

# Coalitions and the Politics of Restraint: Commitment Credibility and the Iran Deal Negotiation

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## **Abstract**

Economic coercion depends on the credibility of both threats to punish non-compliance and assurances that compliance will not be punished. What instruments can states deploy to make the necessary assurances without undermining the credibility of their threats? This article describes how some factors that bolster the credibility of threats can simultaneously undermine the credibility of assurances. It then argues that states can mitigate the challenge by carefully selecting coalition partners with different interests who can hold them accountable. The paper applies the theory to the Iran deal negotiation and finds that Congressional resolve to maintain sanctions initially stymied progress. The United States was ultimately able to increase the believability of its commitments by partnering with European states that were more open to removing sanctions.

## **Introduction**

On July 14, 2015 negotiators representing the five permanent members of the UN Security Council (UNSC), Germany, and Iran announced that they had reached agreement on the Joint Comprehensive Plan of Action (JCPOA). The Iran Deal, as the agreement is commonly known, was the culmination of over 9 years of negotiations

on the issue of Iran's nuclear program. The terms of the agreement are complicated but the central premise is simple: Iran agreed to halt its nuclear program and open the country to inspections from the independent International Atomic Energy Agency (IAEA) while the P5+1 (the five permanent UNSC members plus Germany) agreed to lift sanctions on Iran. The deal could only work if the P5+1 could convince Iran that ending their nuclear program would be rewarded with sanctions relief while also credibly threatening continued sanctions if the program continued. What instruments can states deploy to make credible promises without undermining the credibility of their threats?

While generally considered to be independent commitments, signals bolstering the credibility of threats to restrict trade can affect the credibility of future promises to restore it. For example, states often establish their resolve to bear the costs of sanctions by making them difficult to remove. Such hand-tying techniques can deter noncompliance but they can also greatly increase the challenge of ending any sanctions that were actually imposed. One way that states can mitigate this dilemma is to participate in a sanctioning coalition with partners who can hold them accountable. The coalition acts as an external force acting through diplomatic channels to pressure its members to keep both their threats and promises. The willingness of states to form a sanctioning coalition can also signal their confidence in the coalition's commitments as a whole to the target. By holding each other accountable to their threats and assurances, coalitions composed of partners with different interests can collectively make credible commitments that individual members could not.

A study of the Iran Deal negotiation illustrates how coalitions can bolster the credibility of promises and threats. The case study reveals the United States was constrained to apply an aggressive sanctions program whether or not Iran pursued a nuclear program due to its strategic interests in the Middle East and its history with Iran. These domestic political constraints established American resolve to bear

the costs of sanctions. Contrary to most of the bargaining literature, demonstrating resolve alone was not sufficient to end the crisis. The problem was that the US was so committed to keeping the sanctions in place it could not credibly commit to lifting sanctions if Iran really did terminate its nuclear program. The US was only able to bolster its commitment to removing sanctions as part of a coalition with the EU. In contrast to the US, the EU faced resistance to imposing strong sanctions on Iran from businesses that had meaningful commercial interests in the Islamic Republic. It was possible for the EU to guarantee its sanctions would be removed if Iran ended its nuclear program because its own firms would demand their termination. Although the EU's economic ties to Iran made sanctions more costly, it was precisely these costs which enabled it to credibly commit to removing sanctions when necessary to make the deal. While it was not credible for the US to promise removing its own sanctions, it could more easily promise not to interfere with EU-Iran commerce. The coalition was able to make commitments that no individual state was able to make: the EU provided market access to Iran that the US could not provide, and the US provided a commitment not to interfere with European business in Iran even while continuing to prohibit its own firms from accessing Iranian markets.

Although scholars have previously acknowledged the double commitment problem, the literature has not studied how the credibility of one commitment might affect the credibility of the other. Existing work has focused heavily on the question of how states communicate their resolve to punish noncompliance ([Powell 1987](#); [Morrow 1989, 1992](#); [Morgan 1990](#); [Banks 1990](#); [Eaton and Engers 1992, 1999](#); [Drezner 2003](#); [Weeks 2008](#); [Tatar and Leventoğlu 2009](#); [Wolford 2014](#); [Debs and Weiss 2016](#); [Dafoe, Zwetsloot, and Cebul 2021](#)). Some scholars have devoted attention to the importance of assurance, but usually without emphasizing that these commitments must be made credibly as well ([Schelling 1966](#); [Christensen 1992](#)). Few studies examine the credibility of assurances with the notable exception of Cebul, Dafoe, and

Monteiro (2021). Their work contributes a model that explains the credibility of assurances as a product of state power and reputation. This article adds to their work by explaining 1) how some actions that bolster the credibility of threats can undercut the credibility of assurances and 2) how coalitions can serve as a commitment device in the context of economic coercion.

Previous studies of multilateral sanctions have generally found them to be relatively more effective than unilateral sanctions (Drezner 2000; Miers and Morgan 2002; Bapat and Morgan 2009; McLean and Whang 2010). The most important reason is that coalitions can remove alternative sources of sanctioned products. But keeping the coalition together can be challenging because some members may clandestinely open their markets to the target. Indeed, Martin (1993) argues that sanctions effectiveness hinges on the ability of a sanctioning coalition to prevent its members from free-riding. This article explores a completely different mechanism by which coalitions can increase the effectiveness of sanctions. Coalitions can serve as a commitment device for their members to bolster the credibility of both their assurances and threats.

Ultimately, an analysis of the Iran Deal negotiation reveals that stronger resolve to sustain the costs of sanctions does not always translate directly into strength at the bargaining table. In fact, excessive demonstrations of resolve can hinder the negotiation process if they lead the target to believe that the sanctions cannot be removed. Successful coercive diplomacy requires the sender to be capable of changing policy in response to the target's behavior even if it means upsetting an existing political equilibrium. Not all states can achieve this balance effectively in all circumstances. Over a period of decades the US interest groups that opposed Iran had successfully codified the sanctions in laws that could not be changed without Congressional action, making it very difficult for the US to remove sanctions under any circumstances. The EU's institutions gave it the legislative authority to change sanctions policy more

freely, making it more effective during the negotiation.

## **Theory: The Two Faces of Resolve**

The theory section proceeds in three stages. First, it defines the concept of coercive assurances, their importance in bargaining, and situates them in the literature. These preliminaries establish the scope of the argument and contextualize the contribution. Next, obstacles to establishing the credibility of coercive assurances are introduced. This section explains how states might undermine the credibility of their assurances in the process of asserting the credibility of their threats. Finally, the role of coalitions is discussed as a means to establish the credibility of assurances and threats. It explains how coalitions might be able to make credible commitments that cannot be made by the partners individually.

