

**CHAPTER IV**  
**THE CONSIDERATION OF UNITED STATES IN LIFTING**  
**THE ECONOMIC SANCTION OF IRAN**

The history of the nuclear development of Iran since the Shah Pahlavi administration in 1979 until current administration by Ali Khamenei had been explained in the Chapter II. The close relationship of United States and Iran was covered in many sectors, especially cooperation in introducing and developing the nuclear energy in Iran. In the Chapter III, it explains about the 1979 the Iranian Islamic Revolution which was adverse the relationship among the countries and United States started become the one that gave of most comprehensive sanction ever to Iran. The situation was escalated because Iran was proved that they had nuclear development and there was no transparency. United States keep imposing sanction against Iran until 2011.

The Chapter IV covers the reasons that underlie the decision of United States in lifting the economic sanction against Iran. In fact, it was more than 30 years that United States keeps sanctioning Iran based on many reasons such as the state-supporter terrorism, human right violence, and Weapon Mass Destruction. In the Foreign Policy Decision Making Process by Coplin (2003), it was explained that the process in deciding the foreign policy was based on three determinants, which are domestic politics, economic and military capability and international context.

## **A. The Dominance of Interest Influencer of President Obama in United States**

Before this undergraduate thesis discuss the domestic politics of United States, the author would start this sub chapter with the definition of the domestic politics by Coplin (2003). In his book, 'The Introduction to International Politics', Coplin (2003) was emphasized his analysis by assuming some of the elements that influence the decision maker in deciding policy, called policy influencer. There are some differences in one another of the policy influences. Therefore, Coplin divided it into four policy influencers, which are bureaucratic influencer, party influencer, interest influencer, and mass influencer. The decision maker need to elaborate from all those influencers above, some of them may dominate each other depends on their interest.

The diversity in deciding a policy commonly happens in many states in the world because the purpose is to maintain its pluralism and comprehensiveness. Besides, the foreign policy decision making process is also able to appoint a strategy or evaluate the past policy. One of the most complex and comprehensive influencers that exist in one country happened in United States. United States has a long story as a hegemonic state especially after their involvement in the World War II. It could not be denied that United States is the hegemonic power in this current world. As the hegemonic state, United States did not only simply try to lead in economy, politic, and military. More than that, the power and the influence of United States make the states in the world recognize United States as the hegemonic state. Additionally, United States succeed to spread their liberal value

in the world which indirectly reflects as the winner of Cold War. The big role of United States in International Monetary Fund (IMF), World Trade Organization (WTO), and The World Bank was proved that the liberalization was able to manage the economics of states in the world (Agnew, 2005).

United States is a state which is using the federal republic system, in which fifty states within United States have their own power to maintain their region with certain degree of autonomy. It is important to note that United States is the democratic country which has particular period for each leader, regular election, individual right and uses the system of power-sharing (decentralization). In the decentralization of the member states have to be responsible to the United States as the central government. United States as a state which promote liberalism and individual right also implement the liberal idea with their member states. United States believes the autonomy to rule their states which is favorable rather than being dictated from the central government.

According to United States constitution, the first article about the division in legislative power shall be vested in the Congress of United States which consists of House of Representative and Senate along with their responsibilities. The second article is about the executive power in the hand of the President of United States which is complemented with the regulation of the people who are eligible to be the president, the terms, and the duties. Meanwhile, the third article describes the judicial power settled to the Supreme Court (The Constitution of the United States of America, 1776).

Each branch has different responsibilities among one another. For instance, the legislative which consists of the House of Representative (based on the population of each member state) and Senate (each member state has two senators), was assigned to create the law of the nations, regulate the value of money, collect taxes, advice the president, be able to override the president vetoes. Meanwhile, the judicial branch consists of the judges appointed by the president, mostly the Supreme Court. United States also have other courts, such as appeals court, district court, federal court, and special federal courts. The executive branch headed by president, has responsibility in the veto power in legislation, recommends the legislation, appoints the cabinet members, nominates the judges, creates executive order, and declares war.

