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Sanctions And Regime Type:
What Works, and When?

Risa A. Brooks

What effect do states' regime types have on the likely reaction of these states to sanctions? At first glance it may appear that sanctions against authoritarian states largely fail, but that such sanctions succeed against democracies. A number of prominent cases would certainly seem to support this view. Since 1991 Iraq has been subject to the most comprehensive sanctions regime of all time, suffering economic and social devastation. Yet its authoritarian leader has made few sincere efforts to win a lifting of sanctions. Sanctions imposed on Yugoslavia because of its support for the Bosnian Serbs from 1992 to1995 similarly incapacitated the Serb economy.[1] As observers at the time commonly noted, however, the country's autocratic leader, Slobodan Milosevic, often appeared oblivious to his people's hardships, while his allies profited from the sanctions.[2] In contrast, the porous sanctions imposed on democratic South Africa cost the state relatively little, the equivalent of 1–3 percentage points of growth a year. Yet most analysts agree that sanctions played an important role in the end of apartheid. In short, cases such

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1. For example, the annual value of Iraq's imports and exports fell, respectively, from $11.5 and $28 billion in 1980 to less than $500 million each in 1996 (Sarah Graham-Brown, *Sanctioning Saddam* [London: I. B. Tauris, 1999], 161). It has also experienced alarming increases in child mortality and poverty (see David Cortright and George A. Lopez, *The Sanctions Decade* [London: Lynne Rienner, 2000]: 46–51). In Yugoslavia, 1993 unofficial figures put unemployment at 40 percent; by the end of that year the inflation rate had skyrocketed to an astounding 100 trillion percent (for figures see Cortright and Lopez, *The Sanctions Decade*, 73).

2. For example, see "Profits and Losses under Sanctions," *Economist*, 20 March 1993. Also see citations below in case study of Yugoslavia.

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as these suggest that "autocrats seldom bend under pressure from sanctions,"[3] while democratic leaders are more easily swayed.

The reality, I argue, is more interesting: different types of sanctions are effective against different types of regimes. In fact, sanctions most likely to elicit a positive response from democracies are often counterproductive when applied to authoritarian states. The key to understanding *what* instruments work *when*, lies in the nature of authoritarian and democratic coalitions. Sanctions instruments—the variety of trade, financial, cultural, and travel measures available to the imposing states—have diverse effects on the welfare of groups in the target state. Only where sanctions harm the target's ruling coalition are leaders likely to prove willing to comply with external demands.

Specifically, I argue that comprehensive sanctions that harm the macroeconomy and thus hurt the "median voter" will be effective against democratic states. They create opportunities for politicians in democratic societies to innovate and mobilize around new policies which alleviate the stresses of sanctions. Alternatively, sanctions against democracies that hurt export constituencies, or particular economic and social groups, can also prompt concessions. In contrast, authoritarian leaders tend to be insulated from aggregate or macroeconomic pressures. Instead, these leaders are more likely to respond to more selective sanctions instruments that harm pivotal constituencies in the ruling coalition, including managers of state enterprises, the military, and other allied groups. In these authoritarian regimes comprehensive trade sanctions are not just ineffective, but may prove counterproductive in that they buttress the "state," redistribute income to a small but influential section of the elite, and cripple the middle class. Trade sanctions thus lessen authoritarian leaders' incentives to comply with external demands. In sum, as the policy and academic literature communities increasingly recognize, the domestic political effects of sanctions are critical to their success in producing policy concessions.[4]

This article proceeds as follows. I begin with a brief overview of the extant literature, discuss sanctions instruments and their welfare effects, and the nature of authoritarian versus democratic coalitions. I then introduce four hypotheses about what sanctions work in which regime type and offer a series of brief test cases: South Africa, Iraq, Haiti, and Yugoslavia. Note that these cases are not intended as a comprehensive test of the theory. Instead, they are preliminary probes which aim at process tracing to show that sanctions which hurt politically salient constituencies in different regimes enhance incentives

3. Quote is from Keith Bradsher, "Trade Embargoes: Do They Work?" *New York Times*, 14 July 1991.

4. See literature review below for details.

for leaders to offer policy concessions on issues in dispute. A final section discusses the argument's scholarly and policy implications.

The Conventional View of Sanctions effectiveness

A STRONG PESSIMISM pervades the literature on sanctions. The conventional view is that sanctions work rarely, with debates focused on just how rarely. In a path-breaking study of sanctions, Hufbauer, Schott, and Elliot found that sanctions worked in only 34 percent of cases in which they had been imposed from 1914 to 1990, and recent extensions of the analysis suggest that figure has fallen in the contemporary era.[5] Following a long line of pessimists, Robert Pape has argued that sanctions only succeed in 5 percent of cases.[6] Other analysts are cautious, but optimistic that some utility can be derived from sanctions.[7]

If one widely held view is that sanctions do not work, a second common observation is that in the 1990s policymakers increasingly relied on them as instruments of statecraft. The United Nations' Security Council, which imposed sanctions only twice in its first forty-five years (Rhodesia, 1966; South Africa;,1977) has imposed sanctions sixteen times since 1990 against twelve countries (Iraq, 1990; the former Yugoslavia, 1991, 1992, and 1998; Libya, 1992; Liberia, 1992; Somalia, 1992; parts of Cambodia, 1992; Haiti, 1993; parts of Angola, 1993, 1997, 1998; Rwanda, 1994; Sudan, 1996; Sierra Leone, 1997; and Afghanistan, 1999). The United States has also increasingly resorted to sanctions. By one estimate the United States was engaged in more than thirty cases (both unilateral and multilateral) in 1998.[8] So striking is the increase that one recent study refers to the 1990s as the "sanctions decade."[9] Analysts have,

5. Gary Clyde Hufbauer, Jeffery J. Schott, and Kimberly Ann Elliott, *Economic Sanctions Reconsidered: History and Current Policy, Second Edition* (Washington, D.C.: Institute for International Economics, 1990). A third edition of the Hufbauer, Schott, and Elliott. volume offers this assessment. For details see http://www.iie.com.

6. Robert A. Pape, "Why Economic Sanctions Do Not Work," *International Security* 22, no. 2 (fall 1997): 90–136.

7. David A. Baldwin, "The Sanctions Debate and the Logic of Choice," *International Security* 24, no. 3 (winter 1999/2000): 80–107; Cortright and Lopez, *The Sanctions Decade*; Kimberly Ann Elliott, Jeffery J. Schott, and Gary Clyde Hufbauer, *Economic Sanctions Reconsidered*, 3rd ed. (Washington, D.C.: Institute for International Economics, forthcoming), available on the web at http://www.iie.com.

8. UN numbers appear in Cortright and Lopez, *The Sanctions Decade*, 1–2. Figures on the United States are from Jeffrey J. Schott, "U.S. economic sanctions: good intentions, bad execution," statement for the committee on international relations, U.S. House of Representatives, 3 June 1998.

9. Cortright and Lopez, *The Sanctions Decade.*

in turn, sought to explain why leaders would resort to a tool presumably destined for failure.[10]

Perhaps policymakers' instincts are not so misguided and the utility of sanctions is, in fact, underappreciated in the literature. The analyses of Hufbauer, Schott, and Elliot, and the one offered by Pape, measured the effectiveness of sanctions without discriminating the instrument or character of the target state.[11] They tested the effectiveness of sanctions as a category of statecraft. In fact, however, sanctions encompass a range of measures, including, for example, export and import embargoes, flight bans, visa bans, prohibitions on cultural and diplomatic exchange, suspension of foreign aid, bans on foreign direct investment and on loans to the target country, and freezes on government or private citizens' foreign-held assets. More importantly, a gross test of sanctions effectiveness obscures the success of *particular tools* applied to *particular types of targets*. Prior tests thus may simply provide evidence that sanctions instruments are often poorly chosen and misapplied, not that they cannot work.

This article joins the effort to reformulate the sanctions debate: rather than ask whether sanctions work, I ask when and how sanctions work.[12] A first step, I argue, is examining sanctions' variable effects on the welfare of groups and actors in a target state. In fact, both the policy and academic communities increasingly recognize that sanctions have complex, sometimes perverse, distributional consequences. In the 1990s the press regularly highlighted the devastating consequences of trade sanctions for the poor in places such as Iraq, Haiti, or Serbia, and the benefits that concomitantly accrued to elites.[13] The growing literature on smart sanctions discriminates sanctions instruments that harm the masses from those aimed at elite interests.[14] Within the academic literature, Kirshner, Rowe, Selden, and Kaempfer and Lowenberg highlight the

10. Baldwin, "The Sanctions Debate and the Logic of Choice."

11. Hufbauer, Schott, and Elliott, *Economic Sanctions Reconsidered*, 65–71, do discuss differences between financial and trade sanctions and finds that financial sanctions are among the most effective types of sanctions imposed. Their analysis, however, does not explore the efficacy of different types of financial sanctions, other types of sanctions, or evaluate the utility of different sanctions in different regime types.

12. Jean-Marc Blanchard, Edward D. Mansfield, and Norrin M. Rippsman, "The Political Economy of National Security: Economic Interdependence, Statecraft and International Conflict," *Security Studies* 9, nos. 1/2. (autumn 1999/winter 2000): 5–14; George Shambaugh,. *States, Firms, and Power: Successful Sanctions in United States Foreign Policy* (New York: State University of New York Press, 1999); Michael Mastanduno, "Economic Statecraft, Interdependence, and National Security: Agendas for Research," *Security Studies* 9, no. 1-2 (winter 1999/2000): 288–316.

13. For example see the chapters that appear in Anthony Arnove, ed., *Iraq Under Siege* (Cambridge, Mass.: South End, 2000), many of which strongly oppose the sanctions on humanitarian grounds.

14. See David Cortright and George A. Lopez, *Smart Sanctions* (Lanham, Md.: Roman and Littlefield, 2000).

diverse welfare effects of sanctions, distinguishing the economic sectors that benefit from trade sanctions from those harmed by them.[15]

Less developed, but also important in the literature, is a sense that the target's political structure affects its responsiveness to sanctions. For example, advocates of smart sanctions are guided by the intuition that sanctions must hurt politically salient groups within the target if they are to work.[16] Kaempfer and Lowenberg argue that sanctions signal interest groups in the target, enhancing their capacity to organize against government policies; the political consequences of sanctions depend on the constellation of these interest groups.[17] Some analysts point specifically to regime type as a determinant of sanctions effectiveness. In the 1990s, for example, the press often referred to the ineffectiveness of sanctions against authoritarian regimes.[18] Cortright and Lopez briefly note that "sanctions are more likely to be effective in societies where there is some degree of democratic freedom than in rigidly totalitarian states."[19] As Mastanduno observes, however, both the reasons for and specific nature of the relationship between regime type and sanctions have not been sufficiently explored.[20]

15. Jonathan Kirshner, "The Microfoundations of Economic Sanctions," *Security Studies* 6, no. 3 (spring 1997): 32–64; David Rowe, *The Domestic Political Economy of International Economic Sanctions* (Cambridge: Harvard University, Center for International Affairs, Working Paper no. 93-1, 1993); Rowe, "Surviving Economic Coercion" (Ph.D. diss., Duke University, 1993); Rowe, *Manipulating the Market* (Ann Arbor: University of Michigan Press, 2001); Zachary Selden, *Economic Sanctions as Instruments of American Foreign Policy* (Westport, Conn.: Praeger, 1999); and William H. Kaempfer and Anton D. Lowenberg, *International Economic Sanctions* (Boulder: Westview, 1992).

16. See, for example, Gary Hufbauer and Barbara Oegg, "Targeted sanctions: a policy alternative?" Institute for International Economics, available at http://www.iie.com/PAPERS/hufbauer-oegg0200.htm.

17. Kaempfer and Lowenberg, *International Economic Sanctions*, 9–10, 117–20, 133.

18. For passing references to regime type see, for example, Gary Clyde Hufbauer, "The Snake Oil of Diplomacy: When Tensions Rise, The U.S. Peddles Sanctions" *Washington Post* 12 July 1998. Also see Joseph J. Collins and Gabrielle D. Bowdoin, *Beyond Unilateral Economic Sanctions: Better Alternatives for U.S. Foreign Policy* (Washington, D.C.: Center for Strategic and International Studies, 1999), 20; and Richard Haass, "Conclusions: Lessons and Recommendations," in *Economic Sanctions and American Diplomacy*, ed. Richard Haass (Washington, D.C.: Council on Foreign Relations, 1998), 203.

19. Cortright and Lopez, *The Sanctions Decade*, 22; also 44.

20. Michael Mastanduno, "Economic Statecraft, Interdependence, and National Security: Agendas for Research," 297. Two studies of which I am aware have addressed regime type and sanctions. A study by Peter Bergeijk finds that sanctions' success correlates with the level of democracy in target states (study is unpublished and cited in Cortright and Lopez, *The Sanctions Decade*, 22). A second study by Nossal (Kim Richard Nossal, "Liberal Democratic Regimes: International Sanctions, and Global Governance," in *Globalization and Global Governance*, ed. Raimo Vayrynen, [New York: Rowman and Littlefield, 1999] argues that sanctions work best when states have a competitive multiparty electoral system. Both thus support the conventional (if unexplored) view that sanctions work only in democracies. My argument suggests this too simplistic an approach and explores how the tool used affects the efficacy of sanctions in both democracies and authoritarian regimes. My analysis also suggests that

Missing in all this literature is how sanctions' distributional effects and the target's political structure *interact* to affect leaders' incentives to comply with external demands. The essential question is not just who is hurt by what sanctions, but whether the afflicted groups matter politically to a leader's support coalition. In sum, this article explains the variable effectiveness of sanctions by examining how the welfare effects of sanctions are filtered through the target states' political structures. In so doing the article synthesizes insights from a diverse literature and introduces a unified theory that helps explain both why some sanctions should succeed and why other sanctions are doomed to failure.

DEFINING SANCTIONS AND EFFECTIVENESS

SANCTIONS INVOLVE the imposition of punitive measures on a target state, measures which seek to limit the state's access to economic resources or cultural and social engagement, and limit movements of its nationals in order to elicit a change in the target's policies consistent with the imposer(s) preferences.[21] This definition emphasizes sanctions' political effects: sanctions create economic and social pressure which translates into political pressure on the target's leaders to alter their policies.[22] This definition focuses on cases in which sanctions are imposed on a regime to induce its leaders *to change their policies*. Sanctions imposed to punish or isolate a state, or undermine its social and economic infrastructure over a long period of time, without necessarily

the cases of sanctions' success in democracies identified by these studies should have involved comprehensive trade (import/export embargoes) or financial measures (restrictions on access to international capital, loans or aid), which I would not expect to work in authoritarian regimes (with the potential exception of foreign aid). See below for elaboration of these points. Note, in addition, Drezner (Daniel Drezner, *The Sanctions Paradox* [Cambridge: Cambridge University Press, 1999]) includes regime type as a control variable, but finds it has no correlation to sanctions success; however, he also does not discriminate the sanctions' instrument in his test of regime type.

