
THE SANCTIONS ERA: AN ALTERNATIVE TO MILITARY INTERVENTION

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Economic sanctions have been part of the diplomatic repertoire for centuries. Originally forged as a strategy for waging economic war during ongoing hostilities, in the modern era sanctions have assumed varying purposes. They are sometimes a coercive foreign policy measure taken "short of war," a multi-lateral instrument of preventive diplomacy, a strategy to spark political and social change within a target country, or even a prelude to war.¹ In the post-Cold War world, the prominence of economic sanctions has increased dramatically, as have the different situations in which they are employed. A glance at a series of major international events within the past year illustrates rather well the unprecedented pace and diversity of sanctions episodes.

In 1992 the United States began a half-hearted policy of invoking sanctions against the military dictatorship of General Raoul Cédras in Haiti. By the spring of 1994 international and regional pressure pushed the United States and the U.N. Security Council to tighten the sanctions and set deadlines for the departure of the junta. At the same time, the United States threatened stringent sanctions against North Korea for refusing to permit full inspection of suspected nuclear weapons activities. In Haiti, sanctions fell short of their goal of overthrowing the dictatorship, and ultimately they were combined with coercive

¹ A succinct review of the use of economic warfare and coercion since the Seven Years War can be found in Tor Egil Førland, "The History of Economic Warfare: International Law, Effectiveness, Strategies," *Journal of Peace Research* Vol. 30, no. 2, 151-62; and Stephen C. Neff, "Boycott and the Law of Nations: Economic Warfare and Modern International Law in Historical Perspective," in Ian Brownlie and D.W. Bowett (eds.), *The British Yearbook of International Law*, 1988 (Oxford: Oxford University Press, 1989), 135-45. The best theoretical treatment of sanctions as a diplomatic tool can be found in David A. Baldwin, *Economic Statecraft* (Princeton, NJ: Princeton University Press, 1985). For a critique of sanctions as a "trap door to war," see Jack Patterson, "The Political and Moral Appropriateness of Sanctions," in David Cortright and George Lopez, *Economic Sanctions: Panacea or Peacebuilding in a Post-Cold War World?* (Boulder, CO: Westview Press, 1995).

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"gunboat" diplomacy and direct military intervention to return democratically-elected President Jean-Bertrand Aristide to power.² In North Korea, a combination of the threat of economic sanctions, high-level diplomacy, and a series of technological and economic incentives (what some have called "positive sanctions") led to an agreement that greatly reduced the likelihood of new nuclear weapons production.³

Contemporary with these events, debate was renewed about the U.S. embargo against Cuba and sanctions in Iraq. Despite dramatic economic dislocation in Cuba and the problems that plague Fidel Castro's rule, U.S. officials maintained that the thirty-year embargo against Havana would remain firmly in place. After a brief show of force near the Kuwaiti border in October 1994 that raised fears of new military confrontations, Iraq officially recognized the sovereignty and redrawn borders of its neighbor to the south. This Iraqi concession followed a flurry of diplomatic visits to Baghdad from Moscow and was combined with Russian suggestions that the economic sanctions against Iraq, in place since August 1990, should soon be lifted.

In October 1994 the first black President of South Africa, Nelson Mandela, completed a tour of the United States and gave addresses before both the U.S. Congress and the U.N. General Assembly. Among a number of themes Mandela emphasized, none was more pronounced than his plea that the United States and the international community reverse decades of economic sanctions against South Africa and sustain his fledgling majority-rule democracy with an influx of investment, trade, and aid.

As these recent episodes indicate, either by design or default, policymakers view economic sanctions as standing shoulder-to-shoulder with other coercive instruments, including military intervention. While it may be difficult to find much distinction between a harsh sanctions regime and the use of military force, there are differences and some important generalizations and policy lessons that can be drawn about sanctions per se. These are essential for evaluating whether sanctions constitute a viable alternative to direct military intervention.

Sanctions as Post-Cold War Policy

With the creation of the League of Nations and subsequently the United Nations, economic sanctions⁴ took on new importance in form and in practice.

² For an analysis of the sanctions effort, see Claudette Werleigh, "The Use of Economic Sanctions in Haiti: Assessing the Economic Realities," in Cortright and Lopez, *Economic Sanctions*; for an assessment of how the half-hearted sanctions policy gave way to intervention, see Allan Nairn, "Occupation Haiti: The Eagle is Landing," *The Nation*, 3 October 1994, 344-48.

³ For a succinct presentation of the U.S.-North Korean "framework agreement" of October 1994, see David Albright and Kevin O'Neill, "The Price of Nonproliferation," *The Bulletin of Atomic Scientists* (January/February 1995): 27-29.

⁴ Throughout this article our working definition of sanctions parallels that of other scholars. We consider economic sanctions to be essentially a coercive foreign policy action of a nation(s) in which it (they) intentionally suspends customary economic relations such as trade and/or financial exchanges in order to prompt the targeted nation to change its policy or behavior. Such sanctions and the desired behavior of the target are publicly announced. See Margaret P. Doxey, *Economic Sanctions*

The ability to impose sanctions was structured directly into the U.N. Charter as one central means by which the organization and its "nations united" could respond to military aggression or other Charter violations. Sanctions were meant to provide a serious and damaging response to aggression, while also serving as an alternative to collective military force that is considerably stronger than mere diplomatic protest.

During the superpower-dominated Cold War era, the pattern and variation in the resort to sanctions was striking. Between 1945 and 1990, some form of sanctions was imposed on other nations more than sixty times, at a rate averaging better than one new sanctions action per year. More than two-thirds of these sanctions cases were initiated and maintained by the United States. Within this group, more than three-quarters of the cases involved the United States acting without the participation of other countries.

The pattern of sanctions use has changed since 1990. The number of episodes has increased, and all the major cases have been multilateral, usually under the auspices of the United Nations. The Security Council has approved partial or comprehensive sanctions against Iraq, Libya, Haiti, Somalia, Liberia, the former Yugoslavia, and the Khmer Rouge-held areas of Cambodia. This trend toward multilateralism has coincided with a reduction in the resort to unilateral sanctions. Several factors account for these developments. First and foremost, the end of the Cold War has created significant new possibilities for cooperative security arrangements. The threat of the great power veto has diminished, and the prospects for concerted action to respond to serious threats to the peace, or to affirm shared international norms, has increased. In the United States and Russia, foreign policy has been freed from Cold War constraints, allowing a more cooperative, less ideological approach to international security challenges.

Another factor bolstering the recent use of sanctions has been the enormous increase in the volume of international trade. The annual level of world exports has increased from \$134 billion in 1960 to \$3.94 trillion in 1992.⁵ These figures are likely to grow as the once centrally-managed economies of former communist countries become more integrated into the global trading system. Because the nations of the world are more deeply involved in trade, they are more vulnerable to discontinuities in these exchanges resulting from sanctions. On the other hand, as Kimberly Elliott notes, the increase in global trade and economic interdependence also means that more states must agree to comply with sanctions if they are to be effective.⁶

A series of other trends sustains sanctions as a preferred policy as well. These lesser forces are crucial to the development of sanctions as a viable alternative to the use of military force and intervention. First is the recognition among many

and International Enforcement (New York: Oxford University Press, 1980), 1-4; and Miroslav Nincic and Peter Wallensteen (eds.), *Dilemmas of Economic Coercion: Sanctions in World Politics* (New York: Praeger, 1983), 3-5.

