Coercive Diplomacy and the Iranian Nuclear Crisis

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Abstract

Coercive diplomacy was utilized by a coalition of the United States, United Kingdom, France, Russia, China and Germany (collectively known as the P5+1) to negotiate an end to the Iranian nuclear crisis from 2002-2013. Eventually, this approach culminated in the Geneva interim agreement and the Joint Comprehensive Plan of Action in November 2013 and October 2015, respectively. This article charts the course of the P5+1's coercive diplomacy efforts against Iran and demonstrates that coercive diplomacy pressured Iran to a point where the cost of continued resistance was too high to continue enduring. It shows that a combination of factors succeeded after 11 years of a coercive diplomacy strategy. These findings will have implications for policymaking and academia, as it is a rare illustration of successful, coalitional coercive diplomacy.

Keywords

coercion – crisis management – coalitional diplomacy – nuclear crisis – leadership – incentives

The Iranian nuclear program rose to prominence as a major international security issue in 2002 following the revelation of secret nuclear enrichment facilities.² From 2002-2013, the United States, United Kingdom, France, Germany, Russia and China (collectively known and hereafter referred to as the P5+1) employed a strategy of collective and, at times, unilateral coercive diplomacy in an attempt to force Iran to moderate its nuclear program. While some sections of power in the US would have preferred the complete abandonment of nuclear energy in Iran, the transformation of Iran's nuclear program into a transparent system, accessible to independent inspectors, would come to be the primary objective of the P5+1 throughout the crisis. Ultimately, the P5+1's coercive diplomacy campaign proved successful in achieving this goal, culminating in the Geneva Interim Agreement (GIA) and the Joint Comprehensive Plan of Action (JCPOA). The GIA, signed in November 2013, placed several restrictions on Iran's program, primary pertaining to the stockpiling of enriched uranium. In return, the P5+1 offered \$7 billion worth of sanction relief. After almost two years of ongoing negotiation, the JPCOA was signed in October 2015, placing fifteen years of stringent restrictions and rigorous inspections over the Iranian program. The P5+1 would provide relief from \$100 billion worth of unilateral and multilateral sanctions incrementally for the length of the agreement.

This article charts the coercive diplomacy strategy employed by the P5+1 both collectively and individually, that led to the GIA. It argues that the cumulative pressure through economic sanctions and implicit threats of force in combination with well-calibrated incentives created the conditions for the success of coercive diplomacy. Essentially, Iran reached a point where the benefits of complying with the P5+1 demands and associated incentives outweighed any potential benefit that might come from continuing their nuclear program. This article assesses the coercive diplomacy strategy that the

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P5+1 used against Iran, explaining the pitfalls of the early attempts and the changes made that would ultimately secure compliance. The article is broken down into several chronological sections, which deal with the key coercive diplomacy themes as they emerged throughout the crisis. The article concludes that as the level of coercion increased – through the adaptation of more refined and concerted coercive diplomacy, this impacted Iran's perception of cost and benefit until compliance took place.

Conceptual Framework

At first glance, the term *coercive diplomacy* may appear to be an oxymoron. Coercion is normally thought of in terms of strong-arm and military tactics, whereas diplomacy invokes images of world leaders gathered around tables for calm and even-handed discussion. However, the term, coined by Alexander George in 1971, was chosen deliberately to blend the harshness of coercion with the nuance of diplomacy (George, Hall & Simons 1971). At its core, coercive diplomacy consists of two things: a demand and a threat of punishment. During crisis negotiation, a demand is issued by the *coercer* (the P5+1), for an action or policy to be reversed or ceased at a certain point. The demand is accompanied by a threat of punishment to be implemented should the *target* (Iran) choose not to comply (George 1994a). A decision to comply or resist then has to be made by the target. The assumption is that this decision will be based on a cost-benefit analysis.

Coercive diplomacy is a specific strategy that incorporates many qualifications and limitations. Firstly, coercive diplomacy is a reactive strategy, i.e. it cannot take place before an offending action is undertaken by the target (Jakobsen 1998). Situations where a coercer chooses to implement a demand that a certain action never take place are characterized as deterrence strategies (Jakobsen 1998). While this distinction has been criticized and trivialized by some, it is valuable to consider both strategies different (Byman & Waxman 2002; Sperandei 2006). The difference is important because coercive diplomacy is a vastly more difficult strategy to implement. This is the result of the *endowment effect*, an observation that demonstrates that individuals value objects they have possession of significantly more. (Kahneman, Knetsch & Thaler 1990). The effect takes place immediately upon acquiring the item, regardless of its value. The implication for coercive diplomacy is that actors will be far less willing to return to the status quo, as they will have ascribed greater value to their gain. Deterrence is a strategy employed to ensure that the endowment effect does not take place.

Coercive diplomacy only requires a threat to be issued against the target should it not comply with the coercer's demands. However, it can be supplemented by a time limit for compliance, thus making the threat an ultimatum. In practice, coercive diplomacy often consists of a series of ultimatums that culminates in escalating pressure through compounding punishment. Threats have no theoretical limit, their only constraints being the state of international politics and ethics. Punishments, though, are limited by the amount of military force that can be applied. Only force that is "demonstrative" is within the scope of coercive diplomacy, i.e. limited and targeted uses of force that demonstrate the coercer's willingness to carry out major military attacks if the target fails to comply (George 1994a). Using more significant force signals the abandonment of the diplomatic side of the strategy and enters the realm of military coercion.³ Coercive diplomacy is not limited to military action; threats and punishments that have economic and diplomatic impacts are frequently utilized and form the common theme of the Iran crisis. The foremost objective of coercive diplomacy is to persuade through threats, not the use of force. This is where the "diplomacy" aspect of coercive diplomacy appears as the threats should be sufficiently coercive for the target to seek a diplomatic solution, entering a bargaining process whereby it is possible that the crisis will come to an end.

³ Military coercion is characterized by an escalatory military action in which the level of action and military pressure increases until the target complies with the demand. It differs from traditional war strategy in the sense that the coercer does not seek complete defeat or surrender, rather compliance with a demand is all that is required. For examples of this approach, see Cimbala (1998); Pape (1996).

