WILEY

Sanctions Sometimes Smart: Targeted Sanctions in Theory and Practice

Author(s): Daniel W. Drezner

Source: *International Studies Review*, March 2011, Vol. 13, No. 1 (March 2011), pp. 96-108

Published by: Wiley on behalf of The International Studies Association

Stable URL: https://www.jstor.org/stable/23016144

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at https://about.jstor.org/terms

The International Studies Association and *Wiley* are collaborating with JSTOR to digitize, preserve and extend access to *International Studies Review*

This content downloaded from 96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

International Studies Review (2011) **13**, 96–108

Sanctions Sometimes Smart: Targeted Sanctions in Theory and Practice

DANIEL W. DREZNER
The Fletcher School, Tufts University

This essay reviews the literature and origins of the targeted sanctions framework. The development of smart sanctions has solved many of the political problems that prior efforts at comprehensive trade sanctions had created. In so doing, the idea of smart sanctions served as a useful focal point for policy coordination among key stakeholders. Nevertheless, there is no systematic evidence that smart sanctions will yield better policy results vis-à-vis the targeted country. Indeed, in many ways, the smart sanctions framework has been *too* successful. It would behoove policymakers and scholars to look beyond the targeted sanctions framework to examine the conditions under which different kinds of economic statecraft should be deployed.

Introduction

As the negative externalities of comprehensive trade sanctions became apparent in the 1990s, many scholars have advocated for smart sanctions (Weiss 1999; Cortright and Lopez 2002a,b; Brzoska 2003; Wallensteen and Staibano 2005). Ostensibly, smart or targeted sanctions are the precision-guided munitions of economic statecraft. They are designed to hurt elite supporters of the targeted regime, while imposing minimal hardship on the mass public. By altering the material incentives of powerful supporters, the argument runs, these supporters will eventually pressure the targeted government into making concessions.[1] The history of targeted sanctions as a policy tool is, in many ways, a rare success story of fruitful collaboration between scholars, policymakers, and diplomats.[2] The smart sanctions approach has been accepted as an example of "best practices" in both the United Nations and the United States.

This review essay traces the origins and assessments of the targeted sanctions approach. How and why did smart sanctions successfully permeate the foreign policy community? Has this innovation yielded a better approach to the use of economic sanctions? In many ways, smart sanctions represent a classic example of Kingdon's (1984) model of policy innovation. In his work on agenda-setting, Kingdon suggests three "streams" that feed into policy creation: problem recognition, the development of policy alternatives, and the sating of key principals'

I am grateful to Thomas Weiss and Beth DeSombre for their kind invitation to revisit this topic. Thomas Weiss, Frank Foer, Peter Scoblic, Etel Solingen, and Bruce Jentleson provided useful feedback.

[1]Consistent with the literature, I refer to the sanctioning actor as the "sender" and the sanctioned actor as the "target."

[2]The sender bias of the literature should be stressed at the outset. Implicitly or explicitly, all of this literature is written from the sender's perspective. To my knowledge, there is little to no scholarly work that focuses on how to subvert or weaken sanctions from the target's perspective.

doi: 10.1111/j.1468-2486.2010.01001.x
© 2011 International Studies Association

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

political incentives. All three of these streams come into play in looking at the development of the smart sanctions framework.

The development of smart sanctions has solved many of the political problems that prior efforts at comprehensive trade sanctions had created. Smart sanctions served as a useful focal point for policy coordination among the great powers, medium powers, and global civil society (Garrett and Weingast 1993). In many ways, these sanctions are smarter. Nevertheless, there is no systematic evidence that smart sanctions yield better policy results vis-à-vis the targeted country. Indeed, in many ways, the smart sanctions framework has been *too* successful. Recent research suggests that, in some instances, options other than smart sanctions should be pursued. It would behoove policymakers and scholars to look beyond the targeted sanctions framework to examine the conditions under which different kinds of economic statecraft should be deployed.

This essay is divided into five sections. The next section discusses how the Iraq sanctions in the 1990s created a political crisis for comprehensive sanctions. Iraq led to a search for new thinking about economic statecraft. The third section looks at the evolution of targeted sanctions in theory and practice. It explains why smart sanctions emerged as a useful focal point for the integration of scholarship and practice in this area and how it solved the political problems raised by the sanctioning of Iraq. The fourth section evaluates the use of smart sanctions as a policy tool based on the scholarly literature. The final section summarizes and concludes with suggestions for future study of economic statecraft.

The Trouble with Sanctions—And the Sanctions Literature

The origins of smart sanctions lie in the explosion of economic statecraft that started with the end of the Cold War. The United Nations Security Council voted for economic sanctions twelve times in the 1990s; between 1945 and 1990, the UN had only employed sanctions twice (Cortright and Lopez 2000). According to Hufbauer, Schott, Elliott, and Oegg (2007), there were nearly as many sanctions episodes after end of the Cold War as there were during the first 90 years of the twentieth century. The most high-profile cases were comprehensive United Nations sanctions imposed on Iraq, Haiti, and former Yugoslavia in the early 1990s (Weiss, Cortright, Lopez, and Minear 1997; Cortright and Lopez 2000, 2002a,b; Cortright and Lopez 2004). It is worth observing that, in the end, all three sanctions episodes generated at least moderate concessions. Obviously, military statecraft was also used in all three cases, but Rogers (1996) argues that economic sanctions played a crucial supporting role in determining the outcomes.

