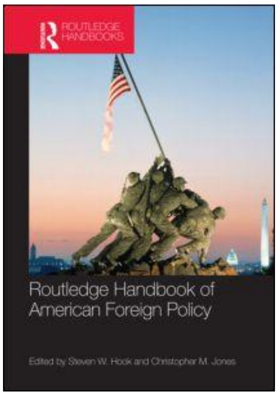


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## Economic Sanctions

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# Economic Sanctions

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Statecraft is the practice of advancing the chosen interests of a state's leaders and the coalitions that keep them in power. The dominant foreign policy interests within a state typically include maintaining the state's territorial integrity and sovereignty, promoting the state's economic well-being, expressing the state's ideology, and undermining other states' territorial integrity and sovereignty for economic, security, and domestic-political reasons. Leaders pursue their interests using a variety of policy tools, including diplomacy, economic sanctions, economic inducements, and military force. In this chapter, we focus on economic sanctions, bearing in mind that they are often used in conjunction with other foreign policy tools.

Economic sanctions are a form of coercive diplomacy. They are used to compel another actor to undertake an action that it otherwise would not. Economic sanctions compel by disrupting, or threatening to disrupt, existing trade, financial, or aid relationships. Trade sanctions prohibit at least some imports from or exports to a target state. Financial sanctions restrict the flow of capital, freeze financial assets, or require firms in the sanctioning state to disinvest. Aid sanctions curtail promised financial or military aid. Economic sanctions are used to change a target state's position or behavior on a variety of policy issues, including international political and military influence, the structure of a state's political regime, the release of citizens or property, territorial disputes, acquisition of strategic materials, alliance choices, human rights practices, proliferation of strategic materials or weapons, support for non-state actors, drug trafficking, environmental policies, and trade policies (Morgan, Bapat, and Krustev 2009: 106).

Sanctions have been used as long as political entities have traded. Thucydides' discussion of the Athenian sanctions on Megara in 435 B.C. is one of the earliest documented cases of sanctions. Other well-known cases of sanctions include the French embargo, through the continental system of trade, on Great Britain beginning in 1806; American sanctions on Great Britain in 1807, which contributed significantly to the War of 1812; the League of Nations's sanctions on Italy in 1935 for its invasion of Ethiopia; the U.S. sanctions on Cuba beginning in 1959; and the United Nations (UN) sanctions on Iraq after the 1991 Gulf War.

More recently, with an increase in economic globalization, the use of unilateral economic sanctions has become more common, and since the end of the Cold War the use of UN and other multilateral sanctions has significantly increased. There were eighty-four new cases of sanctions initiated in the 1990s, more than twice as many as had been initiated in the previous two decades. Freed from the gridlock of Cold War politics, the UN became a much more active sanctioner, instituting over twenty cases of sanctions since 1990, compared to less than half a dozen throughout the entire Cold War. As of 2010, there are eleven United Nations sanctions regimes in place.[1]

Additionally, organizations such as the European Union began turning to sanctions more frequently in the 1990s, instituting nineteen new cases of sanctions during the decade. In light of this, two scholars termed the 1990s the "sanctions decade" (Cortright and Lopez 2000). In all, Hufbauer et al. (2007) counted thirty-four new sanctions cases in the five-year period just after the Cold War (The previous high was twenty-five from 1981 to 1985.)

In the remainder of this chapter, we (a) address why states and international organizations use sanctions; (b) place U.S. sanctions in comparative perspective; (c) discuss how to evaluate the success of sanctions; (d) outline the major theoretical arguments explaining how sanctions coerce targets to change polices, and (e) discuss the effects of sanctions on health, trade, and investment in targeted states. As we will find, the United States has resorted to sanctions freely with widely varying results.

## Why Do States Use Economic Sanctions?

Many policy or theoretical questions often have complex answers. This one does not. States use economic sanctions when they are the best option available (Baldwin 1985, 1999). Contrary to an instrumental perspective, policy makers do not have to believe that sanctions will result in a policy change for them to be the best available policy. If other foreign policy tools, such as the use of military force or diplomacy, appear to be more costly and/or less likely to produce a policy change, then sanctions can still be the best choice even if they do not bring about the desired shift in the target's policy. Put differently, policy choice involves the comparison of costs and benefits across options. Given that military force is almost always very costly, economic sanctions will almost always be less costly. If diplomatic negotiations have been attempted and not produced much success, sanctions, or the threat of them, are a way to ratchet up the pressure on an adversary. Hufbauer, Schott, and Elliott (1990: 13) summarize it this way: "world leaders often find the most obvious alternatives to economic sanctions unsatisfactory—military action would be too massive, and diplomatic protest too meager.… Sanctions can provide a satisfying theatrical display, yet avoid the high costs of war."