⁵ Statistical Department of the United Nations, *International Trade Statistics Yearbook*, Vol. 1 (New York: The United Nations, 1992).

⁶ Kimberly Elliott, "Factors Affecting the Success of Sanctions," in Cortright and Lopez, *Economic Sanctions*.

policy elites that the attractiveness of military action as a means of redressing grievances has declined, due in large part to the high level of lethality and destruction involved. Economic sanctions are usually less destructive to the target, less costly to the imposer, and are highly unlikely to provoke a dangerous counter-attack. Further, the international community has become more concerned with the manner in which violations of widely-held international norms, such as nuclear nonproliferation or the protection of human rights, comprise a "threat to peace." The willingness to use sanctions in such cases is further sustained by a new recognition by nations that the notion of absolute sovereignty enshrined in the traditional Westphalian system has gradually eroded.⁷

Finally, these noticeable trends are reinforced by some realities that are less easily recognized. First, sanctions permit nations with differing foreign policies a kind of "mini-max" opportunity to forge a shared policy response in crises where they might otherwise disagree. Sanctions give national leaders the ability to "do something," while allowing them to refrain from high risk engagements that might result if other foreign policy actions, such as military intervention, were used.

Sanctions also serve as a timely tool for a revitalized United Nations. At one level they provide the Security Council with various opportunities to forge a consensus on actions. Over time, such consensus-building will most likely strengthen the Council. Moreover, sanctions fit comfortably within the U.N. structure for handling disputes and threats to peace as understood in the Charter. By providing a graduated and escalatory response to conflict, but in a softer, non-military mode, sanctions also fit the lofty ideals of the United Nations as peacekeeper and peacemaker.⁸ Over time, as international crises pressure U.N. field operations beyond the institution's carrying capacity, sanctions may become the standard response.

What We Know About Sanctions: The Empirical Generalizations

Despite this increased resort to sanctions and their growing psychological appeal in the 1990s, many questions remain about their utility. As one summary document of the recent U.N. Issues Conference on Economic Sanctions noted,

⁷ Discussions on this issue abound, but some of the best clarification of the changing understandings of sovereignty and what these fluid views mean for international cooperation can be found in Jarat Chopra and Thomas G. Weiss, "Sovereignty is No Longer Sacrosanct: Codifying Humanitarian Intervention," *Ethics and International Affairs*, Vol. 6 (1992): 95-118; R.B.J. Walker and Saul H. Mendlovitz (eds.), *Contending Sovereignties: Redefining Political Communities* (Boulder, CO: Lynne Rienner Publishers, Inc., 1990); Kurt Mills, *The New Sovereignty: The Changing Humanitarian Agenda in the Emerging Global Order*, unpublished dissertation (Notre Dame, IN: University of Notre Dame, January 1995); and Lori Fisler Damrosch and David J. Scheffer (eds.), *Law and Force in the New International Order* (Boulder, CO: Westview Press, 1991), especially part three on intervention.

⁸ The distinction among these terms as part of the political environment of the post-Cold War world was defined by U.N. Secretary-General Boutros-Ghali in *An Agenda for Peace* (New York: The United Nations, 1992). The soft or idealist side of sanctions has drawn some serious criticism. See, for example, M. S. Daoudi and M.S. Dajani, *Economic Sanctions: Ideals and Experience* (London: Routledge & Kegan, 1983).

"clearly, sanctions are not a tool for all seasons."⁹ For what ends and under what conditions should sanctions be employed? What factors account for their success or failure? How can national leaders translate what might be the economic success of sanctions into political success, producing new and more acceptable behavior by the target? Answers to questions like these are precisely what policymakers need to know when debating the difference between sanctions and military intervention as a means for achieving a particular goal. At least a partial response to these questions can be gleaned from the scholarly literature on sanctions, which now spans nearly three decades of theoretical and empirical inquiry.¹⁰

The bottom line for many policy elites in choosing between direct military intervention and an alternative, such as sanctions, has always been the query "do sanctions work?" The response of researchers has been diverse, cautious, and qualified. Nincic and Wallensteen summarize the conventional view when they state, "[t]he effectiveness of economic sanctions seems rather doubtful."¹¹ Margaret Doxey states emphatically that "[s]anctions will not succeed in drastically altering the foreign and military policy of the target."¹² Even scholars of the world order school remain skeptical, as Richard Falk concedes: "The difficulty with sanctions is that they cannot be effective, or that it is hard to make them effective."¹³ The major empirical study in the field, undertaken by Gary Hufbauer and his colleagues at the Institute for International Economics (IIE), showed an overall success rate for all sanctions cases of 34 percent.¹⁴ What sparks the caution about sanctions among policy elites and military analysts is

⁹ The Stanley Foundation, *Political Symbol or Policy Tool? Making Sanctions Work*. Report of the Twenty-Fourth United Nations Issues Conference, The Stanley Foundation (19-21 February 1993), 9.

¹⁰ For lack of a better division, sanctions scholarship might be divided between those studies which scrutinized sanctions during the Cold War and those which examined them in the post-Cold War environment. The most influential of the former period were Doxey, *Economic Sanctions and International Enforcement*; Nincic and Wallensteen, *Dilemmas of Economic Coercion*; Robin Renwick, *Economic Sanctions* (Cambridge: Harvard Studies in International Affairs, 1981); James M. Lindsay, "Trade Sanctions as Policy Instruments: A Re-examination," *International Studies Quarterly*, Vol. 30, no. 2 (June, 1986): 153-73; Margaret P. Doxey, *International Sanctions in Contemporary Perspective* (New York: St. Martin's Press, 1987); David Leyton-Brown (ed.), *The Utility of International Economic Sanctions* (New York: St. Martin's Press, 1987); and William H. Kaempfer and Anton D. Lowenberg, "The Theory of International Economic Sanctions: A Public Choice Approach," *The American Economic Review*, Vol. 78, no. 4 (September, 1988): 786-93. These studies were given added weight by the theoretical insights provided by David Baldwin in *Economic Statecraft* in 1985. Both Baldwin's work and the resurgence of sanctions in the new post-Cold War milieu stimulated a series of more recent studies. Most notable among these are William H. Kaempfer and Anton D. Lowenberg, *International Economic Sanctions: A Public Choice Perspective* (Boulder, CO: Westview Press, 1992); Patrick Clawson, "Sanctions as Punishment, Enforcement and Prelude to Further Action," *Ethics and International Affairs*, Vol. 7 (1993): 17-38; and Lisa L. Martin, *Coercive Cooperation: Explaining Multilateral Economic Sanctions* (Princeton, NJ: Princeton University Press, 1994).