Despite the modest policy successes, these cases were judged to be failures in the eyes of most policy analysts (Haass 1997; Cheney 1999). Iraq was seen as particularly noteworthy. Measured in terms of cost, these sanctions were, by far, the most comprehensive in history (Hufbauer, Schott, and Elliott 1990; Weiss et al. 1997; Weiss 1999). The comprehensive trade embargo imposed was truly crippling in its economic and humanitarian effects (Hoskins 1997; Alnasrawi 2001). O'Sullivan (2003) estimated that Iraq lost between $175 billion and $250 billion in possible oil revenues from the sanctions. The price for a family's food supply for a month increased 250-fold over the first five years of the sanctions regime (Hoskins 1997:112). Garfield (1999) estimated that the sanctions caused a minimum of 100,000 and up to 227,000 excess deaths among young children from August 1991 to March 1998. Mueller and Mueller (1999:51) soberly concluded, "economic sanctions may well have been a necessary cause of the deaths of more people in Iraq than have been slain by all so-called weapons of mass destruction throughout history."

The Iraq sanctions created three significant and overlapping political problems for the proponents of economic statecraft as a foreign policy tool. First, they did

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

not seem to work. When they were initially imposed, most policymakers believed that Saddam Hussein would be the victim of a coup in short order. Instead, he was defiant in his refusal to acquiesce to Security Council demands on weapons inspections. As previously noted, it is true that that the sanctions were quite effective in denying Hussein the ability to develop weapons of mass destruction. During the nineties, however, the Iraqi government threw up one obstruction after another to make life difficult for UN weapons instructors. From a social science perspective, the perceived failure of the Iraq case seemed damning. The Iraq sanctions were an extreme outlier in terms of cost to the target—Iraq's GDP was cut roughly in half. If sanctions this costly failed to yield concessions, then the entire sanctions enterprise could be called into doubt.

While not appearing to work, the political blame for Iraq's humanitarian disaster was placed squarely on the United States and the United Nations. As Brzoska (2003:520) observes, "Baghdad was quite successful in blaming the UN for the humanitarian crisis in Iraq, both within the country and worldwide." As the main backer of the United Nations sanctions initiative, and the country most adamant in trying to force out its leader, responsibility fell on the United States. The United States and United Kingdom stoutly resisted pressures to alter the sanctions regime from the other permanent members of the UNSC during the 1990s. Madeleine Albright, the US ambassador to the United Nations at the time, provided the defining sound bite for this culpability in May 1996. In a 60 Minutes interview, she said that even if the sanctions had killed half a million Iraqi children, "the price is worth it."[3]

The final policy problem was the link between sanctions and the spread of corruption, as the UN's Oil for Food scandal made clear. By punishing ordinary market activity, sanctions give entrepreneurs a strong incentive to take the criminal route—and they usually earn higher-than-usual profits in the bargain. Sanctions and black market activity therefore go together. As Peter Andreas (2005) has demonstrated, trade sanctions encourage the creation of organized crime syndicates and transnational smuggling networks. Sanctions do not just weaken the rule of law in the target country—they weaken the rule of law in bordering countries and monitoring organizations as well. The corruption has a path-dependent quality, persisting long after sanctions have been lifted.

The humanitarian and political costs that emanated from the Iraq sanctions caused a great deal of consternation in political circles at the same time that concerns about "human security" were emerging. Humanitarian groups ranging from the Red Cross to Human Rights Watch questioned the ethics of comprehensive trade sanctions (Weiss 1999:500). Multiple UN agencies started to voice concerns about the Security Council's implementation of comprehensive sanctions (Reinisch 2001). UN Secretary-Generals Boutros Boutros-Ghali and Kofi Annan both labeled sanctions a "blunt instrument" and asked whether the suffering inflicted on vulnerable groups was a legitimate means of exerting pressure on political leaders (quoted in Hawkins and Lloyd 2003:444)." United Nations officials began casting about for solutions to the problem.

The failure of sanctions to yield immediate results in Iraq also caused the scholarly work into economic sanctions to shift in new directions. By this juncture, the bulk of sanctions scholarship had not been seen as terribly useful to policymakers. The most high-profile debate centered on the question of whether sanctions "worked" as a policy tool. Hufbauer et al. (1990) developed the first large-N data set (HSE) and concluded that sanctions succeeded 34% of the time. Pape (1997) re-examined the HSE data set and argued that the success rate was much lower than previously claimed—approximately five percent. This in turn provoked a series of inconclusive exchanges (Baldwin and Pape 1998;

[3]The clip can be accessed at http://www.youtube.com/watch?v=FbIX1CP9qr4.

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

Elliott 1998; Pape 1998; Baldwin 1999/2000) that produced far more heat than light (Rowe 2010).[4]

More sophisticated econometric testing of the HSE data yielded results that were only marginally more useful to policymakers. Economic coercion appears to work better at the threat stage than at the imposition stage (Nooruddin 2002; Drezner 2003). Sanctions are more likely to produce concessions when the target's costs of sanctions imposition are significant (Dashti-Gibson, Davis, and Radcliff 1997; Drezner 1999), when the issue under dispute is of low salience to the target country (Morgan and Schwebach 1997; Ang and Peksen 2007), when the sender and target did not anticipate frequent future conflicts (Drezner 2000), when an international institution endorses the sanctions (Drury 1998; Drezner 2000; Bapat and Morgan 2009), and when the target state is a democracy (Bolks and Al-Sowayel 2000; Allen 2005).

These findings nevertheless had two flaws. First, the robustness of these results to alternative specifications, and data sets was somewhat unclear (Drury 1998). Second, these findings were of little use to policymakers—because they suggested that the sender countries were simply sanctioning the wrong targets. Telling US or U.N. officials that the key to making sanctions work was to threaten allied democracies on small matters of import does little good when policymakers are tasked with how best to alter Iranian or North Korean behavior. The sanctions literature was of little use in tackling the "big cases" (Van Evera 1997). While sanctions might have a low probability of success in these cases, they were nevertheless viewed as preferable to other policy options, such as the use of force (Baldwin 1985). The policymakers of sender countries needed ways to either improve the performance of economic coercion in tough cases or alleviate the political problems created by the policy instrument.

