

Gary Clyde Hufbauer, Jeffrey J. Schott, and Kimberly Ann Elliott

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Economic Sanctions Reconsidered

HISTORY AND CURRENT POLICY

Second Edition

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Table 4.7 Cases involving other major changes in target-country policies (including surrender of territory):
economic variables

Case ^a	Sender and target	Success score ^b (index)	Cost to target ^c (millions of dollars)	Cost as percentage of GNP ^d (dollars)	Cost per capita (dollars)	Trade linkage ^e (percentages)	GNP ratio: ^f sender to target	Type of sanction ^g	Cost to sender ^h (index)
17-1	UK v. Japan	4	23	0.8	0.44	21	13	X	2
48-2	India v. Hyderabad	12	18	2.0	1.10	99	22	X,F	2
48-3	USSR v. US, UK, France	1	258	0.1	1.05	1	0.4	X,M	3
54-2	India v. Portugal	8	negl.	negl.	negl.	negl.	13	X,M,F	2
54-3	Spain v. UK	6	5	negl.	0.10	1	0.2	X,M	2
56-1	US v. Israel (intermittent episodes)	2	16	0.1	4.13	22	218	X,F	2
57-1	Indonesia v. Netherlands	8	69	0.7	6.27	3	0.2	X,M,F	2
61-3	Western Allies v. German Democratic Republic	1	—	—	—	12	40	—	2
62-2	UN v. South Africa	6	273	2.8	15.08	77	130	X,F	3
63-2	Indonesia v. Malaysia	1	29	1.0	3.14	7	2	X,M	4
63-5	UN, Organization of African Unity v. Portugal	8	11	0.3	1.25	15	10	X,M,F	2
65-4	US v. Arab League	6	8	negl.	0.06	10	31	X,F	2
67-1	Nigeria v. Biafra	12	220	15.2	14.67	50	3	X,M,F	3
73-1	Arab League v. US, Netherlands	9	5,697	0.4	25.55	3	0.04	X	1
78-6	Arab League v. Egypt	1	(77)	(0.4)	(1.88)	4	16	X,M,F	3
81-2	US v. Poland	9	246	0.1	6.83	4	17	X,M,F	2
81-4	EC v. Turkey	6	300	0.5	6.47	34	40	F	1
85-1	US v. South Africa	6	550	0.8	17.19	12	54	X,M,F	2
86-2	US v. Angola	2	4	negl.	0.44	25	437	F	2
89-1	India v. Nepal	9	132	4.6	7.25	28	94	X,M	2
90-1	US, UN v. Iraq ⁱ	—	21,600	48.0	1,255.81	100	242	X,M,F	4

a.-h. See table 4.

i. As this book goes to press, it is still too early to score this case; other variables are as of the time the book goes to press.

5

CONCLUSIONS AND RECOMMENDATIONS

A number of lessons can be abstracted from the sanctions episodes of the past 75 years. In this concluding chapter we first assess the overall effectiveness of sanctions as a tool of foreign policy, based on the experience of 115¹ cases, and group the lessons learned into a list of suggestions for increasing the prospects for success. We then explore the implications of recent US experience, and of the end of the Cold War, for the future use of economic sanctions. We conclude with a list of do's and don'ts—nine commandments—to guide governments in the use of economic sanctions.²

The purposes of a sanctions campaign must be clearly identified before its effectiveness can be assessed. Sender countries usually pursue more than one goal and may use sanctions as a warning shot against future misdeeds, by the target country or others. We have chosen to focus on the effectiveness of sanctions in coercing the identified target country to conform to the sender's demands in the episode at hand.

¹ We have referred to all 116 cases of sanctions in other parts of the book where we had enough information to include the UN embargo of Iraq. As we went to press, the outcome of that case was not known, and thus we could not assign a success score under our methodology. Although this case is referred to where appropriate, it is omitted from the 115 cases on which our calculations and the tables in this chapter are based.

² Those readers familiar with the first edition of this study will note that we have dropped the multiple regression analysis. The regression was rudimentary and, although it largely confirmed the conclusions derived from our simple statistical analysis, it provided few additional insights.

As one sanctions scholar has observed, "Compellant purposes of sanctions are the most difficult to achieve. . ." (Leyton-Brown 1987, 304). However, sanctions also may be intended to demonstrate resolve both at home and abroad, to express outrage, to punish, or to deter. Many of the cases we have judged to be failures would be considered successes if measured against other criteria. Moreover, the design of a sanction intended for symbolic or signaling purposes may not be appropriate for a sanction meant for coercion. Nonetheless, we believe that a careful analysis of the factors contributing to the success of coercive sanctions is important and can provide insights to guide the use of sanctions in other circumstances as well.³

Before moving to the results, a word of caution. Forecasting the outcome of statecraft, like forecasting the stock market, is a hazardous business. As one might expect from a diverse collection of 115 cases, the statistical results are not always clear-cut. Idiosyncratic influences are often at play. Human personalities and plain luck may well determine the outcome of a sanctions episode. Much depends on the kaleidoscope of contemporaneous world events and other factors not captured by our variables. Hence our summary assessments and nine commandments must be read as general indicators, not infallible guideposts, in the fine art of statecraft.

Are Sanctions Effective?

In designing foreign policy strategy, policymakers need to take a close look at both the cost and the effectiveness of sanctions. Although it is not true that sanctions "never work," they are of limited utility in achieving foreign policy goals that depend on compelling the target country to take actions it stoutly resists. Still, in some instances, particularly situations involving small target countries and relatively modest policy goals, sanctions have helped alter foreign behavior. Table 5.1 summarizes the scorecard.