Besides evaluating sanctions relative to other policy options, it is important to bear in mind that the calculation of costs and benefits is done primarily with respect to the sender rather than the target (Baldwin 1985; Morgan and Schwebach 1995; Nooruddin 2002; Lektzian and Souva 2007). Generally, policy makers care more about the cost of sanctions to their own state than the cost to the target. Sanctions may be a popular policy tool because they bring domestic political benefits to the leader of the initiating state while harming a target's economy. This is the core argument of the public choice, or expressive, school of sanctions, best illustrated by the work of Kaempfer and Lowenberg (1988): domestic interest groups pressure leaders to impose sanctions not simply to achieve a policy change in the international arena but to further their own domestic agendas.

In addition to potential benefits linked to a policy change in a target state and political benefits from domestic groups in the sender, sanctions may lead to intangible benefits of deterrence (Lindsay 1986). For example, one of the initial goals of U.S. sanctions on Cuba was to deter other states from supporting Fidel Castro. Evaluating the success of such a signal is difficult, but the sending of such signals is often a reason for using sanctions. The United States uses sanctions in this manner to demonstrate resolve and to convince another country that it will not allow certain types of behavior to go unchallenged. For example, the United States has frequently supported sanctions against nations that pursue nuclear weapons technology.

However, the problem with using sanctions in this manner is that it is difficult to signal commitment with sanctions. The credibility of signals is increased when the cost of sending the signal increases, but sanctions are generally designed to impose maximum costs on the target and minimum costs on the sender. Thus, low-cost sanctions could be seen as "a sign of weak and pusillanimous statesmanship" (Baldwin 1985: 104). If the United States is truly committed to seeing a change in the targeted state's behavior, yet the target sees sanctions as a lack of commitment, the probability of war may also be increased (Lektzian and Sprecher 2007).

To summarize, states use sanctions when it is the best policy option for a given scenario, with "best" defined not in terms of the likelihood of producing a policy change but relative to the expected utility of other policy tools. The expected utility of sanctions is often relatively high (i.e., higher than the utility of continued diplomacy or the use of military force) because the cost of other policy options, particularly military force, is much higher, and the domestic political benefits of sanctions tend to be large as some constituencies are likely to benefit economically while other constituencies may reap ideological benefits. Besides catering to domestic interests, another common motivation for the use of economic sanctions is deterrence.

## U.S. Sanctions in Comparative Perspective

Several structural factors significantly increase the expected utility of sanctions, vis-à-vis other policy options. According to researchers (Kaempfer and Lowenberg 1988; Nooruddin 2002; Lektzian and Souva 2007), the three primary factors affecting the use of sanctions are regime type, economic interdependence, and an ongoing military conflict.

Democratic regimes are more likely to employ sanctions than other regimes for three reasons. First, democratic regimes have larger ruling coalitions, and these coalitions comprise a greater number of interest groups than in other regimes (Lektzian and Souva 2003). In many cases, "sanctions are designed specifically to benefit interest groups in the sanctioning countries;" as a result, "majoritarian democratic politics will tend to overproduce such special interest legislation" (Kaempfer and Lowenberg 1992: 43). Second, for sanctions to be implemented, the threat to use them must be credible. Democracies, owing to a greater capacity to produce audience costs and avoid public policy failures, are better at making credible threats than non-democracies (Fearon 1994; Bueno de Mesquita et al. 2003). Third, democratic states have a greater incentive to avoid using military force, at least against reasonably strong targets, owing to the uncertainty of war and the need for public policy success. When military power is a less attractive option, economic sanctions become more appealing.

Economic interdependence exerts a counterintuitive influence on the use of sanctions. For sanctions to be a policy option, a state must be economically engaged with other states, which raises the expectation that sanctions could be used. Sanctions, however, inflict economic damage on both the sender and target states. Thus, when a state is economically dependent on another state, it has less of an incentive to sanction that state. Thus, as economic interdependence increases, sanctions become more costly to both to the potential initiator and target, making sanctions a less attractive policy option. Conversely, the more dependent other states are on your state, the more likely you are to attempt to coerce them economically.

