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ECONOMIC SANCTIONS: THE STATE OF THE ART

REVIEW ESSAY

JONATHAN KIRSHNER

Neta C. Crawford and Audie Klotz, eds., *How Sanctions Work: Lessons From South Africa* (New York: St. Martin's, 1999)

Daniel W. Drezner, *The Sanctions Paradox: Economic Statecraft and International Relations* (Cambridge: Cambridge University Press, 1999)

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)

PITY THE POOR economic sanction. Vilified as responsible for the massacre of the innocent[1] and ridiculed for its impotence to bring about political change,[2] economic sanctions are the Rodney Dangerfield of international politics—they don't get any respect. An entrenched conventional wisdom holds that economic sanctions "don't work" and that they are typically applied not as a policy, but as a substitute for a real policy.[3] At the same time, however, the use of sanctions in international relations is on the rise—never have sanctions been so popular among policymakers. The most well-known data set on sanctions will add fifty cases from the 1990s to its third edition, an

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I thank Rawi Abdelal, Matt Evangelista, Karl Mueller, and Ben Frankel.

1. John Mueller and Karl Mueller, "Sanctions of Mass Destruction," *Foreign Affairs* 78, no. 3 (May/June 1999): 43–53.
2. T. Clifton Morgan and Valerie L. Schwebach, "Fools Suffer Gladly: The Use of Economic Sanctions in International Crises," *International Studies Quarterly* 41, no 1 (March 1997): 27–50.
3. With apologies to the Shafer brewing company, sanctions are typically characterized as "the one policy to have when you're having less than one."

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astonishing figure when compared with the 115 cases catalogued from 1914–90.[4]

Not surprisingly, this has coincided with increased scholarly attention to the issue, although at first theory lagged well behind practice. Initially distracted by a misguided debate about whether or not economic sanctions "work" (about which more below), scholarship has increasingly produced more sophisticated political analyses of the practice of economic statecraft.[5] Three fine books are at the forefront of this promising trend, and each offers a distinct contribution to the literature.

THE SANCTIONS PARADOX

IN *The Sanctions Paradox*, Daniel Drezner develops and tests a theory about when sanctions efforts will be successful. Two variables are key: first, clarifying a concept often employed less sharply in much of the literature, is the gap in the costs faced by target and sender. Not surprisingly, a large gap in costs works to the advantage of the sender, but the emphasis on the gap in costs, rather than the costs borne by either side, is helpful.[6] Second, and more novel to the sanctions literature is expectations of future conflict. These matter crucially, Drezner argues, since states that have high expectations of future conflict will be willing to bear considerable costs rather than concede, because they will be concerned about the future implications of backing down—both to their credibility and their power. With a new confrontation presumed in the future, backing down now might create a soft reputation, and the concessions this time might strengthen the position of the adversary in that future conflict. (This latter point is fashioned in the relative-gains wardrobe of IR theory.)

From these two variables Drezner reaches his paradoxical conclusions: between adversaries, sanctions will be more common but less successful, while between allies, the sender will be more reluctant to sanction but more

4. Kimberly Ann Elliott and Gary Clyde Hufbauer, "Same Song, Same Refrain? Economic Sanctions in the 1990s", *American Economic Review* 89, no. 2 (May 1999): 403–8. The article provides a short preview of some of the findings to be published in Gary Clyde Hufbauer, Jeffrey J. Schott, and Kimberly Ann Elliott, *Economic Sanctions Reconsidered*, 3rd ed. (Washington, D.C.: Institute for International Economics, forthcoming 2003).

5. Recent notable examples include Richard N. Haass and Meghan L. O'Sullivan, eds., *Honey and Vinegar: Incentives, Sanctions, and Foreign Policy* (Washington, D.C.: Brookings, 2000); Steve Chan and A. Cooper Drury, eds., *Sanctions as Statecraft: Theory and Practice* (New York: St. Martin's, 2000); David Cortright and George A. Lopez, eds., *Smart Sanctions: Targeting Economic Statecraft* (Lanham, Maryland: Rowman and Littlefield, 2002).

6. In discussing costs, Drezner appears to shift in emphasis from prima facie to opportunity costs over the course of the study. This does not undermine the argument but is a distinction that both scholars and potential policymakers need to be sensitive to.

successful when it does. This cannot be understood by looking solely at the costs imposed by sanctions, or even by looking solely at the gap in costs (although this remains a key variable). Only by introducing conflict expectations into the mix can sanctions episodes be understood. Drezner argues that this approach will do a better job in explaining sanctions episodes. Moreover, he calls attention to a bias in the sanctions literature—by focusing largely on celebrated cases involving adversaries, and giving less attention to influence attempts between allies—a distorted picture emerges, and one which underestimates the utility of sanctions.

This promising argument gets off to a slow start, with not one but three theory chapters that account for the one hundred plus pages that make up Part 1 of the book. First, the book presents a modest formalization of the arguments presented in the introduction. The assumptions are stated clearly and explicitly up front, especially that when states expect future conflicts, they will care more about relative gains and a reputation for toughness. Once these assumptions are formalized, however, the conclusions are inescapable, and the outputs of the model—such as why states might prefer stalemate to conflict resolution—add little of value. This is followed by a chapter of plausibility probes—applications of the conflict expectations model compared with other approaches in three well-known cases. The probes are well executed and show a facility with these important episodes, but the model does not fare especially well, coming across more than anything as "not implausible." Drezner's own assessment is that having dipped a toe in, the probes show "the water is not ice cold" (101), but at the same time, they do not send the crowd rushing for their swimsuits.