### **The Concept of Coercive Assurance**

Successful economic coercion requires a sender state to make a double credible commitment. First, the sender state must credibly commit to punishment if the target's behavior is not favorable. Second, but no less importantly, the sender state must credibly commit to refraining from punishment if the target's behavior is acceptable. Both commitments are necessary to influence the target's behavior. The essential importance of the two commitment problems to coercive diplomacy has been noted before. The earliest discussion of the double commitment problem known to this author appears in Schelling (1966) during a discussion of deterrent and compellent threats:

The need for assurances – not just verbal but fully credible – emerges clearly as part of "deterrence" in discussions of surprise attack and "pre-emptive war." An enemy belief that we are about to attack anyway, not after he does but possibly before, merely raises his incentive to do what we wanted to deter and to do it even more quickly. (Schelling 2008, 75)

Although he uses different language because he is discussing violence instead of economic conflict, Schelling clearly articulates the two commitment problems. Although Schelling acknowledges that establishing the credibility of one commitment does not automatically confer credibility to the other, his work does not fully explore how the credibility of one commitment can affect the other.<sup>1</sup>

The vast majority of the literature on conflict and crisis bargaining has focused on how states establish the credibility of coercive threats.<sup>2</sup> Typically, scholars argue that resolve enhances bargaining power because states can credibly threaten to spurn an agreement only if they are relatively better able to bear the costs of a failed agreement.<sup>3</sup> Consequently, the literature has studied how states can credibly communicate their resolve to endure the costs of delay (Powell 1987; Morrow 1989, 1992; Morgan 1990; Banks 1990; Eaton and Engers 1992, 1999; Drezner 2003; Weeks 2008; Tarar and Leventoglu 2009; Wolford 2014; Debs and Weiss 2016; Dafoe, Zwetsloot, and Cebul 2021). The argument in this paper highlights an important limitation of

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<sup>1</sup>Although Schelling's passage anticipates the problem studied in this article, the literature has focused on a different meaning of the threat/assurance nexus: the attempt to persuade another state of its benign intentions (Hoffman 2002; Keohane 2003; Rathbun 2009; Kydd 2018). The second usage appears to originate with Jervis (1978) in a discussion of how states can maximize the chances of cooperation under the security dilemma (page 180). For Jervis, assurance is the attempt of a cooperative state to persuade a foreign state of its benign intentions. By contrast, Schelling's concept of assurance is the guarantee of a coercive state that a foreign state will not be harmed as long as its behavior is deemed acceptable. This article studies the Schelling concept of assurance.

<sup>2</sup>Some work studies assurances made in cooperative contexts (Stein 1990; Keohane 2003; Rautiala and Slaughter 2002; Knopf 2012). These scholars have focused on the related but separate issues of trust and reputation.

<sup>3</sup>The logic has been described using a game theoretical model of conflict known as a war of attrition. The idea was originally developed by Maynard Smith (1974) to study conflict among non-human animals but has since proven useful as a model of bargaining. Examples of its application to political economy include Alesina and Drazen (1991), Fearon (1994), Smith (1996), and Dorussen and Mo (2001) among others.

the standard logic: some attempts to signal resolve to bear the costs of sanctions operate by raising the costs of removing sanctions. After all, only a state that would suffer mildly from sanctions would voluntarily make them harder to remove. But raising the costs of removing sanctions can also make it harder to remove sanctions if the target chooses compliance, thus undermining the target's incentives to comply. States can bolster the credibility of both commitments by choosing coalition partners carefully.

The bargaining literature has focused on theories of credible threats ([Morrow 1989](#); [Morgan 1990](#); [Powell 2002](#); [Leventoğlu and Tarar 2008](#); [Chapman and Wolford 2010](#); [Fey and Ramsay 2011](#)) and put relatively little emphasis on credible assurances in coercive contexts until recently. Christensen ([1992](#)) considers whether coalition forces could have convinced Mao Zedong to refrain from entering the Korean War by either 1) offering assurances that the United States had no intentions of invading China or 2) by directly threatening China if they launched a counteroffensive on the Korean Peninsula. Davis ([2000](#)) proposes that states might choose to emphasize the coercive threat instead of the coercive assurance when the target exhibits loss aversion and Kydd and McManus ([2017](#)) explains when states would issue explicit assurances and threats during crisis bargaining. These three articles conceptualize assurance and coercion as separate instruments rather than as a double commitment problem intrinsic to economic coercion. In recent work, and most closely related to the present article, Cebul, Dafoe, and Monteiro ([2021](#)) study both credible threats and assurances in a survey experiment focusing on perceptions of credibility. Their argument highlights how a state's power can cut against the credibility of assurances while bolstering the credibility of threats. The argument presented here differs by 1) studying how the credibility of one commitment impacts the other rather than having similar causes 2) by giving attention to the role of coalitions in improving the credibility of commitments, and 3) studying institutional and other

structural factors that can threaten or bolster credibility.

### **Credibility of Coercive Assurances**

Why might a sanctioning state persist at applying costly sanctions any longer than necessary? There is always an economic incentive to terminate costly sanctions as soon as possible. Yet there are at least three potential challenges to the credibility of promises of sanctions relief. First, some punishments that have clear economic costs also have political benefits. Second, actions taken by the sender to signal their resolve to impose sanctions can create obstacles to their future removal. For example, codifying the sanctions in law could increase the certainty of their enforcement by insulating them from transient political whims, but this also means the sanctions cannot be removed without a compliant legislature. Third, the target may be unsure if the sender is sanctioning in good faith. For example, some sender states could be using sanctions as a pretense to raise protective tariffs, in which case the sender would most likely respond to increased compliance with increasingly onerous demands.

Punishments that create economic costs might also create political benefits. Indeed, even policies that create aggregate costs could enjoy majority support ([Fernandez and Rodrik 1991](#)). Economic sanctions are a good example of a punishment which creates its own constituency ([Acemoglu and Robinson 2001](#)). While sanctions do erode the gains from trade, the interruption of trade also has distributional consequences that could benefit certain groups ([Stolper and Samuelson 1941](#); [Rogowski 1987](#)). Protectionists who profited from the restriction of trade may lobby the government for its continuation. Even war might have political advantages for leaders who benefit from the rally 'round the flag effect ([Baker and O'Neal 2001](#); [Baum 2002](#)).<sup>4</sup> Sometimes policy cannot be changed simply because a foreign en-

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<sup>4</sup>Fearon (1995) explains that the leaders who choose to go to war might not pay the costs of war in



tity became compliant – unless the political balance between competing domestic interest groups also changes to support the new policy.

The target state may suspect that the sender is insincere. Sender states that are not negotiating in good faith could be trying to use international politics as an excuse to rationalize a change in domestic policy. If a government, needing to boost its support, decides it must raise tariffs to protect a particular domestic industry then it may wish to hide its true motivations from other constituents who will pay higher prices. One way of achieving that goal is to claim that the new tariffs are actually “sanctions” put in place to “apply pressure” to some foreign actor. States commonly attempt to manipulate domestic politics through their international relations. For example, Vreeland (1999) argues that states seek funding from the International Monetary Fund (IMF) even when the funding is unnecessary because the conditionality gives reformers bargaining leverage against conservative interests.<sup>5</sup> Target states should not attempt to meet any demands from an insincere sender state. Even if the target successfully met the conditions they may find that the sender simply demands yet more concessions. A sender state which is not negotiating in good faith may continue adding to the demands until they can justify “punishing” the target because the “punishment” is actually politically desirable for the sender. Ambiguity about the sender state’s type – whether the sender state politicians would benefit politically from the threatened punishment or not – could undermine the target state’s motivation to comply.