The domestic politics of United States had many different characteristic depends on each president. United States had experienced many presidents since its independence in 1776. Currently, the President of the United States (POTUS) enters the number of 45. Every president of United States had its own characteristic. For example, the administration of United States under the President George W. Bush, who came from Republican Party, was closely related with the war on terror. The attack of World Trade Center, in 9 September 2001, shocked the world especially United States. President Bush was completely condemning the action of terrorism. Moreover, the military intervention to Iraq and Afghanistan and the involvement in economic and politic aspect were highly criticized by the international community. The characteristic of Bush junior was

much arrogant and it could be seen from his assertive foreign policy in military aspect (Greenstein, 2003).

In 2008, President Barrack Obama, who was the first black American president, started his administration. President Obama's background was filled with the diversity and tolerance lesson. President Obama had experienced living in many places in the world and had chance to take his elementary school in Indonesia. President Obama had good educational background; he graduated from Columbia University in 1983 and continued his study at Harvard Law School in Boston until graduated in 1991. He started his career in Chicago as the community organizer in the poor community. He jumped into political arena by being the senator of Illinois for eight years before he decided to running for the United States presidential election in 2008 (Setyowati, 2014).

The characteristic of President Obama are ambitious, high social-confident and social-consciousness, adaptive and engaged with diversity. During the President Obama administration, the policy was more focus on the soft diplomacy and restore the good relationship with many states especially Middle East. It was, as had been mentioned, the speech of President Obama in Cairo, entitled 'A New Beginning' which was showed his intention to decrease the high tension among the United States and Middle East countries (Mohideen, 2010). The President Obama, the charismatic leader, was able to transform the international image of United States from arrogant country. President Obama was also repeatedly mentioning his intention to restore the relationship with some of the conflict states, such as Cuba, Myanmar and Iran.

The President Obama as the horn of the domestic politics of United States was responsible to supervise and control in deciding the policy especially the foreign policy. The domestic politics of United States, particularly about the decision in lifting the economic sanction of Iran, was much contributed by the interest influencer. The interest influencer is the interest of individual or a group that share the same interest which influence the decision maker to decide in favor with the interest. The interest might be economic, non-economic or political motive. However, the interest influencer could not be predicted precisely because it depends on the dynamic situation of many aspects.

Before President Obama decided to lift the economic sanction of Iran, President Obama pushed one of the most comprehensive the sanction to Iran as he continued to expand the sanction. There was also a moment that United States almost continued the unending sanction against Iran to show his commitment in preventing further nuclear arms development. In 2012, it was when the high tension of President Ahmadinejad resisted continuing their nuclear program and President Obama reached the peak of his patience to Iran. President Obama stated that, "I have said that when it comes to preventing Iran from obtaining a nuclear weapon, I will take no options off the table to achieve that goal. But a peaceful resolution of this issue still possible, and far better, and if Iran changes course and meet its obligation, it can rejoin the community of nations." (Manclnnis, 2012).

The statement of the President Obama above reflects the assertive decision to uphold the interest of United States to maintain the global security. However, President Obama was still able to give chance to Iran to restore the relationship

among them and invite Iran to be back to the international community. President Obama attempted to refrain the United States's military intervention to Iran. President Obama committed to Iran that if Iran was willing to stop the nuclear proliferation, as the exchange, economic sanction to Iran might be lifted. In 2014, United States was faced the dilemma whether keep sanctioning against Iran or lifting the economic sanction to Iran. Finally, in 2015 United States decided to lift the economic sanction to Iran with some obligations and restrictions. In addition, Iran was also committed to obey the international pressure to limit the Iranian nuclear enrichment program.

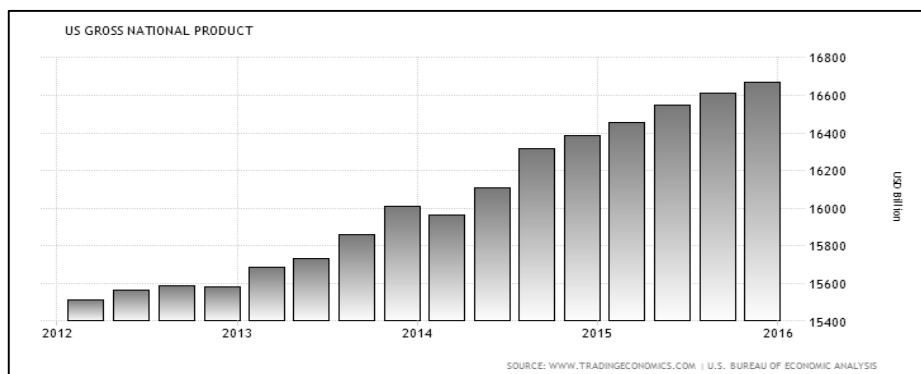
However, in the same time when President Obama was about to lift the economic sanction, the congress was also about to agree to extend the additional economic sanction to Iran. This situation was not favorable for the congress and some of the allies of United States especially Israel. President Obama believed that the decision to lift the economic sanction to Iran would restore the good relationship with Middle East, just like his speech in Cairo entitled 'A New Beginning'. The action of President Obama was intended to prove his commitment and to increase the image of United States in international community (Rennack, 2016). Although facing some rejection, President Obama still insisted to implement the decision. The decision of President Obama marked that the interest influencer has influenced the decision.

