

## Fight intensifies over U.S. sanctions policy

by Marsha Freeman and Leo Scanlon

The frenetic activity in the Congress over the past few weeks, to try to usurp foreign policy, which is constitutionally the responsibility of the President, by passing legislation slapping sanctions on numerous countries, has finally drawn a strong response from the Clinton administration, and the American business and trade communities.

As was acknowledged by Undersecretary of State Stuart Eizenstat in hearings the week of June 1, the policy of trying to “influence” the behavior of other nations by threatening economic sanctions has been a dismal failure: Witness the recent testing of nuclear devices by India and Pakistan. The notion that other nations will change “objectionable” behavior by being “punished” by economic sanctions, is increasingly recognized to be ineffective, and harmful to U.S. interests. Eizenstat is leading an administration review of sanctions policies.

According to a study released on June 4 by the National Association of Manufacturers (NAM), unilateral sanctions failed to achieve the desired objective 90% of the time. What made the other 10% effective? “Those sanctions that did succeed were usually accompanied by military action,” the report states.

President Clinton’s overall policy of engagement, particularly on economic projects of benefit to the United States and other nations, has opened the door to trade, educational and scientific exchanges, and military cooperation, which has lowered tensions with Russia, North Korea, and China, and enhanced cooperation on contentious issues. The leadership of the Congress, and geopolitical think-tanks and analysts, are determined to close that door, under the guise of protecting U.S. “national security,” while seeking to bring down the President through a manufactured series of scandals that attack his foreign policy initiatives.

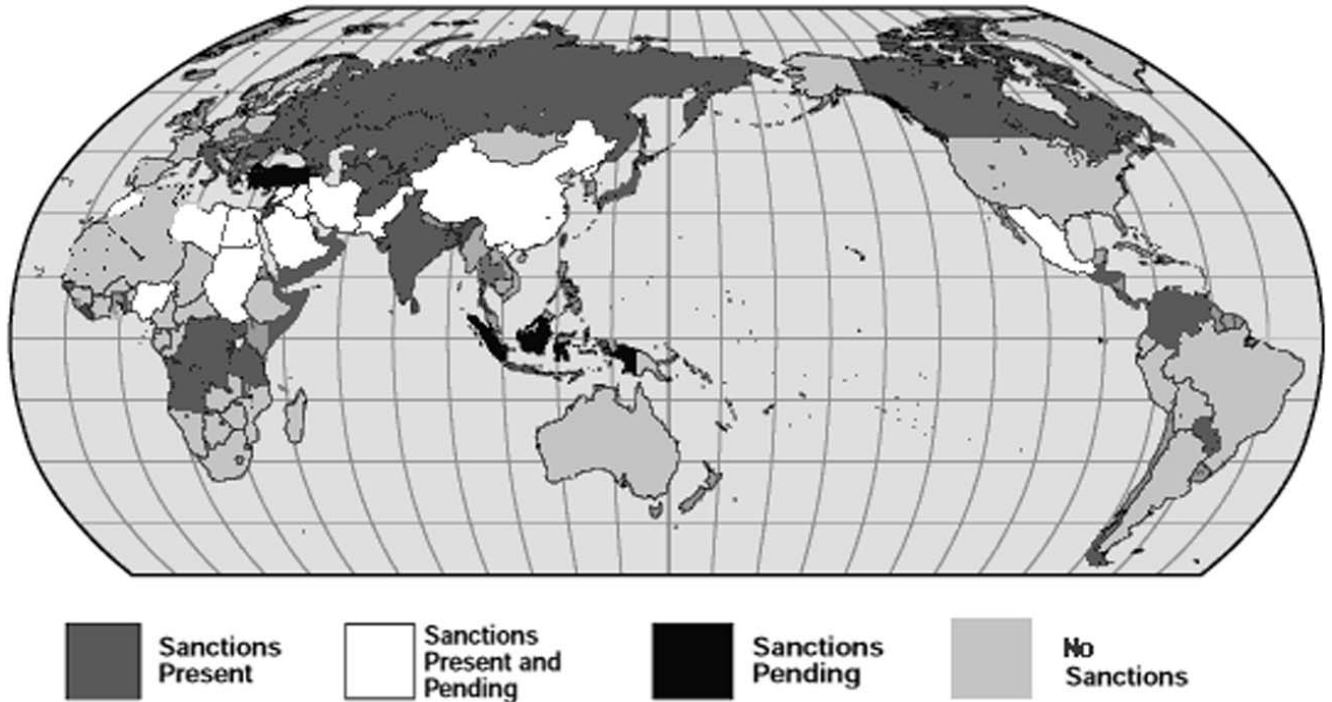
### A Congress gone wild

On June 9, the House of Representatives passed a bill that would impose sanctions on Russian firms and institutions that are accused of exporting missile technology to Iran. The Senate passed a companion bill in May, and the overwhelming votes in both Houses are testimony to the suspension of critical judgment that has taken over the Legislative branch of government.

