

Economic Sanctions as a Foreign Policy Tool

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The right question is not
whether economic
sanctions “work.”

It is *when* and under *what*
circumstances.

Road Map

- IIE framework for analyzing sanctions effectiveness
- trends in the use of sanctions
- evidence on effectiveness of sanctions as a foreign policy tool

Road Map (cont.)

And results in:

- Libya—success?
- Iraq—partial success?
- Iran?

Are targeted sanctions the wave of the future?

IIE approach is empirical

- 200 observations from WWI to 2000
- All sanctioners, not just US
- Variety of goals, ranging from release of a political prisoner to inducing an Iraqi withdrawal from Kuwait in 1990-91.

Defining success

- instrumental goals—observed change in policy, behavior, or government of target country—not symbolic or domestic political goals
- partial achievement of goals
- at least modest role for sanctions relative to other factors

For sanctions to succeed

Costs of defiance > Costs of compliance

- Direct cost of sanctions
- Escalation threat
- Relations with sender or third parties
- Political response in target
- External security
- Internal security and stability
- Political well-being
- Personal well-being

Where costs determined by:

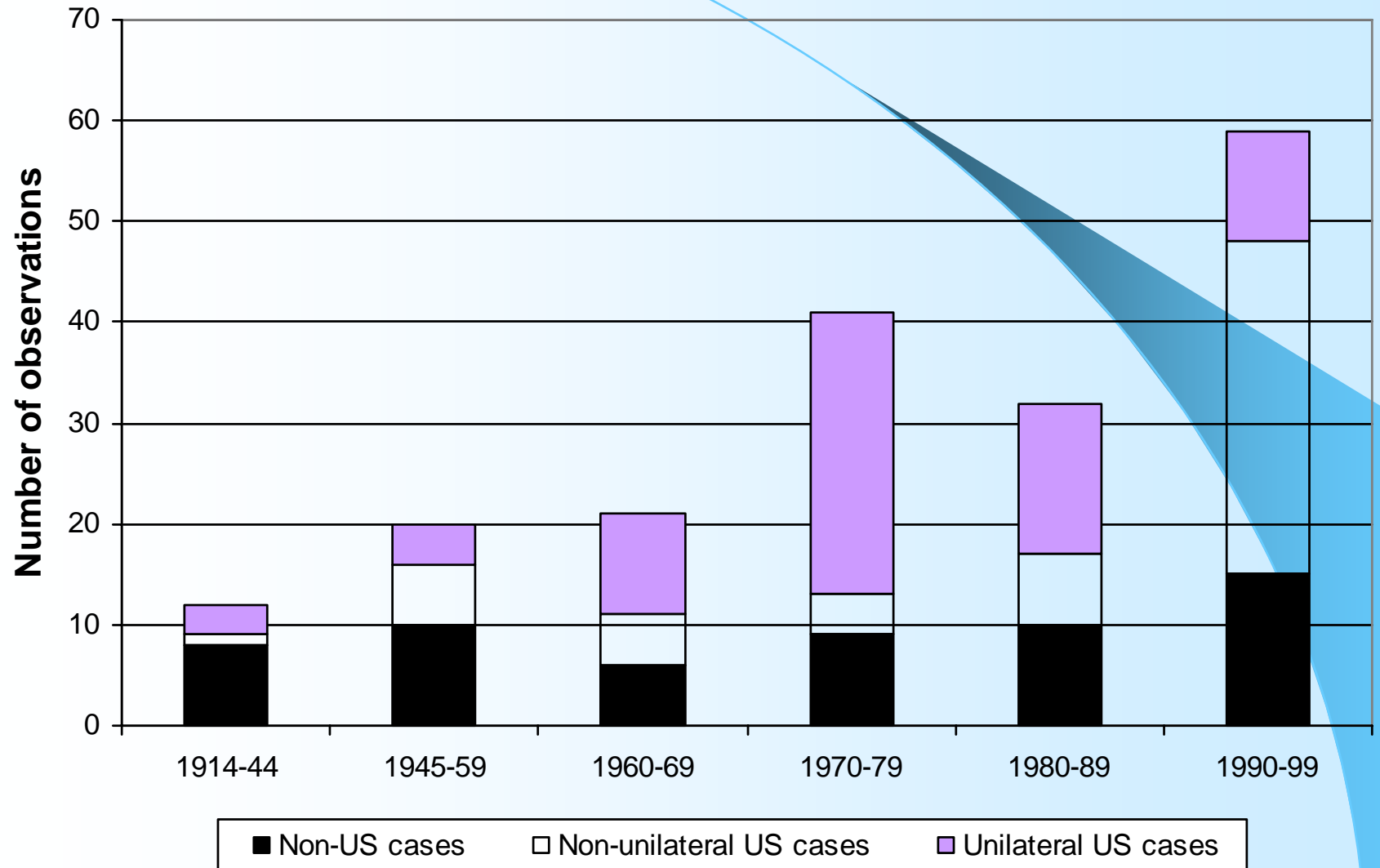
Costs of defiance:

