

*SAE./No.131/January 2019*

*Studies in Applied Economics*

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IN CONSIDERATION OF ECONOMIC  
SANCTIONS

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Johns Hopkins Institute for Applied Economics,  
Global Health, and the Study of Business  
Enterprise



# **In Consideration of Economic Sanctions**

**Lauren Ralph**

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## **About the Series**

The Studies in Applied Economics series is under the general direction of Prof. Steve H. Hanke, Co-Director of The Johns Hopkins Institute for Applied Economics, Global Health, and the Study of Business Enterprise (hanke@jhu.edu).

## **About the Author**

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## **Abstract**

Economic sanctions have been an enduring and widespread policy tool, seeking to extract concessions from target countries by causing them economic pain. Due to their popularity amongst politicians, sanctions have attracted a breadth of research regarding their effectiveness and the potential consequences of utilization. This paper reviews the literature and presents over thirty researchers thoughts on numerous aspects of economic sanctions. Topics include how to define a successful sanction, the various success rates of sanctions, the factors influencing the success of a sanction, and the reasons policy makers continue to use sanctions. Finally, the review examines contemporary dialogue on sanctions from U.S. politicians, which generally confirms the theories that sanctions are meant to signal values to the international community, punish those who violate norms, and deter future negative action.

## **Acknowledgments**

I thank Dr. Steve H. Hanke for inspiring this topic and providing insight throughout the process. I would also like to thank Kenneth Blackmon for his advice on the project.

Keywords: economic sanctions, foreign policy

## **INTRODUCTION**

It is a common theme that democratic countries feel an urge to alter the actions of other regimes, be it their politics, humanitarian actions, institutional development, or trade policy. A variety of means may be employed to embark on such goals, from military invasion to support for domestic opposition movements to simple public declarations of condemnation. However, the most common foreign policy tool is likely economic sanctions.<sup>1</sup> Sanctions were used for the first time in 432 BC when Pericles enacted the Megarian decree, forbidding the Megarians from trading or traveling on Athenian land. Since then, sanctions have waxed and waned in popularity over different eras, with policy makers utilizing them at a level beyond that encouraged by the scholarly literature. Though governments and social systems seem to have evolved, the resilience of sanctions policy “helps to underscore the degree to which people have not changed.”<sup>2</sup>

Economic sanctions are defined as the “withdrawal of customary trade and financial relations for foreign and security policy purposes,”<sup>3</sup> often involving changing some behavior of the target state. It is important to distinguish economic sanctions from trade wars, which seek to influence behavior that affects the wealth of the state imposing the sanctions. Economist Robert Pape offers a helpful example of two similar economic punishments, each for different purposes. He explains that when the United States threatens China with economic punishment for their human rights violations, it’s an economic sanction. However, when they threaten economic punishment for a business action, such as copyright infringement, it’s a trade war.<sup>4</sup> Distinguishing different classes of economic action is crucial for later evaluations of economic sanctions. An embargo can be thought of as a more total and severe form of sanction.

Sanctions come in a variety of forms and each case is unique. Sanctions can be implemented by just one country (unilateral), several countries in a variety of organizational structures (multilateral), or by the global community, such as through the authority of the United Nations (universal supranational). Sanctions may also be primary or secondary. In primary sanctions, the imposing country restricts their citizens and corporations from engaging in trade with the targeted country. Secondary sanctions move one step further, and the imposed also refuses to trade with third parties that do not cease their activity with the targeted country. Sanctions can also be differentiated by their method of coercion: direct or indirect. Direct coercion involves convincing the target government that issues at stake are not worth the loss of trade revenue, thus changing their actions to avoid the sanctions. In contrast, indirect sanctions attempt to

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<sup>1</sup> Escribà-Folch, Abel, and Joseph Wright. "Dealing with Tyranny: International Sanctions and the Survival of Authoritarian Rulers." *International Studies Quarterly* 54.2 (2010), p. 336.

<sup>2</sup> Nephew, Richard. *The Art of Sanctions : A View from the Field*. New York: Columbia University Press, 2018. Center on Global Energy Policy Series, p. 180.

<sup>3</sup> Masters, Jonathan. Council on Foreign Relations. 16 Oct. 2018, pp. 2.

<sup>4</sup> Pape, Robert A. "Why Economic Sanctions do Not Work." *International Security* 22.2 (1997), p. 94.

induce the populace to pressure their government into concessions or even overthrow the government altogether.<sup>5</sup> Finally, sanctions may be comprehensive or targeted, creating sweeping bans on trade of all kinds with the targeted country or specifically targeting certain industries or individuals, respectively.

Regarding the U.S., a Congressional Research Memorandum written by Dianne Rennack elucidates the specific legislation that guides sanction imposition.<sup>6</sup> It is primarily the president's responsibility to impose sanctions, though the authority may also fall to officials within the State, Commerce, or Treasury Departments. The U.S. Congress may also mandate the president to impose sanctions via legislative action, though such instances have been rare in practice. Sanctions can be imposed when a state or individual violates any number of standards codified by U.S. law, with a fair amount of discretion left to the president's judgment. Actions that may result in sanctions include, but are not limited to: supporting international terrorism, committing human rights violations, limiting religious freedom, harboring war criminals, implementing coercive family planning programs, and illegally trafficking or producing narcotics.<sup>7</sup>

Different violations derive their sanction punishment from different sources of legislation. Via Section 620A of the Foreign Assistance Act of 1961, Section 40 of the Arms Export Control Act, and Section 6(j) of the Export Administration Act of 1979, the Secretary of State has the authority to designate governments as a supporter of international terrorism and subject them to broad sanctions.<sup>8</sup> Under the Victims of Trafficking and Violence Protection Act of 2000, the Secretary of State is granted the authority to sanction or deny foreign aid to countries and individuals that fail to meet minimum standards.<sup>9</sup> Violations of religious freedom can result in sanctions due to the International Religious Freedom Act of 1998, which established the Commission on International Freedom.<sup>10</sup>

If the government specifically aims to prevent arms trade, the State Department has authority, under the Arms Export Control Act, to determine a government is not eligible to participate in the sales, loans, leases, etc. of arms.<sup>11</sup> They may also simply restrict aid to countries, as described in the Foreign Assistance Act of 1961 and The Department of State, Foreign Operations, and Related Programs Appropriations Act of 2016. These acts restrict aid to countries that commit any of the violations that typically result in sanctions (terrorist funding, human rights violations, religious violations, human trafficking, etc.). However, the president has the authority to ignore the act, via Section 614 of the Foreign Assistance Act of 1961, if

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<sup>5</sup> "Types of Economic Sanctions." *Maurits Gorlee Trade Compliance Blog*, [mauritsgorlee.com/economic-sanctions/types-economic-sanctions/](http://mauritsgorlee.com/economic-sanctions/types-economic-sanctions/).

<sup>6</sup> Rennack, Dianne. (2016, June 3). *U.S. Economic Sanctions Imposed in Furtherance of U.S. Foreign Policy or National Security Objectives* [Memorandum]. Congressional Research Service.

<sup>7</sup> *Ibid.*, p. 1.

<sup>8</sup> *Ibid.*, p. 2.

<sup>9</sup> *Ibid.*, p. 8.

<sup>10</sup> *Ibid.*, p. 9.

<sup>11</sup> *Ibid.*

sending the assistance is “important to the security interests of the United States.”<sup>12</sup> Certain “notwithstanding” clauses also allow for aid to be distributed in the event of certain international disasters or unanticipated health emergencies.<sup>13</sup> Of course, there is also legislative support for implementing sanctions against “non-state entities,” which has become increasingly common.<sup>14</sup> The authority derives from the National Emergencies Act, the International Emergency Economic Powers Act, and, in times of war, the Trading With the Enemy Act.<sup>15</sup>

Though the U.S. is certainly very active in sanctions today, the economic tool has waxed and waned in popularity throughout world history. Such “styles” of economic warfare are described at length by Peter John de la Fosse Wiles in several pieces of work. The 17<sup>th</sup> and 18<sup>th</sup> century can be considered an era of Mercantilism, in which state’s sought to “expand the quantity of money, in order to increase employment, encourage development and – above all – collect a gold stock in case of war.”<sup>16</sup> Several global conditions at this point in time combined with the theory of Mercantilism to produce international relations in which economic war was the average condition. First, the suspicion with which individuals regarded paper money meant there existed an advantage to be gained if the enemy’s convertibility was damaged.<sup>17</sup> Since states did not have banks, this was accomplished via trade surplus. In addition, the quantity of trade in the world was thought to be more or less fixed, as “international division of labour dates only from Smith.”<sup>18</sup> Thus, exporting to the enemy...was very patriotic, since it harmed him.”<sup>19</sup> Ultimately, states conducted economic war often and with a monetary lens.

The school of thought shifted in the 19<sup>th</sup> century, as free trade began to prosper. Scholars realized that “a state can scarcely carry its trade and industry very far, where all the surrounding states are buried in ignorance, sloth and barbarism.”<sup>20</sup> Furthermore, there existed the dominant belief that war should “touch the citizen and his property as little as possible.”<sup>21</sup> Private contracts between individuals and firms were still honored when two nations were at war. Wiles describes an “idealism of the nineteenth century’s hostility to economic war.” Such idealism likely reached its zenith at The Hague Convention of 1907 (a continuation of The Hague Convention of 1899), which made attempts to codify war conduct. The Convention “practically outlawed many kinds of economic war.”<sup>22</sup>

These grand notions were severed when the British broke Convention agreements in 1914 and again made war a game of totality. However, economic war now functioned to benefit the state

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<sup>12</sup> Ibid., p. 5.

<sup>13</sup> Ibid., p. 6.

<sup>14</sup> Ibid., p. 2.

<sup>15</sup> Ibid., p. 15.

<sup>16</sup> Wiles, P. John de la Fosse. (1987). *Economic War*. In *The New Palgrave: A Dictionary of Economics*. (pp. 77-80). New York, New York: The Stockton Press., p. 78.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> David Hume, quoted in Ibid., p. 79.

<sup>21</sup> Wiles, P. John de la Fosse. (1969). *Communist International Economics*. New York: Praeger, p. 459.

<sup>22</sup> Ibid., p. 495.

politically rather than purely economically, and actions could be distinguished much more clearly from protectionism.<sup>23</sup> Furthermore, modern states now had banks and paper money, meaning “inconvertibility and inflation” no longer “alter[ed] its warlike stance.”<sup>24</sup> This economic war came back with a new theory tested by the League of Nations: that “economic war could be a substitute for military.”<sup>25</sup>

That being said, in the early 20th century, economic sanctions were not terribly often. The League of Nations imposed economic sanctions only four times in 1920s and 1930s.<sup>26</sup> During the 1960s and 1970s, economists generally came to agree that “sanctions were not as effective as force.”<sup>27</sup> The trend of reduced sanctions continued on into the Cold War, with the US in particular utilizing sanctions only two times during this period.<sup>28</sup> However, after the Cold War, sanctions were suddenly used more often. Economists have proposed several reasons for the rise in popularity. One explanation is that after the Cold War, policy makers began to think of security with a broader perspective. While once limited to military threats, security now began to include “socio-economic, environmental, and humanitarian threats.”<sup>29</sup> What were once considered internal affairs became scrutinized by foreign governments. In addition to a more interventionist perspective, sanctions suddenly seemed able to cause more pain. As the world became more global, policy makers likely theorized that increased economic ties made countries more vulnerable to sanctions. Furthermore, there was a general desire to rely less on military force in addressing international conflict<sup>30</sup> and sanctions seemed to offer a nonviolent alternative.

One article, published in the Washington Post in the Summer of 1980, elucidates the perspective of one journalist during the time period when economic sanctions began to be used widely. In describing the Ugandan boycott, author Judith Miller, is extremely critical of the way economic sanctions “are suddenly in vogue”<sup>31</sup> and the usage of sanctions to change how a state treats its citizens. Miller asserts that the United States should not use its economic weight to arbitrarily force a weaker state to alter behavior, and claims there is an inherent danger in using economic weapons. Miller concludes with a prescient concern, stating “the United States might be tempted to use sanctions more broadly and indiscriminately in the future.”<sup>32</sup> This article illustrates what would become an ongoing trend of differences in the opinions of scholars and journalists regarding sanctions, and their increased usage by policymakers.

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<sup>23</sup> Wiles, P. John de la Fosse. (1987). Economic War. In *The New Palgrave: A Dictionary of Economics*, p. 79.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid., p. 496.

<sup>26</sup> Hufbauer, Gary, and Kimberly Elliott. "Financial Sanctions and Foreign Policy: Qualified Success." *Harvard International Review* 10.5 (1988), p. 8-11.

<sup>27</sup> Pape, Robert A. "Why Economic Sanctions do Not Work." *International Security* 22.2 (1997), p. 91.

<sup>28</sup> Slavov, Slavi T. "Innocent Or Not-so-Innocent Bystanders: Evidence from the Gravity Model of International Trade about the Effects of UN Sanctions on Neighbour Countries." *World Economy* 30.11 (2007), p. 1701.

<sup>29</sup> Weiss, Thomas G. "Sanctions as a Foreign Policy Tool: Weighing Humanitarian Impulses." *Journal of Peace Research* 36.5 (1999), p. 500.

<sup>30</sup> Drury, A. C. "U.S. Presidents and the use of Economic Sanctions." *Presidential Studies Quarterly* 30.4 (2000), p. 123.

<sup>31</sup> Ibid., p. 118.

<sup>32</sup> Ibid., p. 127.

