Economic Sanctions as a Foreign Policy Tool

Kimberly Ann Elliott
Institute for International Economics
and
Center for Global Development
Washington, DC

April 2006
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
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

- Direct cost of sanctions
- Escalation threat
- Relations with sender or third parties
- Political response in target

> Costs of compliance

- 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

- Non-US cases
- Non-unilateral US cases
- Unilateral US cases
World Sanctions Trends in the 1990s

The graph shows the number of observations of world sanctions trends for each year from 1990 to 1999. The highest number of observations was in 1992, with a significant drop in the following years.
US Sanctions Trends in the 1990s

The graph shows the number of observations for each year from 1990 to 1999. The number of observations fluctuates over the years, with peaks in 1990 and 1992, and a significant drop in 1995.
### Who hits...

<table>
<thead>
<tr>
<th></th>
<th>1970-89</th>
<th>1990-99</th>
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<tbody>
<tr>
<td><strong>US</strong></td>
<td>55</td>
<td>37</td>
</tr>
<tr>
<td><strong>EC/EU</strong></td>
<td>9</td>
<td>19</td>
</tr>
<tr>
<td><strong>USSR/ Russia</strong></td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td><strong>UN</strong></td>
<td>1</td>
<td>12</td>
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</table>
...and who gets hit?

<table>
<thead>
<tr>
<th>Region</th>
<th>1970-89</th>
<th>1990-99</th>
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<tbody>
<tr>
<td>Africa</td>
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<tr>
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<tr>
<td>Middle East</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>USSR/FSU</td>
<td>5</td>
<td>8</td>
</tr>
</tbody>
</table>
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

Number of observations

Success rate (%)
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 with 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.