## B. The Derivation of United States Economic and Military Capacity

The economic and military capacity of a state is also one of the three determinants according to Coplin (2003). The decision of United States to impose sanction against Iran was also influenced by the economic and military capacity of United States. There were some standard in order to measure the economic capacity of a state. According to Coplin (2003), the criteria to measure is for example the capacity of the welfare of a state in fulfilling the needs of their society, such as the path of their economic growth (can be analyzed by the absolute number of production of goods and services; the relative number of the economic demand), and the prospect of the state future economic growth. In order to measure the goods and services production, in economic studies it is commonly analyzed from the Gross National Products (GNP) and income per-capita.

The United States, as one of the most developed states, has the biggest GNP in the world. However, the GNP of United States was through ups and downs. The chart below shows the GNP of United States since 2012 – 2015, as follows:

**Figure 3**  
**United States Gross National Products from 2012 – 2015:**





The chart of Gross Domestic Products of United States above shows the gradual increasing in the 2012. In the fourth quarter of 2012, United States was faced the economic recession which resulted in the decreasing of the GNP of United States. In the early of 2013 until the last quarter, United States GNP was reached good economic growth. Unfortunately, in the first quarter of 2014, the GNP of United States dropped again almost - 3%. This economic recession was the worst recession in United States after the recession in 2009. The economic recession in 2014 was given significant impacts on many economic aspects in United States, such as disrupting the construction, development program, shipments and production. According to Bureau of Economic Analysis (BEA) of United States, the decline of the GNP was because the downturn of export activity, the increase of the import, the escalation of government and member state's expenditure. The economic decline of United States also gave impact to the drop of the value of dollar and the investment in United States. The severe impact of the decline economic growth of United States also gave impact to the decreasing of national defense budget of United States (Bureau of Economic Analysis of United States Departement of Commerce, 2014).

Beside the economic capacity of state, Coplin (2003) also explained the military capacity of the state as the determinant of the foreign policy. In order to have a clear standard to analyze the military capacity of a state, Coplin divided it into three criteria, such as (1) the number of the trained manpower, (2) the degree of the capability and (3) the military equipment. The number of the soldier or the trained manpower and the degree of capability could not be equated. The

numerous of soldier would be nothing if they did not have advanced military technology. Moreover, if the advanced military technology was transferred to the untrained soldier, it would be useless. Therefore, Coplin attempts to emphasize that the number of the trained soldier have to be trained with the advanced military technology as well. In the aspect of military equipment, Coplin also mention about the nuclear energy as the huge asset of a state.