The United Nations experienced a resurgence in recognition and popularity following the Cold war, launching their Agenda for Peace and beginning to play a far bigger role in international affairs. Although sanctions from the UN were rare prior to the 1990s, this decade saw the imposition of sanctions at a 6-times higher rate than in the previous 45 years.<sup>33</sup> At the same time, the European Union began to send more sanctions in the 1990s, though most were minor aid cutoffs. The US ultimately became responsible for the majority of 20th century economic sanctions.<sup>34</sup> Coincidentally, as the popularity of sanctions surged, the utility of sanctions imposed by the United States declined rapidly. While around 50% of the sanctions the United States was involved in were successful in the early post-WWII era, less than 1 in 4 sanctions in the 1970s and 1980s were successful.<sup>35</sup>

The United States continues to view economic sanctions as an attractive foreign policy tool. The Office of Foreign Assets Control currently has a list of approximately 6,300 names connected with sanctions targets, known as their Specially Designated Nationals and Blocked Persons List. The United States also has “comprehensive or partial” sanctions against over 20 countries. Readers can go to the US Department of the Treasury website for the most up to date changes in sanctions policy. Jacob Lew, former Secretary of the Treasury, warned of sanctions overuse in his speech for the Carnegie Endowment for International Peace. Lew explains that the reason economic sanctions from the US can cause countries and individuals pain is due to the centrality of the United States financial system. If sanctions “make the business environment too complicated—or unpredictable,” or “excessively interfere with the flow of funds worldwide, financial transactions may begin to move outside of the United States entirely—which could threaten the central role of the U.S. financial system globally.”<sup>36</sup> If the United States loses this economic strength, there will be a multitude of negative effects, which ironically include rendering sanctions completely inefficient. For these reasons, the time is particularly ripe for evaluating sanctions.

This paper will begin with a brief review of some of the most famous and influential cases of economic sanctions. For a far more detailed exploration into specific cases, readers are encouraged to read *Economic Sanctions Reconsidered*, by Gary Clyde Hufbauer, Jeffrey Schott, Kimberly Ann Elliot, and Barbara Oegg, which is considered by many to be the most robust review of economic sanctions cases. After reviewing the literature, much of the research on economic sanctions centers on several questions, which will be explored in this paper: How successful are sanctions? How do we define success in evaluating the results of economic sanctions? Which factors determine whether or not a sanction succeeds? What are scholar’s main criticisms of sanctions? Why do policy makers continue to impose economic sanctions?

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<sup>33</sup> Andreas, Peter. "Criminalizing Consequences of Sanctions: Embargo Busting and its Legacy." *International Studies Quarterly* 49.2 (2005), p. 335.

<sup>34</sup> Drury, A. C. "U.S. Presidents and the use of Economic Sanctions." *Presidential Studies Quarterly* 30.4 (2000), p. 624.

<sup>35</sup> Elliott, Kimberly Ann. "The Sanctions Glass: Half Full Or Completely Empty?" *International Security* 23.1 (1998), p. 51.

<sup>36</sup> Lew, quoted in RadioFreeEurope. "U.S. Treasury Warns Sanctions 'Overreach' Will Lower Dollar's Status." *RadioFreeEurope*, 31 Mar. 2016.

How effective are some proposed alternatives to sanctions? Finally, how do claims made by the evaluated scholars measure up to contemporary dialogue and actions from the current U.S. administration? The following sections seek to present some of the research conducted on such questions by referencing sources published between 1980 and 2018, placing over 30 prominent scholars in conversation. The review will conclude with a brief summary of the conclusions drawn by the field of sanctions research.

## **INFLUENTIAL SANCTIONS CASES**

### **Napoleon's Continental System**

One of the most famous sanctions cases is that of Napoleon's Continental System, which was in place from November, 1806 until April, 1814. The Continental System occurred during the Napoleonic Wars, a series of encounters between the French Empire (led by Napoleon I) against various European coalitions (usually led by the UK). These conflicts were largely the result of unresolved disputes from the French Revolution. On November 21, 1806, Napoleon I issued the Berlin Decree, which created a large-scale embargo against British trade and banned the importation of British goods into any European countries allied with or dependent upon France. This decree installed the Continental System, which intended to disconnect all other countries from the British. The Decree was so extreme that it even severed the mail service. The idea was that the UK, dependent on trade as an island country, would become isolated and weak. After economic collapse, Napoleon I would be able to invade.

When the Continental System commenced, the UK sought out new markets, leveraged their powerful navy, and replaced much of their trade with goods from North and South America. Ultimately, the UK covered a great deal of the decline caused by the blockade. They were also able to smuggle throughout Europe, as Napoleon's customs officers were exclusively land-based and again, they could rely upon their powerful navy. Ultimately, it was not the Continental System that ended up harming the UK's trade but the series of events that occurred after they responded by issuing their own Orders of Council (1807). These Orders prohibited their trading partners from trading with France and threatened to sink any ships that complied with the French. The US found this to be far too restrictive and responded with the Embargo Act of 1807 and Macon's Bill No. 2. In a similar manner, these counteractions ultimately caused more harm to American merchants than the British. As tensions increased, the US ultimately declared the War of 1812. This final legislative response is what did end up harming British trade.

On the other hand, the Continental System caused great pain to France, French allies, and the European continent as a whole. Across the continent, trade fell by between 25 to 55%. France was harmed as the prices of food staples increased and industries such as shipbuilding and rope-making were forced to close down altogether. Because allies were hurt by the loss of British trade, their governments often tried to circumvent the system. Thus, as Napoleon fought to maintain the system, he felt obligated to invade numerous defecting countries and ultimately suffered major losses within the French army. Spain served as a large source of



smuggling, and Napoleon invaded during the Spanish War of independence. Portugal outright refused to join to system and again, Napoleon attempted an invasion. The Portuguese rose in revolt with the assistance of the British army, launching the Peninsular War in 1808. Meanwhile, Russia refused the economic depression caused by the system and thus violated it constantly. Napoleon's invasion in 1812 served as a large turning point in the Napoleonic Wars; while the French army was greatly harmed and forced to withdraw, the Russians, Austrians, and Prussians were inspired to launch a new campaign against the French. They were able to capture Paris in 1814 and exile Napoleon to the Island of Elba. Although he escaped to France in 1815, the Allies, along with the Seventh Coalition, were able to permanently defeat Napoleon in June of 1815 at Waterloo.<sup>37</sup>

## **Blockade of Germany**

This embargo occurred from 1914-1919, both during and after WWI to restrict supplies of goods to Central Powers. The idea of an embargo first entered into the British navy's war plans in 1908 and remained in revision until 1914. At the outbreak of war in August of 1914, the British immediately established the blockade and declared the North Sea a war zone. The blockade was considered especially useful because it could both act as an economic weapon and force the enemy's fleet to engage in conflict. Meanwhile, the US protested vigorously, as they were under pressure from commercial groups hoping to profit from wartime trade with both sides. The British made attempts to placate the US, such as implementing a program to purchase American cotton at prices above peacetime levels and agreeing to purchase the entire cargo of US ships found to contain contraband.

The embargo was incredibly restrictive, considering even food and fertilizer to be contrabands of war. The average daily diet of a German citizen fell to 1,000 calories, and diseases such as scurvy, tuberculosis, and dysentery were rampant. The blockade lasted longer than the war itself, remaining in effect until Germany signed the Treaty of Versailles, while victors of WWI appropriated domestic sources of German fertilizer supplies.<sup>38</sup> Official statistics claim 763,000 Germans died due to starvation during WWI. Herbert Hoover famously declared, "The United States is not at war with German infants."<sup>39</sup> The claim that the Allies starved the Germans into submission has been hotly contested. Researcher Mary Elizabeth Cox further investigated the effects of the blockade on children in Germany after discovery of a new dataset in 2014, which had recorded the heights and weights of 600,000 German schoolchildren between 1914 and 1924. Cox found that "all things equal, boys were 2.570 cm shorter at their lowest point in 1918 than they had been before the war, and 1.100 kg lighter. Girls were 2.810 cm shorter and 0.989 kg lighter."<sup>40</sup> Social class impacted the risk of deprivation, as working-class children suffered the

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<sup>37</sup> Wilde, Robert. "A History of Napoleon's Continental System." ThoughtCo, Jul. 5, 2018.

<sup>38</sup> Cox, Mary Elisabeth. "Hunger Games: Or how the Allied Blockade in the First World War Deprived German Children of Nutrition, and Allied Food Aid Subsequently Saved Them." *Economic History Review* 68.2 (2015), p. 600.

<sup>39</sup> Hoover, quoted in *Ibid.*, p. 624.

<sup>40</sup> *Ibid.*, p. 629.

most from malnutrition. After the Treaty of Versailles was signed, a subsequent massive rescue commenced, with aid provided from former enemies of Germany.

## **UN Sanctions Against South Africa**

The case of sanctions against South Africa is deemed significant because many believe the disinvestment and sanctions were crucial to defeating apartheid. In particular, Nelson Mandela himself and other black leaders credited the economic sanctions as bringing about democratic transition. Thus, it is an anecdote occasionally used as evidence that sanctions can succeed in overthrowing a regime or drastically changing policy.

The process of disinvestment from South Africa occurred gradually. In the early 1960s, the United Nations adopted an arms embargo. The first clear break in economic performance in South Africa occurred in the mid-1970s, when OPEC nations commenced an oil embargo (though Iran continued to supply oil to them until 1979). In September of 1985, the European Community imposed very limited trade and financial sanctions, with the Commonwealth countries following suit in October. Meanwhile, the Reagan administration was opposed to sanctions against South Africa but imposed a limited export ban to stem the tide of calls for divestment. In the Fall of 1986, a more significant round of sanctions ensued globally, though many major products, such as coal and diamonds, were omitted. Meanwhile, Congress passed the Comprehensive Anti-Apartheid Act over President Reagan's veto. President Reagan had been supporting constructive-engagement strategies, endorsed by the South Africa Foundation. To many, the message of white-led reform in place of coercive pressure was "the same broken record."<sup>41</sup> In contrast, the Comprehensive Anti-Apartheid Act severely restricted lending to South Africa and imposed important bans of significant goods, including iron, steel, coal, uranium, textiles, and agricultural goods. It seemed to many that a western country truly interested in ending apartheid would have no option, short of military action, other than to support the sanctions. Such claims followed the argument that the apartheid regime would not negotiate the tremendous risk of ending their years of privilege unless the consequences of refusing seemed worse. Advocates believed the sanctions would succeed for several reasons. First, after years of spoil and affluence, the whites in South Africa seemed to have a low bar for discomfort. The vehement opposition expressed by South African officials and businesses seemed to support such inference.<sup>42</sup> Overall, the prevailing belief seemed to be that black South Africans (many of whom had been urging sanctions), would experience benefits that far outweighed temporary costs.<sup>43</sup> By 1994, Nelson Mandela was elected president.

Philip Levy argues that the sanctions against South Africa were not instrumental in overthrowing apartheid. Instead, Levy insists that the economic actions taken by private actors were far more damaging, while sanctions taken by governments mostly caused the Nationalist party to stiffen its repression.<sup>44</sup> Levy supports this claim with several explanations. First, he cites

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<sup>41</sup> Minter, William. "South Africa: Straight Talk on Sanctions." *Foreign Policy* 65 (1986), p. 48.

<sup>42</sup> *Ibid.*, p. 54.

<sup>43</sup> *Ibid.*, p. 55.

<sup>44</sup> Levy, Philip I. "Sanctions on South Africa: What did they do?" *American Economic Review* 89.2 (1999), p. 415.

the effectiveness of the political opposition of the black majority<sup>45</sup>. In addition, Levy explains that the fall of the Soviet Union helped the Afrikaner government to view the ANC as less of a communist threat and more a political party with which they could negotiate.<sup>46</sup> Finally, and most crucially, Levy argues that the apartheid system inherently created inefficiency and a growing economic cost to the country. For example, the limitations on travel and jobs available to black South Africans created labor-market distortion.<sup>47</sup> In addition to these inefficiencies, South Africa financed an extensive amount of their economy through external borrowing. This left them vulnerable to shifts in lending, with ⅔ of their debt in the short term.<sup>48</sup> As unrest in South Africa intensified, President P.W. Botha declared a state of emergency, stressing their dependence on the refinancing. Chase Manhattan Bank was the first to declare it would not be renewing short-term loans, though it clarified that this was not an intention to facilitate change but rather to protect assets.<sup>49</sup> The South African rand continued to decline, forcing the government to temporarily close the stock and foreign exchange markets, as well as suspend their interest payments on debts. Through these examples, Levy insists that economic forces mandating changes were primarily internal.

Overall, Levy claims that arguments of sanction effectiveness rely far more on the psychological impact of sanctions on South Africa, rather than quantitative analysis. The sanctions signaled the extent of isolation South Africa faced in the international community.<sup>50</sup> His claims are supported by the fact that from 1985-1989, during the time of the most severe economic sanctions, export volumes rose by 26% (though terms of trade did suffer). The HSE study estimated that the costs to South Africa were about 0.5% of the GNP.<sup>51</sup> Furthermore, South African sanctions were not tightly targeted,<sup>52</sup> as whites in South Africa often benefited from the fire-sale disinvestment occurring while blacks were harmed by the loss of jobs.<sup>53</sup> He concludes by insisting that his analysis should, at the least, cast serious doubt “on the applicability of the South African case as a model for further trade sanctions.”<sup>54</sup>

## **US Sanctions Against the USSR and Russia**

There is a long history of sanctions against the USSR, and later against Russia, with questionable success. Throughout the Cold War, sanctions were likely the result of both ideological differences and specific triggers, such as the withdrawal from WW1, the episodes of Soviet espionage, and the ongoing USSR military buildup.<sup>55</sup> Expert in the subject of “Soviet-type

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<sup>45</sup> Ibid., p. 419.

<sup>46</sup> Ibid., p. 420.

<sup>47</sup> Ibid., p. 416.

<sup>48</sup> Ibid.

<sup>49</sup> Ibid., p. 417.

<sup>50</sup> Ibid., p. 419.

<sup>51</sup> Hufbauer, G. Clyde, Schott, J.J., & Elliott, K. Ann. (1990). *Economic Sanctions Reconsidered*. 2<sup>nd</sup>. Edition. Washington, DC: Institute for International Economics.

<sup>52</sup> Ibid., p. 418.

<sup>53</sup> Ibid., p. 419.

<sup>54</sup> Ibid., p. 420.