Attempts to signal resolve to punish noncompliant targets can undermine the credibility of coercive assurances. To establish the credibility of a coercive threat, sender states must communicate their willingness to endure the costs of punishment while the target remains noncompliant. One way that sender states can commu-

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a brief section discussing non-unitary actor explanations.

<sup>5</sup>For other examples see Gourevitch (1978) and Putnam (1988)

nicate their willingness to impose punishments like sanctions is by removing their ability to reverse them. Hand-tying, or the act of voluntarily removing policy options for the purpose of credibly committing to certain actions, is a common theme in international bargaining (Schelling 1960; Putnam 1988; Fearon 1994; Fuhrmann and Sechser 2014). In this context, sender states might demonstrate their resolve by removing their ability to quickly withdraw sanctions once they are imposed.<sup>6</sup> For example, the United States has several laws which stipulate how various transgressions must be punished with sanctions<sup>7</sup>. This is a credible signal of the sender's intentions: if the sender were bluffing it would be very costly to threaten sanctions without the ability to quickly withdraw them when necessary. However, this same act also reduces the state's ability to guarantee that a compliant target will not be punished. If the target increases its compliance, but in such a way that meets the spirit but not the letter of the laws that define compliance, then there is no room for discretion to remove the sanctions.

Targets can use the sender's reputation to draw inferences about the seriousness of their threats. Some states might attempt to signal their resolve to sustain costs by courting a reputation for issuing sanctions to punish even minor violations of the conditionality. This policy does credibly signal a willingness to sanction because a bluffing sender would more likely hesitate before punishing. However, having a hair-trigger punishment strategy might mean punishing mildly noncompliant target states. If states believe there is a risk they could be punished even if they achieve a high level of compliance then they might be tempted to ignore the conditionality. Some policymakers and scholars have argued that if the United States were to end

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<sup>6</sup>The concept of resolve employed in this article falls into what Kertzer (2016) calls the situationalist paradigm to better reflect the institutional and strategic elements of the theory.

<sup>7</sup>See, for example, the Omnibus Foreign Trade and Investment Act of 1988, which stipulates that the US Trade Representative withdraw from trade agreements if actions by another state impinge US market access (19 USC §2411).

sanctions on a particular target it would harm the US reputation for resolve to continue sanctioning other states (Peterson 2014). But what about the US reputation for not punishing states that behave well? If the US never removes sanctions from states that become compliant over time then a target state might fear that the US cannot restrain itself from punishing compliant targets.

### **Coalition Composition and the Double Commitment**

What options are available to states that struggle to credibly commit to either a coercive threat or a coercive assurance? States can turn to sanctioning coalitions as commitment devices. Participating in a coalition puts additional pressure on each partner to follow through on their promises because reneging hurts the other members of the coalition. Coalitions also create opportunities for different commitments that might be more credible and less costly. For example, members of a coalition might agree to give side payments to some members that otherwise would not continue the sanctions, or even to adjust their own commitments in case another member falls short. Coalitions may also signal to the target that the sender is serious about its commitments. States participate in sanctioning coalitions because they expect their coalition partners to cooperate – otherwise, the other coalition partners would not want to participate. The ability of the coalition to serve as a commitment device depends on the preferences of its members. Coalitions comprising states with different preferences are more likely to enhance credibility of the commitments.

Not every coalition will bolster credibility. Sanctions are commonly implemented by coalitions for a simple reason unrelated to credibility: an individual state's economic sanctions are more meaningful if the target cannot simply increase trade with alternative markets (Martin 1993; Drezner 1999). Thus, states often cooperate to sanction a particular target simultaneously.<sup>8</sup> Indeed, sanctioning

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<sup>8</sup>For more on collective action problems in international politics see Olson and Zeckhauser (1966)

coalitions often face additional challenges to their credibility because some states have incentives to defect from the group's strategy. The chief obstacle to cooperation is that coalition members might be interested in taking advantage of an opportunity to get better prices on products that are sanctioned by the rest of the coalition.<sup>9</sup> Overcoming the incentives to defect is a core challenge of multilateral sanctions.

These incentives to defect from the coalition's strategy can actually create opportunities to signal the strength of their commitments under the right circumstances. States that implement sanctions against a target in individually might be acting independently and their choices do not necessarily reflect any state's belief about the resolve of the others. Knowledge of this resolve is critical to the success of the sanctions. One reason that a target state may doubt the assurances issued by a sender is asymmetric information about the sender's domestic political situation.<sup>10</sup> For example, the target may doubt that the sender is issuing the conditionality in good faith and may suspect that the sender has ulterior motives for raising barriers to trade. But when states pay diplomatic costs to coordinate their sanctions programs and present a unified front to the target it implies the partners are sincere. States that invest in building a coalition believe that the coalition will hold; if they thought the coalition would dissolve under pressure then they would have acted unilaterally. Thus, the existence of a coalition is an indication that the members have private information about the resolve of their coalition partners. The target should take notice of their organization because it could reflect the underlying resolve of each member. The

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and Olson (1989). In practice, sanctions are frequently organized through the United Nations Security Council.

<sup>9</sup>Martin (1993) studies how states are able to cooperate when applying sanctions to a common target.

<sup>10</sup>Fearon (1995) discusses private and asymmetric information about military capability as a cause of war.

costs of organizing a coalition where members have an incentive to defect are precisely what makes the coalition an informative signal to the target.

The coalition itself might also directly create opportunities to make commitments credibly. Sanctioning as part of a coalition allows states to take actions that bolster the resolve of their partners. Bolstering the other coalition members might be credible for states that cannot make assurances or threats credibly themselves. For example, members of a coalition that cannot commit to removing sanctions might be able to promise not to interfere with attempts of other states to remove their sanctions. Coalition partners might also resort to negative incentives to keep the other members in line. Any state that does defect from the coalition's strategy, whether by defecting from a promise or a threat, would be harming the other members of the coalition. These states are unlikely to take kindly to defections. They could use incentives to pressure the defecting state to come back into line. They might exert diplomatic pressure as a negative incentive, or they might arrange for side payments as a positive incentive. These types of commitments are only possible when made in a coordinated fashion.

Importantly, this logic suggests a reason why sanctioning coalitions should not necessarily be made as broad as possible. Previous literature would suggest that adding states to the sanctioning is almost always useful because it limits the target's potential alternative trading partners ([Martin 1993](#)). However, adding too many states that do not work closely together could dilute the coalition's signal of commitment to conditionality. Coalitions are an effective signal of commitment in part because the partners have more information about each other than the target has about them. Adding too many peripheral partners undermines that signal. However, coalitions of states can also be more effective when partners have diverse preferences. The existing literature suggests that coalitions of diverse preferences are generally weaker because they are less durable. Previous work has also emphasized

that states would normally prefer to cooperate with like-minded coalition partners because intra-coalition bargaining would be less costly (Wolford 2015). These arguments neglect the signaling value of intra-coalition bargaining costs. States can more easily communicate their intention to reward compliance with the end of sanctions.