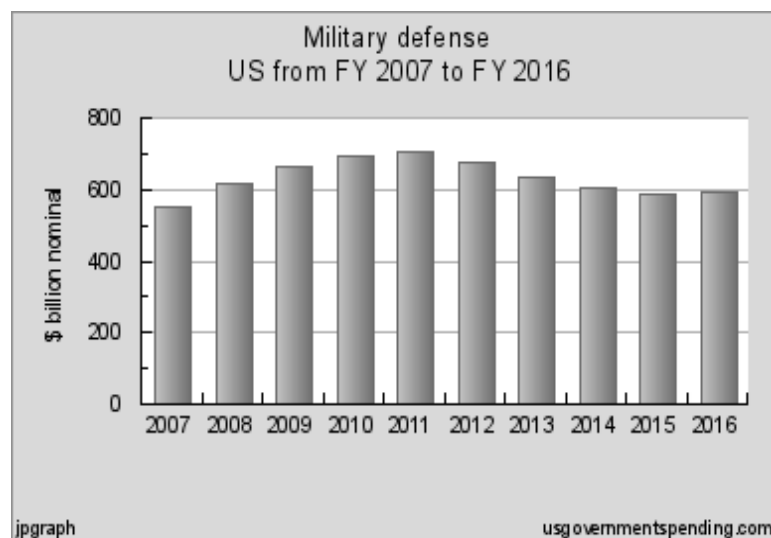
Coplin was attempts to analogize if the war happened, the number of the trained both the soldier and the advanced military technology would be nothing if the states were attacked by nuclear bombs. That statement reflected the dilemma of the state. Because the cost to advance the military technology and training for soldier was impressively high compared if develop nuclear bombs to strike the states. However, advancing military capability by soldier and its equipments is actually as the deterrence for one another state. By seeing the advancement of the military aspect, some point of view would analyze it to secure the state and its citizen from any outside attack. However, other point of view, would said that it was filled of the speculation. The states would guess if other state attack or if the other state threaten their existence, but it was mostly speculation.

The position of the United States military capability was always in the top rank among the 126 states in the world. Moreover, during the President George W. Bush junior administration, the focus of the military advancement was really high. As the President Bush administration characteristic who had hard power (military), it was affected the high number of military budget especially during the military intervention in Iraq and Afghanistan. The military spending of United

States also remained high. However, as the impact of the economic recession, the military spending also decreased. The figure of the military spending of United shows below:

**Figure 4**

**Military Defense Spending of United States from 2007 - 2016**



Under the President Obama administration, the shifting nature of military capability was happened. President Obama was not like his predecessor which much relied on the military action. President Obama was decided to derivate the United States reliance on spending much on the military advancement. President Obama, as the anti-war figure, attempted to redesign the way of thinking of what people called military as the power, but the global leadership as the power (Arshid, 2014).

The United States military capability until this time is unrivalled in the world. As the producer of many military types of equipment, no wonder that United States had the most advanced of military technology. Moreover, as the hegemony state with many allies, United States need to assure the security of the

allies and United States itself. This is in line with the national interest of United States which put the security aspect as the main interest before economic interest. Therefore, United States became the biggest military spending in the world since the outbreak of Cold War until now. The table below shows the military capability of United States in 2015.

**Table 1**

**Military Capability of United States in 2014 - 2015:**

No	Name	Units	Scale	2014 - 2015
1	<b>Manpower</b>			
	Total Population	Person	Units	321,368,864
	Available Manpower	Person	Units	145,215,000
	Fit for Service	Person	Units	120,025,000
	Active Frontline Personnel	Person	Units	1,400,000
	Active Reserve Personnel	Person	Units	1,100,000
2	<b>Land System</b>			
	Tanks	Number	Units	8,848
	Armored Fighting Vehicles (AFVs)	Number	Units	41,062
	Self-Propelled Guns (SPGs)	Number	Units	1,934
	Towed-Artillery	Number	Units	1,299
	Multiple-Launch Rocket Systems (MLRSs)	Number	Units	1,331
3	<b>Air Power</b>			
	Total Aircraft	Number	Units	13,444
	Fighters/Inceptors	Number	Units	2,308
	Fixed-Wing Attack Aircraft	Number	Units	2,785
	Transport Aircraft	Number	Units	5,739
	Helicopters	Number	Units	6,084
	Attack Helicopters	Number	Units	957
4	<b>Naval Power</b>			
	Total Naval Strength	Number	Units	415
	Aircraft Carriers	Number	Units	19
	Frigates	Number	Units	6
	Destroyer	Number	Units	62
	Submarines	Number	Units	75
<b>No</b>	<b>Name</b>	<b>Units</b>	<b>Scale</b>	<b>2014 - 2015</b>
	Mine Warfare	Number	Units	11
5	<b>Resources (Petroleum)</b>			
	Oil Production	Number	bbl/day	8,653,000
	Oil Consumption	Number	bbl/day	19,000,000
	Proven Oil Reserves	Number	bbl/day	36,520,000

6	<b>Financial</b>			
	Defense Budget	Number	USD	581,000,000,000
	External Debt	Number	USD	17,260,000,000,000
	Reserves of Foreign Exchange and Gold	Number	USD	130,100,000,000
	Purchasing Power Parity	Number	USD	17,350,000,000,000

Source: Global Firepower 2015

Global Firepower (GFP) is a credible website shows the 'Power Index' of a state by displaying data of modern military power.