- Potential economic leverage vis-à-vis target
- Motivation of sender

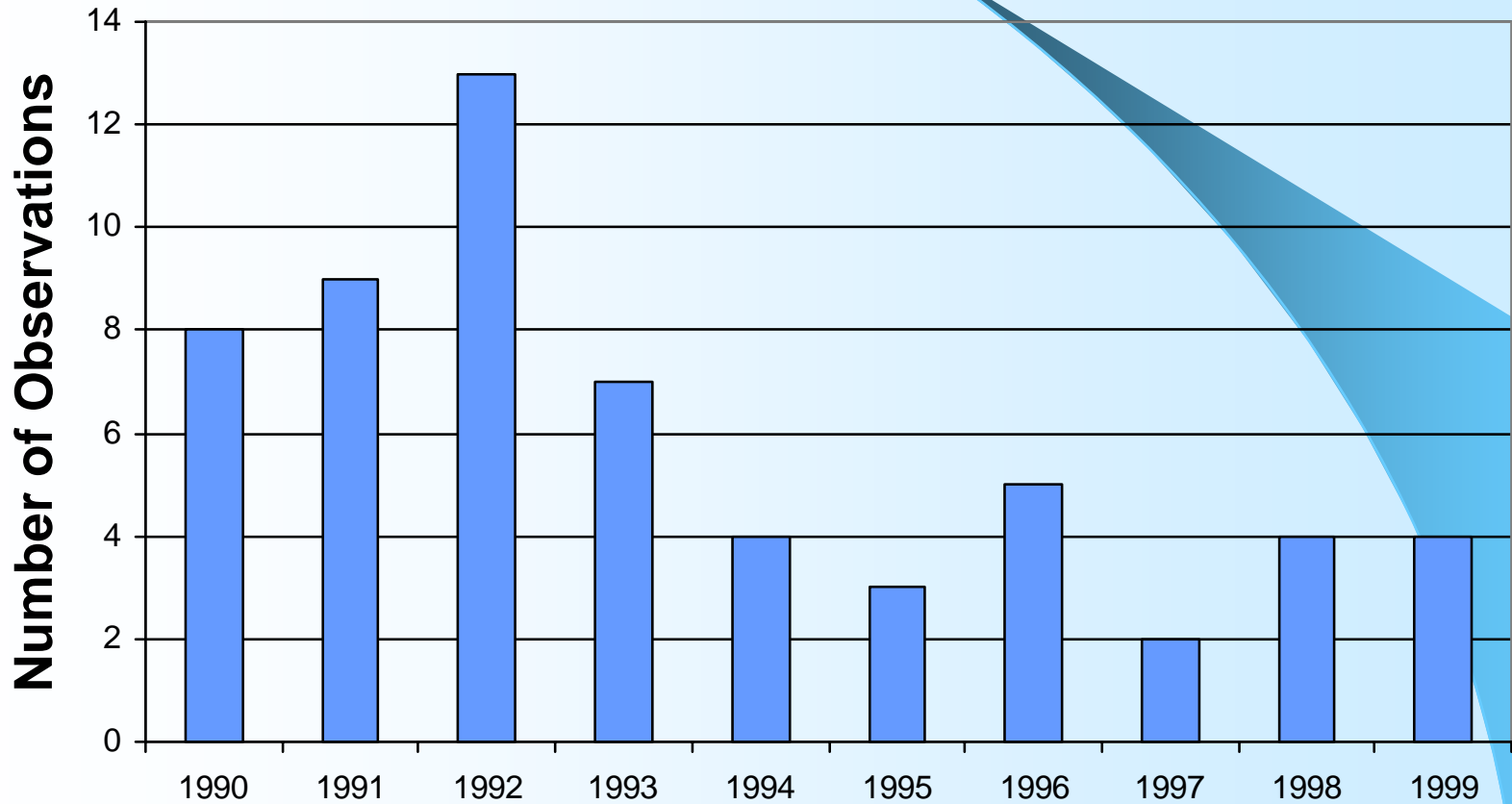
Costs of compliance:

- Sender goal
- Target regime type

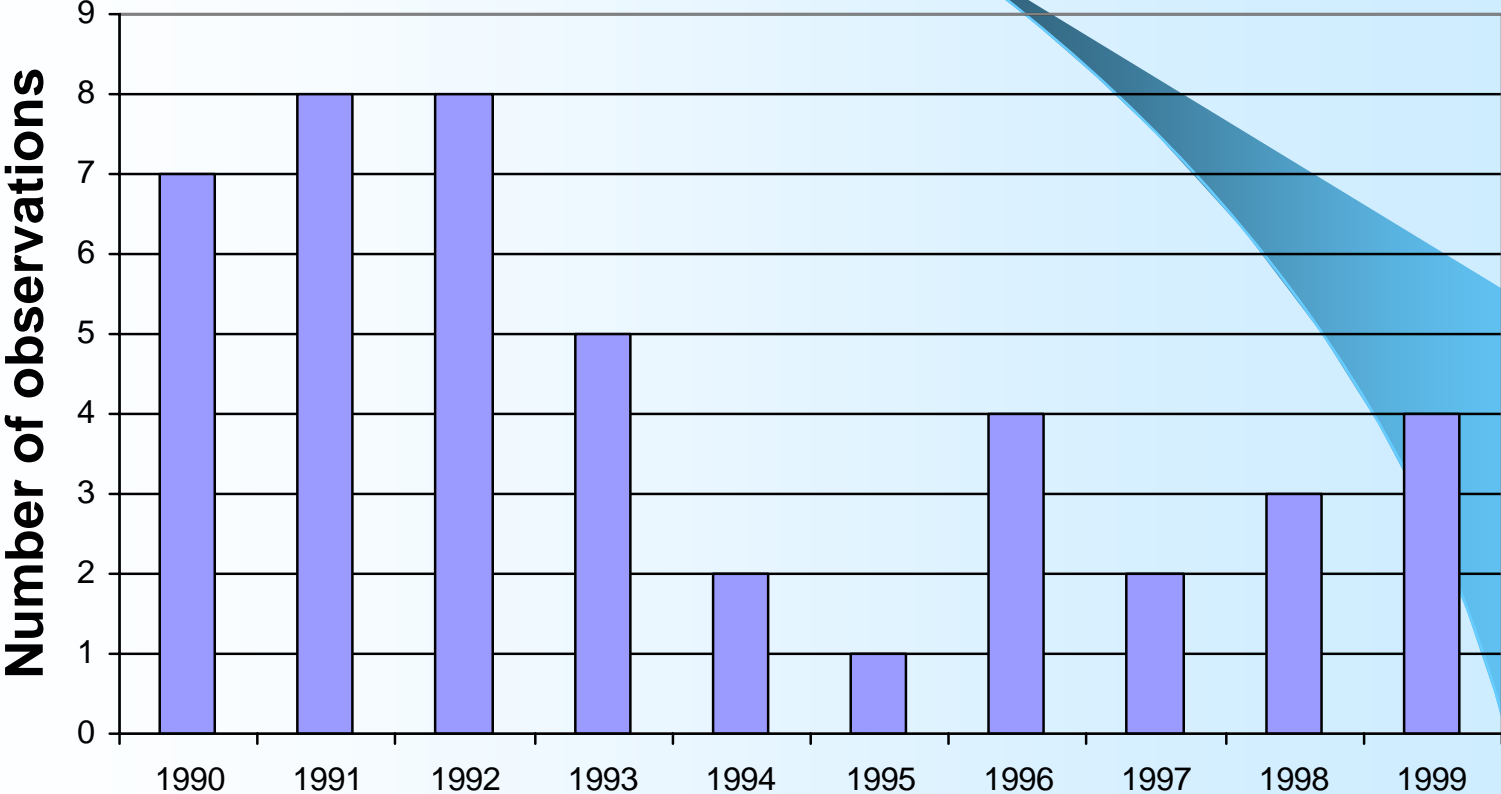
Trends in the Use of Economic Sanctions



World Sanctions Trends in the 1990s



US Sanctions Trends in the 1990s



Who hits...

