

Rudolf, Peter

**Research Report**

## Sanctions in international relations: On the current state of research

SWP Research Paper, No. RP 6/2007

**Provided in Cooperation with:**

Stiftung Wissenschaft und Politik (SWP), German Institute for International and Security Affairs, Berlin

*Suggested Citation:* Rudolf, Peter (2007) : Sanctions in international relations: On the current state of research, SWP Research Paper, No. RP 6/2007, Stiftung Wissenschaft und Politik (SWP), Berlin

This Version is available at:

<https://hdl.handle.net/10419/253070>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*

# SWP Research Paper

Stiftung Wissenschaft und Politik  
German Institute for International  
and Security Affairs

*Peter Rudolf*

## Sanctions in International Relations

On the Current State of Research

RP 6  
June 2007  
Berlin

**All rights reserved.**

© Stiftung Wissenschaft und  
Politik, 2007

**SWP**  
Stiftung Wissenschaft und  
Politik  
German Institute for  
International  
and Security Affairs

Ludwigkirchplatz 3-4  
10719 Berlin  
Germany  
Phone +49 30 880 07-0  
Fax +49 30 880 07-100  
[www.swp-berlin.org](http://www.swp-berlin.org)  
[swp@swp-berlin.org](mailto:swp@swp-berlin.org)

ISSN 1863-1053

*Translation by*  
*Fiona D. Wollensack*

(English version of  
SWP-Studie 30/06)

# Table of Contents

5	<b>Problems and Conclusions</b>
7	<b>The Empirical Record: Controversial Evaluations</b>
7	Traditional versus Revisionist Perspectives
8	Empirical Studies and their Problems
11	<b>Theory: Models and Their Causal Logic</b>
11	The Classical Model
13	The Pluralist Model
15	<b>Strategy: Sanctions as a Tool</b>

*Dr. Peter Rudolf is head of the The Americas Research Unit  
of SWP*

## **Sanctions in International Relations. On the Current State of Research**

In the public debate, the use of sanctions seems to be viewed predominantly with scepticism. States, however, time and again seek refuge in these measures. The use of economic power is, for the US, a traditionally favoured form of leverage. Since the end of the Cold War, the United Nations has repeatedly imposed sanctions. “Restrictive measures”, as Brussels’ jargon terms them, are also often employed by the European Union (EU). With the publication of the “Basic Principles on the Use of Restrictive Measures” on the 17<sup>th</sup> of June 2004, the EU laid down a programmatic concept, at the centre of which lies the application of targeted sanctions intended to affect those responsible for the objectionable policies.

Attempts to impose sanctions in a targeted manner reflect the disillusionment about the negative, in the case of Iraq, devastating effects of comprehensive economic sanctions. The concept of “smart sanctions”—in particular financial and travel sanctions directed at individuals—has been developed at the international level since the 1990s and, within the framework of the so-called Interlaken-, Bonn-Berlin- and Stockholm-Processes, refined to the point of guidelines for their legal and administrative implementation.

But what can sanctions actually achieve? How do they work? What lessons can be learned from previous experiences? What more or less reliable, theoretically plausible and empirically sound knowledge about the working, the utility and the limitations of this foreign policy tool can the scholarly debate provide?

For some time, the scholarly debate has been less focused on the traditional question whether sanctions are effective. Research now rather seeks answers to the question under what conditions what type of sanctions levelled at what type of state are to be viewed in which regard as an effective foreign policy instrument. Although the imposition of sanctions can be suboptimal in outcome, it can be rational when compared with the potential benefits and the potential costs of other options. Sanctions research cannot seriously offer obvious, generally applicable “hand-outs” for the implementation of sanctions. Such recommendations—purportedly imbued with extensive experience—are, occasionally, being stated but

are often, upon closer inspection, based upon questionable methodological foundations.

Research can, however, call into question putative certainties—for example the opinion that sanctions have never been particularly effective. It remains, though, a contentious issue in the scholarly literature how many of the numerous sanctions imposed time and again can be considered politically effective. A definitive judgement on this is difficult to arrive at because sanctions are usually one factor amongst many in a complex causal chain stretching over a longer period of time. A whole-sale judgement that deems them as generally ineffective is, however, by no means justified.

In addition, sanctions research has, by means of developing and using theoretical models, shed light on the way sanctions work. In the classical macro-model of rational action by state actors, the political effect of sanctions rests therein that they cause as high a total economic and political cost in the target country as possible and, in doing so, change the cost-benefit calculation of state actors. In the pluralist micro-model the political effect rests upon the direct consequences and costs for specific groups and individuals. Such models help to understand why sanctions may, despite grave economic consequences, be of little political effect or why even limited, targeted sanctions may be effective.

Theoretically it is plausible that comprehensive, punitive trade sanctions have the most immediate effect upon political systems in which the government is accountable to voters, whilst in autocratic systems they tend to strengthen the regime as well as those groups supporting and underpinning it. Such a counterproductive effect arose in the case of sanctions imposed against Yugoslavia in the 1990s. But the financial sanctions in particular provided the western community of states a considerable degree of bargaining power.

As the causal mechanism the second model is founded on postulates, the political effectiveness of sanctions depends upon the costs particular groups are burdened with. There are, however, differing opinions as to the ideal target group: it can, on the one hand, be the national leadership—and its core group of supporters—responsible for the objectionable policy; it can, on the other hand, also be potentially influential groups who, themselves, are not responsible for the sanctioned policy but who might take political action against these policies because they themselves are the principal victims of the sanctions—

as was the case with the white business community in South Africa. Both versions require the targeted implementation of sanctions, based upon a thorough analysis of the existing interests and conflicts as much as of the political processes in the target country.

All but too rarely does the scholarly discussion—or the political debate—pose a question fundamental to the effectiveness of sanctions: to what extent does the political strategy, of which sanctions are an integral part—or at least should be –, favour or hamper their effectiveness? Sanctions with the aim of bringing about political changes cannot be evaluated independently of this strategic context. When implemented in a strategically well considered manner, the instrument of sanctions can be politically very effective, as was the case in Libya. Experience does, though, show that sanctions are by no means always used in a strategically smart manner.

Three key lessons can, with great caution, be learned from experiences thus far gained with the implementation of sanctions: firstly, merely the threat of sanctions can, if it is credible, be effective as it creates bargaining power; secondly, the demands need to be aimed at concrete political changes; thirdly, sanctions should be an instrument within a broad strategy combining incentives and punishments, a strategy that is embedded within a wider-ranging dialogue.