Smart Sanctions as a Focal Point

Most of the academic research cited in the previous few paragraphs treated the sender and target as rational unitary actors. Little attention was paid to the causal mechanisms through which sanctions were supposed to lead the target government into acquiescing. The Iraq case spurred more attention to the causal logic through which sanctions were supposed to work, by opening up the black box of the target state.

Research emanating from wildly disparate theoretical and methodological perspectives came to the same conclusion about the effect of comprehensive sanctions: they disproportionately hurt politically weak groups and benefited target regime sympathizers. Kaempfer and Lowenberg (1988), Kaempfer and Lowenberg (1992) and Kaempfer, Lowenberg, and Mertens (2004) used a public choice framework to explain how sanctions had distributional effects on interest groups within the target country. If the sanctions enriched—or could be manipulated to enrich—key supporters of the target regime, then the aggregate cost of the sanctions would have minimal impact on the target government. Kirshner (1997) proposed a microfoundations approach, emphasizing how disparate groups within the target state are affected by different types of sanctions. He concluded that financial sanctions—aid cutoffs, asset freezes, and monetary pressures—were more likely to pressure key supporters of the target regime than broad-based trade sanctions. Buck, Gallant, and Nossal (1998) used a feminist approach to argue that the costs of trade sanctions are disproportionately imposed on women, who are often the most powerless political actors in the target country.

[4]In their TIES data set, Morgan, Bapat, and Krustev (2009:101) found the target making partial or total concessions 30% of the time and a negotiated settlement achieved an additional 25% of the time.

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

In the last decade, the emphasis of sanctions research has focused primarily on the political economy of authoritarian countries. As Allen (2008a:269) observes, more than 78% of sanctions in the past three decades were imposed on nondemocratic target states. Wintrobe (1990) and Bueno de Mesquita, Morrow, Siverson, and Smith (1999, 2003) developed rigorous political economy models that could explain the incentives for nondemocratic leaders when sanctions are imposed. In authoritarian regimes, leaders had an incentive to create private and excludable goods for supporters, as opposed to public goods for the mass citizenry. Comprehensive sanctions created the opportunity for target governments to allocate rent-seeking opportunities to those supporters. This policy response, would, if anything, increase an authoritarian regime's grip on power. Relying on this theoretical framework, a number of sanctions scholars argued that broad-based economic sanctions would have minimal effect on authoritarian targets (Brooks 2002; Allen 2005, 2008a,b; Lektzian and Souva 2007). Smart sanctions that hurt key elites, on the other hand, would have a better chance of success without hurting the target country's mass public.

This research trend dovetailed nicely with the evolution in policymaking on sanctions (Cortright and Lopez 2002a,b; Brzoska 2003). Smart sanctions could raise the target regime's costs of noncompliance while avoiding the collateral damage that comes with comprehensive trade embargoes. The most prominent country-wide examples included financial sanctions, asset freezes, travel bans, restrictions on luxury goods, and arms embargoes. Furthermore, instead of sanctioning an entire country, smart sanctions advocates advocated the targeting of individuals, restrictions corporations or holding companies associated with the target government's leadership. Targeted sanctions would hamper the ability of leaders to offer crucial supporters rent-seeking opportunities.

Smart sanctions were an idea that created a useful focal point of agreement among key stakeholders in the international system (Garrett and Weingast 1993).[5] U.N. Security Council members Russia, China, and France grew frustrated by their inability to alter the sanctions regime once the initial measures were approved. At the same time, the United States and United Kingdom wanted to keep sanctions in the policy tool kit. For recalcitrant members of the Security Council, smart sanctions offered the opportunity to cooperate with the hegemonic actor in the international system. At the same time, smart sanctions would not impose excessive humanitarian costs or threaten lucrative trading relationships with target countries. For the United States and the United Kingdom, the targeted sanctions framework seemed like a more precise policy tool. For humanitarian and human rights activists, smart sanctions seemed the best way to enforce norms in the global system without imposing needless costs on the most powerless members in target societies.

A two-track process emerged to improve the use of targeted sanctions. Within the United Nations machinery, an ongoing series of sanctions committees were formed to monitor and assess the effect of different Security Council resolutions authorizing sanctions. These committees had little enforcement power and therefore acted only as a minimal deterrent against private actors engaging in sanctions-busting activity. These committees did succeeded, however, in explicitly naming and shaming countries that were violating existing sanctions resolutions (Brzoska 2003). Given the powerful norms of diplomatic comity at the United Nations, this move in and of itself represented a significant break from past practices in Turtle Bay.

Outside the Security Council, a series of conferences were convened to figure out how to improve the implementation of sanctions. These conferences

[5]Advocates of targeted sanctions were also adroit in their rhetorical tropes. By definition, "smart sanctions" sounds better than the alternative.

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

demonstrated the tight linkage between scholars and policymakers on this issue (Biersteker, Eckert, Halegua, and Romaniuk 2005). In 1998, the Swiss government convened the "Interlaken Process," a rolling series of meetings designed to improve the practice of financial sanctions. In 2001, the Swiss commissioned sanctions experts at Brown University's Watson Institute for International Studies to prepare a "how-to" sanctions manual, including a model Security Council resolution for future cases (Biersteker et al. 2005:17). The German government followed up Interlaken with the Bonn-Berlin Process to focus exclusively on arms embargoes and travel sanctions. The Swedish government subsequently convened the Stockholm Process to improve the sanctions machinery at the United Nations. Uppsala University's Department of Peace and Conflict Research provided significant expertise for the Stockholm process. Scholars and other experts participated in all three of these processes, which led to significant buy-in from key stakeholders.

