POLI715
International Relations Theory
Literature Reviews: Economic Sanctions

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April 29, 2020

Motivations

When North Korea conducted its first underground nuclear test in 2006, the United Nations (UN) adopted resolution 1718, acting unanimously under Chapter VII of the UN Charter. Between the period of October 2006 and September 2017, there were a total of six nuclear tests, and the economic sanctions have been strengthened every time. The initial sanctions targeted Kim Jong-il and supporters for the nuclear weapons program by restricting their ability to travel, prohibiting the flow of luxurious goods, and freezing their financial accounts abroad.[1]

These targeted sanctions have not curbed Pyongyang's nuclear ambitions, and policymakers in South Korea have been discussing ways to increase their effectiveness since North Korea's nuclear tests on January 6 and September 9, 2016. The South Korean Ministry of Unification announced one such effort—closing the Kaesong industrial complex—in February 2016. This action was part of a general strategy to widen the number of North Koreans afflicted by sanctions in the hope of inciting the populace to force Kim Jong-un to amend his policies.[2]

I ask whether and under what circumstances such a strategy might succeed. It is plausible that shifting the burden of sanctions might rouse the general populace to confront its government and force a change in policy, mainly if sanctions were imposed for reasons seemingly unrelated to ordinary citizens. In other words, a populace can be mobilized from the bottom up if only people believe they are being afflicted by a kind of tariff imposed because its leaders behave a certain way. Plausibility notwithstanding, however, I argue that one important construct can prevent this strategy from succeeding: social capital.

Social capital embodies collective values such as trust, membership, and confidence in institutions that unite people. It is a critical factor when assessing sanctions that depend on mobilizing an afflicted populace from the bottom up for its success. When the nature of a nation's social capital is

[1] The recent United Nations Security Council (UNSC) Resolution 2375 included contents such as a Maritime Interdiction of Cargo Vessels, a limit to the import of crude oil, textile, fully completed apparel, and coal, as well as a prohibition of exports and joint ventures. By comparing the UNSC Resolution 1718, which was passed after the first nuclear test and the UNSC Resolution 2375, which was passed after the 6th nuclear test, I can see that the range and degree of the economic sanctions have been strengthened.

[2] In May 2017, the South Korean government acted upon the appeasement of North Korea and held three Inter-Korean Summit meetings, however, there seems to be no visible progress on the lifting of economic sanctions yet. Furthermore, the U.S.-DPRK Summits in June 2018 and February 2019 both fail to show a fundamental change in the sanctions towards North Korea.

such that it can unite a populace to demand policy changes from its leader, I posit that an opposition effect favors sanctions success. When the nature of social capital is such that it unites the populace behind a leader who defies sanctions, I posit that a rally effect assures that more comprehensive sanctions will fail.

Here, I review the literature on economic sanctions only, but I would like to draw some implications from them in terms of social capital. The remainder of the literature reviews is organized as follows. First, I will introduce a definition of economic sanctions. Second, I discuss two possible effects of sanctions on target states, which are expected to be conditional on the levels of social capital. Throughout reviewing previous literature, I would like to establish a theory of economic sanctions and social capital.

Definition and Effectiveness of Economic Sanctions

Definitions

By definition, economic sanctions mean that "an official order, such as the stopping of trade, that is taken against a country in order to make it obey international law." [3] However, political scientists used to conceptualize and operationalize a concept differently for solving their research questions. Thus, the definition from the dictionary can help to understand what are economic sanctions broadly, but it is not enough to investigate substantive economic sanctions related questions. It is the reason to explore the previous literature that has addressed economic sanctions.

On the traditional view, scholars considered economic sanctions as a substitute for military intervention. According to Pape (1997, 95), policymakers are very interested in finding conditions that "economic sanctions can change another state's behavior without resorting to military force." Pape (1997) defines the concept of economic sanctions as the means of economic statecrafts to achieve only political goals, not economic goals.

Baldwin and Pape (1998, 191) criticizes the definition of Pape (1997) for several reasons. First, it is difficult to distinguish political goals from others. He suggests that the concept of economic sanctions should be more than just economic coercion. Economic sanctions can be the means to achieve economic goals or to obtain support from domestic politics. Baldwin and Pape (1998) also states that economic sanctions are statecrafts that show a strong willingness to audiences in third countries, and pursue changes more than attitudes of target states.