# The Empirical Record: Controversial Evaluations

Academic literature does not use the term *sanction* consistently or uniformly. International sanctions suspend normal interactions between states in specific areas. Their purpose is, in the context of these interactions, to change a particular behaviour on the side of the target state (sanctions are, however, occasionally directed at non-state actors as well)<sup>1</sup>. Economic sanctions are mainly defined in the literature as an interruption in normal economic transactions or the restriction of access to economic resources<sup>2</sup>. Three types of economic sanctions can be identified: export sanctions, import sanctions and financial sanctions. The first two variants are an interruption of trade relations, whereas financial sanctions are intended to hamper access to capital. Evaluations seeking to establish the effectiveness of economic sanctions mainly concentrate on those aiming to bring about political changes in the target state, either in its policies or its polity. There is less interest in the sanctions literature on those measures that aim at impairing the military capabilities of a potential or actual opponent.<sup>3</sup>

## Traditional versus Revisionist Perspectives

After the so-called “decade of sanctions”<sup>4</sup>—never before were such measures imposed as frequently as in the 1990s—the evaluation of sanctions could hardly be more controversial. The traditional estimate that economic sanctions remain ineffective was moulded by the failure of the limited sanctions imposed against Italy in 1935 by the League of Nations. This sceptical point of view emphasises the cooperation problems arising from the differing interests held by states and refutes, to a large extent, that the political aims sanctions seek to fulfil will be attained.<sup>5</sup>

For, by now, nearly two decades the sceptics in the scholarly debate have been challenged by representatives of a less pessimistic evaluation of economic sanctions who, for a variety of reasons, consider the potential for success and the use of sanctions in a more differentiated manner. *Firstly*, in their assessment, collective sanctions need not necessarily fail due to a problem of coordination. The leadership performance of a state that is capable of combining

1 For a definition, see for example Arne Tostensen and Beate Bull, “Are Smart Sanctions Feasible?,” *World Politics*, Vol. 54, April 2002, pp. 373–403.

2 See Steve Chan and A. Cooper Drury, “Sanctions As Economic Statecraft: An Overview,” in *ibid.* (eds.), *Sanctions As Economic Statecraft: Theory and Practice*, Basingstoke: MacMillan Press, 2000, pp. 1–16; Zachary Selden, *Economic Sanctions As Instruments of American Foreign Policy*, Westport, CT/London: Praeger, 1999, p. 17.

3 Export controls for armaments and commercial technologies with potential military use are often neglected in the discussion on sanctions as they are not as striking and, in addition, not intended to change political behaviour but to limit military capabilities. Their utility is viewed controversially. In general, the following can, however, be stated: export controls cannot forever keep a state that is resolved and does not shun the expense from acquiring equipment and technology for military purposes; they do, however, increase the obstacles against as much as the costs of armaments projects and impede their progress. In addition, they serve as an early warning. For an extensive study into export controls during the East-West conflict, see Michael Mastanduno, *Economic Containment: CoCom and the Politics of East-West Trade*, Ithaca/London: Cornell University Press, 1992.

4 David Cortright and George H. Lopez, *The Sanctions Decade: Assessing UN Strategies*, Boulder/London: Lynne Rienner, 2000; David A. Baldwin, “The Sanctions Debate and the Logic of Choice,” *International Security*, Vol. 24, No. 3, Winter 1999/2000, pp. 80–107; Chan and Drury, *Sanctions As Economic Statecraft* [see footnote 2]; Hossein G. Askari et al., *Economic Sanctions: Examining Their Philosophy and Efficacy*, Westport/London: Praeger, 2003; Neta Crawford and Audie Klotz (eds.), *How Sanctions Work: Lessons from South Africa*, Basingstoke: MacMillan Press, 1999; Chantal de Jonge Oudraat, “Making Economic Sanctions Work,” *Survival*, Vol. 42, No. 3, Autumn 2000, pp. 105–127; Daniel W. Drezner, *The Sanctions Paradox: Economic Statecraft and International Relations*, Cambridge: Cambridge University Press, 1999; Jonathan Kirshner, “Economic Sanctions: The State of the Art—Review Essay,” *Security Studies*, Vol. 11, No. 4, Summer 2002, pp. 160–179; Olaf Poeschke, *Politische Steuerung durch Sanktionen? Effektivität, Humanität, völkerrechtliche Aspekte*, Wiesbaden: Deutscher Universitäts-Verlag, 2003.

5 For the traditional view, see Klaus Knorr, *The Power of Nations. The Political Economy of International Relations*, New York: Basic Books, 1975, pp. 134–165; Johan Galtung, “On the Effects of International Economic Sanctions. With Examples from the Case of Rhodesia,” *World Politics*, Vol. 19, No. 3, April 1967, pp. 378–416; Margaret P. Doxey, *International Sanctions in Contemporary Perspective*, New York: St. Martin’s Press, 1987.



power with persuasion and is prepared to carry economic costs, could by all means, in conjunction with the support of international institutions, bring about the organisation of collective sanctions. *Secondly*, according to the revisionist point of view, an appropriate political evaluation must encompass a cost-benefit calculation of the alternative available—namely the use of military force. *Thirdly*, it is maintained that effectiveness is to be measured according to the diverse and multifaceted aims actually being followed by means of sanctions.<sup>6</sup> These aims can include the punishment of the target country, the deterrence of other states from acting in a similar manner, the demonstration of one's own determination, the containment of a state, i.e. a limitation of its economic and military potential, or even a regime change in a country.<sup>7</sup>

By now there is widespread agreement in sanctions research that the effectiveness of sanctions needs to be appraised in a differentiated manner.<sup>8</sup> Sanctions can develop an immense *impact* by causing economic and political costs in the target country. This does not, however, imply that the aims linked to the sanctions are being achieved and that they are, consequently, effective. It is necessary to differentiate between *impact* and *effectiveness*. An assessment of the *utility* of sanctions cannot be limited to their effectiveness—the costs incurred by those states imposing sanctions must also be borne in mind. And, finally, an analytically precise assessment needs to consider the *comparative utility* of sanctions relative to other options, such as the deployment of military force and its attendant costs.<sup>9</sup>

<sup>6</sup> See David A. Baldwin, *Economic Statecraft*, Princeton: Princeton University Press, 1985, pp. 115–205; Lisa L. Martin, *Coercive Cooperation: Explaining Multilateral Economic Sanctions*, Princeton: Princeton University Press, 1992.

<sup>7</sup> See David Leyton-Brown, "Lessons and Policy Considerations about Economic Sanctions," in *ibid.* (ed.), *The Utility of International Economic Sanctions*, London/Sidney: Croom Helm, 1987, pp. 303–310.

<sup>8</sup> See Meghan L. O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism*, Washington: Brookings Institution Press, 2003, pp. 27–29.

<sup>9</sup> David A. Baldwin, "The Sanctions Debate and the Logic of Choice," *International Security*, Vol. 24, No. 3, Winter 1999/2000, pp. 80–107; *ibid.*, "Success and Failure in Foreign Policy," *Annual Review of Political Science*, No. 2, 2000, pp. 167–182.