Bipartisan support for targeted sanctions also emerged in the United States—particularly for financial sanctions. The Clinton administration embraced the idea as part of the Treasury Department's initiative to combat financial abuse (Wechsler 2001). Financial countermeasures were developed to punish states and jurisdictions with lax anti-money laundering statutes. These acts of financial statecraft proved effective in forcing target countries to alter their policies (Drezner 2007:142–5). Because the United States was the epicenter of global finance, international bankers needed access to US capital markets to conduct international transactions. An advisory warning from the Treasury Department was sufficient to get foreign bankers to stop doing business with terrorist entities, for fear of losing access to American banking services. After the September 11 terrorist attacks, the Bush administration also embraced the smart sanctions (Zarate 2009).

By 2010, both the United Nations and the United States had internalized the idea of targeted sanctions. The United Nations has not implemented comprehensive sanctions for the past 15 years. The sanctions reform effort had a manifest impact on the ways that the UNSC authorized economic coercion. Biersteker et al. (2005) and Foot (2007) observe that concerns about the humanitarian and human rights effects of sanctions increased the degree of due process within existing UN sanctions committees over the past decade.[6] Even the 1,267 Committee, authorized to sanction individuals working with Al Qaeda, grew more sensitive to minimizing the humanitarian impact of the sanctions. Hawkins and Lloyd (2003:441) argue that "a new norm against comprehensive sanctions has become part of the shared understanding among states."

The bipartisan consensus within the US foreign policy community in favor of targeted sanctions has also deepened over time. Rose Gottemoeller (2007/2008: 109), now US Assistant Secretary of State for Verification, Compliance and Implementation, concluded in early 2008 that smart sanctions "had been honed through the 'war on terror', and sanctions are hitting their targets among corrupt elites more often." Juan Zarate (2009:55), a deputy national security advisor in George W. Bush's administration, argued that the tools of financial statecraft "provide the United States and its allies the best source of diplomatic leverage to affect regimes' behavior and calculus." Loeffler (2009:110) concludes, "it is hard to imagine any serious foreign policy issue down the line in which financial tools would not be or should not be considered as part of a comprehensive strategy." US policy journals are replete with essays arguing in favor of financial statecraft as the best policy lever available to the United States (Bracken 2007; Liss 2007/08; Eckert 2008).

[6]See Bianchi (2007) for a review of the legal due process issues raised by the sanctioning of individuals in the United Nations Security Council.

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

Assessing Smart Sanctions

There are two ways to evaluate the performance of the smart sanctions framework in world politics. First, have smart sanctions ameliorated the humanitarian costs that more comprehensive sanctions create? Second, have targeted sanctions improved target state compliance? The evidence provides moderate support for smart sanctions being more humane but less effective than more comprehensive measures.

Recent research on the impact of economic coercion in the target country would appear to support the humanitarian arguments in favor of smart sanctions. Shagabutdinova and Berejikian (2007) examined HSE's pre-1990 sanctions data and found that financial sanctions were of shorter duration, lessening the suffering from target populations. Wood (2008) analyzed the effect of economic sanctions on state repression using data from 1976 to 2001. He found that comprehensive sanctions were likely to increase repression in authoritarian countries. In bivariate tests, Peksen and Drury (2009) find that the implementation of sanctions triggers drops in democracy and human rights scores in target governments. Peksen (2009) also shows that sanctions lead to a decline in the physical integrity rights of individuals in target countries. Furthermore, the decline in those rights is greater if comprehensive sanctions are imposed rather than targeted sanctions.

These results suggest that, all else equal, targeted sanctions are a more humane policy tool. However, not all else is equal. Paradoxically, there are a number of conditions under which comprehensive sanctions appear to be better at ameliorating suffering in the target country. All of the econometric literature of the past decade agrees that if the target state is a democracy, comprehensive sanctions are more likely to trigger quick concessions (Bolks and Al-Sowayel 2000; Brooks 2002; Allen 2005, 2008b; Lektzian and Souva 2007). The goal of the sanctions episode also matters. If the sender's aim is regime change, then sanctions that impose larger costs have a greater likelihood of success (Dashti-Gibson et al. 1997). Marinov (2005) found that sanctions of any stripe tended to reduce the staying power of the target government; military action, in contrast, increased the duration of the government in power. Major and McGann (2005) argue that there might be instances when sanctioning the "innocent bystanders" in the target country will be more likely to produce target concessions. Most intriguingly, comprehensive sanctions were most useful in bringing about a quicker end to civil wars. Both Gershenson (2002) and Escribà-Folch (2010) found that comprehensive embargoes were more effective than targeted sanctions at ending intrastate conflicts.

Smart sanctions are less promising in coercing the target government into making concessions. After reviewing the United Nations sanctions during the 1990s, Cortright and Lopez (2002a,b:8) note that "the obvious conclusion is that comprehensive sanctions are more effective than targeted or selective measures. Where economic and social impact have been greatest, political effects have also been most significant." Elliott (2002:171) arrived at a similar conclusion: "with the exception of Libya, the results of UN targeted sanctions have been disappointing." In their review essay, Tostenson and Bull (2002:402) concluded: "the optimism expressed in some academic circles and among decision makers at national and international levels appears largely unjustified." At a 2010 International Studies Association panel on the topic, many of the scholarly architects of the smart sanctions approach agreed that, compared to comprehensive sanctions, the policy results had been mixed at best.[7]

[7]"UN Sanctions: A Model of Scholar/Practitioner Collaboration?" roundtable at the International Studies Association annual meeting, New Orleans, LA, February 2010.