The primary aim of scholarship in the area of coercive diplomacy has been to identify the factors and conditions that will heighten the probability of a successful outcome (Art 2003; Bratton 2005; Byman & Waxman 2002; George 1994b; Jakobsen 1998, 2011, 2015, 2016; Kagan 1998; Manulak 2011). George, the pioneer of coercive diplomacy, was acutely aware that many variables could influence the outcome of coercive diplomacy across the wide array of crises that appear in the international political climate. As such, he devised a strategy comprised of fourteen conditions as an approach to offer the best chance for success (George 1994b).4 George rightly showcases the enormous number of variables that could possibly influence a coercive diplomacy attempt, even acknowledging that there are potentially more. However, this fourteen-condition model has been criticized by others for being too cumbersome for academic use. There is some truth to this point. A fourteen-point model would likely require a book-length project to address each condition with adequate depth. More importantly, while each of these conditions could have a bearing on individual outcomes, in some situations some or many of the conditions could have no impact or relevance. Additionally, George provides little commentary on which, if any, conditions are relatively more important than others. With these things in mind, George's contemporaries have made a considerable effort to simplify and synthesize his framework to make analysis less cumbersome (Jakobsen 1998; Kagan 1998). This has had positive and negative connotations for coercive diplomacy research. It has led to the development of frameworks that are considerably more constrained, such as that of Jakobsen.

Coercive diplomacy is a highly contextual strategy. This means that while generalizations can be made across most instances of coercive diplomacy, circumstances will dictate which conditions are of great importance or complete irrelevance from case to case. While the scholarship above has provided frameworks of conditions to test cases against, they do not account for the possibility that many variables will be largely irrelevant from case to case. This is why there have been considerable moves towards single case study approaches in the coercive diplomacy literature in recent times (Ganguly & Kraig 2005; Aras 2009; German 2009; Hill 2010; Jakobsen 2012; Scazzieri 2017). Coercive diplomacy can be subject to misinterpretation or a decision by the target to endure costs that does not conform to typical rationality. As such, this article will address the key conditions that made the coercive diplomacy attempt against Iran and its nuclear program successful, rather than testing a set of conditions that may not have had any significant bearing on the outcome in this case. Thus, this research will speak to coercive diplomacy's highly contextual nature and why coercive diplomacy was effective in this specific instance.

European Engagement and US Belligerence

Iran has had a civilian nuclear program since 1959, the result of the Atoms for Peace initiative introduced by the Eisenhower Administration. While the intelligence community has held concerns over the Iranian program since the early 1990s, the Iranian nuclear crisis only began in August 2002 when Iranian opposition group the Mojahedin-e-Khalq (MEK) made the alarming revelation that Iran had started developing a new nuclear enrichment plant and heavy water reactor (Bahgat 2006). This was met with outrage from the rest of the world, who associated enrichment and heavy water facilities with nuclear weapons development.

The first phase of the crisis was rather anti-climactic. The US refused to take part in diplomatic discussions, instead leaning into the argument that the nuclear issue was further proof that Iran was truly rouge, after having cast Iran as a member of the 'axis of evil,' in January 2002. The Bush

⁴ George's 14 conditions are: (1) global strategic environment, (2) type of provocation, (3) image of war, (4) unilateral or coalitional coercive diplomacy, (5) isolation of the adversary, (6) clarity of the objective, (7) strength of motivation, (8) asymmetry of motivation, (9) sense of urgency, (10) strong leadership, (11) domestic support, (12) international support, (13) unacceptability of threatened escalation, and (14) clarity of terms (George & Simons 1994: 267-294).

Administration pushed to have the issue escalated to the United Nations Security Council (UNSC) immediately and otherwise would have nothing to offer regarding crisis management.

Despite US bluster, Iran was not in contravention of the Nuclear Non-Proliferation Treaty (NPT). New facilities need only be reported to the International Atomic Energy Agency (IAEA) once complete. As such, the EU3 opted for engagement with Iran rather than following the US lead of intransigence and escalation (Bowen & Kidd 2004). The EU3 effort produced two (ultimately failed) agreements: the Tehran and Paris Agreements in October 2003 and November 2004 respectively. Both were virtually the same in terms of provisions, requiring that Iran suspend its enrichment activities and sign an NPT Additional Protocol, giving the IAEA wider powers to inspect Iranian nuclear activities and facilities (EI Baradei 2011). Incentives in both instances suggested assistance in developing a civilian nuclear program and bilateral working groups to discuss key issues (Sauer 2007). However, in both instances there appeared to be confusion over the timing of incentives, with Iran believing (or perhaps hoping) that incentives would be delivered as soon as compliance started taking place. By contrast, the EU3 were not prepared to deliver incentives after compliance had been observed for a period of time, potentially years (Tarock 2006).

This frustrated the hardliners in Tehran, with many suggesting that the EU was merely tricking Iran into compliance and they would never deliver on promises. Mohammad Saeedi, deputy head of Iran's atomic energy organization was quoted as saying, "If Europe's stance doesn't change, resuming our activities now or in three months' time makes no difference" (Sims 2005). Moderate Prime Minister Khatami would put his reputation on the line on both occasions but would be cast aside in 2005 for conservative hardliner Mahmoud Ahmadinejad. This internal change in Iran sparked a willingness from the regime to endure far greater costs for the sake of the nuclear program and firmly entrenched the US's unwillingness to consider incentives or even enter negotiations without Iran meeting a series of preconditions.

It is important to consider that at this point of the crisis the EU had no economic sanctions against Iran. The UN sanctions had not been levelled against Iran yet and the EU had a significant and dynamic trade relationship with Iran (European Commission 2016). For example, the EU imported approximately 25% of all Iranian oil exports (Cordesman, Gold & Coughlin-Schulte 2014: 45). Therefore, the economic incentives that the EU provided as a part of the Tehran and Paris agreements were of token value in the context of an already vibrant relationship. The inability to offer sufficiently attractive incentives or the unwillingness to offer incentives at all was a hallmark of much of the crisis. While the EU efforts were conducted in good faith, the fact that the US would not involve itself in the process meant that these early attempts never made ongoing resolution likely. The reality of the situation was that the US held all of the leverage when it came to incentives. The US has not had a formal diplomatic relationship with Iran since the Iranian Revolution in 1979. Furthermore, the US had instituted economic sanctions against Iran during the 1990s, in response to its support of violent, anti-Zionist causes such as Hamas and Hezbollah. Finally, in light of the 2003 Iraq invasion, casting Iran as part of the "axis of evil" and military posturing towards Iran was causing consternation in Iran. Therefore, the US held three considerable incentives that had a far greater probability of delivering a long-term agreement with Iran than anything EU could offer: normalized diplomatic relations, economic incentives and security guarantees. Plainly, the US had everything that Iran wanted.

