

Economic Sanctions & Societal Unrest

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Introduction

International economic sanctions are a coercive strategy to pressure target countries to change their international, or sometimes domestic, behavior. Sanctions are increasingly a preferred strategy due to their low costs for imposing countries, both economically and politically, relative to military intervention. This low cost for sender countries combined with high international and, often assumed, domestic costs for the target countries' leaders, has made economic sanctions an attractive and popular punishment tool among policymakers. Convincing arguments have been made against the low cost assumption of economic sanctions for sender countries (Kaempfer and Lowenberg, 1988). Whether or not sanctions increase domestic costs for target countries, however, has been largely ignored.

There are generally two types of economic sanctions: (1) comprehensive and (2) smart or targeted sanctions (Drezner, 2011). Policymakers and scholars have extensively studied the impact of each type of sanction and compared their effectiveness in different contexts. Whereas comprehensive sanctions impact the target country as a whole (state and society), smart sanctions are intended to mostly pressure policymakers in the target country. Comprehensive sanctions are widely used due to assumptions about domestic costs on target countries and theories of economic deprivation. However, since the 1990s, many countries have resorted to using smart sanctions in order to avoid the reputational costs associated with the humanitarian disasters caused by comprehensive sanctions (Drezner, 2011). Despite this shift, comprehensive sanctions are still used and at times internationally supported as a preferred coercive strategy in sensitive issue areas such as nuclear proliferation.

While prior efforts to study the effects of comprehensive economic sanctions have focused mainly on their efficacy in bringing about policy change in target countries,

in this paper, I focus on their impact in increasing domestic costs for target states. Specifically, I investigate whether ***comprehensive economic sanctions activate the target society against its government in authoritarian regimes***. By measuring the number of protests in target countries, I try to find empirical support for one of the most important assumptions about economic sanctions theory. My focus on authoritarian regimes is due to the fact that 78% of all sanctions are targeted towards this type of government.

This paper is divided into five sections. The first section provides a brief background on economic sanctions. The second section identifies the actors involved in a sanctions episode, along with their motivations and means. Third, I present my theory and hypothesis. In the fourth section, I present my statistical model and data sets. Finally, I discuss the implications of my theory for policymakers and identify areas for further research.

Background

In order to investigate the ways in which comprehensive economic sanctions activate the target society against its government, we must understand the basic structure of sanctions, illuminate the ways in which they are used by sanctioning countries, and their intended impacts on target countries.

Sanctioning, or sender, countries, are states that decide to impose economic sanctions on another state as a means to force the other state to concede to their demands. Target countries, are states that face the economic limits and feel the pressure of such sanctions.

The basic theory behind economic sanctions states that by maximizing economic hardship in the target country the leaders of that country will concede to the demands of the sender country, due to increased domestic costs associated with economic hardships (Kaempfer and Lowenberg, 1988). This theory assumes that by maximizing economic hardship in the target country, there will be a greater likelihood of policy change, resulting in a “successful” sanctions episode. Comprehensive sanctions are the most far reaching type of sanctions, and are thought to be an effective way of applying the maximum amount of economic pressure on a target country.

Comprehensive Sanctions

Comprehensive sanctions block all trade with sanctioned countries. Burma, Cuba, Iran, Sudan, Syria and North Korea are some of the countries currently targeted by such sanctions regimes (OFAC Sanctions and Embargoes).

One of the desired, and often simply assumed, effects of comprehensive economic sanctions is economic deprivation in the target country. The idea is that by increasing economic pressures on the target society, the society would turn against its government and would force it to change course and concede to the sender country’s demands. The assumption, or simply hope, is that economic deprivation would lead the society to blame their government for such economic hardships. With an increase in anti-government sentiment, the argument goes, there will be an increase in violent and non-violent activities against the government.