By our standards, successful cases are those with an overall success score of 9 or higher; failed cases are those with a score of 8 or lower (the success score is arrived at by multiplying the assigned policy result score by the sanctions contribution score, where 4 is the maximum result for each; see tables 3.1 to 3.5). We must emphasize that a score of 9 does not mean that economic sanctions achieved a foreign policy triumph. It means only that sanctions made a modest contribution to a goal that was partly realized, often at some

³ David Baldwin (1985) has argued the case for a broader definition of success in evaluating the utility of "economic statecraft." Margaret Doxey (1987, 144) has emphasized the importance of identifying whether a goal is coercive or symbolic and of designing the sanction accordingly. Michael Malloy (1990) has taken a different tack, arguing that the effectiveness of sanctions should be judged against the immediate "instrumental" goal (denying goods, markets, or finance) and not confused with the effectiveness of the overall foreign policy that sanctions serve.

political cost to the sender country. Nor does a score of 8 indicate dismal failure. In fact, in all of the cases assigned a score of 8 and about a third of those scored as 6, the sender's objective was at least partially achieved but sanctions played only a minor role in the outcome.

Sanctions have been successful—by our definition—in 34 percent of the cases overall. However, the success rate importantly depends on the type of policy or governmental change sought. Episodes involving destabilization succeeded in half the cases, usually against target countries that were small and shaky. Cases involving modest goals and attempts to disrupt minor military adventures were successful about a third of the time. Efforts to impair a foreign adversary's military potential, or otherwise to change its policies in a major way, succeeded only infrequently.

Of course, some sanctions fail because they were never intended to succeed, in the sense of producing a real change in the target's behavior. As one analyst has noted, when sanctions have been used primarily for domestic political or other rhetorical purposes, "effective" sanctions [in an instrumental sense] were not a primary policy goal, and such sanctions were not imposed" (Malloy 1990, 626). This is clearly demonstrated by the Bush administration's sanctions against China after the massacre in Tiananmen Square.

Table 5.1 Success by type of policy goal

Policy goal	Success cases	Failure cases	Success ratio (percentage of total)
Modest policy change	17	34	33
Destabilization	11	10	52
Disruption of military adventures	6	12	33
Military impairment	2	8	20
Other major policy changes	5	15	25
All cases ^a	41	79	34

a. Five cases are classified under two different policy goals: 49-1: *US v. China*; 60-3: *US v. Cuba*; 63-1: *US v. United Arab Republic*; 63-3: *US v. Indonesia*; and 80-1: *US v. USSR (Afghanistan)*. Since all but one of these cases are failures, double-counting them adds a small negative bias to the success ratio.

Sanctions may also be imposed timidly, and hence ineffectively, if conflicting goals are not weeded out. For example, the Reagan administration attempted in 1988 to impose sanctions that would force Manuel Noriega out of power without permanently damaging the Panamanian economy. Sanctions were imposed incrementally and then gradually weakened by a number of exemptions intended to support the second goal. In the end, the sanctions proved inadequate to remove Noriega, and military force had to be applied.

Nine Commandments

It is clear that sanctions sometimes bear fruit, but only when planted in the right soil and nurtured in the proper way. We therefore offer nine propositions for the statesman who would act as a careful gardener. These recommendations are intended to maximize the chances of success when sanctions are deployed to coerce changes in the policies of a target country. Not all of the commandments may be appropriate in every situation, nor are they necessarily optimal toward achieving other types of goals. However, we would caution that, if a particular case requires that the commandments be modified or ignored, success is likely to prove even more elusive than if they had been followed. Since sanctions entail both political and economic costs, which are sometimes substantial, we believe this conclusion should not be taken lightly.

I. "Don't Bite Off More Than You Can Chew."

Policymakers often have inflated expectations of what sanctions can accomplish. This is especially true of the United States today and was true of the United Kingdom in an earlier era. At most there is a weak correlation between economic deprivation and political willingness to change. The *economic* impact of sanctions may be pronounced, both on the sender and on the target, but other factors in the situation often overshadow the impact of sanctions in determining the *political* outcome.

Sanctions are seldom effective in impairing the military potential of an important power, or in bringing about major changes in the policies of the target country.⁴ Of the 30 cases involving these high policy goals,⁵ success was achieved in 7, or only 23 percent of the time. Excluding the two world wars and the two civil wars (Case 48-2: *India v. Hyderabad* and Case 67-1: *Nigeria v. Biafra*), we have found only three cases in which economic coercion was effective in changing a major policy of the target country.

In Case 73-1: *Arab League v. US and Netherlands*, the Arab oil embargo helped accomplish two of its four objectives: it caused a significant shift, namely, a more pro-Arab slant, in European and Japanese policies toward the Palestinian question, and it supported OPEC's decision to boost the world price of oil, to its members' enormous economic benefit. But the embargo failed to get Israel to retreat behind its pre-1967 frontiers, and it failed to persuade the United States to abandon its pro-Israel policy stance. The sanctions were an important factor in the attainment of results that, on

⁴ See Chapter 3 for definition of "major changes in the policies of the target country."

⁵ We use the term "high policy goals" to refer only to episodes involving military impairment and other major policy change. Some authors have used the same phrase to refer to cases involving destabilization and disruption of military adventure as well.

balance, must be deemed at least marginally successful from the Arab viewpoint. In Case 81-2: *US v. Poland*, sanctions exacerbated a deteriorating economic situation and encouraged the gradual softening of the Communist government's crackdown on the Solidarity union movement. In the third case, India's trade embargo against landlocked Nepal (Case 89-1) contributed to the political unrest that forced King Birenda to recognize long-banned opposition parties and ultimately allowed a more pro-Indian government to take power. In the other cases where impairment was sought and attempts were made to change major policies of target countries, sanctions have been ineffective.

To justify even a remote hope for success in military impairment and major change cases, sender countries should form a near monopoly over trading relations with the target country. This obvious precept, learned in the first and second world wars, was forgotten in the case of UN sanctions against South Africa (Case 62-2)⁶ and turned on its head in the case of US sanctions to block construction of the Soviet-European gas pipeline. It was recalled and forcefully implemented in Case 90-1: *US and UN v. Iraq*, and as this book went to press the authors expected sanctions—backed by the threat of military action—to succeed in dislodging Iraq from Kuwait.

II. "More Is Not Necessarily Merrier."

In general, the greater the number of countries needed to implement sanctions, the less likely it is that they will be effective. The 1990 UN embargo against Iraq, which is unprecedented in its comprehensive coverage and almost universal participation, is the exception that proves the rule. Few, if any, cases provide the glue for common action by raising such dominating security concerns as the Iraqi threat to world oil supplies. In most instances, multilateral sanctions are not associated with success.

