In the U.S., power is quite diffuse. In the U.S. in 1984, White House-State-DOD, with a score of .25, was the most powerful. This scoring represents the actor's jurisdictional and formal control of the issue (i.e., powers to impose sanctions formally delegated to them by Congress in a series of laws) as well as the de facto influence this actor has over the agenda and information concerning foreign policy. Commerce also wielded considerable influence (0.2) as the agency in charge of implementing export controls. Congressional actors were also influential (.1, .15, and .15, respectively), particularly those with both personal interest in the issue and a relevant institutional position (e.g., Representative Solomon on the Foreign Affairs Committee in the House and Senators Roth, Proximate, and D'Amato on the Banking Committee in the Senate). Industry maintained some influence through lobbying (.1 and .04), and the public was largely uninvolved and uninformed (.01).

The final piece of information required is how each actor was affected by the imposition of sanctions. For this case, we consider the effect of the actual sanctions that were in force by December 1984. Within the U.S. the actor that bore the greatest cost was Industry Group 1, whose export licenses were denied by Commerce. Although the number of firms bearing costs around this time is quite small, these costs could be significant for those affected (e.g., one firm was denied an application concerning an aviation export worth \$120 million). We list the salience of sanctions for this group as .5. Most, however, were not seriously hurt, partly because economic relations between the U.S. and Iran had not recovered from the 1979 dispute. This fact is reflected in Industry Group 2's score of .1. Both actors from the administration bore costs due largely to enforcement, monitoring, efforts to solicit international cooperation, lost revenues, and so forth, but these were not overly burdensome and are scored at .25. Other actors were affected very little by the sanctions.

Turning to Iran, we identify 13 actors relevant for determining policy in 1984. As velayat-e-faqih, or supreme leader, the Ayatollah Khomeini was unrivaled in political authority. Not only did the 1979 constitution provide him with broad political reach, but as revolutionary leader he was an icon of revolutionary ideals (Menashri, 1990; Milani, 1988). President Khamenehi, Prime Minister Musavi, Speaker of the Majlis Rafsanjani, and leader of the judiciary Ardebili

constituted the most significant individual personalities within the core of the regime's leadership.

There were four institutional actors of political significance. These were the Islamic Republican Party (IRP), the Council of Experts, the Council of Guardians, and the Majlis. The IRP formed in February of 1979 under Khomeini's guidance and was led by prominent clerics of the revolution, such as Ayatollah Beheshti, Hojjatol-Islam Ali Rafsanjani, and Hojjatol-Islam Ali Khamanei (Milani, 1988, p. 244). (Rafsanjani and Khamanei would become president and supreme spiritual leader, respectively.) The party's successful aim was to garner public support; it was the "symbol of Shi'i fundamentalism, advocating a return to the golden years of Islam, strict implementation of the Sharia and moral purification of society" (Milani, 1988:244). Thus, it was instrumental in mobilizing voters for the establishment of the theocratic republic and for the first parliament until it was dissolved in 1987 (Cottam, 1988, p. 233).

The new regime's parliament, the Majlis, was first elected in May 1980. In 1984, this IRP-dominated legislative organization had new elections. As the principal legislative organization in the country, this institution merits inclusion among the relevant actors.

Two additional organizations are included: the Council of Guardians and the Council of Experts. The first, acting as overseer, was, as it still is, responsible for making sure that Majlis legislation comports with Islam. The second, the Council of Experts, was a group of 83 elected officials charged with the task of selecting a successor to the Ayatollah Khomeini.

The remaining political actors represent the opposition to the regime. As time progressed through the length of this sanction episode, much of the opposition steadily weakened. In 1984, a weakened opposition ranged from the centrist party of former Prime Minister Bazargan to the leftist Tudeh Party and the Mujahideen Khalq. Until his death in 1986, Shariatmandari represented the clerical opposition to Khomeini.

Having designated the actors, the next task is to identify their positions on the underlying issue. Iran's political actors displayed a somewhat broader range of opinion than did those in the U.S. In large part, this can be attributed to lingering effects of the revolution and to the stress of the war with Iraq. Because the revolution was so recent, the exact nature of Iranian polity and the

implications for domestic and foreign policy were not yet clear. In 1984, some within the political structure opposed fundamental aspects of the Khomeini regime. This number included those who favored the establishment of relations with the West within a nationalist liberal governmental structure like Bazargan. It also included those like Shariatmandari, who maintained that the clergy had no role in the day-to-day running of the political system. As a result, these two actors have positions that are closer to that of the U.S relative to other actors in the polity. Notice, however, that their positions, .4 and .35, respectively, still put them closer to their compatriots than to the American ideal point.

The leftist Tudeh Party and Mujahedeen Khalq favored a Communist or Islamo-Communist orientation to the system. This opposition posed alternatives to the Islamic nature of the regime, not merely alternatives to its specific policies. In general, however, their preferences with respect to the dispute with the U.S. are reflected in their issue position of .225.

Within the regime's core leadership, the diversity of position was not as wide, yet there were significant differences. The two factions that emerged in 1984 were equal in strength and in their base of support (Menashri, 1990, p. 307; Hunter, 1992, p. 36). This schism captured a divergence in ideological outlook between the "moderate" and the "radical" elements within the leadership, and it centered on two broad issues (Hunter, 1992; Cottam, 1988; Menashri, 1990). Broadly stated, the rival groups debated the nature of the economy and the role Iran would play as a model for other Moslem countries.

