

**STRATEGY
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**ECONOMIC SANCTIONS:
STRATEGIC STILETTO OR BLUNT FORCE BLUDGEON?**

BY

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Economic Sanctions: Strategic Stiletto or Blunt Force Bludgeon?

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ABSTRACT

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Economic sanctions are increasingly being used to promote the full range of American foreign policy objectives. But too often sanctions are not well conceived or implemented which reflects mostly an expression of U.S. political expediency that hurts American economic interests without changing the target's behavior for the better. U.S economic sanctions need to be less unilateral, more coordinated and more focused on the foreign policy problem at hand, not a broad-brush, unenforceable panacea. There needs to be more rigorous oversight of sanctions, both prior to adopting them and regularly thereafter, to ensure that the expected benefits outweigh likely costs and that sanctions accomplish the intended foreign policy objectives.

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ECONOMIC SANCTIONS: STRATEGIC STILETTO OR BLUNT FORCE BLUDGEON?

"A nation boycotted is a nation in sight of surrender. Apply this economic, peaceful, silent, deadly remedy and there will be no need for force." President Woodrow Wilson made this declaration in 1919 praising the League of Nations and its new economic weaponry. The United States rejected the League of Nations, but it subsequently embraced Wilson's vision that economic sanctions should play a major role in international diplomacy. No country in the world has employed economic sanctions in pursuit of foreign policy goals as often as has the United States. During the 20th century, the United States has imposed sanctions more than 115 times and U.S. sanctions currently cover some 26-target countries, accounting for more than half the world's population. Some of the sanctions are drastic and comprehensive, such as those on Iraq, Cuba and North Korea; most are far less severe, such as those imposed on China and India.¹ But in all cases there is a cost to the U.S. as well as the intended target for any benefit derived through this instrument of foreign policy. This paper will address some of the reasons why economic sanctions are such a prevalent U.S. foreign policy option. By looking at the recent use of economic sanctions and the reasons why they were effective, or ineffective, some conclusions can be drawn to indicate future application. In order for economic sanctions to be a more viable tool of U.S. foreign policy, some options and recommendations are made to make sanctions more of a strategic "stiletto".

The prevalent use of economic sanctions constitutes one of the most significant policy dilemmas of American foreign policy. Sanctions are frequently criticized, even discounted as ineffectual and usually mis-focused. At the same time, economic sanctions are fast becoming the policy tool of choice for the United States in the post-cold war world. Not only does the United States maintain economic sanctions against dozens of countries, but also many states and municipalities are introducing sanctions. What is critical, moreover, is not just the frequency with which economic sanctions are used but their growing importance for U.S. foreign policy.² With the end of the Cold War, a new paradigm is emerging across a wide range of issues: ethnic strife, civil disruption, human rights, terrorism, drugs, and others. Where there once existed a Capitalist vs. Communist gridlock, there is now a diffusion of power between traditional world powers, emerging states, nongovernmental organizations (NGOs), multinational corporations, and financial institutions. The U.S. is turning more frequently to economic sanctions in response to demands to **"do something"**. The United Nations (UN) is also intervening more aggressively in international sanctions. The UN has imposed mandatory economic sanctions nine times since 1990, compared to only twice prior to 1990.³ The increased globalization and integration of world trade and economic activity are causing a dual-edge to economic sanctions. Because of the diverse markets and multiple sources of materials, target states have more ability to circumvent any unilateral sanctions and

find alternative suppliers, markets or financing. So at the same time that economic sanctions are being used more than ever, their potential impact and viability is diminishing by an increasingly global economy.