The presence of a military dispute or the likelihood of a military dispute in the near future increases the likelihood that at least one state will sanction the other. Sanctions and war complement one another. When military conflict is present or imminent, states want to weaken their adversaries and most citizens do not want to trade with the enemy. Scholars like Pape (1997) and Oudraat (2000) have argued that sanctions are insufficient for accomplishing anything more than the most minor of policy goals. To achieve success in sanctions, they argue that a clear threat of military force must be present. Additionally, sanctions can function as a prelude to war and as an immediate step to take while domestic and international support for war is cultivated (Clawson 1993: 17).

When viewed together, these three factors help explain why the United States uses sanctions more frequently than any other state. The United States is a democracy with a large number of interest groups influencing policy. One reason, for example, that the United States has not ended sanctions on Cuba is that Cuban Americans are an influential interest group in a "battleground" state (Florida). With the largest economy in the world, the United States is relatively independent of other states. This allows the United States to use its economic leverage frequently to achieve foreign policy goals. The oil states are an exception here as the United States is generally loath to sanction its major oil suppliers. At the same time, many countries are significantly dependent on Washington, which makes its sanctions a more attractive policy tool than sanctions are elsewhere.

Finally, the United States, as the dominant military power in the world, has an active military presence throughout the world. This military involvement gives the American leaders strong incentives to weaken the economies of states that are likely adversaries. For example, the United States and the UN maintained strict economic sanctions on Iraq between the end of the Kuwaiti liberation conflict in1991 up to the invasion of Iraq in 2003. These sanctions crippled Iraq's economy and effectively prevented Baghdad from being able to increase its military potential. While many of the stated goals of those sanctions were tied to UN inspection requirements, the effect was to impair Iraqi military potential. Some (Baldwin 1985; Førland 1993) have classified this type of sanction, which attempts to disrupt the economy in order to impair the military, as "economic warfare."

## Assessing the Success of Sanctions

Are sanctions a relatively successful policy tool? This is a central, but notoriously difficult question to answer (see Hovi, Huseby, and Sprinz 2005). In a landmark study, Hufbauer, Schott, and Elliott (1985, 1990) estimated that sanctions were successful about one-third of the time they were used (in 40 out of 115 cases). Pape (1997) contends that sanctions are successful much less often; he identifies only five cases of successful sanctions. The largest category of disagreement between Pape and Hufbauer et al. is on whether sanctions can be deemed successful if military force is necessary to achieve the goals of sanctions. Pape dismisses eighteen of Hufbauer et al.'s successes claiming the outcome was ultimately determined by military force. On the surface, this debate revolves around how to measure success, with Pape arguing that sanctions fail if they do not achieve complete capitulation without even a threat of military force.

In practice, however, the debate turns on what the goals are for a specific case. Consider the 1956 sanctions on Egypt by the United States, United Kingdom, and France in response to Gamel Abdel Nasser's nationalizing of the Suez Canal. Hufbauer et al. (1985) code these sanctions as successful as the policy result was somewhat successful and the sanctions made a modest contribution to this result. In contrast, Pape (1997: 102) argues that the sanctions were not successful because "Egypt refused demands for international control" of the Suez Canal. However, Hufbauer and colleagues list the goals of the sanctions as ensuring free passage through the canal and compensation for the nationalization, both of which Nasser promised to do.

Early research on sanctions focused on prominent failures, such as the League of Nations's sanctions on Ethiopia and Italy. Holding aside that the choice to use sanctions depends on their expected utility relative to other policy options, we ask whether sanctions are effective at coercing targets to change policies. Two recent streams of scholarship suggest that sanctions are more effective at compelling a change in behavior than previously recognized. The first approach to tackling this question is *the selection effects argument*. A cardinal mistake in foreign policy analysis is to simply analyze the preferences of a state (i.e., leader) and attempt to understand what the state will do internationally. The problem is that states do not simply act; they interact. The preferences and power of other states mean that any given state may not be able to pursue its most desired path. Strategic interaction also tells us that the events we observe, such as the imposition of sanctions, are the result of a process. If we do not consider the process leading to a choice, then we are likely to misunderstand that choice.