It is important to observe that the differences represented by the moderates and radicals are not as stark as the label suggests (Hunter, 1992, p. 37). Indeed, "there have always been shades of moderation and radicalism. At times some political leaders have held radical views on certain issues but more moderate views on others" (Hunter, 1992, p. 37). The middleman, instrumental in orchestrating the meeting between Iranians and Americans during the Iran-Contra affair, was careful to establish that to the extent there were moderates, they were so described "by Iranian standards" (Menashri, 1990, p. 377). With this caveat in mind, the internal dynamic is best described as a policy struggle led by Speaker Rafsanjani, representing the moderates, and President Khamenei, advocate for the radicals. The division was not limited to these two men but permeated all government institutions, including the ulema, the Majlis, and the Council of

Experts (Menashri, 1990, p. 308). Because almost all the viable opposition to the regime had been silenced, this policy struggle occupied center stage in Iranian politics in 1984 and dominated the path that policy would take (Hunter, 1992, p. 39).

We locate the relevance of the distinction between the two groups to our discussion in their respective positions on issues the United States sought to address. In the main, the moderates advocated a free enterprise economy and a flexible interpretation of Islam; they opposed a provocative and belligerent international posture. They were pragmatic and placed priority on Iran's national interest above the broader Moslem community (Hunter, 1992, p. 38). In contrast, the radicals favored centralization of the state system and a purist, undiluted approach to the mission of the revolution. They are fiercely opposed to the U.S. and promoted a more aggressive export of the revolution for the purpose of ameliorating the plight of the broader Moslem entity (Hunter, 1992, p. 37). As a result, the moderates were far more willing to learn from the consequences of the actions of the preceding 5 years and pursue a more pragmatist course of action (Hunter, 1992, p. 115). In a 1984 speech, even the Ayatollah Khomeini appeared more in favor of moderation when he advocated changing the character of Iran's foreign relations by encouraging a less isolationist posture towards other countries except South Africa, Israel, and the United States (Hunter, 1992, p. 115). He stressed that the lack of relations with other states "ends in nothing but extinction and annihilation" (Hunter, 1992, p. 115).

Given this important distinction within the leadership, Khomeini represents a middle point between the two factions. The Majlis and the Council of Guardians are aligned with him because they would follow his lead. Favoring a less liberal approach are Musavi, Ardebili, the IRP, and the Council of Experts. On the other side of Khomeini, we place Rafsanjani, leader of the moderate movement. President Khamenei is placed in a middle position along with Khomeini because political realities prevent a complete departure from that position.

In considering the salience of this issue for the Iranian actors, we must keep in mind that in 1984 there were two overarching concerns for the Iranian leadership and population. Of uppermost concern was the effort to win the war against Iraq while maintaining public support for the stated "War until Victory" policy (Menashri, 1990, p. 390). Yet, the financial demands of the war diverted the regime's attention from implementing its revolutionary ideals, the second most

important issue. Neither of these directly touched the underlying issue between the U.S. and Iran. Accommodating the United States, however, was the least favored position of most of the inner core of the leadership and of most of the opposition, with the possible exception of Bazargan. Indeed, for most, the isolation and economic sacrifice induced by U.S. policy was a mark of honor and upheld the revolutionary ideals (Cottam, 1988, p. 247). To the extent that the underlying conflict entered the Iranian calculation, primacy was placed on ensuring that the U.S. did not regain influence in the region.

At this point in the postrevolutionary history, movement towards the U.S. position was perceived as a direct threat to the maintenance of the new regime. In fact, there was more political currency in articulating an anti-U.S. stance than in arguing for moderation. The United States was considered a threat to the new regime and viewed by most as a conspirator aiming to maintain its global hegemony (Cottam, 1988, p. 249). While some perceived the war wholly as Saddam's doing, many, including Khomeini, attributed the war to an American effort at derailing the new regime (Cottam, 1988, p. 247). The leadership reasoned that as their revolution posed a serious threat to American and Soviet hegemony, the U.S. orchestrated the war against Iran (Cottam, 1988, p. 247). Given this world view, the Iranian leadership appeared committed to maintaining its position with regard to the underlying conflict. The salience scores for the IRP and some of the opposition is lower than the other actors because their concerns were not with the underlying conflict but rather with domestic and more immediate issues.

When considering the relative power of the political actors in Iran, it is clear that the most vital political institution was the Ayatollah Khomeini. His role as revolutionary leader bestowed upon him enormous popular support. In addition, the new constitution gave him remarkable decision-making autonomy and extensive powers. Mandated by a large part of the population to determine the political agenda, he set the course during the tumultuous postrevolutionary months. Public disagreement with the ayatollah meant the certain demise of any adversary, Bazargan, Bani-sadr, and Qotbzadeh are testimony to this. Khomeini's official position, the velayat-e-faqih, defined his role as the supreme spiritual leader at the apex of all government institutions. His potential control over the issue was large although he did not always choose to enter the political arena. Instead, he chose the role of reconciler and arbitrator, resolving debates among his constituency. We have coded his power as .6, suggesting that he had the capacity to dictate Iranian policy.

A distant second, Khamenei, as president, and Rafsanjani, as speaker of the Majlis, held political sway in determining the direction of events. We designate Musavi as less powerful because of the difficulty he experienced in getting his cabinet approved (Menashri, 1990, p. 315). The Majlis election in 1984 resulted in a cohesive group of winners; their potential to exercise some power as a unit was thus fairly large. The IRP's waning significance in the political structure results in its low power score. The Council of Guardians had power in its role as gatekeeper of all legislation that comes from the Majlis. The Council of Experts, charged with the task of selecting the person for the most important position in the country, earned its place in the power scheme. The opposition, though not powerful singly or collectively, merits a mention because it forced the regime to listen to its position.