These anti-government activities increase the domestic political costs of resisting sanctions for the target government. When these domestic costs exceed the benefits of keeping the contested policies unchanged, the target government will reconsider its policies and concede to the sender country’s demands. Figure 1 shows the basic causal mechanisms of this theory.

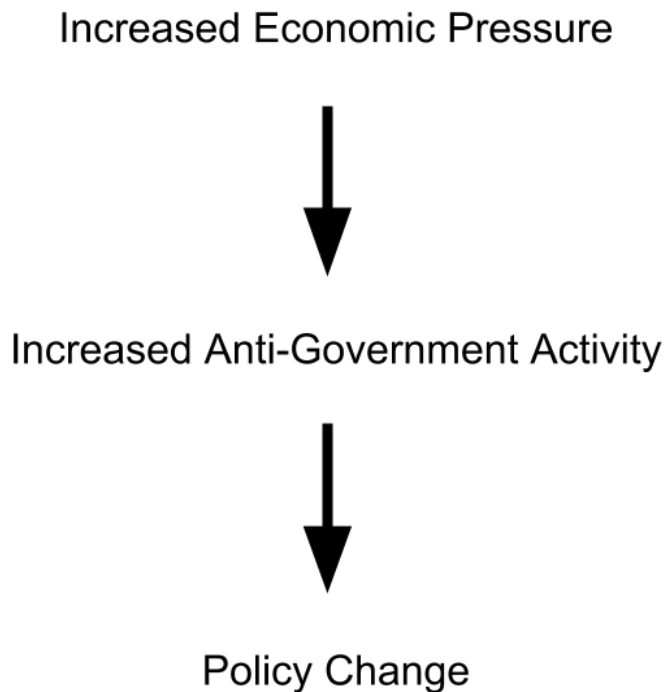


Figure 1: Diagram of the causal mechanisms of comprehensive economic sanctions

One of the key questions within the scholarship on sanctions is around their efficacy in creating policy change in a target country. Hufbauer, Schott and Elliott (HSE), in their seminal work on this topic, showed that comprehensive sanctions succeed only around 34% of the time (Hufbauer, Schott, and Elliott, 1985). In a later re-examination by Pape, however, this number was lowered to five percent (Pape, 1997). The consensus among scholars on whether or not these sanctions are successful, as Marinov (2005) put it, is “somewhere between a ‘no’ and a ‘rarely’” (Marinov, 2005). Drezner, further, concluded that comprehensive sanctions “disproportionately hurt the politically weak groups and benefit target regime sympathizers” (Drezner, 2011).

There is great consensus that comprehensive sanctions are not effective in creating policy change. As Drezner (2011) noted, leaders in sanctioned countries often “create private and excludable goods for supporters, as opposed to public goods for the mass citizenry” (Drezner, 2011).

In addition to their inefficacy, studies have shown that these sanctions may, in fact, cost sender countries in terms of market share. Kaempfer and Lowenberg (1988) argue that “substitution possibilities in world markets” diminish the impact of trade embargoes and economic sanctions (Kaempfer and Lowenberg, 1988).

Furthermore, comprehensive sanctions have long been a source of discontent among non-governmental and intergovernmental organizations for humanitarian reasons. Opposition to these sanctions became stronger after the 1990s and the dramatic increase in sanctions approved by the United Nation Security Council (UNSC) (Hawkins and Lloyd, 2012). The Iraq (1990-2003) and Yugoslavia (1990s and early 2000s) sanctions gathered the attention of the international community to the human costs of such policy tools, and helped to create norms against their further use (Hawkins and Lloyd, 2012).

The development of norms against the imposition of comprehensive sanctions and the increasing empirical support for their inefficacy has made them a costlier policy tool for sender countries. The increasing evidence of humanitarian disasters associated with this type of sanctions has resulted in reputational and “audience costs” for sender countries and hence an unwillingness among them to further impose such sanctions. The humanitarian effects, specifically, made it extremely difficult for the UNSC to continue to support this coercive strategy. “As an organization whose normative foundations involve the alleviation of human suffering,” being directly responsible for “imposing sanctions that deepened and prolonged human misery,” was not acceptable (Hawkins and Lloyd, 2012).