The process leading to the imposition of sanctions involves four choices. First, given some policy objection, a potential sanctioner chooses between threatening the use of sanctions to alter the policy or doing nothing. Second, if a threat is made, then the target chooses whether to comply with the sender's demands or continue the current policy. If the target complies, then the threat of sanctions was successful as the threat led to a policy change in the target state. Third, if the target chooses not to comply, the state threatening sanctions has to choose whether to follow through on the threat and impose sanctions or drop the threat, ending the dispute. Fourth, if the threatening state chooses to impose sanctions, then the target chooses to comply or not. If the target complies at this fourth stage, then the imposition of sanctions was successful, otherwise they are considered a failure.

The process leading to the imposition of sanctions highlights that cases of observed sanctions are not a random sample from all possible pairs of states. In particular, targets on which sanctions are imposed have already demonstrated more resolve to maintain their policy than targets that yield to a sanctions threat. Further, Krustev (2010: 148) argues "that senders demand more substantial policy changes from targets in weaker bargaining positions." Given that targets are less likely to yield to a major than a minor demand, it is likely that there will be little relationship between observed cases of sanctions and success. More generally, thinking about the process generating the imposition of sanctions leads to the conclusion that sanctions should be no more likely, and probably less likely, to succeed when they are imposed compared to when they are simply threatened (Tsebelis 1990; Smith 1996; Morgan and Miers 1999; Drezner 2003; Lacy and Niou 2004; Krustev 2010). That is, the selection effects argument tells us that sanctions probably do succeed quite often, but that this success occurs primarily at the threat stage and not after imposition.

Empirical research on the success of sanctions at the threat stage is limited. Drezner (2003) finds that sanctions are more likely to succeed at this stage, while Krustev (2010) finds that they are no more likely to succeed. This is one area where theoretical arguments are ahead of empirical testing. The greatest impediments are creating sound measures of resolve and the anticipated political costs to a target's regime.

The *multiple goals thesis* is a second approach to answering the sanctions effectiveness puzzle. The core claim of this thesis is that the goals of the initiating state are broader than simple policy change, and when one considers all of the goals, particularly the less observable ones, for a particular use of sanctions, it is clear that sanctions are more successful than many have previously suggested (Barber 1979). In addition to a specific policy response from the target, the multiple goals thesis underscores that the use of sanctions tends to have at least three other goals. First, sanctions are often used to contain or limit the acquisition of militarily valuable goods (O'Sullivan 2003; Lopez and Cortright 2004). Lopez and Cortright (2004) note that while many judge the UN sanctions regime against Iraq to have failed because Iraq never fully complied with UN mandates to allow weapons inspections, they may have ultimately succeeded in containing Iraq's ability to acquire the necessary materials to pursue an advanced weapons program. The sanctions improved the UN/U.S. strategic position vis-à-vis Iraq by containing and weakening the regime of Saddam Hussein.

For similar reasons, one should consider the U.S. led sanctions on the Warsaw Pact during the Cold War successful. These sanctions did not prevent the Warsaw Pact from developing their own military weapons, but they did make it more costly and difficult for them to do so, thereby depleting resources from other uses. Baldwin (1999) illustrates this conceptual point with the following story. Imagine one person wants to coerce another. To make the threat especially effective, the coercer communicates that he has a gun. In response, the threatened party purchases a bulletproof vest, nullifying the effect of the gun. Was the threat successful? Yes, because it imposed a cost on the threatened actor.

Second, sanctions may also be aimed at deterring other states from taking similar actions in the future (Tsebelis 1990). Sanctions like those imposed against India and Pakistan in 1998 after they detonated nuclear devices had no chance of undoing the acts, but may have signaled resolve to punish that would deter future actions by other countries. Sanctions imposed by an international institution may also succeed by stigmatizing a transgressor as having violated an international norm. The measure of success in these contexts is whether other actors believe you are more likely to undertake similar coercive actions should they transgress.

Third, sanctions may also help build support and lay the groundwork for a future use of military force. In this sense, the sanctions against Iraq after its invasion of Kuwait, while viewed as unsuccessful because they did not force Iraq to withdraw its forces, could also be viewed as successfully laying the groundwork leading to a UN coalition that ultimately removed Iraq. In other words, the sanctions improved the strategic position of the United States and UN by communicating to the home audience that everything possible was being done to avoid the use of military force, thereby increasing public support for the use of force as a last resort.