¹¹ Nincic and Wallensteen, *Dilemmas of Economic Coercion*, 6.

¹² Doxey, *International Sanctions in Contemporary Perspective*, 92.

¹³ Richard Falk, "The Use of Economic Sanctions in the Context of a Changing World Order," a paper delivered at the Conference on International Economic Sanctions in the Post-Cold War Era, Philadelphia, Pennsylvania, 17 October 1992, 1.

¹⁴ See Gary C. Hufbauer, Jeffrey J. Schott, and Kimberly Ann Elliott, *Economic Sanctions Reconsidered: History and Current Policy*, second edition (Washington, DC: Institute for International Economics, 1990), 2.

the apparent assumption that this rate is simply too low to be effective, especially when compared with what is implicitly assumed to be a higher success rate for policies such as military intervention.

Sanction success rates would be more credible (and rates might even increase) if analysts gave greater attention to the purposes for which sanctions are imposed and were more clear about what constitutes success. As Alan Dowty has noted, "[t]he 'success' of sanctions depends on what goals they are measured against."¹⁵ To their credit, the IIE analysts did distinguish success rates of sanctions across some diverse primary goals.¹⁶ But even with this qualification, their study still fails to recognize that a primary goal of sanctions may be more than that embodied in the instrumental outcome. Sanctions often serve multiple purposes, each of which needs to be assessed when calculating impact. By convention, the official or publicly declared purposes of sanctions, which usually defines the specific policy change the targeted state must make, are considered the primary goals.¹⁷ Yet other objectives can always be identified, among them establishing deterrence, demonstrating resolve to allies or domestic constituents, and sending symbolic messages.¹⁸

The dominant focus of sanctions literature has been on primary goals, in a rather narrow sense, and only on the success of the instrumental objectives. In the case of the initial sanctions against Iraq, the primary goal was to force Saddam Hussein to withdraw from Kuwait. In the case of U.S.-led sanctions against Libya, the goal has been to coerce the Qadhafi government to extradite the individuals who allegedly engaged in airline terrorism. In neither instance have sanctions alone achieved their objective. If the analysis of the effectiveness remains literally focused on primary goals, sanctions do indeed have limited effectiveness. The record demonstrates clearly that by themselves sanctions are seldom able to roll back military aggression, have limited ability to impair a targeted regime, and have never toppled a dictator. This reality has led the U.S. General Accounting Office to conclude that "[t]he primary goal of sanctions is usually the most difficult to achieve."¹⁹

Such assessments are not without their flaws, however. For example, in the IIE study, the sanctions imposed against South Africa were not rated successful because the declared primary goal of ending apartheid had not yet been achieved. In 1990, when the study was published, this assessment of the sanctions against South Africa seemed reasonable. In hindsight it is now recognized that sanctions against apartheid, which were applied more stringently in the early 1980s, made major contributions to fundamental political change within

¹⁵ Alan Dowty, "Sanctioning Iraq: The Limits of the New World Order," *The Washington Quarterly*, Vol. 17 (Summer 1994): 192.

¹⁶ See Hufbauer et al., *Economic Sanctions Reconsidered*, 93 ff.

¹⁷ *Economic Sanctions: Effectiveness as Tools of Foreign Policy* (Washington, DC: U.S. General Accounting Office, 1993), 11.

¹⁸ James Barber, "Economic Sanctions as a Policy Instrument," *International Affairs*, Vol. 55, no. 3 (1979): 367-84.

¹⁹ *Economic Sanctions: Effectiveness as Tools of Foreign Policy*, 11.

South Africa even by the end of the decade. From this perspective, the sanctions imposed against the white South African regime could be judged a partial and important success, one that set the stage for the eventual dismantling of apartheid. The sanctions against South Africa thus could be judged a qualified success, albeit an indirect and slow one.

Measuring the effectiveness of other purposes of sanctions is equally difficult. The U.S. grain embargo against the Soviet Union following its 1979 invasion of Afghanistan was designed, in part, to deter further Soviet encroachments against the more strategic regions of Iran, Pakistan, and the Persian Gulf. Similarly, whatever the primary message intended for the Serbian authorities about their aggression in the Yugoslav conflict, as a secondary message the sanctions were meant to suggest that such aggression would not be tolerated against Kosovo and Macedonia. Without engaging in a logical fallacy, it is difficult to posit the effectiveness of the deterrent message of sanctions in either of these cases. That a particular objectionable policy was not pursued by a target simply cannot serve as proof of the instrument's effectiveness. But the temptation to recognize the potential of sanctions is a strong one, especially in policy circles.

The symbolic goals of sanctions may be the simplest to understand, yet they also elude easy analysis evaluation. When a leader joins in imposing sanctions in order to satisfy domestic concerns that the nation "do something," public opinion polls can be used to determine whether such a policy is successful. When sanctions are meant as a signal of international disapproval of a particular regime or support for an international norm being violated, leaders can often cite the solidarity of many states in imposing sanctions as a manifestation of success.²⁰ Yet because these criteria are often subjective and imprecise, a clear definition of success is difficult to achieve.

While recognizing the uncertainties involved in such assessment issues, we believe that the scholarly literature offers a number of empirical findings about sanctions that shed light on the possible success of sanctions when compared to other policy options, such as military intervention. Historically, sanctions achieve their economic goal (i.e., they have an impact that damages the target economy) when:

- the cost of the sanctions to the target economy exceeds 2 percent of its GNP;
- a large economic size differential exists between the primary sender and the target (a GNP ratio of ten to one);
- the target has a high trade concentration with the sender (greater than 25 percent of target's total trade);
- sanctions are imposed quickly, with maximum harshness and with the full

²⁰ This reality has led Nincic and Wallensteen to observe that, "of all the ends that sanctions can plausibly be intended to promote, it is here that such policies may be most effective." Nincic and Wallensteen, *Dilemmas of Economic Coercion*, 8.

cooperation of those trading partners who otherwise might circumvent such mechanisms;

- the ongoing cost of sanctions for the senders is low.²¹

Related to these empirical generalizations are other trends of interest. Sanctions which involve primarily financial restrictions, such as the freezing of loans and assets held in foreign banks, have a higher political success rate (41 percent) than do the more widely imposed trade sanctions (25 percent).²² The forms of economic sanctions that are most likely to produce the desired political changes within the target government are those that can be effectively targeted against the economic groups which benefit from that regime's existing policies. When elite groups feel the pinch, they are more likely to lobby for political change and may even help orchestrate it.²³ Finally, sanctions take time. The cases of the last forty years show that sanctions require an average of nearly three years to achieve their political goal.²⁴ Analysts are quick to point out, however, that the greatest impact of sanctions economically (and thus by extension politically) occurs in the first year.²⁵

Despite these empirical generalizations, policymakers are frustrated when, as often occurs, economic sanctions devastate a target economy but the desired change in the political behavior of the target nation is not achieved. Compliance and changed behavior are difficult to achieve through the exclusive use of sanctions, particularly if such behavior assumes that the leaders of the targeted state will behave "rationally" as defined by the states that impose sanctions. The tension between the political and economic realities of sanctions means that many of the answers to essential questions about sanctions, especially their effectiveness as compared to military intervention, will be judged on a case-by-case basis. Thus, for better or worse, recent sanctions cases are likely to carry disproportionate weight in the minds of policymakers trying to decide between military intervention and economic sanctions as a potential response to a particular situation. A brief examination of the three most prominent cases of the 1990s sheds light on the difficulties of policymaking.