Finally, Chapter 4 embarks on statistical tests of the model. This is an especially problematic inquiry as there are good reasons to question whether the methodology is up to this particular task—in particular there is good reason to question whether the cases are adequately homogeneous. Moreover, Drezner himself spends considerable time elucidating the limits to statistical testing of sanctions and the problems with the (now professionally standard) Hufbauer-Schott-Elliott (HSE) database that he uses.[7] He notes the homogeneity problem, observing that "it is problematic to compare El Salvador's 1987 concession to improve its human rights regime with Israel's 1982 agreement to halt its invasion of Lebanon" (133). He also observes that statistical tests of sanctions lend themselves most naturally to the dependent variable of "success" versus "failure," even though the appropriate dependent variable is really "the size of

7. Gary Clyde Hufbauer, Jeffrey J. Schott, and Kimberly Ann Elliot, *Economic Sanctions Reconsidered*, 2nd ed. (Washington, D.C.: Institute For International Economics, 1990).

the agreed concessions relative to the status quo" (68). More specifically, Drezner notes that his tests "rely on data that have been subject to numerous criticisms" (311) and adds several more of his own: the reduction of domestic politics to a single ordinal measure of "economic health and political stability"; the lack of a control for the significance of the demand; and the over-representation of both cold-war cases and of cases involving the United States, raising questions about the generalizibility of the findings.

Drezner makes modifications to the HSE data set which both improve it and address some of the problems raised above, but his own criticisms of the enterprise overwhelm the ultimate conclusion that the model stands up just fine to statistical tests. This chapter, and the two that preceded it, also raise another question: Is Part 1 truly necessary in order to advance the author's argument? The answer to this question tells us more about the stylistic requirements the discipline now imposes on practitioners—especially young practitioners—within it, and less about the quality of Drezner's own scholarship and the value of his contribution. It is time to ask ourselves why more and more dissertations and books now begin with predictable methodological incantations, without always making clear the role of such methodological pirouettes, impressive at times as they may be, in helping the author make his or her case.

Fortunately, *The Sanctions Paradox* comes to life in Part 2, a book-within-a-book about economic coercion in the Former Soviet Union. Here Drezner treats the reader to a model of clear analytical thinking—an outstanding display of logic, argumentation, evaluation and impressive empirical breadth. The focus is Russia's use of economic coercion in its relations with the newly independent states of the Former Soviet Union, from 1992 to 1997. Chapter 5 first reviews Russia's policy preferences, its ability to coerce, conflict expectations, and the model's predictions for all fourteen republics. This is followed by the impressive Chapter 6 that chronicles each specific Russian demand, the use of economic diplomacy, and the extent of concessions gained. In each case Drezner also establishes conflict expectations, opportunity costs, and considers the role of threats of force, and the strength of the target regime. The discussion also pauses, where appropriate, for a thoughtful assessment of competing explanations. The following chapter assesses the evidence and finds general support for the principal arguments of the book, especially the ally/adversary distinction in sanctions initiation and the role of conflict expectations, and to a lesser extent the opportunity cost gap.

Before concluding, the book takes its theory on the road, and considers the role of economic diplomacy in addressing nuclear proliferation on the Korean peninsula. Here the thoughtful, politically savvy discussion explains why the United States chose the stick of economic coercion in dealing with its ally, South Korea in 1975, while offering carrots to its adversary in the North in 1994. A final chapter draws the main themes of the book together. In rallying support for his approach Drezner does not descend into cheerleading, remaining sensitive to alternative explanations and recognizing the possible limits to the argument. In particular, Drezner acknowledges the possibility that "conflict expectations are endogenous to sanctions disputes" (311), which would present a serious problem to the approach.[8] In any event, *The Sanctions Paradox* offers a distinct contribution to the sanctions literature.

WINNING THE WRONG WAR

THE SANCTIONS PARADOX speaks directly—and decisively—to an active debate in the literature about whether or not sanctions "work." This issue rose to prominence with Robert Pape's straightforward claim "economic sanctions do not work," which was followed by a vigorous debate.[9] Pape revisited and reevaluated the HSE data set, and concluded that instead of "working" about one third of the time, as claimed by HSE, they were in fact successful less than five percent of the time. A principal feature of this recoding was its interpretation of those instances where military force, threats of force, or other violent political change occurred during the episode in question. In those cases, Pape assumes that those attributes, and those attributes alone, caused the outcome. Thus, in this way of thinking, economic sanctions were not successful.

In the debate between Pape and HSE, Drezner provides enormous support for the latter perspective. Not only does *The Sanctions Paradox* refine and improve the HSE approach, it adds dozens of brand new cases to the database. Further, with an eye toward Pape's critique, Drezner is sensitive to the role of force and threats of force—in fact in Part 1 the statistical tests of his "concession function" those cases complicated by such issues were simply dropped from the sample (105). The new cases added by Drezner's study—thirty-nine influence attempts in all—are summarized in the following way: 15 instances of significant concessions, 9 of moderate concessions, 11 minor, and 4 none

8. On the source of conflict expectations, see Rawi Abdelal, *National Purpose in the World Economy: Post-Soviet States in Comparative Perspective* (Ithaca: Cornell University Press, 2001).

9. Robert A. Pape, "Why Economic Sanctions Do Not Work," *International Security* 22, no. 2 (fall 1997): 90–136; and subsequently Kimberly Anne Elliot, "The Sanctions Glass: Half Full or Completely Empty," *International Security* 23, no. 1 (summer 1998): 50–65; Robert A. Pape, "Why Economic Sanctions *Still* Do Not Work," *International Security* 23, no. 1 (summer 1998): 66–77; David A. Baldwin and Robert A. Pape, "Correspondence—Evaluating Economic Sanctions," *International Security* 23, no. 2 (fall 1998): 189–98.

(235). Thus for Russia, economic statecraft "worked" either 38 percent or 66 percent or 89 percent of the time, depending on how high the bar is set to allow "success" to be declared. By any accounting, however, *The Sanctions Paradox* eviscerates the claim that "economic sanctions don't work." Or as Drezner more modestly writes: "sanctions do not always fail; sometimes they reap notable success" (321).

The only problem with declaring victory for HSE over Pape, however, is that the controversy between them has obscured the fact that the two perspectives are more similar than different: both are asking the question "do economic sanctions work"? Ultimately, they are in the same business, they simply have an accounting disagreement (of about 29 percent) about the profits. This could matter—but for the fact that they are both asking the wrong question. Two brief examples from cases where Pape and HSE disagree illustrate this point.