The military capacity is clearly the interest of United States. By having the advanced military capability, United States was able to defend and protect the allies, American abroad and the freedom to use the international space, sea and air. The military of United State is the largest military defense budget in the world. The table above reflected how strong the military capacity of United States. Almost in every aspect such as manpower, land system, air power, naval power and the resources, United States placed in the first rank. We could not deny the United States Defense budget was very big, but the external debt was impressively high. Additionally, the high cost in mobilizing and accommodating to deploy the troops in Iran as the offensive action was unpredictable.

Under the President Obama administration, the advancement of the military aspect was not the main concern of United States. President Obama attempts to rationale the military spending budget which means to reduce the American military forces. Some sources mentioned that the decision of President Obama was seen as the space to weaken the military capacity of United States. As President Obama mentions that, the main interest of United States was the betterment of the United States international image in which he put much effort to the global leadership of United States. President Obama assumed that by engaging

with the international community through dialogue, it would be more effective rather than spending the high military budget. President Obama did not expect the United States to have military intervention to other state without urgent needs. President Obama proposed the main interest of United States were closer alliance, isolation of enemies, support the democratic value and free market (Arshid, 2014).

The consideration of the decision maker in lifting the economic sanction against Iran was also influenced by the economic and military capability of United States. Economically, in 2014 United States was faced the recession until it reached the minus economic growth. The economic recession of United States was because of the excessive export, increased import, the escalation of the government and member state's expenditure. Commonly, the budget of the military spending is in line with their economic development. However, United States faced the economic recession.

Moreover, President Obama believed that by not relying too much on the military aspect, it would decrease the military budget of United States. President Obama was more uphold the global leadership rather than military capability as power of United States. This situation reflected that President Obama refrained the United States military action to the involvement in international community in order to preserve their good image in international community itself. The recession of the economic capacity which affects the lower military defense budget and unintentional of President Obama influenced the decision to lift the economic sanction against Iran. This decision seems favorable rather than to dismantle the nuclear facilities of Iran by military action.

### **C. The Declining Degree of Hostilities among United States and Iran**

In the globalization era, the relationship among one another countries could be influenced by many aspects. In the United States case, which decided to lift the economic sanction to Iran, it could not be separated from the international context. According to Coplin (2003), the international context is closely related to the international system and the relationship among one another country in some particular conditions which could shape the behavior of a state. The behavior of a state could be influenced by the past, current or the future condition desired to be achieved or anticipated.

There are three important elements in discussing the impact of international context to the foreign politics of a state, which are geography, economy, and politics. Geographically, the location of one another state, the close border, the similarity of culture and organization might be affected the international context of a state. The economic aspect in the state relation such as trade, interdependency, the flow of goods and services, the investment or foreign aid were able to be the part of the international context of a state. Lastly, the politics relation of one another state in the international community such as the political interest, alliance or the special support from the states might be the biggest consideration in the international context of a state.

The United States's decision to lift the economic sanction against Iran could not be separated from the international context itself. As the history and the response of United States regarding the possession of Iran that has been delivered in the previous chapters, it has proven that Iran had their nuclear proliferation and

no transparency about it. The nuclear development of Iran depends on the state leader of Iran. For instance, under Shah Pahlavi administration, Iran started to have nuclear energy because of the close relationship with United States. Shah Pahlavi vigorously developed the nuclear of Iran to be equal as the most of the western countries.

After Shah Pahlavi, there was Ayatollah Khomeini as the Supreme Leader. Ayatollah Khomeini administration started from the Iranian Islamic Revolution in 1979 which forced to topple down the Shah Pahlavi. During this time, the nuclear proliferation of Iran was not as advanced as during Shah Pahlavi regime. However, the Iran – Iraq war in 1981 triggered Iran to continue to develop nuclear energy. Iran rebuilt their nuclear after the Saddam Hussein declared that he had WMD. Therefore, at the end of the Ayatollah Khomeini administration, Iran attempted to rebuild the nuclear proliferation especially their WMD to balance Iraq (Ali, 2001).