What We Know About Sanctions: Lessons from Recent Cases

The three most conspicuous cases of the post-1989 world—sanctions against Iraq, Haiti, and the former Yugoslavia—illustrate the breadth of issues requiring examination before sanctions can become the preferred option to the use of military force.

Iraq comprised an ideal case for the application of international sanctions.

²¹ The sources for these generalizations include Hufbauer et al., *Economic Sanctions Reconsidered*, 49-73; GAO *Economic Sanctions: Effectiveness as Tools of Foreign Policy*; Doxey, *Economic Sanctions and International Enforcement*, 77-83; and Lindsay, "Trade Sanctions."

²² Hufbauer et al., *Economic Sanctions Reconsidered*, 63 ff.

²³ See Kaempfer and Lowenberg, "The Theory of International Economic Sanctions," 792-93.

²⁴ Doxey, *Economic Sanctions and International Enforcement*, 101.

²⁵ Nincic and Wallenstein, *Dilemmas of Economic Coercion*, 109.

The world community was united to an unprecedented degree in condemning Saddam Hussein's blatant act of aggression against Kuwait. Because of its dependence on oil exports, Iraq's economy was highly vulnerable to a serious sanctions effort. Immediately after the Kuwaiti invasion, on 6 August 1990, the U.N. Security Council unanimously imposed the first set of mandatory sanctions (resolution 661) demanding Iraqi withdrawal. In subsequent months this action was followed by dozens of additional measures demanding the inspection and dismantlement of weapons of mass destruction, compensation for war damages and U.N. activities, and an end to Baghdad's repression of Kurdish and Shiite populations within Iraq.

The initial sanctions enjoyed a high degree of international compliance. This, combined with the unique reality that petroleum flows can be easily monitored and interdicted, crippled Iraq's economy. On 4 December 1990, the Director of the Central Intelligence Agency, William Webster, testified before the Senate Armed Services Committee that the sanctions had cut off more than 90 percent of Iraqi imports and 97 percent of its exports.²⁶ Webster estimated that at the current rate of depletion Iraqi foreign exchange reserves would be drained by the following spring.²⁷ This led many to believe that, if given time, the sanctions policy might be able to compel Iraq to withdraw from Kuwait.

The evidence suggests, however, that President George Bush had little faith in the ability of sanctions alone to achieve allied goals in Kuwait. By late September 1990, less than two months after sanctions were imposed and well before they could have had any substantial impact on Iraqi policy, the President began to argue within the small decision group that guided White House policy that the use of military force would be necessary to expel Iraq from Kuwait.²⁸ By contrast, the President's chief military advisor, General Colin Powell, appears to have argued for giving sanctions more time to work before resorting to military force. But on 8 November, the White House ordered a massive increase in the military deployments as the U.N. Security Council (resolution 678) and later the U.S. Congress approved the use of "all necessary means" to force Iraqi withdrawal, should other means (*vis-à-vis* sanctions) fail.²⁹

Did President Bush's quick abandonment of sanctions, well before they had time to take effect, reflect a belief that sanctions alone could not achieve the ambitious goal of rolling back Iraqi aggression?³⁰ Or was Bush aware of the six

²⁶ William Webster, "Sanctions in the Persian Gulf, Iraq," in *Congressional Record* (10 January 1991): S123-24.

²⁷ *Ibid.*

²⁸ Bob Woodward, *The Commanders* (New York: Simon and Shuster, 1991), 298-301.

²⁹ In a speech entitled, "Sanctions and Diplomacy in the Persian Gulf Crisis," delivered before the Center for Strategic and International Studies on 21 December 1990, then chair of the House Armed Services Committee, Representative Les Aspin, indicated that sanctions had been abandoned before many had hoped. He considered the indicators of abandonment clear and direct: "The troop increase, the absence of a troop rotation policy and the U.N. deadline engineered by Washington all pointed to a decision by the Administration to bring matters to a head sometime around February."

³⁰ Ivan Eland asks this question in his chapter "Economic Sanctions as Tools of Foreign Policy," in Cortright and Lopez, *Economic Sanctions*, 31.

to nine additional months necessary to maximize the impact of sanctions, fearful that neither the international coalition to support sanctions, nor the morale of U.S. troops in the Saudi desert could be maintained for that length of time? Alternatively, as Richard Falk has argued, was the initial resort to sanctions merely a means of softening Congressional and public resistance to military engagement by creating the perception that peaceful means had been exhausted and that the goal of expelling Iraq from Kuwait could not be achieved without the resort to force?³¹ Even if we knew the precise answers to each of these puzzling questions, it is likely that these same issues will reappear in another crisis where sanctions have been imposed and military force is also an option.

The continuation of sanctions against Iraq after the withdrawal from Kuwait and after Baghdad's compliance with U.N. resolutions raises yet other questions, most notably regarding the conditions under which sanctions should be lifted. Should economic pressures be eased when the target nation has complied, at least partially, with the stated objectives? Is it legitimate for the United States or another major power to set conditions for lifting sanctions, in this case the removal of Saddam Hussein from power, that have not been formally approved by the Security Council? Consider the situation with resolution 687, the ceasefire measure that required the inspection and dismantlement of Iraq's nuclear and chemical weapons facilities. David Reuther, Director of Northern Gulf Affairs for the U.S. State Department during the Gulf War, admitted in 1993 that sanctions had "some success" in pressuring Baghdad to accept U.N. weapons inspections.³² David Kay, who headed the U.N. inspection team in Iraq, has also acknowledged the role of sanctions although he gives greater weight to the continued threat of allied air strikes as the pressure that sparked compliance.³³ As Kay told the "Bombs, Carrots, and Sticks" conference at the Kroc Institute at the University of Notre Dame in 1994, "[t]he desire to end sanctions has now assumed a larger role in Saddam's calculus . . . to accept some form of long-term monitoring."³⁴ Iraqi Foreign Minister Tariq Aziz emphasized in meetings with U.N. officials in New York that Baghdad's decision in July 1993 to permit permanent weapons monitoring was directly linked to its desire to see a lifting of the embargo.³⁵ Iraq's November 1994 agreement to accept the sovereignty and redrawn borders of Kuwait was similarly motivated and was linked to calls by Russian Foreign Minister Andrei Kozyrev for removing sanctions. If a target

³¹ Falk, "The Use of Economic Sanctions," 4.

³² David Reuther, remarks made at the conference on Economic Sanctions and International Relations, University of Notre Dame, Notre Dame, Indiana, 2-4 April 1993.