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

There are case studies that demonstrate the utility of targeted sanctions. The exemplar case is the sanctions placed on Libya to renounce aiding terrorism, and, later, its weapons of mass destruction programs. That episode, however, also shows the limits of targeted sanctions. A welter of different policy tools were used to get Libya to alter course, including back-channel negotiations, the Proliferation Security Initiative, and the unspoken threat of invasion after Operation Iraqi Freedom. It was the combination of these policy tools—as well as Muhammar Khaddafi's quixotic nature—that led to Libya's acquiescence (Jentleson and Whytock 2005/06). There have been more extensive investigations into the two most common forms of targeted sanctions—arms embargoes and financial statecraft. The results have been underwhelming. Tierney (2005:661) evaluates arms embargoes in civil wars across five criteria for success, including their symbolic impact. He concludes that "much of the impact of UN arms embargoes in civil wars can be summarized as irrelevance or malevolence." Fruchart, Holtom, Wezeman, Strandow, and Wallensteen (2007) reach a similar conclusion. Brzoska (2008) offers a slightly more hopeful assessment. He points to clear successes, such as the 1993–2003 arms embargo of Angola. He also argues that there has been an increasing amount of effectiveness over time in halting the transfer of weapons to armed combatants. Qualifying this result as a "success," however, is problematic. As Damrosch (1994) and Tierney (2005) observe, arms embargoes can have malevolent distributional effects. They reward the actor possessing the largest *ex ante* cache of weapons—which is often the actor responsible for the most egregious war crimes. Brzoska also acknowledges that, over time, arms embargoes have been less successful in altering the behavior of target countries, working less than 8% of the time. Paradoxically, however, sender country satisfaction with arms embargoes has increased over time—suggesting that the political virtues of smart sanctions trump the policy virtues.

The literature on financial statecraft is somewhat more upbeat. Hufbauer et al. (1990) originally found in bivariate tests that financial sanctions had a better track record of success than trade sanctions. Shagabutdinova and Berejikian (2007) replicated that finding in multivariate tests, confirming that financial sanctions are more effective. These results are based on pre-1990 episodes, however, and principally involve aid cutoffs—it is far from clear whether these results would carry over into modern financial sanctions.[8] There is evidence that financial sanctions have been useful in coercing countries into changing their anti-money laundering rules (Drezner 2007).

It is not clear, however, whether financial statecraft be as successful on issues more highly valued by the target regime, however (Ang and Peksen 2007). Steil and Litan (2006:77) surveyed recent efforts by the United States to use capital market access to force policy changes in Sudan, Russia, and China. They found that all the targeted entities were able to find alternative sources of financing at minimal cost, concluding, "rarely has so powerful a force been harnessed by so many interests with such passion to so little effect." A collaborative effort to examine efforts at monetary statecraft (Andrews 2005:25) reached a similar conclusion: "among the central findings of our study are the substantial impediments to the efficient exercise of monetary power as a deliberate instrument of economic statecraft.... The tools of monetary statecraft... are often too blunt to be effective when they would most be desired and too diffuse to be directed at particular targets without incurring substantial damage."

Looking at particular cases, the evidence suggests that financial sanctions have hurt both the Iranian and North Korean economies (Eckert 2008; Loeffler 2009). One former Iranian official admitted in late 2008 that the UN sanctions

[8]These results also suffer from omitted variable bias. Aid flows are strongly correlated with alliance relationships, which Shagabutdinova and Berejikian did not include in their regression analysis.

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

had increased the price of imports anywhere from ten to thirty percent (Maloney 2010:139). In neither case, however, have the financial sanctions led to concessions at the bargaining table. The only economic pressure that appears to have had an effect in either case was China's cutoff of fuel oil to North Korea after that country's first nuclear test (Kahn 2006). As with the arms embargo data, smart financial sanctions have not translated into policy concessions from the target country.

Conclusion

For decades, economic statecraft was thought to be a backwater in international relations scholarship. Since the mid-1990s, however, there has been a remarkable symbiosis between the scholarly and policy communities on the subject. The political and humanitarian disaster of the Iraq sanctions episode led policymakers to search for innovations in the implementation of economic statecraft. At the same time, researchers began to focus on the precise causal mechanisms through which sanctions were supposed to compel change in the target's behavior. Smart sanctions were the resulting alchemy between the scholarly and policymaking communities.

Any assessment of targeted sanctions at this juncture must be labeled as preliminary. States and international organizations have only started moving down the learning curve on implementing sanctions in the past decade (Cortright and Lopez 2002b). Further work is clearly needed. Nevertheless, the evidence to date suggests that smart sanctions are no better at generating concessions from the target state. In many ways, they are worse. They do, however, appear to solve several political problems for sender countries. Because they are billed as minimizing humanitarian and human rights concerns, they receive only muted criticism from global civil society (Craven 2002). Because they do not impede significant trade flows, smart sanctions can be imposed indefinitely with minimal cost. They clearly solve the political problem of "doing something" in the face of target state transgressions. They do not solve the policy problem of coercing the target state into changing its policies.

Future research in this area should focus on two areas. First, more rigorous empirical work is needed on the relative effect of smart sanctions versus more comprehensive sanctions. There are now a sufficient number of smart sanctions cases for statistical analysis. The long-term impact of smart sanctions is worthy of further study—in particular, to see whether their effects are different from sanctions that include a trade component. With the addition of post-Cold War data to the HSE data set (Hufbauer et al. 2007) and the development of the Threat and Imposition of Economic Sanctions (TIES) data set (Morgan et al. 2009), the opportunity exists for more rigorous testing.