For five years, President Clinton has engaged the Russian leadership in a broad range of bilateral initiatives, including military cooperation, arms reduction, joint projects in space, commercial endeavors between companies, and health and science programs, in order to build a relationship of trust, and a framework for discussions on areas of disagreement—an approach antithetical to sanctions. Therefore, President Clinton has stated he will veto the legislation, as administration officials have described the bill as an intrusion into its ability to conduct foreign policy.

Last month, in a stampede to wreck President Clinton’s China policy and his upcoming trip there, the House voted 264-54 to prohibit the export of U.S.-built satellites to China, for launch of their commercial Long March rocket, in response to media-generated stories of supposed transfer of rocket technology to China which could “harm U.S. national security.”

In an effort to stop the potential loss of thousands of jobs and billions of dollars of satellite and other aerospace business, the Aerospace Industries Association has started a lobbying counteroffensive, urging restraint in Congress. Don Fuqua, AIA president and former Florida Democratic Representative and chairman of the House Science and Technology Committee, stated on June 9 that the association hoped the Senate would “not have a stampede mentality



*A map prepared by the trade coalition USA\*ENGAGE, showing the nations that are targeted by U.S. trade sanctions. Objections are being raised against Congress using ineffective, self-destructive sanctions as a tool of foreign policy.*

take over, as it did in the House.”

These are but two examples of 26 unilateral sanctions bills that are pending in the current 105th Congress, eight of which specifically target China. Forty-three nations, and their anti-terrorism and anti-narcotics programs, could be affected by a bill before Congress to prohibit the sale of military aircraft to Latin America. Over 70 nations could face export prohibitions and controls if determined to be engaged in “religious persecution,” according to an act passed by the House on May 14. And *every* nation in the world could be a target of a bill to prohibit Export-Import financing of any country that did not cast its United Nations vote with the United States at least 50% of the time! In addition, there are 14 sanctions measures being considered at the state and local level.

The NAM has called for unilateral sanctions to be rescinded. The association points out that American exporters and their workers are being prevented from “participating in major infrastructure projects in developing countries, thereby handing over billions in contracts to our French, German, and Japanese competitors,” in the name of policies that do not work.

USA\*ENGAGE, a coalition made up of 667 members, representing American business and agriculture, and including 40 national and state organizations, was organized in April 1997, to promote engagement and sustained international economic activity, and to establish a standard of accountability for sanctions. In testimony before the U.S. International

Trade Commission on May 14, USA\*ENGAGE Vice Chairman and President of the National Foreign Trade Council Frank Kittredge explained that the organization was formed to work with the Congress to stop the “enormous proliferation” of unilateral sanctions in the past few years. The major impact of these, he said, has been to stymie American business participation in major developing-nation markets. He used the Chinese nuclear energy program, which U.S. companies have been legally prevented from participating in, as an example of a counterproductive sanctions policy.

NAM reports that since World War II, sanctions have been imposed over 100 times, but in just the four years between 1993 and 1997, sixty-one new laws and executive actions were enacted authorizing unilateral sanctions against 35 foreign countries, which together represent 2.3 billion potential customers for U.S.-made goods, and \$790 billion in U.S. exports.

### **British geopolitics**

Where did this insane policy come from?

The prime mover of unilateral sanctions legislation in the Congress is the House International Relations Committee, and its chairman Benjamin Gilman (R-N.Y.). Gilman, a supporter of Benjamin Netanyahu’s Likud party in Israel, has thrown out the welcome mat at hearings for British intelligence operatives such as Baroness Caroline Cox, Lady Lynda Chalker, and other representatives of the House of Lords, who

run the network of non-governmental organizations (NGOs) that crusade against nations, under the guise of human rights violations, religious persecution, etc.

Under the direction of Christian Solidarity International, Transparency International, and similar foreign intelligence organizations, a growing clique of Congressmen, including Gilman, Frank Wolf (R-Va.), and Donald Payne (D-N.J.), has been convinced to conduct foreign policy by sanction, often in direct opposition to national economic and political interests of the United States.