The United States versus the Dominican Republic (1960) is counted as a "significant success" by HSE, and it receives their highest possible score, a "16." Pape recodes this case as a failure, arguing that "economic sanctions played little role"; rather, this is an example of "successful military coercion."[10] Did sanctions "work" in this case or not? Sanctions were introduced when the United States became increasingly disenchanted with the brutal dictatorship of General Rafael Trujillo, as concerns about the possibility of communist insurrections in the region increased in the wake of the Cuban revolution. U.S. policy goals were to remove Trujillo from power, and, following his assassination, to achieve the broader "de-Trujilloization of the Republic."[11]

The principal economic instrument deployed by the United States was sanctions against Dominican sugar exports. Sugar was at the heart of the Dominican economy; moreover, sugar was also at the heart of the financial base of the Trujillo regime.[12] Trujillo himself, recognizing the risk to his political base by the U.S. measure, undertook cosmetic reforms to try to mollify the Americans. After his assassination, sugar sanctions became even more important. As mentioned, the goal here was the de-Trujilloization of the Republic, that is, to root out the relatives and cronies of the former dictator who were still running the

10. Hufbauer, Schott, and Elliot, *Economic Sanctions Reconsidered*, 2nd ed., 186; Pape, "Sanctions Do Not Work," 117.

11. On the Dominican Case, see John Bartlow Martin, *Overtaken by Events: The Dominican Crisis from the Fall of Trujillo to the Civil War* (New York: Doubleday, 1966); Howard Wiarda, *Dictatorship, Development and Disintegration: Politics and Social Change in the Dominican Republic* (Ann Arbor: Xerox University Microfilms, 1975), and Jonathan Kirshner, "The Microfoundations of Economic Sanctions," *Security Studies* 6, no. 3 (spring 1997): 32–65.

12. See Michael R. Hall, *Sugar and Power in the Dominican Republic: Eisenhower, Kennedy, and the Trujillos* (Westport, Conn.: Greenwood, 2000); Jerome Slater, *Intervention and Negotiation: The U.S. and the Dominican Republic* (New York: Harper, 1970), esp. 8; Wiarda, *Dictatorship, Development and Disintegration*, esp. 851.

country. U.S. representatives who visited the country at this time reported to President Kennedy that while they had at first anticipated recommending the lifting of sanctions, they now realized that they must remain in place. The sanctions were imposing serious costs on the Trujillos and their supporters.[13]

Ultimately, the two principal powerbrokers of the Trujillo family, the "wicked uncles," agreed to leave the country on 14 November 1961, before a U.S. fleet was dispatched to the region and threats of force were introduced into the conflict. The Trujillos left because they thought that they had reached a deal with the United States regarding the lifting of the sugar sanctions. When they found out that this was not the case, they returned. Sugar sanctions were important enough to get the wicked uncles off the island, and also to bring them back. It was at this point that the United States sent a naval task force, within view of the Dominican coast, and subsequently the United States did threaten to intervene with force. Those threats clearly played an important role in the victory of the anti-Trujillo forces, who now had supporters within the Dominican military, and who climactically bombed the air force base where Trujillo supporters had been massing.[14]

It is tempting to take sides in the dispute between Pape and HSE, and make the case that sanctions "worked." After all, sanctions undermined the financial and political base of the Trujillos and emboldened the opposition. Even if threats of force were decisive in tipping the balance in the end, without the sanctions and their political effects over the previous years, there might well have been no political balance to tip—in that case, threats of force might not have been contemplated—and threats alone might not have been sufficient. This, however, misses the point—the problem is not with the assessment, but with the question. "Do sanctions work" is an apolitical and largely irrelevant question. Rather than take sides, assume for a moment that Pape is correct, and that absent the military threat the economic sanction would not have been adequate and the successful outcome would not have been achieved. The question remains: did the economic sanction help or hurt U.S. political objectives? Having coded the case as a failure, would U.S. policymakers, faced with the same choices, now avoid the sugar sanction? The answer is an unambiguous no. The sugar sanction, which cost not one U.S. dollar, not one U.S. casualty, and which undermined no other U.S. international political objective, put pressure on the target, and was a shrewd strategic maneuver.

13. Delesseps S. Morrison, *Latin American* Mission*: An Adventure in Hemisphere Diplomacy* (New York: Simon and Schuster, 1965), 132–35, 140; Martin, *Overtaken by Events*, 68–69, 78–81.

14. Jerome Slater, "The Dominican Republic, 1961–66," in Barry Blechman and Stephen Kaplan, eds., *Force Without War: U.S. Armed Forces as a Political Instrument* (Washington, D.C.: Brookings, 1978); Morrison, *Latin American Mission*, 141–42.

Nigeria versus Biafra (1967) is counted as a "success" by HSE, and it receives their second highest possible score, a "12." Pape recodes this case as a failure, arguing that "this is an instance of military conquest," which certainly it was.[15] Did sanctions "work" in this case or not? Sanctions were introduced in the context of the Nigerian civil war, between the federal government and its separatist eastern province, the secessionist republic of Biafra. The conflict ended with Biafra's unconditional surrender on 15 January 1970, after two and a half years of war.[16] The most consequential act of economic statecraft occurred relatively early on in the conflict, when the federal government announced, in January 1968, that the Nigerian currency would be changed. The move was designed to prevent Biafra from using Nigerian currency to pay for the war.