Second, and more importantly, the statecraft literature needs to pay greater attention to the burgeoning work on politics in authoritarian countries. The general assumption behind recent sanctions scholarship is that authoritarian leaders are better able to resist economic pressure than democratic states. Clearly, however, authoritarian leaders have domestic constraints that affect their behavior in international crises (Escribà-Folch 2007; Weeks 2008; Escribà-Folch and Wright 2010). Different types of authoritarian countries have different kinds of domestic constraints. The political economy of the Iranian economy is clearly different from North Korea's. A greater theoretical and empirical focus on authoritarian politics would inform both the theory and practice of economic statecraft—and, in the process, illuminate the inner workings of nondemocratic governments.

This review also raises two methodological warnings. One problem with the older generation of sanctions scholarship was the tendency to extrapolate general propositions from high-profile cases (Collier and Mahoney 1996;

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

Drezner 1999). It is worth pondering whether the research on targeted sanctions suffers from a similar problem. Targeted sanctions were first developed in response to Iraq—but Iraq was an extreme outlier on multiple dimensions. Even if policymakers are concerned with big events, Iraq is a dangerous case for inductive generalization.

The research into smart sanctions also suggests the seductive danger of focusing excessively on precise causal mechanisms and process-tracing in the development of policy-relevant research (George and Bennett 2005). Excessive attention to one causal process can blind researcher and policymakers to the possibility that there can be substitutable causal processes at work. Multiple pathways can exist through which an independent policy variable affects the outcome. Consider the possibility, for example, that smart sanctions offer only one causal pathway to success—elite dissatisfaction. If that pathway is blocked by target countermeasures, then smart sanctions will not achieve their desired result. Sanctions that impose greater costs on the target state might offer multiple pathways—mass unrest, elite dissatisfaction, regime change—through which the target government must acquiesce (Drezner n.d.). An appreciation for multiple causal processes would help sanctions scholars avoid the dangerous charge of policy naivité.

References

ALLEN, SUSAN H. (2005) The Determinants of Economic Sanctions Success and Failure. *International Interactions* 31 (2): 117–138.

ALLEN, SUSAN H. (2008a) Political Institutions and Constrained Response to Economic Sanctions. *Foreign Policy Analysis* 4: 255–274.

ALLEN, SUSAN H. (2008b) The Domestic Political Costs of Economic Sanctions. *Journal of Conflict Resolution* 52 (6): 916–944.

ALNASRAWI, ABBAS. (2001) Iraq: Economic Sanctions and Consequences, 1990–2000. *Third World Quarterly* 22 (2): 205–218.

ANDREAS, PETER. (2005) Criminalizing Consequences of Sanctions: Embargo-Busting and Its Legacy. *International Studies Quarterly* 49: 335–360.

ANDREWS, DAVID M, ed. (2005) *International Monetary Power.* Ithaca, NY: Cornell University Press.

ANG, ADRIAN U-JIN, AND DURSUN PEKSEN. (2007) When Do Economic Sanctions Work? *Political Research Quarterly* 60 (1): 135–145.

BALDWIN, DAVID. (1985) *Economic Statecraft.* Princeton, NJ: Princeton University Press.

BALDWIN, DAVID. (1999/2000) The Sanctions Debate and the Logic of Choice. *International Security* 24 (3): 80–107.

BALDWIN, DAVID, AND ROBERT PAPE. (1998) Evaluating Economic Sanctions. *International Security* 23 (2): 189–198.

BAPAT, NAVIN, AND T. CLIFTON MORGAN. (2009) Multilateral Versus Unilateral Sanctions Reconsidered. *International Studies Quarterly* 53: 1075–1094.

BIANCHI, ANDREA. (2007) Assessing the Effectiveness of the UN Security Council's Anti-terrorism Measures. *European Journal of International Law* 17 (5): 881–919.

BIERSTEKER, THOMAS, SUE ECKERT, AARON HALEGUA, AND PETER ROMANIUK. (2005) Consensus from the Bottom Up? Assessing the Influence of the Sanctions Reform Process. In *International Sanctions: Between War and Words in the International System,* edited by Peter Wallensteen and Carina Staibano. London: Routledge.

BOLKS, SEAN, AND DINA AL-SOWAYEL. (2000) How Long Do Economic Sanctions Last? *Political Research Quarterly* 53 (June): 241–265.

BRACKEN, PAUL. (2007) Financial Warfare. *Orbis* 51 (4): 685–696.

BROOKS, RISA. (2002) Sanctions and Regime Type: What Works, and When? *Security Studies* 11 (4): 1–50.

BRZOSKA, MICHAEL. (2003) From Dumb to Smart? Recent Reforms of UN Sanctions *Global Governance* 9 (4): 519–535.

BRZOSKA, MICHAEL. (2008) Measuring the Effectiveness of Arms Embargoes. *Peace Economics, Peace Science and Public Policy* 14 (2): article 2.

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

Buck, Lori, Nicole Gallant, and Kim Richard Nossal. (1998) Sanctions as a Gendered Instrument of Statecraft. *Review of International Studies* 24: 69–84.

Bueno de Mesquita, Bruce, James Morrow, Randolph Siverson, and Alistair Smith. (1999) An Institutional Explanation of the Democratic Peace. *American Political Science Review* 93 (4): 791–807.

Bueno de Mesquita, Bruce, James Morrow, Randolph Siverson, and Alistair Smith. (2003) *The Logic of Political Survival.* Cambridge, MA: The MIT Press.

Cheney, Richard. (1999) Defending Liberty in a Global Economy. In *Economic Casualties*, edited by Solveig Singleton, and Daniel T. Griswold. Washington, D.C.: Cato Institute.

Collier, David, and James Mahoney. (1996) Insights and Pitfalls: Selection Bias in Qualitative Research. *World Politics* 49: 56–91.

Cortright, David, and George Lopez. (2000) *The Sanctions Decade.* Boulder, CO: Lynne Reiner.