³³ David Kay, "Lessons From the United Nations Weapons Monitoring and Destruction Mission in Iraq," paper delivered at the conference on "Bombs, Carrots, and Sticks: Economic Sanctions and Nuclear Non-Proliferation," University of Notre Dame, Notre Dame, Indiana, 8-10 April 1994, 6.

³⁴ Kay, 8.

³⁵ James Ngobi, remarks at a consultation of the Fourth Freedom Forum, West Palm Beach, Florida, 7 January 1994.

³⁶ *Supplement to an Agenda for Peace*, Position Paper of the Secretary-General on the Occasion of the Fiftieth Anniversary of the United Nations, A/50/60 (3 January 1995), 17-18.

³⁴ Kay, 8.

³⁵ James Ngobi, remarks at a consultation of the Fourth Freedom Forum, West Palm Beach, Florida, 7 January 1994.

nation moves toward compliance, Kozyrev argued, the sanctioning nations have an obligation to ease economic pressures.

By November 1994, members of the Security Council were becoming increasingly sympathetic to this argument. But the United States and Britain have thus far been able to resist pressures for lifting the oil embargo. In part in response to this controversy, U.N. Secretary General Boutros Boutros-Ghali urged in his January 1995 report to the Security Council that future sanctions resolutions contain clear standards and criteria for deciding when to lift sanctions.³⁶

The imposition of sanctions against warring entities in the former Yugoslavia poses a number of difficult and complex dilemmas. The first involves the use of sanctions in situations where the goals and means of the wider international policy which sanctions are meant to serve appear unclear. At different phases of the conflict, the diplomacy of recognition, the process of dispute resolution, and the protection of minorities and war victims assumed different priorities and involved different policy preferences for European actors, the United States, and the U.N. Security Council. Because sanctions can have maximum impact only when part of a clear and comprehensive diplomatic policy, the resort to sanctions in the Yugoslav case was perhaps doomed from the very outset. The use of sanctions could be interpreted a number of ways. At one level, a case can be made that sanctions became a mini-max policy substitute for any full-scale diplomatic or military action. At another level, however, sanctions can be seen as the most common denominator of a diplomatic response in light of numerous contending positions.³⁷

Sanctions in the former Yugoslavia pose a second difficulty. A number of analysts have argued that the sanctions imposed against Serbia and Montenegro may have exacerbated the conflict by reinforcing the power of the very leaders they were meant to coerce and by undermining the position of the domestic opponents of these leaders. According to Susan Woodward of the Brookings Institution, sanctions are ill-suited to the type of civil conflict that exists in former Yugoslavia, and as a result they have not only failed to achieve their objectives but have had the opposite effect of that intended.³⁸ By worsening economic conditions and reinforcing the Serbian perception of victimization, Woodward argues, sanctions have strengthened tribal and ethnic loyalties and made the population more dependent on the government. Unemployment and poverty have become widespread, and many men have chosen military service as the only employment option available. Economic development and regional economic integration are essential, according to Woodward, if the underlying

³⁶ *Supplement to an Agenda for Peace, Position Paper of the Secretary-General on the Occasion of the Fiftieth Anniversary of the United Nations*, A/50/60 (3 January 1995), 17-18.

³⁷ For a succinct analysis of the complex maneuvering of various actors, but especially the European Community, during the early phases of the Yugoslav war, see James Gow and Lawrence Freedman "Intervention in a Fragmenting State: The Case of Yugoslavia," in Nigel Rodley (ed.), *To Loose the Bands of Wickedness: International Intervention in Defence of Human Rights* (London: Brassey's Inc., 1992), 93-132.

³⁸ Susan Woodward, "The Use of Sanctions in Former Yugoslavia: Misunderstanding Political Realities," in Cortright and Lopez, *Economic Sanctions*, 141-52.

causes of military conflict are to be addressed. By blocking such possibilities, sanctions have become an obstacle to peace, rather than a tool for achieving it.³⁹

The sanctions against former Yugoslavia have also created a classic "rally-around-the-flag" effect, allowing the Milosevic regime to blame Serbia's economic difficulties on the coercive economic policies imposed on them by the West. According to Sonja Licht of the Soros Foundation in Belgrade, the government has used the hardships created by sanctions to rally public support and increase repression against domestic opponents.⁴⁰ Many middle class intellectuals and liberals, who might otherwise have formed the core opposition to Milosevic and the war policy, have been forced to flee the country. Licht also notes that the sanctions negatively affected various democratic opposition movements by limiting the access and support these groups could obtain from the West. As a result, many in the dwindling democratic opposition oppose the embargo. Thus the Yugoslav case demonstrates the bitter irony that sanctions, by constraining the free movement of people, ideas, and goods, can stifle the development of the very civil society that must emerge if war and other objectionable behavior are to end.⁴¹

The final controversy regarding sanctions against actors in the former Yugoslavia may be the most problematic. If sanctions are not accomplishing their objective, or have actually made matters worse, how can the international community muster the political will necessary to reverse its policy and lift the sanctions? Here the situation is more difficult than in the case of Iraq. Regarding Iraq, a plausible case can be made that the sanctions have been at least a partial success, and that the decision to ease pressures is necessary to preserve the credibility of the sanctions instrument and the prospects of further compliance in the future. In the case of Yugoslavia no such success can be identified, and the Security Council and its member states are faced with accepting the hard realization that their policies have failed. Since it is extremely difficult for governments to accept such failure, it is likely that the international community will remain "committed to the commitment" to employ sanctions.⁴² The power and logic of the sanctions instrument will prevail whatever its contribution to a resolution of the Yugoslav conflict.

Haiti serves as a case of sanctions imposed too loosely, too little, and too late. Economic sanctions against the military junta of General Raoul Cédras were applied inconsistently and ineptly.⁴³ The initial embargo by the Organization of American States was voluntary in nature and was not seriously enforced. More than a year later, the Clinton administration brought the matter to the U.N.

³⁹ Woodward, "Sanctions in Former Yugoslavia," 150.

⁴⁰ Sonya Licht, "The Use of Economic Sanctions in Former Yugoslavia: Can They Assist in Conflict Resolution?" in Cortright and Lopez, *Economic Sanctions*, 153-60.

⁴¹ Woodward, 150.

⁴² For the classic description of the tendency of foreign policy elites to remain "committed to the commitment" even in the face of evidence that such a policy has failed, see Leslie Gelb and Richard Betts, *The Irony of Vietnam: The System Worked* (Washington, DC: The Brookings Institution, 1979).

⁴³ Claudette Antoine Werleigh, "Haiti and the Halfhearted," *The Bulletin of Atomic Scientists*, Vol. 49, no. 9 (November 1993): 20-23.

Security Council, which approved a comprehensive oil embargo in June 1993. Almost immediately the military junta began to negotiate, which led to the Governors Island Agreement to restore deposed President Jean Bertrand Aristide to power. The agreement was flawed, however, for it lifted sanctions before Aristide was returned to office, thus removing the pressure on the junta.