Of note, even though the humanitarian costs of comprehensive sanctions are discussed among policymakers as merely unintended side effects of this policy tool, the basic theory of this type of sanctions suggests otherwise. As mentioned, the theory claims that increased economic pressure on the society is a *necessary* tool in achieving the ultimate goal of forcing the target government to change its policies, not merely a side effect.

Smart Sanctions

In an attempt to avoid the inefficacy, negative humanitarian impacts and reputational costs associated with comprehensive sanctions, “smart sanctions” were put into play (Drezner, 2011). As opposed to comprehensive sanctions, smart sanctions are intended to effect only select individuals and elites within the target government. By punishing elites, government officials and key state supporters, these sanctions aim to pressure those in charge of policy making directly, rather than exerting indirect pressure through domestic actors. Smart sanctions are now becoming a popular alternative to comprehensive sanctions, but the latter are still used as a coercive strategy, especially in certain issue areas.

Continued Use of Comprehensive Sanctions

Even though the UN may face public backlash in supporting imposition of comprehensive sanctions due to their humanitarian impacts, we still see these sanctions imposed on countries like Burma, Cuba, Iran, Syria, Sudan, North Korea and Russia.

There are three reasons for the continued use of comprehensive sanctions. First, assuming that economic deprivation theory is true, there is good reason for why such sanctions are still used in more sensitive circumstances such as when dealing with nuclear threats. Policymakers, still not convinced about the inefficacy of comprehensive sanctions, hope to apply more pressure, domestic and international, using these sanctions in high-politics issue areas.

Second, depending on the “audience costs” associated with imposing comprehensive sanctions against a target country, sender countries may find it relatively cheap to use these sanctions against specific countries. Since comprehensive sanctions could also include sanctions on elites and state officials, their combination may also be thought of as more effective and seem more attractive to policymakers.

Third, despite the evidence of their inefficacy, some scholars and policymakers argue that if “the right” amount of economic pressure is applied, these sanctions will prove effective. This argument claims that due to humanitarian reasons, policymakers have never been able to exert the required and necessary amount of economic pressure on the target society to achieve the desired outcome. This, the argument goes, may be one reason why the academic community has not been able to find empirical support for their efficacy.

Considering their continued use, it is necessary to test the most important assumption of the theory of comprehensive economic sanctions: do they result in an increase in anti-government activities and hence increase domestic political costs for the target government? Here, I argue that they do.

Comprehensive sanctions maximize domestic pressures in terms of increased anti-government activities. Whether this increase in domestic political opposition to the

target government results in changes in their policies, however, is not the topic of this paper.

Actors, Motivations, and Means

The Sender Country

The sender or sanctioning country demands changes in the target country's international or domestic behavior. As was mentioned before, a relatively low-cost, coercive policy tool for the sender country to achieve its preferences is to impose economic sanctions on the target country.

As was shown by HSE, and in later studies such as Bapat and Morgan's (2009), multilateral sanctions are relatively more effective than unilateral sanctions (Hufbauer, Schott, and Elliott, 1985, Bapat and Morgan, 2009). Therefore, the first actor in this study, the sanctioning country, may choose to obtain its allies' buy-in on the imposition of comprehensive, multilateral economic sanctions on the target country, to further increase the probability of policy change in the target state.

One increasingly influential international organization in making such multilateral sanctions a possibility has been the UNSC. Between the years 1945 and 1990 the UNSC supported and employed only two sanctions episodes. This number increased to twelve during the 1990s (Drezner, 2011). Studies have shown that the support of UNSC reduces the domestic "audience costs" in sender countries associated with sanctions imposition (Hawkins and Lloyd, 2012).