International institutions can also create legal mechanisms that administer sanctions in ways that are more compatible with credible coercive assurances. Most states automatically incorporate sanctions that are passed by the UN Security Council into domestic law. They also automatically remove UNSC sanctions when they are ended by the Security Council. Thus, the target can have confidence that UNSC sanctions will be removed if the UNSC decides to remove them. There is a measure of transparency in this process for the target: as long as the target can meet a compliance threshold that satisfies the Security Council the sanctions will be removed. There is no requirement that any state needs to change its laws before sanctions can be removed.<sup>11</sup>

## **Research Design and Case Background**

The empirical section of this paper will apply the theory to the Iran Deal negotiation in three stages. First, it will demonstrate that US coercive assurances were not credible without European partners. Second, it will show that the coalition of the US and EU powers made coercive assurances more credible. Third, it will show that the coercive assurances were necessary for the Iran deal to be agreed. There are certain advantages to selecting the Iran deal negotiation as a case study of the theory. The long duration of the negotiations means that the evolving relationship between the three major actors can be studied in detail. There was variation over the course of the negotiation in the degree of coordination between the US and EU. For a significant amount of time, the United States simply refused to directly negotiate with Iran

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<sup>11</sup>Similar strategies have been successful in the context of international conflict (Voeten 2005).

and the EU was unwilling to implement strict sanctions. Later in the negotiation, the EU strengthened its sanctions regime and began cooperating with the US to design a solution. The case will also explore how cooperation between the US and the EU changed the strategic environment to facilitate the agreement.

## **Relevant Case Background**

Because the theory and research design are oriented towards the strategies of sender states the bulk of the analysis will emphasize politics in the US and the EU. However, given that credibility is in the eye of the beholder, a brief discussion of the Iranian interests is necessary to properly define the strategic environment. Iran's nuclear program was revealed to the world in August 2002 when a separatist group unveiled the existence of two previously undisclosed nuclear facilities at Natanz and Arak. In December the United States declared that Iran was pursuing a nuclear weapon. On September 12, 2003 the IAEA adopted a resolution calling for Iran to suspend its attempts at enriching uranium and to cooperate with IAEA inspectors (IAEA 2003).<sup>12</sup> It is not known when Iran's nuclear program began, but it is known that Iran had contact with the A. Q. Khan proliferation network in the 1980s (Chubin 2010, 7). The resources invested in the program and its progress towards a weapon have developed in fits and starts, with the most intense activity occurring in the late 1990s and early 2000s.

Why might Iran seek a nuclear weapon? There is no consensus on Iran's precise objectives and they have undoubtedly evolved over time. Iran's official justification for their investments in nuclear technology is to develop nuclear power to diversify their energy sources. Many Western analysts point to Iran's security concerns in an unstable political region. But there is some consensus that domestic political

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<sup>12</sup>For an extremely detailed and useful timeline of the negotiations see Davenport (2018). For resources on specific proposals during the negotiations see Davenport (2015).

factors have played an important role. Iranian officials have frequently referenced the nuclear program in domestic political campaigns as an indication that Iran was modernizing under their regime. In fact, Chubin (2010) argues that Iran's nuclear program can be at least partly understood as an attempt by the regime to foment nationalism and bolster its legitimacy. Public sentiment has reliably supported the nuclear program, a potential indication that the public desires for Iran to become a global leader in technology (Chubin and Litwak 2003; Bahgat 2006; Dehghani et al. 2009; Chubin 2010). Security considerations likely played an important role in Iran's initial decision to pursue a weapon, but over time the issue also became a political instrument for Iranian politicians.

## **Commitments and Credibility**

### **The United States's Assurances Were Not Credible**

The United States had no difficulty demonstrating its willingness to impose sanctions on Iran. However, the US had great difficulty credibly committing to a coercive assurance. There are many reasons, but perhaps chief among them is the history of acrimonious interactions between the states. US-Iran relations have been characterized by a deep mutual antipathy since the Iranian Revolution of 1979. In addition, the US strategic position in the Middle East encouraged hostility towards Iran. Finally, the US institutions responsible for administering the sanctions are rife with veto points that make changing policy difficult (Tsebelis 2002).

**The Troubled History of US-Iran Relations** American policymakers have historically faced public pressure to be tough on Iran which undercuts their ability to terminate Iranian sanctions. The sources of that hostility are no secret. In 1953 the Central Intelligence Agency (CIA) orchestrated a coup against Iranian Prime Minis-



ter Mohammad Mossadegh in partnership with the United Kingdom's Secret Intelligence Service.<sup>13</sup> The brazen interference by Western powers culminating in the removal of a democratically elected government became the basis for future Iranian hostility towards the United States. Following the establishment of the Islamic Republic in 1979, its leader Ayatollah Ruhollah Khomeini stoked Iranian nationalism by promulgating a virulent anti-American ideology.<sup>14</sup> Iranian political developments brought the sentiment home to the US public. From November 1979 to January 1981 Iranian students supported by the government held 52 Americans hostage inside the embassy in Tehran. The negative attitudes towards Iran never disappeared and were actually exacerbated as the US grew closer to Israel and Saudi Arabia.<sup>15</sup> Thus, the US public was skeptical about any cooperative interaction with Iran. According to Gallup, the fraction of Americans having an unfavorable opinion of Iran has never been below 79% since the question was first asked in 1989 (Gallup, n.d.). The public hostility towards Iran increased public support for sanctions, which made it more difficult to remove them even if Iran ended the nuclear program.

There were also strategic incentives for the US to oppose Iran, especially during the George W. Bush administration. The US's opposition to Iran brought it closer to Israel and Saudi Arabia, which were necessary allies during the 2003 Iraq War

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<sup>13</sup>For a detailed treatment of the 1953 coup and the 1979 Iranian Revolution see Abrahamian (1982). Historians differ in their analysis of US motivations to conduct the 1953 coup. One tradition, exemplified by Abrahamian (2001), argues that the US was on imperialist quest for control over oil. Another tradition including Gasiorowski (1987) maintains that the Eisenhower administration believed Prime Minister Mossadegh's nationalization of the oil industry was too big a victory for the communist elements of Iran's politics.

<sup>14</sup>Canonical histories of the Iranian Revolution include Skocpol (1982), Sick (1985), and Keddie and Richard (2006). See Abrahamian (1993) for a discussion of Khomeinism and in particular Chapter 4 for how anti-Western attitudes were crucial to the movement's ideology.

<sup>15</sup>See Zanotti (2016) and Council on Foreign Relations (2018) for historical background on US strategic alliances in the Middle East.

(Byman 2016).<sup>16</sup> Bush even went as far as including Iran in the “Axis of Evil” alongside Iraq and North Korea (Bush 2002). The situation was different under the Obama administration. To fulfill the “Pivot to Asia” policy, Obama needed to draw down commitments in the Middle East.<sup>17</sup> Thus, remaining close to Israel and Saudi Arabia became less essential and may have allowed his administration to take a more open minded approach to Iran (Byman 2016).