21. Note that scholars such as Hufbauer, Schott, and Elliot and Pape exclude trade disputes ("trade wars") from their analyses, focusing only on cases where sanctions are imposed over political disputes. It is not self-evident to me why trade disputes should be excluded. One could assume that the quid pro quo is easier (that is, transactions costs are lower) where the dispute is over trade. It is not clear to me, however, that the tradeoffs involved in an economic quid pro quo are easy (for domestic political reasons) and therefore that transaction costs are inherently lower in trade matters. Alternatively, one might assume that because trade wars do not involve issues of high-politics they should be excluded (on this point see David A. Baldwin, *Economic Statecraft* [Princeton: Princeton University Press, 1985], 61); trade disputes are somehow intrinsically easier to resolve because they do not invoke issues of national security. If the goal is to exclude "easy" cases, however, it would be better to weight all issues according to the target's costs of changing the policy, rather than exclude an entire category by assumption.

22. Johan Galtung, "On the Effects of International Economic Sanctions: With Examples from the Case of Rhodesia," *World Politics* 19, no. 3 (April 1967): 378–416.

inducing policy change, are beyond the scope of this study.[23] Also note that this political logic differs from an alternative, often implicit, logic, in which sanctions are designed to "contain" a target's behavior by depriving it of access to key resources. For example, during the cold war the Coordinating Committee for Multilateral Strategic Export Control (COCOM) sought to limit communist countries' access to strategic materials.[24] The May 2002 changes in the UN sanctions regime on Iraq to allow for greater civilian imports, but also closely monitor imports of strategic and dual-use technologies, are also consistent with this containment logic. Of course, sanctions which seek to contain a state's actions and those which create political pressure to change them may operate in conjunction, but they work differently: the former seek simply to deprive a leader of the resources to act, while the latter seek to change his or her incentives to do so.

Definitions of sanctions effectiveness are contentious in the literature.[25] Pape restricts his definition of sanctions success to cases in which the target met the stated demands of the imposing state.[26] He excludes cases in which sanctions coincided with a credible threat of military force, or other pressure: according to Pape, to be defined as "successful," sanctions had to have done all the work on their own, and produce complete acquiescence by the target on the issue in dispute. Many scholars find this description to be too restrictive;[27] it is conceptually equivalent to arguing that the only time military power shapes strategic interaction between states is when it results in the complete capitulation of one side to another. If the goal is to understand the relative utility of sanctions to produce policy change, evidence of significant movement in a target's policies, even short of full capitulation, is important. Cortright's and Lopez's definition of success in terms of the ability of sanctions to bring a target to the bargaining table is a useful clarification.[28] Put formally, I argue that sanctions are effective if they significantly decrease the reservation utility of a target in an implicit or explicit settlement of the dispute. The sanctions may not necessarily yield concessions sufficient for a compromise settlement,

23. For this distinction see Jaleh Dashti-Gibson, et al., "On the Determinants of the Success of Economic Sanctions: an Empirical Analysis," *American Journal of Political Science* 41, no. 2 (April 1997): 608–18. They argue that comprehensive sanctions can destabilize a regime, even if they do not induce policy change.

24. Steve Chan and A. Cooper Drury, "An Overview," in *Sanctions as Economic Statecraft*, ed. Steve Chan and A. Cooper Drury (New York: St. Martin's, 2000), 1.

25. Cortright and Lopez, *The Sanctions Decade.*

26. Pape, "Why Economic Sanctions Do Not Work."

27. Baldwin, *Economic Statecraft*; Baldwin, "The Sanctions Debate and the Logic of Choice"; and David Rowe, "Economic Sanctions Do Work: Economic Statecraft and Oil Embargo of Rhodesia," *Security Studies* 9, no. 1–2 (winter 1999/2000): 254–87.

28. Ibid.; also see Drezner, *The Sanctions Paradox*, 18.

because this depends on both the imposer's and the target's reservation utilities. Regardless, if sanctions prompt significant concessions or movement in the target's policy positions, I count them as "effective."[29]

Finally, note that, to be effective, sanctions do not actually have to be imposed; concessions by a target in response to a threat of sanctions are sufficient. In fact, there are important reasons to expect a large number of cases of success in which sanctions are threatened, but not imposed.[30] In order to avoid the economic and reputational costs of sanctions, a target has incentives to alter its behavior ex ante: hence, sanctions should often work at the threat stage. For the present, however, I stay with convention and discuss prominent cases of sanctions that have been imposed.

WHO WINS AND WHO LOSES FROM (WHAT TYPE OF) SANCTIONS?

NOT EVERYONE bears the pain of sanctions equally. Rather, sanctions have distributional implications: depending on the tool employed, sanctions affect the welfare of different groups and interests differently. Within the sanctions literature, a number of scholars have made considerable progress in distinguishing and identifying these distributional effects. Rowe, for example, shows how trade sanctions can benefit key sectors, and undercut the political power of others, depending on their positions in the international marketplace and target's economy.[31] Kirshner offers an excellent typology of how diverse sanctions tools affect a variety of constituencies in the target state.[32] Baldwin's seminal book, *Economic Statecraft*, which categorizes and analyzes a broad variety of forms of economic statecraft, lays the groundwork for much of this important research.

Specifically, among the important conclusions of this scholarship is that trade sanctions can have beneficial effects for labor and capital in import-

29. Note that this definition does not imply the indiscriminate use of sanctions; various factors weigh in the utility of imposing sanctions, including estimates of the degree of movement in the target's position sanctions are likely to produce, their costs to the imposing state(s) and third parties, the value of the issue and the utility of other instruments. See Baldwin, "The Sanctions Debate and the Logic of Choice," for a recent discussion of what he terms the "logic of choice."

30. T. Clifton Morgan and Anne C. Miers, "When Threats Succeed: A Formal Model of the Threat and Use of Economic Sanctions," (paper delivered at the 95th annual meeting of the American Political Science Association, 2–5 September 1999, Atlanta, Georgia).

31. Rowe, *The Domestic Political Economy of International Economic Sanctions*; and Rowe, *Manipulating the Market*.

32. Kirshner, "The Microfoundations of Economic Sanctions."

competing sectors of the target economy.[33] Sanctions act as a protective tariff which bolsters the inefficient domestic competitors of imported goods. Sanctions can, for example, stimulate an Import Substitution Industrialization (ISI)-style approach in the development of industries to substitute for lost imports. In other words, trade sanctions are a boon to noncompetitive industries in the target state. To illustrate this point, suppose that the United States and Europe impose an export ban on automobiles to a developing country with an indigenous, but lagging and inefficient, automobile industry. The owners of the home-grown industry benefit from the constriction of supply, and concomitant increase in price of the superior vehicles; their (inferior) cars become more competitive domestically. Hence, the costs of the sanctions are not born equally. Consumers and the aggregate economy suffer, while owners and workers in the rejuvenated and now-competitive auto industry benefit.

Trade sanctions have other distributional consequences. Market distortions induced by import sanctions on (relatively) inelastic goods such as oil, alcohol, and tobacco, can be especially significant. Sanctions on these products constrict supply and increase the price for the goods without significantly decreasing demand. Except in rare cases, borders are porous and opportunities for smuggling are possible in the target state, enriching the managers of these illicit activities.[34] Restrictions on the exports of luxury goods and foodstuffs to the target will disproportionately harm the principal consumers of those goods, often the middle and upper classes. Sanctions may be more selective, however, if a particular subset of that population is known to consume a particular good in large quantities: groups which attach high status to the consumption of imported liquor will be more harmed than those that tend to forgo alcoholic beverages.

Arms embargoes, one of the more favored sanctions, also have distributional consequences. Counterintuitively, arms embargoes may actually benefit the military establishment in a target state. Denial of access to large and sophisticated weapon systems (assuming the embargo is enforced and no other suppliers are available) may be problematic in the short term (although small weapons and spare parts are likely to be available on the black market).

33. On economic research that discusses the unintended consequences of sanctions, and their welfare effects for different sectors see comments and notes by Selden, *Economic Sanctions as Instruments of American Foreign Policy*, 8, 11; again also see Rowe, *The Domestic Political Economy of International Economic Sanctions*; and Rowe, "Surviving Economic Coercion."

34. As far back as 1967 Galtung recognized the importance of smuggling as an adaptive measure ("On the Effects of International Economic Sanctions," 397–98). On the scarcity rents accruing to the elite see William H. Kaempfer and Anton D. Lowenberg, "A Public Choice Analysis of the Political Economy of International Sanctions," in Chan and Drury, *Sanctions as Economic Statecraft.*

Sanctions, however, have a positive effect on domestic arms industries in the long term, encouraging greater investment in domestic arms production. Hence the short-term costs of an arms embargo to the military may be offset by the emergence of an indigenous arms industry. To the extent that sanctions are the byproduct of a militarized rivalry, their imposition may also enhance the sense of siege at home, and pave the way for larger expenditures on military equipment; they can also justify a larger and more influential role for the military in governance of the country. In these ways, sanctions may benefit a target's military-industrial complex.

Financial sanctions, including bans on foreign investment, loans, and foreign aid, as well as currency manipulations, have a range of welfare effects. In the aggregate, sanctions that prohibit access to international capital or foreign direct investment can stymie investment in a target's capital intensive sectors, and therefore, in principle, adversely affect aggregate income (GNP). Restricting a target government's access to international credit (when it needs to finance its activities) may undermine the country's macroeconomic health by creating balance-of-payments problems and forcing the state to increase interest rates, thus risking recession, in order to hold down imports. When these effects result in slowed or negative growth, the target's population as a whole suffers. Such restrictions on access to foreign capital, however, also have more specific distributional consequences. They harm industries and firms that rely on capital from abroad to finance their activities. Accordingly, less capital-intensive industries will likely be less affected by these financial sanctions relative to those reliant on large amounts of investment to grow and expand. Currency manipulations have similar distributional implications. Kirshner, for example, describes how efforts to subvert the value of a target's currency can wreak macroeconomic havoc, increasing inflation, capital flight, and so forth.[35] Beyond these economy-wide effects, these manipulations especially harm consumers seeking to purchase foreign goods, and exporters who rely on a stable currency for international trade.

The distributional consequences of suspending foreign aid depend largely on how the aid is being used in the target country, and who controls the distribution of these resources. Suspensions of aid to a regime that uses the funds to subsidize social-welfare activities or for large infrastructure and development projects, harm the direct beneficiaries of these practices and, potentially, the economy as a whole (which, presumably, benefits from such infrastructure projects). In contrast, when foreign aid helps facilitate rent-seeking

35. Kirshner, in fact, offers a detailed analysis of a variety of currency or money-related sanctions or coercive measures. See Jonathan Kirshner, *Currency and Coercion* (Princeton: Princeton University Press, 1995).

by subsidizing inefficient state bureaucracies, or lining the pockets of private individuals, suspending aid can make it more challenging for the regime and its politicians to sustain core constituencies and groups; the political leadership and the constituencies which support it are more likely to be directly affected. In both cases, the fungibility of aid is critical to its actual distributional effects. Aid is fungible when, by freeing up resources in one area, a state is able to shift resources to other activities and entities. Cutting off food aid, for example, may actually harm the armed forces if it requires the state to divert resources from the military to food assistance programs.[36] Finally, aid bans that target specific regional governments, or nongovernmental organizations (NGOs), instead of state or federal bureaucracies, harm the actors whose activities those entities support.

The welfare effects of asset freezes, another form of financial sanction, depend largely on whose funds are targeted by the ban. When government assets are frozen, the ban undercuts the state's ability to provide basic services to the population and to pay public-sector workers. Freezes on government assets can also affect a state's ability to provide basic services for the population, and thus can have adverse aggregate effects. In contrast, when the foreign-held cash accounts and assets of individuals and entities are frozen, the effects tend to fall more narrowly on these groups.

Finally, bans on the participation of the target's citizens in international diplomatic, sporting, cultural, and academic activities can have important consequences for the welfare of groups within its population. Obviously, members of these groups bear the burden most directly: internationally competitive athletes; dance and theater performers and artists; and teachers and professors whose research and professional development depend on interaction with foreign colleagues. Social exclusion from the world community, however, can have broader effects on the entire population. The social effects of being labeled international outcasts may influence public attitudes and popular perceptions of the costs of international isolation, and potentially of the policies which are responsible for it. Audie Klotz and Neta Crawford, in particular, detail this normative dimension of sanctions, emphasizing how this loss of legitimatization can coincide with, and reinforce, the material costs of sanctions.[37] When these sanctions target the activities of some segment of the population, as with bans on South African sports (discussed below) the

36. On the fungibility of aid and for this example of food aid/military development see Baldwin, *Economic Statecraft*.

37. Neta Crawford and Audie Klotz, *How Sanctions Work* (New York: St. Martin's, 1999); Audie Klotz, *Norms in International Relations* (Ithaca: Cornell, University Press, 1995).

symbolic effect is even greater: here not the entire population, but a specific offending group, must deal with the psychological costs of illegitimacy.[38]

Table 1 offers a general schema for how different groups are likely to be affected by sanctions. These effects will be most pronounced when the target state is heavily dependent on trade or aid and investment with the imposing state(s), when sanctions are multilateral, and when they are enforced.[39]

WHO MATTERS? COALITIONS IN DEMOCRATIC AND AUTHORITARIAN STATES

THE TRADITIONAL logic of sanctions posits a domestic political mechanism: sanctions impose economic pressure, invite opposition, thereby forcing a government to change its policies or risk replacement by a leadership more amenable to the demands of the sanction-imposing state. The flaw in the traditional logic rests in its oversimplified causal chain, which equates harm to the target's macroeconomy with the incentives its leaders have to change policies.[40] Sanctions have a more nuanced effect on the welfare of different groups and interests, and unless these groups are politically salient, aggregate costs may not be sufficient to induce change in policy.

In order to assess whether economic harm translates into a political liability one has to look at the structure of a leader's coalition. Every political leader must maintain a coalition of support to remain in office. In exchange for political support, constituencies get some benefit, economic or otherwise, from the political regime. The "task of political management is one of coalition management, as every regime has a set of allied interests and coalition partners that buttress its ability to govern."[41] By harming or helping the welfare of these "allied interests," sanctions can actually hurt or help a leader's ability to hold office.

38. Another way to put this is to argue that targeted sanctions are less likely to elicit the "rally-round-the-flag" effect (see Galtung, "On the Effects of International Economic Sanctions") than blanket bans on the population.

39. On the importance of enforcement see Cortright and Lopez, *The Sanctions Decade*; and Cortright and Lopez, "Introduction: Assessing Smart Sanctions: Lessons from the 1990s," in Cortright and Lopez, *Smart Sanctions*, 9.

40. More than three decades ago Galtung ("On the Effects of International Economic Sanctions") recognized the naivete in equating political pressure and economic pain.

41. John Waterbury, "The Political Management of Economic Adjustment and Reform," in *Fragile Coalitions: The Politics of Economic Adjustment*, ed. Joan M. Nelson (New Brunswick: Transaction, 1989), 39.