## Empirical Studies and their Problems

Given that sanctions can but seldom, if ever, be identified as the sole cause of certain observable effects, quantitative studies into the success of sanctions need to be considered with great caution. "Economic Sanctions Reconsidered," a study published in 1990 and still by far the most comprehensive, analysed 115 cases. A long-promised new edition encompassing, by now, 200 cases between 1914 and 2000, is due to be published in 2007. The results of the study present a differentiated picture as to the effectiveness of economic sanctions, defined as a state imposed interruption of normal economic transactions.<sup>10</sup> In roughly a third of all cases included in the analysis, economic sanctions showed effect when measured relative to the direct goals pursued by their imposition.<sup>11</sup> Sanctions did, thereby, at least contribute to the achievement of foreign policy goals. But sanctions have rarely forced a state into a fundamental revision of its policies; herein the success rate amounts to merely a quarter. Measures taken so as to limit the military potential of a state can only be considered successful in a fifth of cases. The success rate is higher—amounting to a third—when modest changes in the policies of the target country or the prevention of a military adventure are being sought. This result is surpassed by a success score of more than fifty percent enjoyed by sanctions intended to destabilise the target country.

<sup>10</sup> See Gary Clyde Hufbauer, Jeffrey J. Schott and Kimberly Ann Elliott, *Economic Sanctions Reconsidered: History and Current Policy*, 2nd edition, Washington: Institute for International Economics, 1990.

<sup>11</sup> When assessing the effectiveness of sanctions, the study by Hufbauer et al. cited above is based upon the qualitative evaluation to be found in the literature relating to the individual cases. In most cases the authors were able to draw upon more than one study which, however, even in situations of agreement on the assessment arrived at, does not eliminate the methodological problems which will be illustrated in more detail through the example of Rhodesia (see p. 10).

On the one hand, the extent to which the aims of the sanctioning state were achieved and, on the other, the extent to which the sanctions played a role in this were investigated. Both assessments were quantified using a scale from 1 to 4 after which they were multiplied in order to get a success index ranging from 1 (total failure) to 16 (significant success). Did the success score amount to 9 or more points the sanctions were deemed successful in the sense that they substantially contributed—in parts—to attaining the intended goal.

As highlighted by a review of this study, its methodological shortcomings are, however, grave. The concept of economic sanctions was, on the one hand, never precisely specified; the effects of military force were, on the other hand, not followed up on, even though in many cases the imposition of sanctions was accompanied by threats of force. According to this re-evaluation, only 5 of the 115 cases can be considered an indisputable success due to sanctions.<sup>12</sup> The claim that substantial foreign policy objectives could be achieved by means of sanctions was deemed to lack a solid scientific foundation—a critical conclusion which did not remain uncontested.<sup>13</sup>

Even if the success rates detailed in the study “Economic Sanctions Reconsidered” were less questionable than critics purport, the conclusions drawn as to the parameters for success regarding the effective implementation of sanctions remain problematic. They are burdened by methodological problems of such magnitude that policy recommendations should not be derived from them. According to the study in question, sanctions promise the greatest chances of success if the aims are modest; if the target country is already experiencing economic difficulties; if the relationship between the imposing and the targeted country is, generally, predominantly friendly; if sanctions are

swiftly imposed and inflict significant costs; if the sanctions are not flanked by secret operations and limited military action, and if the implementation of the sanction measures can be brought about by a small number of countries. As critics have argued, the statistical analysis upon which these statements are founded disregards the possibility of diverse causal factors. An evaluation of the data applying a multivariate analysis came to the conclusion that only two policy-relevant conclusions are tenable without any “ifs and buts”: the probability of the success of sanctions rises with the costs for the target country and is, in addition, higher if the country already finds itself in a difficult position.<sup>14</sup>

Quantitative studies will not determine the outcome of the old dispute about the chances and conditions of successful economic sanctions. In addition to the often difficult, rather subjective designation of individual cases as a success or a failure, they suffer from quite fundamental methodological problems.

Firstly, it must be expected that empirical studies almost exclusively investigating the success or failure of imposed sanctions suffer from a selection bias. Game theory can plausibly explain why, under certain circumstances, the mere threat of sanctions can induce a change in behaviour. If states anticipate that they will have to yield because of their weaker position in the event of the imposition of sanctions, then they might react to the mere threat. In such cases, sanctions will not be put into effect at all. Were such cases to be included in an empirical study, the success of sanctions might appear in a different light. It can, conversely, also prove rational for states—in the interest of their credibility—to impose sanctions against “strong”, unyielding states, even when their success is by no means probable. For these reasons the empirical “balance sheet” of sanctions actually imposed might well convey a skewed picture of their effectiveness.<sup>15</sup>

To empirically document the success of the threat of sanctions, and to thereby prove that the selection

<sup>12</sup> According to this critical analysis, three of the successful cases related to largely insignificant conflicts: the release of British nationals accused by the Soviet Union (in 1933) of spying; Canada’s renouncement of the planned relocation in 1979 of the Canadian Embassy in Israel from Tel Aviv to Jerusalem, an intended move much criticised by the Arab League; the continued imprisonment in El Salvador of three people convicted of the murder of American citizens in 1987. In the two latter cases it was not even certain whether economic sanctions had been at all necessary. According to this analysis the sanctions imposed by India against Nepal in 1989/90 could be counted as a success. At this time India reacted to Nepalese armament purchases from China by closing the border. The government—to which the king resigned his power in the wake of calls for democratisation—agreed to consult India on issues of defence. South Korea’s relinquishment of the intended purchase of a nuclear reprocessing plant from France in 1976 which took place in the wake of American and Canadian pressure might be, according to this critical evaluation, added to the list of successful sanctions. See Robert A. Pape, “Why Economic Sanctions Do Not Work,” *International Security*, Vol. 22, No. 2, Autumn 1997, pp. 90–136 (especially 105–107).

<sup>13</sup> On the debate, see Kimberly Ann Elliott, “The Sanctions Glass: Half Full or Completely Empty?,” *International Security*, Vol. 23, No. 1, Summer 1998, pp. 50–65; Robert A. Pape, “Sanctions Still Do Not Work,” *International Security*, Vol. 23, No. 1, Summer 1998, pp. 66–77.

<sup>14</sup> According to A. Cooper Drury, “Revisiting *Economic Sanctions Reconsidered*,” *Journal of Peace Research*, Vol. 35, No. 4, July 1998, pp. 497–509.

<sup>15</sup> See T. Clifton Morgan, *When Threats Succeed: A Formal Model of the Threat and Use of Economic Sanctions*, Paper presented at the 2005 Annual Meeting of the International Studies Association, Honolulu, Hawaii, March 1–5, 2005; Charles H. Blake and Noah Klemm, “Reconsidering the Effectiveness of International Economic Sanctions: An Examination of Selection Bias,” *International Politics*, Vol. 43, 2006, pp. 133–149.

bias plays an important role, confronts sanctions research with a number of problems. Were it possible to prove that the threat of sanctions—not necessarily occurring in the public sphere—brought about success in numerous cases, then this would have consequences for the evaluation of this foreign policy tool. The study “Economic Sanctions Reconsidered” included only five cases in which sanctions were merely threatened but not actually imposed. An analysis of 195 cases, in which the US announced or resorted to sanctions as part of its trade policy, arrives at the conclusion that in most cases the threat alone sufficed to affect the desired outcome.<sup>16</sup> These trade sanctions addressed conflicts over market access, environmental standards and labour rights, all issues that represent “low politics”, as critics would contend. In their opinion, these outcomes cannot be transferred to conflicts over political and security issues, where far more would be at stake for the target country.