In 1989, Ayatollah Khomeini passed away and Ayatollah Khamenei was replaced his position to be the new Supreme Leader. During Ayatollah Khamenei administration, Iran had many presidents which some of them still attempt to continue their nuclear energy but was not as advanced as before. The international sanctions from states, United Nations, European Union and mostly United States hampered their nuclear proliferation. When Iran was under the President Ahmadinejad, Iran started to increase their nuclear proliferation. President Ahmadinejad was the ultra-conservative leader who had so much hatred to the western countries and unwilling to decrease their nuclear activity. During this



time the various sanction came harsher which covered the economic, politic, social and human right sanctions (Belfer Center for Science and International Affairs, 2015).

Surprisingly, in 2013, Iran had the democratic election which was unexpectedly won by President Hassan Rouhani, the moderate Islamic figure. Unlike his predecessors, Hassan Rouhani was much concerned on the backwardness of Iranian development in recent years. Therefore, President Hassan Rouhani was intentionally to make better image of Iran in international community by obeying the following international obligations, such as lowering their nuclear proliferation activity, maintaining the peaceful uses and transparency. However, this situation was not directly lifting the sanctions of Iran (Baktiari, 2014).

President Obama saw the shifting behavior of Iran as the historical understanding. President Obama, as he committed to lift the sanctions of Iran by his outstanding speech, if Iran is willing to meet the international obligations of nuclear assessment, would lift the sanction of Iran and welcomed Iran to rejoin the international community. During 2013 until the midst of 2015, the assessment period for Iran to be open to the international community by the evaluation from IAEA. Finally, in June 2015, Iran was proved that Iran was willing to meet the international obligations such as by lowering the number of centrifuges from 20.000 to 5.000, cutting down the stockpile uranium enrichment from 10 tons to 300 kg, having no nuclear enrichment by 15 years ahead and peaceful uses. However, United States and European Union remind that anytime they could

impose sanctions again if Iran did not stick to the international obligations. The sanction against Iran which was lifted was the economic sanction, while the security and human right abuses sanction still remained (Belfer Center for Science and International Affairs, 2015).

The various sanctions of nuclear-related sanctions from United States, United Nations, and European Union were officially lifted on July 14, 2015. The sanctions were lifted because it was an exchange of the 12 months of Iranian compliance regarding the NPT and IAEA obligations. Iran agreed to continue the further monitoring from IAEA regarding the limitation of their nuclear program. Since the sanction was officially lifted, Iran was normalizing their relation and the system of Iran before the 'Implementation day' in January 16, 2016 to rejoin the international community. Although not all Iranian sanctions were lifted, the economic sanctions were the most comprehensive sanction compared with the military or human right abuses sanctions. In the economic sanctions itself, there were still some restrictions which were not lifted, such as the sanctions for U.S person's sanctions that had certain transaction to Iranian. However, the non-U.S person's were freed to have associated with Iranians.

The lifted economic sanctions of Iran were such as the transaction with credit or banking institution, investment, rejoin the OPEC to be able to sell their petrochemical, gas and oil, shipping, port transaction activities, the export, sale or supply the precious metals such as gold or diamond, the other kind of metals such as aluminum and steel, the transfer, sale, supply of any goods or services regarding the automotive sector of Iran. United States also removed some of the

non-U.S person sanctions which were previously having relationship with Iran. The sanctions of agricultural commodities, food, medicine, medical services, and humanitarian assistance export, technology were also lifted (The Swedish Club, 2016).

Chapter IV explains the considerations of United States in lifting the economic sanctions against Iran. The first consideration from the domestic politics of United State, the domestic politics of United States was driven by the president, in which at that time the President Obama. President Obama with his complex background and peace commitment was committed to lift some sanctions of Iran if Iran meets the international obligations. Although the Congress rejected this notion, President Obama vetoed the congress decision to follow him. The second consideration is the economic and military capability. The derivation of United States economic in 2014 reflected that United States faced economic recession. In the military aspect, although United States remained the strongest military capability, President Obama denied the military intervention and more focus to global leadership and soft diplomacy as their main power.

Lastly, the third consideration is the international context. The declining degree of hostilities among United States and Iran led the United States to lift the sanctions to Iran by some circumstances. The changing President of Iran which was willing to decrease the nuclear activity successfully decreased the degree of hostility to United States. All the three considerations influenced the decision maker of United States, President Obama, in lifting the economic sanction to Iran in midst of 2015.