**From Iran Hawks to Sanctions** The anti-Iranian feeling in the US eventually manifested in the presence of Iran hawks in government, particularly in Congress, who worked to formally codify their hostility in policy and legislation. The first sanctions had been imposed during the hostage crisis and were quickly ended soon after the hostages were released. Iran was added to the State Department’s list of state sponsors of terrorism in 1984 which automatically imposed sanctions on Iran. Subsequent sanctions were imposed under the 1992 Iran-Iraq Arms Nonproliferation Act and the 1996 Libya-Iran Sanctions Act. These bills all substantially restrict trade with Iran in certain products, particularly weapons.<sup>18</sup> Since the 1979 revolution a number of executive orders have also been issued, most of which remain in effect, further restricting trade with Iran.

Politicians in the United States capitalized on this undercurrent of anti-Iranian sentiment for political purposes. Indeed, congressional representatives were eager to vote for more sanctions on Iran at each and every opportunity. Table 1 shows the

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<sup>16</sup>Saudi cooperation in the War on Terror was both crucial and fragile, which might have additionally disincentivized any rapprochement with Iran. See Byman (2016) for details.

<sup>17</sup>While not officially formulated until 2011, the “Pivot to Asia” policy could also be dated to the establishment of the US-China Strategic and Economic Dialogue in 2009 (Clinton 2011).

<sup>18</sup>For a full list of US sanctions related to Iran, including the executive orders, see <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/iran-sanctions>. The Office of Foreign Assets Control (OFAC) also provides guidance to businesses describing what the sanctions cover on this page.

Year	Title	House	Senate
1996	Iran and Libya Sanctions Act	416-0	unanimous
2000	Iran Nonproliferation Act	420-0	98-0
2001	ILSA Extension	409-6	unanimous
2005	Iran Nonproliferation Amendments Act	voice vote	voice vote
2006	Iran Freedom Support Act	voice vote	unanimous
2010	Comprehensive Iran Sanctions, Accountability, and Divestment Act	408-8	99-0
2012	Iran Threat Reduction and Syria Human Rights Act	410-11	voice vote
2012	Countering Iran in the Western Hemisphere Act	386-6	voice vote

Table 1: Congressional Votes on Iranian Sanctions

results of every vote on bills introducing Iranian sanctions. In every case, the vote was overwhelmingly in favor of increasing pressure on Iran. The bipartisan consensus is especially notable in the context of Congressional polarization. The political rewards that were evidently available to politicians for opposing Iran indicates that the sanctions did more than generate economic costs. The US would have a difficult time promising that sanctions would be removed when opposition to Iran was so popular with voters. The universal support for sanctions and the steady drumbeat of new sanctions laws could have made Iran suspicious that the sanctions were merely a way for Congress to build electoral support and not actually an attempt to persuade Iran to behave differently.

**US Signals of Resolve Undermined Assurances** The US Constitution gives authority to negotiate treaties to the President but gives Congress the authority to regulate commerce. Obama, a president unusually open to engagement with Iran, did not have the authority to simply revoke sanctions implemented by Congress.<sup>19</sup> His negotiators could not have credibly committed to removing sanctions in exchange

<sup>19</sup>He did have some authority to open markets to Iran which will be described in more detail later.

for Iran's cessation of its nuclear program because they never had that authority. To be sure, this is part of the explanation for why Congress decided to legislate the Iran sanctions – to ensure that the US commitment to the sanctions was perceived as credible. However, the strategy also meant that the sanctions could not be removed without additional legislation, which undermined the credibility of any coercive assurance.

### **The European Union's Assurances Were (Mostly) Credible**

The EU's strategic position created fewer obstacles to making credible coercive assurances. In Europe the pro-sanctions block was primarily composed of the UK, Germany, and France. These countries had relatively few economic interests in Iran yet also had interests in the stability of the Middle East. They were also among the most likely European states to bear the brunt of a refugee influx caused by conflict in the region. The pro-trade group within the EU was primarily made up of Greece, Spain, and especially Italy. These countries were relatively more reliant on Iranian oil. Their dependence on Iranian oil imports was exacerbated by the fragility of their economies during the Euro Crisis. The competing European interests ensured that there was always a bloc that would benefit from ending sanctions.

One crucially important threat to the EU's assurances was uncertainty about the US actions. In 1996 United States passed the Iran and Libya Sanctions Act, which applied secondary sanctions to any foreign firm that did business with entities in Iran and Libya. The Act was designed to incentivize foreign, specifically European, firms to comply with US sanctions even though they were not subject to US legal jurisdiction ([Dhooge 1998](#)). European firms feared that these secondary sanctions would continue to prevent them from doing business in Iran even after the European sanctions were removed. The spectre of secondary sanctions were the single most important factor undermining European assurances to restore market access if Iran

ended their nuclear program.

**Sanctions Were Costly to Europe** Certain EU countries had significant economic interests in Iran (especially oil imports) which affected their positions on sanctions. EU countries collectively accounted for 20% of Iran's oil exports before sanctions (Fassihi and Biers 2012). In 2011 (immediately before the oil embargo) Iran was Spain's fourth largest supplier of crude oil, Italy's third largest supplier, and Greece's top supplier.<sup>20</sup> Moreover, Greece was permitted to purchase Iranian oil using unusually generous credit lines (Payne and Farge 2012). These three countries had a substantial stake in the economic relationship with Iran. This link was made more salient because all three countries experienced economic downturns during the Euro Crisis. Moreover, Iran was also an important export market for several European countries. The EU collectively was Iran's primary trading partner before the sanctions. To some extent France and Germany also had export interests in Iran. It is probably true that Iran was asymmetrically dependent on European trade. However, interruptions in that trade were not at all painless for the Europeans.

Among the EU countries Italy had perhaps the most extensive economic interests in Iran. ENI, Italy's largest energy company, had been involved in Iranian oil markets since the 1950s and continued to pursue ventures there throughout the 2000s. Italian trade with Iran exceeded Germany's in 2003 (Alcaro 2018, 108–9). The two countries also share a somewhat unique diplomatic relationship (Alcaro 2014). Italy became the first Western country to receive an Iranian leader since the 1979 Revolution when President Mohammad Khatami visited in 1999 (Gerenmayah 2015). Given its relatively strong economic ties Italy was consistently opposed to sanctions on Iran and advocated that the EU pursue a purely diplomatic approach. Alcaro doc-

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<sup>20</sup>Author's calculations from COMTRADE data. Crude oil imports are measured as product HS2709 which is Oils; petroleum oils and oils obtained from bituminous minerals, crude.

uments multiple attempts by Italian diplomats to become directly involved in the EU negotiations with Iran (Alcaro 2018, 109). The UK, France, and Germany consistently excluded Italy from directly participating in the negotiations because they each preferred the EU to take a harder line against Iran. However, Italy's approval was necessary for the EU to impose sanctions because the EU's institutions require unanimous consent before issuing EU Council Decisions.