The election of Ahmadinejad marked to move towards an increase in anti-Western rhetoric and an acceleration of the nuclear program. Despite ongoing reservations from the EU3 and the IAEA, the reality of Ahmadinejad combined with ongoing pressure from the Bush Administration brought the issue before the UNSC in February 2006 (Sims 2005). In June 2006 the UNSC adopted Resolution 1696, marking the first concerted action of coalitional coercive diplomacy from the P5+1 members (United Nations 2006a). Russia and China had signaled ambivalence up until this point, recognizing that the Iranian program was still several years from threatening global security and having lucrative trade relationships to protect. However, Ahmadinejad's election signaled that the nuclear program would continue to gain momentum and that the major powers could no longer ignore the possibility that Iran's actions might threaten global security.

Resolution 1696 was only threat-based, as there were no punishments that would be immediately orchestrated against Iran. However, economic and diplomatic sanctions would be applied if Iran chose not to comply with IAEA requirements within one month. Iran would not comply and Resolutions 1737, 1747, 1803 and 1835 were adopted in December 2006, March 2007, March 2008 and September 2008 respectively (United Nations 2006b; 2007; 2008a; 2008b). None of the UNSC sanctions up to this point were particularly biting and served more of a symbolic role in promoting P5+1 unity against Iran over the nuclear issue. The period was also marked by little diplomatic discussion, as the P5+1 declined to meet without Iran suspending enrichment activities, something Iran refused to do under Ahmadinejad (El Baradei 2011).

There is a consensus amongst scholars that incentives have a strong correlation with coercive diplomacy outcomes (Art 2003; Blechman & Cofman Wittes 1999; Greffenius & Gill 1992; Jakobsen 1998). Art and Cronin aggregated the results of their study and that of George, revealing that coercive diplomacy had a success rate of 32% (Art 2003, 387). However, of that 32%, all the cases included incentives. Again, this does not mean that incentives are an absolute requirement for coercive diplomacy. There was more than one example from aggregated studies that showed a failure despite incentives being present. However, the correlation between success and incentives is strong. These results seem counterintuitive as incentives framed like this could be conflated with appeasement, whereby incentives are essentially allowances for the target to create a new status-quo in the hope that it will not be altered any further. In the coercive diplomacy context, incentives are designed so that compliance can be seen as an opportunity of gain, rather than the presumption of loss. Offering incentives is not an exercise in convincing the target this is a winning opportunity for them, but rather avoiding the perception of a complete loss. This avoids situations where targets feel they may as well gamble with non-compliance because both compliance and punishment are viewed as losses.

Though the incentives were sound in practice, they could not be confused with appeasement. The incentives did not condone or allow for military application of nuclear technology or abrogation of the NPT. They provided for improved economic relations and opportunities, as well as forums to discuss the obvious insecurity Iran felt from its immediate neighbors and region, in addition to the threat from the Western world. These dealt with Iran's long-term issues, isolation from Western nations and suspicion over the intent of their nuclear program, rather than that of the crisis itself. Cortright suggests the best incentives for crisis management are those that address the long-term issues and often ignore what the target desires and what the crisis is supposedly about, which in turn avoids conflation with appeasement (Cortright 1997, 272). Iran's issue in the post-Islamic Revolution era is its frosty relationship with much of the West and the impact this has on its economic and diplomatic potential. Some have argued that if the US had played a less belligerent role in this phase of the crisis, offered greater access to the US economy and improved relations in return for an intense inspections program, the crisis may have plateaued at this juncture (Tarock 2006).

These initial years mark a period of missed opportunity to bring the crisis to an end before it became a serious and legitimate threat to international security. The treatment and provision of incentives in this period would signal an ongoing issue in the use of coercive diplomacy against Iran. The irony of the EU's position on incentive timing was that the threat of damaged EU-Iranian trade relations had done the difficult work of securing compliance. Yet, the lack of immediate incentives resulted in an Iranian perception that the EU3 had secured gains through Iranian compliance while Iran itself suffered a complete loss. While one might make the argument that the EU3 could have facilitated long-lasting agreements had incentives been delivered immediately, this overlooks the reality that the EU had little of value to offer Iran and concessions from the US is what Iran really desired. Iran and the EU already had a healthy trade relationship, with the EU being the largest importer of Iranian oil. It was the lack of US engagement that remained the elephant in the room. Iranian access to the US economy was virtually non-existent owing to the existing sanctions regime in place to punish Iranian support of anti-Zionist terrorism. Incentives from the US could have been potentially paradigm-shifting for Iran. Therefore, while coercive diplomacy had been initially

successful, with Iran complying under perceived pressure from threats, Iran was also being left with the perception that they were on the losing end of the conflict and therefore had no reason to comply.

The Election of Obama

The election of Obama in November 2008 saw a significant change to the coercive diplomacy attempt against Iran. To date, the coercive diplomacy strategy had been focused firmly on coercion and had perhaps overlooked the importance of diplomacy. During the campaign, Obama signaled a willingness to engage less combatively and potentially directly with the Iranian regime (El-Khawas 2011). Once elected, Obama's first inauguration speech highlighted a change in rhetoric against the Muslim world, albeit with a subtext directed at Iran indicating a desire for a more consultative approach to solving the crisis. He stated "to the Muslim world, we seek a new way forward, based on mutual interest and mutual respect. We will extend a hand if you are willing to unclench your fist" (Obama 2009).

This was followed by a letter to Ayatollah Khamenei in May offering talks with no preconditions, a departure from the P5+1 position during Bush's presidency, which called for a suspension of enrichment activities before negotiations would commence (Parasiliti 2009). The letter provided a relaxation of conditions required for discussion but also included a time-limit. Should a response not be heard by September 2009, the P5+1 would interpret this as Iranian disinterest in a negotiated solution and extensive UNSC sanctions would follow (El-Khawas 2011). While this might appear to be a relaxation of cumulative, coercive pressure, as Obama allowed Iran the opportunity to negotiate without preconditions, this was in fact, a textbook display of the ultimatum. The letter contained a demand, a specific deadline and threat of punishment for non-compliance. The US had very little to lose by offering negotiations without preconditions, as they were essentially allowing what had been taking place for the past few years to continue.