ECONOMIC SANCTIONS DEFINED

Economic Sanctions are employed by the United States to discourage the proliferation of weapons of mass destruction and ballistic missiles, bolster human rights, end terrorism, thwart drug trafficking, discourage armed aggression, promote market access, protect the environment, and replace governments. Sanctions have always been an American foreign policy weapon. Economic sanctions were imposed by the American colonies against Britain in response to the Stamp and Townsend Acts, in both cases forcing their repeal. Both Jefferson and Madison advocated economic sanctions, believing not only that they were legitimate but that they should be America's primary diplomatic tools. In an 1805 letter to Jefferson, Madison argued, "The efficacy of an embargo...cannot be denied. Indeed, if a commercial weapon can be properly crafted for the Executive hand, it is more and more apparent to me that it can force nations...to respect our rights." Jefferson, for his part, contended that in foreign affairs "three alternatives alone are to be chosen from. 1. Embargo. 2. War. 3. Submission and tribute."⁴

The National Command Authority (NCA) uses economic sanctions as a strategic means to support national policy objectives and to respond to threats and crises. Economic sanctions include arms embargoes, foreign assistance reductions, trade limitations, asset blockages, import quotas, tariffs and revocation of trade status. The U.S. also can withdraw diplomats, deny visas, cancel air-links, and prohibit credit and investment, among other measures.

A National Security Strategy (NSS) for a New Century (December 1999) addresses how the U.S. will respond to threats and crises:

"Because our shaping efforts alone cannot guarantee the international security environment we seek, the United States must be able to respond at home and abroad to the full spectrum of threats and crises that may arise. Our resources are finite, so we must be selective in our responses, focusing on challenges that most directly affect our interests and engaging where we can make the most difference. We must use the most appropriate tool or combination of tools - diplomacy, public diplomacy, **economic measures**, law enforcement, military operations, and others. We act in alliance or partnership when others share our interests, but unilaterally when compelling national interests so demand."⁵

The NSS further states that the U.S. must be prepared to use all appropriate instruments of national power to influence other states and non-state actors. The NSS cites two specific areas of special attention where economic sanctions might be implemented – Terrorism and Human Rights. Concerning terrorism the NSS states:

"The United States has made concerted efforts to deter and punish terrorists, and remains determined to apprehend and bring to justice those who terrorize American citizens. We make no concessions to terrorists. We fully exploit all available legal

mechanisms to punish international terrorists, eliminate foreign terrorists and their support networks in our country, and extend the reach of **financial sanctions** to international terrorist support networks. And we seek to eliminate terrorist sanctuaries overseas, counter state support for terrorism, and help other governments improve their capabilities to combat terrorism.”⁶

Concerning human rights abuses the NSS also emphasizes the NCA's preference for using economic sanctions:

“The United States will continue to speak out against human rights abuses and carry on human rights dialogues with countries willing to engage with us constructively. Because police and internal security services can be a source of human rights violations, we use training and contacts between U.S. law enforcement and their foreign counterparts to help address these problems. We do not provide training to police or military units implicated in human rights abuses. When appropriate, we are prepared to take strong measures against human rights violators. These include **economic sanctions**, visa restrictions and restricting sales of arms and police equipment that may be used to commit human rights abuses.”⁷

Economic sanctions have become an often used (maybe over used) element of U.S. foreign policy in the 1990's. The U.S. has applied sanctions 115 times since World War I and 104 times since the end of World War II. Nearly 1/3 of the sanctions applied over the past eighty years have been imposed in just the past four years. The 1997 Report of the President's Export Council on U.S. Unilateral Economic Sanctions cited seventy-five countries representing nearly 70% of the world's population being subject to U.S. sanctions.⁸ Data from the Institute for International Economics (IIE) show a declining utility of economic sanctions as a foreign policy tool. The IIE determined that the success rate of U.S. sanctions, both unilateral and multinational, has declined sharply from the postwar period. Prior to the 1970's, U.S. sanctions were at least partially successful in about half of the cases. Between 1970-1990, however, U.S. sanctions succeeded in just over one-fifth of the cases.⁹

IF SANCTIONS DO NOT WORK, WHY ARE THEY SO POPULAR?