Secondly, the assessment depends upon the extent to which sanctions are conceived of as being one element within a complex causal chain. For a long time the economic sanctions imposed by the United Nations Security Council against *Rhodesia* in 1966 and kept in force until December 1979 were considered a textbook example of the failure of economic sanctions. This was still considered to be the case even once the primary aim being pursued by the sanctions, namely the establishment of a majority government, had been achieved with the foundation of an independent Zimbabwe in April 1980. The economic sanctions were deemed a “secondary factor” at best.<sup>17</sup> The armed struggle of the black guerrilla and, in conjunction with this, the pressure imposed by South Africa on the Rhodesian government was considered to have been more decisive. Such an explanation, however, disregards the question as to the extent to which the sanctions contributed to a strengthening of the armed struggle against the Rhodesian government, an omission criticised by David Baldwin in his revisionist view of sanctions.<sup>18</sup> The sanctions legitimised the opposition, “boosted” the armed struggle as their economic effects mainly affected the black population (or were diverted to it) and reduced the white minority’s

ability to shoulder the growing burden of the civil war. As for South African pressure the following hypothesis must, at least, be tested: The sanctions helped keep the issue of Rhodesia permanently on the international agenda; for this reason the political costs for South Africa were, in the end, of such a magnitude that it wanted to eliminate this problem by applying pressure on the Rhodesian government.

Such a diverging assessment also applies to the sanctions imposed against *Haiti* in the mid-1990s. These are, at first glance, an obvious example of the failure of economic sanctions as the concrete political goal—the reinstatement of an elected president and the resignation of the military rulers—was only achieved once all doubts about the American willingness to intervene militarily had been quelled and US airborne troops were already on their way. The counter-argument to this negative judgement runs as follows: it was the sanctions which levelled the path for the military’s retreat and that undermined their resolve for resistance. In the end, the sanctions would have affected the Haitian elite and, in doing so, would have removed the military’s political backing. In the event of an armed resistance against the intervention, the military would have been left without support.<sup>19</sup>

In summary: Most incidents of sanctions cannot be simply or easily categorised as a success or a failure. Their effectiveness can only then be appropriately assessed when they are, at least hypothetically, seen as being a link in a complex chain of cause and effect. For this reason, the timeframe within which success or failure is considered is of importance.

<sup>16</sup> See Daniel W. Drezner, “The Hidden Hand of Economic Coercion,” *International Organization*, Vol. 57, Summer 2003, pp. 643–659.

<sup>17</sup> Robin Renwick, *Economic Sanctions*, Cambridge, MA: Center for International Affairs, Harvard University, 1981, pp. 25–58 (54).

<sup>18</sup> Baldwin, *Economic Statecraft* [see footnote 6], pp. 189–204.

<sup>19</sup> See Elizabeth P. Rogers, “Using Economic Sanctions to Control Regional Conflicts,” *Security Studies*, Vol. 5, No. 4, Summer 1996, pp. 43–72 (especially pp. 49–50, 63).

## Theory: Models and Their Causal Logic

The general prerequisites for sanctions to exert their economic impact are easy to denominate: specifically a strong dependency on foreign trade; a small domestic economy; the participation of the most important trading partners in the sanctions; very limited opportunities to switch to other export markets and import countries; few currency reserves.<sup>20</sup> Economically effective sanctions do not, however, necessarily have to be politically effective. Traditionally, this finding tends to be excluded from the economic analysis of sanctions, but it does, by now, play a central role in the sanctions work done by political scientists.

In the majority of cases economic sanctions, which serve political aims, rest upon causal assumptions about how the economic impact of the sanctions influences the political behaviour of the target state. Two basic models of a causal nexus between economic costs and political behaviour can be distinguished: on the one hand, the classical macro-model of a rational state actor pursuing a cost-benefit-calculation and, on the other hand, the micro-model of a plurality of interests that focuses on the specific effects of sanctions on different societal groups and state actors.<sup>21</sup>

### The Classical Model

Within the framework of the *classical model*, the political effects of sanctions are held to be the con-

sequence of the extent of their negative economic impact.<sup>22</sup> According to this model, sanctions are most likely to have the intended political effect when they cause as much economic damage as possible in the target country. Under these circumstances the cost-benefit calculation of the government will change. In the simplest scenarios, e.g. in trade conflicts, this would mean that the leading political actors will weigh the costs of sanctions against the benefits of the policies or the behaviour being sanctioned. The cost-benefit calculation is of a more complex nature in the case of sanctions imposed as a reaction to a breach of internationally accepted norms. Sanctions are intended to increase the costs of the domestic political support and the legitimacy upon which all regimes, albeit to differing degrees, are reliant for the long-term securing of their power. Economically effective sanctions result in an increase in these costs: prices rise for consumers, supply shortages occur; the business community suffers under the effects of interrupted economic transactions; unemployment increases, and scarce resources have to be used to support a growing number of unemployed. According to the political logic of sanctions, a rationally calculating government will, at a point in time not determinable at the outset, deem the domestic political costs as being that high that it concedes to the demands made in conjunction with the sanctions.<sup>23</sup>

Authoritarian or totalitarian systems with a functioning repression and propaganda apparatus do not necessarily, even in the event of a dramatic worsening of the economic situation, have to fear the loss of power or authority. Even if arenas for opinions and organisations critical of the government exist, these may not be used for political mobilisation directed against the incumbent regime. On the contrary: far-reaching, comprehensive sanctions can, in the event

<sup>20</sup> See Makio Miyagawa, *Do Economic Sanctions Work?*, New York: St. Martin's Press 1992, pp. 24–60.

<sup>21</sup> Not all models on the working of sanctions encountered in the political science debate postulate a causal nexus between economic costs and political behaviour. The model of “normative communication” considers sanctions to be an element of international communication, underpinning the sincerity of normative arguments. Of decisive importance are not the costs of sanctions but merely the normative act accompanying them. It is presumed that the population and elites in a target country are amenable to the moral arguments expressed by them. The model of “resource denial” infers that sanctions are effective when they simply withdraw from a state the material basis or resources required for behaving in an objectionable way. See Neta C. Crawford and Audie Klotz, “How Sanctions Work: A Framework for Analysis,” in Crawford and Klotz, *How Sanctions Work* [see footnote 4], pp. 25–42.

<sup>22</sup> Compare William H. Kaempfer and Anton D. Lowenberg, *International Economic Sanctions. A Public Choice Perspective*, Boulder/San Francisco/Oxford: Westview, 1992, pp. 161–163.