The measure was a serious blow to Biafra's already limited financial resources. The most conservative estimates put the cost at about 30 million pounds (while others claim the losses were greater than fifty), and left the breakaway government virtually bankrupt and in a constant state of fiscal crisis. To put the figure in context, the entire country of Nigeria spent only 17.7 million pounds on internal security and defense combined in 1966. The commander of the Biafran Army called the note exchange "the single most important reason why we lost the war," noting that after "that fantastic financial loss, Biafra found it difficult to support her army at war." Biafra's leader, C. Odomegwu Ojukwu, accepted responsibility for the disaster, noting that his failure to anticipate and counter it was "one of his greatest mistakes."[17]

Once again, it is tempting to choose sides and make the case for the HSE coding. At the start of the war it was not obvious that Nigeria would win, given that its poorly trained army of 7,000 men, with no tanks and a decimated command structure that had been virtually wiped out by internal political conflict, was charged with the conquest of a densely populated region the size of South Carolina. There were also serious questions as to whether Nigeria's own financial difficulties would enable it to fight more than a short war. Further, Biafra's strategy was not one of conquest, but attrition—holding out for as

15. Hufbauer, Schott, and Elliot, *Economic Sanctions Reconsidered*, 2nd ed., 303; Pape, "Sanctions Do Not Work," 111.

16. On this case, see Sir Rex Niven, *The War of Nigerian Unity 1967–70* (Ibidan: Evans Brothers, 1970); John J. Stremlau, *The International Politics of the Nigerian Civil War* (Princeton: Princeton University Press, 1977); and Jonathan Kirshner, *Currency and Coercion: The Political Economy of International Monetary Power* (Princeton: Princeton University Press, 1995).

17. Alexander A. Madiebo, *The Nigerian Revolution and the Biafran War* (Enugu: Fourth Dimension Publishers, 1980), 381–82; C. Odomegwu Ojukwu, *Biafra: Selected Speeches and Random Thoughts of C. Odomegwu Ojukwu* (New York: Harper and Row, 1969), 52; John de St. Jorre, *The Brothers' War: Biafra and Nigeria* (Boston: Houghton Mifflin, 1972), esp. 187.

long as possible until Nigeria became exhausted or weakened under the weight of world opinion. From this perspective, the financial blow was ruinous.[18]

Again, to engage in this debate and champion one side over the other misses the point—the problem is not with the assessment, but with the very question. Assume for a moment that Pape is correct, and that regardless of any economic statecraft, military force would have been decisive. Again the real question would remain: did the currency exchange help or hurt the Federal government? Having now recoded the case as a failure, does this mean that the measure was a mistake? Again the answer is an unambiguous no. A brilliant move, the currency exchange cost the Nigerian government next to nothing (it did have to print new notes), and obviously injured the adversary. This was most colorfully illustrated by the desperate scrambles of Biafran agents to unload their old notes on world markets before the currency switch became official—and the suitcases full of worthless notes, abandoned right after.

Both Pape and HSE self-consciously eschew explanation in favor of prediction—they want to know the answer to the bottom line of when economic sanctions "work." This may not make an important contribution to political science, since questions about how, why, and especially, by what process sanctions work or fail to work are largely ignored. Rather, for both but most obviously explicitly in HSE, the audience is policymakers, and the purpose is to guide policy—bottom line, practical stuff.

But what are the practical lessons of Pape's findings, however? While it would be easy to argue with his interpretation of many of the cases, even if one takes those assessments as given, the conclusions offer little, even as a practical guide to policy. A sanction may not "work" (as defined even by HSE), but it may still be a wise strategic maneuver. In the two cases reviewed above, both coded as sanctions "failure," it would have been foolish for the United States in the Dominican case or for the Nigerians in the Biafran war not to have engaged in the economic statecraft that advanced their interests.

A Return to Politics

Much of the sanctions literature is misguided because it revolves around the wrong debate—the 1990s dispute between Pape and HSE (2nd ed.). The more important debate, which has not received enough attention, is the (somewhat implicit) contest of the 1980s between David Baldwin's *Economic*

18. Stremlau, *International Politics of the Nigerian Civil War*, 70, 72; E. Wayne Nafziger, *The Economics of Political Instability: The Nigerian-Biafran War* (Boulder: Westview, 1983), 164–65.

Statecraft and the *first* edition of HSE—both published in 1985.[19] On the surface the conflict may not be obvious, especially as Baldwin and HSE can both be labeled as sanctions "optimists." Unlike HSE (and Pape), however, Baldwin argued explicitly that the goal should not be to argue whether or not sanctions 'work," but rather to assess "the utility of economic techniques of statecraft."[20] While Baldwin's *Economic Statecraft* is rightly recognized as a classic, scholars found HSE's data base and numerical system irresistible (however much they criticized both), and this has dominated much of the literature.[21]

It is Baldwin who was right, however, and for both scholars and statesmen, the crucial question is not whether sanctions "work" but how they function. This requires a return to politics, and it also requires that the scorecards be put away and cases considered in their broader political context—even if the purpose of the inquiry is not explanation but solely to serve as a guide to policy. Because the policymaker needs to know "should I do this?" not "will this work"? "Will this work," tells you whether the sanction will change the target's behavior to meet stated demands (and by some criteria, absent any other influence). Baldwin's approach makes clear that most inquiries that begin with this as the objective will not answer the question "should I do this?"—foundering instead on the rocks of three great blunders: 1) the failure to consider the full range of reasons why sanctions were enacted; 2) the failure to consider the distinct context of each influence attempt—especially what could be called the "demand side"—that is, what are the political stakes in the target country; 3) the failure to compare the costs and benefits of the full range of policy options.

The Full Range of Objectives: sanctions are always introduced with a specific policy goal in mind, but there may be other policy goals as well. Even if the specific policy goal is not met, these goals may be advanced by the sanction. Sanctions can be used for signaling—to the target, especially as a form of boatrocking—but to others as well. Sanctions against Cuba did not bring about

19. David A. Baldwin, *Economic Statecraft* (Princeton: Princeton University Press, 1985); Gary Clyde Hufbauer and Jeffrey J. Schott, assisted by Kimberly Ann Elliot, *Economic Sanctions Reconsidered* (Washington, D.C.: Institute For International Economics, 1985).