Often the sanctions appear to have the support of a “grassroots” lobby, such as Christian right-wing fundamentalist. In many cases, such “grassroots” groups are funded by the same foundations and NGOs that orchestrate the international campaigns against nations that defend their sovereignty over economic development, the right to defend themselves, or just disagree with the United States.

### **Historical precedent**

Slapping sanctions on any country at any time is a relatively new phenomenon. Even during the Cold War, sanctions were rarely applied, and it is telling, that the first American use of the sanctions weapon in that period, was not even directed at a Communist regime, but was a joint U.S.-British sanction against the nationalist Mossadegh government in Iran.

The exceptional case from the Cold War period (which is now representative of the norm), is the blockade of Cuba. That policy served as a foil for proxy conflicts with the Soviet Union, and while it has imposed severe hardships on the Cuban population, it has never been an actual threat to the Castro regime.

In the post-Soviet era, the Congress has escalated the use of unilateral sanctions. Undersecretary of State Eizenstat noted in testimony before Congress the week of June 1 that the sanctions machine now goes into gear whether it has a target or not (in the case of Indonesia, Congress was preparing sanctions legislation even as President Suharto was resigning).

One of the most destructive aspects of the sanctions proposals which Representative Gilman and his co-thinkers have championed in the Congress, is the use of unilateral sanctions which mandate retaliatory actions against nations that trade with the sanctioned country. In strictly technical terms, this third country sanction is a “secondary boycott.” When the Arab League conducted such a boycott of countries that trade with Israel, the United States all but declared war against anyone who participated, and the U.S. Commerce Department regularly suspends export licenses of U.S. firms that are caught complying with the Arab boycott of Israel.

It is all the more ironic, then, that the centerpiece of U.S. policy in the Persian Gulf, is the strategy known as the “dual containment” of Iran and Iraq, which is premised on a secondary boycott—organized by the United States. That boycott is

mandated by the Iran-Libya Sanctions Act (ILSA), known as the D’Amato-Gilman law. ILSA, and the dual-containment strategy, are reputed to be the brainchild of Martin Indyk, the Australian-born U.S. ambassador to Israel, who organized the lobbying campaign in support of the strategy while he was the director of the American Israeli Public Affairs Committee (AIPAC).

While it is a central tenet of U.S. trade policy that the Arab League secondary boycott must be renounced by any nation which expects to remain in the good graces of the State Department, the same U.S. government is enforcing just such a boycott against Iran and Libya, based on a law that has “made in Israel” stamped all over it. It has been readily acknowledged that the reports on Iran’s plans for developing so-called weapons of mass destruction come primarily from Israeli intelligence sources. The perception of hypocrisy that this engenders in the Muslim world has become a significant foreign policy problem.

### **A threat to U.S. national interests**

Some U.S. military figures have taken the lead in urging that the sanctions strategy be dumped. Lt. Gen. Joseph Hoar, USMC (ret.), finished his career as the chief of the Central Command, and has been traveling internationally calling for an end to ILSA. He has made it clear in his speeches, that he is speaking for an institutional faction which is concerned that the sanctions policies have become a serious threat to U.S. national interests.

In a similar case, Lt. Gen. John Sheehan, USMC (ret.), who formerly commanded U.S. forces in the Caribbean, recently rocked the sanctions lobby when he toured Cuba, conducted extensive discussions with Fidel Castro, and returned to the United States to denounce the boycott, and the Helms-Burton law, which effectively imposes a secondary boycott on countries that conduct specific types of trade with Cuba. General Sheehan called attention to the fact that the boycott of Cuba is the longest-running failed policy in American history, and that the real victims are innocent children and civilians, who have no quarrel with the U.S. government.

ILSA and its corollary in the Western Hemisphere, the Helms-Burton amendment against Cuba, have contributed to a dangerous erosion of U.S.-European relations. By targeting countries that trade with Iran, Libya, and Cuba, the sanctions laws would have the United States punish its European trading partners (and Europe is our largest trading partner), and commit acts which are illegal under various international trade treaties. With the United States then painted as the bully in the picture, the sanctions laws effectively play into the hand of the British monarchy’s Club of the Isles faction in Europe, which intends to conduct trade war against the United States in Asia, Africa, Ibero-America, and the Middle East, reaping the benefit of the self-destructive U.S. sanctions policy.

The geopolitical nature of sanctions, not concern about U.S. national security, is seen in the case of Iran. ILSA has nothing to do with Iranian support for "terrorism," whether real or imagined. It has to do with geography and the control of Middle East energy supplies. And by imposing sanctions against any nation that invests in energy production capabilities in Iran, the law brings the United States into conflict with every other industrial exporter in the world, while eliminating any positive U.S. policy input into the region.