<sup>55</sup> Davis, Christopher Mark. "The Ukraine Conflict, Economic-Military Power Balances and Economic Sanctions." *Post-Communist Economies* 28.2 (2016), p. 180.

economies,” Peter John de la Fosse Wiles noted that in the situation of economic warfare by a Western nation against the USSR, a Communist style “seems impossible” to distinguish.<sup>56</sup> In such a situation, the USSR did not tend to counter with their own economic sanctions, but rather turned to where their “comparative advantage” was found: espionage and smuggling.<sup>57</sup> This is likely due to the fact that the USSR tended to be economically weaker than an imposing Western country. Thus, they had a strong incentive to prevent an economic war.<sup>58</sup> Wiles explains that “the USSR is neither very skilled at nor very keen on economic war.”<sup>59</sup>

At this time, sanctions’ goals involved restraining the economic and military power of the USSR, as well as that of the Warsaw-Pact countries in general.<sup>60</sup> During this time period, the efficiency of sanctions was limited by the uneven participation by countries. For example, when the USSR invaded Afghanistan in 1979 and imposed martial law on Poland in 1981, the United States imposed export controls on energy-related technologies, while Western Europe assisted the USSR in building a natural-gas pipeline.<sup>61</sup> Meanwhile, the USSR attempted to covertly acquire Western technology through secret cooperation and technological espionage, built into official state plans. Trade diversion and economic warfare countermeasures also ran rampant.<sup>62</sup>

After the fall of the USSR, sanctions against Russia did diminish, though some argue this is predominately representative of the tendency of sanctions to be recalled in response to more important international focuses.<sup>63</sup> Many significant sanctions remained in place well after new leaders removed or remedied the original causes. For example, after accusing the Soviet Union of repressing dissidents and blocking immigration, the United States enacted the Jackson-Vanik amendment. These sanctions ultimately would remain in effect throughout to Cold War and into the year 2012. Even when repealed in 2012, the Jackson-Vanik Amendment was replaced with the Magnitsky Rule of Law Accountability Act of 2012, imposing visa bans and asset freezes on several Russian Officials.<sup>64</sup> In addition, many technology leaders (such as the United States and United Kingdom) maintained export controls on military and dual-use technologies (Davis, 183).

In addition to residual sanctions from Cold War days past, modern events contributed to additional measures. A combination of increased U.S. security after 9/11, a military buildup in Russia in the early 2000’s, and a decline in bilateral relations played a role. Meanwhile, actions by Russia such as annexing Crimea and shooting down Malaysia Airlines Flight 17 prompted additional sanctions from the European Union, the United States, Canada and Japan.<sup>65</sup>

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<sup>56</sup> Wiles, P. John de la Fosse. (1969). *Communist International Economics*. New York: Praeger, p. 498.

<sup>57</sup> *Ibid.*, p. 499.

<sup>58</sup> *Ibid.*, p. 522.

<sup>59</sup> *Ibid.*, p. 521.

<sup>60</sup> Levy, Philip I. "Sanctions on South Africa: What did they do?" *American Economic Review* 89.2 (1999), p. 181.

<sup>61</sup> *Ibid.*, p. 182.

<sup>62</sup> *Ibid.*, p. 181.

<sup>63</sup> *Ibid.*, p. 182.

<sup>64</sup> *Ibid.*, p. 184.

<sup>65</sup> *Ibid.*

Russia has been able to continue to work with seven major nations that decline to engage in sanctions: Brazil, China, India, Indonesia, Iran, South Korea, and Turkey.<sup>66</sup> This collaboration reflects the broader theme that trade diversion and technology acquisition have only become easier in a world that is far more globalized than during the Cold War. Russia has adopted several other countermeasures, including exploring options for obtaining finance in Asian financial centers, engaging several institutions in covert acquisition of banned technology, imposing import-substitution policies, and requiring all state agencies to purchase exclusively Russian-sourced software.<sup>67</sup>

Thus, the question remains: have the ongoing sanctions against the USSR and Russia been effective? Between 2014-2015, economic indicators would suggest trouble in Russia, with GDP growth down to -3.8% and inflation up to 15.5%. However, this occurred alongside a dramatic drop in world oil prices, making it difficult to analyze the extent to which sanctions contributed to financial difficulties.<sup>68</sup> While the defense-sector export controls have been effective in preventing Russian production plans in the short run, the self-sufficiency forced by such sanctions may have a larger payoff in the long run for Russia. Regarding sanctions directed at specific officials within the government, the government has largely already forbidden the individuals from maintaining foreign bank accounts and restricted their travel, rendering the sanctions irrelevant. However, it seems restrictions on business transactions of firms owned by wealthy Russians have led to some pain. Financial sanctions may have led to capital outflow by creating uncertainty in the markets, though 50% of Russian external debt obligations lie with Russian entities and can be rescheduled.<sup>69</sup> It has been argued that the most significant effect of the financial sanctions against Russia has been to make firms and banks more dependent on the Russian state.<sup>70</sup>

### **SUCCESS RATE**

The success rate of economic sanctions continues to be debated by economic scholars, often due to factors mentioned in the section below, "DEFINING SUCCESS." Despite the lack of consensus on exact rates, economist Drury explains that a "general understanding or belief that economic sanctions are ineffective in most or many cases pervades the literature."<sup>71</sup> A series of articles between scholar Robert Pape and scholar Kimberly Ann Elliott illustrates the issues economists debate when attempting to estimate a success rate of economic sanctions.

The first major large-N study of sanctions was the case review mentioned in the introduction, entitled *Economic Sanctions Reconsidered*, by Hufbauer, Schott, and Elliott (HSE). This study defined a sanction as successful if sanctions contributed "at least modestly" to foreign policy

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<sup>66</sup> Ibid., p. 185.

<sup>67</sup> Ibid., p. 186.

<sup>68</sup> Ibid.

<sup>69</sup> Ibid., p. 188.

<sup>70</sup> Gaddy & Ickes, referenced in Ibid., p. 189.

<sup>71</sup> Drury, A. C. "U.S. Presidents and the use of Economic Sanctions." *Presidential Studies Quarterly* 30.4 (2000), p. 624.

goals. In conducting their analysis, the HSE study finds that 40 of 115 cases, or just over 34% of cases, can be considered a success. While many would consider a ⅓ success rate relatively low anyways, Robert Pape is highly critical of the HSE study, claiming it led to a new wave of research that challenged the pessimism of economic sanctions and served as key evidence that sanctions could achieve ambitious foreign policy goals.<sup>72</sup> In response to their 34% figure, Pape conducted his own analysis of the 40 successful cases found by HSE and produced a response paper entitled, "Why Economic Sanctions Do Not Work."

Pape conducted his analysis with more stringent standards of what constitutes an economic sanction, as well as what should be considered a success. In defining economic sanctions, Pape eliminates 6 cases that he does not believe constitute economic sanctions. Many of such cases involve economic warfare, which does not coerce in the same manner as economic sanctions. While sanctions seek to force concessions through economic pain to the target, economic warfare attempts to indirectly weaken a target's military capabilities by directly weakening the economic potential of the country as a whole.<sup>73</sup> Because economic warfare is a component of a broader coercive strategy centered on the military, Pape does not consider it an "independent coercive strategy in its own right."<sup>74</sup> While recognizing the importance of evaluating theories of success determinants regarding economic warfare, Pape insists they be evaluated independent of economic sanctions.<sup>75</sup> The most stringent aspect of analysis is that Pape only considers sanctions successful if they are the sole policy tool or the most credible explanation for a change. This is one common area on which scholars disagree, as it is nearly impossible to move with certainty from correlation to causation when analyzing the success rate of sanctions. Thus, Pape eliminates 18 cases on the grounds that the successful outcome occurred when sanctions were used in tandem with military force, warranting the decision by his claim that military force is always a more credible explanation than economic sanctions. Furthermore, Pape insists that even if economic pressure makes military force more effective, this is not proof that economic sanctions alone can achieve the same goals.<sup>76</sup> Pape also eliminates 8 cases that he does not believe met the demanded concessions fully. He also eliminates 18 cases that involved the direct or indirect use of force. Ultimately, Pape concludes his study with a success rate of 4.3%, criticizing the idea that sanctions can serve as the liberal alternative to war.<sup>77</sup>

In response to the roughly 30% lower success rate found by Pape, Kimberly Elliott of the HSE study published a response paper, entitled "The Sanctions Glass: Half Full or Completely Empty?" Elliott begins by explaining that in light of the political constraints on the use of military force, as well as diminished foreign aid budgets, now is the "prime time" to reconsider the usefulness of economic sanctions.<sup>78</sup> Elliott then offers additional warranting for the HSE's selection of successful cases, while highly critical of the restrictive criteria employed by Pape. As

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<sup>72</sup> Pape, Robert A. "Why Economic Sanctions do Not Work." *International Security* 22.2 (1997), p. 91.

<sup>73</sup> Ibid., p. 94.

<sup>74</sup> Ibid., p. 97.

<sup>75</sup> Ibid., p. 95.

<sup>76</sup> Ibid., p. 97.

<sup>77</sup> Ibid., p. 90.

<sup>78</sup> Elliott, Kimberly Ann. "The Sanctions Glass: Half Full Or Completely Empty?" *International Security* 23.1 (1998), p. 58.

mentioned, the HSE study considered sanctions a success if they contributed “at least modestly” to the goal of the sanctioning state. Some examples of what a modest contribution might be include increasing political opposition to the targeted regime, empowering domestic opposition to the targeted regime, reducing the capability of military response, depriving the target government of economic resources in a manner that renders it more susceptible to domestic insurgencies, and signaling a tangible withdrawal of support for current regime or imposition of support for opposition forces.<sup>79</sup> It is clear that the HSE study uses a far more generous definition of success, particularly when Elliott says a sanction is a success if it signals removal of support. Thus, Elliott naturally takes issue with Pape’s removal of all cases that were settled with both sanctions and direct/indirect use of force. She explains that the HSE study never intended to explain if sanctions alone could achieve the same goals as force,<sup>80</sup> and that in practice sanctions are rarely expected to achieve phenomenal outcomes without other policy tools.<sup>81</sup> One case that illustrates the general disconnect in their opinions is that of the intervention by Tanzanian forces in Uganda, which was decisive in destabilizing the president of Uganda, Idi Amin. Elliott would call this case a success, because Tanzanian forces would not have intervened had Uganda not been weakened by sanctions, including oil shortages, that made Amin more vulnerable.<sup>82</sup> On the other hand, Pape would not define this case as a success of sanctions, as it was clearly the intervention by Tanzania that ousted Amin from power and not the sanctions themselves. In addition to defining success in a more general manner than Pape, Elliott seeks to include a broader definition of economic sanctions. For example, Elliott believes economic warfare, or cases where the goal of economic sanctions is military impairment, are worthy of consideration.<sup>83</sup> Thus, the HSE case study ends up with a far higher success rate.

Finally, Pape then published a response paper to Elliott’s response paper, entitled “Why Economic Sanctions Still Do Not Work.” This paper will not analyze the final response in this exchange, as many of the disagreements are already fully demonstrated through the first two papers. Despite their disagreements, Elliott and Pape both agree that unilateral sanctions, such as those the US has imposed in recent years, have been largely ineffective. They are also in agreement that sanctions, when used independent of other policy tools, do not achieve large policy goals. This conversation among scholars illustrates that in asking, “do sanctions work?” one must first ask, “how do we define success?” As John Limbert, former Deputy Assistant Secretary of State for Iran, once explained “as long as the goal remains uncertain, all groups are perfectly correct in claiming success or failure.”<sup>84</sup> However, there is one consistency: even when a scholar defines success in the most generous capacity, economic sanctions do not have a high success rate.

### **DEFINING SUCCESS**

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<sup>79</sup> Ibid., p. 55.

<sup>80</sup> Ibid., p. 51.

<sup>81</sup> Ibid., p. 58.

<sup>82</sup> Ibid., p. 53.

<sup>83</sup> Ibid., p. 52.

<sup>84</sup> Limbert, John W. "Iran and the U.S.: Three Decades of Futility." *Great Decisions* (2013), p. 82.

Overall, most political science studies have defined sanctions as successful if they are able to bring about a desired policy change in the targeted country.<sup>85</sup> The HSE study judged success based on such a criterion. Others argue that because sanctions are meant to be an alternative to military force, sanctions can only be considered a success if they specifically change the policy without the use of force. Some claim that sanctions are often only meant to serve as a symbol of resolve, and thus do not need to achieve their intended goals to be successful. However, most scholars believe sanctions must be evaluated as an activity carried out with a goal of expected results, rather than simply an expressive activity in its own right.<sup>86</sup>

It is often difficult to determine the success of sanctions because the targeted government likely has an incentive to appear to be unaffected by the sanctions. Sanctions expert Richard Nephew has recommended that policymakers develop a set of indicators to help them gain an understanding of efficacy during the sanctions episode. The first source of information during the episode could be public statements issued by government officials. While acknowledging that the goal of such statements is certainly not to provide information to an adversary causing economic harm, Nephew argues that even admitting the country has a sanctions problem is an indicator that the sanctions are “starting to bite.”<sup>87</sup> Disputed or unclear translations may also indicate an attempt to avoid the implications of the communicated message. Calls for resistance and the use of religious references can also indicate economic damage. The use of different languages in government statements also indicates to whom the message is targeted. In addition to public statements, the level of propaganda used by the government could serve as a potential indicator. Polling data on popular sentiments and the extent of regime support in the country under sanctions are, of course, a clear indicator, though such information is likely to be helpful/valid only in countries where citizens feel safe to express disapproval. Positions taken in international arenas and negotiations are indicative of the effect of sanctions. Finally, economic indicators may also be helpful benchmarks for sanctions success.<sup>88</sup>

It is worth noting that there is debate surrounding whether the cases researchers have typically selected for analyzing economic sanctions exhibit downward or upward bias. Dean Lucy and Emerson M.S. Niou argue the case for downward bias through the theory of issue linkage. They explain that sanctions occur when one party in a dispute (such as a disagreement over regime action) introduces a new issue (imposition of sanctions) and then demands that the resolution addresses both of the issues. Both parties then act from a state of uncertainty of the other's preferences, and decide whether or not to allow the sanctions be imposed. What Lucy and Niou argue is that sanctions that would have been successful will succeed at the mere threat of

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<sup>85</sup> Morgan, T. C., and Valerie L. Schwebach. "Fools Suffer Gladly: The use of Economic Sanctions in International Crises." *International Studies Quarterly* 41.1 (1997), p. 28.