20. Baldwin, *Economic Statecraft*, 4. Or, as one author writes, citing Baldwin with approval, "As is the case with most any other policy tool, the answer to the question 'Do sanctions work' must necessarily be 'It depends'." Richard N. Haass, "Introduction," in *Economic Sanctions and American Diplomacy*, ed. Richard N. Haass (New York: Council on Foreign Relations, 1998), 4; see also Kirshner, "The Microfoundations of Economic Sanctions."

21. See, for example, Jaleh Dashti-Gibson, Patricia Davis, and Benjamin Radcliff, "On the Determinants of the Success of Economic Sanctions: An Empirical Analysis," *American Journal of Political Science* 41, no. 2 (April 1997): 608–18; A. Cooper Drury, "Revisiting *Economic Sanctions Reconsidered*," *Journal of Peace Research* 35, no. 4 (1998): 497–509; Shane Bonetti, "Distinguishing Characteristics of Degrees of Success and Failure in Economic Sanctions Episodes," *Applied Economics* 30 (1998): 805–13.

regime change, but clearly the message was understood in the region—don't try this at home. Also, sanctions that fail to bring about desired regime change may serve to weaken the target—in which case they would not have "worked" but could still have been worthwhile.

The Context of the Influence Attempt: it is impossible to assess the prospects for any sanctions attempt without understanding the value that the target places on noncompliance. This will very greatly from case to case—as Drezner noted, the demand of the sender can be a relatively modest "improve your human rights record" or a very ambitious "withdraw from highly valued territory." The consequences of capitulation will also vary greatly depending on the domestic political implications of such a move. Thus general rules of thumb such as "when the costs of sanctions are over 1 percent of GNP, sanctions usually succeed" may capture a certain logic and describe a broad historical pattern.[22] In practice, however, there will be some demands for which less than 1 percent will suffice and other demands for which much more than 1 percent will "fail." Only an assessment of the "demand side"—politics within the target country—will provide an understanding of the utility of (various possible techniques of) economic statecraft in any given case.

Comparing Costs and Benefits: The most consequential blunder that arises from asking "does it work" rather than "should I do it" comes from what can be called "the apolitical turn": the failure to assess the costs and benefits. Often when the conventional wisdom "economic sanctions don't work" is proffered, the question "compared to what" is not addressed. All techniques of coercion—diplomatic, economic, or military—are advanced to achieve certain political goals. Each technique carries with it possible costs—economic, political, even human. Those costs must be weighed against the potential political benefits of the desired outcome. For example, there are likely many instances where the United States could introduce the use of force into an economic or political dispute, and in so doing, achieve the desired outcome—but the costs: political, economic and human would unambiguously outweigh the benefits. In these instances force would surely "work" but it would be a foolish choice.

In every instance where coercion is contemplated, the following questions must be asked: What are the political goals? What is the value of achieving those goals? How will different tactics likely perform in the pursuit of those goals? What are the full range of costs—especially the political costs—of introducing different tactics (including the decision to take no action)? Only then can the utility of a proposed economic sanction be evaluated. It is impossible

22. Gary Clyde Hufbauer and Jeffrey J. Schott, assisted by Kimberly Ann Elliot, *Economic Sanctions in Support of Foreign Policy Goals.* Institute for International Economics, *Policy Analyses in International Economics* 6 (October 1983): 63.

to evaluate the utility of a sanction—or any form of statecraft—in isolation of this comparison. Or to answer the question, "should I do it"?

Ultimately, economic sanctions are political actions designed to achieve political goals, and as a tool of statecraft they need to be studied in order to understand how they function and under what circumstances they can be more or less efficiently employed. For example, sometimes sanctions are undermined at a first stage—because they do not manage to impose economic hardship on the target, possibly due to market reactions or the tactical responses of the target or other states. At other times, sanctions may face challenges at a second stage—they effectively bring about considerable economic distress, but that distress does not translate into desired political change. These questions—important for both theory and policy—call for a greater understanding of how economic sanctions function.

UNDERSTANDING ECONOMIC SANCTIONS

AN IMPORTANT contribution to this Baldwin-inspired research agenda is David Rowe's excellent book, *Manipulating the Market: Understanding Economic Sanctions, Institutional Change, and the Political Unity of White Rhodesia*. Rowe repeatedly hits the nail on the head, championing the elucidation of casual mechanisms rather than the enumeration of "lessons" of questionable practical value. Over the course of the manuscript, Rowe explains how: 1) sanctions failed to force the target regime from power quickly, but were successful in addressing a broader range of British policy goals, especially in its relations with other African states; 2) sanctions actually empowered the Rhodesian government vis-à-vis potential opponents within society, but in the long run weakened the economy in ways that contributed directly to the end of white rule; 3) economic statecraft was deployed with great skill—by South Africa—when it privately threatened Britain with economic sanctions. Fittingly, Rowe concludes not by offering "rules of thumb," but by reviewing his truly generalizable theoretical framework and discussing directions for future research.

The book makes two significant contributions. The first is an expert in-depth analysis of the specifics of the case, which clearly derives from first rate fieldwork. The second, theoretical contribution, is Rowe's central thesis about "how a target government can use sanctions to reorganize the country's traded markets in ways that enable it both to create clienteles among major domestic actors as well as to disorganize political opposition" (6).