## Causal Logics for Competing Sanctions Arguments

What are the extant causal logics on how sanctions successfully coerce a target state to change policies? Arguments about when sanctions are more or less likely to succeed can be classified into two groups: those that emphasize broad punishment in the target state and those that emphasize narrow punishment.

The traditional theory of economic sanctions emphasizes broad punishment. The logic is that if economic sanctions cause significant economic harm, then this economic punishment will lead to a loss of political support for the ruling regime for pursuing an internationally unpopular policy (Pape 1997; Mack and Khan 2000). In turn, this domestic political pressure will lead the regime to comply with the sanctions demand. If it does not comply, it may be replaced, through elections, revolution, or a coup, by a government that will aim to ease the people's suffering. The influence of the broad punishment theory on sanctions research is strong. Nearly all empirical research examining sanctions success includes a measure of the economic cost of the sanctions on the target, and some research suggests it is the most important influence (Hufbauer et al. 1990; Dashti-Gibson, Davis, and Radcliff 1997; Drury 1998; Hart 2000). Morgan et al. (2009: 102) find that sanctions succeed 94 percent of the time when the target experiences severe costs (see also Morgan and Schwebach 1997: 38). However, Jing, Kaempfer, and Lowenberg (2003) employ a more sophisticated research design and find that greater costs on the target are not associated with success.

The traditional punishment theory of sanctions requires a broader perspective than contained in bilateral economic relations. All states have multiple trading partners, and it is almost always possible to find an alternative supplier for any good if one's major trading partner places sanctions on it. Therefore, because costs are so important to success and more states can impose greater costs, "it is widely believed in policy circles that sanctions are much more effective when they are applied multilaterally than when they are imposed by a single state (Miers and Morgan 2002:118). Interestingly, many of the empirical studies of success have not supported this intuitive logic. In fact, several authors (Hufbauer et al. 1990; Kaempfer and Lowenberg 1998; Drury 1998; Drezner 2000; Miers and Morgan 2002) have found that whether sanctions are imposed unilaterally or multilaterally has no effect or an effect opposite to that expected.

Several reasons have been proposed for this unexpected finding. First, selection effects may be playing a role here. Multilateral coalitions may only form for the toughest of cases (Morgan and Miers 1999; Smith 1996). Second, multilateral sanctions may be "leakier" with each member of a sanctions coalition hoping to free ride off of the efforts of other members (Kaempfer and Lowenberg 1999). Third, it may be hard to establish stable policy outcomes in multilateral coalitions dealing with more than a single issue. Targets of sanctions may be able to wait out a coalition until the coalition's position cycles to one near its own preferences (Miers and Morgan 2002:119).

Another particularly important problem for multilateral sanctions is that rent seeking by both members of multilateral coalitions and entities within the sanctioned state may adversely affect the likelihood of success. Rent seeking is the capture of economic wealth through non-profit making activities such as lobbying or other manipulations of the political environment. Distortions of the market and restrictions on economic transactions create opportunities for rent seeking. Rent seeking is particularly strong when multilateral sanctions are in place. "[M]ost of the sanction 'rents' under unilateral sanctions accrue to traders in non-sanctioning countries, under multilateral sanctions much of the sanctions-busting activity is likely to involve traders in the target nation itself, thereby channeling a considerable portion of the rents into the very country that is supposed to be punished by the sanctions (Kaempfer and Lowenberg 2007: 875–876; Kaempfer and Lowenberg 1999). Thus, contrary to the general logic of the punishment thesis, multilateral sanctions may effectively isolate a target country's economy, yet still fail to reduce profits to the leader and core groups supporting the leader.