We can see that Iranian groups experienced substantial financial losses due to the sanctions. Furthermore, these came at a particularly difficult time for the regime: it was then attempting to rebuild infrastructure and promote the revolutionary goals. One of Khomeini's articulated revolutionary goals was assistance to the financially and politically dispossessed. The inability to meet this objective was potentially dangerous, as it could detract from popular support for the regime (Menashri, 1990). Yet, the Iranian commitment to the revolution and its goals mitigated the effects of these costs. Khomeini explained that the material sacrifice was the price for maintaining the revolution and implementing Islamic ideals. Thus, in the grand scheme, the actual dollar costs were less important than the position Khomeini advocated regarding sacrifice. In addition, the costs were shared among a wide segment of society, and none of the important political actors was particularly ill affected. For this reason, we code the costs of sanctions as quite low for all actors.

On the basis of this information, we can apply the model to evaluate the likely success of the sanctions in bringing about a change in Iranian policy. Recall that we assume that the foreign policy of a state is produced by domestic bargaining between the relevant actors. By combining the domestic actor's initial issue positions, salience to the outcome, and potential power, we can formulate a predicted position for each state on the issue dimension. We can then incorporate the cost of the sanctions to each actor to determine whether the imposition of sanctions had an effect on the foreign policy position of either state. As Figure 3 shows, the 1984 sanctions had little, if any, effect on Iran's behavior, nor was the U.S. motivated to change its position as a result of

imposing sanctions on Iran. The predicted position for Iran without the sanctions is at .20 (Khomeini's ideal point), and we can see that the sanctions do not cause this to shift at all. Similarly the U.S. position without the sanctions is at .78 and moves only to .76 when the costs of sanctions are considered. This is unlikely to constitute a noticeable change in policy.

We would argue that the reason for this outcome is simple and gestures toward more recent relations between the U.S. and Iran: relative to the value of the issue at stake, the sanctions simply were not that costly to the political actors of consequence within Iran (and the U.S.). If we focus on individual actors within each country, we see that the sanctions did not cause a single actor within Iran to shift its position on the disputed issue. Inside the U.S. the sanctions softened attitudes only in the industries who bore the cost of the sanctions and their allies in the Department-of-Commerce-led coalition in the administration. These shifts were not large, the actors had a low salience for the issue, and their combined power was not sufficient to bring about a change in policy. The result of this interaction by December of 1984 was a mildly costly stalemate. This state of affairs was a harbinger of things to come.

Evaluating Sanctions: December 1997

As we move ahead to 1997, we see that the model's earlier "prediction" is correct. It suggested that sanctions would result in no change in Iranian policy, and time has shown that the sanctions have not been effective. The same issue divides the U.S. and Iran, and the sanctions remain in place (and, in fact, were strengthened in 1995). This is in spite of many changes that have occurred within both countries and internationally in the meantime. In this section, we once again apply the model to determine whether these changes have made it any more likely that sanctions will produce some change in either party's behavior.

In considering the domestic political actors for the U.S. in 1997, we see a great deal of continuity from 1984. While the specific identities of some of the actors have changed (e.g., from Reagan to Clinton), the general form of the institutional structure and the coalitions have not. The only real difference is the addition of two groups: the prosanction interest groups and the European governments.

The first new group consists primarily of AIPAC and related groups. These actors lobby in favor of sanctions partly out of opposition to Iran, but also out of concern for Israel. These actors are important because they provide information and ammunition to more powerful actors who are sympathetic to their cause (i.e., D'Amato). They also work diligently to create the impression that there are political rewards, policy rewards, or both for pursuing a sanctions policy, and they possess the potential to mobilize other actors (i.e., donors, voters) for their cause.

The second group consists of the government's European allies and economic partners. These actors become involved because of the D'Amato bill, which requires the U.S. to penalize certain foreign firms for doing business with Iran. They view this as impingement on their sovereignty and believe that their companies should be beyond the reach of congressional whim.

Again, we see relatively little variance in the actors' issue positions. All would most prefer that Iran behave in accordance with liberal political philosophy. No actor changed its ideal point from 1984. We code the ideal point of the prosanction interest groups as a .9, reflecting their relatively hard-line stance on this issue, and we code the European governments at .7. This indicates that while they may disagree with the tactics inherent in American policy, they are in fundamental agreement with the ultimate goals.

For most actors, the salience of the issue has remained constant or declined since 1984. For the White House-State-DOD coalition, for example, salience has declined to .2, reflecting that Iran receives less foreign policy emphasis by the Clinton administration. Even in the Middle East, Iraq has become of far less concern. Only for the prosanctions group in Congress has this issue increased in importance. This is partly a result of the lobbying efforts of the relevant interest groups. This congressional coalition has a salience score of .35 in 1997. Of the two new groups, the issue is of great salience to the prosanction interest groups, largely because they are a political actor narrowly focused on one set of issues. Since other issues do not draw their attention, all matters relating to Israel are highly salient. For the European governments, the issue is of virtually no importance. They are involved only because American policy involved them.

Similarly, the power relations have changed relatively little between 1984 and 1997. This is due to the stability of the American political system and the fact that the majority of the power

possessed by each actor comes from its institutional position. The two new actors are each assigned a power score of .05, reflecting that they have very little direct influence on American policy.