As the September deadline neared, Iran forwarded a proposal to the IAEA to purchase high enriched uranium fuel pads for medical use, a resource that was running low in Iran. The US was not prepared to sell Iran any uranium but seized the opportunity to engage meaningfully over the nuclear issue. The US, Russia and France jointly proposed a fuel-swap agreement where Iran would ship out the majority of its stockpile of low enriched uranium, which would undergo further enrichment and transformation into fuel pads, in Russia and France, before being sent back to Iran. The pads were configured in such a way that they could only be used for medical purposes. A well-respected conservative Iranian editorial suggested that the Obama Administration was displaying a deeper understanding of the Iranian cost-benefit calculus than the previous administration. It stated that "Obama has realized that no carrot will be as big as uranium enrichment for Iran" (Associated Press 2009). Even Ahmadinejad communicated optimism over the idea saying that "we are ready to cooperate" (Sanger, Erlanger & Worth 2009).

The IAEA considered it an ingenious solution for several reasons. Firstly, Iran would be able to make peaceful use of its own uranium. Secondly, by shipping out most of its stockpile, the P5+1 would be satisfied that breakout capacity would be significantly postponed and it would demonstrate that Iran's enrichment program was perfectly peaceful (El Baradei 2011). Finally, there was an implicit understanding that a future agreement would allow Iran to retain the right to enrich uranium to low levels. However, it ultimately failed amidst too much distrust from both sides; with several moving parts to the swap, it was possible for one side to cheat.

This is the major factor that gives this instance of coercive diplomacy is contextual nuance. The Iranian regime displayed an extreme level of motivation regarding the enrichment issue, arguably beyond what many might conceive as a rational analysis of cost and benefit. Iran's civilian nuclear power network does require a supply of low enriched uranium (LEU), however, the stockpile that had been amassed was more than 30 times what would be reasonably required. This level of stockpiling is concerning considering that the process to transform LEU to weapons grade uranium is relatively straightforward.

LEU is readily available from any of five nuclear weapons states in addition to the Netherlands, Japan and Germany. Moreover, the LEU for civilian power usage is carefully overseen by the IAEA and therefore Iran could not be subject to exclusion by its poor relationship with many of the sellers. As such, the "need" for indigenous uranium enrichment does not exist. Therefore, Iran's desire to enrich its own uranium only has two likely explanations. Iran could want to enrich uranium indigenously to guarantee supply for nuclear weaponry. However, this seems unlikely as Iran has not developed weapons to date, despite having the resources and ingenuity. They would eventually trade away the required stockpile as well. The better explanation is Iran sought greater international recognition as a regional power and felt they could be extended the same courtesy as other states with the resources to enrich uranium.

Enrichment had become entrenched in the psyche of the Iranian leadership, to the point where it became non-negotiable (Parasiliti 2012). This dealt with an important long-term issue, Iran's desire to have its NPT rights respected, having a capacity to enrich their own uranium for civilian use. There is no article within the NPT that specifically disallows enrichment capability. Instead, it is considered more of a global norm that non-weapon states purchasing uranium for civilian use from the international market. As such, Iranian leaders have entwined enrichment rights into Iran's understanding of sovereignty and nationalism and argue that demands to end enrichment completely are at odds with the basic concept of statehood (Esfandiary & Fitzpatrick 2011).

Incentivizing Iran with enrichment rights would come with risk. Critics might argue that it left the door wide open for Iran to make nuclear weapons, as it can create the necessary fuel on its own soil. This is inarguable to a large degree. The only method of ensuring that Iran's nuclear program remains purely peaceful and poses no threat to international security is for Iran to give up all uranium enrichment and reprossing facilities, as well as all the heavy water reactors. Given Iranian insistence on enrichment rights, even with significant economic and diplomatic incentives, an ideal agreement for the P5+1 appears extremely unlikely. However, as already pointed out, there is nothing that the world can do to overcome the reality that Iran have mastered the nuclear fuel cycle and could produce nuclear weapons in the future, regardless of enrichment rights. The tacitcal advantage that limited enrichment rights provides is control over the time it might take Iran to be nuclear weapons ready if they abrogated the agreement. Kronenig (2014) suggests that the eventual interim deal bought an additional three months of breakout time, before Iran could develop weapons grade uranium. The breakout time just prior to the interim agreement was estimated to be anywhere from two to twelve months, depending on Iranian motivation and whether activities would be undertaken openly or clandestinely. Essentially, limited enrichment rights would not allow Iran to install an immenient nuclear hedging strategy that is arguably as effective as physical nuclear weapons.

The Issue of Russia and China

International support and coalitional cohesion are important variables in all coercive diplomacy attempts. However, as outlined earlier, no one variable necessarily defines success or failure. In this instance, international support, particularly from Russia and China, was important in isolating Iran economically and diplomatically from the rest of the world. While coercive diplomacy is not entirely dependent on international support, it is difficult to conceive the sanctions regime having been successful without a minimum level of buy-in from Russia and China, thus leading to greater consistency across the P5+1 at large.

UN press releases of the five resolutions adopted during the Bush Administration create the illusion that the P5+1 acted as a coercive force in total agreement. However, Russia and China were less enthusiastic than the rest of the coalition, given their trade links and their desire to maintain a global norm of non-intervention in internal affairs (Omelicheva 2012; Pieper 2013). Specifically, China had long been Iran's largest oil export customer and was also heavily invested in energy, with their total

⁵ Jakobsen (1998) includes both of these concepts in his "ideal policy" of coercive diplomacy.

trade relationship fluctuating between \$14-45 billion per annum, from 2006-2011 (Cordesman, Gold & Coughlin-Schulte 2014: 65). Russia was also invested in Iranian energy but more importantly had lucrative arms deals to consider, worth \$1.9 billion in 2005 (Katz 2010). As such, the extent to which Russia and China were willing to damage the Iranian economy to protect their trade interests was limited. As a result, the sanctions program implemented during the Bush Administration had a minimal effect on the Iranian economy. In effect, it only targeted individuals by restricting their travel and access to foreign bank accounts and companies that were intimately linked to Iran's nuclear program. As such, their coercive power was negligible at best, as no self-respecting state was trading in nuclear technology with persons or organizations so closely connected to the nuclear program. At worst, these measures frustrated entities that acted as both legitimate businesses as well as a front for nuclear trade and investment. Outside of that, Russia and China were allowed to enjoy the benefits of free-riding on the back of US and EU rhetoric and bluster, while the US endured reputational blows and further entrenched their position in the minds of Iranian policymakers as the "great Satan."