<sup>23</sup> This logic of sanctions is clearly expressed by William A. Kerr and James D. Gaisford, “A Note on Increasing the Effectiveness of Sanctions,” *Journal of World Trade*, Vol. 28 No. 6, December 1994, pp. 169–176.

of profound nationalism, further national unity and engender a “rally around the flag” effect.<sup>24</sup>

In addition, social groups with an interest in the maintenance of the status quo and, with it, in the upholding of the sanctions, form as a result of an adjustment to import restrictions. These are, for one, the producers of goods substituting the imported articles. They are, in actual fact, shielded from foreign competition; in this respect sanctions act in a manner equivalent to high import duties. Those groups who reap profit from smuggling—the unavoidable result of trade sanctions—also have an interest in the maintenance of the status quo.<sup>25</sup>

It can be theoretically plausibly substantiated that comprehensive sanctions are, most likely, to exert a political effect in democratic systems: namely in those countries where the government is accountable to the people. In the case of the apartheid regime in *South Africa*, this accountability existed at least vis-à-vis the white voters. The international isolation, the costs of the sanctions—which were, to a large extent, not governmental but “private” sanctions imposed by non-state actors, especially banks and investors<sup>26</sup>—and the possibility of a further tightening of the sanctions made an important contribution to overcoming the apartheid system.

In authoritarian systems without accountability to the electorate it can rather be expected that comprehensive sanctions will strengthen the state and its sustaining groups: be it because groups close to the regime profit from smuggling; be it because economically inefficient state companies are, in fact, protected by import sanctions; be it because, under the effects of sanctions, the state expands its potential for control by means of interventionist measures.<sup>27</sup> In economically tense times during which the daily life of many citizens is determined by the fight to meet basic

needs, the limited leeway that exists is not necessarily used for political action against the government.

These counterproductive economic and political effects of comprehensive trade sanctions against autocratic regimes could be observed in the case of the sanctions imposed against *Yugoslavia* between 1992 and 1995 and with those imposed against *Iraq* in 1990.<sup>28</sup> It is, therefore, downright astonishing that sanctions were, to a limited extent, actually effective in both cases.

The sanctions against *Yugoslavia* could not forestall the war in the Balkans; they did, though, make a contribution to its ending.<sup>29</sup> In fact, the regime in Belgrade was able to blame the sanctions for many problems and thus able to make use of the “rally around the flag” effect. The sanctions also helped organised crime gain political influence and motivated many members of the most politically active class, the middle class, to migrate. In the end, however, the costs for the political leadership in Belgrade were so high that the incentives were of a sufficient magnitude to exert pressure on the Bosnian Serbs. The financial sanctions in particular were effective, most notably the lack of access to hard currency. The effects were also felt on the black market for contraband and, in turn, by profiteers close to the regime. The sanctions, rigorously monitored by a number of institutions (the European Union, NATO, the Organisation for Security and Co-operation in Europe and the Western European Union), proved to be a useful instrument for those negotiations which led to the Dayton Peace Accord. The sanctions created bargaining power—through the prospect that they would be lifted once concrete demands had been met.

In the case of *Iraq*, it seems cynical to speak of “success”.<sup>30</sup> The sanctions against Iraq were the most wide-ranging ever imposed by the United Nations. During the first six years they were akin to a complete

<sup>24</sup> Knorr, *The Power of Nations* [see footnote 5], p. 154.

<sup>25</sup> See Kerr and Gaisford, “A Note on Increasing the Effectiveness of Sanctions” [see footnote 23], pp. 172–174.

<sup>26</sup> Kenneth A. Rodman, “Public and Private Sanctions against South Africa,” *Political Science Quarterly*, Vol. 109, No. 2, Summer 1994, pp. 313–334.

<sup>27</sup> On the relationship between regime type and the effectiveness of sanctions, see Risa A. Brooks, “Sanctions and Regime Type: What Works, and When?,” *Security Studies*, Vol. 11, No. 4, Summer 2002, pp. 1–50; Kim Richard Nossal, “Liberal Democratic Regimes, International Sanctions, and Global Governance,” in Raimo Väyrynen (ed.), *Globalization and Global Governance*, Lanham et al.: Rowman & Littlefield Publishers, 1999, pp. 127–149.

<sup>28</sup> See William H. Kaempfer, Anton D. Lowenberg and William Mertens, “International Economic Sanctions against a Dictator,” *Economics & Politics*, Vol. 16, No. 1, March 2004, pp. 29–51.

<sup>29</sup> See Stephen John Stedman, “The Former Yugoslavia,” in Richard N. Haass (ed.), *Economic Sanctions and American Diplomacy*, New York: Council on Foreign Relations Press, 1998, pp. 177–196; Cortright and Lopez, *The Sanctions Decade* [see footnote 4], p. 63–86; Selden, *Economic Sanctions* [see footnote 2], pp. 65–84; Brooks, “Sanctions and Regime Type” [see footnote 27], pp. 46–48.

<sup>30</sup> See George A. Lopez and David Cortright, “Containing Iraq: Sanctions Worked,” *Foreign Affairs*, Vol. 83, No. 4, July/August 2004, pp. 90–103.

economic embargo. The success of the sanctions was bought at the price of a humanitarian tragedy given that Saddam Hussein took the Iraqi people hostage in a brutal power game. Hundreds of thousands of Iraqis—the exact number is disputed—died as a result of the sanctions. The Iraqi government, under the continually present threat of renewed military attacks, met or partially met a number of demands made in 1991 in Security Council Resolution 687. Though the regime received significant financial resources through illegal oil exports, the economic embargo denied Iraq its rearmament, the extent of which was shown in all clarity following the invasion by US troops. An additional hope of the US had been that the sanctions would topple Saddam Hussein. The sanctions were, however, overtaxed with this goal. No empirical experience suggests that sanctions can bring about the fall of a dictatorship on a par with that of Saddam Hussein.

## The Pluralist Model

The *second model* on the functioning of sanctions is, in essence, a pluralist one. Unlike the classical model, it does not assume the existence of a monolithic rational state actor. The micro-model is based on the premise that different sanctions affect various groups to varying degrees. The aim of sanctions is, according to this model, to change the calculation of interests of particular groups within the elite of the target country and, in doing so, to generate pressure for a change in policy. According to the causal mechanism postulated here, the political effect of sanctions does not depend on causing the greatest possible extent of overall economic hardship.<sup>31</sup> Thus, according to the

prevailing policy conclusion resulting from this model, sanctions should be targeted against the leadership and its core group of supporters.<sup>32</sup>

There is another version of the pluralist model in the academic literature. According to this, those sections of the elite responsible for the objectionable policy do not necessarily constitute the best target for sanctions. Rather, these should affect potentially influential groups whose interests are not linked to the policies being sanctioned and who are but little concerned with them. As the group most adversely affected by the sanctions, they would become politically active against the government—as the white business community did in the case of South Africa.<sup>33</sup> In the context of both versions of this model, the decisive factor for the effectiveness of sanctions is their targeted use. Targeted sanctions require a detailed and comprehensive knowledge of the interests, issue cleavages and the political process in the sanctioned state.