The cost of the sanctions policy has remained fairly constant for most U.S. actors as well. The greatest exception to this is the White House-State-DOD actor. Costs for this actor have risen to .35, largely because the more onerous the sanctions, the more costly they are to enforce, and White House-State-DOD has the responsibility of enforcing them. Costs are especially high in 1997 because foreign governments and firms are now involved with the D'Amato bill against foreign countries. The costs to the affected industries have also gone up, though slightly. This reflects the expansion of sanctions that occurred in 1995. Neither of the new groups finds the sanctions particularly costly. The European governments face potential costs if the D'Amato bill were ever really applied. At present thought, the costs are a minor .05.

As for Iran, the domestic political structure and foreign policy show marked change from 1984. Most notable among the changes is the death of Ayatollah Khomeini, which occurred in June 1989. In addition, according to most observers, the May election of Mohammad Khatemi as president reflects a change in the Iranian electorate's outlook. In 1997 we find that Iran has 11 relevant political actors. Chief among these is former President Khamenehi, who has assumed the position of supreme leader vacated by the death of Ayatollah Khomeini. Khamenehi is perceived to lack Ayatollah Khomeini's religious authority, however, and the need for religious authority enables the Qom religious establishment to become an important political player .

The Expediency Council, an organization that has existed since 1986, has political relevancy in 1997 because it has filled the authority vacuum left in the wake of Ayatollah Khomeini's death (Petro Finance, 1997, p. 9). Rafsanjani, former speaker and president, is chairman of the Expediency Council. The Majlis gains political relevancy largely because of Rafsanjani's leadership during the 8 years that he was speaker of the house (Petro Finance, 1997, p. 13).

The head of the judiciary continues to be an important political actor in part because of his independence from the president and the Majlis and because of the vital role the judiciary plays in defining the legal framework for the Islamic regime (Petro Finance, 1997, p. 15). The set of

actors represented by the conservative forces is included because of their successful attempt to dominate the Majlis in the 1992 elections and their takeover of important positions within the government (Petro Finance, 1997, p. 7). In its role as "religious supreme court," the Council of Guardians continues to play an important role in 1997 although disputes with the Majlis have diminished its authority (Petro Finance, 1997, p. 4). Finally, the leftists represent that group of actors often referred to as the "hard-liners"; they have held important positions and continue to espouse economic and social agendas reminiscent of the revolution in its formative period (Petro Finance, 1997, p. 6).

We also notice a general shift in the positions of the relevant actors when compared with 1984. The stress on revolution and pan-Islamism has been largely replaced by an emphasis on pragmatism and nationalism. This emphasis is apparent even among some of the actors who were once considered among the most revolutionary minded. Recognizing that President Khatemi appears to favor more liberal policies toward the United States, we place him at a .5 on the continuum. We also recognize that the supreme leader mitigates his preferences and that Khatemi does not act without the approval of that leader. There are indications that at least with respect to foreign policy, Khamenhi favors a more revolutionary posture because of the lack of religious authority. That is, he needs to emphasize his revolutionary authority to maintain his political role (Nasri, 1996, p. 23). The Qom establishment's position is predicated on their decrees regarding political and social matters (Petro Finance, 1997, p. 12). The Expediency Council is considered to be moderate in large part due to Rafsanjani's influential role as chairperson, thus their placement on the continuum at .4. The Majlis, most recently elected in 1996, is dominated (100 seats out of 270) by conservative forces who generally favor pan-Islamism and the imposition of Islamic values on society. The conservative hold on the Majlis is tempered by the effects of the leftists and moderates, some of whom favor a large role for the state in economic and foreign policy matters. Thus, they are located at .25.

The judiciary's head, Mohammad Yazdi, is conservative in outlook, supportive of the private sector, and tends to favor a smaller role for the state in matters of the economy, but he also favors the imposition of Islamic values on society. Overall, this lead us to place that actor at .25 on the issue dimension.

According to one description, the conservative forces are characterized by a number of traits relevant to the underlying dimension. These include the belief that the clergy have a divine right to rule and that domestic policy should be based upon the imposition of Islamic values (Petro Finance, 1997, p. 6). Of significance to the underlying conflict is their preference that the state play a smaller role in the economy and the traditional role of the private sector be enhanced (Petro Finance, 1997, p. 6). The main figures associated with this group are Nateq Nouri and Mahdavi Kani. Their policy position on the continuum of .3 is based on this description.

The selection process for the Council of Guardians determines its position. The supreme leader chooses 6 of the 12 members, and the other 6 are selected by the Majlis. Given the historically theological bent of its membership and its preference proximity to that of the supreme leader, its position is .2. The Assembly of Experts is positioned more towards the nonliberal side for two reasons: first, its historic position in support of Khomeini and its membership, which is comprised of the inner circle of clerics close to Khomeini (Mena, 1990, p. 268); second, its hesitation in selecting Khamenehi as supreme leader. As noted above, the assembly clearly determined that Khamenehi lacked the religious authority to fill the role.

Finally, the leftists are described as the original hard-liners favoring "revolutionary" values such as a hostile foreign policy towards the U.S. and a large role for the state in economic matters (Petro Finance, 1997, p. 6). Therefore, they are positioned towards the illiberal side of the continuum.

Focusing on the salience of this issue for the Iranian actors, we are struck by its marked decrease since 1984. Largely, this is due to the consolidation of the revolution and the necessity of turning to other problems. The principal concern for Khatemi in his first year in office is consolidating support behind his presidency. While he may offer a relatively liberal image, he cannot risk losing the support of other, less liberal but important actors in the political setting, especially that of the supreme leader. Thus, for Khatemi the salience of the immediate issue is a fairly low .3 in his first months in office. The importance of the issue for the Supreme Leader Khamenehi is somewhat greater, .4, because his political authority rests on a commitment to the revolution's ideals.