Table 1

DISTRIBUTIONAL EFFECTS OF SANCTIONS' INSTRUMENTS[h]

Type of sanction	Target: Costs and benefits
Import restrictions (imposer(s) restricts Exports to target)	
Comprehensive Import Embargo (cumulative effects)	Harms macroeconomy (growth, inflation, employment) Benefits import-competing sectors (capital and labor)
Luxury goods (automobiles, wines, liqueurs)	Harms wealthy consumers, elites broadly; harms selectively ethnicities and groups that consume particular banned goods.
Military Equipment (arms embargo)	
• Large weapons systems	Benefits indigenous defense industry, which can indirectly benefit military in long term;[g] imposes costs on military in loss of access to large (foreign-made) weapons systems
• Small arms	Benefits illicit importers of small weapons; domestic producers
High value-added goods (e.g., manufactured)	Harms consumers Benefits import-competing, noncompetitive industries Benefits state-owned enterprises[a]
(Relatively) inelastic goods: oil, alcohol, tobacco	Harms consumers Benefits illicit importers and managers of blackmarket trade[b]
Food/low value-added goods	Hurts middle income and poor Benefits noncompetitive, domestic agricultural sectors

Export restrictions (imposer(s) restricts imports from target)	
Comprehensive export embargo (cumulative effects)	Harms macroeconomy (growth, inflation, employment);[c] Hurts export-competing economic sectors (capital and labor) [f]
Luxury goods	Harms producers: farmers, craft producers
High value-added goods	Harms export competitive industries and firms
Food	Harms export competitive agricultural sectors
Raw materials, oil, timber	Harms domestic suppliers of these goods
Financial Sanctions[d]	
Comprehensive	Harms macroeconomy
Asset freezes, government: access to cash accounts, sale/trade of government property	Harms state; undercuts state resources
Asset freezes, individuals/entities	Harms targeted individuals
Restricts foreign investment in target Country	Impedes economic growth; harms capital intensive sectors
Prohibits access to financial markets (for credits and loans)	Impedes domestic investment; currency stability
Currency manipulation	Harms macroeconomy; international exporters, consumers[k]

Restricts foreign aid[e]	Reduces state resources; welfare effects depend on how aid is used in target state[j]
Social, Other sanctions	
Flight ban (e.g., bans on flights between targeted and imposing state(s)	Wealthy and middle classes; can complicate humanitarian aid (in poor countries) and thus harm poor
visa ban	Targeted individuals
Boycotts of cultural exchanges, the academic and scientific exchange and sports	Total ban: harms middle class Selected censure: harms targeted groups[i]
Ban diplomatic interchange	State bureaucrats and politicians

a. See, Rowe, *The Domestic Political Economy of International Economic Sanctions*; Selden, *Economic Sanctions as Instruments of American Foreign Policy*; Kirshner, "The Microfoundations of Economic Sanctions."

b. Selden, *Economic Sanctions as Instruments of American Foreign Policy*; Kaempfer and Lowenberg, "A Public Choice Analysis of the Political Economy of International Sanctions."

c. On societal effects see Simons, *Imposing Economic Sanctions: Legal Remedy or Genocidal Tool?*

d. Elliott, "Analyzing the Effects of Targeted Financial Sanctions"; Cortright and Lopez, *Smart Sanctions*.

e. Kirshner, "The Microfoundations of Economic Sanctions."

f. Kirshner, "The Microfoundations of Economic Sanctions"; Rowe, *The Domestic Political Economy of International Economic Sanctions*; Kaempfer and Lowenberg, *International Economic Sanctions*.

g. Selden, *Economic Sanctions as Instruments of American Foreign Policy*; Crawford, "Oil Sanctions Against Apartheid."

h. For broad overviews see Kirshner, "The Microfoundations of Economic Sanctions"; Hufbauer, Schott, and Elliott, *Economic Sanctions Reconsidered*; Cortright and Lopez, *The Sanctions Decade*, Baldwin, *Economic Statecraft*.

i. Crawford and Klotz, *How Sanctions Work*; Klotz, *Norms in International Relations*.

j. Baldwin, *Economic Statecraft*, 41–42.

k. Kirshner, *Currency and Coercion*.

More broadly, to the extent constituencies within a state are harmed by sanctions *and* represented in the ruling coalition, leaders have greater incentive to comply with external demands. To the extent constituencies benefit from sanctions (or are not affected by them) *and* they are represented in the ruling coalition, leaders have less incentive to comply with demands, and may even act in ways that perpetuate sanctions. Accordingly, in cases where sanctions harm groups and individuals, but these groups are not represented, the leadership also has less incentive to comply with the sanctioning state's demands.

In practice, the composition and size of leaders' coalitions vary considerably, depending on historical, social, and institutional factors. Moreover, there are no hard and fast rules governing the coalitions possible in democratic and authoritarian states.[42] Probabilistically, however, there are reasons to expect enduring patterns in these different regime types' coalitions. Democratic institutions empower the median voter, which means that support from the "masses," or some large subsection thereof, is necessary to win and retain office. By "masses" I refer, for example, to professional, blue-collar, and agricultural workers and small and medium size land and business owners; as consumers and members of society these individuals are subject to crosscutting cleavages, and are least insulated from recessions in the national economy. In addition, depending on the access afforded by different forms of democratic institutions, and the political parties in power, interests organized along economic or other lines can wield substantial influence in democratic coalitions.[43]

The social allies available to authoritarian leaders are also diverse. Authoritarian leaders can, for example, rule with the support of conservative economic

42. In fact, there can be a great variety of coalitions within and across regime types, although the selectorate in democracies should include some subset of the mass population. Authoritarian regimes can also have mass support (for example, Argentina under the populist Juan Peron; or Egypt under Gamal Abdel Nasser), but may also or instead rely on more focused interest groups; the nature and expansiveness of the social constituencies allied to the regime can vary significantly across region and over time. Although the logic of this argument could be applied more broadly to the study of sanctions and ruling coalitions, this article has a tighter focus, and makes basic assumptions about variation in coalitions across regime types. For examples of coalitional approaches, see Jack Snyder, *Myths of Empire* (Ithaca: Cornell University Press, 1991); Etel Solingen, *Regional Orders at Century's End* (Princeton: Princeton University Press, 1998); and the special issue of *International Studies Review* on "Leaders, Groups, and Coalitions: Understanding the People and Processes of Foreign Policymaking" (summer 2001).

43. There are a variety of ways to "slice" these economic cleavages; for example, economic groups can be parsed according to large aggregations like labor and capital, sectors of the economy (for example, agriculture, industry) or individuals and firms (Peter Alexis Gourevitch, *Politics in Hard Times: Comparative Responses to International Economic Crises* [Ithaca: Cornell University Press, 1986], 55). I primarily distinguish economic constituencies according to their position in the international economy, and whether they are competitive in the international marketplace, because this distinction is especially relevant for the study of sanctions.

constituencies (for example, ally with large land holders) or pursue a populist coalition (for example, appeal to the working classes and organized labor). The "masses" also matter in authoritarian regimes; only naive views of authoritarianism dismiss the importance of social and popular opinion altogether. Nevertheless, their efficacy is likely to be less than in democracies, because the levers of accountability and selection inherent in democratic institutions are absent. The median voter is not what Roeder terms the "selector" in these states, but some combination of party, military, state, confessional interests or economic classes.[44] Hence, authoritarian leaders have fewer incentives to respond to harm to mass constituencies because the threat these masses pose to the leaders' positions is more diffuse; moreover, when faced with pressure from below, the option to suppress (rather than act to alleviate) popular discontent is likely to be less costly and more readily available to authoritarian leaders than it is to democratic leaders.

Some constituencies are especially prominent in authoritarian coalitions. State bureaucracies, including the managers and chiefs of state-owned enterprises are often an important source of political support. Note, for example, that despite Anwar Sadat's avowed interest in liberalization in the 1970s, employment in the state sector skyrocketed in Egypt in his tenure; the public sector remained an important pillar of his regime.[45] Although authoritarian leaders can pursue market solutions (notable in Chile and South Korea), there are likely to be contradictions between the statist proclivities of authoritarianism and free market solutions. "Statist" coalitions have complementary interests, often at odds with liberal-internationalist priorities.[46] The latter may also require reducing state oversight of commercial activity, and encourage the growth of a prosperous, and independent middle class, which can undermine state control. State enterprises, and their managers, are thus likely to be prominent power centers in authoritarian regimes. The conventional armed forces and security services are also likely to be prominent constituencies. Reliance on the army to repress opponents imbues the former with political power. More broadly, political power tends to be highly centralized in these regimes; even where legislatures have nominal control over some issues, major decisions will be made at the top by the leader, in consultation with key elites and associates.

44. Philip G. Roeder, *Red Sunset: The Failure of Soviet Politics* (Princeton: Princeton University Press, 1993).

45. Nazih N. Ayubi, *Overstating the Arab State: Politics and Society in the Middle East* (London: I. B. Tauris, 1995), 300.

46. Solingen, *Regional Orders at Century's End*, 32–36.

REGIME TYPE AND SANCTIONS EFFECTIVENESS

IF MY ARGUMENT is correct, examining how sanctions affect democratic and authoritarian coalitions should yield important insights into how leaders respond to the threat or imposition of punitive measures. Below I present four hypotheses of how regime type affects sanctions effectiveness (see Figure 1). In formulating the hypotheses I distinguish sanctions according to the type of instrument used (export, import, financial, or cultural/social). *Comprehensive* sanctions involve the use of export and import embargoes, potentially combined with some types of financial sanctions (constraints on foreign investment, access to international financial markets) as part of an effort to shut down (or, at least, slow down) the economy. In addition to their differential effects on the welfare of particular economic constituencies, these mechanisms can have adverse macroeconomic effects, potentially yielding slowed growth or contraction of the economy, unemployment or inflation.[47] Social sanctions can also be comprehensive where they prohibit the diplomatic and cultural engagement of the sanctioned states' leaders and society (rather than singling out for censure particular individuals and groups).

Targeted sanctions tailor a particular instrument to a designated, politically salient constituency. The goal of targeted sanctions is to put maximum pressure on the most influential constituencies in a target leader's coalition, rather than seeking to undercut the macroeconomy and forcing concessions by shutting down the economy. As such, "'targeted sanctions' or 'smart sanctions', like 'smart bombs', are meant to focus their impact on leaders, political elites and segments of society…while reducing collateral damage to the general population."[48] Some sanctions are inherently more targeted in that they have narrower distributional consequences, with fewer aggregate affects on the macroeconomy. Asset freezes, for example, which isolate the cash and other accounts of designated individuals and entities, tend to harm these groups, with limited fallout for the economy at large. Visa restrictions and travel bans can also be precisely targeted when they single out prominent individuals for restriction. Similarly, in poor countries, universal prohibitions on air travel between the sanctioned and sanctioning state(s) can be considered targeted because they may disproportionately affect the elite that can afford international travel (but they can also harm the general population, if the flight bans make it

47. The South African case below offers detailed example of these dynamics in a particular case.

48. Quotation is from Gary Hufbauer and Barbara Oegg, "Targeted Sanctions: A Policy Alternative?" (Washington, D.C.: Institute for International Economics, 23 February 2000), 2, at http://www.iie.com/papers/hufbauer-oegg0200.htm.

difficult for foreign aid workers to operate in the country). Arms embargoes and prohibitions on exports of military equipment and weapon systems to a target state are often considered targeted in that they harm that country's armed forces (at least in the short term, before an indigenous armaments capacity can be developed).

Figure 1

REGIME TYPE AND SANCTIONS EFFECTIVENESS

		Sanctions	
		Comprehensive	Targeted
Regime type	Democratic	Trade/financial sanctions = moderately *effective*	Targeted export and social measures = moderately *effective* Import ban = mostly *ineffective*
	Authoritarian	Trade/financial sanctions = mostly *ineffective, counter-productive*	Targeted financial sanctions (asset freezes, suspension of aid) = moderately *effective* Travel bans = moderately *effective*

Other sanctions may be more or less blunt, depending on how they are designed, and on the structure of the target's economy. For example, as noted above, blanket bans on access to international capital markets (for example, loans from banks) or on foreign investment, can have profound economy-wide consequences in that they may slow economic growth (therefore harming the "median" voter). They are, however, also especially harmful to industries that rely on capital from abroad for growth and expansion (and which are also vulnerable to a crisis of confidence in domestic investment that may ensue should foreign investment decline). Hence, when a target has a small, but politically powerful, business elite concentrated in key, capital intensive industries, bans on access to international capital markets or investment might be considered targeted. Trade sanctions can also be targeted, as opposed to comprehensive, when they focus on a particular commodity or sector, unless that good or sector is the major source of exports or imports (such as oil, or other natural resources); otherwise the targeted sanction is de facto comprehensive.[49]

Four Hypotheses on Sanctions Effectiveness

> *Hypothesis 1: Comprehensive sanctions are likely to be effective in democracies.* Comprehensive sanctions should work in democracies because they hurt the median voter, to whom political leaders are accountable, and thus create incentives for leaders to alleviate the stresses of sanctions.

Sweeping export/import embargoes combined with restrictions on financial flows can adversely affect the macroeconomy, increasing inflation and unemployment, threatening access to capital, reducing investor confidence, thereby yielding a contraction of the economy, or slowed growth. The entire population bears substantial direct and indirect economic and social costs. Some sectors or groups may prosper under comprehensive trade sanctions and well-organized and powerful special interests benefiting from sanctions may still prove disproportionately influential in political leaders' decisions, due to collective action problems endemic to large groups. Unlike authoritarian regimes, however, in which the "selectorate" is not the median voter, the average Joe and Jane do matter in a democracy. Politicians ultimately should respond to their economic pain. Thus, over time, sanctions-induced economic downturns should spur politicians in competitive multiparty situations in the direction of reform or policy change, so that they can alleviate the hardship of the population. For this reason, comprehensive sanctions should be moderately effective in prompting concessions from democratic states.

South Africa: Comprehensive Sanctions

A brief overview of the South African case is suggestive of this pattern. Sanctions were initially imposed on South Africa in the 1960s. They were strengthened , first, by a UN arms embargo in 1977 and, importantly, in 1986, with the passage in the United States of the Comprehensive Anti-Apartheid Act (CAAA). The CAAA included trade restrictions, bans on new loans to South Africa and cultural restrictions. The primary goals of these sanctions were to end South Africa's policies of apartheid and encourage the establishment of multiracial

49. On the concept of targeted sanctions versus the comprehensive trade embargo, see Hufbauer and Oegg, "Targeted Sanctions: A Policy Alternative?"

democracy. White South Africa then had a functioning multiparty system and was democratic within the confines of its minority "white state," but discriminated against its majority black population and excluded the latter from political power. Sanctions were intended to pressure South Africa to end its policies of apartheid.

South Africa at the time was a problematic democracy, to put it mildly, given the exclusion and oppression of its majority population. Yet, for the purposes of this study, it is critical that the white population—which throughout this period retained the power to control the course of, and ultimately veto, reform—did operate within a democratic system. The case thus provides an opportunity to examine how democracy and sanctions interacted to create opportunities for political entrepreneurship and political transformation within the white state.