Outcomes like this are largely the result of what Jakobsen terms the "[lowest] common denominator" outcome (Jakobsen 1998, 45). It is logical to believe that with more coalition partners, the coercive potential available to the coercers increases. With an increased coercive potential, the target should quickly determine that the cost of non-compliance would be significant when faced with multiple coercers. However, this is rarely the way coalitional, coercive diplomacy plays out. Quite often, coalitions limit the coercive potential of coercive diplomacy because all actors invariably will have a different set of interests and objectives regarding the outcome of crises. To maintain the illusion of agreement across the coalition and the power in numbers, coalition members have to settle for the preferences of the least coercively minded member. Not doing so risks losing partners from the coalition who may then undermine coercive policy to protect their own interest. Therefore, this "settling" approach to coalitional, coercive diplomacy results in the adoption of the "lowest common denominator" policy.

Following the failure of Obama's 2009 "no preconditions" initiative and the fuel swap proposal, the administration went to work on strengthening coalitional cohesion and diluting the impact of coercive diplomacy before instituting new sanctions. Understanding that Russia and China would likely be the spoilers of attempts to create sanctions with sufficient coercive bite, Obama's administration sought greater leadership over the entire issue and presented both states with options to minimize any losses that would result from trade losses themselves and backlash from the Iranian regime. At the time Iran was China's third largest supplier of oil, making up roughly 15% of its oil supply (Cordesman, Gold & Coughlin-Schulte 2014: 64). Given China's heavy dependence on oil, sanctions against the Iranian oil industry would be problematic for China's ongoing development. Nonetheless, it would significantly increase pressure on Iran given the economy's massive dependence on oil. Oil sanctions taken up by much of the world would call into question the relative costs and benefits of continuing the nuclear program, given the impact and the inability of the Iranian economy to adjust to alternative revenue streams, at least in the short-term. As such, the US brokered an oil deal between the United Arab Emirates and China that would supplement any losses (Pieper 2013). This softened the Chinese stance somewhat and ultimately allowed for the creation of a strong UNSCR 1929 compared to what would have been otherwise possible. When it became clear that Obama would not settle for the same level of lowest common denominator outcomes than his predecessor did, China recognized that amicable relations with the US far outweighed the benefits of Sino-Iranian trade (Cordesman, Gold & Coughlin-Schulte 2014).

The Obama administration had already facilitated vastly improved relations with Russia, which had drastically deteriorated in the final years of the Bush Administration over the Russo-Georgian crisis (Blank 2012). Secretary of State Hillary Clinton and the Russian Foreign Minister Sergei Lavrov pushed a symbolic button to mark a "reset" in US-Russian relations in March 2009. The initiative was well

⁶ Jakobsen uses the term 'least' common denominator. However, the author prefers the term lowest as it refers to the level of coercion that the coalition will be willing to use collectively. 'Least' could be construed as the being the most uncommon in the group, regardless of willingness to use varying degrees of coercion.

received in Washington and Moscow. Russia's trust in US leadership was further buoyed during the fuel-swap agreement. Although this initiative ultimately failed, the US had facilitated what would have been a very lucrative agreement between Russia and Iran, and as such was extremely well received in Moscow (Omelicheva 2012). However, the final sweetener proved to be the lifting of the 1999 sanctions against several Russian companies (including the state arms export agency – Rosoboronexport) exporting arms from Russia. Additionally, the US agreed to allow Russia's sale of anti-aircraft missiles to Iran without repercussions (EI-Khawas 2011).

With China and Russia more willing to take on more coercive policy, UNSCR 1929 was delivered in June 2010. It went beyond the previous "symbolic" sanctions, providing bans against trade in the conventional military space and sanctioning several transactions against various Iranian banks, which made general business conduct difficult. Most significantly, it included language that encouraged states to adopt measures against the oil and finance industries. This essentially provided permission for those wanting to adopt significant coercive measures unilaterally, as well as cover for those wanting to be disassociated with punishment, without requiring it. This was a clever concept, as Russia and China did not want to go on the official record of instituting sanctions that would damage the Iranian economy, despite both largely adhering to future US and EU sanctions and searching for alternative markets. The reality was that Russia and China had run out of time. The Iranian regime showed no signs of slowing development and ongoing ignorance to the possibility of Iran's nuclear program taking on military capabilities was no longer pragmatic. Continued ignorance of the West's security and non-proliferation concerns by curtailing the impact of global sanctions could not have lasted any longer without repercussions. The US and EU could have seriously discredited both for encouraging nuclear proliferation. Furthermore, they would risk diplomatic and economic isolation of their own (Pieper 2013). Finally, while both could claim that Iran was a strategic ally, adding another nuclear power to the interntional fabric only dilutes their own nuclear capability in the long-term. Therefore, it was not in Russia or China's best interest to allow unchecked nuclear development. The policy of being an implicit supporter of US and EU sanctions allowed the lowest common denominator paradigm to play out in such a way that it did not preclude the US and EU to implement extremely coercive measures in a manner that would be effective. Russia and China could maintain a public persona of distaste for US and EU sanctions while not actively opposing the sanctions which would have caused credibility issues and made sanctions less effective.

Unilateral Sanctions and the Road to Agreement

UNSCR 1929 may have been the last of the multilateral sanctions used by the entire P5+1 in the coercive diplomacy effort against Iran, but it would not be the last of the unilateral efforts that would form part of the greater strategy. Less than a month after the adaption of UNSCR 1929, the US passed the *Comprehensive Iran Sanctions, Accountability and Divestment Act* (CISADA) on 1 July 2010. CISADA targeted the Iranian oil industry, with individuals and entities invested in Iranian oil subjected to limited or no access to the US economy. It gave the president the ability to punish US and international entities investing more than \$20 million in the Iranian petrochemical industry by restricting their access to the US economy. The nature of the punishments encouraged many of Iran's trading partners to reduce their oil contracts with Iran, including China. Therefore, while the Chinese government had not sanctioned the Iranian oil industry, Chinese companies were subject to US sanctions, which in turn would limit their access to the US economy (Kozhanov 2011). CISADA's impact was multiplied when the EU adopted its own oil sanctions. In January 2012, the EU Council announced a trade embargo on

⁷ This did not result in 100% compliance from Chinese companies and Obama did issue various exceptions to avoid diplomatic issues with China and any public perception that the P5+1 was not a united front when it came to pressuring Iran. However, one should note that compliance was greater than expected with China reducing its purchase of Iranian oil by 24% from 2011 to 2012.