Economic sanctions can offer what appears to be a proportional, reasonable response to a challenge in which the U.S. national interests at stake are less than vital. In addition, sanctions are a way to signal official displeasure with a certain behavior. They can serve the purpose of reinforcing a commitment to a behavioral norm, such as respect for human rights or opposition to proliferation. American reluctance to use military force is another motivation. Sanctions are often the “**Do Something**” option of foreign policy. In this way they provide a visible and less expensive alternative to military intervention and to doing nothing. The “CNN”¹⁰ effect and the reach of the media can increase the visibility of problems in another country and stimulate a desire on the part of the American people to respond with some sort of gesture or act to demonstrate our national resolve and displeasure.

The effectiveness of economic sanctions continues to be very difficult to quantify and equally difficult to find consensus of opinion. Part of the difficulty stems from assessing the relative role economic sanctions

play while other strategies (diplomatic, military, etc.) are being pursued. It is also hard to determine if sanctions work if the goals and purpose of the sanctions are not clear, or change, over time. An example of this dilemma is the current assessment of relations with North Korea. On 17 September 1999, President Clinton announced his decision to ease some sanctions in place against North Korea. The U.S. basis for this decision was the agreement that North Korea would refrain from testing long-range missiles. The agreement will ease some commercial consumer goods trade but still keep in place the counter terrorism and nonproliferation sanctions and prohibitions.¹¹ Did the fifty years of economic sanctions finally bring North Korea to this agreement? Or was it the inducement of lifting such sanctions that caused this change. Or was it our strong military presence or widespread international, diplomatic pressure to isolate the North Korean regime? The Cuba regime of Fidel Castro has faced some of the most stringent economic and political sanctions for nearly forty years. The Cuban Democracy Act of 1992 (PL. 102-484) and the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (PL 104-114) prohibit trade and financial transactions with Cuba and froze its assets. Even though the Cold War support of Cuba by the Soviet Union is defunct, there is no relaxation of sanctions against the Castro government.¹² When Saddam Hussein made threatening overtures toward Kuwait, the international community, led by the U.S. applied a series of severe economic sanctions. These sanctions became virtually universal after Saddam invaded Kuwait. Despite the fact that these economic sanctions were crippling to the people of Iraq, it ultimately required military action to eject Saddam's forces from Kuwait. Even in the face of continuing sanctions, Saddam has not complied and there is tension within the multinational community over the question of whether to keep sanctions in place.¹³

WHY DO ECONOMIC SANCTIONS SOMETIME WORK?

The results of the recent use of economic sanctions for foreign policy purposes by the U.S. provides some indications of their effectiveness:

ECONOMIC SANCTIONS ALONE USUALLY DO NOT WORK IF DESIRED RESULTS ARE LARGE OR TIME IS SHORT.

Economic sanctions failed to persuade Saddam Hussein to withdraw from Kuwait. In the end, it took Operation Desert Storm. Other sanctions have also fallen short. The Iranian regime continues to support terrorism, oppose the Middle East peace process, and press ahead with its nuclear weapons program. Sanctions against Cuba helped to make that Communist regime even more radical and pushed the Cubans closer to the Soviet Union. This led to the direct confrontation between two super powers. The missile crisis of October 1962 may still have occurred, but the rigid U.S. policy of economic sanctions is seen as a critical factor which hastened this confrontation.¹⁴ North Korea has withstood almost total economic isolation and has continued to maintain its military posture and development of missile technology. India and Pakistan were not deterred from testing nuclear weapons by the threat of severe

economic penalties. For a number of years, despite severe economic sanctions, Libya refused to produce the two individuals accused of the destruction of Pan Am 103. Sanctions could not persuade Haiti's junta to honor the results of an election. Nor could they dissuade Serbia and others from military aggression. At the risk of economic penalty, China continues to export sensitive technologies to selected countries and remains a society where human rights are violated.¹⁵

ECONOMIC SANCTIONS CAN ACHIEVE (OR HELP TO ACHIEVE) FOREIGN POLICY GOALS RANGING FROM THE MODEST TO THE FAIRLY SIGNIFICANT.