The idea that international cooperation is a necessary ingredient in all sanctions cases is misplaced. A country looks to its allies for help when its goals are ambitious; in cases involving more modest goals, such cooperation is not needed. These conclusions are borne out in table 5.2, which compares successful and failed cases based on the extent of international cooperation achieved (as measured by our international cooperation index, with its maximum score of 4). On average, the degree of international cooperation is

⁶ Sanctions, though imposed only on selected products by major trading partners, have contributed to the progress made in South Africa in 1989-90, and that case may yet move into the success column. However, as we went to press, the legal underpinnings of apartheid—the Group Areas Act and the Population Registration Act—were still in place, and large numbers of political prisoners were still being held. Although Nelson Mandela has credited sanctions for his release and for other reforms adopted by the South African government, he has also called for their continuance until the end of apartheid is more certain.

actually somewhat less in successful than in failed cases. The difference is most marked in episodes involving modest goals and destabilization, which tend to be pursued unilaterally from the outset.

Table 5.2 Success and international cooperation

Policy goal	Average international cooperation index ^a	
	Success cases	Failure cases
Modest policy changes	1.5	1.7
Destabilization	1.7	2.4
Disruption of military adventures	2.3	2.2
Military impairment	4.0	3.0
Other major policy changes	1.8	1.9
All cases	1.8	2.0

a. See text for definition of index.

To be sure, international cooperation may serve three useful functions: to increase the moral suasion of the sanction, to help isolate the target country from the global community psychologically as well as economically, and to preempt foreign backlash, thus minimizing corrosive friction within the alliance. However, pressing too hard to corral reluctant allies can have the perverse effect of undermining the economic impact of the sanctions, if multilateral agreement takes too long to achieve or requires watering down the sanctions imposed.

When a sender country has thought it necessary to seek cooperation from other countries, it was probably pursuing a sufficiently difficult objective that the prospects for ultimate success were not bright. Without significant cooperation from its allies, a sender country stands little chance of achieving success in cases involving high policy goals. However, international cooperation does not guarantee success even in these cases, as evidenced from the long history of US and COCOM strategic controls against the Soviet Union and COMECON, and by the Arab League's futile boycott of Israel.

These observations, together with our statistical analysis, suggest that overemphasis on international "cooperation," and especially attempts to force it with the heavy hand of extraterritorial controls, will seldom yield desirable results. Sanctions should be either deployed unilaterally, because the need for one's allies is slight, or designed in cooperation with one's allies in order to reduce backlash and evasion.

This last point is significant. Too many cooks *opposing* sanctions can spoil the sender's broth. Adversaries of the sender country may be prompted by a sanctions episode to assist the target. Such opposition has frequently occurred in episodes that either provoked or derived from East-West rivalry. Assistance extended by a

"black knight" not only offsets the economic cost inflicted on the target country; it also bolsters the target government's standing at home and abroad.

Table 5.3 indicates that external assistance to the target country erodes the chances of sender-country success, particularly in cases where the policy goal is destabilization of the target government or disruption of a military adventure. With the end of the Cold War, however, black knights may in the future be less likely to appear on the sanctions scene to rescue target countries.

Table 5.3 Success and international assistance to target country

Policy goals	Incidence of international assistance (percentage of cases)	
	Success cases	Failure cases
Modest policy changes	12	12
Destabilization	9	80
Disruption of military adventures	0	42
Military impairment	100	62
Other major policy changes	40	20
All cases	17	28

III. "The Weakest Go to the Wall."

For our case sample as a whole, there seems to be a direct correlation between the political and economic health of the target country and its susceptibility to economic pressure. Table 5.4 reports the average health and stability index (with a maximum value of 3) for both successful and failed cases. The table clearly demonstrates that countries in distress or experiencing significant problems are far more likely to succumb to coercion by the sender country.

Table 5.4 Success and health and stability of target country

Policy goal	Average health and stability index ^a	
	Success cases	Failure cases
Modest policy changes	2.1	2.1
Destabilization	1.4	1.9
Disruption of military adventures	2.0	2.3
Military impairment	3.0	2.7
Other major policy changes	1.8	2.6
All cases	1.9	2.3

a. See text for definition of index.

When certain types of policy goals are at issue, the health and stability of the target country are usually an important determinant in the success of the episode. This is most true of the destabilization cases, where successes generally came against weak regimes. The average health and stability index was also lower in successful than in failed cases when disruption of military adventures and other major policy changes were at stake. In episodes involving modest policy goals and impairment of military potential, the results based on the health and stability of the target country are less clear-cut—in the former set of cases because a wide variety of countries have been targeted for modest reasons, and in the latter because countries only attempt military impairment when the target is strong enough to be a threat.

Table 5.5 The importance of size

Policy goal	Average GNP ratio: sender to target	Percentage of cases where the GNP ratio is:					
		0 to 10		11 to 100		101 and over	
		Success	Failure	Success	Failure	Success	Failure
Modest policy changes	213 ^a	6	12	12	24	16	31
Destabilization	427 ^a	0	5	10	10	43	33
Disruption of military adventures	62 ^a	11	11	17	33	5	22
Military impairment	76	20	50	0	10	0	20
Other major policy changes	57	10	20	15	40	0	15
All cases	187	23	24	36	38	41	38

a. These averages exclude cases where the GNP ratio is over 2,000 (56-4: *US v. Laos*; 75-5: *US v. Kampuchea*; 82-2: *Netherlands and US v. Suriname*; 83-4: *US and OECS v. Grenada*; and 87-3: *US v. Haiti*) because their inclusion would unduly bias the results.

In the great majority of cases we have documented, the target country also has been much smaller than the sender country. Thus, whereas sanctions typically involve only a small proportion of the trade or financial flows of the sender country, they can significantly affect the external accounts of the target country. Table 5.5 shows that in cases involving modest goals the sender's economy is on average more than 200 times larger than the target's economy, and in cases involving destabilization the average ratio exceeds 400. For cases involving the disruption of military adventures, military impairment, and other major policy change, the results in table 5.5 indicate less of a size differential between sender and target. However, there is still a significant

mismatch in economic clout: in 77 percent of the disruption of military adventure cases, 30 percent of the military impairment cases, and 60 percent of the other major change cases, the sender country's GNP was over 10 times the size of the target country's GNP.