Cédras and his colleagues subsequently reneged on the agreement and imposed a new reign of terror on Aristide supporters. Sanctions were reimposed in October 1993, and in May 1994 they were strengthened and targeted more precisely against the junta and its economic interests. Four months later, however, in September 1994, the sanctions policy was abandoned in favor of military intervention and occupation as a means of restoring Aristide to power.

Would sanctions alone have been sufficient to remove the military junta in Haiti? On the one hand, the evidence suggests that the economic embargo, for all its inconsistency, did exert political pressure on the junta. It is clear that the initial oil embargo of June 1993 was a major consideration (a spokesman for the U.N. Secretary General's office called it the "determining factor") in compelling Cédras and the coup leaders to negotiate the Governors Island Agreement.⁴⁴ Later, when sanctions were reimposed and tightened in 1994, the resulting economic difficulties led to growing rifts within the ranks of the military and between the military and their supporters among the civilian elite.⁴⁵ The focus on financial measures, including the freezing of the overseas assets of junta members and supporters, was particularly effective.

On the other hand, the porous and ineffectual nature of the embargo opened up a vast arena of smuggling and other illegal economic activities, much of it controlled by and therefore enriching the very junta that sanctions were intended to harm. The enforcement of the embargo was haphazard at best, especially along the Dominican-Haitian border. Only in the last weeks before the U.S. occupation were more serious efforts finally made to post security forces along the overland smuggling routes.

A major argument of those advocating the use of military force in Haiti was that because sanctions were adversely affecting innocent civilians, military invasion constituted a quicker and more humane solution to the Haitian crisis. Yet many of the groups in the Haitian democratic opposition, including the Lavallas movement within Haiti, continued to support sanctions until the very end and opposed U.S. intervention. Policymakers in the United States and at the United Nations never established links with these opposition groups in Haiti and, as a result, the voice of those struggling for democracy from within was not heard. Had greater attention been paid to strengthening the democratic opposition, as had happened in sanctions against South Africa, more effective and ultimately successful sanctions policy might have been developed.

⁴⁴ Interview, Jennifer Glick with Matt Nerzig, Office of the U.N. Secretary General, 15 July 1993.

⁴⁵ Howard French, "Struggling Haiti Business Groups Are Pressing the Military to Yield," *New York Times*, 9 February 1994, A4.

Making Sanctions the Preferred Policy Choice

These cases demonstrate that economic sanctions have played the sometimes contradictory role of multilateral peacebuilder and foreign policy panacea in the post-Cold War era. This duality results, in part, from the difficulty of applying an instrument that we may not fully understand to the varied and complex economic, military, and political dynamics of a contemporary world which itself defies full comprehension. Our knowledge of the imposition, maintenance, effectiveness, and context of sanctions lags far behind the needs of a policy community which must judge the utility of sanctions in particular cases. Academic and policy discussions of sanctions are dominated by the use of stock phrases—such as “sanctions are a blunt instrument,” “sanctions are a response to domestic pressure to ‘do something’,” “sanctions are half-way measures,” and more recently, “sanctions harm the wrong people”—that do little to clarify our understanding of this important foreign policy tool.

The time has come to move beyond these standard responses to chart a new agenda for research and dialogue regarding the place of sanctions in national foreign policy and in multilateral peace-building. With this in mind we suggest three areas where scholarship and policy dialogue about sanctions should converge in order to produce a greater understanding of the potential and the pitfalls of employing sanctions.⁴⁶ First is the need for a more sophisticated analysis of the context, both domestic and international, in which sanctions are being employed. Secondly, a more serious examination must be made of various methods for improving the effectiveness of sanctions, both economically and politically. Finally, we explore the utility of employing “carrots” in place of or in addition to “sticks” as a means of ensuring compliance with international norms and standards of behavior. Economic incentives are less understood than sanctions, but they are no less important as a tool of economic statecraft and as a means of post-Cold War diplomacy.

Understanding the Policy Context of Sanctions

In assessing whether a national or multilateral sanctions policy will be successful, two related research concerns emerge. The first involves a more thorough analysis of context (i.e., the diversity of circumstances in which sanctions have been and are likely to be invoked in the contemporary era). The data from recent sanctions cases shows that—Serbian behavior notwithstanding—sanctions have been somewhat effective when used to punish military aggressors and those who violate other widely held norms of the international community. Yet sanctions have been absolutely ineffective, by themselves, in bringing about a change of government leadership within a target country.

Beyond this generalization we know little about how success in sanctions

⁴⁶ Our thinking here is to bridge scholarship with policy needs in the manner outlined by Alexander George, *Bridging the Gap: Theory and Practice in Foreign Policy* (Washington, DC: The United States Institute of Peace, 1993), especially 105-45.

cases varies with the specific international policy outcome desired.⁴⁷ In light of the diversity of situations in which sanctions might be employed in the future, researchers must investigate the extent to which any number of key variables—such as the amount of international cooperation in imposing and maintaining the sanctions, and the degree of economic impact on the target—may vary within the given sanctions situation.

It is both feasible and useful to ascertain when sanctions are most effective: to punish violators of international human rights standards, to persuade states to denuclearize, or to convince the leaders of a country (such as Libya or Sudan) to change their decision to harbor suspected international terrorists. Further, as we will suggest later, analysts also should compare the relative effectiveness with that of other diplomatic instruments, including their inverse: economic incentives. Thus the bottom line is that researchers need to contextualize sanctions as diplomatic instruments in a more detailed manner in order to assist the policy community as it debates whether sanctions are a useful course of action as an alternative to military action. This debate would be more productive if researchers could compare the costs, effects, and benefits of military interventions to sanctions episodes.

Related to understanding how sanctions success will vary according to the international issue at hand is our second major concern in the context of sanctions. As they have come to be discussed and implemented in the post-Cold War world, sanctions seem to move freely—even *simultaneously*—between the world of preventive diplomacy and the world of coercive diplomacy. Some analysts strongly believe that sanctions should not be understood as having such versatility, nor should coercion be their primary feature. Jack Patterson has criticized the coercive use of sanctions and the tendency to apply the instrument as a prelude rather than an alternative to military force.⁴⁸ This approach to the use of sanctions certainly appears to have been the case in Iraq and to a lesser extent in Haiti. Patterson and other critics argue that the policy community should understand and impose sanctions as a technique for crossing “the threshold of peace” in the best tradition of preventive diplomacy and conflict resolution. Whether their intention and context are coercive or preventive, sanctions are more likely to be successful when they are part of a larger coherent strategy that includes other diplomatic means of persuasion.

Recent sanctions episodes show that different nations have varying motives and understandings in imposing sanctions. Yet the stability of a sanctions

⁴⁷ There have been serious attempts at classifying sanctions episodes in an attempt to shed some light on this question. The analysts from the Institute for International Economics examined the success rate of sanctions from 1918 to 1990 across five major diplomatic goals such as changing the targets behavior, destabilizing the target, etc. Lindsay posited five distinct goals of those imposing sanctions, such as compliance, subversion, deterrence, etc. However useful these attempts at categorization may be, they are not as issue-specific as policy makers may demand in the future. See Hufbauer et al., *Economic Sanctions Reconsidered*, 92 ff; and Lindsay, “Trade Sanctions As Policy Instruments,” 166-67.