From Pape (1997) to Baldwin and Pape (1998), the definition has changed to cooperate not only economic purposes but also others such as political goals. Scholars become not to presume the sanction's outcome as economic, and it allows them to explore further relationships between economic sanctions and various international phenomena. For example, Hufbauer et al. (2008, 3) define economic sanctions as "mean the deliberate, government-inspired withdrawal, or threat of withdrawal, of customary trade or financial relations."

Morgan, Bapat, and Krustev (2009) define economic sanctions as the limitations or disconnections of economic relations, which are aimed at changing the relevant policies of the countries in dispute. Disputes mainly address political issues, including territorial disputes, weakening of influence in the military or other non-military sectors, overthrowing regimes or governments, abandonment of

[3] https://dictionary.cambridge.org/dictionary/english/sanction

mass destruction weapons, the release of seized property or prisoners, and the improvement of human rights. Morgan, Bapat, and Krustev (2009) even include economic issues such as economic relations range from trivial travel restrictions to prohibition of economic support, export and import restrictions, and economic embargos and blockades. Thus, the line of inquiry on economic sanctions has an instrumental definition of economic sanctions. Economic sanctions should include economic mechanisms, but the outcomes are not restricted to the economic area.

It is important to understand what does economic sanctions mean because the effects and effectiveness of sanctions may depend on how we define sanctions. For instance, Pape (1997) reports that only about 5% of cases have been successful as a result of analyzing 85 cases of economic sanctions initiated from 1914 to 1990. Hufbauer et al. (2008) suggest that the success rate of economic sanctions is less than 40% of the cases. It implies that the definition of economic sanctions affects how to conceptualize or operationalize the success of sanctions (effectiveness). In this literature review, I would take the concept of economic sanctions defined by Morgan, Bapat, and Krustev (2009). I expect that its broad coverage about sanctions can be helpful to understand the relationship between economic sanctions and their effectiveness under target states' domestic condition: the level of social capital.

Effectiveness

Conventional wisdom insists that sanctions do not provoke meaningful compliance from the sanctioned country. As Hufbauer et al. (2008, 7) note, sanctions "may simply be inadequate for the task. The goals may be too elusive; the means too gentle; or cooperation from other countries, when they needed, too tepid." In slightly more than 25% of the cases they examined, sanctions exerted costs estimated to exceed 2% of sanction nations' GNP. All in all, sanctions do not seem always to impose severe economic consequences.

Given the general ineffectiveness of sanctions, scholars pose two questions: "Why do policymakers still impose them?" and "What conditions, if any, might be conducive to successful sanctions?" I seek to answer the latter question by observing degrees of social capital in sanctioned countries. I posit that trust, membership, and confidence in institutions are significant in determining whether a populace supports or resists its leader's response to sanctions. Theoretically, social capital presents two opposing possibilities. That is, social capital can unite a country behind its leader and policies that produce sanctions, or it can empower the populace to challenge its leader and policies.

Suppose Country A, i.e., Sender, and Country B, i.e., Target, are in a trade dispute. Country A decides to impose sanctions that inflict economic hardships on B sufficient to cause it to alter its policy. Country B suffers direct hardships via economic losses (reduced trade, investment, or GDP) and indirect hardships via burdens on its populace. Such burdens might include less government spending on public health (Lopez and Cortright, 1997; Marks, 1999; Peksen, 2011), reduced disaster prevention, and mitigation (McLean and Whang, 2010). Country B's leader can defy A's sanctions and uphold existing policies or make partial or comprehensive concessions to A's demands.

Although earlier literature treats Countries A and B as unitary actors (Tsebelis, 1990; Lacy and Niou, 2004; Whang, Mclean, and Kuberski, 2013), I depart from these dyadic assumptions by modeling whether social capital influences the extent to which the leader of Country B can defy the sanctions. I posit that social capital influences how the populace might react, and this affects the leader of Country B's decision via two mechanisms. My approach is customary. Numerous studies analyze the role of within-state actors or domestic institutions in determining sanctions or threats. However, most studies focus on domestic political institutions within the sanction-imposing country (Lektzian and Souva, 2003, 2007), among interest groups (McLean and Whang, 2014), and with voters (Drury, 2001; McGillivray and Stam, 2004; Whang, 2010).