As the theory predicts, comprehensive sanctions had diverse implications for *particular* constituencies in South Africa. One of the chief beneficiaries of trade sanctions was the import-competing manufacturing sector.[50] The military-industrial complex also benefited under the sanctions regime in that the arms ban catalyzed the development of an indigenous arms industry.[51] As one analyst put it, the imposition of a United Nations ban on arms sales to South Africa in 1977 proved a "fateful date in the history of South Africa…as a direct result of the UN sanctions, the Armaments Corporation of South Africa (ARMSCOR) was officially founded in 1977 specifically to provide for the Republic of South Africa's defense needs."[52] Similarly, as South African president F. W. de Klerk himself noted "we [South Africa] developed a whole armaments industry, which we would not have done if it weren't for sanctions."[53] By the late 1980s ARMSCOR had emerged as a major player in the global arms market. Other beneficiaries from sanctions included those South African corporations who, as a result of divestment by foreign owned firms, bought up facilities at fire sale prices, as well as the coal-conversion industry, which grew as a result of the oil embargo.[54]

Despite the benefits that accrued to particular sectors and firms, many analysts agree that sanctions had a limited, but adverse effect on the economy as a

50. Selden, *Economic Sanctions as Instruments of American Foreign Policy*, 25–26.

51. On the development of the arms industry, see Neta C. Crawford, "Oil Sanctions Against Apartheid," in Crawford and Klotz, *How Sanctions Work*, 53–56; and Selden, *Economic Sanctions as Instruments of American Foreign Policy*, 23–31.

52. Selden, *Economic Sanctions as Instruments of American Foreign Policy*, 27.

53. Remarks appear in Major Leader special transcript of F. W. de Klerk speaking at a Center for Strategic and International Studies breakfast in Washington, D.C. Available from the Federal News Service, 8 November 1994.

54. See Bill Keller, "South African Sanctions May Have Worked, At a Price," *New York Times*, 12 September 1993.

whole. These welfare costs were associated with factors such as increased oil and stockpiling costs.[55] According to Crawford, the oil embargo drove up the costs of oil and imposed significant costs in the development of coal to oil conversion technology and facilities.[56] Financial sanctions also played an important, albeit complex, role in slowing the rate of economic growth, by reducing the foreign capital available for investment in South Africa's industrial sectors,[57] and by making it more difficult for the government to borrow money.[58] The effects of declining foreign capital due to banks' and investors' independent assessments of political instability, uncertainty and risk versus explicit prohibitions on loans and investment (which also indirectly affected lenders' risk assessments)[59] are difficult to divorce fully in the South African case. Yet, many analysts agree that financial sanctions worked in tandem with political uncertainty in South Africa to undermine the investment climate.[60] Consequently, during the latter 1990s South Africa experienced a substantial capital outflow with little concomitant inflow of investment and funds, [61] which helped suppress economic growth.[62]

55. Elliott, Schott, and Hufbauer, *Economic Sanctions Reconsidered*, 3rd ed.

56. Crawford, "Oil Sanctions Against Apartheid," 103–26.

57. See, for example, Jonathan Kapstein, "South Africa: the Squeeze is On," *Business Week*, 11 September 1989. Also see Jennifer Davis, "Sanctions and Apartheid: The Economic Challenge to Discrimination, in *Economic Sanctions: Panacea or Peacebuilding in a Post–Cold War World*, ed. David Cortright and George A. Lopez (Boulder: Westview, 1995), 175.

58. The constriction of capital made it necessary for the government to retain a positive balance of payments to repay external debt. To do this, it was forced to increase interest rates to hold down imports and inflation, thereby flirting with recession. See the discussion in Kapstein, "South Africa: the Squeeze is On." Also see Lawrence Schlemmer and Robin Lee, "Introduction: 1990: A Year of Change," in *Transition to Democracy: Policy Perspectives 1991*, ed. Lawrence Schlemmer and Robin Lee (Oxford: Oxford University Press, 1991), 19; Hermann Giliomee, "Democratization in South Africa," *Political Science Quarterly* 110, no. 1 (spring 1995): 88.

59. On this point see Keith Ovenden and Tony Cole, *Apartheid and International Finance* (Ringwood, Victoria, Australia: Penguin, 1989), 189.

60. Giliomee, "Democratization in South Africa," 89; Schlemmer and Lee, "Introduction," 18; Davis, "Sanctions and Apartheid"; Desmond Lachman, "Economic Challenges facing South Africa," *Finance and Development* 29, no. 2 (June 1992): 6–10.

61. U.S. officials estimated the loss of investment at twelve billion dollars from 1985 to 1989. Testimony by Herman Cohen, assistant secretary of state for African Affairs, to the Senate Foreign Relations Committee, on "U.S. Policy Options Toward South Africa," 3 October 1989, 11. The *Washington Post* reported a declining a growth rate and capital outflows of $4 billion from 1986 to 1988. The paper went on to cite a bankers' study estimating that sanctions cost between thirty two and forty billion dollars between 1985 and 1989, which included 11 billion in net capital outflows and four billion in lost export earnings. The *Post* figures are cited by Davis, "Sanctions and Apartheid," 180. On the fall of real gross investment see Ovendon and Cole, *Apartheid and International Finance*, 57.

62. Giliomee reports, for example, that during the 1980s gross fixed investment declined from twenty 6 percent of GDP in 1983 to 16 percent in 1991; this made it difficult for the economy to grow, given that replacing existing capital equipment required 14 percent in-

Overall, welfare losses owing to sanctions were estimated at approximately 2 percentage points of growth per annum, a figure relatively low when compared with a case such as Yugoslavia, which, in 1993 alone, experienced a 28 percent contraction of its economy.[63] Nevertheless, however small their relative effects, sanctions, through their contribution to slowed growth, undermined the quality of life of white South Africans. Blue-collar whites were especially hard hit in the latter 1980s. They faced increasing difficulty in getting mortgages, a 40 percent hike in food prices (from the fall of 1988 to fall 1989), and an inflation rate of 15 percent officially, 30 percent unofficially. In 1989 South Africans paid more than twice as much for cars as they did in 1984. In addition, in 1989 the sales tax had risen to 13 percent, a figure which had tripled in the prior decade.[64] As one analyst summarized it, "in part because of sanctions, white South Africans, who were less accustomed (than blacks) to economic hardship, experienced a startling drop in their living standards…"[65] In short, the economic situation took a tangible toll on the country's population.

Moreover, because these costs affected the white population (as well as the black population) they mattered politically. Here the role of democratic institutions limited to, but present within, the white community is crucial to understanding why an even small loss in growth could allow sanctions to play a role in the end of apartheid. In a democracy a sick economy presents opportunities for political entrepreneurship and the adoption of innovative electoral and policy strategies by politicians and political parties. More concretely, my theory suggests that the aggregate costs of sanctions to the economy at large, and the implications for voters' quality of life and standard of living, should affect the costs and benefits democratic politicians assign to policy change. Sanctions create new problem issues for voters, and, therefore, opportunities for politicians to innovate and use policy change as a vehicle for mobilization in electoral politics.

It is in this context that the evolution in the philosophy and strategy of South Africa's then-dominant political party, the National Party (NP), is significant.[66] Especially important was F. W. de Klerk's role in spearheading a dramatic revision of the party's political platform during 1989–90. Although the

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vestment, leaving little money for expansion and development. Giliomee, "Democratization in South Africa," 89.

63. Figure for South Africa is from Elliott, Schott, and Hufbauer, *Economic Sanctions Reconsidered.* Yugoslavia figure is from Cortright and Lopez, *The Sanctions Decade*, 73.

64. Kapstein, "South Africa: The Squeeze is On."

65. Keller, "South African Sanctions."

66. For overviews of the change in strategy see Frederik Van Zyl Slabbert, *The Quest for Democracy: South Africa in Transition* (London: Penguin, 1992), 38–41. Also Giliomee, "Democratization in South Africa," 87–88; John Battersby, "A Test for Afrikaner Rule," *Christian Science Monitor*, 22 August 1989, 1.

prior regime of P. W. Botha had made minor concessions on apartheid, when de Klerk assumed leadership of the party in February 1989, he initiated a significant transition in the party's approach to political reform. At the heart of de Klerk's strategy was a vision that tied the economic and political viability of white South Africa to fundamental reform of the apartheid system. De Klerk worked especially hard to sell this message during the months prior to South Africa's September 1989 general election. He launched a very public campaign, making speeches advocating political reform.[67] De Klerk also sought to promote his message within the National Party. In May 1989 he gave a speech to parliament arguing that political reform must be "drastic and quick."[68] Even more provocatively, at the party's June 1989 convention he made implicit reference to sanctions, arguing that pursuing the party's plans "to eventually give blacks a direct vote in national affairs will end South Africa's isolation."[69] De Klerk also sought support from abroad, in order to reinforce his message at home. In June 1989 he traveled to Germany and to Britain, and later to Zaire and Mozambique, gaining international support for his reformist policy.[70] In addition, in arguably his most controversial move, in August 1989 de Klerk met with Zambian president, Kenneth Kaunda, an outspoken critic of the apartheid regime, thereby gaining Kaunda's public endorsement.[71]

This political campaign culminated with the 6 September general election. In the election the National Party retained its absolute majority in the assembly but lost seats to the right and left. By adding the 21 percent of the vote gained by the leftist democratic party to the nationalists' 48 percent, however, de Klerk publicly interpreted the results as a clear mandate for reform.[72] Thus, in a relatively brief period of time, South Africa's long-standing dominant party shifted from a platform based on fear of the black majority, to one that embraced engagement as a cornerstone of its philosophy. Perhaps most striking, however, was that it was de Klerk who shepherded this dramatic revision. Nothing in de Klerk's personal and political history suggested he was the natu-

67. For excerpts of an interview see "White Domination Must End, South African Leader Says" *Christian Science Monitor*, 5 June 1989, 6.

68. See Stephen Robinson, "Kaunda Backs de Klerk's Plan for Reform," *Daily Telegraph*, 29 August 1989.

69. On the party convention, see Richard Pyle, "Party Leader Says Plan for Black Vote Will End Nation's Isolation," *Associated Press*, 29 June 1989.

70. Notably, in that meeting Thatcher told him that she could not remain indefinitely isolated in her refusal to impose sanctions against Pretoria. Robinson, "Kaunda Backs de Klerk's Plan for Reform."

71. Bruce W. Nelan, "Changes in South Africa," *Foreign Affairs* 69, no.1 (1989/90).

72. Nelan, "Changes in South Africa." John Battersby, "South African Vote Gives Reformers a Majority," *Christian Science Monitor*, 8 September 1989, 1.

ral steward of reform.[73] Nor was the regime at the end of the 1980s forced by the opposition in South Africa to embark on liberalization; the opposition was at the time constrained by the state of emergency imposed in 1986, and handicapped by its own internal divisions.[74] Rather, the decision to pursue reform came largely from within the white elite, as the outgrowth of debate about what was necessary to secure the well-being of white south Africa.[75] Even so, the ambitiousness of de Klerk's agenda was a major surprise, not only to the black extraparliamentary opposition, but to his own constituency.[76] In this sense, his reformist approach was truly innovative.

What part did sanctions play in the development of this political strategy? They contributed to change in two important ways. First, they worked from the bottom up, helping shift attitudes and opinion within the white community, to which South Africa's democratic leaders were ultimately accountable. The effects of international isolation began to reverberate within white communities, precipitating new debate about the costs and benefits of reform. De Klerk, in a public presentation for the Center for Strategic and International Studies in November 1994, captured this dynamic well when he referred to the effect of sanctions as having "played a role in stimulating the debate on the need for change. Surely it focused people on the need for change. Surely it made people realize that we were in a dead-end street, that there would be ever growing isolation, and therefore surely it influenced people."[77] Equally important was the shift in elite opinion. In October 1989 Herman Cohen, then U.S. assistant secretary of state for African Affairs, asserted that sanctions had played "a role in stimulating new thinking within the white power structure." He later noted that "It is now clear to that government that the well-being of the white minority cannot be sustained without a negotiated political settlement that results in political equality for all South Africans."[78] Even, Chester Crocker, President Ronald Reagan's front-man on sanctions, and heretofore an ardent opponent, conceded that sanctions (and financial sanctions, in particular) had a played a role in promoting new political thought in South Africa.[79]

73. In fact, he had been chosen over a more reformist candidate to lead the party. See Giliomee, "Democratization in South Africa," 87; Nelan, "Changes in South Africa."

74. Giliomee, "Democratization in South Africa," 86.

75. Ibid.

76. Ibid.

77. Remarks appear in Major Leader special transcript of F. W. de Klerk speaking at a Center for Strategic and International Studies breakfast in Washington, D.C.. Available from the Federal News Service, 8 November 1994.

78. Seema Sirohi, "South Africa: U.S. Admits Sanctions Work, Gives de Klerk Deadline," *Inter-press Service*, 3 October 1989.

79. Financial sanctions were singled out as especially effective. This positive view of sanctions represented a reverse-course for policymakers in the White House and State Depart-

Second, sanctions worked from the top down, altering the incentives of the top political leadership to pursue reform. Here the link between sanctions and political change, according to observers and to de Klerk himself, lay in the relationship between sanctions and the future growth of the South African economy. Under the political status quo, de Klerk foresaw that the country's economic growth would be stymied. More importantly, part of the solution to the country's economic stagnation lay in renewing its access to foreign capital, which required ending sanctions (and preventing the imposition of additional sanctions, which was then a serious threat).[80] Thus, while regularly denying that sanctions had a direct role, de Klerk often cited their indirect influence on his reformist impulses. For example, in an interview in March 1992, he referred to the "international isolation brought about by sanctions" as a "major contributing factor" in the causes of the country's economic problems; in particular, he singled out the effects of financial sanctions on the macroeconomy.[81] As he put it later, in a 1994 interview about his advocacy of political reform as a way to revive the economy: "we could comfortably have continued to handle many or most of the sanctions for quite a while longer, and I could have left a bankrupt estate to my successor."[82]

De Klerk was not alone in recognizing the link between international isolation, the country's economic malaise, and the need for political reform. By

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ment, which had long opposed sanctions. The Bush administration even stifled an initiative to repeal sanctions, finding that they were having an effect. On these details see Saul Friedman, "Opponents concede sanctions work," *Newsday*, 4 February 1990.

80. In 1989 the U.S. Congress threatened to impose additional sanctions (financial measures, in particular) if de Klerk did not move quickly on reform. So great was the clout of the pro-sanctions constituency in Congress, that a major state visit by de Klerk was cancelled in the fall of 1989 after George Bush was forced to hedge on meeting with the South African leader during his visit. At that meeting with Bush, de Klerk had intended to raise sanctions; in June 1989 he reported that in the proposed meeting, "most of all, I would put on the agenda the destructive effect which sanctions are having" (excerpts from the interview in which he makes these statements appear in *Christian Science Monitor*, "White Domination Must End, South African Leader Says." Also see the discussion of Walter Sisula's release in Nelan, "Changes in South Africa.") Perhaps most provocative is that all of the preconditions Congress identified to avoid new sanctions were met by the de Klerk regime in the time period allotted by Congress. On the time frame see hearings by the Senate Foreign Relations Committee on "U.S. Policy Options Toward South Africa," 3 October 1989. In sum, to the extent that past sanctions created an opportunity—a carrot—for pursuing a new political strategy, the threat of harsher sanctions appears to have acted as a stick, pushing forward de Klerk's reformist agenda. For further details see John Felton, "Congress is Willing to Defer Imposing New Sanctions," *Congressional Quarterly Weekly Report*, 7 October 1989; Patti Waldmeir, "Confusing Signals Out of Washington," *Financial Times*, 7 August 1989.