Conoco Oil, for example, spent several years opening channels to Tehran, in order to gain the rights to develop the resources of one of the largest oil and natural gas fields in the region. When the Iranian government awarded it the contract (a bold diplomatic move, considering the official posture of hostility maintained by Washington at the time), the ILSA provisions were invoked, the deal was quashed, and the contract went to a European consortium led by the French energy company Total.

A bitter Conoco executive, speaking off the record, pointed out that an entire generation of American-built drilling and transport equipment is aging in that region, and the companies that get the contracts to replace it will be calling the shots for 20 years to come. "We are pushing ourselves out of the Middle East with this strategy," he complained.

## Getting back to sanity

Whatever other consequences the nuclear testing in India and Pakistan will have, the fact that there is no possibility of a Presidential waiver of U.S. sanctions, nor a determination of what would have to be done to lift the sanctions, has called increased attention to the fact that military/strategic dimensions of U.S. policy can no longer be held hostage to the geopolitical concerns of a Congressional faction that has allied itself to geopolitical activists from the House of Lords. The flurry of sanctions bills targetting China, only weeks before a Presidential visit there, is rightly seen by opponents as political grandstanding and interference with the legitimate foreign policy affairs of government.

A bipartisan group of legislators, backed by leading industrial exporters, has introduced legislation which would prevent sanctions legislation from being passed unless the economic and policy consequences were deemed to be in the national interest. Sanctions would automatically be terminated in two years, unless, after examination, it is deemed necessary to continue them.

The bill is sponsored by Rep. Lee Hamilton (D-Ind.), who is Gilman's opposite number on the House International Relations Committee, and Sen. Richard Lugar (R-Ind.), of the Foreign Relations Committee. The first week in June, Hamilton took the opportunity at hearings on sanctions policy to denounce unilateral sanctions as ineffective, damaging to vital U.S. industrial exports, harmful to innocent people all over the world, and a menace to U.S. foreign policy.

"Mr. Chairman, let me just make a brief statement in

support of H.R. 2708," Hamilton stated. "Remarkably, no U.S. law requires an assessment of the impact of foreign policy sanctions before or after they are imposed. H.R. 2708 would change that. It requires a committee reporting a unilateral sanctions bill to request an analysis by the President of the bill's likely impact on U.S. foreign policy, economic and humanitarian interests, and an analysis by CBO of its impact on the private sector. The President would be required to prepare a similar analysis of sanctions he wanted to impose."

## Toll on the U.S. economy

Two sectors of the U.S. economy that have been particularly hard-hit by the array of counterproductive sanctions that have already been imposed, are agricultural exports and high-technology capital goods. In a hearing before the International Trade Commission on May 14, Iowa Farm Bureau President Ed Wiederstein stated that the Farm Bureau believes that "engagement through trade [is] the most effective means of reaching international harmony, social, and economic stability."

Current sanctions are costing U.S. wheat producers up to 50% of the world markets, Wiederstein said, and sanctions that are under consideration targetting China, Egypt, Pakistan, Indonesia, Russia, and Saudi Arabia would cost American farmers and ranchers more than \$5 billion in lost sales.

Similarly, Patricia Davis, president of the Washington Council on International Trade, testified that Washington State is the most trade-dependent state in the country, per capita. She singled out the Wolf-Specter Religious Persecution Act, as one that would potentially close many markets for agricultural exports. Sanctions imposed upon U.S. trade with China, she said, have already blocked Washington State's heavy equipment companies from participating in the Three Gorges Dam project, and Seattle-based Boeing will suffer if political shenanigans continue each year over granting Most Favored Nation status to China.

At the same hearing, experts from the Institute for International Economics testified that their studies indicate that sanctions in effect in 1995 may have reduced U.S. exports to 26 target countries by as much as \$15-19 billion, which results in a loss of more than 200,000 mainly high-paying jobs. Even after sanctions are lifted, trade may not increase, they counsel, because the United States is seen as an "unreliable supplier." In the case of capital goods, where long-term commitments for repair, maintenance, and replacement parts are as important as the initial contract, there will be hesitation to go to American suppliers.

The Hamilton/Lugar bills would be a step back toward the constitutional concept that foreign policy should be made jointly by the Executive and Legislative branches, in the national interest. It represents the principle that episodic Congressional majorities should be subordinated to the long-term interests of the nation.