Because senders' economies are almost always much bigger than their targets', relative size is not very helpful in predicting success in the majority of cases. Although few of our cases involved countries of nearly equal size, the sample does support the conclusion that size is usually a necessary, but is not a sufficient, condition for success.⁷ The relative size of the target economy is less important than other factors that come into play, such as the extent of trade linkage, the economic impact of the sanctions, and the warmth of relations between sender and target prior to the imposition of sanctions.

IV. "Attack Your Allies, Not Your Adversaries."

Economic sanctions seem most effective when aimed against erstwhile friends and close trading partners. In contrast, sanctions directed against target countries that have long been adversaries of the sender country, or against targets that have little trade with the sender country, are generally less successful.

We quantified the warmth of preepisode relations between sender and target countries by means of an index scaled from 1 (antagonistic) to 3 (cordial). Table 5.6, which reports the average prior relations index in successful and failed cases, indicates that, for most types of sanctions, preepisode relations were warmer in successful than in failed cases.

Table 5.6 Success, prior relations, and trade linkage

Policy goal	Prior relations index ^a		Average trade linkage (percentage of total trade) ^a	
	Success cases	Failure cases	Success cases	Failure cases
	Modest policy changes	2.4	2.0	25
Destabilization	2.7	2.2	38	27
Disruption of military adventures	2.3	2.1	16	28
Military impairment	1.0	1.2	12	17
Other major policy changes	2.6	2.0	36	16
All cases	2.4	2.0	28	19

a. See text for definitions.

⁷ Sanctions contributed to a positive outcome in only 2 of 19 cases in which the GNP ratio was under 10 and military conflict or control of oil reserves was not a factor (see chapter 4).

The higher compliance with sanctions by allies and trading partners reflects their willingness to bend on specific issues in deference to an overall relationship with the sender country. Such considerations may not be decisive in the calculus of an antagonistic target country, or a target country that has little economic contact with the sender. In addition, an ally will be a less likely candidate for offsetting assistance from black knights, and less willing to accept it if offered. Sanctions may succeed more often against friends than against foes, but a word of caution must be inserted: the preservation of political alliances and economic ties should be equally important to prospective senders as to intended targets.

Likewise, the trade linkage data, also reported in table 5.6, suggest that success is more often achieved when the target country conducts a significant portion of its trade with the sender. We measured trade linkage as the average of, first, the target country's imports from the sender, as a percentage of the target's total imports, and second, the target country's exports to the sender as a percentage of the target's total exports. In most episodes involving modest policy goals or destabilization attempts, the trade linkage exceeds 20 percent; further, the trade linkage in successful cases is generally higher than in failed cases. Cases involving disruption of military adventures also have trade linkages at the 20 percent level; in this category, however, failed cases exhibit a somewhat higher trade linkage than successes.

In the military impairment cases, the trade linkage is usually less than 20 percent. Although the trade linkage is perversely higher in failed cases in this group, the distinction between successful cases and failures is not significant—the only successes in this category are the sanctions applied during the two world wars. Similarly, in cases involving other major policy changes, the trade linkage is usually low, although in three of the five successful episodes the average trade linkage was over 50 percent. Taking all categories together, successful cases exhibit a higher average trade linkage (28 percent) than do failed cases (19 percent).

V. *"If It Were Done, When 'Tis Done, Then 'Twere Well It Were Done Quickly."*

A heavy, slow hand invites both evasion and the mobilization of domestic opinion in the target country. Sanctions imposed slowly or incrementally may simply strengthen the target government at home as it marshals the forces of nationalism. Moreover, such measures are likely to be undercut over time either by the sender's own firms or by foreign competitors. Sanctions generally are regarded as a short-term policy, with the anticipation that normal commercial relations will be reestablished after the resolution of the

crisis. Thus, even though popular opinion in the sender country may welcome the introduction of sanctions, the longer an episode drags on, the more public support for sanctions dissipates.

The cases we have documented show a clear association, summarized in table 5.7, between the duration of sanctions and the waning prospects of success. The impact of sanctions may be less than expected either because the sanctions take too long to bite or because their bite loosens too soon. A critical question in the 1990 Iraq case is whether the UN coalition will have the patience to outwait Saddam Hussein and allow the sanctions time to reach full force.

Table 5.7 Success and the duration of sanctions

Policy goal	Length of episode (years)	
	Success cases	Failure cases ^a
Modest policy changes	2.8	5.2
Destabilization	3.8	7.4
Disruption of military adventures	1.2	4.4
Military impairment	5.0	24.4
Other major policy changes	1.8	2.6
All cases	2.9	8.0

a. The periods for the failure cases are biased on the low side because several cases are still ongoing.

However, it is not the passage of time alone that undermines economic sanctions. Other factors are correlated with the length of an episode. Episodes between erstwhile allies are generally short, to the point, and often successful. Further, the target country is more likely to receive assistance from another major power if the episode continues for a number of years. Finally, the greater the latent likelihood of success, the shorter the sanctions period necessary to achieve results.

In any event, the inverse relationship between success and the duration of sanctions argues against a strategy of "turning the screws" on a target country, slowly applying more and more economic pressure over time until the target succumbs. Time affords the target the opportunity to adjust: to find alternative suppliers, to build new alliances, and to mobilize domestic opinion in support of its policies.

VI. *"In For a Penny, In For a Pound."*

Cases that inflict heavy costs on the target country are generally successful. As shown in table 5.8, the average cost to the target for all successful cases was 2.4

percent of GNP; by contrast, failed episodes barely dented the economy of the target country, with costs averaging only 1 percent of GNP. Both averages reflect the heavy costs typically imposed in destabilization, military impairment, and other major policy change cases, which counterbalance the generally minor impact of sanctions in cases involving modest policy changes.