Sanctions that cause substantial damage to influential groups do not necessarily mobilise these groups to lobby for a change in policy so that the government sees itself forced to correct its course. The pluralist model does not give sufficient consideration to the fact that state actors enjoy, or can create for themselves, substantial autonomy from societal interests. In addition, state actors can, potentially, protect important groups affected by the sanctions by taking redistributive actions so as to secure their loyalty. Alternatively, they can decrease the political clout of such groups through institutional arrangements. *Rhodesia* can be considered an example of this: The white tobacco growers, although particularly affected by the trade sanctions, remained loyal to the government. Usually this is either explained by means of the unifying effect caused by the British “interference”, or by means of this group’s interest in maintaining the racist structures which benefited them. A more recent explanation draws upon the growing economic dependence on the state and the changing balance of power

<sup>31</sup> According to one version of the pluralist model, the political effect of sanctions is not necessarily derived from their economic damage but from the political signals transmitted to individual groups within the political system of the target country. In doing so, sanctions strengthen oppositional groups by means of imbuing their aims with greater legitimacy or by aiding them in gaining the support of other sections of the population. Amongst supporters of the incumbent regime, sanctions can sow doubt as to the chances of its survival and so discourage them from backing the government. Even if—on the surface—no opposition seems to exist, sanctions will, according to this model, under certain circumstances contribute to the emergence of a latent opposition: provided that they change the cost-benefit calculation of actual or potential political actors. See Kaempfer and

Lowenberg, *International Economic Sanctions* [see footnote 22], pp. 117–160.

<sup>32</sup> See Jonathan Kirshner, “The Mikrofoundations of Economic Sanctions,” *Security Studies*, Vol. 6, No. 3, Spring 1997, pp. 32–64.

<sup>33</sup> See Solomon Major and Anthony J. McGann, “Caught in the Crossfire: ‘Innocent Bystanders’ As Optimal Targets of Economic Sanctions,” *Journal of Conflict Resolution*, Vol. 49, No. 3, June 2005, pp. 337–359.

between farmers and the state as a result of the collapsing export market.<sup>34</sup>

The pluralist model and its causal logic form the basis of the “smart sanctions” concept developed over the course of the last ten years as a reaction to the disastrous humanitarian consequences of the sanctions against Iraq.<sup>35</sup> Apart from travel restrictions imposed on particular individuals, the interdiction of flights into particular countries and arms embargos, financial sanctions are the most important tool in the arsenal of such “smart sanctions”<sup>36</sup>: most notably the freezing of governmental, business or personal assets and the obstruction of access to loans.<sup>37</sup>

Comprehensive sanctions punishing the wider population are, by now, stigmatised and have lost their legitimacy. Thus, a fundamental normative change has occurred. The concept of precisely targeted sanctions aimed at the “guilty” individuals and elites evolved as an escape route from the ethical dilemma inherent in the implementation of broad sanctions.<sup>38</sup> The international discussion about “intelligent” sanctions is very technical in nature, focussing on the implementation of such options and the problematic administrative and legal issues attendant to them. Most notably the implementation of targeted financial sanctions is burdened by a number of technical difficulties: the freezing of foreign assets must be swiftly effected because in the event of a “pre-warning” time-lag capital flows can be rapidly redirected; the insti-

tutional requirements for such sanctions are not in existence in numerous countries; the economic self-interest of banks and countries considered attractive financial locations runs counter to the implementation of such sanctions. Financial sanctions therefore require a substantial level of political and technical cooperation.

Targeted financial sanctions will not be without effect on corrupt dictators who have transferred their monies abroad and who place particular store on personal wealth. The extent to which elites react to external financial pressure by instigating a political campaign against the objectionable policy targeted by the sanctions is dependant on a host of factors. The behaviour of the elite will be, not least, determined by whether alternative means are available to them with which the financial losses they have suffered as a result of the freezing of their foreign assets can be compensated for.<sup>39</sup> Sanctions directed at those groups and individuals responsible presuppose a causal mechanism that may not work in every case in the manner envisaged.<sup>40</sup> As plausible and attractive as the concept of targeted sanctions with as few humanitarian side-effects as possible may be, it is not necessarily a morally acceptable and politically effective panacea.<sup>41</sup>

<sup>34</sup> See David M. Rowe, *Manipulating the Market: Understanding Economic Sanctions, Institutional Change, and the Political Unity of White Rhodesia*, Ann Arbor: University of Michigan Press, 2001; *ibid.*, “Economic Sanctions, Domestic Politics, and the Decline of Rhodesian Tobacco, 1965–79,” in Chan and Drury, *Sanctions As Economic Statecraft* [see footnote 2], pp. 131–157.

<sup>35</sup> See David Cortright and George A. Lopez (eds.), *Smart Sanctions: Targeting Economic Statecraft*, New York: Rowman & Littlefield, 2002; David Lektzian, *Making Sanctions Smarter: Are Humanitarian Costs an Essential Element in the Success of Sanctions?*, Oslo: Norwegian Red Cross and International Peace Research Institute, no year [2003], [http://www.redcross.no/File.asp?File=Bilder/PDF/030826\\_sanksjonsrapport.pdf](http://www.redcross.no/File.asp?File=Bilder/PDF/030826_sanksjonsrapport.pdf).

<sup>36</sup> For comprehensive information on these options of sanctions and their attendant problems see: <http://www.smartsanctions.ch/papers.htm>.

<sup>37</sup> For an early contribution, see George A. Lopez and David Cortright, “Financial Sanctions: The Key to a ‘Smart’ Sanctions Strategy,” *Die Friedens-Warte*, Vol. 72, No. 4, 1997, pp. 327–336.

<sup>38</sup> On the role of targeted sanctions as a part of European sanctions policy, see Joakim Kreutz, *Hard Measures by a Soft Power? Sanctions Policy of the European Union 1981–2004*, Bonn: Bonn International Center for Conversion, 2005, <http://www.bicc.de/publications/papers/paper45/paper45.pdf>.

<sup>39</sup> On the problems posed by “smart sanctions,” see Arne Tostensen and Beate Bull, “Are Smart Sanctions Feasible?,” *World Politics*, Vol. 54, April 2002, pp. 373–403; also see Kimberly Ann Elliott, “Analysing the Effects of Targeted Financial Sanctions,” in: Swiss Federal Office of Foreign Economic Affairs, 2nd Interlaken Seminar on Targeting United Nations Financial Sanctions, March 29–31, 1999, pp. 189–205.

<sup>40</sup> Also see Daniel Drezner, “How Smart Are Smart Sanctions?,” *International Studies Review*, No. 5, 2003, pp. 107–110.