The significant costs of Iranian sanctions for Italy, Greece, and Spain meant that there were substantial benefits to removing the sanctions. These costs have the effect of weakening the EU resolve to impose sanctions on Iran. Indeed, the most significant EU sanctions were not issued until 2012. However, these costs also made it easier for the EU to credibly promise sanctions would be removed once Iran really did end the nuclear program.

**The Role of European Security Concerns** While the US and EU were both concerned about the threat of an Iranian nuclear weapon to security in the Middle East, the EU policies were especially sensitive to this concern. Unlike the US, which had few business prospects in Iran, the EU balanced both security and economic interests when setting policy on Iran. The security concerns were generally not direct threats – there is little evidence that European states were concerned about military conflict between Europe and Iran (Alcaro 2018, 100). Most EU members had important indirect security concerns. Chief among them was the possibility of a war between Israel and Iran. Israel clearly indicated that it would use military means to prevent Iran from acquiring a nuclear weapon if necessary. Israel was loathe to accept a nuclear Iran because it would mean a dramatic increase in Iranian regional power, which they perceived as a direct threat to their state.<sup>21</sup>

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<sup>21</sup>See Netanyahu (2012) for the full speech by Israeli Prime Minister Benjamin Netanyahu before the UN General Assembly articulating his concerns about Iran's progress towards a weapon.

European politicians were concerned that a nuclear Iran could become more aggressive in its dealings with Israel. It could, for example, increase its support for groups like Hezbollah without fearing Israeli recriminations because it would be better able to defend itself in a confrontation.<sup>22</sup> The chief European concern was the possibility that Iran's nuclear weapon could cause an Israeli military strike which might start a war in the Middle East. However, even if the Iranian weapon did not cause a war it would certainly increase Iran's military capabilities, which might enable it to pursue a more bold foreign policy in the region. There was an additional risk that an Iranian nuclear weapon might also incentivize further proliferation throughout the Middle East, especially in Saudi Arabia. Further proliferation might also cause the region to destabilize as regional powers may rush to develop their own nuclear weapons capabilities (Fabius 2016; Alcaro 2018).

European countries were concerned about regional stability in the Middle East because conflict there could have spillovers on European security and political interests. Several European countries (especially the United Kingdom) maintained troops in the Middle East during this period who could have become entangled in a larger conflict (Alcaro 2018, 101). Evidence of the fear of an Israeli preventive strike abounds, especially later in the period. The French Foreign Minister Laurent Fabius who took office in 2012 wrote in his memoir, "the objective refocused to prevent an Israeli strike rather than on solving the basic problem of Iranian nuclear capacity" (Fabius 2016, 9). Alcaro in his book cites an unnamed official from an E3 country who cited regional stability in the Middle East as the primary concern (Alcaro 2018, 100).

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<sup>22</sup>The combination of a shifting balance of power and difficulties of credible commitment have long been invoked as a cause of conflict. See Fearon (1995), Powell (2006), Allison (2017) for typical applications of the logic in the literature.

**EU Institutions Enabled Sanctions Reversal** The EU had access to its powerful European Commission Regulation and Decision policy instruments. These tools could set sanctions policy without ratification by constituent member states. EU sanctions were relatively more flexible because a relatively small number of veto players were involved in the decision. Circumventing national legislatures meant that the decision was insulated from domestic interest groups which might have opposed the deal (Tsebelis 2002). As a consequence, the EU negotiators could commit to removing sanctions as long as they had assurances from their respective representatives at the European Council. The institutional flexibility for setting sanctions in the EU increased its ability to commit to removing sanctions if Iran ended its nuclear program.

### **Iran Perceived the Coalition as Credible**

An agreement was eventually made possible because the coalition of the EU and US could credibly make the necessary double commitment. The EU could credibly commit to imposing sanctions if Iran continued its nuclear program because the security implications of a nuclear Iran could stimulate a crisis that would directly affect Europe. The EU could also commit to lowering sanctions if Iran ended the program because its firms had significant economic interests in the area. The United States was not able to make a similar commitment because of its entrenched anti-Iranian interests and the hollowing out of any commercial interests in Iran after decades of sanctions.

Although the EU's commitment to the coercive assurance was necessary for the deal's success, the US presence in the coalition was still important. By promising to waive secondary sanctions the US increased the value of European trade with Iran, creating bigger incentives for Iran to end its program. The US and the EU succeeded as a coalition. Iran could expect sanctions on its nuclear program due to US pressure



on its EU partners to take a hard line. Iran could also expect sanctions relief after ending the program because of EU pressure the US not to enforce its secondary sanctions and interfere with EU business in Iran.

The theory expects that credible assurances from the EU were an important factor contributing to the success of the negotiation. Ideally, this hypothesis could be tested by examining the beliefs and expectations of the Iranian negotiators themselves. The historical record of the perceptions of Iranian negotiators is unfortunately quite sparse. However, in August 2021 the former Iranian Foreign Minister Mohammad Javad Zarif and coauthors published a detailed account of the negotiations from their perspective (Zarif et al. 2021). Although the work does not necessarily represent all Iranian perspectives, it does serve as a useful primary source.

The most stark evidence that Iranians did not believe the US could meaningfully remove its own sanctions comes from the book's account of an exchange between Zarif and US Secretary of State John Kerry in Vienna on July 27, 2015. Zarif is recorded as having said (edited for length): <sup>23</sup>

It seems that you have no intention of seriously lifting the sanctions. Based on these preliminaries, I would like to make it clear to you that our current problem is not the maneuvering space of the negotiating team of the Islamic Republic of Iran. The problem is obvious and it is nothing but "your intent"... With this approach, can you tell us honestly that you are seeking the lifting of sanctions? pay attention; I do not mean sanctions

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<sup>23</sup>Quoted from "Dark Nature, Stubborn Understanding" Translated from the original:

ین به نظر می آید که شما اصلاً قصدی ندارید به طور جدی تحریم ها را بردارید. براساس همین مقدمات برای شما به دقت روشن می کنم، مشکل کنونی ما فضای مانور هیئت مذاکراتی جمهوری اسلامی ایران نیست. مشکل عیان است و آن چیزی نیست مگر «نیت شما»... با این رویکرد آمده اید به ما بگویید صادقانه به دنبال لغو تحریم ها هستید؟ دقت کنید؛ منظور من تحریم های وضع شده به بهانه های واهی مانند تروریسم و حقوق بشر نیست. به دقت آگاه هستم، آنچنان شبکه تار عنکبوتی از تحریم ها ایجاد کرده اید که حتی خودتان هم درون آن گرفتار شده اید. نظرم کاملاً معطوف به همین تحریم های مرتبط با هسته ای است.

imposed under false pretenses such as terrorism and human rights. I am well aware that you have created such a spider web of sanctions that even you are trapped in it. My view is entirely on the same nuclear-related sanctions.