81. See his remarks in an interview with SABC-TV in Johannesburg 1822 gmt, 15 March 1992, which are reported in the *BBC Summary of World Broadcasts*, 17 March 1992, pt. 4, The Middle East, Africa and Latin America; section B ME/1331/B/1.

82. Remarks appear in CNN interview with de Klerk, by Bernard Shaw, "De Klerk says South African elections bring a new day," *Cable News Network, Inc.*, 27 April 1994, transcript #587-3. Also see Keller, "South African Sanctions."

1989 the business community increasingly began to recognize the negative effects of sanctions on the investment climate.[83] Although wont to protest the efficacy of sanctions, senior National Party officials also at times acknowledged their contributing role in the government's eventual decision to negotiate a transition to multiracial democracy.[84] In September 1989, lamenting the state of the economy, South Africa's finance minister, Barend J. du Plessis, vented about the detrimental effects of "'the internationally organized assault' on the South African economy."[85] As one observer summarized the situation at the time, "these overwhelming [economic] problems are driving de Klerk and other leaders to the negotiating table. The lessons of the 1980s are starting to take hold: there's no way out of South Africa's economic decline without significant political reform."[86]

In sum, the slowed growth, and the sanctions which contributed to it, created a political opportunity for de Klerk and his party. Changes in South Africa's regional setting (especially settlement of the war in Namibia) helped reduce the international costs of changing the policy, creating the possibility for change—an opportunity embraced by de Klerk. As Schlemmer describes it, sanctions no longer appeared a price that had to be paid no matter what, but rather achieving the lifting of sanctions seemed a prize "possible to win." In short, "…the existing level of sanctions became, in a sense, a platform of opportunity."[87]

On 2 February 1990 de Klerk gave his now famous statement to the opening of South Africa's parliament, which, for many, symbolically marks the beginning of the end of apartheid and ultimate transition to full democracy. In the speech, the president states his intention to un-ban the African National Congress, to lift a series of political restrictions, and undertake a variety of actions aimed at liberalizing politics in South Africa. Although pitched to a domestic audience, he seemed to have the broader world in mind as well. In the concluding phrases of his speech he called on the "international community to evaluate its position and to adopt a positive attitude toward the dynamic evolution which is taking place in South Africa."[88]

83. Kapstein, "South Africa: the Squeeze is On"; Slabbert, *Quest for Democracy*, 40.
84. Giliomee, "Democratization in South Africa," 88.
85. Kapstein, "South Africa: the Squeeze is On."
86. Ibid.
87. Schlemmer and Lee, "Introduction," 18–19.
88. Debates of Parliament, Second Session-Ninth Parliament, Republic of South Africa, Friday, 2 February 1990. Proceedings of joint sitting.

> *Hypothesis 2: Targeted sanctions will be most effective in democracies in which (1) they target export competitive economic constituencies; or (2) "hegemonic" cultural and social groups.* The goal of targeted sanctions in democratic states is to hurt particular sectors or groups that are important for a political leader and his party's position in office. Targeted sanctions should stimulate lobbying by special interests harmed by the threat or imposition of sanctions. Political leaders should respond to pressure on key constituencies by seeking solutions that will end or avoid sanctions.

This use of targeted sanctions in a democracy differs from comprehensive sanctions in the mechanism at work. Comprehensive sanctions bring about results—that is, policy change—through aggregate economic pain and diffuse pressure from the bottom-up, which alter politicians' incentives to pursue reform. Targeted sanctions operate at the upper echelon of societal-government relations, where special interests lobby for policy concessions; targeted sanctions thus work by mobilizing internal opposition by key constituencies harmed by the punitive measures—constituencies not necessarily implicated in the policies which caused sanctions to be imposed in the first place.

Economic constituencies in democracies are among the prime targets for trade sanctions, because in democracies political divisions often coincide with economic cleavages. Not all economic groups, however, are equally vulnerable to trade sanctions. Sanctions which target export-competitive firms or sectors should be most effective when trade in these goods between the target and imposing state is large. These groups suffer when their markets dry up. Where political leaders rely on their support to stay in power these interests can exert pressure for policy change. Note, however, that if export interests are targeted, and these interests *are not* influential in the ruling coalition, export sanctions may actually further marginalize liberalizing elements in the target state by weakening their economic position and eroding their political influence over time; in this case export sanctions weaken the very constituencies most receptive to international pressure.[89]

In addition, sanctions that prohibit imports from the imposer to the target should be ineffective. If export sanctions eliminate markets abroad, import sanctions create them at home. As described above, formerly noncompetitive industries get a boost from the constriction of supply and increase in prices of goods subject to the import boycott. Sanctions thus can breed their own con-

89. In addition, in the long term if export competitive groups in the coalition cannot win concessions despite the threat to withdraw support from the leadership, they will also ultimately be weakened politically. As Rowe ("Surviving Economic Coercion") argues, if the regime withstands these pressures in the short term, over many years export bans can actually weaken these groups' economic status, and therefore undermine their political influence in the long term as well.

stituencies and create vested interests in their perpetuation.[90] Where these groups are influential in a leader's coalition, his incentives to acquiesce in sanctions may actually diminish over time as he seeks to protect the interests of sectors and firms benefiting from the protective tariff-like effects of sanctions.[91]

In trade disputes the United States often relies on targeted sanctions for bargaining leverage. In July 1999, for example, the United States imposed 100 percent tariffs on selected European exports in response to the European Union's refusal to end its ban on hormone enhanced beef imports. The sanctions, called a "surgical strike at countries that are not being helpful" by one trade lobbyist, targeted, among other products, canned Italian tomatoes, Dijon mustard, foie gras, truffles, and French Roquefort cheese.[92] The political rationale of these sanctions was not lost on the French makers of the cheese, as they lamented the "arbitrary nature" of a ban on cheese imposed over beef.[93] In general, my analysis suggests that targeted export sanctions such as these should provide the imposing state substantial leverage in resolving disputes.[94]

90. Selden, *Economic Sanctions as Instruments of American Foreign Policy*, 20–23; Rowe, *The Domestic Political Economy of International Economic Sanctions*, 30.

91. Selden, *Economic Sanctions as Instruments of American Foreign Policy*.

92. Comment appears in Edward Alden, "U.S. Carousel Sanctions Ready to Start Spinning," *Financial Times*, 13 July 2000.

93. Anne Swardson, "A Roquefort David Strikes a Coke Goliath," *International Herald Tribune*, 23 August 1999. Also see David Owen, "French Farmers Fight Back on U.S. Sanctions," *Financial Times*, 11 September 1999.

94. In this case, however, sanctions seem unlikely work. Despite the targeted nature of the export ban, the United States was not a large export market for the goods chosen for tariffs. Thus the total sales in the United States for French truffles, Roquefort cheese, foie gras and Dijon mustard account for only $28 million of approximately $4.4 billion overall exports of the goods per month. Adam Sage, "American Reprisals Stick in the Throat of the French," *Times* (London), 21 July 1999. Exports of French Roquefort to the United States per month were worth only FFr30 million, relative to overall exports of about FFr1.9 billion. The United States accounted for just 4 percent of exports of foie gras and 10 percent of truffles. David Owen, "French Truffles Farmers Turn Up Their Noses," *Financial Times*, 24 March 1999.

The reasons why these goods were chosen underscores the potential barriers of using export sanctions effectively. To exert sufficient pressure on the target state, trade in the targeted good has to be significant, and the imposing state has to represent a sizable market for the target. This, however, means that importers of the banned goods in the imposing state are likely to mobilize against sanctions, fearing economic harm to themselves; avoiding pain to consumers is also a potential consideration for politicians. For example, in this case a lengthy consultation and lobbying process with U.S. retailers preceded the determination of the final list of tariffed goods. Kim Severson, "Truffles Engaged in Trade War," *San Francisco Chronicle*, 38 August 1999. A second factor, particular to this case, militates against success. In France the dispute over beef imports has become implicated in a larger ideological battle over globalization and anti-imperialism. The United States is the chief villain in this drama. Accordingly, France's chief McDonald's vandal, Jose Bove, has gained widespread popularity. Hence any pressure exporters might exert is offset by the substantial popular opinion against concessions in this case.

Targeted cultural or social sanctions should also be effective against democratic states, because of how they are likely to play out in political processes. Wholesale censure of target nationals fosters a siege mentality, and can create a backlash against the imposer(s), regardless of states' regime type. In his classic article on economic sanctions in Rhodesia, Galtung thus argued that sanctions would most likely produce "political integration" when "the attack from the outside is seen as an attack on the group as a whole, not on only a fraction of it."[95] In contrast, targeted sanctions hurt the source of the offending behavior, without alienating the society at large. Targeted sanctions create positive incentives for supporters of the offending group to abandon the latter's cause, because there are clear benefits to those who do so. In democracies, politicians can mobilize around these issues; voter support offers leverage for change.

SOUTH AFRICA: THE SPORTS BAN

The South African ban on apartheid sport offers an intriguing example of the use of targeted cultural sanctions to promote internal change in a country's policies. The bans, beginning in the 1960s and evolving over time, targeted white-controlled sports such as rugby and cricket and South Africa's participation in the Olympic Games. The goal of the organizers of the boycotts was to punish those team organizations in which whites participated exclusively. As such the sports ban proved a major source of frustration for white South Africa. In a 1990 study 29 percent of whites reported the effects of the sports ban to have been "very strong," while 45 percent reported it had been "strong."[96] The targeted nature of the ban was also significant: "Targeting specific sports inflicted sharp and direct sociopsychological pain on key white groups, with low costs to both the nonwhite majority and the sanctioners."[97] Especially effective, for example, was the ban against rugby, an intensely "Afrikaner" sport.[98]

Although change was slow in coming, the ban proved an important influence on white South Africa's evaluation of the costs and benefits of apartheid.[99] As such, the boycott proved an important pressure point, and ultimate rallying point, for white South African political leaders.[100] In 1967, for example,

95. Galtung, "On the Effects of International Economic Sanctions," 389.

96. David R. Black, "'Not Cricket': the Effects and Effectiveness of the Sport Boycott," in Crawford and Klotz, *How Sanctions Work*, 219.

97. Ibid., 222.

98. Ibid., 221.

99. Ibid.; and Rob Nixon, "Apartheid on the Run: The South African Sports Boycott," *Transition* 58 (1992): 68–88.

100. Black, "'Not Cricket': the Effects and Effectiveness of the Sport Boycott," 219.

frustration with the sports ban induced then prime minister John Vorster to reverse his previous position and support racially mixed tours of foreign athletes in South Africa, a position that caused a split in the ruling national party.[101] Early on in his tenure, de Klerk seemed to recognize that suspending the sports ban would help bolster his popularity among white supporters of the National Party wary of his reformist agenda.[102] More dramatic was de Klerk's use of the sports ban to press for further reform after the ban against South African sport was lifted in 1991, following initial changes in the state's apartheid policies. In March 1992 de Klerk called for a referendum on the future of reform, wielding the threat of the sport boycott's return against his conservative competitors. As such he "temporarily commandeered the boycott issue as an electoral weapon, wielding it against the extreme right."[103] The success of the referendum helped marginalize his opponents on the ultra-right opposed to reform.

During this transitional period, the role of South African sports officials in creating momentum for change is also significant. In response to the bans on their participation in international sporting events, some establishment sports bodies and officials did make early efforts to alter their structures and practices in favor of multiracial participation. Many other officials, however, remained openly contemptuous and defiant of sanctions.[104] Yet in the transition period in the 1990s, when de Klerk was pursuing his reform policies, many of these sports officials began to assume a prominent role in pressing for an end to sports sanctions; to accomplish this goal they made critical concessions in the structure of their own sports organizations—changes that both reflected and promoted a shift in popular opinion about reform more broadly. Especially notable was a meeting in November 1990 in which leaders of South Africa's major sports organizations met with representatives from the country's African neighbors to discuss the boycott and lobby for its abandonment.[105] It was the first meeting of its kind, and included leaders from the white-dominated Rugby Board and the National Cricket Union. In sum, by targeting an area that was deeply tied to white South Africans' identities, the sports ban provided a key mobilizing point for politicians, and eventually for the officials of white-dominated sports themselves, to prod reform along.

101. Ibid.

102. Joseph Contreras, "Back in the Games Again," *Newsweek*, 5 November 1990.

103. Nixon, "Apartheid on the Run," 85–86.

104. Black, "'Not Cricket': the Effects and Effectiveness of the Sport Boycott," 223.

105. "Africans Set Conditions for Ending Sports Boycott" *Associated Press*, 3 November 1990. Michael Hartnack, "South African Sport Hostage to Politicians," *Times* (London), 5 November 1990. Andrew Meldrum, "South Africa: Racially Divided Sports Federations to Unite," *United Press International*, 4 November 1990.

> *Hypothesis 3: Comprehensive trade sanctions will be ineffective, and counterproductive in authoritarian regimes.* Comprehensive trade sanctions strengthen the state, its internal constituencies (the military, state-owned enterprises, statist parties), redistribute resources to elites tied to the state, while undermining the middle classes. Comprehensive sanctions buttress an authoritarian regime's staying power, reducing its leader's incentives for compliance.

In authoritarian regimes the distributional consequences of comprehensive trade sanctions tend to favor groups with strong ties to the state. Unless trade sanctions can be and are strictly enforced—something difficult to accomplish even where geography favors enforcement and multinational support is available—they create monopoly opportunities for allies of the regime in the illicit trade of inelastic goods. As noted above, sanctions increase prices by decreasing the supply of goods. Where goods are relatively inelastic as in the case of tobacco, alcohol, and oil, demand remains relatively steady despite rising prices. This creates opportunities for illicit trade in these goods, enriching the managers of that trade. At the same time the number of suppliers of the goods decreases.[106] This means that those in charge of the illicit trade operate with less competition, in a sector of high demand, with skyrocketing prices. Sanctions create opportunities for smuggling in all states, regardless of regime type, but in authoritarian regimes the managers and overseers of these operations often have ties to the state; thus involvement in the black market rewards and strengthens important constituencies.

Sanctions are also likely to benefit the managers of state-owned enterprises, because these are often among the least efficient producers of goods. The effect is similar to that described for import-competing industries above. Authoritarian states often have large and inefficient bureaucracies in the state sector. Import sanctions give a boost to state-owned industries and rents thus accrue to these constituencies. Moreover, because the chiefs and managers of public sectors often have ties to the political leadership in authoritarian regimes, the effect of sanctions is to transfer economic resources to key political allies of the regime.