The problem of rent seeking by leaders under sanctions appears to be particularly applicable to countries with autocratic political regimes (Kaempfer and Lowenberg 1999; Kaempfer and Lowenberg 2007; Kaempfer, Lowenberg, and Mertens 2004; Lektzian and Souva 2007). Sanctions that curtail imports to the target raise the price of previously imported goods, thereby creating excess profits for domestic producers and smugglers of the sanctioned goods. Similarly, sanctions on exports from the target artificially lower domestic prices below world market prices, providing an incentive for smugglers to purchase these goods domestically and sell them abroad at world prices for a profit. More generally, the greater the effect of sanctions on terms of trade, the greater the potential profit to be achieved. As a result, governments with a great deal of control over the economy, as is the case for most autocratic regimes, are well positioned to encourage smuggling, and grant domestic contracts in return for political loyalty (Kaempfer et al. 2004; Kaempfer and Lowenberg 1999). Thus, "the rents from sanctions either present direct economic benefits for the government or allow it to increase political control—that is, indirect political benefits" (Dorussen and Mo 2001: 47). Since increased government control over society can conflict with liberal norms, autocratic leaders tend to benefit more than democratic leaders from sanctions and associated rent seeking.

Another variant of the punishment theory puts the focus on domestic institutions and the communication of resolve. Hart (2000) argues that the key to sanctions success is the sender's resolve. If the sender is resolved and keeps the sanctions in place, a target will yield. On this account, democratic senders of sanctions will be more successful than non-democratic senders because they have a greater ability to generate audience costs; as a result, non-democratic initiators of sanctions are more likely to end sanctions without a policy success. Absent from this theory is a discussion of institutions in the target and the political effects of sanctions on the target's leadership.

Drezner (1999) contends that conflict expectations, which are based on the presence or absence of an alliance, are the key to successful sanctions. Dyads that share a military alliance expect less future conflict than dyads that do not share such an alliance. Knowing that future demands and conflict are unlikely, a target state allied with the sender is more willing to yield to sanctions. While not overtly focusing on punishment, it is still central to the causal logic. If a target is not experiencing significant punishment, then why should it fear future demands? Besides the limitations associated with punishment theories, the conflict expectations theory also has difficulty accounting for the empirical relationship between democracy and the initiation of sanctions (Lektzian and Souva, 2003) and the empirical findings on democracy and sanctions success (Nooruddin, 2002; Lektzian and Souva, 2007).

Recent research examines a key aspect in the causal logic of the broad punishment approach: Do sanctions harm a leader's hold on power? Galtung (1967: 388) aptly summarized the traditional punishment theory as "the more value-deprivation, the more political disintegration." Marinov (2005) finds that sanctions often destabilize leaders. In contrast, Escriba-Folch and Wright (2010) contend that sanctions only destabilize the most authoritarian regimes, personalist dictatorships, but not regimes less dependent on external revenue like single-party or military states. Most research, however, suggests that sanctions strengthen the leadership and increase repression in all autocracies. Allen (2005), for example, finds that sanctions increase anti-government activity in nascent democracies, but not in stable autocracies. Further, Wood (2008) contends that sanctions may increase physical repression in autocratic states. The "increase in repression results from incumbent efforts to prevent the defection of core supporters and to stifle dissent in the face of declining economic conditions or growing opposition support" (Wood 2008: 509). Sanctions also may decrease political freedoms in target states (Peksen and Drury 2010).

To recapitulate, the traditional and multilateral punishment theses fail to fully appreciate the political dynamics associated with economic sanctions. Instead of weakening a regime's hold on power, economic punishment could also strengthen a regime's hold on power. Three causal mechanisms may lead to this backlash effect (from the perspective of the state initiating sanctions). First, broad sanctions tend to create a rally-round-the-flag effect. That is, instead of creating dissatisfaction with the leadership, the sanctions may unite the citizens in the target state against the sanctioning state, either because they blame the sanctioning state for their economic misery or because they resent having an outside actor interfere in their domestic politics. If such a rally effect develops, the targeted regime will be able to endure significant economic punishment (Pape 1997: 93). Second, broad punishment increases the target regime's ability to collect rents, thereby strengthening its hold on power. Third, broad punishment increases repression in authoritarian states.

The causal logic for the targeted sanctions perspective works as follows. All leaders want to remain in office and each depends on some group of individuals to hold power. We follow Bueno de Mesquita et al. (2003) and call this group the leader's winning coalition; others label it as the ruling coalition (Brooks 2002), political elites (Morgan and Schwebach 1995), or just core groups (Kirshner 1997; Kaempfer and Lowenberg 2004). The winning coalition will only support the leader as long as it is in their interest to do so; thus, if the winning coalition is experiencing economic costs, they will compel the leader to change policies by either removing the leader or threatening to withdraw their support. Brooks (2002: 2) succinctly states the causal logic: "Only where sanctions harm the target's ruling coalition are leaders likely to prove willing to comply with external demands." Central to the targeted sanctions perspective is that the winning coalition is much smaller than society at large, otherwise targeting it would be the same as the broad punishment approach. Because the winning coalition is smaller than society at large, narrow sanctions are much less likely to create rents for the leader and winning coalition or a rally-around-the-flag effect; thus, targeted sanctions create a cost on the winning coalition without offsetting benefits. Because of its focus on particular groups within the target state, this school of thought is sometimes called the interest group perspective (Kaempfer and Lowenberg 2007).