<sup>41</sup> On the very limited political effects of arms embargos, see Michael Brzoska, “Gezielte Sanktionen als Mittel der Konflikt-einhegung in Afrika—Erfahrungen und Aussichten,” *Sicherheit und Frieden (S+F)*, Vol. 23, No. 4, 2005, pp. 209–215.

## Strategy: Sanctions as a Tool

It is a merit of abstract game theoretical approaches that the imposition of sanctions is conceived of as an element of a continuous bargaining process starting off with the threat of sanctions.<sup>42</sup> This threat alone can be effective.<sup>43</sup> If rational behaviour on both the part of the state threatening sanctions as on the part of the state being threatened with sanctions is assumed, then the sanction threat can, for a number of reasons, be unsuccessful: be that because the threat is not perceived as sufficiently credible; be that because the sanctions threatened are not harsh enough to alter the cost-benefit calculations of the target country; be that because the target country anyway expects sanctions, irrespective of its behaviour and because the sanctions are not in clear reference to the pursuit of specific political changes.<sup>44</sup>

Basically, *two strategic options* can be identified for imposing sanctions: firstly the quick imposition of incisive sanctions that cause maximum economic disruption (though this need not be a wholesale economic embargo from the outset); secondly their use as part of a gradualist approach.

The *first strategic option* confers two advantages: on the one hand, resolve is demonstrated, given that far-

reaching sanctions send a clear signal. Unlike limited sanctions, the victim cannot misinterpret them by assuming that they have a domestically rooted political alibi function and, on the basis of this, perceive them as being insincere. On the other hand, the target country's chances to develop counterstrategies in order to circumvent the wide-ranging embargo are restricted.

The disadvantage of such an approach is obvious: should all opportunities for economic sanctions be exhausted at an early stage, the use of military force becomes the only remaining option if the credibility of the imposer's policies are not to be undermined. This path may seem attractive if the opinion is anyway held that, in the end, only military action will bring success and if there is the resolve or intent from the outset to follow this path. In such a situation, economic sanctions are not the substitute for military force but their precursor. The argument that all non-military means have been exhausted will then lend legitimacy to military action.

The *second strategic option*, the gradualist approach, envisages a slow tightening of the economic screws.<sup>45</sup> The non-military options are, in such cases, not exhausted at an early stage. The gradualist approach offers a second advantage: because the initial costs for the sanctioning states are low, a multilateral consensus can be arrived at more easily. And, finally, a third reason in favour of this strategy: the sanctions can be used in a precisely directed manner so as to influence the political processes in the target country. In doing so, a potentially negative effect of sanctions can be avoided—the unintended and unwanted strengthening of national cohesion.

A combination of limited sanctions and the threat of more punitive sanctions that affect influential groups could provide an incentive for these groups to mobilise in support of ceding to the external demands. An investigation into 27 cases where sanctions were implemented, published in 1992 by the

<sup>42</sup> If sanctions are considered as an element of a bargaining process, then the effectiveness of imposed sanctions cannot be realistically measured according to whether all demands detailed at the outset of the process have been met. Reason being that the very nature of such a process of negotiation rests in concessions granted by both sides. On the fundamentals of this, see R. Harrison Wagner, "Economic Interdependence, Bargaining Power, and Political Influence," *International Organization*, Vol. 42, No. 3, Summer 1988, pp. 461–483 (476–478).

<sup>43</sup> This conclusion is apparently countered by a more recent study on the futility of the often repeated American threats made in the 1990s that China would be—in the light of human rights violations—renounced its status as "most favoured nation" in its trade relations with the USA. In this context, the question is raised as to how credible Peking considered these soon ritualised American threats to be. See A. Cooper Drury and Yitan Li, WU.S. Economic Sanction Threats against China: Failing to Leverage Better Human Rights," *Foreign Policy Analysis*, Vol. 2, 2006, pp. 307–324.

<sup>44</sup> See Jon Hovi, Robert Huseby and Detlef F. Sprinz, "When Do (Imposed) Economic Sanctions Work?," *World Politics*, Vol. 57, July 2005, pp. 479–499.

<sup>45</sup> See Peter Wallensteen, "Economic Sanctions: Ten Modern Cases and Three Important Lessons," in Miroslav Nincic and Peter Wallensteen (eds.), *Dilemmas of Economic Coercion: Sanctions in World Politics*, New York: Praeger, 1983, pp. 87–129 (124–126).



United States General Accounting Office, showed that the political benefit of gradual sanctions was greater than the associated disadvantage, namely that the target country had time to adjust economically.<sup>46</sup> The chances of a gradualist approach rest, according to this study, however, in particular upon the strength of opposing political forces in the target country. If an opposition exists, the threat of tightened sanctions can be more effective than the immediate imposition of a wholesale embargo.

All too often a rather trivial fact is disregarded in the scholarly and political debate about the effectiveness of sanctions: sanctions are a tool and not a strategy. If the strategy rests upon problematic pre-suppositions or should sanctions even have become a replacement for a strategy, then their effectiveness will be diminished. The strategic framework must, therefore, be borne in mind when assessing the instrument of sanctions.<sup>47</sup> A sanctions regime should be befitting to the aims that are to be achieved by economic coercion.<sup>48</sup> Sanctions mainly intended to contain a potential opponent will have to be constructed so as to weaken this opponent through the denial of economic and military resources; political effectiveness is not of primary importance. If sanctions are to bring about regime change then they should exert pressure on the ruling elite and state structures and be accompanied by clear signals about what positive benefits are to be expected in the event of regime change. Sanctions as an instrument of a bargaining strategy targeted at concrete behavioural or political changes must be flexibly implemented and be embedded in diplomatic dialogue.<sup>49</sup>

In the case of *Libya* sanctions proved to be an important element of a “coercive diplomacy” that, at the end of a lengthy process, was crowned with success. There is some debate about what role the fear of an American military attack, what role diplomacy and what role sanctions played in obtaining the conces-

sions made by the Ghaddafi Regime. These began in 1999 with the extradition of the Lockerbie bombing suspects, finally culminating in the renouncing of all weapons of mass destruction programmes and the admission of international inspectors in December 2003. Sanctions, in particular those hindering the modernisation of the energy sector, made Libya “receptive” for a diplomacy based on the exertion of power. As was recently argued, this policy proved, in the end, successful (a) because the US administration renounced the aim of regime change and, in doing so, brought the means employed in line with the realistically achievable aims, (b) because a multilateralisation of sanctions within the United Nations had increased the credibility and effectiveness of US policy and (c) because a clear reciprocity had been created between changes in Libyan behaviour and American concessions.<sup>50</sup> In the context of this power based diplomacy, sanctions, and the prospect of their lifting, were an important, effective instrument utilised in a strategically astute manner.<sup>51</sup>

The long-standing US sanctions against *Iran*—economically not without impact, politically still largely ineffective—are, however, a paradigmatic example of a strategically insufficient use of sanctions. They were insufficient for an effective containment of Iran because they were unilateral and other states were merely willing to impose narrow export controls. Instead of regime change the sanctions probably rather strengthened the influence of those forces adverse to reforms. These were able to make use of the US embargo for propaganda purposes detracting attention from home-grown economic problems. Sanctions were not employed as a tool within a strategy making use of both “carrots and sticks”, despite cautious moves toward an engagement policy under President Clinton. Sanctions did not serve as a strategic instrument but rather as a substitute for a comprehensive strategy.<sup>52</sup>

<sup>46</sup> United States General Accounting Office (GAO), *Economic Sanctions. Effectiveness As Tools of Foreign Policy*, Report to the Chairman, Committee on Foreign Relations, U.S. Senate, Washington 1992, p. 23.