The military in authoritarian states is also likely to benefit from comprehensive sanctions. As noted above, the loss of exports of large weapons systems can be detrimental in the short run to military capabilities, although small arms and light weapons are likely to be available on the black market. To the extent sanctions spur an indigenous arms industry, however, they satisfy the autarkic leanings of military organizations. In addition, the "siege" of comprehensive

106. Rowe, *The Domestic Political Economy of International Economic Sanctions.*

sanctions may bolster the mandate and elevate the social position of the armed forces, as they assume the mantle of protecting the state and safeguarding internal order.[107] These dynamics may occur in all states, regardless of regime type. The fact that sanctions may strengthen the military and serve its interests, however, has important political consequences in authoritarian states, where support of the armed forces is vital to maintaining office.

Sanctions can also enhance the power of state officials in other ways. Both Selden and Rowe describe how sanctions-induced market disruptions inspire state intervention in the economy.[108] They pave the way for the establishment of new regulatory institutions, which concentrate control over key economic sectors in the hands of state officials. Rowe, for example, describes how the Rhodesian state took over the tobacco market, the country's principal export commodity, managing it through the Tobacco Corporation, in order to stabilize prices and supplies of tobacco.[109] The result was to enhance the state's control over the domestic tobacco market, reducing the power of tobacco farmers. State intervention may be a "natural" byproduct of market disruptions in both democracies and authoritarian regimes, but, again, it is especially consequential in authoritarian regimes. In these regimes, monitoring and control of the civilian population is vital for the maintenance of power. Sanctions may aid this process, by strengthening the rationale for state intervention. "Economic deprivation or crisis can [thus] present an excuse for a government to become even more heavy handed, suppress dissent, take over the production and distribution of goods, and so forth."[110] Paradoxically sanctions may facilitate a leader's subordination of bedrock economic constituencies, rather than undermine his control as the general logic of sanctions suggests.

While bolstering the state, comprehensive sanctions can weaken potential sources of opposition to the regime and handicap potential agents of change by impoverishing the middle class. Comprehensive sanctions are especially counterproductive in cases in which the sender seeks reform or change in the target's domestic political institutions, to encourage democratization or the removal of the political leader from office. By weakening the middle class, states imposing sanctions may be harming the very constituency most likely to

107. The "siege" effect of sanctions can also affect intra-elite politics in perverse ways. Sanctions are the practical inverse of policies of engagement. Whereas the latter can strengthen reformers in factional politics, sanctions can bolster the arguments of hard liners. Punitive measures lend credence to claims that outsiders entertain malign preferences toward the target state, and that political or diplomatic liberalization will soften the state's defense against outsiders.

108. Selden, *Economic Sanctions as Instruments of American Foreign Policy*; Rowe, *The Domestic Political Economy of International Economic Sanctions*; and Rowe, "Surviving Economic Coercion."

109. Rowe, "Surviving Economic Coercion," 147–241.

110. Collins and Bowdoin, *Beyond Unilateral Economic Sanctions*, 18.

press for change. Even more dire are the effects on the poorest groups in the target state, which, unlike the wealthy, lack the resources to insulate themselves from economic vulnerability when sanctions are imposed. As one observer put it, "when sanctions are applied broadside…the hardest hit are the most vulnerable: the poor, the very young, the very old and the sick. Left unharmed, and often strengthened, are the real target: the political, military and economic elites."[111]

In addition to material effects, sanctions provide rhetorical opportunities for authoritarian leaders seeking to suppress opposition. Comprehensive sanctions often inspire a rally-around-the-flag effect.[112] Leaders can also justify the imposition of a state of emergency or martial law, or clamp down on freedom of expression in civil society in the guise of ensuring order and stability.[113] Hence, while politically salient constituencies are insulated from the harmful effects of sanctions, authoritarian leaders can use their imposition to further incapacitate potential opponents to the regime. The difference in a democracy is that, when the rally-around-the-flag effect gives way to economic reality, those societal groups harmed by sanctions are better positioned to push for political change, especially if their support is integral to the ruling coalition. In authoritarian regimes, those hardest hit are likely to be excluded from political processes.

In sum, sanctions should fail in authoritarian regimes because they redistribute resources to groups within and groups allied with the state and increase the state's hold on society as a whole, while weakening important sources of opposition to the state.

IRAQ: THE PATHOLOGIES OF COMPREHENSIVE SANCTIONS

The Effects of Sanctions

Many of the dynamics described above are observable in the Iraqi case. Comprehensive UN sanctions were imposed on Iraq in 1990 in response to Iraq's invasion of Kuwait. Sanctions remained in place in order to force compliance with Resolution 687, which calls for the destruction or removal of Iraq's weapons of mass destruction. The sanctions against the authoritarian state were comprehensive, and included, among other measures, a wholesale trade embargo, including a ban on oil exports, a flight ban and a suspension of all foreign financial transactions with the Iraqi state.

111. Gary Clyde Hufbauer, "The Snake Oil of Diplomacy: When Tensions Rise, the U.S. Peddles Sanctions," *Washington Post*, 12 July 1998.
112. Galtung, "On the Effects of International Economic Sanctions."
113. Collins and Bowdoin, *Beyond Unilateral Economic Sanctions.*

From the start important sections of the authoritarian coalition have benefited from comprehensive sanctions. In particular, the ban on oil exports provides substantial rent-seeking opportunities for groups tied to the regime, in the form of oil smuggling, which takes place at Iraq's borders with Turkey, Syria, and Iran and through ports near Basra in southern Iraq. The volume of the trade has been estimated at up to a hundred thousand barrels a month, yielding upwards of $25 million.[114] In addition to oil, significant black market trade in other goods occurs at Iraq's borders; one observer estimated the ratio of legitimate versus smuggled loads entering Iraq from Turkey as 1:200.[115] The bulk of the income from the import-export trade, both legal and illicit, benefits groups and individuals with ties to the regime. For example, many of the dozens of companies located in Amman which oversee Iraqi trade with Jordan have ties to pivotal figures in the regime. The fruits of these black-market labors are readily apparent. They have helped finance Saddam Hussein's construction of forty-eight lavish palaces since the end of the Gulf war. Huge compounds have been built. In April 1999 the U.S. State Department reported the completion of a large resort, with an amusement park, parks and hospitals, eighty-five miles outside of Baghdad; included on the property are 625 homes available for use by government officials.[116]

Ironically, the oil-for-food program has also provided opportunities for private gain. Under the oil-for-food program implemented in 1996, Iraq has been allowed to sell between $1.6 billion (Resolution 706, August 1991) and $5.25 billion (Resolution 1153, February 1998) dollars in oil every six months in exchange for UN monitored imports of food and medicine and other essential nonmilitary goods. The regime publicly condemns sanctions for depriving its population of essential medicine and food, but its efforts to distribute the oil-for-food goods often appear lackluster.[117] In addition, some of the goods intended for ordinary Iraqis have been siphoned off for re-export; the U.S. State Department reports that goods purchased through the oil-for-food program have appeared on shelves in markets across the region. According to the State Department, the regime also profits in other ways; for example, it reportedly inflates the prices of medicines imported at market prices and sold to private hospitals, pocketing the profits.[118]

114. "Saddam Hussein's Iraq," prepared by the U.S. Department of State, September 1999.

115. "When Sanctions Don't Work," *Economist*, 8 April 2000.

116. "Saddam Hussein's Iraq." Also see " Baghdad Squanders Resources on Palaces and Alcohol", *Agence France Presse*, 29 February 2000.

117. According to the State Department the regime has been lax in distributing goods. See "Saddam Hussein's Iraq."

118. "Saddam Hussein's Iraq."

Sanctions have also benefited the Sunni tribes integral to the ruling elite. According to Selden, the imposition of sanctions and the concomitant loss of food imports (before the sanctions were imposed Iraq was importing two-thirds of its food) prompted a major shift in production in previously under-used arable land; days after sanctions were imposed, the state appropriated all under and unused arable land, allowing farmers to cultivate it.[119] By September 1990 dairy production had reportedly increased by 26 percent and vegetable production was two-and-a-half times its level of the previous year. In addition the price of foodstuffs increased, benefiting producers of agricultural goods.[120] The regime has paid premium prices for the goods. Interestingly, the Sunni heartland of Iraq and home of the tribes that constitute Iraq's elite is also its breadbasket. "[Central Iraq] is precisely the region that benefits most from the increased reliance on domestic foodstuffs brought about by sanctions. By supporting agriculture, Hussein has been able to twist the impact of sanctions such that they reward his support base in the central Iraqi countryside."[121]

Sanctions, while benefiting key constituencies, have also enhanced state control of Iraq's economy and population. Although some sectors were privatized in the latter 1980s, substantial parts of the prewar economy were state run and owned.[122] The effect of sanctions was to motivate further intervention in the economy, further extending state control over the productive sectors. In a description evocative of Rowe's account of state intervention in the tobacco market in Rhodesia (see above), Selden describes how the Iraqi government declared itself the sole supplier of grain and centralized control of the rural economy in its hands.[123]

Control over the black-market economy has also been maintained by state authorities.[124] Thus, the regime has sought to regulate the participation of private individuals in the "profiteering," and has appropriated their firms and activities when they have proven profitable.[125] In July 1992 twenty prominent members of the Baghdad Chamber of Commerce were executed for their allegedly illicit economic activities. This had a predictably chilling effect on middle-class traders and merchants.[126] "The effect was to give the government even tighter control over the economy and reduce the autonomy of the

119. Selden, *Economic Sanctions as Instruments of American Foreign Policy.*
120. Graham-Brown, *Sanctioning Saddam*, 167.
121. Ibid.; Selden, *Economic Sanctions as Instruments of American Foreign Policy*, 93.
122. Graham-Brown, *Sanctioning Saddam*, 162.
123. Selden, *Economic Sanctions as Instruments of American Foreign Policy*, 95.
124. Ibid., 171.
125. Ibid., 164, 171.
126. Ibid., 164.

middle-class traders and merchants who might be prone to support opposition groups."[127]

The state rationing of food also provides fascinating insight into how sanctions facilitate the control of the population by the authoritarian state. Beginning in 1991 the Iraqi government began to purchase cereal crops at fixed prices, in order to supply a government rationing-program. Rationing ostensibly was undertaken in order to ensure that scarce resources were distributed fairly and evenly. Although the rationing system may provide food of "life saving nutritional benefit," it is also a powerful mechanism for monitoring and enhancing state control over the population.[128] In 1993 government inspectors were, for example, granted authority to imprison or fine farmers thought to be hoarding grain or selling it at market prices.[129] In addition, the state enhanced its control over society by regulating the distribution of rations and monitoring participants in the program. Thus applicants for ration cards have to be approved by the local branch of the Ba'ath party, and prove that they have no deserters or refugees in the family. Moreover, "[The rationing system] is an effective way of keeping track on the population and its movements—there is now a computerized list of all beneficiaries—and binds people to the state to maintain the minimum level of life, giving them an incentive to conform and to do what they are told."[130] The rationing system has other side benefits for the elite. Transportation of the rations to 50,000 distribution sites is arranged through a private company allegedly controlled by Saddam Hussein's son, Uday.[131]

Sanctions enrich important constituencies, and strengthen the state, even as they weaken Iraqi society. Sanctions have devastated the middle class and the poor. It is difficult to obtain reliable information about the true extent of the humanitarian crisis in Iraq, given that the reports often rely on Iraqi figures. Organizations such as the Food and Agriculture Organization and the UN Population Fund have reported, however, large increases in mortality rates for children and infants. UNICEF, with assistance from figures provided by the Iraqi Ministry of Health, has attributed nearly 900,000 deaths of Iraqi children from

127. Selden, *Economic Sanctions as Instruments of American Foreign Policy*, 96. The state also expanded its control over currency exchange. In 1994 the government reversed an earlier position and allowed exchange in foreign currencies. The practice was, however, limited to the 28 foreign exchange houses licensed by the state to buy and sell foreign currency (Graham-Brown, *Sanctioning Saddam*, 165).

128. This phrase is cited in Arnove, *Iraq Under Siege*, 72.

129. Graham-Brown, *Sanctioning Saddam*, 168.

130. Ibid., 170.

131. Ibid.

1990 to 1997 to sanctions.[132] Another recent study estimates the deaths due to sanctions of children under five years to at (at least) 100,000 between 1991 and 1998.[133] In addition to the poorest Iraqis, the middle class has also suffered. In April 1999 civil service salaries had fallen to the equivalent of two-and-a-half dollars a month.[134] With the fall in their standards of living, "engineers, scientists and academics have abandoned their professions to hawk cigarettes, drive taxis or fish for a living."[135] Sanctions have justified starvation and suffering, and in this way have also benefited the regime, allowing Saddam Hussein to appeal to outsiders' justifiable horror at the state of the Iraqi population. As one observer put it, "Mr. Saddam has it within his power to alleviate much of his people's suffering, but he refuses to do so, not least in order to stir international opposition to sanctions that he uses as an alibi for his own misdeeds."[136]

The Consequences of Sanctions

How did sanctions affect the leadership's incentives to comply with external demands? Very little positive movement in Saddam Hussein's positions can be attributed to sanctions. Some observers suggest that sanctions did force concessions, noting that in 1993 Saddam Hussein agreed to a permanent UN inspection regime to oversee his weapons' program.[137] This, however, begs the prior question of why he was not forthcoming in the first place. In the aftermath of the Gulf War, when Resolution 687 called for an accounting of Iraq's weapons of mass destruction, Saddam Hussein could have offered a modest declaration on nuclear weapons and secured a rapid lifting of sanctions (it was expected at the time, for example, that sanctions would be lifted in ninety days). The international community had at that time very little knowledge of the sophistication and comprehensiveness of Iraq's weapons' programs.[138] Rather than pursue a strategy most likely to result in a swift lifting of sanctions, Saddam Hussein offered the incredible declaration that Iraq had not engaged in any activities aimed to develop nuclear, chemical, or biological weapons.

132. Geoff Simons, *Imposing Economic Sanctions: Legal Remedy or Genocidal Tool?* (London: Pluto Press, 1999), 177; Cortright and Lopez, *The Sanctions Decade*, 46.

133. "When Sanctions Don't Work," *Economist*, 8 April 2000.

134. Ibid.

135. Ibid.

136. Reginald Dale, "Time To Devise' Smarter' Sanctions," *International Herald Tribune*, 25 April 2000.

137. Cortright and Lopez, *The Sanctions Decade.*

138. Terence Taylor, former UNSCOM official, interview by author, Palo Alto, California, 3 February 2000. Taylor was on the UN disarmament commission from 1992 to 1995, and from 1992 to 1997 was the chief inspector on a number of missions to Iraq.