The Qom establishment is principally concerned with its role in the postrevolutionary political and religious landscape. On the one hand, they are displeased with the relative diminution of their position since the revolution, yet they are supportive of a clerical regime. The issue has some significance for them, albeit not as directly as for the supreme leader. Increasingly, the religious establishment appears to favor a less political and more religious role for the clergy (Petro Finance, 1997, p. 12). They are given a salience score of .3. As for the Expediency Council, salience is primarily a function of Rafsanjani's outlook. He would gain significant benefits from an accommodating shift towards the liberal end of the continuum, so this remains a fairly significant issue.

The Majlis, the judiciary, the conservative forces, and the Assembly of Experts have all tended to turn their attention to other issues and are given fairly low salience scores. The leftists, because of their dedication to the revolutionary ideals and the extent to which they equate the revolution's goals with hostility towards the West, still see this issue as moderately salient. Thus, they receive a score of .4.

Among the biggest changes since 1984 is the degree of decentralization of political power among the political actors. No actor holds power analogous to that of Ayatollah Khomeini. His successor, Khamenehi, though still a powerful figure, lacks the requisite religious authority to fulfill the role (Nasr, 1996, p. 16). In fact, his designation as supreme leader reflects political expediency rather than merit because it resulted from an uneasy consensus among the major political actors (Hunter, 1992, p. 80). We assign him a score of .23. In assessing Khatemi's power, a number of considerations are worth noting. First, his unexpected victory suggests a significant mandate from the population for change. Second, with the elimination of the prime minister's position, the president's institutional power is enhanced (Hunter, 1992, p. 32). These sources of increased power are mitigated by the accountability of the president to the leader, however. These considerations lead us to increase the president's power score from .09 to .13.

The Qom establishment's political influence has diminished over time. Two observations support this conclusion. First, Khatemi's election indicates that Qom's choice for president, Nateq-Nouri, was rejected by the population (Petro Finance, 1997, p. 12). Second, because of the direct involvement of some members of the clergy in politics, the traditional role of the clergy was

fulfilled by their active political counterparts (Petro Finance, 1997, p. 12). In spite of these observations, Khatemi cannot risk challenging the clergy and their authority over moral issues; thus, they continue to have some political significance (Petro Finance, 1997:12).

Under the leadership of Rafsanjani, the Expediency Council has the most political influence in the current structure, which is reflected in its score of .31. Much of this power is due to Rafsanjani and his own rise to political prominence during and after the Khomeini years. In addition, Khamenehi's lack of religious authority resulted in a power vacuum that the Expediency Council has filled (Petro Finance, 1997, p. 9). The Majlis continues to exert significant influence in its law-making capacity and its confrontations with the Council of Guardians. It is, however, limited in its reach by the ability of the Council of Guardians to intercede when it finds that laws are not in compliance with the tenor of the regime. Thus, the Council of Guardians is more politically influential than the Majlis. The judiciary's power comes from its role in two areas. It is responsible for the legal framework operative in the new regime, and the head of the judiciary is allocated a seat in the Expediency Council. The judiciary by itself, however, is relatively powerless to affect policy.

The conservative forces are allotted some power because of their domination of the Majlis and their attainment of key political positions such as the judiciary and the ministries of interior and culture (Petro Finance, 1997, p. 7). The Assembly of Experts, if it wanted to, could exercise considerable political influence. As the "highest leadership organ in the land," its political currency is potentially sizable. It has, however, limited its scope of activities to leadership matters. The leftists remain an important political force in Iran, but because moderates and conservatives are more dominant and because there is support for pragmatism over zealotry, the leftists have less political influence than they once had.

In December 1997, the economic costs of the sanctions against Iran are not pronounced. This is due to two principal features. First, because the sanction episode has lasted so long that those who are affected have largely adjusted. Iran has become accustomed to a lack of trade with the United States. Second, the end of the war with Iraq and European investment have relieved much of the pressure of sanctions. Thus, we code the sanctions as being of low cost for all actors within Iran.

The application of the model to the situation in December 1997 produces some interesting conclusions. First, there is a noticeable change in the Iranian position since 1984--from .2 to .33. This change is due entirely to internal changes, however, and has nothing to do with the U.S.-imposed sanctions. In fact, the application of the model to the years between 1984 and 1997 suggests that the single greatest influence on the change in Iranian policy followed the death of Ayatollah Khomeini. Perhaps even more striking is the fact that the sanctions still seem to have no effect on Iranian policy. Even though the issue that separates the two countries has become less salient for the powerful political actors within Iran, and even though power is more diffuse (which makes it easier for sanctions to have some bite), the cost imposed by the sanctions for any politically powerful actor is still not that great relative to the value of the issue at stake.

A focus on the U.S. side also provides some interesting insight. The overall position toward Iran has, if anything, become more hostile. One might expect that the softening on Iran's part would be reciprocated, but this has not been the case. It may be that American actors firmly believe the sanctions can work and mistakenly attribute Iran's softening to the sanctions, leading them to think that an even harder line will have greater results. One must wonder how the U.S. will respond if the recent liberalizing trend within Iran continues as Khatami's election indicates it might.