Iranian oil, which totaled one-fifth of all Iranian oil exports and their largest oil purchaser at that time. Approximately 80% of Iranian export income comes directly from oil and as such, the effects of US and EU sanctions were quick and devastating. Between 2011 and 2013, Iranian oil revenue fell 46% or \$US53 billion, while the Organization of the Petroleum Exporting Countries (OPEC) totals overall rose (OPEC 2016). Drastic falls continued into 2015, however, this was in line with the rest of OPEC and can be somewhat attributed to a lower oil price.

By late 2011, the US launched attacks against the Iranian financial sector. The US Treasury Department named the entire Iranian financial sector a money laundering entity, under provisions in the US PATRIOT Act. In combination with 2012 National Defense Authorization Act and amendments to CISADA, these measures essentially blocked Iranian banks' access to the US economy. While significant, these efforts would pale in comparison to EU sanctions against the financial sector. Come March 2012, the EU passed a ban on financial messaging services for the transfer of funds to Iran.⁹ The Society for Worldwide Interbank Financial Communication (SWIFT) controls the majority of worldwide funds transfers (not just those in and out of the EU) and is headquartered in Belgium and therefore subject to EU regulations. This was described by SWIFT's CEO as an "extraordinary and unprecedented step" (Gladstone 2012). Such measures had never been instituted by SWIFT before. Effects were quick and devastating with estimates suggesting that annually SWIFT is used two million times and amounts to \$US35 billion in trade with Europe alone (Schanzer & Dubowitz 2015). Virtually all the major commercial and state banks of Iran operate on the SWIFT system and essentially had no alternatives (Cordesman, Gold & Coughlin-Schulte 2014). The SWIFT sanction was so effective that Iran was reportedly operating a barter system with many trading partners (Monshipouri & Dorraj 2013). Not only did this have a significant impact on government finances, but it also made it nearly impossible for businesses and individuals to receive and send funds abroad. The economic situation had become dire with contractions of 0.8% and 12.9% of GDP in 2012 and 2013 respectively (World Bank 2019a). Furthermore, this was affecting the average Iranian, as inflation peaked in 2013 at 34%, vastly raising the cost of living (World Bank 2019b).

Within a month of the SWIFT ban taking effect, Iran agreed to talks in April 2012. Prior to this, face-to-face dialogue between Iran and the P5+1 had not taken place for more than a year. While no ground was made in terms of a comprehensive agreement, both sides agreed on a framework of ongoing negotiations. In June, the P5+1 tabled an official offer, which it dubbed as "stop, shut and ship," that stated that enrichment to 20% would be stopped, the new enrichment facility at Qom would be shut, and Iran's entire stockpile of 20% enriched uranium would be shipped out of the country (Kroenig 2014). This sparked further discussion and consideration of Iran being extended the enrichment incentive, as "stop, shut and ship" did not explicitly preclude the Iranians from transforming raw uranium into LEU through enrichment. While alluded to here and to some degree in the 2009 fuel-swap proposal, it had never been an explicit P5+1 policy, nor had it ever been officially extended to Iran as an option. As stated above, this entitlement to enrichment went against the global norm but was otherwise a reasonable request. For the P5+1, they could still secure an agreement that closely monitored the Iranian program and allow an appropriate amount enrichment to take place, thus securing their primary goal of ensuring the program was peaceful and transparent.

The reality of life for Iran in light of the oil and SWIFT bans quickly became apparent. The official rhetoric out of Tehran was no less confrontational but it began to acknowledge the costs of the sanctions were becoming consequential to the economy and the public at large. As such, complying with demands might prove more beneficial. In July 2012, Minister for Industries and Business, Mehdi Ghazanfari, stated that "we must realize that confronting enemy requires serious thought and intelligence" (Ghazanfari 2012). By December 2012 suffering had increased and many officials

⁸ Council Decision 2012/35/CFSP of 23 January 2012 amending Decision 2010/413/CFSP concerning restrictive measures against Iran [2012] OJ L19/22.

⁹ Council Decision 2012/152/CFSP of 15 March 2012 amending Decision 2010/413/CFSP concerning restrictive measures against Iran [2012] OJ L77/18.

¹⁰ Two short meetings between minor delegations did place in Geneva (December 2011) and Istanbul (January 2012), but the parties came to no significant understandings.

including the Chief of the General Inspection Office started pointing fingers. He stated that "all people who believed that the sanctions were nothing, but a worthless piece of paper and did not make the necessary arrangements to handle them will be required to account for their actions since the country is now suffering from the problem" (Bozorgmehr & Basu 2012). Even Ahmadinejad, who had spent much of 2012 attempting to convince the public that this was a psychological war that Iran would win, publicly stated in early 2013 that Iran was suffering "the heaviest economic onslaught on a nation in history" and that 2012 "was a very difficult year for our economy" (Israel National News 2013). Therefore, the fact that the lowest common denominator policy had become significantly less timid in its approach meant the P5+1 could finally deploy coercion that was significant enough to signal a rethink of cost and benefit in Iran.

The Obama administration was actively searching for a direct link with the Iranian regime. It was hoped that direct and quiet dialouge would help both sides understand each other's true position, without the need for the posturing required for political optics. Obama continued to write to Khamenei following the failed fuel swap concept to no avail. In 2009, the Sultan of Oman acted as a shuttle between the US and Iran, facilitating a prisoner swap (Parsi 2017). The results were postive and as such Oman offered to act as a facilitator for US-Iran discussions, should the US ever require a "quiet" meeting with Iranian officials. Moreover, the Sultan and Khamenei, while not allies, did have a high level of regard for each other, given Oman's generally neutral stance on Middle East issues. Parsi (2017) suggests that the Sultan's word that the US was geniune was key in convincing Khamenei. Even so, this did not require that the rest of the P5+1 be excluded. By late 2011, the US was having exploratory talks with the Omanis and by July 2012, US and Iranian negotiators met in Muscat, Oman. The initial meeting reinforced the fact that the Iranians would not budge on enrichment issue or discuss restrictions without formal recognition first. The second meeting in early 2013 was more conducive to a resolution – the Iranians were open to the possibility of discussing restrictions and the US put forward a verbal commitment for a small enrichment capacity (Parsi 2017). This would form the crux of the GIA, albeit it remained unknown to the rest of the P5+1. This was a stark departure from the official P5+1 incentive structure at the time, which only offered maintenance equipment and spare parts for the aging civilian aircraft fleet in Iran (Parasiliti 2012).