In fact, throughout the 1990s, instead of making efforts in good faith, Saddam Hussein's actions often suggest he was not especially interested in having sanctions lifted. One former UNSCOM inspector pointed to a number of "odd coincidences" in the timing of provocative acts by Iraq (for example, in 1995, Iraqi movements toward the Kuwaiti border) or "surprise" revelations about Iraq's weapons programs, noting that they often coincided with reviews of Iraq's compliance with Resolution 687.[139] Finally, there is Iraq's early and persistent resistance to the oil-for-food program. The program was first approved by the Security Council in 1991 in an effort to offset the humanitarian effects of sanctions. Arguing that the program represented a violation of Iraqi sovereignty, however, Saddam Hussein rejected it.[140] At the same time, the Iraqi state was consolidating control over agricultural production at home. Hence, behind the veil of Iraq's "principled" stand against the oil-for-food program, the loss of food imports justified increasing state control over Iraq's productive sectors and its population. In 1995 Resolution 986 provided a new formula for the oil-for food program; the resolution offered an important concession, allowing Iraq to handle internal distribution of the humanitarian goods. Even so, Saddam Hussein did not accede to it until May 1996; the program finally began to operate in December of 1996.[141] Iraq even then continued to create roadblocks, refusing for two months in the summer of 1997 to sell oil, causing a substantial shortfall in funds available for the humanitarian program.[142] It is important to note that some of the shortcomings in the oil-for-food program appear to stem from poor administration by the UN bureaucracy in charge. Nevertheless, Saddam Hussein's initial resistance to the program, and the regime's failure in many cases to distribute goods since its implementation, is hardly suggestive of a regime eager to feed its people and secure a lifting of sanctions.

Ironically before the war, trade statistics suggested that Iraq would be especially susceptible to comprehensive trade sanctions. Nearly 95 percent of the country's export earnings were due to oil; 30 percent of its GNP was used for imports, mainly food. The country was highly trade dependent; exports and imports constituted between 35 and 50 percent of GDP as compared to the 25 percent average for middle income countries.[143] In addition, as Selden notes, its pipeline and gulf ports made it an easy candidate for blockade, such that "all

139. Taylor, interview.

140. Cortright and Lopez, *The Sanctions Decade*, 48. On Iraq's reaction to the oil-for-food program see Graham-Brown, *Sanctioning Saddam*, 70–78.

141. Cortright and Lopez, *The Sanctions Decade*, 46.

142. Ibid., 50.

143. Selden makes this point; the figures I cite appear in his review of Iraqi sanctions (*Economic Sanctions as Instruments of American Foreign Policy*, 90).

things considered Iraq seemed to be an ideal candidate for economic sanctions."[144]

The weakness in this logic lies not with the general assessment of the aggregate economic effects of sanctions, but in ignorance of their distributional implications and the authoritarian nature of the Iraqi state. Sanctions have served to bolster the state, increase its control over its population, and enrich politically important groups and individuals. In short, sanctions have served to buttress the Iraqi regime, mitigating its leader's incentives to seek relief from the sanctions by complying with UN demands.

> *Hypothesis 4: Sanctions will be effective in authoritarian states when the sanctions target the assets and movements of individuals and groups allied with the regime.* Targeted sanctions undermine state resources and those of allied constituencies, increasing leaders' incentives to yield to external demands.[145]

The logic of targeted sanctions in authoritarian regimes is similar to that in democracies: by harming politically salient constituencies, targeted sanctions magnify leaders' incentives to concede to external demands. The difference is in the groups that matter, and hence the tools that are most likely to be effective in authoritarian states. The tools must target the state itself, depriving its internal constituencies (the military, state-owned enterprises) of resources, hurt individuals with ties to the state, as well as harm the interests of specific economic classes, or other groups allied with the state.

Particular types of financial sanctions should be especially effective against authoritarian states, including freezes on the assets (for example, cash accounts, foreign property and investments) of specific individuals and entities tied to the state and supportive of the regime. These individuals do not have to be associated with the policies that provoked the imposition of sanctions, but must be important to the regime's staying power. As one well-informed analyst advises "in cases where [economic elites'] support is crucial to keep a regime in power, sanctioners will also want to consider targeting their assets even though they are not directly responsible for government policy or behavior."[146] Aside from economic classes, ethnic, religious, racial or tribal groups may also provide vital political support to a leader. Accordingly, in Iraq the Sunni tribes of

144. Selden, *Economic Sanctions as Instruments of American Foreign Policy*, 88.

145. Note that my argument runs somewhat contrary to the large study by Cortright and Lopez, *Smart Sanctions*, which is more qualified in its support for these policies than were earlier assessments by these authors. Many of their reservations are linked to these issues of implementation (see 9–10, 181). Also see below.

146. Statement is from Kimberly Ann Elliott, "Analyzing the Effects of Targeted Financial Sanctions" (report from 2nd Expert Seminar on Targeting UN Financial Sanctions, Interlaken, Switzerland, 29–31 March 1999).

central Iraq are bedrocks of the regime; a targeted sanction in the Iraqi case might, for example, freeze foreign assets identified as belonging to members of these important clans.

Freezing government assets may also deprive political leaders of resources critical to the support of "state" constituencies. Government revenues in authoritarian states tend to subsidize inefficient state industries, and in one-party states, the party structure. They also pay military officers' salaries. For similar reasons, the denial of foreign aid may take away from leaders a vital source of revenue for servicing important constituencies. Whether cutting off foreign aid is a comprehensive or targeted sanction depends on the purposes for which the state is using the funds, and whether it funds "public goods" or is squandered by pet projects and corruption. Even where some public benefit is realized, however, aid can be an important source of income for lining the pockets of key allies in rent-seeking authoritarian states (for example, such as where contracts for development activities funded by outside entities are channeled to political allies of the regime). Freezing government assets and cutting off aid might thus deprive a leader of income vital for coalition maintenance.[147]

Finally, I expect that restrictions on the movements of key personnel should put pressure on the target government to make concessions. This includes preventing targeted individuals from gaining visas, which among other things prevents them from personally monitoring and overseeing their foreign-held assets. As noted above, flight bans may also disproportionately hurt the elite and can thus increase pressure on the political leadership.

A caveat is warranted here. Although I expect that, in theory, financial and travel restrictions should do the greatest harm to authoritarian coalitions, they are also among the most difficult sanctions to apply effectively. Financial sanctions must be imposed with alacrity and secrecy, or individuals and governments can easily shift funds to new financial institutions; similarly, passports and visas can often be forged.[148] While acknowledging these obstacles to effective implementation, the cases below probe whether the imposition of targeted measures affected authoritarian coalitions in the predicted matter and correlate with a greater willingness to make concessions on issues in dispute.

147. Note that a number of associated, comprehensive measures may need to be imposed along with the targeted measures to ensure that the former are effective. As Kimberly Ann Elliot argues, in order to make asset freezes bite, imposing states must deprive target leaders of new income and financial flows. See Kimberly Ann Elliott, "Analyzing The Effects Of Targeted Financial Sanctions," report from 2nd Expert Seminar on Targeting UN Financial Sanctions, 29–31 March 1999, Interlaken, Switzerland.

148. David Cortright, George A. Lopez and Elizabeth S. Rogers, "Targeted Financial Sanctions: Smart Sanctions that Do Work," in Cortright and Lopez, *Smart Sanctions*, 29–32.

HAITI: A MISSED OPPORTUNITY?

Most analysts argue that sanctions against Haiti were a failure. In fact, my argument suggests good reasons for predicting such an outcome: the imposition of an oil embargo militated against success in this case because of benefits that accrued to the ruling elite as a result of smuggling activities. I include Haiti here, however, because despite these countervailing pressures, the case illustrates the link between sanctions that target a regime's allies, pressure on its leaders to change its policies, and concessions in its policy positions. Targeted sanctions were first introduced in mid-1993, and were then strengthened in summer 1994. As I detail below, in the first instance they contributed to a partial settlement of the Aristide issue (although the settlement was poorly conceived and was not enforced). In the second, they catalyzed divisions and debates within the ruling elite over its policies.[149] Ultimately, the threat of military intervention preempted these debates within the Haitian military, leading most analysts to conclude, arguably wrongly, that sanctions had little consequence in this case.

In December 1990 Haiti selected the leftist priest Jean-Bertrand Aristide, its first democratically elected leader in over 200 years.[150] Five months later the Haitian military intervened and overthrew the Aristide government, depositing itself in office under the leadership of General Raoul Cedras. Shortly thereafter, in October 1991, sanctions were imposed by the Organization of American States, with the objective of inducing the military to withdraw from power and allow Aristide's return. The sanctions called for the suspension of all states' diplomatic and commercial ties with Haiti, but were not well enforced. In June 1993 a fuel-and-arms embargo was imposed by the United Nations. The fuel embargo had predictable welfare effects. Extensive smuggling operations developed on the border with the Dominican Republic; although small traders participated, the bulk of the illicit trade was managed by the Haitian military.[151] It was a lucrative trade. Gasoline, available at the border at near three dollars per gallon, reportedly fetched eight or more in Port-au-Prince. Sanctions also had dire humanitarian effects and were reportedly responsible for the deaths of as many as one thousand children each month.[152]

149. See my definition of "effectiveness" above.

150. I rely on Cortright and Lopez, *The Sanctions Decade*, for details on the Haiti case.

151. Howard French, "Embargo Creates Oil Boom Near Haitian Border," *New York Times*, 13 March 1994.

152. For the study by Harvard University public health experts see Howard French, "Sanctions On Haiti Killing Up To 1,000 Children A Month," *The Gazette (Montreal)*, 10 November 1993.

Given the rent-seeking opportunities and other benefits afforded by the oil embargo my analysis suggests that sanctions provided few incentives for the Cedras regime to alter its policies and agree to Aristide's return. Despite the perverse effects of the trade sanctions, however, the imposition of targeted financial measures in 1993 appears to have produced movement in the military's positions. In June 1993 the United States froze the assets, including real estate and cash accounts, of eighty-three individuals and thirty-five institutions associated with the regime; as part of the measures, the assets of members of the military junta were frozen and they were denied entry visas into the United States. Cortright and Lopez argue that these sanctions were critical to the willingness of the junta to reconsider Aristide's return.[153] The *New York Times* reported that the armed forces were "extremely worried" about the new round of financial sanctions and that elite political groups feared their effects.[154] Shortly thereafter, in July 1993, the military negotiated the Governors Island Agreement, which provided for Aristide's restoration to the presidency. The agreement, however, allowed for the lifting of sanctions before Aristide had returned to Haiti; hence the oil and arms embargo were lifted and the military consequently failed to follow through on its commitments. Nonetheless, the imposition of these targeted measures coincided with an increased willingness to make concessions: "the fact that the resulting Governors Island agreement was flawed and poorly enforced does not deny the fact that sanctions played a decisive role in bringing the military junta to the bargaining table."[155]

In October 1993 the UN arms and fuel embargo was restored. Under U.S. pressures, on 6 May 1994 the UN then passed Resolution 917 imposing an import and export ban on Haiti, with exceptions only for basic foodstuffs and medicine. The trade sanctions provided the Haitian military with substantial rents; the illicit trade in fuel continued, with profits accruing to the military administrators of the trade.[156] Meanwhile the population at large suffered.[157]

Once again, however, in addition to strengthening the trade embargo, new targeted measures were imposed. Resolution 917 called on member states to freeze the assets of the military junta and its members. On 8 May 1994 President Bill Clinton signed an executive order extending the United States' freeze

153. Cortright and Lopez, *The Sanctions Decade*, 91–93.

154. Howard French, "UN talks bring Haiti leaders and Aristide together in New York," *New York Times*, 28 June 1993. Cited in Cortright and Lopez, *The Sanctions Decade*, 92.

155. Cortright and Lopez, *The Sanctions Decade*, 92.

156. Howard French, "Haiti's Generals Remain Defiant As A Strict Embargo Takes Effect," *New York Times*, 23 May 1994.

157. Garry Pierre-Pierre, "As Haiti Embargo Tightens, Poor Children Get Hungrier," *New York Times*, 3 July 1994. Larry Rohter, "Haiti embargo hurts poor, and nearly everyone else," *New York Times*, 13 August 1994.

of assets to senior officers in the Haitian military and its civilian allies in government. The new list of targets, which included over 600 names, focused on the Haitian military and police and their families, supporters and participants in the coup, and people acting "on behalf of the Haitian military." [158] On 25 May the United States also announced that it would freeze the assets of businessmen with prominent ties to the military (the business community strongly supported the military's move against Aristide). On 10 June the United States unilaterally banned most financial transactions between the United States and Haiti. [159] On 25 June Clinton announced that it had frozen the U.S. financial assets of all Haitian citizens living in Haiti including a list of 250 individuals specially targeted for the sanction.[160] Commercial flights between the two countries were halted effective 25 June; Canada announced a similar flight ban, and France and the Netherlands, whose airlines also served Haiti, were called on to participate as well.[161]

Although the elite remained immune to most of the effects of trade sanctions, (and, as noted above, benefited in some ways), there is evidence that the targeted sanctions heightened pressure on the regime and its allies.[162] The *New York Times* described a growing frenzy among wealthy Haitians as they sought to send their children away before the ban on commercial air travel took hold.[163] Most importantly, however, reports surfaced of splits in the military over the Aristide issue. On 27 June 1994, following earlier murmurings of discontent, reports of "a pattern of rising dissent within the officer corps" began to surface in the country. Notably, the brother of a powerful faction leader in the Haitian police, Lieutenant Colonel Joseph Michel Francois, was reported to have called for General Raoul Cedras, the leader of the junta, to resign.

158. Howard French "U.S. envoy to Haiti Sees Glaring Gap in Embargo," *New York Times*, 26 May 1994.

159. Howard French, "Even Wealthy Haitians Starting to Feel Pinched," *New York Times*, 11 June 1994.

160. Pamela Constable, "Clinton freezes U.S. assets of Haitian citizens; action tightens UN sanctions" *Boston Globe*, 23 June 1994.

161. "U.S. expands Haiti sanctions in warning to military regime; measures target Haiti's elite" *Facts On File World News Digest*, 16 June 1994, p. 421.

162. Headlines by Howard French, who then reported regularly for the *New York Times* on Haiti, were interesting in this regard. Just 17 days after headlining a story with "despite the embargo, Haiti's rich seem to get richer" on June 11 (the day after the U.S. ban on financial transactions took hold) French reported that "even wealthy Haitians [were] starting to feel pinched." For details in the articles see Howard French, "Despite Embargo, Haiti's Rich Seem To Get Richer," *New York Times*, 25 May 1994; French, "Even Wealthy Haitians Starting To Feel Pinched."

163. Harm to the elite would have been even greater had the United States targeted the half-dozen or so powerful families who controlled imports of basic foodstuffs. These families had strong loyalty to the military; one of the most powerful families allegedly helped the military defy the oil embargo by building a huge oil depot for fuel reserves. French, "Despite Embargo, Haiti's Rich Seem To Get Richer."

Francois was reported to have been "holding private meetings with key officers throughout the military in order to force General Cedras to step aside to make way for a political settlement."[164] Interestingly, William Perry, the secretary of defense himself commented on the growing pressure on the regime in a 30 June news conference.[165] Cedras himself also commented on the splits in the military in mid-July, dismissing them and arguing that he had the situation firmly in hand.[166] In short, sanctions increased pressure on the regime and appear to have catalyzed internal debate about the regime's policies.