Table 5.8 Success and costs to the target country

Policy goal	Costs as percentage of GNP	
	Success cases	Failure cases
Modest policy changes	1.2	0.4
Destabilization	4.1	2.2
Disruption of military adventures	0.4	2.0
Military impairment	4.3	1.2
Other major policy changes	4.5	0.5
All cases	2.4	1.0

The seemingly perverse result in cases involving disruption of military adventures, where the average costs of failed cases are much higher than those for successes, reflects the experience of the early League of Nations sanctions against Yugoslavia and Greece. In these two episodes, the mere threat of sanctions succeeded in forcing the invading armies to withdraw, and therefore no costs were imposed on the target country.

The conclusion to be drawn from these findings is that if sanctions can be imposed in a comprehensive manner, the chances of success improve. Sanctions that bite are sanctions that work. However, there is a "black knight corollary" to this conclusion: sanctions that attract offsetting support from a major power may cost the target country little on a net basis and are less likely to succeed.

VII. "If You Need to Ask the Price, You Can't Afford the Yacht."

The more it costs a sender country to impose sanctions, the less likely it is that the sanctions will succeed. This conclusion finds support in table 5.9, which shows that the average cost-to-sender index (scored from 1 to 4, with 1 representing a net gain and 4 a major loss to the sender), is generally lower in successful than in failed cases. The exceptions are the two world wars. In most other instances, the cost to the sender country in successful episodes is insignificant, and often the short-term result is a net gain (usually where the sanction is in the form of a cutoff of aid).

Table 5.9 The price of success

Policy goals	Average cost to sender index ^a	
	Success cases	Failure cases
Modest policy changes	1.6	1.5
Destabilization	1.5	2.3
Disruption of military adventures	1.7	1.9
Military impairment	4.0	3.0
Other major policy changes	2.0	2.3
All cases	1.8	2.0

a. See text for definition of index.

The basic conclusion to be drawn from table 5.9 is clear: a country should shy away from deploying sanctions when the economic costs to itself are high. Countries that shoot themselves in the foot may not mortally wound their intended targets. Although we did not attempt to measure the political costs of sanctions episodes to sender countries, we believe this conclusion would apply with equal force to episodes that entail high political costs. The early-1980s Soviet gas pipeline case is a good example of how self-imposed economic and political costs can cause a sanctions campaign to backfire and undercut the sender's foreign policy objectives.

These results suggest that sender governments should design sanctions so as not to inflict unduly concentrated costs on particular domestic groups. One example of actions to avoid, in all but extreme situations, is the retroactive application of sanctions to cancel existing contracts. Such actions not only leave the affected firms high and dry, with unsold inventories and excess capacity, but they also sour those firms' chances of competing for future business. If the sender government believes that retroactive application is essential to the success of an episode, then it should compensate the affected domestic firms at least for the loss on unsold inventories.

The sanctions episodes that are least costly to the sender are often those that make use of financial leverage—manipulating aid flows, denying official credits, or, at the extreme, freezing assets—rather than trade controls. Denial of finance may also compound the cost to the target country by inhibiting its ability to engage in trade even without formal trade controls being imposed. Table 5.10 shows that financial sanctions have been used alone more often and more effectively than trade controls alone.

Table 5.10 Success by type of sanction

Policy goal	Financial sanctions					
	Alone		With trade sanctions		Trade sanctions alone	
	Success cases	Failure cases	Success cases	Failure cases	Success cases	Failure cases
Modest policy change	7	13	6	10	3	10
Destabilization	4	1	6	8	1	1
Disruption of military adventures	3	4	1	6	0	2
Military impairment	0	0	2	5	0	3
Other major policy changes	0	2	3	8	2	4
All cases ^a	14	20	18	38	6	19

a. These figures include five cases listed under two different policy goals (see table 5.1), but they exclude five cases in which sanctions never went beyond the threat stage.

When financial, export, and import controls are all used in a single episode, it is usually because the goal is ambitious. A major reason for the better track record of financial sanctions alone is that they typically involve relatively modest goals, sought through the reduction, suspension, or termination of economic or military assistance from richer nations (usually the United States) to smaller and poorer developing countries.

VIII. "Choose the Right Tool For the Job."

Economic sanctions are often deployed in conjunction with other measures directed against the target: covert action, quasi-military measures, or regular military operations. As table 5.11 shows, companion measures are used most frequently in episodes involving destabilization and impairment of military potential. By contrast, companion policies are seldom used in cases involving modest policy changes, and were used in fewer than half the disruption and major policy change cases.

Table 5.11 Success and companion policies

Policy goals	Incidence of companion policies (percentage of cases)	
	Success cases	Failure cases
Modest policy changes	18	3
Destabilization	73	80
Disruption of military adventures	17	50
Military impairment	100	75
Other major policy changes	40	40
All cases	39	34

The figures on success and failure in cases involving companion policies are somewhat misleading, since our methodology only recognizes success in cases where sanctions made a positive contribution to the policy outcome. In several cases counted as failures—for example, the US sanctions against the Sandinistas in Nicaragua (Case 81-1) and against Noriega in Panama (Case 87-1)—the sender country achieved its goal, but military or covert measures swamped the impact of the sanctions. It may also be unfair to say that sanctions "failed" in other cases—for example, the United States versus Grenada (Case 83-4)—where the military weapon was unsheathed before sanctions had been given a chance to work. Rather than buttressing a sanctions campaign, companion measures are frequently used when sanctions are perceived to be either wholly inadequate or simply too slow.

IX. "Look Before You Leap."

Sender governments should think through their means and objectives *before* taking a final decision to deploy sanctions. Leaders in the sender country should be confident that their goals are within their reach, that they can impose sufficient economic pain to command the attention of the target country, that their efforts will not prompt offsetting policies by other powers, and that the sanctions chosen will not impose insupportable costs on their domestic constituents and foreign allies. These conditions will arise only infrequently, and even then the odds of success are slim.

Sanctions imposed for symbolic purposes—for the benefit of allies or a domestic audience—should be just as carefully crafted. For example, although some analysts have argued that imposing a high cost on one's own economy sends a signal of seriousness, the intended signal may be quickly drowned out by a cacophony of protests from injured domestic parties. Efforts to extend sanctions extraterritorially may produce the same effect abroad.