Even when armed with a limited right to enrichment, negotiating away much of the Iranian nuclear program would require a level of tenacity that a conservative, hardliner like Ahmadinejad was unlikely to be able to deliver. There were concerns that this might never happen as the August 2013 election drew closer and that a candidate even more extreme would likely win (Parsi 2017). However, in the weeks leading up to the election, several moderates dropped out of the race and lent their support to Hussan Rouhani until he was the only "moderate" remaining in the field. Rouhani ran on a platform of economic recovery and engagement with the West (Monshipouri & Dorraj 2013: 137). During the campaign Rouhani signaled a desire to bring the nuclear crisis to an end, stating that "it's very beautiful if a centrifuge revolves, but on the conditions that the country is revolving as well" (*Al-Monitor* 2013).

Initial signs from Rouhani were very promising. He delivered a humbling speech to the UN General Assembly in late September and initiated a teleconference with Obama shortly afterward, the first contact between the leaders of the US and Iran since the Iranian Revolution. Despite the illusion, Rouhani would not be a pushover for the sake of better relations with the West. Rouhani was an imposing career diplomat and Iran's lead nuclear negotiator during the EU negotiations from 2003 to 2004. However, Rouhani bound himself to his election promise that there would also be economic relief, alongside the already secretly negotiated right to enrichment. Iranian negotiators were instructed not to sign an agreement until immediate sanction relief had been offered. This stymied negotiations through October and early November, leading many to believe that an agreement could not be struck. It was only on the final evening of the Geneva round of negotiations that an interim agreement was announced by the P5+1 and Iran on 24 November 2013. The agreement bound Iran to dilute or destroy all uranium enriched to medium or high levels, stockpile no new low enriched uranium, place heavy restrictions on activities that could be performed at enrichment facilities, and grant access to daily IAEA inspections and 24-hour monitoring of nuclear sites. In exchange, the P5+1

would assist the Iranian civilian aviation as previously offered and provide approximately \$7 billion sanction relief (a relatively modest amount) of US and EU sanctions, chiefly in the way of insurance and the automotive industry, over six months. Additionally, Iran was granted limited enrichment rights to low levels, albeit stockpiles were frozen at existing levels (CNN 2013).

Obama acknowledged that Iran had mastered the nuclear fuel cycle and that insisting no enrichment take place was futile and largely unenforceable. Allowing limited enrichment did not impact the primary objective of avoiding actual nuclear breakout or the ability for Iran to use a nuclear hedging strategy based on a very short breakout time. This is also an illustration of the endowment effect in action. Iran had long mastered nuclear enrichment and the attainment of this milestone was not something that they wished to return. Even though it would not be necessary for the ongoing viability of civilian power, Iran wished to retain the ability and the legitimacy that came with it. In this sense, Iran vastly overestimated the value of retaining the right to enrichment. It was something the state did not need and it could be partially connected to the economic harm that would befall Iran. Despite this, Iran was unwilling to "return" the gain, even under significant duress. This is a behavior that does not conform to typical understandings of rational decision making and therefore it was a contextual matter that required flexibility from the P5+1.

Furthermore, the P5+1 embraced one of the advantages of economic sanctions as a coercive tool: their removal becomes a powerful incentive for compliance. In fact, many of the sanctions implemented throughout the crisis stayed in place and were to be incrementally lifted as Iran undertook more compliance activities. The initial sanctions relief was very rudimentary and only enough to drag Iranian policymakers away from the idea that losses from compliance were equivalent to future losses if non-compliance continued. Furthermore, it was believable that this could mark the start of a normalization of economic relations with the West, particularly the US.

Essentially, Rouhani could demonstrate to a domestic audience that economic improvements had been made. Additionally, Iran's compliance was not connected to the fact that these incentives were offered. Even though Iranian negotiators held out for sanction relief, the fact remains that Iran entered into negotiations and needed a resolution because the economy was failing as a result of the coercive diplomacy strategy. Furthermore, Rouhani had been elected on the basis that he would reverse the suffering that had been inflicted on the population under Ahmadinejad. In fact, there was probably a reasonable chance that Iran would soon comply without immediate sanction relief, as the economic situation was becoming so dire that future assurances may have been sufficient.

Rouhani's election was an important point in the Iranian nuclear crisis but his election by no means guaranteed the end of the crisis. While elected on a platform of economic recovery and engagement with the P5+1 to ease sanctions, the Iranian President does not determine foreign policy. This is not to say that Rouhani has no voice in foreign policy, but the Supreme Leader Ayatollah Khamenei is the final authority. In some sense, the election of a reformist style leader gave Khamenei the political cover required to authorize Rouhani to strike a deal but as the article has thus far demonstrated the P5+1 coercive diplomacy strategy had a significant impact on Iran's cost-benefit calculations before Rouhani's election. That someone in the ilk of Rouhani made it to election day is somewhat astonishing given Rouhani and Khamenei's frosty relationship that dates back to his days as Iran's lead nuclear negotiator. However, Maloney argues that this may have been a deliberate ploy by Khamenei to ensure that another conservative, bent on antagonizing the US, did not win the presidency (Maloney 2013). Further speculation suggests that the damage that coercive diplomacy did to the Iranian economy moved Khamenei into a paradigm where it was too costly to priorities ideology over the pragmatism of agreement with the P5+1 (Drezner 2015).

Conclusion

This analysis has shown that the GIA can be largely attributed to the strategy of coercive diplomacy. While the outcome was not as one-sided as some in the West might have hoped for, it did deal with

the primary objective: non-proliferation and the ability for Iran to hold the world at ransom through a nuclear hedging strategy. In this sense, coercive diplomacy is an appropriate strategy as it attains the primary objective but does not preclude the target (Iran) from leaving the crisis with a sense of gain. This was achieved by addressing Iran's long-term issues, rather than providing incentives directly connected to the nuclear program. The outcome of the GIA and the consequential JCPOA was gradually improving economic relations with the West, including the US. Additionally, it gave Iran the authority to enrich its own uranium, with its own facilities, albeit with heavy restrictions on the levels of enrichment and the stockpile it could hold at any one time. This decision does make Iran's nuclear breakout time shorter than no enrichment capacity should it choose to cheat the deal but, as the analysis suggests, this was and remains an implausible option.