For example, Lektzian and Souva (2007) argue that the success of economic sanctions depends on how sanctions affect the winning coalitions of target states. They utilize Polity IV data and measure *Joint Democracy*, which means a dyad is coded as one if both countries (senders and targets) have a *polity2* score greater than or equal to six. McLean and Whang (2014) also break down the unitary-rational state actor assumptions. One of their hypothesis about *voter awareness* [McLean2014, 593] implies that they do not consider voters within a state have homogeneous preferences with respect to economic sanctions and international disputes.

Few studies examine the internal and social characteristics of sanctioned countries, although some examine how domestic institutions affect resistance by sanctioned countries (Allen, 2005, 2008). Several studies document how rally-round-the-flag effects lead to failed sanctions, but few systematize the conditions under which these effects work successfully. I find that the degree of social capital in the sanctioned country illuminates the issue, although potentially with opposing results.

Assuming sanctions are in place, I argue that social capital measured by the dimensions of trust, membership, and confidence in political institutions affect how leaders of sanctioned countries react to sanctions. I develop how social capital can generate opposition effects and rally effects among the populace of sanctioned countries and show that they potentially influence whether sanctions succeed.

Suppose a sanctioned country enjoys extensive social capital. Its populace maintains strong interpersonal trust, shares networks of political and social associations, and maintains faith in the competence and transparency of their government, parliament, and legal system. If such is the case, I expect its populace have the capacity to collaborate when necessary. Under this assumption, and due to fear of mobilization and protests, leaders of sanctioned countries are more likely to respond to the people's reactions to sanctions.

Possible Effects of Economic Sanctions from Previous Research

Opposition Effects

Traditional explanations of economic sanctions focus on the punishment, which senders impose on targets. According to these traditional arguments, as the levels of economic sanctions increase, sanctions will increasingly harm the economy of target states. The more painful the sanctions, the greater the chance the target regime will face political disintegration. It implies that when sanctions generate direct and indirect costs, the sanction will negatively affect the standard of living in a target state. These social hardships provide the targeted society incentives to mobilize and pressure the government to alter policy and comply with the demands of senders (Lektzian and Souva, 2007, 850). From the perspective of the targeted state's society, sanctions are a tariff, even if they are imposed for reasons unrelated to trade, such as in response to the development of weapons of mass destruction. From this perspective, it is reasonable to expect the targeted society will hold its leader(s) accountable for policies that generate these sanctions.

Whether the sender sanctions on the exact winning coalition in targets matters for the success of sanctions. Winning coalitions constitute the minimum size of supporters necessary to keep the incumbent leader(s) in office (Bueno De Mesquita et al., 1999, 793). According to this theoretical argument, if the winning coalition in targeted states sufficiently suffers from sanctions, the winning coalition can generate political costs on the leader(s) to alter the state's policies. However, divergent domestic politics causes the responses of politically relevant groups in targeted states to varying widely (Allen, 2008), and imposers are uncertain of the target-leaders' consolidation, how much they are vulnerable to the sanctions (Spaniel and Smith, 2015). Traditional explanations emphasizing punishment do not adequately account for regime endurance under severe economic sanctions.

I argue that social capital supplements the gaps in the theoretical arguments concerning the winning coalitions. The extant explanations of punishment fail to clarify whether economic sanctions succeed or fail since it is uncertain whether the sanctions effectively harm the interests of the members of the winning coalition, which is vital to the political survival of the leaders (Wood, 2008). However, social capital enhances people's ability to act collectively by mobilizing and demanding policy concessions. If the leaders continue to resist, the leaders will feel increasingly pressured by such mobilization. When mobilization occurs, it provides an opposition effect that dominates society and makes it more likely that the leader will reverse those policies that generated the sanctions. Thus, sanctions are more likely to be successful when social capital is higher as the increased social capital enables more effective collective action.

Rally effect

However, strong internal ties in the sanctioned country may prompt the populace to rally around its leaders. As with the opposition effect, the public bears most of the burdens of sanctions. Even so, the public does not criticize the government's policy because social capital creates conditions that support the leaders' decisions to defy sanctions. This possible effect can be called 'rally-around-the-flag effect' (rally effect).

