

President Harris holds nuanced positions. She has consistently voiced her support for Israel, emphasizing Tel Aviv's right to defend itself and the need to secure the unconditional release of Israeli captives. At the same time, she has underlined the significance of upholding the human rights of Palestinian civilians.

Harris has expressed opposition to the annexation of Palestinian territories by Israel and has condemned the violence in the West Bank. She has specifically called for the Israeli military to implement additional measures to protect civilians following a Rafah incident. Harris advocates for the two-state solution as the optimal

means to address the Palestinian issue. In the context of Iran, it is worth noting that Democratic policies have historically had a less detrimental impact on Iran's national interests. It is recognized that Iran's opposition to the US is unlikely to wane; however, a Republican victory would pose considerably

greater challenges for Tehran. The Democrats' non-intervention policy in Middle Eastern internal affairs is seen as beneficial to Iran's prominent role in the region. Conversely, a Trump victory would likely lead to heightened regional tensions and increased sanctions against Iran, thereby placing the country in an unfavorable po-

sition. While Donald Trump is currently leading in the polls, the outcome in November remains uncertain. The question of whether Obama's non-interventionist policies in the Middle East will persist or if Trump will seek to assert control over Middle Eastern affairs is yet to be answered.



A farmer holds a wad of Cuban money at a vegetable stall at a market in Sagua La Grande, in the province of Villa Clara in central Cuba on October 12, 2013.

DESMOND BOYLAN/REUTERS

## How four US presidents unleashed economic warfare across globe

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Reporters

### PERSPECTIVE

Today, the United States imposes three times as many sanctions as any other country or international body, targeting a third of all nations with some kind of financial penalty on people, properties, or organizations. They have become an almost reflexive weapon in perpetual economic warfare, and their overuse is recognized at the highest levels of government. But American presidents find the tool increasingly irresistible.

By cutting their targets off from the Western financial system, sanctions can crush national industries, erase personal fortunes, and upset the balance of political power in troublesome regimes — all without putting a single American soldier in harm's way. But even as sanctions have proliferated, concern about their impact has grown.

In Washington, the swell of sanctions has spawned a multibillion-dollar industry. Foreign governments and multinational corporations spend exorbitant sums to influence the system, while white-shoe law firms and K Street lobbying shops have built booming sanctions practices — in part by luring government officials to cash in on their expertise.

Sanctions — or even just the threat of them — can be an effective policy tool, a way to punish bad behavior or pressure an adversary without resorting to military force. Sanctions have allowed US governments to take moral, economically meaningful stands against perpetrators of war crimes. They helped bring an end to South Africa's apartheid regime and contributed to the eventual overthrow of Serbian dictator Slobodan Milosevic. Even when they fail, proponents say, they can be preferable to the alternative, which might be doing nothing — or going to war.

Still, North Korea has been sanctioned for more than a half-century without halting Pyongyang's efforts to acquire nuclear weapons and intercontinental ballistic missiles. US sanctions on Nicaragua have done little to deter the regime of President Daniel Ortega. Two years of sanctions on Russia over its assault on Ukraine have degraded Moscow's long-term economic prospects and raised the costs of military production. However, these sanctions have also spawned a "dark fleet" of ships selling oil outside international regulations, while bringing the Kremlin into closer alliance with Beijing.

And yet, despite recognition that the volume of sanctions may be excessive, US officials tend to see each individual action as justified, making it hard to stop the trend. The United States is imposing sanctions at a record-setting pace again this year, with more than 60 percent of all low-income countries now under some form of financial penalty, according to a Washington Post analysis. Saddam Hussein's invasion of Kuwait in 1990 gave rise to a new form of the weapon: an international blockade of exports to Iraq. After the Gulf War, comprehensive sanctions made it impossible for Iraq to export oil or import supplies to rebuild its decimated water and electrical systems, and illnesses such as cholera and typhoid surged.

At the same time, with the collapse of the Soviet Union, the United States was emerging as the world's unrivaled superpower, both financially and militarily. Governments and banks around the world were dependent on the US dollar, which remains the dominant currency on Earth. Treasury officials can impose sanctions

on any foreign person, firm, or government they deem to be a threat to the US economy, foreign policy, or national security. There's no requirement to accuse, much less convict, anyone of a specific crime. But the move makes it a crime to transact with the sanctioned party.

Coming under US sanctions amounts to an indefinite ban from much of the global economy. The system was built slowly. Initial targets (in addition to communist Cuba) were drug cartels in places like Mexico and Colombia and rogue regimes like Libya. As recently as the 1990s, the Treasury Department's Office of Foreign Assets Control (OFAC) was responsible for implementing just a handful of sanctions programs. Its staff fit comfortably in a single conference room. One of its major responsibilities was blocking American sales of Cuban cigars.

