

Bush Launches Economic ‘Shock and Awe’ on Iran

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In recent days, we’ve been noting stories indicating a definite “surge” in the Bush Administration’s drive toward war with Iran. First, [the Saudi government revealed](#) – one day after a visit from Dick Cheney – its urgent plans to deal with “radiations hazards” stemming from an attack on Iran’s nuclear power facilities. Then [General David Petraeus declared](#) that Iran was responsible for a major attack on Baghdad’s Green Zone, and the main driver of violence in Iraq generally, laying out, once more, a clear (if mendacious) casus belli for striking at Iran.

Now financial analyst [John McGlynn reveals](#) that the Administration has quietly launched a “shock and awe” attack on the Iranian economy, using little-known – and little-understood – financial weapons provided by the Patriot Act to begin “the complete financial and economic destruction of Iran,” as McGlynn puts it, with the ultimate goal of turning the nation into “another Gaza or Iraq under the economic sanctions of the 1990s, with devastating impact on the economy and society.”

McGlynn’s article, in Japan Focus, is long and complex – necessarily so, in order to detail the intricate punitive mechanisms involved, and their earlier test run against North Korea in 2005. [You should read the article in full](#), but to put it briefly, last week the U.S. Treasury Department’s Financial Crimes Enforcement Network (FinCEN), set in motion a process that could make any bank or financial institution in the world that does business with Iran subject to an economic death sentence: complete exclusion from the U.S. financial system. McGlynn, speaking plainly and with no addition, calls the move “a declaration of war on Iran.”

The move is part of a steady escalation that has seen Washington move from urging sanctions against any firm or bank connected to Iran’s nuclear program to its current, highly belligerent stance: seeking to strangle all financial investment or dealing with Iran, nuclear-related or not. As McGlynn notes:

During a daily press meeting with reporters on March 19, the State Department’s spokesperson was asked about a deal recently signed between Switzerland and Iran to supply Iranian natural gas to Europe. After condemning the deal, the spokesperson explained that the US is opposed to any “investing in Iran, not only in its petroleum or natural gas area but in any sector of its economy.”

All of this, McGlynn says, is an extension of the “Shock and Awe” doctrine formulated by Harlan Ullman and James Wade for the National Defense University in 1995. The strategy became famous after the Pentagon adopted it for the military invasion of Iraq – but as McGlynn points out, the doctrine has always had an economic side too. In fact, the authors

believed that the economic ruin visited upon a target nation might be more effective than bombs and bullets – largely because they are more invisible, more politically palatable than big-bang extravaganzas. McGlynn notes:

But Shock and Awe’s authors (apparently with something like Vietnam or the 1993-1994 Somalia fiasco in mind) also envisioned that “[i]n certain circumstances, the costs of having to resort to lethal force may be too politically expensive in terms of local support as well as support in the U.S. and internationally.” Consequently, they wrote:

“Economic sanctions are likely to continue to be a preferable political alternative or a necessary political prelude to an offensive military step... In a world in which nonlethal sanctions are a political imperative, we will continue to need the ability to shut down all commerce into and out of any country from shipping, air, rail, and roads. We ought to be able to do this in a much more thorough, decisive, and shocking way than we have in the past... Weapons that shock and awe, stun and paralyze, but do not kill in significant numbers may be the only ones that are politically acceptable in the future.”

It was only a matter of finding a sanctions strategy systematic enough to make this more obscure portion of the Shock and Awe doctrine operational. What Ullman and Wade could not have imagined was that Washington’s global planners would use extraterritorial legal powers and its financial clout to coerce the global banking industry into accepting US foreign policy diktat.

McGlynn notes that even the Chinese – Iran’s biggest trading partner – is feeling the heat from the Patriot Act’s “nuclear option” of banishment from the U.S. financial system:

In December 2007 ArabianBusiness.com reported that Chinese banks were starting to decline to open letters of credit for Iranian traders. Asadollah Asgaroladi, head of the Iran-China chamber of commerce, was quoted as saying that China’s banks did not explain the refusal but “if this trend continues it will harm the two countries’ economic cooperation and trade exchange.” In February, ArabianBusiness.com found that China’s cutbacks in its banking business with Iran was affecting a joint automobile production arrangement.

Now the screws are growing even tighter. And the effects will be devastating – not to the leaders of Iran, of course, but, as with the genocidal sanctions against Iraq, to Iran’s general population – a population, [as we noted recently](#), made up overwhelmingly of young people and children: almost 70 percent of Iranians are under 30. As McGlynn puts it:

If the US succeeds, an international quarantine on Iran’s banks would disrupt Iran’s financial linkages with the world by blocking its ability to process cross-border payments for goods and services exported and imported. Without those linkages, Iran is unlikely to be able to engage in global trade and commerce. As 30% of Iran’s GDP in 2005 was imports of goods and services and 20% was non-oil exports, a large chunk of Iran’s economy would shrivel up. The repercussions will be painful and extend well beyond lost business and profits. For example, treating curable illnesses will become difficult. According to an Iranian health ministry official, Iran produces 95% of its own medicines but most pharmaceutical-related raw materials are imported.

The American people are told nothing about this, of course. The presidential candidates will say nothing about it – or about any of the other flashing danger signals as we careen toward another murderous catastrophe. The “progressive” movement, now consumed with the minutiae of the squabble between Clinton and Obama – both of whom have repeatedly

declared their bellicosity toward Iran, and their fierce insistence that all options, including the use of nuclear weapons, remain “on the table” – will no doubt continue its long inaction and avoidance of the subject, [as Arthur Silber notes](#) so powerfully here, while also providing active, practical steps that could be taken to head off another war — something no one else is bothering to do.

We’ll let Silber have the last word here:

So what is your choice? Do the world — and your life, and the lives of those you love — mean so little to you, that you will risk losing them all? Is that what you want? Do you still choose to do nothing?

Do you?

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