The rally effect refers to the effect that the public's support for the government increases by recognizing economic sanctions from outside (senders) as an unfair threat to their country (targets). Since economic sanctions would be effective when it is expected to be a burden for the members of target states and to increase the dissatisfactions of the public in target states. The rally effect can decrease the effectiveness of sanctions and increase the likelihood that target states do not change their policy and attitude according to the sender's demand (Allen, 2008).

The United Nations Security Council's comprehensive sanctions against Rhodesia (now Zimbabwe) can be one of the examples that economic sanctions and rally effect. Galtung (1967) presents that economic sanctions from UNSC unintentionally enhanced the support for the Smith regime, which is mainly composed of the white population who are the privileged domestic groups. Also, Jaeger (2016) shows the possible rally effect of economic sanctions on the target country with the case of Zimbabwe.

For many cases of sanctions, it is also possible that social capital creates an environment in which the leader can employ social capital for personal political purposes. The leader dominates resources, controls information, and blames outside intervention by framing the sanctioned country as a victim of international conflicts. The populace consequently views sanctions as foreign interference and finds no need to rise up against them. The leader thus has an incentive to use high social capital as a tool to create a rally effect through which people are inspired to support resistance to sanctions, and the sanctioned government continues its controversial policy. High degrees of social capital in a sanctioned country can be a double-edged sword in this regard.

In sum, two reinforcing effects lead to the condition that is favorable to the leader of the sanctioned country. While social capital can more or less spontaneously generate support, the leader can also manipulate the sources of information that create support. Thus, there are two kinds of rally effects—one spontaneous and another contrived. In reality, it is not easy to differentiate between the actions that create social capital, appeal to social capital, and suppress the opposition effect. However, I note that they work in the same direction that hinders the success of sanctions.

For example, the leader of the sanctioned country can use community organizations to monitor and suppress opposition. He or she can use social networks to encourage collective action that criticizes sanctions. Propaganda can be dispersed throughout the community to demonize the "imperialist force," imposing sanctions and attacking national sovereignty. If successful, the populace unites against the sender country, supporting its leader in continuing to resist. This rally effect leads to the opposite expectation from the opposition effect in that high degrees of social capital are conducive to sanction opposition. In this case, the degree of social capital should be associated positively with the leader of the sanctioned country's ability to manipulate the situation. If the rally effect dominates, I expect the leader of the sanctioned country can use social capital to defy sanctions.

Arguments

Throughout the literature reviews, I develop two following hypotheses:

- Opposition Effect Hypothesis: As the level of social capital increases, the likelihood of sanction success increases.
- Rally Effect Hypothesis: As the level of social capital increases, the likelihood of sanction success decreases.

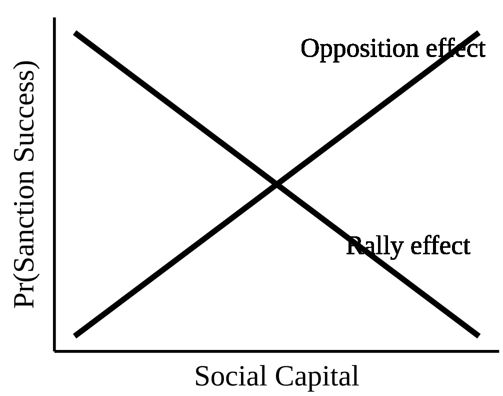

Figure 1: Offsetting Effects of Social Capital on the Likelihood Sanctions Are Successful

Figure 1 summarizes my theoretical expectations based on the conflicting opposition effect and rally effect of social capital. The success of sanctions depends on the degree of social capital in the sanctioned country. Social capital helps reveal citizen preferences effectively through collective action, which can function negatively as a veto constraint (*opposition effect*) or positively as defenders of the sanctioned country's leader (*rally effect*).

The question now shifts to determining which effect is greater. As the degree of social capital increases, will the afflicted populace mobilize, oppose the leader's policy, and show the opposition effect? Or will the populace support its leader in defying sanctions through the rally effect? It is unclear as to which effect prevails as social capital increases. I posit that both effects are theoretically plausible and that empirical evidence will show which outweighs the other.

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