Cortright, David, and George Lopez, eds. (2002a) *Smart Sanctions.* New York: Rowman and Littlefield.

Cortright, David, and George Lopez. (2002b) *Sanctions and the Search for Security.* Boulder, CO: Lynne Reiner.

Cortright, David, and George Lopez. (2004) Containing Iraq: Sanctions Worked. *Foreign Affairs* 83 (4): 90–103.

Craven, Matthew. (2002) Humanitarianism and the Quest for Smarter Sanctions. *European Journal of International Law* 13 (1): 43–61.

Damrosch, Lori Fisler. (1994) The Collective Enforcement of International Norms Through Economic Sanctions. *Ethics and International Affairs* 8 (1): 59–75.

Dashti-Gibson, Jaleh, Patricia Davis, and Benjamin Radcliff. (1997) On the Determinants of the Success of Economic Sanctions. *American Journal of Political Science* 41: 608–618.

Drezner, Daniel W. (1999) *The Sanctions Paradox.* Cambridge: Cambridge University Press.

Drezner, Daniel. W. (2000) Bargaining, Enforcement, and Multilateral Economic Sanctions. *International Organization* 54 (Winter): 73–102.

Drezner, Daniel W. (2003) The Hidden Hand of Economic Coercion. *International Organization* 57 (Summer): 643–659.

Drezner, Daniel. W. (2007) *All Politics Is Global.* Princeton, NJ: Princeton University Press.

Drezner, Daniel W. (n.d.) An Analytically Eclectic Approach to Sanctions and Nonproliferation. In *Dissuading Proliferators: Understanding Causal Mechanisms*, edited by Etel Solingen. Cambridge: Cambridge University Press.

Drury, A. Cooper. (1998) Revisiting *Economic Sanctions Reconsidered. Journal of Peace Research* 35 (4): 497–509.

Eckert, Sue. (2008) The Use of Financial Measures to Promote Security. *Journal of International Affairs* 62 (1): 103–111.

Elliott, Kimberley. (1998) The Sanctions Glass: Half Full or Completely Empty? *International Security* 23 (1): 50–65.

Elliott, Kimberly. (2002) Analyzing the Effects of Targeted Sanctions. In *Smart Sanctions*, edited by David Cortright, and George Lopez. New York: Rowman and Littlefield.

Escribà-Folch, Abel. (2007) Economic Growth and Potential Punishment Under Dictatorship. *Kyklos* 60 (2): 187–210.

Escribà-Folch, Abel. (2010) Economic Sanctions and the Duration of Civil Conflicts. *Journal of Peace Research* 47 (2): 129–141.

Escribà-Folch, Arel, and Joseph Wright. (2010) Dealing With Tyranny: International Sanctions and the Survival of Authoritarian Regimes. *International Studies Quarterly* 54 (2): 335–359.

Foot, Rosemary. (2007) The United Nations, Counter-Terrorism, and Human Rights. *Human Rights Quarterly* 29: 489–514.

Fruchart, Damien, Paul Holtom, Simeon Wezeman, Daniel Strandow, and Peter Wallensteen. (2007) *United Nations Arms Embargoes.* Stockholm: SIPRI.

Garfield, Richard. (1999) Morbidity and Mortality Among Iraqi Children from 1990 Through 1998. Available at http://www.cam.ac.uk/societies/casi/info/garfield/dr-garfield.html.

Garrett, Geoffrey, and Barry Weingast. (1993) Ideas, Interests and Institutions: Constructing the European Community's Internal Market. In *Ideas and Foreign Policy*, edited by Judith Goldstein, and Robert Keohane. Ithaca, NY: Cornell University Press.

George, Alexander, and Andrew Bennett. (2005) *Case Studies and Theory Development in the Social Sciences.* Cambridge, MA: The MIT Press.

Gershenson, Dmitriy. (2002) Sanctions and Civil Conflict. *Economica* 69: 185–206.

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

GOTTEMOELLER, ROSE. (2008) The Evolution of Sanctions in Practice and Theory. *Survival* 49 (4): 99–110.

HAASS, RICHARD. (1997) Sanctioning Madness. *Foreign Affairs* 76 (6): 74–95.

HAWKINS, DARREN, AND JOSHUA LLOYD. (2003) Questioning Comprehensive Sanctions: The Birth of a Norm. *Journal of Human Rights* 2 (3): 441–454.

HOSKINS, ERIC. (1997) Humanitarian Impacts of Sanctions and War in Iraq. In *Political Gain and Civilian Pain*, edited by Thomas Weiss, David Cortright, George Lopez, and Larry Minear, eds. New York: Rowman & Littlefield.

HUFBAUER, GARY, JEFFREY SCHOTT, AND KIMBERLY ELLIOTT. (1990) *Economic Sanctions Reconsidered*, 2nd edn. Washington: Institute for International Economics.

HUFBAUER, GARY, JEFFREY SCHOTT, KIMBERLY ELLIOTT, AND BARBARA OEGG. (2007) *Economic Sanctions Reconsidered*, 3rd edn. Washington: Institute for International Economics.

JENTLESON, BRUCE, AND CHRISTOPHER WHYTOCK. (2005/06) Who "Won" Libya? *International Security* 30 (3): 47–86.

KAEMPFER, WILLIAM, and ANTON LOWENBERG. (1988) The Theory of International Economic Sanctions: A Public Choice Approach. *American Economic Review* 78 (4): 786–793.

KAEMPFER, WILLIAM, AND ANTON LOWENBERG. (1992) *International Economic Sanctions: A Public Choice Perspective*. Boulder: Westview Press.

KAEMPFER, WILLIAM, ANTON LOWENBERG, AND WILLIAM MERTENS. (2004) International Economic Sanctions Against a Dictator. *Economics and Politics* 16 (1): 29–51.