The multilateral UN sanctions implemented against Iran during the Bush administration failed to have a significant impact on Iran's calculation of cost and benefit. Diplomatic sanctions proved frustrating but did not impact the economy or civilian life in a meaningful way. The Obama administration understood that coercive efforts had been frustrated by a tendency to settle for Russian and Chinese free-riding and lowest common denominator positions. To get the most out of multilateral coercive pressure, the Obama administration invested significant diplomatic efforts to win Russian and Chinese support for US tactics against Iran. This united coalition developed a combination of impactful sanctions and incentives that would have been impossible for one state to implement alone. The effects of these combined sanctions were quickly felt by the Iranian economy, which buckled under the pressure of not being able to export oil to its usual trading partners. This was further complicated by the introduction of the SWIFT ban which made it near impossible for Iran to be paid by those who were still willing to trade with it. Finally, both the US and the P5+1 in their separate roles demonstrated a willingness to offer a small set of incentives that did not impact the overarching objective. These incentives did not diminish or interfere with the overall goal of avoiding the production of an Iranian nuclear weapon and continual and ongoing IAEA inspections of Iranian nuclear sites. Such an outcome is essentially the win-not total loss solution that coercive diplomacy requires.

It is important to acknowledge the fact that the Trump Administration removed the US from the JCPOA in May 2018. Concerns over the quality of the agreement were raised by conservatives in the US and around the world from the time of the GIA signing. The sanction relief and enrichment allowance were immediately criticized by right-wing Republicans in the US. Michele Bachmann characterized it as, "a total surrender by Obama" (Milbank 2013). Her compatriot Allen West likened Obama to Neville Chamberlain, a reference to Chamberlain's policy of appeasement when Germany invaded Czechoslovakia in 1938 (Milbank 2013). Additionally, it was condemned by the Israeli government with Prime Minister Netanyahu lamenting it "an historic mistake" (Edelman 2013). Given that the JCPOA was signed in July 2015, the Iran deal would become a major issue in the Republican presidential primary. Then candidate Trump labelled it "one of the worse deals I've ever seen" (Torbati 2016). Trump wavered over whether the deal should be renegotiated, enforced with greater care and intensity, or cancelled altogether. In May 2018, he chose the latter.

The combination of enrichment capabilities and modest sanctions relief was paramount in winning Iranian compliance, as the analysis above shows. However, it was also what would eventually result in US abrogation of the agreement. Hawks on Iran within the US were convinced that the Iranians would cheat the deal and without comprehensive limits on enrichment capacity, ideally zero. Perhaps the greatest concern was the time limits the JCPOA placed on Iran. After 10 years, stockpile and centrifuge caps were to be relaxed until 15 years where they would theoretically become unconstrained. This combined with the initial and future removal of sanctions left many concerned that Iran in 15 years would be stronger and richer, as a result of sanctions relief, and completely unconstrained in their nuclear program. While this reaction was widely seen as an overreaction and a poor strategic move given that all parties were abiding by the terms, Israel and Saudi Arabia also struggled with the implications of the deal. An Iranian bomb or even an imminent nuclear hedging

strategy would have dramatic implications for both, given Iranian support for anti-Israeli terrorist groups and the proxy conflicts in the Middle East between Iran and Saudi Arabia.

The Obama administration were aware that the the JCPOA was not perfect. However, it bought the world an additional 10-15 years to gain a deeper understading of Iran's intentions and allowed future US Presidents and world leaders to entend, expand or renegotiate the agreement as apporpriate in the future context. Moreover, even if 15 years elapsed and no new agreement was in place, Iran is still party to the NPT and cannot deny the global norm of non-proliferation. The disagreement among US and world leaders ultimately comes down to the relative weighing of coercion and incentives. Hawks would argue that an agreement needs a greater timelimit, a more comprehensive inspections regime, and less (if any) enrichment capacity. Rather than appoach this issue by building upon the existing framework, the Trump administration has opted to reinstall increased coercion with few incentives. This underestimates the role that a combination of coercion and incentives plays in coercive diplomacy. It completely ignores the endowment effect and how that will impact future negotiation. Iran will be negotiating from a position of being party to the JCPOA and experiecing the incentives of limited enrichment rights and sanctions relief. This will be its reference point for the forseeable future and by that logic it is hard to imagine an agreement that is more accomodating of US hawks being accepted by the Iranian regime. Iran would probably be well advised to ride out the Trump administration and await a more moderate replacement. Ultimately, the divergence of opinion in US politics comes down to the fact that the GIA and JCPOA were only tacitcal coercive diplomacy successes and could not be catergorized as a strategic success. Both agreements ensured that Iran did not have the capacity to construct nuclear weapons for the duration of the agreements and created more time for comprehensive and ongoing negotiation. However, neither put the nuclear issue to rest completely. The hawks among US and international politics required a strategic success that removed Iran's nuclear weapon capability indefinitely - a reality that appears extremely unlikely in the absence of significant econoimc and security incentives.

The Iranian nuclear crisis demonstrates important lessons for future attempts at coercive diplomacy in the future. The nature of the international system at the moment and for the foreseeable future means that policies of coercive diplomacy will frequently be carried out by coalitions. As such, this research shows how many factors impact a coercer's ability to conduct coercive diplomacy successfully and that target regimes are often unpredictable and will endure costs beyond what seems rational and logical. The P5+1 example shown here demonstrates both the pitfalls of coalitional, coercive diplomacy and how to harness the coercive power of many to create suffocating pressure. Moreover, it illustrates that coercive diplomacy is a highly contextual strategy and speaks to the holistic approach taken by this article. As such it confirmed that key determinants of success will vary across different crises and flexibility will be required across different phases of specific crises. The Iranian case had highly contextual features regarding Iran's determination and extreme motivation to confirm its right to enrich uranium, such an uncompromising position over a seemingly insignificant issue was an unusual theme unlikely to be seen across many other coercive diplomacy cases. From an intra-case perspective, changes were made to create a coalition capable of issuing a greater level of pressure and one that was less beholden to the lowest common denominator.

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