⁴⁸ Patterson, “Political and Moral Appropriateness,” in Cortright and Lopez, *Economic Sanctions*, 89-96.

coalition may depend on the extent to which the partners share a similar view of the policy context and meaning of the particular episode. Achieving such consensus is often difficult.

Our findings about the effectiveness of sanctions pose a particular puzzle for those who seek sanctions as a strong, yet nonviolent and preventive policy. If sanctions are to be effective in achieving their goal (i.e., halting objectionable policies by a particular nation), they must be harsh, comprehensive, immediate, and multilateral. The "logic of the instrument" in its most effective state leans heavily toward a hard and fast policy.⁴⁹

However, the political psychology of both coercion and persuasion call for a much more graduated application of pressure to achieve the goal of ending objectionable behavior. Thomas Schelling provided the classic argument for this approach, calling for incremental application of force, combined with the threat to inflict more pain in the future. The escalatory nature of the actual policies, combined with the threat of further action, would leave the target with a sense of impending "pain beyond endurance."⁵⁰ Faced with this prospect, according to Schelling, the target will change its behavior before a full scale application of coercion (i.e., delivering on the threat) occurs.

This notion of the advantage of incremental actions is shared by those who emphasize peaceful conflict resolution and preventive diplomacy. The dynamic of recasting the frame of reference of the dispute and implementing policies in a trial-and-error mode is often essential to defusing a violent confrontation and successfully resolving a dispute.⁵¹ While the gradual imposition of economic sanctions may, in fact, be a key component of such an approach, history shows that sanctions, by themselves, are unlikely to spark changed behavior because their strength has been sapped from the outset by such gradualism.

Coping with the reality that policymakers often seek to employ sanctions gradually in order to maximize their coercive or conflict resolution options in the future would not be as detrimental to our understanding of sanctions if this were not accompanied by another problematic trend in the political arena. Political leaders tend to oversell what sanctions can deliver, to maximize claims about what sanctions can accomplish while minimizing the actual political commitments and economic costs involved.

This paradoxical situation means that scholars and policymakers will need to be more critically self-conscious about the intent, tone, and direction of a sanctions policy, and the often unstated assumptions about the wider political framework involved. Such assessment may limit the tendency to view sanctions

⁴⁹ Herein lies a dilemma for those concerned about different forms of the use of force, sanctions among them. Sanctions may appear less bloody than direct military force, but because of the seriousness of their impact on the quality of life of people in the target nation, especially the most vulnerable, they cannot be classified as an entirely nonviolent measure.

⁵⁰ See especially the chapter "The Diplomacy of Violence" in Thomas Schelling, *Arms and Influence* (New Haven, CT: Yale University Press, 1966), 63 ff.

⁵¹ A good example of recent research in this mode is Louis Kriesberg, Terrell A. Northrup, and Stuart J. Thorson, *Intractable Conflicts and Their Transformation* (Syracuse, NY: Syracuse University Press, 1989).

as a panacea for resolving every crisis and can lead to a more realistic appreciation of their utility as a potential tool of international peacemaking.

Assessing Methods for Improving Sanctions

A number of scholars and policymakers have offered proposals for ways in which the international community might improve the effectiveness of sanctions once they are imposed and better assess their impact over time. Lloyd Jeff Dumas has suggested the creation of a separate Council for Sanctions and International Peacekeeping within the United Nations, combined with an independent monitoring organization for assessing sanctions compliance and impact.⁵² The advantages of such an entity have been underscored by James Ngobi, director of the United Nations Sanctions Committees, who notes that at present the United Nations must rely solely on its member states for the enforcement and monitoring of sanctions.⁵³

Boutros-Ghali proposed the creation of a new "mechanism" for sanctions monitoring within the U.N. Secretariat in his January 1995 position paper, *Supplement to an Agenda for Peace*. The Secretary-General urged the Security Council to create a body that could a) assess the potential impact of sanctions, before they are imposed, on the target country and third countries; b) monitor the implementation of sanctions; c) measure their effects, so that they can be fine-tuned to maximize political impact and minimize collateral damage; d) ensure the delivery of humanitarian assistance to vulnerable groups; and e) explore ways of assisting third countries under Article 50.⁵⁴ Such an agency is needed, according to the Secretary-General, to minimize the unintended adverse consequences of sanctions, including the imposition of suffering on vulnerable groups and the creation of a rally effect within the target country. The proposed new mechanism would improve the ability of sanctions to bring about the desired modification of political behavior in the target state. Boutros-Ghali's proposal deserves careful consideration among policymakers and researchers alike.

Special attention is needed to assess how policymakers can tighten the economic grip of sanctions in a manner that increases the prospect of producing the desired political outcome in the target state. Sanctions scholars have provided a number of suggestions for such improvement that deserve greater consideration.⁵⁵ One is to devote much greater attention to the myriad of

⁵² Lloyd Jeff Dumas, "A Proposal for a New United Nations Council on Economic Sanctions," in Cortright and Lopez, *Economic Sanctions*, 187-200.

⁵³ James C. Ngobi, "The United Nations Experience With Sanctions," in Cortright and Lopez, *Economic Sanctions*, 17-28.

⁵⁴ *Supplement to An Agenda for Peace*, 17-18.

⁵⁵ In developing these ideas we are much indebted to two of our young colleagues who are pursuing these lines of inquiry in their dissertation work. See Brenda A. Markovitz, *The Utility of Economic Sanctions: A Case Study of United States Sanctions Against the Republic of Panama 1987-1989*, Ph. D. dissertation, Department of Government and International Studies, University of Notre Dame, forthcoming; and Jaleh Dashti-Gibson, *Sharpening the Bite: Improving Economic Sanctions in the Post-*

financial sanctions available to nations and multilateral organizations. Scholars and policymakers need to explore ways of targeting sanctions more precisely against those who are responsible for the objectionable policies that have created the dispute. We know that freezing overseas national and personal assets, blocking currency transactions, declaring a moratorium on direct investment, and cancelling loans, grants and aid packages are powerful tools for pressuring wealthy elites in a target country.

Another rationale for greater attention to financial sanctions is that these measures may minimize the moral dilemma created by broadly cast economic sanctions that often exert a disproportionate toll on economically vulnerable groups within the target nation. Yet financial sanctions are not regularly used in sanctions cases, and when they are employed, they are usually enacted long after trade restrictions have given ruling elites the chance to make adjustments that will minimize the personal economic impact of such financial measures. The cases of Haiti and former Yugoslavia illustrate how earlier and more effective application of financial restrictions might have greatly strengthened the impact of sanctions.