In addition, UNSC's support makes sanctions a more effective "signalling" tool. As Kaempfer and Lowenberg (1988) show, economic sanctions are sometimes more effective in the pre-imposition stage. They argue that sanctions can "communicate

signals or threats” to the appropriate interest groups in the target country before they are imposed. Activating interest groups in the target country may result in policy change before sanctions are imposed. This signalling effect is more pronounced when sanctions are multilateral and have the support of international organizations, such as UNSC. Thus, the sender country may find it beneficial to obtain the UNSC’s support in imposing sanctions.

To summarize, the sender country demands policy changes from the target state. To achieve this goal, the sender country, or countries, will use comprehensive, multilateral, and preferably, UNSC-approved sanctions as a coercive policy tool.

The Target Society

The target country’s *state* and *society* are studied as separate actors in this paper, as they each have different motivations and means. Sanctions are imposed on the target country with the hopes that the target state will change its policies. Pressure is applied both at the international and domestic levels. However, this paper will only study the domestic pressures that the state may experience due to sanctions. Specifically among those, it is societal unrest that is of interest to this paper. While Allen (2008) studies the domestic costs of economic sanctions based on regime type of the target country, I will focus only on authoritarian regimes, as they comprise 78% of all sanctioned countries (Allen, 2008).

Economic deprivation theory suggests that there are limits to what a society can and is willing to withstand in terms of economic pressure. Political disintegration is likely after that threshold is reached. It is then when citizens may feel the need to urge their government to change its policies.

Political violence theory supports the basic assumptions of economic deprivation theory. This theory suggests that if citizens feel deserving of a better economic situation and higher standards of living than what their government is able to provide for them, and if they feel unable to attain such levels of goods, they feel frustrated. This frustration would then lead society to act against its government, who it sees as responsible for the economic hardships it is experiencing (Gurr, 1970). The society's collective interest in improving its standards of living, and the collective frustration that stems from a perceived inability to do so, leads to collective action against the government (Allen, 2008).

In addition, as Allen notes, one of the effects of comprehensive economic sanctions on target societies is internal political conflict. Considering that the great majority of sanctions are targeted against authoritarian regimes, and that most authoritarian societies already suffer from political divisions, these divisions would be further splintered in the presence of sanctions.

Furthermore, as the private market loses its share of the economy due to sanctions, the government gains more control over trade and the economy as a whole. This provides opportunities for the economic elites and state supporters to create and control black markets and enjoy the "benefits" of sanctions. Drezner (2011) shows that authoritarian leaders utilize effective ways, such as black marketeering, to direct the pain of economic sanctions away from their core supporters to alleviate threats to their power and reduce domestic impacts of economic pressure (Drezner, 2011). This further strengthens feelings of deprivation among the politically weak groups and broadens the gap between rich and poor which leads to more political divisions and frustration.

Unequal distribution of pain among different groups in the society and political divisions draw citizens to their elemental ties such as familial, ethnic, religious, and so on (Niblock, 2001). As competition for resources and sub-state levels of identification

grow, community structures start to break down and citizens will stop thinking about the good of the state, or the nation, and look to their kindreds for support (Niblock, 2001). This decrease in allegiances to the nation and the state further increases the likelihood of anti-government activities and domestic conflict. As a result, citizens start to act against the resisting government, which they see as responsible for their pain and no longer deserving of their primary allegiance.

It is important to note that the average citizen in the target society may not have the necessary knowledge, or means to access it, to have opinions and preferences about the target state's contested policies. Therefore, the target society's preferences are not necessarily based on policies, rather, they are based on the amount of economic pressure they feel. The average citizen may very well agree with the target state's policies, however, under economic pressure their preferences may shift in the opposite direction.

To summarize, the target society under the pain of economic deprivation and inequality, frustrated with its inability to lawfully voice its opposition to the government's policies, politically divided and drawn towards substate identities, will take its anger against the target state to the streets, in violent and non-violent ways.