The first two chapters establish the context for the rest of the book. Chapter 1 reviews the theoretical literature on economic sanctions, with an emphasis on the Baldwin/HSE divide, and reviews as well previous work done on the Rhodesian case. The second chapter lays out Rowe's theory of how sanctions can empower rather than weaken the government. Sectors facing losses demand government action, which takes the form of the creation of new institutions designed to shield private actors. These institutions function by giving the government monopoly powers, which do successfully mitigate the costs of the sanctions. Once the government is in the business of managing licenses and production quotas, however, distributing the rents from its monopoly position, it is also in a position to discriminate—to punish adversaries and reward friends. Thus sanctions "lead to the increasing penetration of the economy by government agencies, the submersion of domestic political dissent…and the apparent closing of loyal ranks behind the government" (33). With this argument, Rowe is explicitly challenging the two principal explanations that characterized the literature in the Rhodesian case, which attributed the muted nature of domestic dissent to either internal rallying against foreign pressure or to racial solidarity. *Manipulating the Market* argues that, to the contrary, shrewd government manipulation of incentives muted what would otherwise have been important wellsprings of opposition.[23]

In Chapter three, Rowe reviews the history of Rhodesian politics. He contrasts a liberalizing period in the decade leading up to 1962, which was dominated by the United Federal Party (UFP) and its vision of a centrist, multiracial political coalition, with the subsequent polarization of Rhodesian politics and ascendancy of the Rhodesian Front (RF) to power. The RF negotiated with Britain over the terms of Rhodesian independence, with Britain expressing a preference for a solution that was "broadly acceptable"—that is, a multiracial government closer to the vision of the UFP. The failure of these talks led to Rhodesia's unilateral declaration of independence on 11 November 1965 and the imposition of sanctions by Britain and then by the United Nations. This historical review establishes for Rowe the fact that there were important political divisions within the white Rhodesian community, and also sets the baseline for what Britain was trying to accomplish: a resumption of negotiations that would lead to some sort of viable multiracial compromise to the Rhodesian problem. Negotiations did occur in 1966, 1968, and 1971–72, but the RF remained inflexible. Britain thus sought to weaken the RF, while the challenge for the ruling party was to prevent the emergence of a coherent opposition that could reach a negotiated settlement with Britain. Maintaining the appearance of white solidarity was crucial for such a strategy. The next three chapters illus-

23. Rowe's main foil here is Johan Galtung, "On the Effects of Economic Sanctions, with examples from the Case of Rhodesia," *World Politics* 19, no. 3 (April 1967): 378–416.

trate the book's main argument: "how the Rhodesian Front government manipulated the economic sanctions in the colony's major markets to achieve these political goals" (62).

Rowe first looks at the tobacco industry. Tobacco appeared to be a promising avenue for sanctions—it was Rhodesia's largest industry and export sector, and 95 percent of those exports went to Britain. The tobacco farmers also formed the political backbone of the RF, whose political dominance was the main target of the British sanctions. The sanctions, however, failed to crack the ruling coalition. Rowe challenges two possible explanations for this outcome: 1) that the government, as little more than an agent of the tobacco industry, did the best it could to represent their interests; 2) that the industry was held together by group and/or racial solidarity. On the contrary, Rowe argues, sanctions devastated the industry, growers were internally divided, and "the government progressively distanced itself from tobacco, sacrificing this group for the sake of its broader political vision" (63).[24] This was accomplished by the institutional changes brought about in reaction to the sanctions. Growers, fearful of their ability to survive on their own, overcame their pronounced historical allergy to government interference and supported the formation of the Tobacco Corporation. This government entity would emerge as a monopsony buyer of tobacco from local growers, and the monopoly seller of Rhodesian tobacco abroad. These arrangements did insulate the growers from the sanctions—especially as the government accumulated a huge stockpile of the crop. Even the combination of monopoly powers and government support had its limits, especially with exports falling 76 percent in the 1966 selling season. In control of the reserve price and also soon of production quotas, the government dominated the industry by its ability to cut quotas and set the reserve price to cultivate conflicts of interest between high and low quality growers. By 1967 the RF made the assessment that tobacco had to be abandoned—and both prices and quotas were compressed over time. Despite the fact that the industry virtually collapsed—in a few years half of the growers quit the business while most of the rest were losing money—the government's ability to dominate the industry prevented organized political opposition from emerging.

24. Even leading sanctions pessimists acknowledge the weight of the sanctions on the tobacco industry. Knorr writes that the "tobacco industry was virtually crippled," while Bienen and Gilpin identify the tobacco industry as one few sectors that was "hit hard" in a study largely dismissive of the economic effect of the sanctions. Klaus Knorr, *The Power of Nations: The Political Economy of International Relations* (New York: Basic Books, 1975); Henry Bienen and Robert Gilpin, "An Evaluation of the Use of Economic Sanctions to Promote Foreign Policy Objectives, with Special Reference to the Problem of Terrorism and the Promotion of Human Rights" (unpub. report prepared for the Boeing Corporation, 2 April 1979).

Manipulating the Market next turns its attention to the business community—dominated by commercial, manufacturing and mining interests—which had been the base of support for the reform-minded UFP in the 1950s and 1960s and as such was the most likely source of opposition to the hard line RF. Despite traditional support for the British position, however, and opposition to a Unilateral Declaration of Independence, once sanctions were imposed, the business community's opposition to the RF "proved muted and ineffective" (96). Again Rowe effectively challenges the view that business acquiescence was the result of national rallying or racial solidarity, arguing instead that despite a continued preference for a negotiated settlement, institutional innovation and government divide-and-rule policies were able to keep pressure for a negotiated settlement in check.[25] Exploiting divisions proved essential: the allocation of quotas was again the coin of the realm, in this case literally as precious foreign exchange was centralized and disbursed by the government. The sanctions also had markedly differential effects on groups within the business community, complicating their ability to speak with one political voice. For import-competing industries, sanctions were equivalent to protectionism, and many thrived once sheltered from foreign competition. The RF in turn cultivated ties with these producers, while at the same time aggressively confronting nascent dissent from other quarters.

Finally, following the now-clear government strategy, a new state institution, GENTA, also assumed control over the import and distribution of oil into Rhodesia, and this again enhanced the power of the government relative to other actors within Rhodesian society. Its political role surely dominated its economic purpose, for in terms of harming the Rhodesian economy, oil sanctions "failed spectacularly" (133).[26] Once again, however, reliance on a simple success/failure abacus does make for good political calculation. Rowe takes the opportunity to provide a richer interpretation of the oil sanctions, which yields greater insights into the Rhodesian conflict and the practice of economic statecraft more generally. He shows that Britain fully understood that oil sanctions would be ineffective in ending the rebellion, and only belatedly added the measure to mollify the anger of the Commonwealth and of Black Africa, both of which were demanding that Britain take more forceful action. In that sense the measure—since it was perceived as a significant turning of the screws—

25. Again, Rowe's main foil here is Galtung, "On the effects of Economic Sanctions," but other scholars have wrestled unsuccessfully with this puzzle. Renwick, in his fine study of this case, notes that "a third of the white electorate voted against the Rhodesian Front and they continued to do so"; but the "various pressure groups which had been expected to have an influence …seemed unable to make that influence felt." Robin Renwick, *Economic Sanctions* (Cambridge: Harvard University Center for International Affairs, 1981), 88–89.

