



Economic Sanctions: New Directions for the 21st Century

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Economic Sanctions Reconsidered, 3rd Edition

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The Key Question Is Not *Whether* Economic Sanctions Will “Work”

It is for what purposes and
under what circumstances
in the years ahead

Drawing on history...



Economic Sanctions, 3d edition

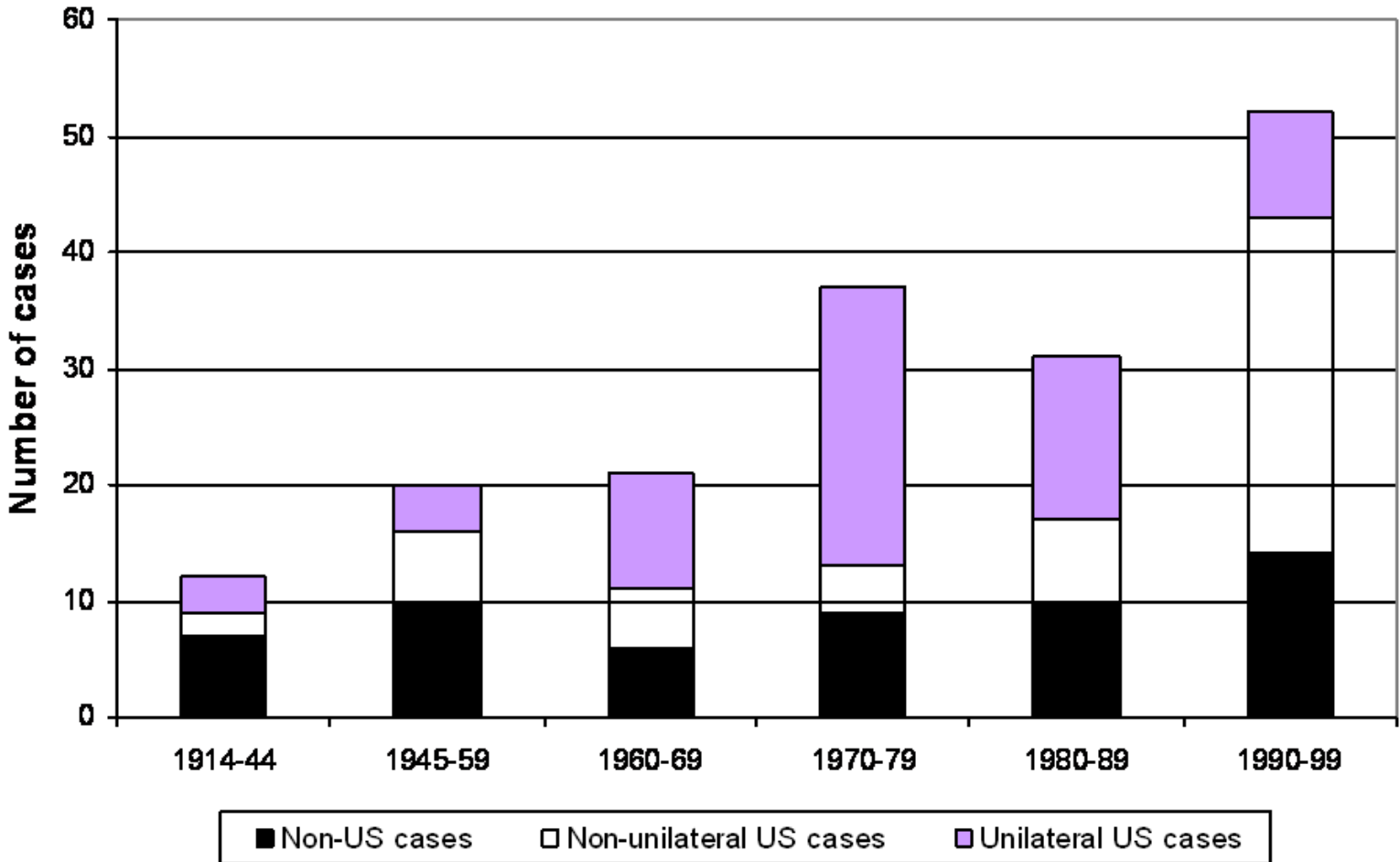
- 204 observations from World War I to 2000
: Case 14-1 UK v. Germany through
Case 00-1 OAS, US v. Ecuador
- 13 post-2000 sanctions episodes have been identified (but not included in the statistical analysis)
- Covers all sanctioners (sender countries), not just US
- Variety of goals, ranging from release of a political prisoner to inducing Iraq's withdrawal from Kuwait in 1990-91



Defining Success

- Measuring rod: observed change in the policy, behavior, or government of target country
- Two elements of our “success” score
 - 1) Policy results
 - 2) Sanctions contribution
- We do not evaluate the satisfaction that sanctions bring to domestic constituencies – but, that is an important motivation in many cases

Trends in the Use of Economic Sanctions





Sanctions: Principal “Senders”

1970-89 **1990-99**
(decadal averages)

US	25	38
EC/EU	5	19
USSR/Russia	0	6
UN	1	11



Sanctions: “Targets” by Region

	1970-89	1990-99
	(decadal averages)	
Africa	5	18
Asia	7	8
Latin America	10	8
Middle East	4	3
USSR/FSU	3	8



Summary of Key Findings

- Sanctions “succeed” in about one-third of the cases overall, but the success rate depends importantly on the type of objectives sought
- Success means sanctions contributed significantly to the partial or full achievement of the foreign policy goal
- Partial achievement of foreign policy goals is far more common than full achievement
- Diversified sanctions—involving a mix of trade and financial measures—succeed more often than cases involving only trade sanctions
- Incremental implementation of sanctions (i.e., turning the screw) is less effective than full-bore measures. However, diplomats prefer to turn the screw



Summary of Key Findings (Cont.)