<sup>47</sup> Daniel W. Drezner, “Serious about Sanctions,” *The National Interest*, No. 53, Autumn 1998, pp. 66–74.

<sup>48</sup> See O’Sullivan, *Shrewd Sanctions* [see footnote 8], pp. 288–290.

<sup>49</sup> See Euclid A. Rose, “From a Punitive to a Bargaining Model of Sanctions: Lessons from Iraq,” *International Studies Quarterly*, Vol. 49, 2005, pp. 459–479. The term “bargaining model” was coined by Cortright and Lopez, *The Sanctions Decade* [see footnote 4], p. 28.

<sup>50</sup> See Bruce W. Jentleson and Christopher A. Whytock, “Who ‘Won’ Libya? The Force-Diplomacy Debate and Its Implications for Theory and Policy,” *International Security*, Vol. 30, No. 3, Winter 2005/06, pp. 47–86.

<sup>51</sup> For an analysis and evaluation, see O’Sullivan, *Shrewd Sanctions* [see footnote 8], pp. 173–232.

<sup>52</sup> For more detail on American sanctions against Iran and their attendant problems, see O’Sullivan, *Shrewd Sanctions* [see footnote 8], pp. 45–103; also see Akbar E. Torbat, “Impacts of the US Trade and Financial Sanctions on Iran,” *The World Economy*, Vol. 28, No. 3, March 2005, pp. 407–434.

The threat of sanctions is part of the diplomacy by which Iran is to be swayed to give up all attempts to develop the full nuclear fuel cycle. Parallel to the efforts in the Security Council, the US administration has forged an ad-hoc coalition of states willing to impose financial sanctions against Iran.<sup>53</sup> On the one hand, the financial freedom of action of all those persons and institutions participating in the objectionable activities are to be limited. Such activities include the development of nuclear technology, the support of terrorism and repression in Iran. On the other hand, Iran's access to foreign currencies and to international markets is to be hindered and accounts and foreign assets in Europe and Asia are to be frozen. In addition, the US threat of extraterritorial sanctions has increased the pressure on foreign banks to cease doing business with Iran. Targeted sanctions are to exert pressure on the regime in Teheran whilst the majority of the "innocent" Iranian population is, initially, to remain as unaffected as possible.<sup>54</sup> The administration's policy is evidently influenced by the debate on "smart" sanctions, to which there is currently no realistic alternative enjoying international backing.<sup>55</sup>

From the American perspective, sanctions are an element of a "coercive diplomacy" that threatens

punishment. The regularly repeated allusion, supported by intensified military planning, that the US is keeping the military option open is part of this policy. Unlike in Libya's case it remains, however, questionable whether the political constellation and the economic situation in Iran make the regime "receptive" to such a policy.<sup>56</sup> It is also doubtful whether the threatened measures of coercion are perceived by the Iranians as being credible enough to change their cost-benefit calculation. Even though the US administration is willing to offer a certain degree of reciprocity—Iranian renunciation of the complete nuclear fuel cycle is to be honoured with economic concessions –, this reciprocity remains, according to all public statements, notably diffuse. The demand for concrete policy changes—whereby from the American point of view it is not merely the Iranian nuclear policy which is objectionable—is, in addition, framed within a rhetoric that gives rise to the suspicion that regime change constitutes the actual aim of American policy.<sup>57</sup> The example of Libya, by contrast, shows that credible assurances that a violent overthrow of the regime was not intended were beneficial for the success of "coercive diplomacy".

Empirical experience shows that sanctions imposed as part of interstate conflicts are not all that rarely a step in a process eventually ending in war.<sup>58</sup> In such situations sanctions are not the alternative to military force but an interim step between diplomatic negotiations and the use of military power, which then is legitimised by the exhaustion of all non-military means of coercion. The imposition of sanctions may often be necessitated by reasons of credibility and a lack of alternatives, but even in the event of their strategically smart use—something experience shows to be by no means self-evident—the prospects of success are uncertain and their outcome remains incalculable.

<sup>53</sup> On this and the following subject, see Dafna Linzer, "U.S. Urges Financial Sanctions on Iran," *The Washington Post*, May 29, 2006, p. A01; Steven R. Weisman, "Pressed by U.S., European Banks Limit Iran Deals," *The New York Times*, May 22, 2006.

<sup>54</sup> R. Nicholas Burns, *United States Policy toward Iran*, Statement before the House International Relations Committee, March 8, 2006.

<sup>55</sup> In the US debate, some proponents of economic coercion argue that international sanctions should be directed against the Iranian economic "Achilles' heel"—namely their dependency on fuel imports. Demand cannot be met by the capacity of domestic refineries and 40% to 50% of all fuels consumed need to be imported. Should this supply be curtailed, it would impact most directly on the Iranian economy as much as on its population via price increases and a rationing of this commodity. The expectation held by advocates of this sanction option, brought into the fray by groups of Iranian exiles in the USA and members of Congress, is that such sanctions will lead to considerable social unrest in Iran and will exert pressure on the regime. In the short-term, such an export embargo could result in substantial economic distortions but it would, at the same time, play into the hands of the regime—itsself anyway seeking to curtail the consumption of highly subsidised petrol and diesel fuels. In addition, such a trade sanction could, due to Iran's long borders, not be effectively monitored and is, on the strength of this fact, not a viable option. See: Oxford Analytika, "Iran in a Strong Position to Weather U.N. Sanctions," *The Hill*, August 25, 2006.

<sup>56</sup> For an evaluation in the light of the successful Libyan model, see Jentleson and Whytock, "Who 'Won' Libya?" [see footnote 50], pp. 84–86.

<sup>57</sup> Richard Haass, former Director of Policy Planning for the United States Department of State, summarised the message to be relayed by the US administration to Iran as follows: "We are telling Iran 'We want regime change, but while you're still here, we'd like to negotiate with you to stop your nuclear programme'." (Quoted in Laura Rozen, "U.S. Moves to Weaken Iran," *Los Angeles Times*, May 19, 2006.)

<sup>58</sup> See A. Cooper Drury and Johann Park, *MIDs, Economic Sanctions, and Trade: The Effect of Economic Coercion on Military Disputes*, Paper prepared for presentation at the annual meeting of the International Studies Association, March 18, 2004, Montreal, Canada.