26. See also Renwick, *Economic Sanctions*, 28–31.

was successful in achieving British goals. In terms of affecting the conflict on the ground, oil sanctions might have had a chance if the supply to the entire South African region was targeted. This, however, would have required a confrontation with South Africa. Anticipating such a possibility, South Africa explicitly threatened to use "all means at her disposal" to resist such a measure, threatening in particular the "the stability of the Sterling area" (150). This threat was taken very seriously, and from that point on, avoiding confrontation with South Africa was a touchstone of Britain's Rhodesia policy—an impressive display of the power of economic statecraft.[27]

It is possible to quibble with each of Rowe's arguments. Tobacco clearly suffered, but even though they were virtually cut loose by the RF, given their preferences it is hard to see obvious political alternatives. The source of the division within the business community drifts a bit from the book's core argument. Moreover, the book would have benefited from an elaboration of specific examples of where the government used its discriminatory power to punish dissenters rather than its emphasis of the threat of such action. It is also hard to gauge the role of race, which Rowe, even in dissent from the naïve "siege mentality" interpretation of apparent white unity, acknowledges as a central element of this case. It must be noted, however, that there were important political divisions within the white community, and that all three sectors examined—the pillars of tobacco, business and oil—do fit the theoretical framework, and stand up to the challenge of competing explanations.

Manipulating the Market shows the rich politics and complex causal processes of the Rhodesian episode. The immediate effect of the sanctions was to enhance the power of the rejectionist RF government—and the institutional innovations that followed (as opposed to resistance to foreign demands or racial unity) enforced the appearance of white unity. Still, over the longer run, those innovations "could not negate the harmful cumulative effects of the sanctions" (175) which contributed to the intensifying guerrilla war and ultimately the end of white minority rule. Not an easy case to summarize with one number[28] (though South Africa did score one direct hit). Rowe's book serves as an exemplar for the understanding of economic statecraft.

27. See also Neera Chandhoke, *The Politics of U.N. Sanctions* (New Delhi: Gitanjali Publishing House, 1986), 47; and P. Chandrasekhara Rao, "The Rhodesian Crisis and the Use of Force," *Africa Quarterly* 6, no. 4 (1967): esp. 292.

28. HSE code the case a success awarding it a"12," their second highest rating (*Economic Sanctions Reconsidered*, 2nd ed., 292); Pape recodes as a failure, attributing the outcome solely to force: "This outcome was determined by military force, not economic sanctions" ("Why Economic Sanctions Do Not Work," 118).

THE POLITICS OF SANCTIONS

AT THE START of *Manipulating the Market*, Rowe makes a spirited call for the need to move away from the "unitary actor" assumption in International Relations (15–16). This is a debatable point for the discipline as a whole, but it is unambiguously clear that for the study of economic sanctions, productive scholarship will almost always be forced to look not at the "sender" and the "target"—but rather at specific sanctions and their differential effects on actors within the target. In *How Sanctions Work: Lessons From South Africa*, Neta Crawford and Audie Klotz do just that.

How Sanctions Work is an edited volume, but it bears the unmistakable stamp of its co-editors, who contribute to half of the book's chapters, and these are the chapters that establish and hew closest to the core themes of the book. The volume makes three distinct contributions: it presents a clear but elaborate framework for understanding the different mechanisms through which sanctions can influence politics; it emphasizes the role of social and normative avenues of influence that have been underappreciated in the sanctions literature; and, cumulatively, the chapters offer a comprehensive overview of the South African case.

With the first two chapters, the editors establish the questions and the approach. While wary of falling into the success/failure trap, and critical of much of the literature for its state-centric (and materialist) bias, Klotz and Crawford are interested in how sanctions contributed to two political goals—the end of apartheid and the end of South Africa's regional aggression, especially with regard to Namibia. Chapter Two, "How Sanctions Work: A Framework For Analysis," is the lynchpin of the volume.[29] The authors work toward an understanding of economic sanctions first by examining different theories of influence, such as compellance, normative communication, and resource denial, and show how these different approaches lead down different paths: the key actors, causal mechanisms, and conditions conducive to success change from one to the next. Pushing further, they look at different sites for the potential consequences of sanctions: elite decision makers, government structures, economy, or civil society, and observe that for each of these there are distinct consequences—direct, indirect, and, importantly, counterproductive. Klotz and Crawford summarize these arguments to show how the literature has overemphasized state-centric compellance at the expense of understanding other avenues and mechanisms. Even more important, however, is how this

29. Clearly in Baldwin territory, the authors note that the "willingness of the target government and its population to accept an aggregate decline in welfare depends on the distribution of the costs, as well as the nature of the international demands" (36).

also illustrates conclusively the need to disaggregate both economic sanctions and their purported targets, and the hopelessness of any "one size fits all" approach to the study (or for that matter the practice) of sanctions.[30]

Part 2 of the book, on "strategic sanctions," is highlighted by two chapters by Crawford, one on arms embargoes and the other on oil sanctions. Both chapters are balanced and informative. The arms embargo (in place for more than thirty years) had little immediate effect on South Africa's military capability. Over time, however, the growth of the domestic arms production affected the country's industrial structure (for both better and worse) and by the late 1980s difficulty with innovation and shortages of spare parts did undermine South Africa's traditional dominance from the air. Oil sanctions never cut South Africa off from the world market, but they did impose costs that were clearly recognized as a burden by the white leadership. Both chapters show how—and by what mechanisms—two "leaky" sanctions, neither of which delivered a knockout blow, still advanced the political goals of sanctioners.