Whether such pressures on the regime alone would have yielded Aristide's return in the long term must remain pure speculation, given the decision by the United States to pursue military intervention in the final days of July. It is worth noting, however, that some, admittedly limited, concessions were observed after the last round of targeted sanctions in June 1994 before the U.S. decision to intervene. In June 1994 Cedras offered to step down in October,[167] and to leave earlier if the international community would recognize the current civilian leadership (installed by the military) as the legitimate government.[168] Had sanctions been allowed to work longer, perhaps greater concessions could have been elicited—whether these would have been enough to satisfy the United States and its allies is, once again, unknown. What is known is that the Clinton administration did not have the patience to wait and see. The UN approved military intervention on 31 July. Haiti's military leaders gave up in mid-September while U.S. forces were in transit to the island.

164. Howard French, "Split Reported In Haiti's Army, With Chief Urged To Quit," *New York Times*, 27 June 1994. Another powerful faction leader, army chief of staff, General Philippe Biamby is said to have opposed any concessions. Cedras was caught in the middle. Also see Michael Norton, "Coup leader's brother asks Haiti's army chief Cedras to quit," *The Associated Press*, 14 June 1994.

165. See statements quoted in Barry Schweid, "Administration contends sanctions may yet work in Haiti," *The Associated Press*, 30 June 1994. Note that all this turmoil in the regime occurred before military invasion was a serious consideration; in late June there remained strong opposition both from Aristide and the Republican party even to considering such an option. See Pamela Constable, "Exodus creates urgency for U.S.," *The Boston Globe*, 29 June 1994.

166. Michael Norton, "Haiti coup leader: I'll step down if world recognizes de facto government," *The Associated Press*, 13 July 1994.

167. Garry Pierre-Pierre, "Haiti's strongman reported ready to retire in October," *The New York Times*, 28 June 1994.

168. Norton, "Haiti coup leader: I'll step down if world recognizes de facto government."

YUGOSLAVIA: THE EFFICACY OF FINANCIAL SANCTIONS

As with Haiti, Yugoslavia offers another recent case of comprehensive sanctions against a largely authoritarian state.[169] In 1992 trade sanctions were imposed in an effort to end Slobodan Milosevic's support for the Bosnian Serbs in the war over Bosnia-Herzegovina, and bring the latter to the peace table. The sanctions included an embargo on all exports and imports, prohibited representation of the rump Yugoslavia in international sport and cultural events, and academic and scientific exchanges with its nationals; and ruled out financial transactions with the state.[170]

Predictably, comprehensive trade sanctions had perverse distributional consequences. Significant benefits accrued to the controllers of the illicit trade in oil and other goods, which were smuggled across Serbia's borders and the Danube River.[171] For example, among the more active and lucrative locations for the oil trade was Timisoara, Romania; petrol stations along Highway E-70 reportedly supplied 21,000 gallons of gas a day to modified vehicles transporting large quantities across the border into Serbia.[172] Even after monitoring was enhanced with the establishment of sanctions assistance missions (SAMs) in 1993, much of the trade continued.[173] A powerful criminal class, with ties to

169. My analysis focuses on the 1992–95 sanctions episode, in which sanctions were imposed on Yugoslavia over its support for the Bosnian Serbs in the early 1990s. Sanctions imposed later in the decade over the Kosovo conflict, however, also merit a brief comment. Milosevic's ultimate ousting in October 2000 may appear to contradict my argument that comprehensive trade sanctions do not work in authoritarian regimes: that is, he was eventually thrown out of office after years of suffering by his population, to which comprehensive trade sanctions and later the oil embargo contributed. In fact, however, the case is consistent with my argument that comprehensive trade sanctions work in democratic states because they create incentives for new leaders to try and resolve problems, and alleviate suffering. Milosevic's ousting, and the policy changes it implied, was the result of an opposition leader mobilizing support and winning a free election (which Milosevic tried to undermine, but failed). In other words, it was through a *democratic* election that the population was able to express its opposition to the regime and support for another politician.

170. Stephan John Stedman, "Yugoslavia," in *Economic Sanctions and American Diplomacy*, ed. Richard Haass (Washington, D.C.: Council on Foreign Relations, 1998), 183.

171. "Drawing a line in the Danube," *Economist*, 29 August 1992.

172. "Serbia: profits and losses under sanctions," *Economist*, 20 March 1993. Tens of thousands of tons of Russian, Iraqi and Libyan oil were smuggled through the Romanian town of Jimbolia, near Timisoara in 1994–95. These findings surfaced in June 2000 as a result of investigations by French authorities into the country's financial relations with Romania. See Mirel Bran, "Romania smuggled oil to Serbia's war machine," *Manchester Guardian Weekly*, 21 June 2000.

173. The decision to create the monitoring missions represented an important step in the effort to enforce sanctions (Cortright and Lopez, *The Sanctions Decade*, 68–70). Unfortunately, the SAMs were handicapped by the geographical position of Serbia and its porous borders with relatively poor neighbors, themselves suffering the indirect effects of the Serbian trade embargo. The size of the missions also limited their success. The missions employed only 135 monitors. Thus, for example, only two places on the Serbian border were closed at night, allowing whatever trade was deterred in the day to proceed at night.

the state, emerged as a result of the riches made through the black market in oil and other products. "In return for loyalty to the regime, [Milosevic's allies were] given exclusive access to opportunities for currency manipulation, smuggling, black market operations and trade monopolies. While almost half the population of Serbia has slipped below the poverty level, 5 or 6 percent have grown enormously rich."[174] Among the more colorful beneficiaries of these activities was Zelijko Raznjatovic, better known as Arkan, who was later assassinated in Serbia's Mafia wars. Slobodan Milosevic's family has benefited as well; his son Marko reportedly has made a vast fortune in cigarette, alcohol and fuel smuggling. In addition, to the gains enjoyed by this parasitic elite, state-owned enterprises benefited from the sanctions. "The remnants of the socialist state-run enterprises, such as steel and heavy industry, enjoy a type of protection as a result of sanctions." This "protection" allows them to sell virtually whatever they produce, regardless of its quality.[175]

Meanwhile Serbia's middle class was impoverished by the sanctions. The average wage, for those employed, dropped to seventeen dollars per month in March 1993, the equivalent of what people earned in a day before the Bosnian conflict.[176] Along with the material decline, the "criminalization" of the economy undermined the country's social fabric. The ban on scientific and cultural exchange isolated the middle class. As a result, Serbia experienced a substantial brain drain, as intellectuals sought opportunities outside the country. A Serbian sociologist describes the consequences of the exodus: "the excommunication of science, culture and sports also directly ensured the maintenance of the status quo in the political sphere, for it is precisely those who represent the potential for change (the young, educated, intelligent, courageous, and enterprising) who have left the country."[177] At the same time, the sanctions' "siege" fueled Serb nationalism, and provided a useful distraction from the shortcomings of the Milosevic regime.[178]

174. Randolph Ryan, "Stranglehold Sanctions On Serbia Squeeze Middle-Class More Than Milosevic," *WorldPaper*, October 1999.

175. See Selden, *Economic Sanctions as Instruments of American Foreign Policy*, 74–75, for discussion of the import substitution effects of sanctions in Yugoslavia. Selden offers a fascinating discussion of how sanctions created an internal constituency among the elite (*Economic Sanctions as Instruments of American Foreign Policy*, 75–78). Quote appears on page 75.

176. "Serbia; profits and losses under sanctions," *Economist*, 20 March 1993. On the humanitarian consequences of sanctions see Cortright and Lopez, *The Sanctions Decade*, 74–76.

177. See Marina Blagojevic, "Sociological Aspects of Sanctions," in Kosta Mihailovic, ed., *Sanctions: Causes, Legitimacy, Legality and Effects* (Serbian Academy Of Sciences and Arts, Scientific Conferences, Department Of Social Sciences, Volume 16, Belgrade 1995), 131. Also see Devin and Dashti-Gibson (180–81).

178. Cortright and Lopez, *The Sanctions Decade*, 76.

Despite the manifest benefits of sanctions, many analysts believe they played an important role in inducing Milosevic to break from the Bosnian Serbs, first in 1993 over the Vance-Owen peace plan, and later in the Dayton agreement of 1995.[179] The Serbian case thus poses a puzzle. "If the effects of sanctions were so positive for the Serbian authorities, if their effects were so reinforcing of Serbian nationalism, and if their effects created a politically powerful Mafia cast enriched by the sanctions," Stephen Stedman queries, "then why did Milosevic sign the Dayton accords?"[180] The solution to the puzzle lies in the effects of financial sanctions on the regime.[181] Tellingly, the first sign that Milosevic was willing to abandon the Bosnian Serbs coincided with the passage of UN Resolution 820 on 17 April 1993, which among its provisions, froze Yugoslav government assets held abroad. More specifically, Milosevic's change of heart came shortly after Cyprus seized $500 million in Yugoslav assets, pursuant to the new financial sanctions. Just days after the seizure, Milosevic publicly stated his support for the Vance-Owen peace plan, appealing to the Bosnian Serbs to agree to it (they declined). The United States initially interpreted the appeal as tactical maneuvering, until Milosevic agreed to stop supplying the Serbs military equipment and later to allow monitors at the Serbian-Bosnian border to enforce an international embargo. Why the reversal? The asset freezes hit the Serbian government hard. The freeze significantly depleted state coffers, with one Belgrade weekly reporting that in May 1993 hard currency reserves had fallen to as little as $268 million, from $5 billion at the start of the Bosnian war. More importantly, Serbia had been using its network of banks and front companies abroad to finance the import of embargoed goods. The loss of hard currency made it difficult to pay for goods purchased abroad and smuggled into Serbia; hence, it hurt the black-market trade that was benefiting key elements of the regime, and ensuring the elite a comfortable lifestyle. As one Clinton administration official commented upon the imposition of the new financial sanctions, "The party's over. Cash is short for them…the rainy day is here."[182]

179. On the importance of sanctions in inducing concessions from Milosevic, see Stedman, "Yugoslavia"; and Cortright and Lopez, *The Sanctions Decade*, 76–80).

180. Stedman, "Yugoslavia," 192.

181. On the influence of financial sanctions see Stephen Engelberg, "Conflict In The Balkans; UN Steps Said To Dry Up Serbs' Cash," *New York Times*, 13 May 1993. Also see Cortright and Lopez, *The Sanctions Decade*, 71–72). According to the latter, the total amount of Yugoslav assets frozen during the Bosnian war was estimated at $2.8 billion; according to U.S. estimates, this left the regime less than $1 billion in hard currency (Cortright and Lopez, *The Sanctions Decade*, 71). According to Lord Owen, coauthor of the Vance-Owen peace plan, Milosevic was very worried about financial sanctions (cited in Selden, *Economic Sanctions as Instruments of American Foreign Policy*, 66).

182. Engelberg, "Conflict In The Balkans; UN Steps Said To Dry Up Serbs' Cash."

The Serbian case thus tends to support the hypothesis that financial sanctions which target authoritarian coalitions produce results in these regimes. Despite the opportunities for economic gain afforded by comprehensive trade sanctions, when financial sanctions threatened the life blood of the regime, Milosevic bent under the pressure. In November 1995 Milosevic signed the Dayton peace accords. The following month sanctions were lifted.[183]

IMPLICATIONS

THIS ARTICLE argues that regime type is a key determinant of sanctions effectiveness. Authoritarian and democratic leaders respond differently to pressures induced by different sanctions' instruments. Comprehensive trade and financial sanctions should be effective in democracies. The pressures such sanctions create on the macroeconomy and the harm done to the average voter creates incentives for leaders to seek solutions that will alleviate the economic stresses of sanctions. Trade or social sanctions that target export competitive sectors and social groups critical to the political coalition provoke lobbying against the target government and therefore create pressure for policy change. In contrast, comprehensive trade sanctions are counterproductive in authoritarian states in that they serve to strengthen constituencies allied with the regime, while weakening the middle class. Only where financial sanctions and travel bans target the assets and movements of constituencies internal to the state and elites and groups allied with it are sanctions likely to induce movement in an authoritarian leader's positions. Overviews of the South African, Iraqi, Haitian, and Serbian cases suggest that sanctions in these countries have followed the generally predicted pattern. In sum, this article contributes to the sanctions' literature by exploring the relationship between regime type and sanctions effectiveness.

The argument also suggests a number of areas for future research. First, the project could be expanded to discriminate sanctions' effects according to variation in political leaders' ruling coalitions, independent of regime type. This would involve disaggregating states according to variation in the size, number and nature of constituencies in the political coalition. Such an approach, for example, might contrast the effects of different sanctions on states with a large state sector versus free-market coalitions of business and private enterprise.[184]

183. On the "outer wall" of limited sanctions that remained after most were lifted, see Stedman, "Yugoslavia." Sanctions were later reimposed by the US and EU over the conflict in Kosovo (the UN only imposed an arms embargo).

184. Solingen, *Regional Orders at Century's End.*

This would facilitate analysis of sanctions both within and across the democratic and authoritarian categories. The study might also be expanded to examine the welfare effects of different sanctions instruments on the imposing state's ruling coalition (which might then affect its leaders' willingness to impose sanctions, and the credibility of promises to enforce them when they are imposed). This would pave the way for examining how domestic politics in both the imposing and targeted states affects their strategic interaction in sanctions episodes.

More broadly, the article suggests a general approach for conceptualizing the effects on target states of a diverse array of external stimuli, which are often studied within their own substantive domains. This approach involves two steps: (1) assessing the welfare implications of the external stimulus on groups within the target state; (2) assessing the political importance of those groups which are harmed and helped, in order to evaluate leaders' incentives to alter their policies in response to the external stimulus. Such an approach might usefully be applied to the study of foreign aid or strategic (air) bombing, or other similar issue areas. In sum, by exploring the domestic impact of international pressures, the article advances our understanding of linkage politics in international relations.

For policymakers the analysis offers analytical support for the effort to develop smart sanctions, and offers suggestions on how those projects should proceed. Advocates of smart sanctions tend to compare broadly the effects of trade embargoes and financial and social sanctions on target states.[185] A deeper understanding of the variety of groups affected by different sanctions instruments—including diverse societal, economic, and "state" interests—would enrich these debates. Clarification of what groups matter in producing political leverage in different target states is also vital. Any effort to employ smart sanctions which does not consider the influence of different constituencies is likely to be as flawed as has been the reflexive resort to trade sanctions. In sum, the goal should be to apply sanctions in context of a well-informed model of the target's domestic politics.

185. Numerous reviews and conferences in the last two years have been devoted to studying the efficacy of "smart sanctions." Notable are the two meetings held in Interlaken, Switzerland (17–19 March 1998 and 29–31 March 1999) on targeting UN financial sanctions. Other studies have been carried out by the Overseas Development Institute, London, U.K. and by the Center for Strategic and International Studies and Institute for International Economics, Washington, D.C. A review of sanctions' policy has been launched by the UN Security Council and undertaken by the British and Canadian parliaments. See Barbara Crossette, "UN Council to Review Sanctions Policy As Criticism Increases," *New York Times*, 18 April 2000.