Although economic sanctions may be the best or even the only option in some cases where it is necessary to "do something," not just any sanction will do—the sanction chosen must be appropriate to the circumstances. Senders usually have multiple goals and targets in mind when they impose sanctions, and coercion is not always at the top of the list. Prudence argues that one carefully analyze the unintended costs and consequences before choosing a particular measure. It makes sense to tailor sanctions carefully to the objective they are genuinely intended to achieve.

Recent Experience and Prospects For the Future

Success in the use of sanctions has proved more elusive in recent years than in earlier decades, primarily as a result of welcome changes in the world

economy: a more open international system with new and emerging economic superpowers. The question for the 1990s is whether changes in the global political system (in particular the end of the Cold War) can reverse this trend.

If one splits the case sample roughly in half, into those initiated before 1973 and those begun after that date, a striking difference emerges: almost half the sanctions episodes in the pre-1973 period succeeded, whereas the success rate among the cases begun after 1973 was just under a quarter. Just as striking is the fact that the "other major goals" category is the only one to show an increase in its success rate (although in this category the number of cases dropped by nearly half); meanwhile the success rate for cases involving modest goals plummeted (table 5.12).

These general trends need to be qualified. First, seven cases is a small number on which to base conclusions about the use of sanctions for ambitious goals. Moreover, two of the three "major" victories involved unusual circumstances. As noted in chapter 4, control of strategic commodities can provide senders (and targets) with leverage out of proportion to their overall economic size. Oil was the critical factor in one case (Case 73-1: *Arab League v. US and Netherlands*), and control of major transit routes in and out of a mountainous, landlocked country provided unusual leverage in the other (Case 89-1: *India v. Nepal*). Whether the end of the Cold War will increase the prospects for multilateral sanctions, and hence for success in "high" policy goal cases, is explored below.

Table 5.12 Success by period

Policy goal	Pre-1973		1973-89	
	Success cases	Failure cases	Success cases	Failure cases
Modest policy changes	9	3	8	31
Destabilization	9	6	2	4
Disruption of military adventures	5	8	1	4
Military impairment	2	6	0	2
Other major policy changes	2	11	3	4
All cases ^a	27	34	14	45

a. These figures include five cases listed under two different policy goals (see table 5.1).

Second, the increasing use of sanctions despite their declining effectiveness can be attributed entirely to US experience. Other senders, including multilateral coalitions in which the United States played a relatively minor role, both reduced their reliance on sanctions and improved their record: from 10

successes in 28 attempts prior to 1973, to 6 of 13 since then. In contrast, after posting a better than .500 average in the earlier period, the United States has batted under .200 since 1973.

Declining Success and Declining Hegemony

Reflecting its roles as economic hegemon and political and military superpower, the United States in the decades following World War II attempted to impose its will on a wider variety of targets and sought a broader array of objectives than did any other country, including the Soviet Union (which generally confined its use of sanctions to trying to keep rebellious allies in line). The unique US role translated into less reliance on international cooperation and, on average, more distant relations and weaker trade linkages with its targets than was observed with other users of sanctions. This in turn has contributed to a lower average cost imposed on target countries, although the dominant role played by foreign aid in US sanctions has also meant that they imposed lower average costs on the US economy (table 5.13 summarizes the US experience with sanctions).

The sharp upswing in the use of US sanctions for modest goals began in the early 1970s, when détente with the Soviet Union briefly allowed the United States to turn its attention to other matters, such as human rights violations and nuclear proliferation. Because the targets of these policies were more likely to be found among the developing countries, they tended to be economically weaker and less stable than the average target in earlier years. Furthermore, détente together with economic problems at home made the Soviet Union less and less willing and able to play the black knight and provide offsetting assistance to target countries.

All of these factors should have boded well for US sanctions in the 1970s. However, the global economy had also changed, and although US goals were more modest and the targets usually even smaller and weaker than before, the United States found that it had less leverage. In the early years after World War II, the US economy was the reservoir for rebuilding war-devastated countries. It was also the major if not sole supplier of a variety of goods and services. Well into the 1960s, the United States remained the primary source of economic assistance for developing countries.

Table 5.13 The US experience with sanctions^a

Sender	Number of cases	Incidence of companion policies (percentage of cases)	International cooperation with sender (index)	Target health and stability (index)	Prior relations (index)	Cost to target as percentage of GNP	Trade linkage (percentage)	Cost to sender (index)
United States								
Pre-1973 ^b								
Successes	18	44	1.6	1.8	2.3	2.0	24	1.5
Failures	17	47	2.2	2.5	1.8	1.3	24	2.1
Since 1973								
Successes	8	25	1.7	1.6	2.7	1.6	25	1.6
Failures	38	21	1.8	2.1	1.9	0.7	15	1.7
Other ^b								
Successes	16	44	2.3	2.2	2.3	3.3	32	2.3
Failures	25	48	2.4	2.5	2.2	1.1	21	2.3

a. See text for explanation of variables.

b. Includes two cases that have been cross-listed under "United States" and "Other" (39-1: *Alliance Powers v. Germany and Japan*, and 61-3: *Western Allies v. German Democratic Republic*).

Since the 1960s, however, trade and financial patterns have grown far more diversified, new technology has spread more quickly, and the US foreign aid budget has virtually dried up for all but a few countries. Recovery in Europe and the emergence of Japan have created new, competitive economic superpowers, and economic development has reduced the pool of potentially vulnerable targets. These trends are starkly illustrated by the declining average trade linkage between the United States and its targets (from 24 percent prior to 1973 to only 17 percent since), the lower costs imposed on targets (1.7 percent of GNP v. 0.9 percent of GNP), and the fading utility of manipulating aid flows. For example, the success rate for financial sanctions used alone (these are usually cases involving reductions of aid to developing countries) declined from nearly 80 percent before 1973 to less than 20 percent since then.