Zarif's words indicate that he and his colleagues did not believe the United States was capable of unwinding the "spider web" of sanctions under any circumstances. This speech was given very late in the negotiation process and there is little time for attitudes to change before the JCPOA's implementation. Thus, the quote indicates that the Iranians were not expecting significant concessions from the United States on the eve of the negotiation's successful conclusion. Evidently, the US concessions were not crucial to the agreement.

By contrast, the Iranians believed that European markets would be opened to them after the deal was concluded. For example, the book recalls an attempt by the Deputy High Representative of the European Union Helga Schmidt to persuade the Iranian delegation that "after the suspension of EU sanctions, European companies will flock to Iran for business." The book records that the Iranian response to these assertions was that "The flow of European businessmen and companies to Iran may increase, but they will not start serious business with Iran until the implementation of secondary US sanctions is stopped."<sup>24</sup> This response indicates the Iranians perceived European firms as potentially important business partners. But they also understood that the potential windfall was limited by American secondary sanctions. Indeed, the

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<sup>24</sup>Quoted from section "Early Suspension of Sanctions". Translated from the original:

خانم اشمید که با این استدلال و منطق متین مواجه شده بود، کوشید به اقناع هیئت ایرانی بپردازد. وی با ابراز این بیان معمول که «پس از تعلیق تحریم های اتحادیه اروپا شرکت های اروپایی برای کار تجارتي به ایران سرازير خواهند شد»، عزم خود را برای شرح و بسط آینده ای نامشخص نشان داد. پیش از تفصیل و تبیین آن افق، مسئولان ایرانی مورد اشاره به وی تذکر دادند: ممکن است رفت و آمد تجار و شرکت های اروپایی به ایران تشدید شود، ولی تا زمانی که اجرای تحریم های ثانویه آمریکا متوقف نشود، این شرکت ها کار جدی با ایران شروع نخواهند کرد.

book records that the Iranians received assurances that the Europeans lobbied the US government to ensure the integrity of the deal.<sup>25</sup>

The book openly acknowledges that securing access to EU oil markets was one of Iran's primary objectives. Quoting an internal memo from Zarif, the West had imposed restrictions on Iranian oil imports "knowing that economic issues were influential."<sup>26</sup> The US did not import Iranian oil, so this section of the book must be referring to the EU oil embargo. This evidence bolsters the case that Iranians were particularly responsive to the EU oil embargo which was only enacted once EU security concerns had reached a breaking point. Thus, it stands to reason that Iran would not have accepted the JCPOA if it did not believe that its access to European oil markets could be restored.

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<sup>25</sup>Translated from the original:

این اظهار عجز گروه مذاکراتی آمریکا از فشار سنگین جمهوری خواهان بر دولت دموکرات آقای اوباما منحصر به این اظهارات نبود. پیش از ورود وزیر خارجه، خانم شرمن هم طی سخنان خود در چند مقطع به شرایط حاد سیاسی در آمریکا ارجاع داده بود. به رغم این گونه اظهارات، وی تا پیش از سخنان آقای کری با استناد به سخنانی رئیس جمهور کشورش که بیان داشته بود: «تحریم های جدید را وتو خواهد کرد»، ابراز امیدواری می کرد که توافق پیش از اخذ تصمیمات سخت کنگره حاصل خواهد شد. معاون وزیر خارجه آمریکا همچنین به ابتکارات اروپایی ها برای تأثیرگذاری بر کنگره و به خصوص مقاله مشترک وزرای خارجه سه کشور آلمان، انگلیس و فرانسه به همراه خانم موگرینی در روزنامه واشنگتن پست اشاره کرده و می گوید آنها هم فعال شده اند تا جلوی کنگره را بگیرند.

<sup>26</sup>Quoted from section "Fuel exchange with 'nations'". Translated from the original:

متن این تحلیل سپس نتیجه می گرفت که دنیای غرب پس از حصول اطمینان از اینکه نفت و درآمدهای حاصل از صادرات آن به درون زندگی مردم وارد شده، اعمال محدودیت بر بهره مندی از درآمدهای نفتی را، با علم به اینکه مسائل اقتصادی از اثرگذاری زیادی برخوردارند، به طور جدی در برنامه خود قرار داده است. از آنجایی که نفت در اقتصاد ایران نقشی تعیین کننده داشته و این نقش در دولت نهم و دهم افزایش چشمگیر یافته بود، اقتصاددانان مشارکت کننده در تدوین گزارش به توضیحی مختصر در مورد تحولات این بخش در فرایند تحریم پرداختند.

The documentary evidence demonstrates that Iranian negotiators perceived the EU promises to remove the sanctions as credible. However, they did not believe that the US was capable of significantly rolling the sanctions back. Zarif made his skepticism of US sincerity known right before signing the JCPOA, an indication that US credibility was not important to finalizing a deal. But they also understood that EU markets would only be meaningful if the US did not enforce its secondary sanctions. They expected European pressure on the Americans to waive the secondary sanctions to give them an opportunity to do business.

## **The Negotiations Succeeded Because of the Double Commitment**

Negotiations were conducted in relative secrecy making it difficult to ascertain a historical account of the process at the time of writing. Nonetheless, it is clear that progress was much more rapid after 2013. Encouraged by progress in the first few sessions of the year, Obama and Iranian President Hassan Rouhani spoke on the phone in September 2013, marking the first time an American president spoke with an Iranian president since the Revolution ([Roberts and Borger 2013](#)). The IAEA certified Iran's compliance for the first time in early 2014 ([IAEA 2014](#)). Productive negotiations consistently occurred during 2014 and finally in 2015 the JCPOA was agreed.

The productive negotiations occurred soon after the EU imposed its ban on imports of Iranian oil in 2012 ([Council of the European Union 2012](#); [Fassihi and Biers 2012](#)). The EU was resolved to bear the costs of sanctions if Iran pursued a nuclear weapon because its politicians judged the geopolitical consequences to be serious. Furthermore, the EU could credibly commit to removing sanctions if Iran ended the program because there would be pressure from industry groups to do so. The

EU's decision to remove opposition to stringent multilateral sanctions and to impose unilateral sanctions immediately preceded the successful end of negotiations.<sup>27</sup>

The pressure on European governments to keep markets open promoted its ability to commit to removing sanctions once the nuclear program was terminated. In fact, European businesses rushed to secure new investments in Iran even before the deal was finalized. In the words of a chief economist at a London investment firm, "This is the last major opportunity out there in the world that can suddenly become accessible, almost overnight."<sup>28</sup> As early as February 2014, a mission of 100 French companies including Renault traveled to Tehran to investigate opportunities (Kahn 2014). By contrast, when the US based General Electric provided services to repair Iranian civilian aircraft engines, apparently concerned about a public backlash or financial penalties, promised to donate any profit to charity (Hepher and Shalal 2014).