The Target State

Most economic sanctions are imposed after negotiations with the target state fail. As previously mentioned, the threat of economic sanctions is an effective signalling tool. During negotiations, sender countries can use sanctions as signals to activate the appropriate interest groups in the target country against the actions of their government. When negotiations fail and signalling proves ineffective, sanctions are imposed. At this point, the contested policy issue is of critical importance to both the sender and target

states. Additionally, target states often associate such issues with political sovereignty. Therefore, the target state's preference is keeping the status quo.

As previously noted, interest groups in favor of the state, elites and key state supporters within the target country can potentially benefit from economic sanctions. Therefore, it could be argued that certain actors within the target country may even seek economic sanctions as a preferred outcome. Thus, in addition to wanting to keep policies unchanged, some actors within the state may have an additional preference: the imposition of economic sanctions.

Considering the preferences of the target state, and the earlier discussion about the preferences of the target society, when sanctions are imposed and economic pressure follows, four scenarios are likely to emerge:

Political Institutions as Moderators

First, depending on the domestic political landscape of the target country, societal unrest could be avoided, or at least moderated through legal and democratic channels. The presence of strong and effective political institutions can, and does, moderate the opportunity for political violence related to economic sanctions (Allen, 2008). The argument states that when society feels enough pressure from economic sanctions, it can use the provided channels to voice its opposition to the target state's policies.

Whether the state changes its policies due to pressure from domestic political institutions, however, is not the subject of this paper. An interesting opportunity for further research in this area would be to study the effects of sanctions on participation levels in political institutions in target countries.

As was mentioned, in this paper, I focus on the effects of sanctions on societies under authoritarian governments. However, it is worth noting that studies have shown that in societies with strong democratic institutions, it is unlikely to observe an increase in the number of protests and riots (Allen, 2008). Thus, because of the aforementioned reasons, the first scenario is not of great importance to my argument and will most likely not result in an increase in anti-government activities in the target country.

Rally 'round the Flag

A second scenario, and a common argument against the efficacy of comprehensive sanctions in increasing domestic costs, is the so-called “rally ‘round the flag” response in the target country. Policymakers and scholars have argued that external threats, such as economic sanctions, can unite the target state and the target society. Considering that most authoritarian leaders lack the domestic support often attributed to democratically elected leaders, it is unlikely that they would be able to rally the nation against foreign threats. In fact, arguments have been made to show the opposite. Authoritarian leaders under sanctions pressure are more likely to face criticism from domestic opposition groups. I will discuss these leaders’ likely response to such opposition later in this section.

Furthermore, a recent study on Russia finds empirical support against the “rally ‘round the flag” argument. Frye (2017) shows that economic sanctions do not influence levels of support for the Russian leadership, concluding that the rally ‘round the flag argument is not observed in target countries with authoritarian regimes (Frye, 2017).

In the absence of strong political institutions and nationalist sentiments, society’s discontent with the state’s resistance to sanctions results in an increase in anti-government activities in the form of protests and riots. The theory of comprehensive sanctions claims that protests and riots increase the costs of keeping policies unchanged for the target state. If, and when, the target state feels that the costs of

sanctions have exceeded the benefits of keeping its policies, it will have to choose between two options: (1) concede to the demands of the sender country and change its policies accordingly, or (2) reduce the domestic costs associated with sanctions and continue to keep the status quo. Thus, a third and fourth scenario emerge:

Conceding to Domestic Demands

Depending on the severity of domestic opposition in the form of violent and non-violent protests, and the target state's willingness and ability to oppress it, the target state may concede to the sender country's demands. This is aligned with the theory's assumption that economic hardship would result in societal unrest and thus force the target state to concede to the sender country's demands. However, whether or not the target state concedes and changes its policies is not the topic of this paper. I am interested in whether an increase in the number of protests is observed in the presence of economic sanctions. And in this scenario, we should observe such an effect.