The use of targeted sanctions to compel a target faces two challenges: identifying core groups in the target state to punish and crafting a sanctions regime that harms the core groups but not opposition or potential opposition groups within the target state. Researchers identify the core groups to target by examining the target's political institutions. Drawing on selectorate theory, Lektzian and Souva (2007) note that as a leader's winning coalition decreases in size, the leader has less incentive to provide public goods to retain the support of the winning coalition. When a state has a small winning coalition, as is common in autocracies, sanctions that affect large segments of the population will tend to cause more harm to those outside of the winning coalition than within it, thereby strengthening a leader's hold on power and nullifying any harm to the leader from the sanctions.

While useful to motivate the use of targeted sanctions, by not identifying any other key characteristics of the winning coalition, this perspective does not tell one which products to sanction. Major and McGann (2005) argue that sanctions are more likely to succeed when they harm "innocent bystanders" in states that allow political opposition. The reasoning is that this group will now mobilize to pressure the government to change policies. This theory has the same weakness as noted above: without additional information about who the innocent bystanders are, one does not know which products to sanction. Instead of identifying core groups to make targeted sanctions effective, Kaempfer and Lowenberg (1999) focus on the other challenge: imposing a narrow impact. They argue that cultural sanctions, such as travel bans and sports boycotts, are much more likely to have a narrow impact on the ruling elite than trade or financial sanctions. They support their argument by showing that the sports embargo on South Africa disproportionately harmed white South Africans and contributed to the end of apartheid. This is unlikely to be effective without multilateral support. Notwithstanding the potential benefits of cultural sanctions, an important area for future research is to better describe the core groups in each state to better craft effective sanctions regimes. To this end, it will probably be useful to examine the primary sectors of a state's economy (see, e.g., Kirshner 1997).

## Effects of Sanctions on Targeted States

The ability of authoritarian countries to endure great amounts of economic costs imposed on their citizens without yielding to the sender state's demands has led many to question whether broad sanctions directed against non-democratic countries can be justified. Indeed, one of the most damaging claims leveled against the use of sanctions is that they impose humanitarian consequences on civilians while leaving elites unscathed or even richer and more secure (Gordon 1999; Mack and Khan 2000). Additionally, some scholars have insisted that sanctions should be held to the same standards as military conflicts in terms of justification for their use (*jus ad bellum*) and justification in the conduct of warfare (*jus in bello*). These scholars argue that "the pain inflicted by sanctions on citizens of target states will cause them to pressure their government into making the changes demanded by the sanctioning body" (Mack and Khan 2000: 281). Still this violates the *jus in bello* portion of just war theory because sanctions purposefully target innocent civilians. This "increased economic pain leads to increased political gain" (Weiss et al. 1997) hypothesis falls short, however, when dealing with authoritarian countries in which leaders are isolated from the general public. Previous empirical work by Lektzian and Souva (2007) has shown that increased economic costs only significantly affect the political outcome of sanctions when leaders in the targeted country are popularly elected.

The longstanding UN sanctions against Iraq resulted in claims of between 300,000 and 1.5 million deaths between the time of their inception in 1990 to 1998 (Garfield 1999). The Iraq sanctions policy suffered a public relations setback when Secretary of State Madeleine Albright appeared on *60 Minutes* and was confronted with an estimate that the sanctions against Iraq had resulted in the death of 500,000 Iraqi children. When she was asked if this price was worth it, rather than question the estimates or place the blame for the deaths in the hands of Saddam Hussein, she defended the sanctions policy saying that while difficult decisions had to be made, the price was worth the outcome.