- International cooperation doesn't guarantee success, but in recent years the record for multilateral sanctions is better than the record for unilateral US sanctions
- “Targeted sanctions” are no more successful than traditional measures and those targeting individuals work better as a signaling device than as a coercive measure
- Our success rate of one-third overall indicates that in about two-thirds of the cases the foreign policy goal was not achieved or, if it was achieved, other means were decisive (usually military force)



Sanctions More Likely to be Effective When:

- Goals are limited and clearly defined
- Targets are friendly or democratic countries, rather than enemies, autocrats
- Costs are in line with goals (5.5% of GNP in success cases vs. 0.7% in failure cases, when goals are ambitious)



Sanctions and Globalization

- Targets more integrated, but not more vulnerable if sanctions are unilateral.
- International cooperation no panacea
 - Costly to generate, creates delays, competing objectives
 - Often necessary but often also insufficient in major cases
- Challenge of China's rise

Success by Policy Goals

Policy goal	Success cases	Failure cases	Total	Success ratio (percent of total)
Modest policy changes	22	21	43	51
Regime change and democratization	25	55	80	31
Disruption of military adventures	4	15	19	21
Military impairment	9	20	29	31
Other major policy changes	10	23	33	30
All cases	70	134	204	34

Success Rate by Regime Type (% of successful cases)

Policy goal	Autocracy	Anocracy	Democracy
Modest policy changes	39	50	69
Regime change and democratization	23	28	78
Disruption of military adventures	33	11	25
Military impairment	37	50	0
Other major policy changes	9	67	29
All cases	28	34	47

Success by Sanctions Type

Sanction type	Success cases	Failure cases	Total	Success frequency (percent)
Financial, export, and import	25	37	62	40.3
Financial alone	19	34	53	35.8
Export or import or both	10	30	40	25.0
Financial and import	2	8	10	20.0
Financial and export	5	23	28	17.9

US Experience with Sanctions since World War II

Sender	Number of observations	Incidence of companion policies (percent of cases)	International cooperation with sender index (average)	Health and stability index (average)	Prior relations index	Cost to target (percent of GNP; average) ^b	Trade linkage (percent; average)	Cost to sender index (average)
United States ^a								
1945–69								
Successes	14	50.0	1.6	1.8	2.5	3.2	26.3	1.4
Failures	14	50.0	2.4	2.4	1.4	1.5	28.5	2.1
1970–89								
Successes	13	30.8	1.6	1.6	2.3	1.4	27.2	1.9
Failures	41	24.3	1.7	2.1	1.9	0.9	16.9	1.8
1990–2000								
Successes	17	29.4	3.0	1.4	2.2	3.9 ^c	59.5	1.8
Failures	33	27.3	2.5	1.6	2.1	2.5 ^c	46.5	1.8
Other countries								
Successes	23	17.4	1.8	2.2	2.4	3.7	21.3	2.0
Failures	41	43.9	2.0	2.2	2.2	1.8	27.9	2.1



State & Local Government Sanctions

- Since the late 1980s, state and local governments have become more active
- Tools: portfolios of pensions funds, purchases by public agencies
- The federal supremacy issue is being litigated, but trend may be against supremacy.



‘Targeted’ Sanctions

- Aimed at specific officials or government functions
- Arms embargoes, asset freezes, travel bans
- 7 out of 20 ‘targeted’ sanctions cases can be judged successful – about the same as other categories
- Example: UN Security Council sanctions on luxury goods imports to North Korea (aimed at the top leader, Kim Jong-il)



Non-State Actors

- US has used sanctions as a counterterrorism tool since the 1970s
- Targets have shifted
 - : state sponsors → non-state actors
- SDT (Specially Designated Terrorists)
FTO (Foreign Terrorist Organizations)
The USA Patriot Act
- Asset freezes: to prevent money laundering and financing of terrorism



Assessment of High-Profile Cases

- Iraq
- Libya
- Iran
- North Korea



Iraq – Partial Success?

- Shows limitations of sanctions—did not, probably could not, destabilize Saddam Hussein
- But sanctions, along with military threats/strikes, supported UN inspectors in finding, destroying weapons of mass destruction (WMD)
- No new WMD suggests sanctions squeeze more effective than thought in containing Iraq
- But sanctions costly in humanitarian terms
- Difficult to maintain indefinitely
- Undermined support for UN sanctions in other cases, e.g., Sudan



Libya – Success at Last?

- Goals mostly achieved...
 - Decline in terrorist support
 - Surrender of Pan Am suspects
 - Surrender of WMD
 - Gave up on ejecting Gaddafi?
- But only after 20+ years
- Sanctions not only tool
- Changed Libyan perceptions of relative costs of compliance & defiance?



And in Iran, North Korea?

- Unilateral sanctions in place for decades with little effect
- Significant UN sanctions unlikely due to Russian, Chinese opposition
- Lesser multilateral sanctions possible if EU, South Korea, Japan cooperate



Lessons from Libya, Iraq for Iran, North Korea

- Destabilization of either existing regime unlikely
- Achievement of other US goals possible if:
 - Sanctions deny key components, technologies
 - Target perceptions change
- Carrots plus sticks strategy more effective than sticks alone



Lessons

- Don't bite off more than you can chew
- Friends are more likely to comply than adversaries
- Do not expect quick success against autocratic regimes



Lessons (*cont.*)

- Slam the hammer, don't turn the screw
- Decide whether light sanctions are intended as a slap on the wrist or a warning of more to come
- Given the true objective, don't be a cheapskate or a spendthrift