The most fascinating result is that the model suggests that the cost of the sanctions may ultimately have a greater impact on U.S. policy than on Iran's. The cost of the sanctions to the affected industries has increased, partly because the sanctions have been expanded. This cost should continue to increase as opportunities in the Caucasus are lost. More importantly, the cost of the sanctions is being felt by the key administration group. In fact, these costs are now sufficient to induce some shift in position for this actor. Currently, these factors are not sufficient to bring about a noticeable change in U.S. policy, but if past trends continue for a few more years, a noticeable change could result. The irony is that if these trends do continue for several more years, the U.S. will ultimately accept an outcome that is less favorable, from its perspective, than it could get without the sanctions. Further, the cumulative costs for the sanctions policy will be substantial, both economically and in terms of failing to capitalize on a favorable dynamic in internal Iranian politics.

Can U.S. Policy Be Changed?

Our analysis suggests that we can expect very little change in U.S.-Iranian relations in the foreseeable future. The two sides remain very far apart in their ideas regarding what constitutes appropriate political behavior in both the domestic and international arenas. Over the years, we have seen some movement on the part of Iran toward the American position; but this movement is not significant and certainly not sufficient from the American perspective. Furthermore, Iran's movement appears to be the result of internal factors rather than of any U.S. efforts. The economic sanctions imposed by the U.S. have had very little effect on Iranian policy, and we expect this to continue. For the politically powerful actors within Iran, the cost of the sanctions is simply not that great relative to the value of the issue under dispute. Similarly, we have no reason to expect a change in the American policy. Although the sanctions are ineffective in bringing about a policy change in Iran, there is not, at the present time, sufficient opposition to the sanctions within the U.S. to have them lifted. While the sanctions do pose a substantial economic cost to a few American firms, there is not a sufficiently high cost to the political actors with the ability to change the policy for them to do so.

Rather than end on this note, we seek to offer some speculation regarding what will be necessary for dramatic improvement in U.S.-Iranian relations. Broadly speaking, two types of changes hold the potential to bring about such improvement. First, the two countries could move closer together on the underlying issues through the significant change of one country in philosophical and political systems. Second, the United States government could be persuaded that a policy of engagement and accommodation could produce greater benefits than costs. Here, we will largely ignore the first possibility. There seems to be very little that American political actors can do to bring about such significant changes in Iran, and there does not appear to be a wave of Islamic fundamentalism sweeping across America. While it is of interest to speculate about the possibility of liberalization in Iran, we wish to focus on the aspect of the relationship over which American political actors have more direct influence. Thus, we will consider what would be necessary for the U.S. to shift to a policy of engagement.

We proceed as follows. First, we conduct an analysis similar to what we have done above, but we consider the issue to be the exact nature of the U.S. policy toward Iran, and we focus only on

the American domestic situation. This will show that, as things stand, we expect little change in U.S. policy but that we can also see that some key actors may be ripe for a significant shift. We then take the perspective of an American actor who would like to see the policy become more accommodating toward Iran and ask what political strategy could, if followed, bring about such a change. Our approach involves extending the already completed analysis to include the introduction into the domestic political game of another issue that could be linked to the Iran policy. While we are unable to suggest a specific issue to be used for this purpose, we can outline the general features that would make such an effort successful.

To begin, we once again represent the issue under contention on a line segment. In this case, the issue involves what policy should be adopted toward Iran. We associate the zero point on our scale with a policy of completely normal relations (i.e., no restrictions on trade or political or cultural relations), and we associate the 1.0 endpoint with a policy in which all nonhostile contacts with Iran are completely severed. A policy of mild economic sanctions is associated with 0.25, and a policy of severe sanctions is situated at 0.75. This issue line, along with the analysis table, is presented in Figure 5.

We focus on the nine domestic actors contained in the previous analysis and on one actor labeled European governments to reflect the fact that America's allies have been expressing some displeasure with U.S. policy and do have some ability to persuade. Notice that, in this case, the actors' preferred positions span nearly the entire range of policy alternatives. At one extreme are the industries affected by the sanctions policy. These actors would most prefer a policy of near normal relations. At the other extreme are the interest groups (primarily the Israeli lobby) that have been the strongest advocates of a firm policy toward Iran. In fact, these actors would prefer a policy that is even more openly hostile than the current policy. The public, the White House-State-DOD coalition within the administration, and the prosanctions group within Congress all prefer fairly hard-line policies, while other actors prefer, to a greater or lesser extent, a milder form of sanctions. Again, the salience of this issue for these actors is generally quite low, reflecting that policy toward Iran simply isn't one of the major, burning issues on the American political agenda. Only those interest groups that focus primarily on the Middle East have even a moderate level of salience, and even here other issues are of greater concern. The affected

industries even have more pressing matters because the amount of business lost, while significant, is not devastating. The power scores for the actors remain unchanged from our previous analysis.

The model produces a predicted position, not considering the cost of sanctions, of 0.70. This corresponds with a policy of fairly severe economic sanctions and is about at the most preferred policy of the White House-State-DOD coalition within the administration. We believe that this is fairly close to the actual policy that is currently in place. Notice, however, that the analysis reveals at least two other significant results. When the cost of the sanctions policy is included, there is a slight softening in the American position. This is not a sufficiently large change that would have a rapid, noticeable impact on policy. About all we would expect, at least in the short run, are a few pronouncements suggesting that the American government favors a constructive dialogue with Iran and a few "trial balloons" intended to see how an opening to Iran would play domestically.