<sup>86</sup> Baldwin quoted in Nossal, Kim Richard. "International Sanctions as International Punishment." *International Organization* 43.2 (1989), p. 303.

<sup>87</sup> Nephew, Richard. *The Art of Sanctions : A View from the Field*. New York: Columbia University Press, 2018. Center on Global Energy Policy Series Web, p. 90.

<sup>88</sup> *Ibid.*, p. 91.



imposition.<sup>89</sup> Thus, if sanctions did not succeed at the “threat” stage, they will likely not succeed in changing the target’s behavior after being imposed, as this target is likely resolute. From the perspective of the country that refuses to comply after the threat of sanctions, there is a benefit to bearing the hardship of the sanctions. If you are compliant the moment economic sanctions are applied, you assign no probability to the strategy of noncompliance, incentivizing other countries to threaten you with sanctions in the future.<sup>90</sup> Thus, there is an incentive to stay resolute once sanctioned, again contributing to the downward bias.

On the other hand, Morgan and Schwebach argue that there is a case selection bias upward. They claim that economic sanctions were only applied in cases where policymakers expect them to work. Thus, the fundamental efficacy of economic sanctions as a policy tool is even lower than empirical analysis suggests.<sup>91</sup> However, if the goal is to analyze how effective sanctions are in their implementation, there is not an intuitive need to understand how likely a sanction would be to succeed in a case where they would never be implemented in the first place. Robert Pape also argues that one must assign a casual weight to sanctions when they are utilized in conjunction with other instruments of statecraft,<sup>92</sup> as the figure associated with the success of sanctions could be inflated if effects attributable specifically to the sanctions are not isolated.

Finally, as demonstrated in the series of papers between Elliott and Pape, one impediment to having a clear discussion of sanctions is agreeing upon a clear definition of what constitutes an economic sanction. “Definitions tend to be idiosyncratic, often sloppy, and frequently in violation of the minimum requirement that a word be defined in a way that generally conforms to common usage.”<sup>93</sup> Ultimately, the focus of analyzing economic sanctions is understanding when economic pressures can be used to achieve non-economic goals and the definition employed by researchers should reflect such an objective.

### **FACTORS INFLUENCING SUCCESS**

Economists have been highly occupied with trying to discover the recipe for a successful sanctions policy. Clearly, there are numerous considerations when deciding which country would be most likely to respond to sanctions, which situations are most amenable to sanctions, and the specific characteristics of the sanctions themselves. The HSE study offers “nine-commandments,” on how to make sanctions succeed, which can be further explored through other scholars’ comments on sanction success.

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<sup>89</sup> Lacy, Dean, and Emerson M. S. Niou. “A Theory of Economic Sanctions and Issue Linkage: The Roles of Preferences, Information, and Threats.” *Journal of Politics* 66.1 (2004), p. 25.

<sup>90</sup> *Ibid.*, p. 38.

<sup>91</sup> Morgan, T. C., and Valerie L. Schwebach. “Fools Suffer Gladly: The use of Economic Sanctions in International Crises.” *International Studies Quarterly* 41.1 (1997), p. 40.

<sup>92</sup> Pape, Robert A. “Why Economic Sanctions do Not Work.” *International Security* 22.2 (1997), p. 70.

<sup>93</sup> Nossal, Kim Richard. “International Sanctions as International Punishment.” *International Organization* 43.2 (1989), p. 304.

Oftentimes, countries will impose economic sanctions when the issue at stake is more important to them. This may be because a sanctioning country has higher utility if the stakes of their demands are higher.<sup>94</sup> A second theory suggests that if the target of sanctions thinks the sender has a higher resolve (due to the issue being high stakes), they will be more likely to shift their policy and give in to their demands.<sup>95</sup> However, regression analysis from several studies have found that the importance of the issue at hand does not affect the likelihood of success.<sup>96</sup> Furthermore, Morgan and Schwebach find that the resolve of the sanctioning country does not alter the slope of their indifference curve outcomes, meaning even highly resolved countries will be willing to make certain concessions. They cite the example of JFK during the Cuban Missile Crisis, who, while highly resolved, was willing to make certain concessions during negotiations to have missiles removed.<sup>97</sup>

An important determinant of sanction success is the type of political regime in the targeted country. Taehee Whang, using a game theory model of decision for “sender” and “target” countries, finds that the sanctions are more efficient (have a shorter duration before concession) when the target country is more democratic. Essentially, the deadlock payoff, or the benefit the sanctioned country gets for suffering the sanction and refusing concessions, is decreased under a democratic regime.<sup>98</sup> There are several possible explanations for this. First, democracies tend to have higher information transparency, making it harder for leaders to manipulate information about the cause of the sanctions. Thus, the ability of the citizens to question arguments made by government representatives is an important consideration when imposing sanctions.<sup>99</sup> Furthermore, democracies tend to have a more centralized decision-making process, meaning democratic leaders lack the ability to wait out the sanctions by simply redistributing resources to their domestic base. Finally, because leadership tends to change more often in a democracy than in authoritarian regimes, new leaders that represent different constituencies may not value a deadlock as highly as the previous leader, meaning they have an incentive to comply.<sup>100</sup>

Although Whang’s study on the characteristic of successful sanctions does not show statistical significance for a democratic regime in the targeted country, a later study by Whang and Elena McLean finds it to be statistically significant when the sample is limited to only US-imposed sanctions.<sup>101</sup> Despite the fact that democracies would be more amenable to economic

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<sup>94</sup> Whang, Taehee. "Playing to the Home Crowd? Symbolic use of Economic Sanctions in the United States." *International Studies Quarterly* 55.3 (2011), p. 567.

<sup>95</sup> Ibid., p. 564.

<sup>96</sup> Whang, Taehee, Elena & McLean, Schwebach & Morgan.

<sup>97</sup> Morgan, T. C., and Valerie L. Schwebach. "Fools Suffer Gladly: The use of Economic Sanctions in International Crises." *International Studies Quarterly* 41.1 (1997), p. 35.

<sup>98</sup> Whang, Taehee. "Playing to the Home Crowd? Symbolic use of Economic Sanctions in the United States." *International Studies Quarterly* 55.3 (2011), p. 564.

<sup>99</sup> Nephew, Richard. *The Art of Sanctions : A View from the Field*. New York: Columbia University Press, 2018. Center on Global Energy Policy Series, p. 58.

<sup>100</sup> Whang, Taehee. "Playing to the Home Crowd? Symbolic use of Economic Sanctions in the United States." *International Studies Quarterly* 55.3 (2011), p. 571.

<sup>101</sup> "Friends Or Foes? Major Trading Partners and the Success of Economic Sanctions." *International Studies Quarterly* 54.2 (2010), 441.

sanctions, democracies are not more likely to receive economic sanctions. Rather, being a democracy tends to influence the type of sanction you receive. Oftentimes, senders avoid using costly sanctions that will cause serious damage to a democratic target's economy and instead select sanctions that serve as a symbolic expression of disapproval.<sup>102</sup>

Abel Escribà-Folch and Joseph Wright conducted a study to find out specifically how different types of non-democratic regimes tend to react to economic sanctions. They begin by explaining why it is that sanctions are "unlikely to be effective" on a non-democratic regime. If sanctions are unable to benefit the opposition, they will strengthen the dictator in power, as the dictator's optimal response to sanctions is to increase repression and cooption to maintain their power. Thus, when analyzing sanctions effectiveness in different regimes, it is key to understand the ruler's ability to increase both cooption and repression in response<sup>103</sup>. Furthermore, sanctions will be most effective when they can concentrate losses on groups that typically receive benefits from the authoritarian in power.<sup>104</sup> Escribà-Folch and Wright decompose the authoritarian regimes in a study that analyzes personalist, single party, and military regimes.

This study finds that sanctions are only likely to destabilize personalist regimes<sup>105</sup>, also known as family dictatorship. By analyzing government consumption as a proxy for level of cooption, one can see that personalist dictators are the most "patronage intensive," with a consumption share 6% higher than single-party regimes and 15% higher than military regimes.<sup>106</sup> The durability of a personalist regime is therefore highly dependent on the dictator's ability to purchase loyalty<sup>107</sup>. Though all authoritarian leaders rely on some forms of patronage, personalist regimes are unique in that they often lack strong institutions that help them rule, have weak legislative institutions and have weak-to-non-existent political parties.<sup>108</sup> They are often unable to find new revenue streams and unable to tide people over with promises of future patronage. Thus, they are most sensitive to the loss of external revenues/foreign pressures that interrupt their ability to fund patronage networks.

In addition to this inability to increase cooption, personalist rulers are often unable to turn to the military for support, due to the fact that they are the least likely to have control over their military. As the dictator most often displaced via a coup, personalist rulers may have reason to worry that mobilization of the military could act as a threat to themselves.<sup>109</sup> That being said, while over 50% of single-party and military rulers continue to live in their home country

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<sup>102</sup> McLean, Elena V., and Taehee Whang. "Designing Foreign Policy: Voters, Special Interest Groups, and Economic Sanctions." *Journal of Peace Research* 51.5 (2014), p. 599.

<sup>103</sup> Escribà-Folch, Abel, and Joseph Wright. "Dealing with Tyranny: International Sanctions and the Survival of Authoritarian Rulers." *International Studies Quarterly* 54.2 (2010): 335, p. 339.

<sup>104</sup> Kaempfer and Lowenberg referenced in Escribà-Folch, Abel, and Joseph Wright. "Dealing with Tyranny: International Sanctions and the Survival of Authoritarian Rulers." *International Studies Quarterly* 54.2 (2010).

<sup>105</sup> *Ibid.*, 345.

<sup>106</sup> *Ibid.*, 341.

<sup>107</sup> *Ibid.*, 339.

<sup>108</sup> *Ibid.*

<sup>109</sup> *Ibid.*, 343.

(unpunished) after exiting from power, only 19% of personalist rulers meet the same fate. Because the outcome for personalist rulers is often very grave, these leaders are highly motivated to maintain power and the largest repression increases occur under sanctioned personalist regimes.<sup>110</sup> All things considered, when economic sanctions are in place the likelihood a personalist ruler loses their power more than doubles.<sup>111</sup> With decreased patronage, elites in the targeted country receive decreased utility from supporting the current leader and increased expected utility from defection. It should be noted that this figure may suffer from selection bias, as senders of sanctions may intentionally target regimes they believe would be most vulnerable to economic sanctions.<sup>112</sup>

Both single party and military regimes are largely unaffected by sanctions. Single party regimes, when unable to rely on patronage, are often able to substitute policy concessions to keep their supporters pleased. Military regimes are able to turn to repression as a strategy for maintaining power. Both regimes have a greater control over their territory and population, rendering them more capable of shifting fiscal pressure from one group to another. After sanctions are imposed, both types of regimes increase their spending on goods/services and subsidies/transfers, which Esriba-Folch and Wright explain as evidence that the regimes may need to increase co-opting.<sup>113</sup> All types of rulers reduce their capital expenditures and shift resources from long-term development to current spending and consumption, though this effect is smaller in single party/military regimes than it is in personalist regimes.<sup>114</sup> Ultimately, leadership stability is largely unaffected by the application of economic sanctions.<sup>115</sup> For military regimes in particular, regression analysis finds that sanctions may be counterproductive, acting to lengthen the dictator's tenure. When sanctions are imposed, the likelihood of a leadership turnover decreases between 7-13%, perhaps due to the "rally-around-the-flag effect."<sup>116</sup>

In a similar manner, the level of income equality in a country influences the success of economic sanctions. Pape suggests that economic sanctions may be more effective against countries with an unequal income distribution. When countries have a relatively equal income distribution, the government can shift income from the masses towards their supporters or other political elites. However, if there is already an unequal distribution, the government's options for appeasing elites are limited. Pape offers the example of sanctions against South Africa in protest of Apartheid. These sanctions may have been more successful because, at that point in time, 20% of the population already held 75% of national income. Thus, the government was unable to protect their most loyal supporters.

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<sup>110</sup> Ibid., p. 344.

<sup>111</sup> Ibid., p. 348.

<sup>112</sup> Ibid., p. 351.

<sup>113</sup> Ibid., p. 341.

<sup>114</sup> Ibid., p. 342.

<sup>115</sup> Ibid., p. 345.

<sup>116</sup> Ibid., p. 348.

An additional sanctioned-country specific factor that may influence the success of sanctions is whether or not the country produces a highly valued resource, such as oil. Because such commodities often have a very inelastic demand curve and concentrated supply sources, importing countries may have a particularly strong incentive to defect. Researchers Esriba-Folch and Wright explain that Saddam Hussein may have been able to withstand the sanctions imposed against Iraq by paying off supporters with income from illicit oil sales. Ultimately, Hussein may have earned over \$11 billion in oil sales from 1990 to 2003.<sup>117</sup>

Another aspect influencing the likelihood of sanctions success is whether or not the two countries are allied. Theoretically, it might seem counterintuitive to sanction an ally. If the allied target resists and the two parties enter into a deadlock situation, where the imposing country does not lift the sanction and the target country does not comply, the sender gets significant negative utility.<sup>118</sup> In addition, sanctions against an ally are generally not seen as very credible. Despite these two facts, economic coercion against an ally often produces favorable results, as allies tend to comply even if they believe they can withstand sanctions<sup>119</sup> and would likely gain control of the situation if they did.<sup>120</sup> Sanctions against an ally are rare, as most sanctions are implemented in non-allied dyads. This is likely because the sanctioning country will not experience a decrease to utility in a deadlock situation when they sanction a non-allied country. However, despite the fact that data shows non-allied targets will likely not be successful in resistance,<sup>121</sup> non-allied targets are much more likely to stand firm. This may be because they are in a better position to resist the sanction due to having different trading partners and countries to turn to for assistance. Whang argues that part of the reason most sanctions have failed is that most sanctions have occurred between non-allied dyads.<sup>122</sup>

Theoretically, a sanction would have a higher probability of success if the targeted country's economy was more dependent on the sender's economy, as it is intuitively important that the sender be able to cause pain to the targeted state. This is why the extent of economic warfare varies so sharply between small and large economies. As Peter John de la Fosse Wiles explains, "economic war is only for large or rich belligerents."<sup>123</sup> That being said, it has been shown that oftentimes extreme costs are required to produce relatively small changes in the targeted country.<sup>124</sup> This is because as the worldwide economy becomes more connected, the targeted states have far more flexibility. It is thus extremely difficult to impose economic isolation on the adversary.<sup>125</sup> In Pape's analysis of the HSE database, he did not find a statistically significant

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<sup>117</sup> Ibid., p. 347.