The Soviet invasion of Afghanistan and the election of Ronald Reagan brought an intensification of the Cold War that restored an East-West flavor to sanctions campaigns. This change in emphasis manifested itself in several differences between the sanctions cases in the 1980s and those in the decade preceding. Only about half of the 1980s cases involved modest goals, down from three-quarters in the 1970s; the incidence of companion policies nearly tripled (although from a low level given the predominance of modest goals in the 1970s); and the average cost imposed on the target doubled. Perhaps in recognition of its declining leverage, the United States also tried to harness more international cooperation. Still, the costs imposed remained below pre-1970 levels, the average trade linkage remained low, the average cost borne by the US economy (although still small) increased, and the overall effectiveness of sanctions continued to decline.

As this study goes to press, the United States could boast of only three successes in the 1980s: convincing Poland to reduce its repressive policies early in the decade (eventually leading to free elections and a Solidarity-led government); forcing El Salvador to prosecute rebels accused of killing Americans in a San Salvador café (despite a Salvadoran court ruling that they were covered by El Salvador's political amnesty law); and, in cooperation with the Netherlands, encouraging Suriname to improve its human rights record and hold elections.

In three other cases, the United States achieved a successful outcome, but regular or quasi-military action either superseded the sanctions (Grenada and Panama) or was the overwhelming factor in the success of the policy (Nicaragua). In several other cases, including South Africa, sanctions have had an observable impact, but they have not yet achieved the desired changes in target behavior.

Whatever the outcome in South Africa and other episodes, one thing is clear: the outcome of the Iraq case will color world opinion on the utility of

sanctions for years to come. Many parallels can be drawn between the 1935 League of Nations sanctions against Italy and the 1990 United Nations sanctions against Iraq. But the strongest parallel is the power of each episode to shape informed opinion. If sanctions succeed in prying Iraqi troops out of Kuwait, a new era of superpower cooperation in the use of economic weapons may dawn; if sanctions fail, or if military force is required, then conventional wisdom will long hold that even draconian economic measures against an isolated target are futile.

To return to the main story, the most obvious and important explanation of the sharp decline in the effectiveness of US sanctions is the relative decline of the US position in the world economy. However, the evidence from the cases suggests three other contributing causes. First, although the United States typically took smaller bites in the 1970s and 1980s, it did not always finish what it started. Although *détente* allowed cases involving modest goals to multiply, concerns about Soviet influence or strategic position still claimed first priority in the strategic planning of the US government and frequently undermined the pursuit of less central goals. For example, the United States has been reluctant to enforce sanctions vigorously against El Salvador, Guatemala, and others for fear of weakening these regimes and allowing leftist rebel victories, which would benefit the Soviet Union. It also backed off on sanctions against Pakistan's nuclear program following the Soviet invasion of Afghanistan.

There may also be a misclassification problem, which would help to explain the anomaly noted above of sanctions becoming less effective in achieving modest goals, but more effective in pursuit of major goals. Although the goals in several more recent cases may have been modest from the perspective of the United States—and indeed seemed so to us, relative to the surrender of territory or threats to sovereignty and independence—they were often of central importance to targeted regimes whose leaders believed that their survival depended on stifling domestic political opposition or keeping up with a regional rival thought to be pursuing a nuclear weapons option. To military leaders in Argentina, Brazil, El Salvador, Pakistan, and elsewhere it seemed better to forgo continued US economic or military assistance, or imports of nuclear technology from the United States—and to seek alternative suppliers—than to risk losing power and possibly their lives. However, reclassifying the human rights and nuclear proliferation cases under the “other major goal” heading only reshuffles success rates by goal—reducing it for major goals and raising it slightly for modest goals. It does not affect the overall conclusion.

A second and related trend is the growing assertiveness of Congress in foreign policy in the past 15 years. The Hickenlooper amendment to the Foreign Assistance Act of 1962 (originally sponsored by Senator Bourke B.

Hickenlooper [R-IA]), which prompted executive branch action in many of the expropriation disputes of the 1960s, was a rare example of congressionally mandated economic sanctions in the early postwar period. In the 1970s, however, Congress increasingly forced the president's hand and constrained his discretion in various foreign policy situations by passing legislation requiring the use of economic sanctions. The confused signals sent by administrations that were forced to implement legislatively mandated sanctions may have led target countries to believe, often correctly, that the sanctions would not be sustained.

Finally, whereas financial measures were part of the sanctions package in more than 90 percent of episodes prior to 1973, they were present in only two-thirds of the cases after that. In the antiterrorism and nuclear nonproliferation cases, denial of key hardware was typically as important as inducing a change in policy, and so selective export controls were the tool of choice. Because alternative suppliers of the sanctioned goods were usually available, both goals proved elusive.

The type of financial sanction used most frequently also changed. Economic aid was the dominant choice in the earlier period, whereas military assistance was prominent in the later period, especially in the human rights cases, where military governments were often the target. Again, in some cases alternative sources of arms and financial assistance were available. Even more important, however, these governments perceived internal dissent to be a greater threat to their longevity than US enmity and sanctions.

Sanctions After the Cold War

The inevitable decline of American postwar hegemony has substantially reduced the utility of unilateral US economic sanctions. Moreover, the US experience and increasing global economic interdependence have convinced most other countries—never as enamored of sanctions as the United States—that the use of economic leverage for foreign policy ends was largely anachronistic. The end of the Cold War raises two questions for the future of sanctions: Can the utility of unilateral US sanctions be restored? And does the UN embargo of Iraq presage a new approach to international diplomacy, with multilateral sanctions playing an important role?

The decline in superpower rivalry, combined with severe economic problems at home, means that the Soviet Union is far less likely to play the black knight to countries seeking assistance to offset the impact of US sanctions. Although Libya and occasionally sympathetic neighbors (South Africa for Rhodesia and Saudi Arabia for Pakistan) have played this role, the resources and commitment of potential new black knights are certain to pale beside those of the Soviet Union at the height of the Cold War.

However, even if black knights are fewer in the 1990s, the scope for unilateral US action will continue to diminish. Changes in the international economy in recent decades have reduced the number of targets likely to succumb to unilateral economic coercion, even if black knights go the way of dragons. Many potential targets have developed strong and diversified economies that will never again be as vulnerable as they once were. And even relatively weak economies are less vulnerable today as a result of the growth in world trade and the rapid dispersion of technology, which mean that most US exports can be replaced at little cost and alternatives even to the large US import market can usually be found.