Another major consideration for improving the effectiveness of multilateral sanctions is finding ways to assist states that wish to maintain sanctions but who find themselves paying a high economic price for such international cooperation. Almost a decade ago Doxey raised this issue as crucial, and scholars have revisited it in recent studies.⁵⁶ Boutros-Ghali identified this as a major concern in his position paper and called for ways of strengthening Article 50 of the Charter. Scholars and policymakers must address mechanisms of compensation for vulnerable partners in multilateral sanctions policies. They should also study how imposing "secondary" sanctions against governments or corporations that violate a sanctions regime may help to strengthen international compliance.

The Yugoslav and Haitian cases of the 1990s and the South African and Poland cases of the 1980s demonstrate another crucial point. Any strategy for improving the effectiveness of sanctions must examine how these measures assist or hinder the work of opposition groups in the targeted country. This is not a new concern for analysts of sanctions, yet the manner in which it unfolds from case to case has become more important and complex. Those who impose sanctions must seek to avoid generating a "rally around the flag" effect in the target state. In this respect, sanctions can generate patriotic support for the target government and make it easier for that regime to crush domestic groups opposed to the government's objectionable policies. Sanctions also should not unduly constrain the transnational contact, travel, and resources that sustain

Cold War World, Ph.D. dissertation, Department of Government and International Studies, University of Notre Dame, forthcoming.

⁵⁶ Doxey, *International Sanctions in Contemporary Perspective*; see also William H. Kaempfer and Anton D. Lowenberg, "The Problems and Promise of Sanctions," in Cortright and Lopez, *Economic Sanctions*, 61-72.

democratic opposition groups, especially their leadership, in the target country. Avoiding these adverse outcomes, while maintaining effective pressure on a regime, requires a high degree of sophistication and careful calibration of policy instruments. It also demands intensive and detailed research into each situation on a case by case basis.

Investigating Economic Incentives

One additional area appears ripe for policy research on sanctions as an alternative to military engagements. This involves a thorough analysis of the utility of economic incentives, or "sanctions in reverse," as a mechanism for changing the behavior of target states. Much like the research areas mentioned above, the idea of "positive sanctions" is not new, having its roots as early as Galtung's study of Rhodesia, as well as being a matter for discussion by Baldwin.⁵⁷ Yet the predominant concern with economic tools of foreign policy has been on punitive measures such as sanctions. Now that we have a sufficient number of studies on the limits and successes of sanctions, it would serve us well to focus on the possibilities of reward-based strategies. Our own suspicion, corroborated by the work of visiting scholars who participated in the 1994 "Bombs, Carrots, and Sticks" project, is that incentives may be more effective than sanctions in achieving goals such as nuclear non-proliferation.⁵⁸ Whether the announced resolution of the 1994 U.S./North Korean crisis over nuclear verification substantiates this view remains to be seen. But greater research into this area of economic statecraft is essential.

New studies are needed not merely for scholarly curiosity but because various financial and economic agencies are already employing financial incentives as a means of affecting political behavior, especially in the area of nuclear nonproliferation. In 1993 officials of the European Bank for Reconstruction and Development circulated a proposal outlining a "debt for denuclearization" swap with republics of the former Soviet Union. The central idea was that Western nations holding the debt obligations of these new sovereignties might trade them for a more rapid commitment to dismantling the inherited Soviet nuclear arsenal.⁵⁹ Motivations of a similar nature, with the United States and other nations offering substantial economic and diplomatic incentives in exchange for a commitment to denuclearize, led to the crucial decision of the Ukrainian parliament in 1994 to accede to the Nuclear Nonproliferation Treaty as a non-nuclear state.

⁵⁷ Johan Galtung, "On the Effects of International Economic Sanctions: Examples From the Case of Rhodesia," *World Politics*, (April 1967), 378-416; and Baldwin, *Economic Statecraft*.

⁵⁸ We are indebted to the work of Amitabh Mattoo (India), Haider Rizvi (Pakistan), Zeev Eytan (Israel), and Gehad Auda (Egypt). Copies of the working papers of these scholars are available from the Joan B. Kroc Institute for International Peace Studies at the University of Notre Dame.

⁵⁹ As discussed by European Bank officials in interviews with David Cortright, autumn 1993. See also René Karsenti, "The Future of European Finance: Swapping Debt for Nuclear Warheads—and Peace," *The Journal of International Securities Markets* Vol. 6 (Spring 1993): 5-9.

International lending institutions and major foreign aid providers are beginning to consider employing positive incentives to encourage demilitarization policies within recipient countries. At the 1991 World Bank Conference on International Economic Development, former bank president Robert McNamara argued that the World Bank and the International Monetary Fund should explicitly consider policies of military reduction in their criteria for assessing a nation's "worthiness" for a loan.⁶⁰ Two of the wealthiest industrial countries, Germany and Japan, are also moving ahead to implement demilitarization criteria in their international aid packages. Such financial assistance will take into account a recipient nation's level of military spending, its involvement in the arms trade, and its commitment to the nonproliferation of weapons of mass destruction. Of the two, Japan has moved more rapidly to full implementation of these criteria, codifying them in its official development assistance charter in June 1992.⁶¹ This new policy was applied soon thereafter when Tokyo announced in 1993 that it would provide recognition and economic aid to North Korea only if that nation offered assurances that it had dismantled its plutonium reprocessing center at Yongbyon.

Concluding Observations

We live in an era when national leaders remain caught between the temptation to use force and military means for redressing grievances and inclinations to employ multilateral peacemaking and peace-building in the best tradition of the U.N. system. The realist tradition often makes these difficulties appear more insurmountable than they may be, while tending to minimize, somewhat unconsciously, the costs and ineffectiveness of military intervention. In such a setting, the continued use and study of economic sanctions should remain a high priority. In the post-Cold War world we are engaged in the politics of inventing, sometimes by trial and error in policy and sometimes through scholarly research. Economic sanctions represents one of the high profile areas where the two must dynamically reinforce one another.

Our existing knowledge about sanctions should provide a useful springboard for ongoing scrutiny and policy debate about their advantages relative to military intervention as a means of settling disputes in the post-Cold War world. As the three cases analyzed indicate, each new sanctions episode will pose a myriad of dilemmas associated with the use of this instrument. These range from the traditional difficulties of ensuring international cooperation, to questions about economic and political effectiveness, to debates about the morality of sanctions.⁶² While complete clarity about the effectiveness of sanctions may

⁶⁰ As discussed in Nicole Ball, "Levers for Plowshares: Using Aid to Encourage Military Reform," *Arms Control Today* (November 1992): 12.

⁶¹ Ball, 13.

⁶² As we have noted, protecting innocent civilians from the harm of sanctions while maintaining pressure on decision makers in the target country is a crucial challenge for policy design and

always lag behind the policymakers need for precise information, we know a great deal about the conditions under which sanctions can achieve certain objectives without a resort to military force. For all of their awkwardness, imperfection, and slowness in achieving results, economic sanctions are a viable alternative to military intervention as the century draws to a close.

implementation. Boutros-Ghali has now placed this on the international agenda in wondering "whether suffering inflicted on vulnerable groups in the target country is a legitimate means of exerting pressure on political leaders." Boutros-Ghali, *Supplement to An Agenda for Peace*, 16.