Using Force to Reduce Domestic Costs

To reduce domestic costs associated with sanctions, the target state has to increase the cost of anti-government activities for its citizens. Arresting opposition leaders is one way the target state can limit the domestic impact of sanctions. During a sanctions episode, authoritarian leaders find it easier to justify political oppression and imprisonment of opposition members. The presence of external threats is typically a good excuse for shutting down opposition parties. (Another interesting area of research would be to study the correlation between economic sanctions and the number of political arrests in the target country.)

By dismantling opposition parties, the state leaves society no legal and democratic way of voicing its opposition to the state's policies. Therefore, citizens will have to take their anger and frustration to the streets. This should result in an increase

in the number of protests, riots, and other violent and non-violent activities against the target government. Thus my hypothesis is as follows:

Comprehensive economic sanctions are associated with more anti-government activities in authoritarian target countries.

With the society politically divided, dissatisfied with its government, and economically deprived, communities gone and competition for resources high, the target state unwilling to change its policies and the sender country unwilling to live with the status quo, the society will have no choice but to take its frustration to the streets. Therefore, we should observe an increase in the number of protests in the target country during the years in which the country is under sanctions.

Analysis

The *independent variable* from my hypothesis is a binary variable for the country and year in which it is under economic sanctions. I will be using data from the Threats and Imposition of Sanctions (TIES) data set to capture this independent variable. TIES provides data from 1945 to 2005.

The *dependent variable* for this study is the number of violent and non-violent protests in the target country, during the years in which the country is the target of sanctions and the off years. The difference between the number of protests during the years in which the country has been the target of sanctions and the years in which it has not would determine whether or not sanctions have a positive correlation with an increase in societal unrest in target countries. I will use the Nonviolent and Violent Campaigns and Outcome (NAVCO) data set for my dependent variable. NAVCO catalogues major nonviolent and violent resistance campaigns around the globe from 1900-2013. My analysis is, therefore, bound by TIES and will comprise of data from 1945 to 2005.

The following statistical model is derived from the above hypothesis:

$$\textbf{Number of Protests}_{i,t} = \beta_0 + \beta_1 * \textbf{Economic Sanctions}$$

Where i is the target country and t is the year. β_0 is the baseline for all protests that would happen regardless of economic sanctions and β_1 is the coefficient to capture the increase in the number of protests. *Economic Sanctions* is the binary variable (0/1); 0 if no sanctions are imposed on country i in year t and 1 if there are.

According to my hypothesis, β_1 should be positive and significant, indicating that there will be more protests in the target country when economic sanctions are present.

Discussion

Given that I find results in support of my hypothesis, one of the most important assumptions of the basic theory of economic sanctions is empirically supported. In other words, with increased economic pressure on target societies, sender countries should expect an increase in domestic pressures on target states. It is important to reiterate that whether or not this increase in domestic pressure contributes to the success of the sanctions episode was not the question this paper was trying to answer. The question this paper answers is: do we observe an increase in anti-government activities in authoritarian regimes under economic sanctions?

Considering the low success rate of economic sanctions in creating policy change in target countries, and the findings in this paper in support of increased domestic unrest, there still remains a gap in our understanding of the causal mechanisms associated with economic sanctions. If they do, after all, activate the target

society against the target state and increase domestic costs, why are success rates still low? What strategies do target states employ in responding to such domestic pressures and are they effective in curbing the domestic costs of anti-government activities?

As was discussed, this paper studied only one of the assumed causal mechanisms of the theory. The next step would be to study the other causal mechanism shown in Figure 1. Do increases in domestic costs make it more likely that target states change their policies? If not, what are the reasons? Why do we continue to see comprehensive sanctions imposed against authoritarian regimes if they are able to resist and mitigate the domestic impacts?

Furthermore, what other impacts do economic sanctions have on target societies? Where do sanctions leave targeted nations years after they are lifted? Is the target society ever able to recover from the devastating impacts of comprehensive economic sanctions?

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