The next part of the book looks at "economic sanctions," and, as if to underscore the book's argument that economic sanctions have been overrepresented in the literature, this is the least impressive part of the book, with descriptive chapters that, while informative, drift from the themes of the book (and the section). One highlight is the chapter on financial sanctions, in particular the consequences of the IMF's refusal to grant loans to South Africa in 1983, and the sustained financial difficulties that plagued the country for the rest of the decade. Pressures that were manifested by capital flight and distress in the stock and foreign exchange markets "sharpened divisions between the white oligarchy," and especially between the business community and the ruling National Party. Thus financial sanctions "contributed significantly to the economic and political climate which fostered F. W. de Klerk's path-breaking reforms" (170).[31]

Part 4 of the book features its most novel contribution, "social sanctions," which emphasizes the nonmaterialist influences of sanctions. Externally, it is argued that (especially in cases involving normative issues such as human rights) sanctions can work through a process of socialization rather than coercion. Internally, the isolation imposed by such sanctions can cause some segments of society to revisit their own norms, values or beliefs, and can

30. On this point, see Kirshner, "The Microfoundations of Economic Sanctions"; also Risa Brooks, "Sanctions and Regime Type: What Works, and When," *Security Studies* 11, no. 4 (summer 2002): 1–50.

31. The authors of this chapter, Xavier Carim, Klotz, and Olivier Lebleu, also note an important difference between trade and financial sanctions—trade sanctions create incentives for new entrants into the market, while financial sanctions are more likely to be self-fulfilling, and "work with, rather than against, market forces," as flight begets flight.

contribute to the formation of new political cleavages.[32] The flagship chapter in this part is "Diplomatic Isolation" by Klotz, who addresses the consequences of the withholding of recognition, breaking of ties, and suspension of membership in international institutions. In keeping with the tone of the volume, Klotz isn't in the business of selling the normative approach, but rather provides a thoughtful and balanced assessment of its role in the South African case. She argues that diplomatic isolation yielded mixed results, effectively communicating global opinion and helping to support internal and external opponents of apartheid, but also probably contributing to some rallying-around-the-flag, and diplomatic sanctions on their own "were not strong enough to induce the government to reform" (199). More consequential and less appreciated was the use of international norms to undermine South Africa's Bantustan strategy, whereby the South African government tried to use the norm of sovereignty to bolster the apartheid system and placate foreign pressure through the creation of "homelands." The unwillingness of the international community to recognize the homelands as sovereign entities, however, undermined the strategy. Due to this, not only were the homelands an "expensive and failed proposition" (203), but, having been established as an outlet for demands for reform, their failure redirected those pressures back toward the government.

The role of social sanctions is a thread that weaves its way throughout the volume. A chapter on the U.S. divestment movement, placed in the "economic sanctions" part of the book, gives the impression that the social rather than economic implications of divestment were more consequential. One problem faced by the chapters that focus on social sanctions is that it is harder to make causal attributions here than it is with materialist variables, with the result that these chapters tend to be overly descriptive. This may, however, be a function of the fact that these are "first generation" contributions. Also, they do show promise, as with Klotz's discussion of the homelands, and more theoretically, by revisiting the role of "punishment" as an element of sanctions strategy.[33]

How Sanctions Work concludes with a section on "implications," and in the final chapter Klotz revisits the framework laid out in Chapter 2 in the context

32. On these issues see Audie Klotz, *Norms in International Relations: The Struggle Against Apartheid* (Ithaca: Cornell University Press, 1995); Lori Fisler Damrosch, "The Collective Enforcement of International Norms Through Economic Sanctions," *Ethics and International Affairs* 8 (1994): 59–75; and, more generally, Peter Katzenstein, "Introduction: Alternative Perspectives on National Security," in Peter Katzenstein, ed., *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University Press, 1996).

33. See Kim Richard Nossal, "International Sanctions as International Punishment," *International Organization* 43, no. 2 (spring 1989): 301–22. This is an important element of David Black's contribution to the volume, "Not Cricket: The Effects and Effectiveness of the Sport Boycott."

of the South African Case. She argues that numerous strategic, economic and social sanctions weakened the regime, though in some instances there were counterproductive effects. Klotz maps out the disaggregated tools, targets and consequences of sanctions in a table that summarizes many of the volume's findings and smartly dovetails with the presentation found in the first part of the book. Three conclusions are emphasized: first, sanctions did contribute to increasing pressure from the business community for reform, and to divisions within the white community. Second, the assessment of sanctions in this (or any) case is complex, with variables acting (and interacting) at multiple levels, and then filtered though the relationship between state and economy, which will "create significant variations in the impact of sanctions" (278). Third, the role of norms and social forces are underappreciated as mechanisms of influence in the sanctions literature, and there may be times when socialization is at least as important as coercion.

How Sanctions Work concludes with a call for further study "to help guide practitioners in identifying the best targets and their potential vulnerabilities" (280). This also can be seen as the most important lesson of all of these three books. Sanctions are political instruments introduced to advance political goals. As much as any inquiry in international relations, this issue sits at the intersection of theory and practice. The chase to provide practical advice, however, has led too much scholarship down a blind alley in search of whether sanctions "work." It should not be surprising that abandoning the studious investigation of causal explanation in the dash for pragmatic lessons and quick predictions has provided neither. Scholars need to focus on explaining how sanctions function, not whether or not they "work."[34] In so doing, they will enhance our understanding of politics, while at the same time providing policymakers with the guidance they need: how best to advance their political goals.

34. Two recent examples of thoughtful work with insights of interest to both theorists and practitioners are Elizabeth Rogers, "Using Economic Sanctions to Control Regional Conflicts," *Security Studies* 5, no. 4 (summer 1996): 43–72; and Cristiano Andrea Ristuccia, "The 1935 Sanctions Against Italy: Would Coal and Oil Have Made A Difference?" *European Review of Economic History* 4 (2000): 85–110.