<sup>118</sup> Ibid., p. 562.

<sup>119</sup> Whang, Taehee. "Playing to the Home Crowd? Symbolic use of Economic Sanctions in the United States." *International Studies Quarterly* 55.3 (2011), p. 562.

<sup>120</sup> Ibid., p. 570.

<sup>121</sup> Ibid.

<sup>122</sup> Ibid., p. 561.

<sup>123</sup> Wiles, P. John de la Fosse. (1969). *Communist International Economics*. New York: Praeger., p. 467.

<sup>124</sup> Morgan, T. C., and Valerie L. Schwebach. "Fools Suffer Gladly: The use of Economic Sanctions in International Crises." *International Studies Quarterly* 41.1 (1997), p. 45.

<sup>125</sup> "Friends Or Foes? Major Trading Partners and the Success of Economic Sanctions." *International Studies Quarterly* 54.2 (2010), p. 428.

relationship between a high GNP loss in the targeted country and the success of sanctions. Though it's not possible to calculate an exact "critical point" of GNP loss that guarantees a sanction succeeds, Pape references the failure of a 48% loss of GNP in Iraq to force changes as proof that this is not a good indicator.<sup>126</sup> Finally, Whang's study also fails to find statistical significance in the dependency of the target's economy on the sender, explaining that the country can often get aid from or engage in trade with other countries.<sup>127</sup> Similarly, the study from McLean and Whang do not find statistical significance of the cost of sanctions to the sending state, as measured by the "sum of the sender's pre-sanctions exports to the target and imports from the target, divided by the sender's GDP."<sup>128</sup>

The comparative military advantage of countries in a sanctions-dispute may help to predict the success of the economic sanction. Morgan and Schwebach specifically analyze this effect in their paper *Fools Suffer Gladly*, by measuring the military expenditure of the country imposing the sanction, divided by the sum of the military expenditure of both countries. Because force can be the final arbiter in sanctions, a country may be more willing to compromise if they believe they would not win in a war.<sup>129</sup> The study finds that military capabilities are a stronger indicator of the success of sanctions than costs of sanctions. However, one limit to the study is that 85% of cases in the model are characterized by a sanctioning country with overwhelming military superiority to the country under sanctions. Thus, there is little variation within the model for testing such a scenario. Furthermore, comparing relative military capabilities is an effective indicator for dispute outcomes regardless of whether sanctions are actually imposed.<sup>130</sup>

International cooperation can influence the success of sanctions by altering the resistance cost to the country under sanctions.<sup>131</sup> A sanctioning country is more likely to succeed if they have the support of major trading partners of the country under sanctions, as this will further limit their ability to substitute. After a country imposes sanctions, there are competing incentives for other countries. If they have similar policy goals or are closely allied to the imposing country, there are incentives to join in the sanctions and sever their own trading ties.<sup>132</sup> However, countries can also stand to reap economic gains by stepping in to fill the gap left by the sanctioning country. Countries with less significant trading ties pre-sanctions, that then strengthen their ties after sanctions, are known as "black knights." In examining these smaller partner's actions, McLean and Whang do not find that the actions of black knights have a

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<sup>126</sup> Pape, Robert A. "Why Economic Sanctions do Not Work." *International Security* 22.2 (1997), p. 109.

<sup>127</sup> Whang, Taehee. "Playing to the Home Crowd? Symbolic use of Economic Sanctions in the United States." *International Studies Quarterly* 55.3 (2011), p. 571.

<sup>128</sup> "Friends Or Foes? Major Trading Partners and the Success of Economic Sanctions." *International Studies Quarterly* 54.2 (2010), 436.

<sup>129</sup> Morgan, T. C., and Valerie L. Schwebach. "Fools Suffer Gladly: The use of Economic Sanctions in International Crises." *International Studies Quarterly* 41.1 (1997), p. 32.

<sup>130</sup> *Ibid.*, p. 43.

<sup>131</sup> "Friends Or Foes? Major Trading Partners and the Success of Economic Sanctions." *International Studies Quarterly* 54.2 (2010), p. 427.

<sup>132</sup> *Ibid.*, p. 429.

statistically significant effect on the success of sanctions.<sup>133</sup> They did, however, find that general effect of international assistance to the target has a large effect and can decrease the probability of gaining concessions to nearly 0. Furthermore, while this international cooperation is significant, it does not need to be institutionalized to force compliance from states.<sup>134</sup>

Overall, one takeaway is clear: it is vitally important that the country imposing sanctions understands the nature of the target country, including “its vulnerabilities, interests, commitments to whatever it did to prompt sanctions, and readiness to absorb pain.”<sup>135</sup> Furthermore, an understanding of the history of the country and the culture of its people can help policymakers refine their sanctions. The process must “continually re-calibrate[d]” and the situation within the country should be closely monitored during the process.<sup>136</sup>

### **CRITICISMS OF SANCTIONS**

Sanctions are subject to numerous criticisms regarding their effectiveness, humanitarian effects, public health effects, criminalization, and negative effects on neighbor countries. Research has attempted to evaluate the validity of such criticisms, quantify the effects, and find ways to mitigate valid negative externalities. Several researchers’ critiques are shared in the following section, though the evaluation is by no means comprehensive.

As mentioned, although the exact success rate of sanctions is debated amongst scholars, the figure is generally unimpressive. Furthermore, the success rate of sanctions has moved inversely to the extent of their usage. Scholar George Tsebelis estimated that their success rate fell from 45% before 1973 to less than 33%, while the usage of sanctions spiked around this time period.<sup>137</sup> Sanctions may also be exploited by the target to broaden their own legitimacy and justify repression against opposition. In even the weakest and most fractured states, sanctions tend to increase nationalism, and have propped up ineffective regimes. Fidel Castro was able to divert public attention from internal problems in his communist regime to the external threat posed by the sanctions.<sup>138</sup> The shared sense of misery can be seized upon by political leaders.<sup>139</sup> Thus, for many reasons, the general efficacy of sanctions is doubted.

Sanctions have also been criticized for their humanitarian effects, which are often concentrated amongst individuals least able to force change from their government. Political elites control

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<sup>133</sup> Ibid., p. 439.

<sup>134</sup> Ibid.

<sup>135</sup> Nephew, Richard. *The Art of Sanctions : A View from the Field*. New York: Columbia University Press, 2018. Center on Global Energy Policy Series Web, p. 180.

<sup>136</sup> Ibid.

<sup>137</sup> Tsebelis, George. "Are Sanctions Effective? A Game-Theoretic Analysis." *Journal of Conflict Resolution* 34.1 (1990), p. 5.

<sup>138</sup> Peksen, Dursun. "Better Or Worse? the Effect of Economic Sanctions on Human Rights." *Journal of Peace Research* 46.1 (2009), p. 63.

<sup>139</sup> Weiss, Thomas G. "Sanctions as a Foreign Policy Tool: Weighing Humanitarian Impulses." *Journal of Peace Research* 36.5 (1999), p. 502.

the supply of scarce public resources and are thus able to divert the cost of sanctions to average citizens. As grievances increase amongst economically disadvantaged groups, the government may increase repression to suppress the instability.<sup>140</sup> One study utilizing time-series, cross-national data from 1981-2000, with 95 different countries, provides evidence that economic sanctions worsen the targeted government's overall respect for physical integrity rights.<sup>141</sup> Variables included in the study include the number of extrajudicial killings, disappearances, political imprisonment, and torture, while controlling for past practices of integrity abuse, the presence of civil war, and the GDP per capita. After conducting regression analysis, Dursun Peksen finds that the negative effects of sanctions are supported in each individual dependent variable.<sup>142</sup> In addition, the more extensive sanctions are the more detrimental the resulting effects. Shifting from no sanctions to extensive sanctions increases the predicted probability of disappearances by 115%, the probability of political imprisonments by 57%, the probability of torture by 61%, and the probability of extrajudicial killings by 64%.<sup>143</sup> The longer the sanctions are imposed, the greater the accumulated human rights costs on the targeted country.<sup>144</sup>

Several other interesting conclusions can be drawn from Peksen's study. While sanctions by both individual countries and international organizations increase the predicted probability of human rights violations, multilateral sanctions tend to inflict much more severe damage on human rights.<sup>145</sup> Interestingly, sanctions imposed due to human rights violations (with the goal of changing the behavior of the targeted country) tend to result in a larger increase in human rights violations than non-human rights sanctions. Peksen hypothesizes that this may be because targeted regimes perceive human rights sanctions to be a more direct threat to their regime's survival.<sup>146</sup> In contrast to the negative effects of sanctions, economic integration through trade and investment promotes the advancement of the middle class by generating economic wealth and political stability.<sup>147</sup> As Thomas Weiss explains, "states approving sanctions cannot feign surprise at suffering."<sup>148</sup>

Robert Pape expands upon the conclusions found by the Peksen study, explaining that policymakers may use sanctions as a prelude to ultimately go to war. After imposing sanctions, policymakers may feel forced to escalate to violence if they do not receive policy concessions. Democratic leaders in particular can claim they "gave peace a chance," disarming criticism of the use of force later on. Furthermore, the rhetoric used to justify the sanctions acts to demonize the target states, making the populous of the imposing country less likely to oppose

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<sup>140</sup> Peksen, Dursun. "Better Or Worse? the Effect of Economic Sanctions on Human Rights." *Journal of Peace Research* 46.1 (2009), p. 62.

<sup>141</sup> *Ibid.*, p. 59.

<sup>142</sup> *Ibid.*, p. 69.

<sup>143</sup> *Ibid.*

<sup>144</sup> *Ibid.*, p. 60.

<sup>145</sup> *Ibid.*, p. 74.

<sup>146</sup> *Ibid.*, p. 73.

<sup>147</sup> *Ibid.*, p. 63.

<sup>148</sup> Weiss, Thomas G. "Sanctions as a Foreign Policy Tool: Weighing Humanitarian Impulses." *Journal of Peace Research* 36.5 (1999), p. 505.



war. By relying too heavily on sanctions, Pape claims we contribute to unnecessary wars. "Sanctions should stand in sharper distinction to war, not just be a prelude."<sup>149</sup>

In addition to increasing human rights violations and unnecessary wars, sanctions have been found to contribute to negative public health consequences. Such negative consequences seem to arise naturally out of the goal of sanctions. Policymakers utilize sanctions in the hopes that "if the people suffer enough, they will pressure their government to alter behavior and have sanctions lifted."<sup>150</sup> Though many policymakers turn to sanctions as a moral alternative to war, some scholars have argued such sanctions violate Just War Principles, as they do not clearly distinguish between combatants and noncombatants.<sup>151</sup> Sanctions reduce national wealth, creating a sense of deprivation in the targeted population. This deprivation is often criticized, such when former UN official Denis Halliday said the sanctions against Iraq amounted to genocide.<sup>152</sup> In a broader sense, experts have been reexamining the groups affected by sanctions, as suffering has led to "a groundswell of concern, if not moral revulsion, about squeezing civilians in the dim hopes that they will rise up and overthrow a regime."<sup>153</sup>

There are numerous ways sanctions could negatively impact the public health of civilians. As a result of diminished resources, access to clean water, nutritious food, and timely health care may become scarce. Food aid programs tend to become "politically manipulated," as food is traded for loyalty and rationing leads to further dependence on the state.<sup>154</sup> As medical supplies become further limited, only the most urgent medical needs are a priority in the sanctioned state. Curative services and treatable diseases tend to fall by the wayside, possibly leading to more serious illness later on. Finally, as local currency becomes devalued, agriculture tends to become less profitable. This further reduces the supply of food and increases the likelihood of nutritional deficiencies.

In considering the negative effects on civilians, some scholars argue that they may not be a better alternative to war at all and that "a preference to avoid military force no longer appears unequivocally noble."<sup>155</sup> Pape points to the 5,000 civilian deaths that occurred during the 1991 Gulf War and the 567,000 Iraqi children that died due to sanctions as evidence that sanctions can be far more destructive than war. Other scholars mention that while civilians under war are protected by the Geneva Conventions, no comparable document exists to mediate suffering

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<sup>149</sup> Ibid., p. 506.

<sup>150</sup> Allen, Susan Hannah, and David J. Lektzian. "Economic Sanctions: A Blunt Instrument?" *Journal of Peace Research* 50.1 (2013), p. 122.

<sup>151</sup> Ibid.

<sup>152</sup> Halliday, quoted in Siegal, Mark. "Former UN Official Says Sanctions against Iraq Amount to 'Genocide'." *Cornell Chronicle*, 1 Oct. 1999.

<sup>153</sup> Weiss, Thomas G. "Sanctions as a Foreign Policy Tool: Weighing Humanitarian Impulses." *Journal of Peace Research* 36.5 (1999), p. 501.

<sup>154</sup> Niblock, quoted in Allen, Susan Hannah, and David J. Lektzian. "Economic Sanctions: A Blunt Instrument?" *Journal of Peace Research* 50.1 (2013), p. 123.