1970-89

1990-99

US

55

37

EC/EU

9

19

USSR/
Russia

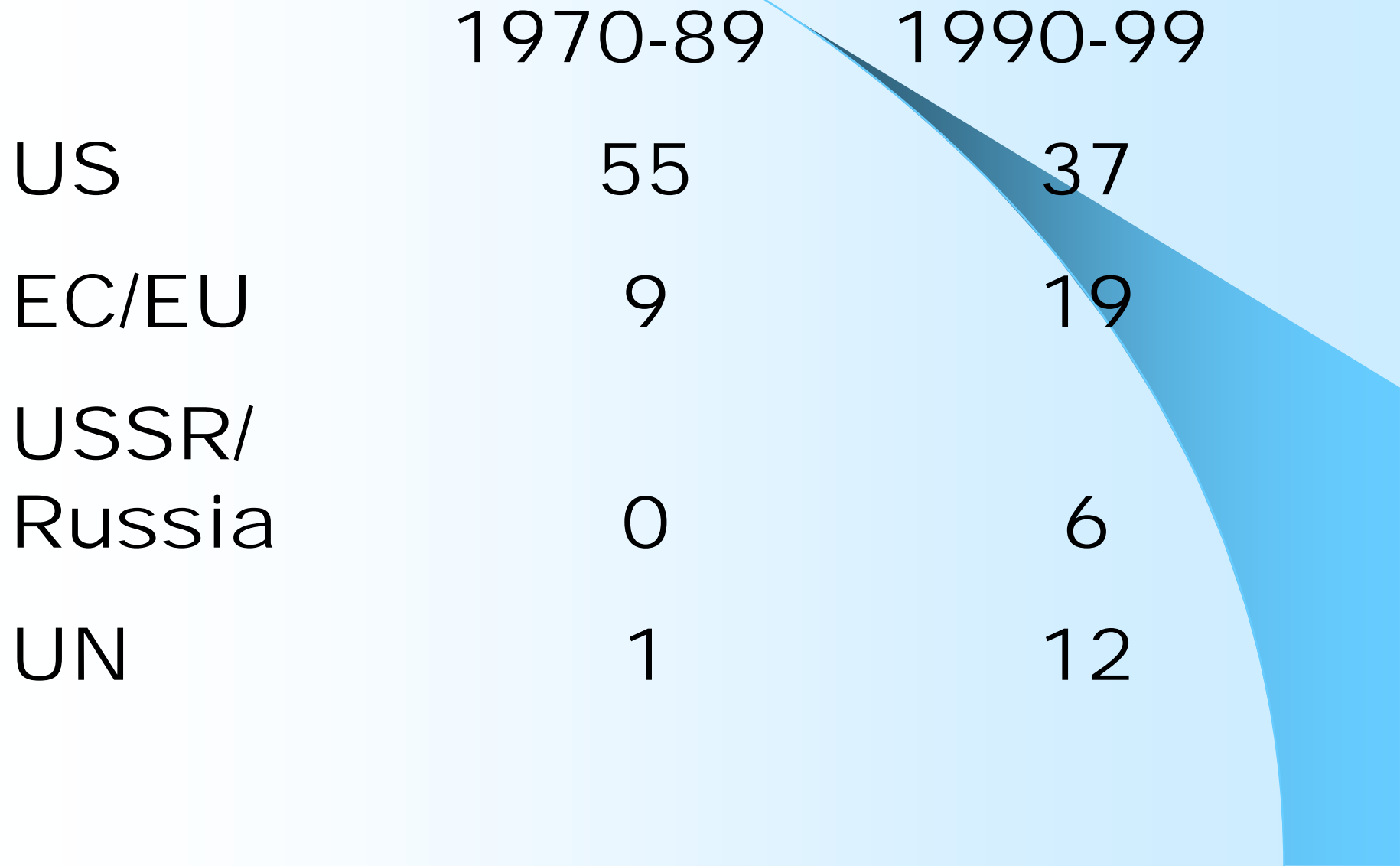
0

6

UN

1

12



...and who gets hit?

1970-89

1990-99

Africa

9

17

Asia

15

10

Lat. America

20

11

Middle East

8

4

USSR/
FSU

5

8

FSU

The results overall...

All cases:

1914-2000 $80/211 = 38\%$

Non-US cases:

1914-2000 $32/76 = 42\%$

1970-2000 $20/43 = 47\%$

And for the US

All US cases:

1914-2000 $48/135 = 36\%$

1945-69 $15/28 = 54\%$

1970-2000 $28/99 = 28\%$

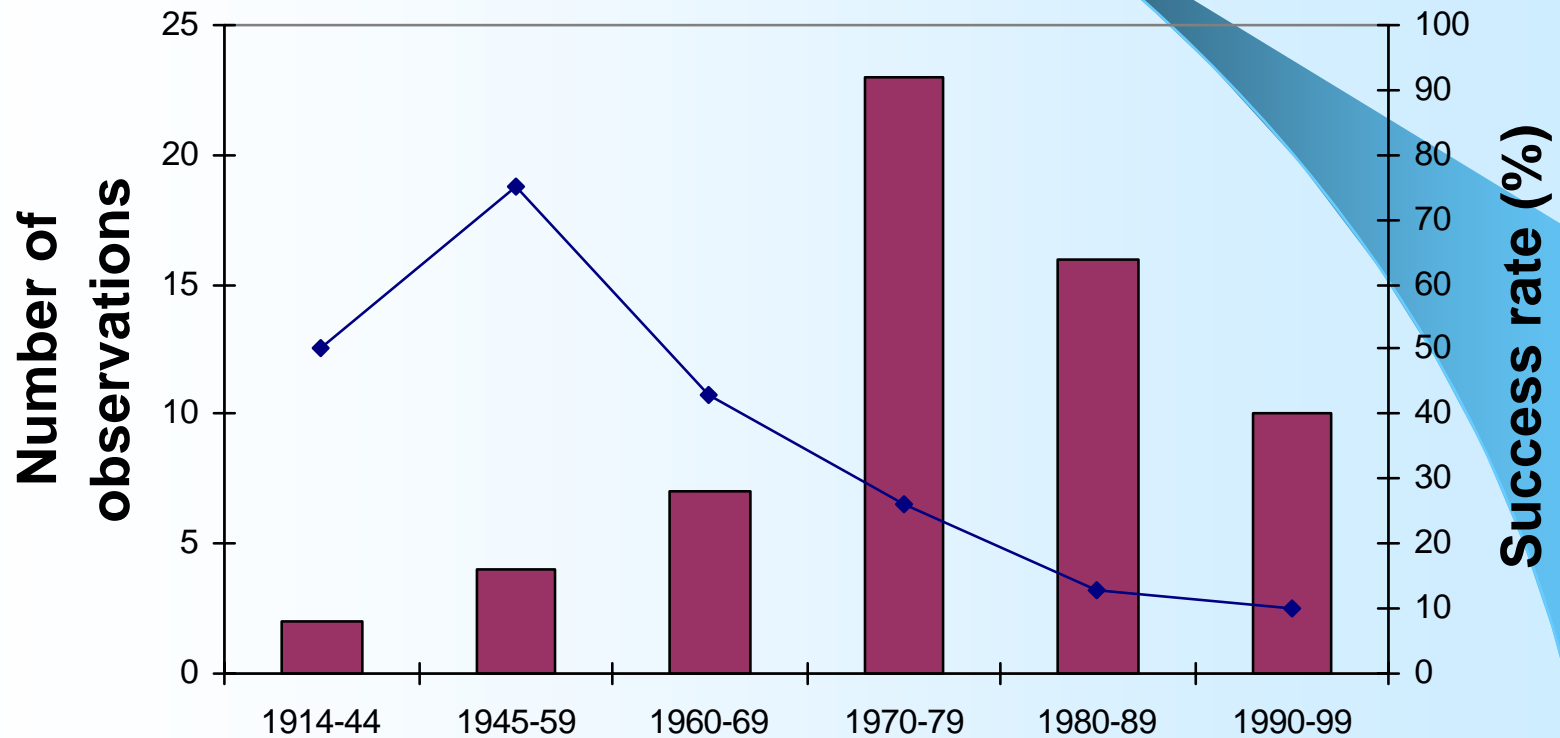
Unilateral US cases:

1914-2000 $16/63 = 23\%$

1945-69 $6/11 = 55\%$

1970-2000 $10/50 = 20\%$

Use and Effectiveness of Unilateral US Sanctions



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?

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 WMD.
- No new WMD suggests sanctions squeeze more effective than thought in containing Iraq.

Iraq—partial success?

- But sanctions costly in humanitarian terms.
- Difficult to maintain indefinitely.
- Undermined support for UN sanctions in other cases, e.g., Sudan.

And in Iran?

- Unilateral sanctions in place for decades w/little effect.
- UN sanctions unlikely due to Russian, Chinese opposition.
- Lesser multilateral sanctions possible, but...
- Will Europe boycott Iranian oil, investment?

Sanctions and regime change

Even where some success, sanctions did not destabilize leadership in these cases.

In general with regime change goals:

costs of defiance (sanctions)
< costs of compliance (loss of power, wealth, life?)

Are targeted sanctions smarter sanctions?

- Arms embargoes difficult to enforce.
- Travel and transportation bans too mild except for modest goals.
- Financial (e.g., asset blocking, seizure) difficult to implement generally (speed vs. cooperation), more so with corrupt dictators (e.g., Iran now).

Sanctions more likely to be effective when

- goals are limited and clearly defined and target is small and vulnerable
- sanctions are imposed quickly and decisively to maximize impact
- used against friendly countries; adversaries are less vulnerable

Sanctions and globalization

- Targets more engaged in international markets but also better able to replace trade, finance when sanctions unilateral.
- But international cooperation no panacea:
 - costly to generate, creates delays, potential for competing objectives
 - often not sufficient in major cases.