Does this mean that the second commandment, regarding international cooperation, should be dropped? We think not, for two reasons. First, ambitious goals will still be more difficult to achieve than modest ones, regardless of the degree of cooperation. Second, Iraq notwithstanding, multilateral cooperation is likely to be as difficult to achieve in the future as it has been in the past.

For many, the embargo of Iraq has provided a vision of a post-Cold War world in which the United Nations, without the superpower rivalries that have hamstrung it in the past, would finally play the dispute-settlement role originally intended for it. Success in the Middle East could revive enthusiasm for Woodrow Wilson's vision of sanctions as an alternative to war, but that enthusiasm is likely to be short-lived for two reasons.

First, economic sanctions seldom if ever achieve the sort of outright victory that military action can, although they may achieve a compromise solution that is preferable to war. The UN embargo may succeed in getting Iraqi troops out of Kuwait, but it probably will not be sufficient to rid the world of Saddam Hussein or his military might.

Although the end of the Cold War opened the door for an unprecedented degree of international cooperation against Iraq, the real source of that near unanimity was the threat to global prosperity and political stability posed by Hussein's aggression. Had the invasion of Kuwait not placed Hussein in a position to control the second-largest oil reserves in the world, with his million-man army poised on the Saudi Arabian border, it is unlikely that the world would have united in condemning him. Even with the stakes so high, China was a reluctant participant in many of the UN actions against Iraq. China might well have blocked some or all of those actions, using its veto in the UN Security Council, if not for its desire to rehabilitate its own international image and see the sanctions imposed after the Tiananmen Square massacre lifted. Since, few situations pose the global risks of Iraq's invasion of Kuwait, the degree of cooperation achieved in this case is unlikely to be repeated.

A more relevant case study for the post-Cold War world may be South

Africa. There, despite 30 years of UN and various bilateral sanctions, a peaceful end to apartheid remains a dream, though a less distant one than in the early to mid-1980s. The five permanent members of the UN Security Council, as well as virtually all the members of the General Assembly, are united in their abhorrence of apartheid, but they differ widely on how to end it. For 15 years after the Sharpeville massacre, the United Nations could manage no more than to call on its members to voluntarily restrict arms sales to South Africa. Nearly 15 years and thousands of lives farther down the road, the arms embargo (mandatory since 1977) is still the only UN sanction in place.

Over the years, political and economic concerns other than ending apartheid have frequently dominated policy toward South Africa in important sender countries. In the 1980s, public campaigns against apartheid intensified in the United States, Europe, and elsewhere in response to increasing repression and violence in South Africa, but still sanctions were imposed reluctantly and selectively.

While condemning apartheid in the 1960s and 1970s, the United States soft-pedaled sanctions because of fears that the result would be increased Soviet influence in a region considered strategic. In the 1980s, even after the easing of Cold War tensions, the Reagan administration worried that South Africa would retaliate against sanctions by restricting the export of certain strategic minerals and metals for which the only alternative source was the Soviet Union. Congress eventually passed the Comprehensive Anti-Apartheid Act over a presidential veto in 1986, but even that legislation imposed only partial sanctions. Moreover, the choice of sanctions appeared to reflect commercial as well as foreign policy goals. Only US exports of petroleum products and weapons and munitions were barred, while US imports of such domestically sensitive import-competing products as textiles and apparel, iron and steel, and agricultural products were banned.

Sanctions against South Africa by most of Europe (outside of Scandinavia) and Japan have been even less resolute, as these countries have allowed economic interests to dominate their policy in this area. The United Kingdom has substantial investments in and trade with South Africa, and Prime Minister Margaret Thatcher, who appears to have a genuine ideological aversion to the use of economic sanctions, blocked significant measures by either the European Community or the Commonwealth, and led the fight for lifting sanctions after President Frederick W. de Klerk released Nelson Mandela from prison.

Because the screws were tightened slowly and only part of the way, we estimate that the post-1985 sanctions against South Africa cost it less than 1 percent of GNP. Moreover, the "sanctions" that appear to have had the greatest impact in this period—the freeze on new lending to and substantial capital outflows from South Africa—were imposed by skittish financial institutions, not by governments. Thus,

even if a peaceful resolution is eventually achieved in South Africa, it seems likely at the end of 1990 that government-imposed economic sanctions will have played no more than a modest role in the outcome.

Do's and Don'ts

The end of the Cold War removes one significant obstacle to the use of economic sanctions as a tool of international diplomacy. However, it will not erase all the economic and political interests that divide countries, or even different governments within the same country over time. Nor does it make difficult objectives easy, or strong and stable targets more susceptible to economic pressure. This does not mean that the United Nations should eschew sanctions, but only that effective multilateral sanctions are likely to remain rare events.

The problems for individual sender countries are even more difficult. One byproduct of the evolution of the world economy since World War II has been a narrowing of the circumstances in which unilateral economic leverage may be effectively applied. Success increasingly depends on the subtlety, skill, and creativity with which sanctions are imposed—a test the United States has frequently failed. Still, the United States and others are unlikely to forgo attempts at economic coercion entirely. Bearing that in mind, we present our short list of “do's and don'ts” for the architects of a sanctions policy designed to change the policies of the target country:

- (1) Don't bite off more than you can chew.
- (2) Don't exaggerate the importance of international cooperation with your policies—it may not be necessary in small episodes—but don't underestimate the role of international assistance to your target.
- (3) Do pick on the weak and helpless.
- (4) Do pick on allies and trading partners, but remember, good friends are hard to come by and sad to lose.
- (5) Do impose the maximum cost on your target, but. . .
- (6) Don't pay too high a price for sanctions yourself.
- (7) Do apply sanctions decisively and with resolution, but. . .
- (8) Don't expect sanctions to work right away, and don't jump to covert maneuvers or military action too soon.
- (9) Do plan carefully: economic sanctions may worsen a bad situation.

“FOREWARNED IS FOREARMED.”

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