Despite the pressure from businesses, the EU had to prioritize the worsening security situation in its foreign policy decisionmaking. Thus, the EU was able to commit to imposing sanctions while Iran continued to pursue a nuclear weapon. As discussed in Section , Greece, Italy, and Spain were under heavy pressure during the Euro Crisis and were very reluctant to embrace any sanctions that could increase oil prices (Germain 2012; Habibi 2015). As Iran's nuclear program began to threaten regional stability and Israel's threats to take military action against Iran's nuclear facilities grew increasingly serious the uncertainty about whether EU firms could access those commercial interests increased (Alcaro 2018). If a war broke out then EU firms with interests in Iran would not be able to do business whether or not there

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<sup>27</sup>It is not possible to determine the impact of Rouhani's election on the timing of the agreement without better access to the classified documentation of the negotiation. Rouhani's election is an important confounder in the analysis in the sense that the effect of his election on the timing of the deal's finalization cannot be determined at this time.

<sup>28</sup>Quoted in Kahn (2014).

were sanctions. Also, the EU states which had been pressing for sanctions to protect national security could make a more persuasive argument as the situation grew more dire.

The United States took few actions which could explain the sudden resolution of the dispute in 2014-2015. While the Obama administration was much more open to a deal, this openness alone could not account for the timing of the resolution. In particular, the Obama administration could not credibly promise to remove sanctions on Iran because most of the US sanctions by this time were codified in law and would require Congressional action to reverse. Congress showed no interest in removing sanctions even when negotiations were progressing. On the contrary, Congress actively worked to undermine the fledgling deal and preserve the sanctions regime. On March 9, 2015 Senator Tom Cotton (R-AR) sent an open letter signed by 46 members of Congress to the Iranian Parliament which ominously declared that any deal which is not endorsed by the American legislature could be unwound by a future US President (Rogin 2015). Senator Bob Corker (R-TN) introduced the Iran Nuclear Agreement Review Act of 2015 which required the President to submit the deal for Congressional review before it could be implemented. The Act also prohibited the President from removing sanctions on Iran during the review period. In an indication of the Congressional stance on Iran, Corker's bill passed both chambers with veto proof majorities, in the Senate by a vote of 98 – 1 and in the House by a vote of 400 – 25. The US was evidently resolved to continue bearing the costs of sanctions. But there was no credible promise that sanctions could be removed when the nuclear program was ended.

### **The Role of the Coalition**

The role of the US-EU coalition was essential to the successful conclusion of the Iran Deal negotiations. As evidenced by the reaction of the US politicians to the JCPOA,

there was no path to the removal of US sanctions even if Iran ended its nuclear program. However, the EU was able to remove the bulk of its sanctions primarily because its sanctions policy was only politically sustainable if Iran continued its nuclear program. The EU's ability to make coercive assurances to Iran made a deal possible even though the US could not make similar assurances. However, the US presence at the negotiations was also essential because President Obama needed to waive secondary sanctions in order for the European concessions to be meaningful to Iran. By promising not to interfere with the EU-Iran trade, the US was able to increase the value of EU concessions to Iran. The US promises to waive the secondary sanctions were credible because of pressure from their coalition partners.

Why were US promises to waive secondary sanctions more credible than its promises to end the primary sanctions? In short, the US negotiators could use their European allies as a commitment device. First, US firms have more at stake in secondary sanctions. If an American firm loses its access to the Iranian market it could lose some profit, but if the same firm loses access to European partners it could face severe financial consequences. The prominence of supply chains ensure that interruptions in transatlantic trade are not to be contemplated lightly. Thus, US firms would oppose secondary sanctions more strongly. European firms may choose to defy the US secondary sanctions knowing that their business partners in the US would seek exemptions or directly oppose the enforcement of secondary sanctions. Second, the EU had committed to removing its sanctions and understood that these concessions were only meaningful if the US did not enforce its secondary sanctions. Thus, the US could risk incurring European wrath if it attempted to interfere. By raising the costs of enforcing the secondary sanctions the US is able to credibly commit ([Putnam 1988](#)).

It should be noted that Iran must have been aware of the possibility that the Obama administration could be replaced by a future Republican administration hos-

tile to the deal. The disposition of the American president matters for institutional reasons. Under the law, the US president has the authority to waive secondary sanctions. It is also the case that many of the secondary sanctions were initially imposed as executive orders, which can be revoked or reintroduced solely at the discretion of the chief executive. The possibility of a hostile future administration could dampen the value of the American promises to remove secondary sanctions. However, the reimposition of secondary sanctions would generate the same backlash from industry no matter which president gives the order. Firms may even be relatively more successful at receiving special exemptions from secondary sanctions under a Republican administration, meaning that they could have a better chance at undermining sanctions. That being said, the possibility that the US would reimpose secondary sanctions in the future could potentially cause European firms to hesitate before making long term investments in Iran. But this is only possible if those firms believed that a new US presidential administration's hostility towards Iran could outweigh the value of their trade with American firms. Regardless of the preferred policy of a future administration, Iran could be confident in the US's commitment to the JCPOA for at least the duration of Obama's presidency.

Domestic US and EU institutions had a major effect on the final agreement. Crucially, the US institutions gave the President enough power to waive the secondary sanctions but not enough to substantially roll back most of the US sanctions regime. Therefore, the American sanctions relief was meaningful, but only to the extent that it increased the value of the Iranian market to European (not American) firms. The sanctions were ended using EU Decisions and Regulations, which are legal instruments automatically applying to all members of the EU and do not need to be ratified by domestic legislative bodies ([Consolidated Version of the Treaty on the Functioning of the European Union Article 288](#)).<sup>29</sup> The availability of EU Decisions and Reg-

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<sup>29</sup>For a discussion of the legitimacy of EU secondary legislation including descriptive information



ulations for both imposing and removing sanctions greatly reduced the difficulty of amending the sanctions regime. The flexibility of the legal instruments made their coercive assurances more credible.

## **Conclusion**

In the United States some analysts have argued that American resolve to maintain its hard line position against Iran has the potential to weaken the Iranian regime and eventually lead to its collapse. These analysts argue that the JCPOA represents a wavering of American resolve which will reduce American influence. In an op-ed titled “To Stop Iran’s Bomb, Bomb Iran” for the *New York Times*, future National Security Advisor John Bolton wrote in March 2015 that Iran “will not negotiate away its nuclear program” and advocated for direct military action against the Islamic Republic. In stark contrast to Bolton’s conclusion, the analysis of the negotiation of the JCPOA in this article demonstrates how excessive American resolve has the potential to perversely reduce American influence. The US inability to offer credible coercive assurances is precisely what undermined its own effectiveness in the negotiation process. The implication is that if the United States really does wish to exert influence over Iranian policy then its strategic commitment to unwavering hostility may actually be counterproductive.

By contrast, the EU’s political situation encouraged the credibility of its assurances. European security interests made sanctions against Iran’s nuclear program mandatory. At the same time, European business interests made sanctions relief mandatory when Iran halts its nuclear program. The Iranian government decided that the potential business relationship with Europe was worth more than its pursuit of weapons. Finally, the US-EU coalition was necessary to negotiate the deal. The role of the US was to guarantee that it it would not attempt to interfere with about its prevalence see Voermans, Hartmann, and Kaeding (2014).

European businesses interested in Iranian markets.

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