<sup>155</sup> Weiss, Thomas G. "Sanctions as a Foreign Policy Tool: Weighing Humanitarian Impulses." *Journal of Peace Research* 36.5 (1999), p. 507.

under sanctions.<sup>156</sup> While sanctions clearly do not pose the same immediate threat to civilians as war does, they can still alter a civilian's exposure to death and disability by changing the way leadership must allocate resources. Similarly, while sanctions will not directly destroy infrastructure in the same way armed conflict often does, they may cause roads, hospitals, or sanitation systems to become neglected and fall into a state of disrepair.<sup>157</sup> Weiss ultimately argues that if sanctions can cause suffering equal to military conflict, while tending to be far longer, rarely successful, and ultimately requiring military force, it is preferable for policymakers to begin with military intervention.

To test the comparable suffering of civilians under sanctions and under military conflict, Allen and Lektzian performed a quantitative, cross-national study of their respective public health effects. Ultimately, their analysis finds some support that sanctions have a negative effect on health; while they do not find a significant effect of sanctions on life expectancies, they do find a statistically significant and substantially large effect of sanctions on health-adjusted life expectancies. Thus, this supports the notion that while sanctions do not directly threaten civilian lives, they do limit the ability of civilians to access the resources they need to live healthful lives. Their study also find that military conflict has a larger effect on civilian life expectancy than that of sanctions.<sup>158</sup> They conclude their study with a call for exemptions in sanctions, to mitigate the suffering experienced by vulnerable populations.

Exemptions can ease the effects of sanctions through three different policy options. Sanctions may allow for institution-specific exemptions, which will minimize the administrative burdens of managing sanctions, but cedes a significant amount of control. Sanctions may also offer item-specific exemptions, such as for medication or food. While enabling consistency and saving time, such policy requires a case-by-case review of each exemption, particularly for object with multiple uses. Finally, sanctions can allow country-specific exceptions, requiring a massive volume of time and expense but taking into account the unique nature of each crisis.<sup>159</sup> Such exemptions, in one form or another, arguably have universal support.

A subtler effect of sanctions that has come under criticism is the criminalization of the sanctioned state and its neighbors. Scholar Peter Andreas analyzes this through several case studies, while also criticizing the tendency of current research to gloss over how targeted states strategically cope when sanctioned. Criminalization occurs when the targeted regime tries to maintain or strengthen its hold on power by turning to organized crime as a way to generate revenue or secure supplies. Such "sanctions-busting" acts to foster and institutionalize relationships between the government and clandestine economic actors. Leaders are also able to leverage their criminal connections by allowing preferential access to sanctions-busting for loyal followers. When Serbia was under sanctions, the Prime Minister personally amassed a fortune of around \$50 million, while earnings from smuggled oil financed a new, five-story,

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<sup>156</sup> Garfield, quoted in Allen, Susan Hannah, and David J. Lektzian. "Economic Sanctions: A Blunt Instrument?" *Journal of Peace Research* 50.1 (2013).

<sup>157</sup> Ibid., p. 123.

<sup>158</sup> Ibid., p. 133.

<sup>159</sup> Pape, Robert A. "Why Economic Sanctions do Not Work." *International Security* 22.2 (1997).

marble office building.<sup>160</sup> Smuggling requires access to the foreign exchange, making the currency black market gain importance. Turning to Serbia again for example, by the year 1993, 40% of the supply of Serbian dinars were being used to “soak up hard currency on the currency black market.”<sup>161</sup> This led to the government performing large scale printing of dinars, ultimately resulting in extreme hyperinflation.

In addition to the government turning to crime, oftentimes ordinary citizens turn to crime through sanctions-busting activities. An increasing amount of economic activity is pushed underground, and the probability of commerce being conducted illicitly is dramatically increased. Ultimately, wealth is redistributed towards those who are best positioned to benefit from the underground economy, allowing smugglers to charge higher prices while avoiding duties and taxes. The broad tolerance of smuggling makes it seem like an acceptable form of upward social mobility. Smuggling may even be celebrated as patriotic, viewed as rising against an oppressive targeting country. As respect for the law is undermined through sanctions-busting, a “uncivil society” is fostered.<sup>162</sup> Furthermore, the surrounding region is infected with a criminalization, as the regional economic interdependence does not cease under sanctions but simply moves underground. The regional support is needed, as smugglers utilize neighboring regions as clandestine transshipment points.<sup>163</sup>

Even more devastating, the criminalization tends to persist beyond the lifting of sanctions. Years after sanctions were lifted against Serbia and Montenegro, a Belgrade-based Western bank estimated that only 30-40% of trade in the country was legal.<sup>164</sup> Sanctions evaders often simply shift their newfound skills to other commodities, rather than being put out of business altogether.

In addition to the criminalization-specific effects on neighbor countries, disrupted trade flows also hurt neighboring countries. Trade can be harmed through several mechanisms. The price of imports land neighbors pay may rise while the price they can receive for their exports may fall due to the depressed conditions of the neighboring country. They may also suffer from increased transportation costs, a suspension of payments of sovereign debt, and altered oil import costs.<sup>165</sup> Neighboring countries technically have a right to consult the Security Council through Article 50 of Chapter VII of the UN Charter if they believe they have been harmed by sanctions. However, this solution is hardly effective for countries. For example, 21 countries claimed injuries from sanctions against Iraq and not a single one received compensation from the UN.<sup>166</sup>

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<sup>160</sup> Andreas, Peter. "Criminalizing Consequences of Sanctions: Embargo Busting and its Legacy." *International Studies Quarterly* 49.2 (2005), p. 342.

<sup>161</sup> Ibid., p. 343.

<sup>162</sup> Ibid., p. 337.

<sup>163</sup> Ibid., p. 345.

<sup>164</sup> Ibid., p. 348.

<sup>165</sup> Slavov, Slavi T. "Innocent Or Not-so-Innocent Bystanders: Evidence from the Gravity Model of International Trade about the Effects of UN Sanctions on Neighbour Countries." *World Economy* 30.11 (2007), p. 1704.

<sup>166</sup> Ibid.

Some have contested the notion that neighboring countries are harmed by the imposition of sanctions. Theoretically, if 3rd countries exported and imported the same types of goods as the country under sanctions, they could benefit from the sanctions. However, such an analysis fails to take into account that most targets and neighbors are too small to have influence on world terms of trade.<sup>167</sup> After controlling for oil, one of the few commodities where small countries could potentially influence world prices, sanctions are not found to influence the local prices.<sup>168</sup> Others argue that 3rd countries are able to benefit from the sanctions-busting trade. While such effects are hard to quantify, scholar Slavi Slavov attempts to analyze such effects by testing if neighbors trade more heavily with the rest of the world under episodes of sanctions (by trading on behalf of the sanctioned country). Slavov utilizes a gravity model of international trade to produce a benchmark for trade flows, then seeing how departures from normal trade are correlated with the imposition of a UN embargo. One limitation of such a study is that by only considering UN-imposed sanctions, Slavov ignored the effects of unilateral sanctions, where effects are likely limited due to the significantly lower world compliance. That being said, after considering a dataset of 82 countries, Slavov finds that the imports of the average target of UN sanctions falls by 37-42% and the exports fall by 35-37%. Neighboring countries, on net, are also harmed by the imposition of UN sanctions, with imports by the average neighboring country falling by 3% and exports by 4-6%.<sup>169</sup>

### **WHY IMPOSE SANCTIONS**

In considering the relatively low success rate of sanctions, the immense difficulties surrounding crafting a policy with any chance of success, and their numerous criticisms, one must ask: why do policymakers continue to impose sanctions? There are several schools of thought worth exploring. Some experts claim that the likelihood of future conflict makes sanction imposition far more likely. Others claim sanctions serve as an act of symbolism to domestic constituencies or a “low cost” way of expressing disapproval. Still others claim sanctions serve a societal need to punish those perceived to be wrong. Likely, all explanations bear some truth.

Alfred Drury of the Truman School of Public Affairs has found that there is a close link between theories explaining the use of force and theories explaining the use of economic sanctions.<sup>170</sup> He explains that for sanctions episodes in the United States, the expectation of future conflict between the United States and the targeted country has historically been the most important factor of determination. Drury reports empirical evidence for his claim, explaining that holding the level of tension constant between the countries, if the expectations of conflict are high there is a 17% increased probability of sanctions imposition.<sup>171</sup> Furthermore, expectations of future conflict increase the likelihood that the president maintains the sanctions.<sup>172</sup>

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<sup>167</sup> Ibid., p. 1705.

<sup>168</sup> Ibid., p. 1718.

<sup>169</sup> Ibid., p. 1717-1718.

<sup>170</sup> Drury, A. C. "U.S. Presidents and the use of Economic Sanctions." *Presidential Studies Quarterly* 30.4 (2000), p. 639.

<sup>171</sup> Ibid., p. 634.

<sup>172</sup> Ibid., p. 637.

Interestingly, if the targeted country's behavior is modeled as "belligerent" (demonstrated through provocative and escalating actions), the president is usually kept from imposing sanctions. This may be because the target's leader appears to be gaining support from the sanctions threats or because the president sees belligerence as an indication that the target will be willing to resist the sanctions.<sup>173</sup>

Other popular theories postulate that policymakers do not impose sanctions because they expect them to force policy concessions from target countries, but rather to serve as an act of domestic and/or international symbolism. McLean and Whang insist it is an oversimplification to view sanctions as designed to maximize the probability of success. Rather, leaders are driven by a desire to remain in office, which requires the approval of voters. If one accepts that leaders are motivated to continue their position, it follows that their decisions will be influenced by constituents. Thus, government actions are constrained by the voters' evaluation of their policymaker's performance. Oftentimes, this voter evaluation is satisfied simply by "something being done," reflecting a desire for a leader willing to take action on international disputes rather than a consolidated preference on the specifics of sanctions policy.<sup>174</sup>

If elected leaders are under pressure to simply take action, it becomes apparent that the "instrumental effectiveness of sanctions" would become a "secondary concern."<sup>175</sup> If the focus becomes finding the lowest-cost display of foreign policy commitment, sanctions can be an attractive option. Sanctions often have a far lower cost to the leader than that of military intervention, (down to a value of even zero if sanctions take on the form of economic or military aid suspensions), while offering the benefit of audience approval.<sup>176</sup> In addition, any sunk costs that do occur are often largely diffused to the domestic populace, while the benefits of sanctions are primarily concentrated on the imposing leader.<sup>177</sup>

That being said, policymakers do have to balance different special interest groups that have a strong incentive to remain aware of foreign policies. Furthermore, special interest groups often contribute to political campaigns and possess a large amount of collective action. Import-competing industries are positioned to gain from the imposition of sanctions, which can act as an essentially protectionist policy. In contrast, export-oriented sectors dependent on the targeted countries market/industries dependent on intermediate inputs from the target's companies will be opposed to sanctions.<sup>178</sup> Thus, as the amount of export-sector trading increases with the target country, the imposing countries likelihood of imposing a sanction declines and the likelihood of imposing targeted sanctions increases.<sup>179</sup>

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<sup>173</sup> Ibid.

<sup>174</sup> McLean, Elena V., and Taehee Whang. "Designing Foreign Policy: Voters, Special Interest Groups, and Economic Sanctions." *Journal of Peace Research* 51.5 (2014), p. 592.

<sup>175</sup> Whang, Taehee. "Playing to the Home Crowd? Symbolic use of Economic Sanctions in the United States." *International Studies Quarterly* 55.3 (2011), p. 789.

<sup>176</sup> Ibid., p. 790.

<sup>177</sup> Ibid., p. 791.

<sup>178</sup> McLean, Elena V., and Taehee Whang. "Designing Foreign Policy: Voters, Special Interest Groups, and Economic Sanctions." *Journal of Peace Research* 51.5 (2014), p. 592.

<sup>179</sup> Ibid, p. 594.

Whang, by utilizing the Gallup polls for presidential approval ratings, demonstrates the boost in approval achieved by presidents after imposing sanctions. Regression analysis shows that through a forward-looking model, the imposition of sanctions on average results in a 3.301% increase in approval ratings the next month.<sup>180</sup> Furthermore, Whang finds that domestic economic hardship increases the probability that a president imposes sanctions.<sup>181</sup> Such a phenomenon is supported by the diversionary theory of war, which argues that leaders will be more likely to engage in adventurous foreign policy when facing problems at home.<sup>182</sup>

Drury adds more nuance to theories of domestic symbolism by modeling the factors influencing the decision-making of US presidents through the use of time-series cross-sectional data. His results find that presidents with proximate elections are more likely to use sanctions, perhaps due to a desire to look more presidential/active,<sup>183</sup> but that no president will pick a fight simply to boost their approval ratings.<sup>184</sup> In a similar manner, when an election is near, unpopular president's may avoid sanctions for fear of angering domestic industries, but that presidents with both weak and strong approval will use economic sanctions if the dispute becomes tense enough.<sup>185</sup> In general, presidents with high approval ratings tend to be more comfortable taking action and imposing sanctions than presidents with lower approval ratings.<sup>186</sup> Despite these considerations, once the economic sanctions are in place, none of the domestic variables are statistically significant, indicating that the president is influenced by domestic considerations only when deciding on implementation and not when deciding on removal. Drury proposes several explanations for this. First, once the sanctions are in place, the president no longer has to fear the political backlash from initial imposition.<sup>187</sup> Furthermore, after a domestic firm suffers the initial cost of economic sanctions, their continued imposition forces the firm to suffer only an opportunity cost.<sup>188</sup> Finally, for those who are opposed to sanctions, it is far easier to prevent a policy from being enacted than it is to reverse a policy that has become status quo.<sup>189</sup> Thus, there is less motivation to continue to oppose the policy.

Sanctions also send a signal to the international community. While Lucy and Niou argued that the economic sanctions that are going to be successful often are at the mere threat of imposition (see DEFINING SUCCESS above), it follows that at least some of the time, those who threaten sanctions must follow through on the threat, even if they do not expect the policy to

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<sup>180</sup> Whang, Taehee. "Playing to the Home Crowd? Symbolic use of Economic Sanctions in the United States." *International Studies Quarterly* 55.3 (2011), p. 793.