All that changed after the terrorist attacks of September 11, 2001. Congress enacted legislation to compel financial institutions to maintain records of consumer transactions and hand them over to law enforcement. Suddenly, US officials had volumes of information on the world's banking customers, just as the rise of digital banking gave new insights into the worldwide flow of money.

In 2003, North Korea alarmed the world by withdrawing from a nuclear weapons treaty. Treasury officials under president George W. Bush not only targeted the Macao bank that processed payments for Pyongyang but also threatened any banks that traded with that one.

North Korean officials howled — and the measures stymied Pyongyang's finances. The episode was a revelation for Treasury staffers: America appeared to have cowed a foe halfway around the

world without firing a single bullet or spending a single penny.

### 'Every little thing we do is sanctions'

The playbook soon shifted to include bigger targets and more aggressive enforcement. In 2010, president Barack Obama worked with Congress to approve sanctions designed to force Iran to give up its nuclear ambitions. The Justice Department began levying billions of dollars in fines on Western banks that defied Treasury prohibitions.

These sanctions applied not just to Iran, but also to firms trading with Iran, undercutting Tehran's links to international markets. Iranian leaders buckled, deciding to seek a nuclear deal that promised an end to financial isolation. This display of power led to fresh demand. By Obama's second term, sanctions had been imposed on a growing list that included military officials in the Democratic Republic of Congo, suppliers of the Yemeni military, Libyan officials connected to Moammar Gaddafi, and Syrian President Bashar al-Assad. Congress got in on the act, flooding the State Department and the White House with requests for sanctions that, in some cases, appeared intended to cut off foreign competition to home-state industries.

In 2011, at a holiday party in the Hotel Harrington in downtown Washington, Adam Szubin, then director of OFAC, sang a song titled "Every Little Thing We Do Is Sanctions" to the tune of "Every Little Thing She Does Is Magic" by the Police. Szubin confirmed in an email. Some experts saw the surge as spiraling out of control.

In 2014, Russia's annexation of Crimea from Ukraine presented the Treasury with a huge challenge. Countries like



A pharmacist fills a prescription order at a drugstore in Iran. Officials have repeatedly claimed that US unilateral sanctions against Iran led to a shortage of drugs in the country, especially during the coronavirus pandemic.

IRNA



HELEN JAMES/SWI

North Korea and Iran were viewed as serious national security threats, but nobody believed they were integral to global finance. Now, the Treasury was forced to confront one of the 10 biggest economies in the world. A wrong move could send global markets reeling.

### Challenges emerge as sanctions rise

But government officials began to notice problems with the Treasury's complicated new regime. Sanctions on Russia targeting allies of President Vladimir Putin and state banks had no apparent effect on control of Crimea. European leaders grew angry over fines levied on their banks. Wall Street power brokers started to grumble about the costs of complying with the dizzying new instructions.

The number of sanctioned entities appeared to be growing too fast for OFAC to keep up. Nuance bred confusion; requests for clarification poured in, and the number of lawsuits against the agency tripled. Turnover intensified, as the rising stakes allowed Treasury staffers to bolt for private-sector paydays that could quadruple their earnings.

A more existential challenge emerged, as well: The power of sanctions lay in denying foreign actors access to the dollar. But if sanctions make it risky to depend on dollars, nations may find other ways to trade — allowing them to dodge US penalties entirely.

And yet the incoming Trump administration again found new uses for the financial weapon as it applied more sanctions than ever. As president, Donald Trump used sanctions for retribution in ways never conceived — ordering them, for instance, on officials with the International Criminal Court after it opened a war crimes investigation into the behavior of US troops in Afghanistan.

### Reform plans shelved

By the time of Biden's inauguration, a consensus had emerged among his transition team that something had to

The US government is putting more sanctions on foreign governments, companies, and people than ever. However, these powerful tools of economic warfare can have unintended consequences, hurting civilian populations and undermining US foreign policy interests.

change. In late 2022, senior White House advisers again held discussions about reforming US sanctions. In closed-door talks that included Biden, aides talked about the need to set guidelines for economic statecraft, including limiting the use of sanctions to moments when "core international principles that underpin peace and security are under threat," one of the officials said. But those ideas were shelved in the face of more pressing demands. "The mentality, almost a weird reflex, in Washington has just become: If something bad happens, anywhere in the world, the US is going to sanction some people. And that doesn't make sense," said Ben Rhodes, who served as deputy national security adviser in the Obama administration. "We don't think about the collateral damage of sanctions the same way we think about the collateral damage of war," Rhodes said. "But we should."

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