KAHN, JOSEPH. (2006) China Cut off Exports of Oil to North Korea. *International Herald-Tribune* October 30.

KINGDON, JOHN. (1984) *Agendas, Alternatives, and Public Choices*. Boston: Addison-Wesley.

KIRSHNER, JONATHAN. (1997) The Microfoundations of Economic Sanctions. *Security Studies* 6 (3): 32–64.

LEKTZIAN, DAVID, AND MARK SOUVA. (2007) An Institutional Theory of Sanctions Onset and Success. *Journal of Conflict Resolution* 31 (6): 848–871.

LISS, JODI. (2007/08) Making Monetary Mischief. *World Policy Journal* 24 (1): 29–38.

LOEFFLER, RACHEL. (2009) Bank Shots: How the Financial System Can Isolate Regimes. *Foreign Affairs* 88 (2): 101–110.

MAJOR, SOLOMON, AND BRIAN MCGANN. (2005) Caught in the Crossfire: 'Innocent Bystanders' as Optimal Targets of Economic Sanctions. *Journal of Conflict Resolution* 49 (3): 337–359.

MALONEY, SUZANNE. (2010) Sanctoning Iran: If Only It Were So Simple. *The Washington Quarterly* 33 (1): 131–147.

MARINOV, NIKOLAY. (2005) Do Economic Sanctions Destabilize Country Leaders? *American Journal of Political Science* 49 (3): 564–576.

MORGAN, T. CLIFTON, AND VALERIE SCHWEBACH. (1997) Fools Suffer Gladly: The Use of Economic Sanctions in International Crises. *International Studies Quarterly* 41: 27–50.

MORGAN, T. CLIFTON, NAVIN BAPAT, AND VALENTIN KRUSTEV. (2009) The Threat and Imposition of Economic Sanctions, 1971–2000. *Conflict Management and Peace Science* 26 (1): 92–110.

MUELLER, JOHN, AND KARL MUELLER. (1999) Sanctions of Mass Destruction. *Foreign Affairs* 78 (3): 43–52.

NOORUDDIN, IRFAN. (2002) Modeling Selection Bias in Studies of Sanctions Efficacy. *International Interactions* 28 (1): 59–75.

O'SULLIVAN, MEGHAN. (2003) *Shrewd Sanctions*. Washington, D.C.: Brookings Institution Press.

PAPE, ROBERT. (1997) Why Economic Sanctions Do Not Work. *International Security* 22 (1): 90–136.

PAPE, ROBERT. (1998) Why Economic Sanctions *Still* Do Not Work. *International Security* 23 (1): 66–77.

PEKSEN, DURSUN. (2009) Better or Worse? The Effect of Economic Sanctions on Human Rights. *Journal of Peace Research* 46 (1): 59–77.

PEKSEN, DURSUN, AND A. COOPER DRURY. (2009) Economic Sanctions and Political Repression. *Human Rights Review* 10: 393–411.

REINISCH, AUGUST. (2001) Developing Human Rights and Humanitarian Law Accountability of the Security Council for the Imposition of Economic Sanctions. *American Journal of International Law* 95: 851–872.

ROGERS, BETH. (1996) Using Economic Sanctions to Control Regional Conflicts. *Security Studies* 5 (4): 43–72.

ROWE, DAVID M. (2010) Economic Sanctions and International Security. In *The International Studies Encyclopedia*, edited by Robert A. Denemark. Blackwell Publishing, Blackwell Reference Online.

SHAGABUTDINOVA, ELLA, AND JEFFREY BEREJIKIAN. (2007) Deploying Sanctions while Protecting Human Rights: Are Humanitarian "Smart" Sanctions Effective? *Journal of Human Rights* 6: 59–74.

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms

Steil, Benn, and Robert Litan. (2006) *Financial Statecraft.* New Haven, CT: Yale University Press.
Tierney, Dominic. (2005) Irrelevant or Malevolent? UN Arms Embargoes in Civil Wars. *Review of International Studies* 31: 645–664.
Tostenson, Arne, and Beate Bull. (2002) Are Smart Sanctions Feasible? *World Politics* 54: 373–403.
Van Evera, Stephen. (1994) *Guide to Methods for Students of Political Science.* Ithaca, NY: Cornell University Press.
Wallensteen, Peter, and Carina Staibano, eds. (2005) *International Sanctions: Between War and Words in the International System.* London: Routledge.
Wechsler, William. (2001) "Follow the Money." *Foreign Affairs* 80 (4): 40–57.
Weeks, Jessica. (2008) Autocratic Audience Costs: Regime Type and Signaling Resolve. *International Organization* 62 (1): 35–64.
Weiss, Thomas. (1999) Sanctions as a Foreign Policy Tool. *Journal of Peace Research* 36 (5): 499–509.
Weiss, Thomas, David Cortright, George Lopez and Larry Minear, eds. (1997) *Political Gain and Civilian Pain: Humanitarian Impacts of Economic Sanctions.* New York: Rowman & Littlefield.
Wintrobe, Ronald. (1990) The Tinpot and the Totalitarian: An Economic Theory of Dictatorship. *American Political Science Review* 84 (3): 849–872.
Wood, Reed. (2008) "A Hand upon the Throat of the Nation": Economic Sanctions and State Repression, 1976–2001. *International Studies Quarterly* 52: 489–513.
Zarate, Juan. (2009) Harnessing the Financial Furies: Smart Financial Power and National Security. *The Washington Quarterly* 32 (4): 43–59.

This content downloaded from
96.42.230.42 on Sat, 26 Feb 2022 17:42:18 UTC
All use subject to https://about.jstor.org/terms