More significantly, this slight shift does indicate that at least some actors are open to the possibility of improving relations with Iran. Of particular interest is the large potential shift in the position of the White House-State-DOD coalition in the administration. This analysis suggests that they would be willing to move to a noticeably softer position—for example, relaxing, but not eliminating, the sanctions on Iran. The current alignment of political forces is not conducive to such a shift, but this indicates that it may not take much of a push to induce the administration to attempt improving relations with Iran. The obvious question for an actor wanting such a change is, What would constitute such a push?

To address this question, we extend the type of analysis conducted thus far to include the consideration of more than one relevant issue. The intuition here is that logrolling among political actors can occur. That is, two or more actors can make trade-offs across issues. Our analysis can identify the conditions that must be met by a potential "linkage" issue for it to be used in bringing about a relaxation in the American policy toward Iran.

To develop our argument, we first introduce a simple example for the purposes of illustration. As before, suppose that we can represent a political conflict over a particular issue on a line segment. Each point on the line represents a possible solution to the conflict, and the relevant political

actors are located on this line by the points associated with their most preferred outcomes. In our example, we have generic Issue 1 that has outcomes ranging from 0 to 100, and we have three actors with ideal points at 10, 70, and 90. This is depicted in Figure 6a. We also continue to suppose that preferences are associated with distance so that any actor prefers an outcome closer to its ideal point over one that is farther away. Suppose that the actors are equally powerful and that the issue is equally salient for each, essentially a situation involving voting. By invoking the median voter theorem, we can expect that 70 would be the outcome.

Now let us suppose that our actors must resolve two issues simultaneously. The possible outcomes on this second issue also range from 0 to 100. Actor A's most preferred outcome on this issue is 25, Actor B's is 100, and Actor C's is 0. We can represent this situation in a two-dimensional space, and we can locate the actors' ideal points by the coordinates associated with their most preferred outcome on both issues. Actor A, for example, is then located at (10,25). Figure 6b depicts this situation. We still wish to associate preference with distance in the space, but now we must find some way of representing distance in two dimensions. The easiest way to do this is by using simple Euclidian distance. That is, when comparing any two outcomes, an actor will prefer the one that is closer to its ideal point when the distances between the ideal point and the two outcomes are measured along straight lines.

This construction allows us to draw circles around the actors' ideal points that represent indifference contours. That is, since every point on such a circle is equidistant from the actor's ideal point, the actor is indifferent to all outcomes associated with these points. This provides an indication of the trade-offs the actor is willing to make across issues. Recognize also that any point inside a circle represents an outcome that is preferred to any outcome on the circle, while any outcome on the circle is preferred to any outcome outside the circle. Recall that our anticipated outcome on Issue 1 is at 70. Assume that the situation on Issue 2, before it is linked to Issue 1, would put the outcome at 0. Notice that the indifference contours have been drawn so that they pass through the resulting status quo point of (70,0). Thus, for any actor, all points that are inside the contour are preferred to the status quo. Finally, consider the set of points in the shaded area. These are associated with possible outcomes that both A and B prefer to the status quo. If one of these actors were to propose an alternative in this area, say at (40,62.5), it would defeat the status quo and become the new outcome. This example illustrates how one actor that is

relatively dissatisfied with the current state of affairs on one issue can use other issues to break apart the coalition that is supporting that outcome. B and C could enforce an outcome of 70 on Issue 1. By finding another issue (i.e., 2) characterized by the preferences depicted in the example and linking this issue to the first, A can split the B-C coalition and obtain an outcome much more to its liking.

We now wish to apply this same logic to the issue of U.S. policy toward Iran. While this situation is much more complicated—in particular, there are more than three relevant actors, and they are not all equally powerful—the same logic can apply. Figure 7 illustrates our argument. Along the horizontal axis, we have the issue of U.S. policy toward Iran that was developed above. The scale ranges from normal relations (0) to the severance of all nonhostile relations (100), and the actors included in the analysis are located by their ideal points. From the perspective of an actor who would like to see the sanctions relaxed, the strategy is to find an additional issue that would facilitate the establishment of a winning coalition around an outcome that is to the left of the current sanctions policy (i.e., one that is at a point less than 70). Presumably, such a strategy would be attractive to Industry Group 1, which contains the American enterprises most adversely affected by the sanctions, and their close supporters.

The first consideration is to identify the actors that could potentially be lured into such a coalition. The prosanctions interest and congressional groups are unlikely candidates. Finding an issue over which they would dramatically shift their position toward Iran would certainly bring about a rapid change in policy, but their positions are strongly held. A more promising tactic would be to target the neutral congressional group and the White House-State-DOD coalition within the administration. If these groups were to coalesce with the groups already favoring an easing of sanctions, there would be sufficient political power to change the policy. The more difficult problem may be increasing the salience for these actors to a sufficient degree to ensure that they throw their weight behind such a change. We have already seen that the administration group appears ready to shift its position considerably, so inducing them to shift may not be all that difficult.

The next step is to identify the characteristics of a possible linkage issue that would make it useful for building a coalition to ease the sanctions. An ideal situation is depicted in the figure.

The points in the space represent the actors' ideal outcomes on both issues. The status quo on Issue 2 is at 0, which corresponds with the ideal point of the proponents of the sanctions policy. The groups targeted (primarily White House-State-DOD and Congressional Group A, but also the public and the European governments) favor a dramatic shift in the linkage issue—their ideal points are at 100. Finally, the opponents of sanctions have an ideal point on the new issue of 25, which is only somewhat above the status quo. If an issue characterized by this pattern of preferences could be found, and if the salience of this issue was sufficient for the targeted actors, we would expect the outcome to shift to somewhere in the shaded area in the figure (the exact location would depend on the precise saliences). The key point, of course, is that the sanctions on Iran would be eased considerably; but it is important to note that a complete normalization of relations is unlikely.