<sup>181</sup> *Ibid.*, p. 799.

<sup>182</sup> Drury, A. C. "U.S. Presidents and the use of Economic Sanctions." *Presidential Studies Quarterly* 30.4 (2000), p. 626.

<sup>183</sup> *Ibid.*, p. 628.

<sup>184</sup> *Ibid.*, p. 636.

<sup>185</sup> *Ibid.*

<sup>186</sup> *Ibid.*, p. 627.

<sup>187</sup> *Ibid.*, p. 637.

<sup>188</sup> *Ibid.*

<sup>189</sup> *Ibid.*, p. 638.

be successful. Without some history of follow through, the threat of sanctions in the future will not be credible and thus will not be able to extract policy concessions.<sup>190</sup>

Finally, Kim Richard Nossal proposes a simpler explanation for the usage of sanctions: punishment. The word sanction has the Latin origin of *sanctius*, meaning the penalty for a violation of sacredness. Thus, this definition indicates to Nossal that sanctions are not simply a penalty but a punishment for a “wrong” deemed to be immoral or damaging to the community at large.<sup>191</sup> While noting that most researchers appear to be uncomfortable with the idea that sanctions are punitive,<sup>192</sup> Nossal claims punishment is purposeful and instrumental.<sup>193</sup> Though punishment may initially appear to be an irrational motivator, the harms caused by sanctions are more than just expressive forms of symbolism or the “vaguely irrational product of emotionalism, authoritarianism, or sadism.”<sup>194</sup> Rather, punishment can serve several future-oriented functions that can be deemed successes or failures, such as deterrence or compulsion.<sup>195</sup> While sadists do not predicate pain on prior behavior, punishment is “by definition ‘for something,’” with the goal often being the prevention of recurrence.<sup>196</sup>

### **SANCTIONS ALTERNATIVES**

In the 1990s, the focal point of research into economic sanctions shifted from their ability to extract concessions to the specific causal mechanisms through which sanctions cause changes in targeted countries. Prior to this, the research offered to policymakers was largely unhelpful. “Telling US or UN officials that the key to making sanctions work was to threaten allied democracies on small matters of import does little when good policymakers are tasked with how best to alter Iranian or North Korean behavior.”<sup>197</sup> Moreover, in the 1990s, the negative externalities of comprehensive sanctions became apparent after the political crisis of the Iraq sanctions.<sup>198</sup> The sanctions against Iraq, in terms of cost to the nation, were the most comprehensive in history. A typical family’s food-supply increased in price 250-fold during the first five years of the sanctions, while between 100,000 and 227,000 excess deaths occurred among young children in Iraq.<sup>199</sup> Meanwhile, the blame for the humanitarian crisis predominately fell to the United State and the United Nations, with quotes such as Madeleine Albright explaining (of the death of 500,000 Iraqi children) that “the price is worth it.”<sup>200</sup>

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<sup>190</sup> Lacy, Dean, and Emerson M. S. Niou. “A Theory of Economic Sanctions and Issue Linkage: The Roles of Preferences, Information, and Threats.” *Journal of Politics* 66.1 (2004), p. 39.

<sup>191</sup> Nossal, Kim Richard. “International Sanctions as International Punishment.” *International Organization* 43.2 (1989), p. 306.

<sup>192</sup> *Ibid.*, p. 310.

<sup>193</sup> *Ibid.*, p. 312.

<sup>194</sup> *Ibid.*, p. 311.

<sup>195</sup> *Ibid.*, p. 314.

<sup>196</sup> *Ibid.*, p. 312.

<sup>197</sup> Drezner, Daniel W. “Sanctions Sometimes Smart: Targeted Sanctions in Theory and Practice.” *International Studies Review* 13.1 (2011), p. 99.

<sup>198</sup> *Ibid.*, p. 96.

<sup>199</sup> *Ibid.*, p. 97.

<sup>200</sup> Albright quoted in Drezner, Daniel W. “Sanctions Sometimes Smart: Targeted Sanctions in Theory and Practice.” *International Studies Review* 13.1 (2011), p. 98.

After the Iraqi sanctions, officials realized they severely needed to find ways to improve the implementation of sanctions. Different Security Council resolutions regarding sanctions were monitored and assessed by a series of sanctions committees, while a series of conferences began to seek out solutions. By the year 2010, experts broadly accepted that comprehensive sanctions were not a viable policy option. The United Nations has not implemented such sanctions for the past 15 years and bipartisan support for targeted sanctions emerged in the United States.<sup>201</sup> Instead, the focus centered on “smart” sanctions, which appeared to reduce the political criticisms directed at sender countries. Smart sanctions include financial sanctions, asset freezes, travel bans, restrictions on luxury goods, arms embargoes, targeting of individuals, restrictions on corporations, or the holding of companies associated with the target government’s leadership.<sup>202</sup> The goal is to pinpoint elite desires and gain political gain without creating civilian pain, thus bolstering the moral credibility of sanctions.<sup>203</sup> One of the most popular alternatives mentioned is the financial sanction.

Financial sanctions broadly include blocking the flow of capital, arresting financial aid, or freezing financial assets. Of those, the most common type of financial sanction is the interruption of development assistance.<sup>204</sup> In the typical financial sanctions case, the GNP of the sender is more than ten times that of the target and the relationship between the sender and target country is often close.<sup>205</sup> While financial sanctions have been lauded as superior to comprehensive sanctions, they have not resulted in broad policy concessions from target countries.<sup>206</sup> Furthermore, it seems the success of financial sanctions has declined over time. Hufbauer and Elliott evaluated the success of financial sanctions via a database from pre-1990s cases, using an index to rank the extent of policy concessions and the relative contribution by sanctions, and found that financial sanctions succeeded in 41% of cases. However, while financial sanctions were 77% successful from 1948-1972, the success rate dropped to 15% after 1972.<sup>207</sup> This may be because the position of the United States in the world economy has weakened, or due to a shift in the objectives of senders; financial sanctions that hoped to resolve military conflicts occurring during colonial disputes were more successful than those hoping to improve human rights.<sup>208</sup>

The most severe form of financial sanctions is a freeze of all financial assets held by the target country. As this entails blocking the target country from accessing its own assets, it is an action

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<sup>201</sup> Ibid., p. 101.

<sup>202</sup> Ibid., p. 99.

<sup>203</sup> Weiss, Thomas G. "Sanctions as a Foreign Policy Tool: Weighing Humanitarian Impulses." *Journal of Peace Research* 36.5 (1999), p. 503.

<sup>204</sup> Hufbauer, Gary, and Kimberly Elliott. "Financial Sanctions and Foreign Policy: Qualified Success." *Harvard International Review* 10.5 (1988), p. 8.

<sup>205</sup> Ibid.

<sup>206</sup> Drezner, Daniel W. "Sanctions Sometimes Smart: Targeted Sanctions in Theory and Practice." *International Studies Review* 13.1 (2011), p. 104.

<sup>207</sup> Hufbauer, Gary, and Kimberly Elliott. "Financial Sanctions and Foreign Policy: Qualified Success." *Harvard International Review* 10.5 (1988), p. 10.

<sup>208</sup> Ibid., p. 11.



only taken in times of great hostility. The Hufbauer and Elliot study found that all 11 cases either occurred during or immediately before military force.<sup>209</sup> This action hopes to direct all financial hardship on the person responsible for a violation of international norms and is thus lauded as an alternative to comprehensive sanctions.

### **RECENT U.S. SANCTIONS**

Economic sanctions are a classic tool for policymakers, lending themselves to prolific research and evaluation. Though debates about the criteria to apply to each sanctions case evaluation lead to different success rates by different scholars, the academic world is largely in agreement that economic sanctions are rarely successful. There is a disconnect from the academic and political community, as policymakers continue to impose sanctions despite their low efficacy. Because sanctions continue to be such a popular tool, many scholars have conducted research on how to make them more likely to extract policy concessions and which circumstances may be most amenable to sanctions. The continued usage of sanctions may be to appease domestic constituents, to send a message of disapproval for a particular regime, or to simply punish countries that have violated some international norm or best practice.

In considering the current administration's intentions and motivations for sanctions, archived documents from the State Department website can be enlightening. As discussed in the introduction, sanctions in the United States are the result of the confluence of multiple legal authorities and specific task forces. For example, the United States sanctions on Venezuela derive from legal authority in five Executive Orders (13692, 13808, 13827, 13835, & 13850), public laws passed by Congress, additional regulations imposed by OFAC in the Code of Federal Regulations, and 3 statutes. Released documents from the past year clarify the current countries and individuals subject to US sanctions, as well as offer support for several researcher's theories proposed throughout this paper. The overarching theme throughout these statements is that the United States hopes to send a message of condemnation for certain actions, punish the responsible parties, and deter future violations.

President Donald Trump has expanded the legal authority of the State Department to sanction individuals, countries, and businesses through several channels. On 12/21/17, President Trump issued a letter of Congress in which he turned to the International Emergency Economic Powers Act to declare the "human rights abuses and corruption, worldwide, a national emergency."<sup>210</sup> In this letter, President Trump explained the new Global Magnitsky Human Rights Accountability Act, which allows the "Secretary of Treasury, in consultation with the Secretary of State and Attorney General, to block the property and interests in property," of any individuals who are believed to be involved in a number of violations. These include serious human rights abuses, corruption (including facilitating the transfer of proceeds from corruption), acting on behalf of anyone sanctioned (either directly or indirectly), assisting or providing support for any activity on the list, or attempting to do so. President Trump also turns

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<sup>209</sup> Ibid., p. 8.

<sup>210</sup> U.S Department of the Treasury, 12/21/17: <https://home.treasury.gov/news/press-releases/sm0243>

to Section 1 of Proclamation 8693 to block the immigrant and nonimmigrant entry of the sanctioned individuals. At the time of President Trump's December letter, those individuals had nationality from the following countries: Pakistan, Dominican Republic, Democratic Republic of the Congo, Burma, Gambia, Ukraine, Russia, Sudan, Guatemala, Uzbekistan, Serbia, China, and Nicaragua. Since January of 2017, the Administration has sanctioned nearly 500 individuals believed to be involved in abuses of human rights and corruption.<sup>211</sup>

The Global Magnitsky Human Rights Accountability Act can be thought of as an international version of a bipartisan bill passed under the Obama Administration in 2012 to punish Russian officials involved in the death of a captive tax accountant. The law in its current form allows for the United States to sanction individuals involved in human rights abuses anywhere in the world. Commentary from senior officials in the department supports claims made throughout this paper of the true motivations behind sanctions. While goals of policy change are rarely mentioned, signals and deterrence are recurring themes. In a background briefing with the press before the global rollout of this act, the official explained that they had "sought to target those who will send a strong message to the international community" and show that "the United States takes seriously our role in promoting international norms."<sup>212</sup> Rex Tillerson, Secretary of State, explained that several goals of the Human Rights Accountability Act were to, "advance our values," "lead by example," and "pursue tangible and significant consequences."<sup>213</sup> Again, such comments display an intent to show a willingness to take action, rather than specific policy goals (beyond a general improvement in human rights worldwide).

In addition to the Human Rights Accountability Act, President Trump signed into law the Countering America's Adversaries Through Sanctions Act (CAATSA), which imposed sanctions on Iran, North Korea, and Russia.<sup>214</sup> The bill was rooted in an intention to respond to Russia's election interference. Again, comments made during a background briefing to the press reveal information about the administration's goals. The first comment of interest supports the Lacy and Niou analysis that sanctions are most effective as deterrence, but must be actually utilized from time to time to demonstrate a willingness to act on threats. One official summarizes the concept in saying, "we use the sanctions tool in a flexible way both for deterrence, but we also obviously – we do sanction, right? You can't always – deterrence doesn't always work and you have to be ready."<sup>215</sup> The next comment worth noting directly supports Nossal's theory that sanctions are implemented with intent to punish. "The ultimate goal, like you said, is to stop important revenue from going – from flowing into the Russian Government. As a punishment, as a reminder of the cost of their malign activity."<sup>216</sup> Finally, the general question of how we judge the success of sanctions is again revisited, with one official offering the opinion that "you

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<sup>211</sup> U.S Department of the State, 07/05/18: <https://www.state.gov/r/pa/prs/ps/2018/07/283838.htm>

<sup>212</sup> U.S. Department of State, Senior Administrative Official One quoted on 12/21/17: <https://www.state.gov/r/pa/prs/ps/2017/12/276734.htm>

<sup>213</sup> U.S. Department of State, Rex Tillerson quoted on 12/21/17: <https://www.state.gov/secretary/20172018tillerson/remarks/2017/12/276723.htm>

<sup>214</sup> U.S. Department of State, 01/30/18: <https://www.state.gov/r/pa/prs/ps/2018/01/277775.htm>

<sup>215</sup> Senior Administrative Officials are not directly identified by name in these archived documents. Here, the quote is attributed to 'Senior Administrative Official One', quoted in Ibid.