In light of these arguments, some have suggested that sanctions should not be considered a humanitarian alternative to the use of military force, and that they might even be worse for the targeted population due to longer-term structural effects resulting from sanctions (Weiss et al. 1997; Mueller and Mueller 1999). United Nations Secretary General Boutros Boutros-Ghali called sanctions a "blunt instrument" and questioned whether using a tool that inflicts suffering on vulnerable groups was legitimate (Luck 2006: 63). Despite these criticisms, it should be kept in mind that almost all sanctions legislation in recent decades has included humanitarian exemptions for medicines and/or food. Additionally, the humanitarian effect of sanctions can be exaggerated, and reports manipulated by targeted governments (Albright 2000) as a propaganda tool to rally internal support for the government against the sanctioning body and to turn international public opinion against sanctions in the hopes of bringing about their end.

While the humanitarian effects of sanctions are often significant, their long-term effect on states' trade is not. Sanctions do, of course, restrict economic ties between the sanctioner and sanctionee. Yet, after sanctions end, states return to normal trade relations relatively quickly, particularly if both states are democratic (Lektzian and Souva 2001). Of potentially greater concern is the long-term impact of sanctions on foreign aid and investment. Once a state is sanctioned, other states may reduce their foreign aid to the target and multinational firms may be leery of investing in a country with an unstable political environment. Recent research on foreign direct investment in countries sanctioned by the United States has shown that U.S. firms tend to anticipate sanctions and disinvest prior to the sanctions going into place. However, much as with trade, investment returns quickly. Essentially, firms are driven by profit and after prices have time to adjust to conditions under sanctions, investment will return (Biglaiser and Lektzian forthcoming).

## Conclusion: Prospects for U.S. Sanctions Policy

As we have argued, scholarly research suggests that sanctions are often effective at accomplishing at least some of their goals. When sanctions work, they tend to do so by creating political costs for the target's regime. Broad sanctions rarely impose significant political costs on an autocratic target, the most common target of sanctions. In turn, broad sanctions rarely succeed when imposed on an autocracy. Instead, broad punishment creates a rally-around-the-flag effect for the target regime, provides it with further incentive to repress its citizens, and allows the regime to collect more rents, cementing its hold on power. To successfully coerce an autocratic target, sanctions should be narrow in scope, targeting only the ruling coalition. Financial and cultural sanctions are two forms of smart sanctions that have proven successful.

As we concluded the first decade of the twenty-first century, the United States was faced with many foreign policy challenges ranging from the wars in Afghanistan and Iraq, to nuclear proliferation, to combating terrorists and the sources that fund them. Many of these challenges will be met with either the threat or the use of economic sanctions, and in some cases these sanctions will prove ineffective. Targets of sanctions generally do not yield after sanctions are imposed, for they have contemplated the ramifications of the sanctions and allowed them to go ahead. Thus, many of the sanctions we see are likely to be failures. This, however, should not lead one to underestimate the power of economic coercion. Much of the success of sanctions is likely to occur outside of the light of mainstream media and precisely because the United States has proven willing to impose and maintain costly sanctions even when their success is unlikely.

We also noted that autocratic leaders may derive political benefits from sanctions. This underscores why Saddam Hussein's Iraq did not and why Cuba has not yielded to American sanctions. The current sanctions on Iran, which are largely financial and cultural, are narrowly targeted at the ruling regime, yet these sanctions are unlikely to produce a net political cost to Iran's leaders that would outweigh the benefits of a nuclear weapon. Each of these regimes has made the initial choice to suffer the costs of sanctions rather than comply with the demands of the United States and the international community.

Some will be tempted to write off these sanctions, and future uses of U.S. sanctions, as failures because of their inability to gain compliance. This would be a mistaken judgment. Sanctions are costly to the United States, and as such, they allow the United States to communicate levels of resolve in ways that words do not. Sanctions can also help constrain a state's military ambitions (as in Iraq) and demonstrate the international community's disapproval of certain behavior. In conclusion, with the United States perhaps entering into a period of war-weariness, the relative benefits of sanctions only increase, and we are likely to observe many more sanctions threats and impositions in the near future.

## Note

1 The United Nations has imposed sanctions on Somalia (1992), Sierra Leone (1997), Al Qaida and the Taliban (1999), Liberia (2003), Democratic Republic of Congo (2004), Ivory Coast (2004), Sudan (2005), North Korea (2006), Iran (2006), Eritria (2007), and specific individuals implicated in the assassination of the Lebanese prime minister in 2006.

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