Before turning to speculation regarding what might constitute such an Issue 2, some discussion regarding our construction is in order. Primarily, we are interested in understanding why the issue depicted is ideal for linkage purposes. First, if the targeted groups (White House-State-DOD and Congress A) have preferences near the status quo on the linkage issue, there is no reward for changing positions on the sanctions issue. Clearly, the linkage issue must be something that allows the the antisanctions groups to offer something to these targeted groups. Second, the linkage issue cannot be something about which the strongly prosanctions groups and the target groups agree. If they do, there are sufficient political resources available to change the outcome on Issue 2 without also moving on Issue 1. Finally, the ideal linkage issue is one in which the antisanction groups have preferences between the prosanctions and target groups. If their preferences are similar to the prosanction groups, they are giving up a great deal on Issue 2 to get a better outcome on Issue 1. On the other hand, if their preferences mirror those of the target groups, they would be willing to help change the outcome on 2 with no payoff on Issue 1. Notice in the figure that the antisanction groups lose almost nothing on Issue 2: the new outcome is about as far above their ideal point as the original outcome was below it.

There is room for leeway in this pattern of preferences. In particular, some of the antisanctions groups could be in agreement with the target groups on Issue 2, or the softer of the target groups could have a more moderate position on Issue 2 without appreciably changing the effect of the linkage. The general pattern of preferences, however, is necessary for this strategy to be effective.

Before ending this section, we offer some speculation regarding potential Issue 2's. It should be noted that this is speculation, and we suspect that the political actors we have been discussing have a much better idea of the latent issues that are available than do we. First, an energy crisis similar to that of the mid-1970s would almost certainly constitute such an issue. The administration, public, neutral congressmen, and European allies would certainly have strong preferences for cheap energy, and the issue would take on a high salience. The affected industries (primarily oil and oil service companies) could offer lower prices in exchange for a lifting of the sanctions, and the two issues would be clearly linked. Such an event is not likely, however, and in the current situation, the antisanction groups do not have the ability to create such a crisis.

In a similar vein, but much more likely, the development of the energy fields in the C may provide an opportunity. The target groups do like plentiful, cheap energy, and this outcome is much easier if Iran is not being sanctioned. If our Issue 2 concerns how to get the energy out of the C, with 100 being the cheapest way possible (i.e., through Iran), the pattern of preferences is probably conducive to linkage though it may not be ideal (since the antisanctions groups' preferences are probably quite similar to the target groups). The problem facing the antisanctions groups is to make this issue salient enough for the target groups for them to expend enough effort to overcome the prosanction groups. Energy prices are not currently a hot issue. If this issue can be made salient for the target groups, especially for the neutral congressmen and the administration, we would expect an easing of sanctions. It is tough to sell the idea that a foregone drop in energy prices is as bad as an increase, however, and it is even tougher to sell the idea that the government should support higher profits for oil companies.

Conclusion

The analyses conducted in this paper suggest that the U.S. policy of imposing economic sanctions on Iran was doomed to failure from the start. The sanctions simply are not costly enough, relative to the value of the issues at stake, to the politically powerful actors within Iran. This is not because the sanctions impose a low economic cost; quite to the contrary, it is because the demands made by the U.S. are too great. The demands strike at fundamental philosophical values and ask Iranians to behave contrary to deeply held religious and ideological beliefs.

Americans who find this hard to fathom should consider how they would react if sanctions were placed on the U.S. with the demand that their country become an Islamic republic. Needless to say, the sanctions would be resisted.

Our analysis further suggests that virtually no change in U.S. policy should be expected. The sanctions are not sufficiently costly to politically powerful actors within the U.S. for there to be strong sentiment for dropping them. Furthermore, no actors who would prefer to see sanctions removed see the issue as highly salient, while some actors who favor the sanctions see the issue as moderately important. We are thus led to expect a stalemate in U.S.-Iranian relations, at least in the near term.

Recent developments suggest to many that the time has come for the U.S. to reconsider its policy. A new administration in Iran has indicated that some liberalization is occurring within that country, and President Khatemi has indicated some willingness to open a dialogue with the United States. Further, potential oil production in the Caucasus has increased the economic incentive to remove sanctions, at least on the part of the petroleum industry. Our results in the latter part of this paper give some indication as to what would be necessary for the sanctions to be eased. The struggle for the opponents of sanctions is uphill, however. Finding an issue for linkage purposes that has the right characteristics would not be easy. More importantly, the proponents of sanctions are strongly favored because this issue is simply not that salient for most political actors. Attempts to raise the issue in importance without bringing in another issue for linkage will probably backfire—in the view of most Americans, after all, easing the sanctions involves economically assisting a people whose political philosophy is inimical to their own and serves only to further enrich oil companies.

Sanctions can be removed, but only through a deft political strategy on the part of their opponents. The cornerstone of such a strategy must be the creative development of an appropriate linkage issue. At this point, it is not clear that such an issue exists, and it is not clear that anyone has the will and capacity to discover it if it does. Though it appears that the administration is ripe to consider a change in policy, the proponents of sanctions are in a powerful position to defeat such an effort. A latent issue around which a coalition favoring the removal of sanctions could form may be brewing. Perhaps President Clinton's showdown with

Iraq could serve as such a catalyst. It is more probable that the status quo will prevail, at least in the short term.