<sup>216</sup> Senior Administrative Official One, quoted in Ibid.

cannot only judge the success of sanctions based on public rollout, right. There is a ton of engagement that goes on and a deterrent effect behind the scenes.”<sup>217</sup>

Separate of the laws and Executive Orders allowing for action, updates can also be found on the specific individuals and countries affected. Reviewing these decisions clarifies the standards the United States maintains, as well as the types of actions that provoke sanction actions. The first sanctions to discussion are those against three individuals from Nicaragua accused of engaging in serious human rights abuses against the people of Nicaragua. These sanctions were initiated after Francisco Javier Diaz Madrix directed the National Police to commit acts of violence against people protesting the government.<sup>218</sup> The administrative official on the call explaining the sanctions claimed that the number one goal was to “send a message to high-ranking government officials.”<sup>219</sup> Burmese military and border police commanders, as well as two Burmese military units were sanctioned for their involvement in ethnic cleansing on 8/17/18. In the statement issued regarding the Burmese, the Department of the Treasury explained that, “The United States’ decision to sanction individual units and commanders responsible for these abuses should serve as a warning.” Such comments support several researchers’ claim that sanctions are primarily meant to signal values of the imposing country, as well as serve as deterrence. Following this update, the United States imposed sanctions on several individuals and entities that facilitated weapons, fuel transfers, financial or material support to the Assad regime in Syria.<sup>220</sup> They also issued sanctions (alongside the United Nations) against the Libyan Militia Leader Ibrahim Jadran after his forces seized control of Libyan oil ports, claiming such actions set back political progress and stability in Libya.<sup>221</sup>

The Trump administration has dedicated prominent attention to sanctioning those involved in the Venezuelan crisis. After irregularities in the state elections in Venezuela, the State Department commenced sanctions against government officials who were accused of undermining the electoral process, contributing to media censorship, or corrupting government-administered food programs.<sup>222</sup> After Maduro threatened to ban political parties that boycotted the elections from future political involvement, additional sanctions were issued against four Venezuelan government officials who were associated with corruption or oppression.<sup>223</sup> When the Maduro regime issued a digital currency (denounced by the democratically elected National Assembly), President Trump issued Executive Order 13827, blocking all transactions related to dealings in digital currency, coin, or tokens issued by or on behalf of the Government of Venezuela.<sup>224</sup> Additional transactions with Venezuela were prohibited under Executive Order 13835, forbidding the purchase of any debt owed to the Government of Venezuela, including debt pledged as collateral and the sale, transfer,

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<sup>217</sup> Senior Administrative Official One, quoted in Ibid.

<sup>218</sup> U.S. Department of State on 07/05/2018: <https://www.state.gov/r/pa/prs/ps/2018/07/283838.htm>

<sup>219</sup> Senior Administrative Official Three, quoted in Ibid.

<sup>220</sup> U.S. Department of State on 09/06/18: <https://www.state.gov/r/pa/prs/ps/2018/09/285765.htm>

<sup>221</sup> U.S. Department of State on 09/12/18: <https://www.state.gov/r/pa/prs/ps/2018/09/285870.htm>

<sup>222</sup> U.S. Department of State on 11/09/17: <https://www.treasury.gov/press-center/press-releases/Pages/sm0214.aspx>

<sup>223</sup> U.S. Department of State on 01/01/18: <https://home.treasury.gov/news/press-releases/sm0247>

<sup>224</sup> U.S. Department of Treasury on 03/19/18: <https://home.treasury.gov/news/press-releases/sm0318>

assignment, and pledging as collateral of any equity interest in any entity in which the Government of Venezuela has a 50% or greater ownership.<sup>225</sup>

No review of sanctions under the Trump Administration would be complete without considering the withdrawal of the United States from the Joint Comprehensive Plan of Action (JCPOA), also known as the Iran nuclear deal. The American-Iranian hostility can be traced back to 1979, when the focus of the United States was fixed on keeping communism from invading Iran. As Iran attempted to nationalize the Anglo-Iranian Oil Company, over which the British maintained a monopoly, the United States was concerned about the ability of Iranian president Mohammad Mosaddegh to arrest a communist takeover. Thus, the United States ultimately joined the British in a covert attempt to remove and replace Mosaddegh.<sup>226</sup> The following 25 years of American influence in Iran ended only after the Islamic Revolution of 1979, allowing the leaders of Iran to weave anti-Americanism into culture.<sup>227</sup> Since 1979, successive administrations have faced limited policy options, leading them to always turn to sanctions against Iran.<sup>228</sup> As George Bush once explained, “we’ve sanctioned ourselves out of influence with Iran,”<sup>229</sup> while sanctions expert Richard Nephew referred to Iran as a “fire and forget” situation.<sup>230</sup> Lacking from the limited dialogue have been incentive options, such as a willingness to support Iran’s membership in the World Trade Organization in exchange for nuclear nonproliferation.<sup>231</sup> As President Obama took office, he “offered a new face to American policy,” expressing a willingness to engage in conversation with Iran. This discredited the normal anti-American political message issued by Iranian leaders.<sup>232</sup> Ultimately, under the Obama Administration, an agreement was reached between Iran and the UN Security Council to exchange nonproliferation for sanctions relief.

Most experts would say the JCPOA has been a success, with Iran rejoining the Nuclear Nonproliferation Treaty and ratifying Additional Protocol. Since signing the JCPOA, Iran has removed 98% of enriched uranium they had stockpiled previously, dismantled 2/3 of uranium enrichment centrifuges, and converted multiple uranium enrichment sites to peaceful research facilities.<sup>233</sup> The time seems ripe for engagement with Iran; President Hassan Rouhani strongly promoted Western engagement in his campaign and reformists in Iran have been advocating for “concession to the West” as a method to improve access to the global economy.<sup>234</sup>

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<sup>225</sup> U.S. Department of Treasury on 05/24/18: [https://www.treasury.gov/resource-center/sanctions/Programs/Documents/venezuela\\_eo\\_13835.pdf](https://www.treasury.gov/resource-center/sanctions/Programs/Documents/venezuela_eo_13835.pdf)

<sup>226</sup> Limbert, John W. “Iran and the U.S.: Three Decades of Futility.” *Great Decisions* (2013), p. 75.

<sup>227</sup> Ibid., p. 71.

<sup>228</sup> Ibid., p. 82.

<sup>229</sup> Bush, quoted in Cortright, David, and George A. Lopez. “Bombs, Carrots, and Sticks: The use of Incentives and Sanctions.” *Arms Control Today* 35.2 (2005), p. 19.

<sup>230</sup> Nephew, Richard. *The Art of Sanctions : A View from the Field*. New York: Columbia University Press, 2018. Center on Global Energy Policy Series Web, p. 180.

<sup>231</sup> Cortright, David, and George A. Lopez. “Bombs, Carrots, and Sticks: The use of Incentives and Sanctions.” *Arms Control Today* 35.2 (2005), p. 21.

<sup>232</sup> Limbert, John W. “Iran and the U.S.: Three Decades of Futility.” *Great Decisions* (2013), p. 79.

<sup>233</sup> Ashford, E., and Glaser, J. “Unforced Error: The Risks of Confrontation with Iran,” CATO Institute, 9 Oct., 2017., p. 2.

<sup>234</sup> Ibid., p. 16.

By withdrawing from the JCPOA, the Trump Administration re-imposed five Iran sanctions Executive Orders that had been revoked or amended under the JCPOA. They then escalated to sanctions on the purchase or acquisition of US dollar banknotes by the Government of Iran, trade in gold, sale or transfer of graphite and metals, certain transactions related to the Iranian Rial, the Iranian automotive sector, and issuance of Iranian sovereign debt. Finally, the last round of snapback sanctions included the re-imposition of sanctions on the oil export and energy sector. In addition to the country-wide sanctions, OFAC has designated 145 Iran-related persons to be sanctioned through 17 rounds of sanctions under the Trump Administration. These sanctions occurred after the administration accused the Iranian regime of using the resources from the JCPOA to “spread human misery across the region instead of investing it in their people at home.”<sup>235</sup> In addition to comprehensive sanctions, the United States created the Iran Action Group (reporting directly to Mike Pompeo) to be held responsible for all State Department actions related to Iran.<sup>236</sup> The goal of withdrawal is to eliminate the threat of the Iranian ballistic missile program, arrest worldwide terrorist activities, and block activities across the Middle East. In addition, Mike Pompeo explained that the United States hoped to “remind the Iranian regime of the diplomatic and economic isolation that results from its reckless and malign activity.”<sup>237</sup> Other Iranian sanctions were extended to the Basij Resistance Force, a paramilitary group that recruits, trains, and deploys child soldiers. These entities comprise at least 20 corporations and financial institutions, which were designated as Specially Designated Global Terrorists under Executive Order 13224.<sup>238</sup>

The sanctions against Iran are the most recent case of unilateral US action, as well as an illustrative example of several themes developed throughout the paper. Several senior administration officials conducted a preview of the Iranian sanctions on 8/06/18, with members of the press. They explained that despite the fact that United States acted largely on their own, and “were warned by experts from the EU...that the threat of unilateral sanctions from the United States would not be an effective tool,” the officials believed they had been successful.<sup>239</sup> Negative effects cited included a depreciating Rial, increasing unemployment, and widespread protests. In a similar manner to other sanctions cases, the officials hoped that the uprising of the populous would induce regime change, explaining that they hoped a continuation of protests from citizens would lead the “Iranian regime [to] think seriously about consequences.”<sup>240</sup> Questions about the humanitarian responsibility of the United States and the general “rally-around-the-flag effect” were also posed. Bahman Kalbasi of BBC news asked the officials, “is there not a responsibility here for U.S. Government to look out for the people that it says it wants to support to lessen their misery, while in reality it is actually increasing it?” This criticism is reflective of the thoughts mentioned in CRITICISMS OF SANCTIONS (above). The

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<sup>235</sup> Senior Administrative Official One in U.S. Department of State Teleconference, on 08/06/18: <https://www.state.gov/r/pa/prs/ps/2018/08/284955.htm>

<sup>236</sup> U.S. State Department on 08/16/18: <https://www.state.gov/r/pa/prs/ps/2018/08/284955.htm>

<sup>237</sup> U.S. Department of Treasury on 05/18/18: <https://home.treasury.gov/news/press-releases/sm0389>

<sup>238</sup> U.S. Department of Treasury on 10/16/18: <https://home.treasury.gov/news/press-releases/sm524>

<sup>239</sup> Senior Administrative Official One in U.S. Department of State Teleconference, on 08/06/18: <https://www.state.gov/r/pa/prs/ps/2018/08/284955.htm>

<sup>240</sup> Senior Administrative Official Two in U.S. Department of State Teleconference, in Ibid.

official deflects the criticism, responding, “Absolutely not. I think the blame for the situation is perfectly clear.”<sup>241</sup> Finally, when asked about the potential that citizens of Iran blame their worsening conditions on the United States, the criticism is again deflected by the same official who retorts, “saying we can’t do something because a rogue regime will blame foreigners, I don’t think is a very effective policy for us.”<sup>242</sup>

Evaluation of the statements released by the Trump administration supports many of the concepts mentioned by scholars and explored throughout this paper. Overall, it seems the primary purpose of sanctions is to demonstrate the values and resolve of the United States to other nations, as well as serve as deterrence. The sanctions have predominantly been upon individuals, in the trend towards “smarter” sanctions.

### **CONCLUSION**

This paper has evaluated only a fraction of the copious publications that consider economic sanctions. Though admittedly a “blunt instrument,” the sanction has truly survived the test of time and today remains a favorite tool of politicians (particularly in the U.S.). Though it is a policy option that seems to be reached for without much thought, there are several questions one should ask herself before considering sanctions.

The first, and most obvious, is “will the sanction accomplish my intended goal?” As demonstrated throughout this paper (and countless other sources), the success rate of sanctions is unimpressive. In one of the first and largest case studies on economic sanctions, the HSE study, just over 34% of sanctions cases were found to be successful. The figure seems to be declining over time; 50% of sanctions the U.S. imposed in the post-WWII era succeeded in their goal, while less than 25% in the 1970-1980s succeeded. Meanwhile, Robert Pape’s study, evaluating sanctions as an alternative to violence, found a success rate of 4.3%. Recent research from the UN found that even the lauded “smart sanctions” are only effective in 10-20% of cases.<sup>243</sup> Meanwhile, financial sanctions used after 1972 have had a success rate of 15%.

If still insisting on turning to economic sanctions as a policy option, next it is worth considering “what factors will make the sanction more likely to succeed?” In an increasingly connected economy, the most significant determinant is likely international cooperation. If other countries are willing to fill the gap, the probability of gaining concessions can fall to nearly zero. Because other countries have an economic incentive to continue trade, this is a difficult task. Another determinant seems to be the political structure of the targeted country, with democracies a far better target for sanctions than dictatorships. That being said, democratic countries are less likely to be sanctioned. Similarly, sanctions against an ally, while uncommon, are more likely to produce results. It is difficult to calculate the exact amount of pain a target must suffer to give in to the sanctions. For Iraq, a 48% loss of GNP did not suffice.

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<sup>241</sup> Senior Administrative Official One in U.S. Department of State Teleconference, in Ibid.

<sup>242</sup> Senior Administrative Official One in U.S. Department of State Teleconference, in Ibid.

<sup>243</sup> Thomas Biersteker et al., *Targeted Sanctions: The Impacts and Effectiveness of United Nations 20 Action* (New York: Cambridge University Press, 2016), p. 236.

Finally, “what are the adverse consequences one can expect when enacting a sanction?” The most obvious answers come from various domestic interest groups that criticize the harms to U.S. industry. Less obvious are the very real harms to citizens in the targeted nation and the potential benefits for politicians in the targeted nation. Sanctions tend to harm civilians far more than political elites; sanctions against Iraq increased the average families cost of food 250-fold. The targeted country may experience a lasting criminalization of the population, as smuggling becomes rewarded, commonplace, and even patriotic. Meanwhile, leaders can shift blame to the imposing country and use a shared sense of misery to increase nationalism. As demonstrated by the Abel Escriba-Folch and Joseph Wright study, the optimal response of a targeted political leader is to increase repression and cooption to maintain their power. For that reason, economic sanctions tend to decrease the targeted government’s overall respect for physical integrity rights.

In consideration of economic sanctions, the disconnect between scholars and political leaders is readily apparent. Without a doubt, sanctions seem poised to remain in vogue in the U.S. Political culture continues to highlight leaders who take any action at all, without regard to whether or not the action yields policy concessions. As a low cost and easy alternative to military action, sanctions remain popular in Washington. Economist Peter John de la Fosse Wiles said it best: “Sanctions are the style most suited to an ideological age, in which nationalism may no longer appear naked, and military war has become a little dangerous.”<sup>244</sup>

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<sup>244</sup> Wiles, P. John de la Fosse. (1969). *Communist International Economics*. New York: Praeger., pp. 496.

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