The economic sanctions against South Africa represent one of the few success stories for major policy change. Economic sanctions contributed to the collapse of the apartheid system owing mostly to the multinational support and political pressure brought on the white minority government. In Bosnia, the cumulative force of the multinational sanctions on the Milosevic regime led him to Dayton and the peace accords (although only military force could later save Kosovo). Sanctions introduced in the aftermath of the Gulf War increased Iraqi compliance with resolutions calling for the complete elimination of its weapons of mass destruction and diminished Iraq's ability to import weapons. Out of 159 UN members, 122 supported the Security Council resolution against Iraq. Of major significance was the support of the embargo by Russia, which had been a key supporter of Iraq during the Cold War. Estimates are that 90% of Iraq's imports and more than 97% of its exports were cut off. The embargo denied Iraq \$1.5B in monthly foreign exchange earnings, equal to one-third of its total gross national product (GNP).¹⁶ In the former Yugoslavia, sanctions were one factor contributing to Serbia's decision to accept the Dayton agreement in August 1995.¹⁷

UNILATERAL SANCTIONS ARE RARELY EFFECTIVE.

In a global economy, unilateral sanctions tend to impose greater costs on American firms than on the target, which can usually find substitute sources of supply and financing. The increasingly worldwide economic integration of trade and its interdependence is a double-edged sword for economic sanctions. If the potential target country is substantially dependent on international economic exchange, they are more vulnerable to economic sanctions. However the globalization of the economy usually means there are other suppliers of goods and more markets for exports than the U.S. So to the extent the U.S. is increasingly not the dominant economic force on the target country, international cooperation is key to yielding an effective impact of economic sanctions.¹⁸

SECONDARY SANCTIONS (COMPELLING OTHER NATIONS TO JOIN THE U.S. POLICY) CAN MAKE MATTERS WORSE.

Trying to compel others to join a U.S. imposed sanctions effort by threatening secondary sanctions against third parties unwilling to sanction the target can cause serious harm to a variety of U.S. foreign policy interests. This is what happened when sanctions were introduced against overseas firms who violated the terms of U.S. legislation affecting Cuba, Iran, and Libya. Secondary sanctions which seek to compel third parties not to trade with sanctioned nations, for example in the Helms-Burton law on Cuba,

cause serious problems for U.S. allies and discourage future cooperation.¹⁹ This threat may have had some deterrent effect on the willingness of certain nations, corporations, or individuals to enter into proscribed business activities, but at the price of increasing anti-American sentiment, stimulating challenges within the World Trade Organization, and drawing attention away from the provocative behavior of the target governments. The use of secondary measures is perceived by other countries as an infringement on their sovereignty. To illustrate the extent of this opposition, in the October 1998 UN General Assembly vote on a proposal by Libya expressing concern over unilateral laws imposing sanctions; the recorded vote was 80 in favor, 2 against (the U.S. and Israel), and 67 abstentions.²⁰

ECONOMIC SANCTIONS ARE BLUNT INSTRUMENTS THAT OFTEN PRODUCE UNINTENDED AND UNDESIRABLE CONSEQUENCES.

Economic sanctions have been least successful in promoting the fall of regimes or dictators. This is usually because the sanctions do not affect the politically powerful elite, but rather the general populace. Sanctions were ineffective in Iraq as a means to oust Saddam Hussein and it took military action to remove his forces from Kuwait. The ongoing sanctions, while affecting his ability to rearm, have mostly affected the civilian population with estimates of 500,000 civilian deaths through starvation and disease.²¹ The NSS reflects this sense of frustration that despite strict economic sanctions, the Iraqi regime continues to defy international law at the expense of their people:

"Our policy toward Iraq is comprised of three central elements: containment and economic sanctions, to prevent Saddam from again threatening the stability of the vital Gulf region; relief for the Iraqi people from humanitarian suffering via the UN oil-for-food program; and support to those Iraqis seeking to replace Saddam's regime with a government that can live at peace with its neighbors and its people. Operation Desert Fox in December 1998 successfully degraded the threat posed by Iraqi WMD in the wake of Baghdad's decision to cease cooperation with UN weapons inspectors. In December 1999, the United Nations Security Council passed UNSCR 1284, a new omnibus resolution on Iraq. The United States supports Resolution 1284 because it buttresses the containment of Iraq. This resolution reflects the consensus view of the Security Council that Iraq has still not met its obligations to the international community and, in particular, has failed to disband fully its proscribed WMD programs. The resolution expands the humanitarian aspects of the oil-for-food program to ensure the well being of the Iraqi people. It provides for a robust new disarmament program that would finish the work begun by UNSCOM. It would allow for a suspension of the economic sanctions in return for Iraqi fulfillment of key disarmament tasks, and would lock in the Security Council's control over Iraqi finances to ensure that Saddam Hussein is never again able to disburse Iraq's resources, as he would like. We have consistently maintained that the Iraqi regime can only have sanctions lifted when it has met its obligations to the international community. Saddam's actions over the past decade make clear that his regime will not comply with its obligations under the UN Security Council resolutions designed to rid Iraq of WMD and their delivery systems. Because of that and because the Iraqi people will never be free under the brutal dictatorship of Saddam Hussein, we actively support those who seek to bring a new democratic government to power in Baghdad. We recognize that this may be a slow and difficult process, but we believe it is the only solution to the problem of Saddam's regime."²²

Likewise sanctions have been unsuccessful in Panama, Haiti, Somalia or Libya, where the actions of corrupt despots necessitated military action. Sanctions increased the economic distress on Haiti, triggering a dangerous and expensive exodus of people from Haiti to the United States. In Bosnia-Herzegovina, the arms embargo against the various warring factions had the effect of weakening the Bosniac (Muslim) side given the fact that Bosnia's Serbs and Croats had larger stores of military supplies and greater access to additional supplies from outside sources. Military sanctions against Pakistan increased its reliance on a nuclear option, both because the sanctions cut off Islamabad's access to U.S. weaponry and by undermining Pakistani confidence in American reliability.²³

SANCTIONS CAN BE EXPENSIVE FOR U.S. INDUSTRY, AGRICULTURE, AND WORKERS.

There is a tendency to overlook or underestimate the direct cost of sanctions, perhaps because their costs do not show up in U.S. government budget tables. Sanctions do, however, affect the economy by reducing revenues of U.S. companies and individuals. Moreover, even this cost is difficult to measure because it needs to reflect not simply lost sales but also forfeited opportunities. Often sanctions penalize the U.S. more than the targeted country and they weaken our international competitiveness and economic security. An estimate has put the income loss to the U.S. economy from economic sanctions at between \$15-19 Billion, while impacting some 200,000-250,000 jobs in 1995 alone. Sanctions tend to weaken the U.S. international competitiveness, lowering our global market share and sacrificing billions in export earnings.²⁴

ECONOMIC SANCTIONS TEND TO WEAKEN OVER TIME AND INTERNATIONAL COMPLIANCE TENDS TO DIMINISH.

As weeks, months, and frequently years, pass with sanctions in place, the original policy issue or goal that led to economic sanctions being introduced in the first place tends to lose its policy focus and impact. Concerns over the humanitarian costs of sanctions also weakens international resolve. At the same time, the target country has time to adjust. Working around sanctions, import substitution, and any improvement of living standards due to adaptation all make sanctions bearable. All of these factors have eroded the impact of sanctions against Iraq, Libya, and Cuba. In Cuba, the continuing U.S. economic sanctions have been used by Fidel Castro to provide a convenient scapegoat of an imperialistic U.S. acting against the poor Cuban people. He has used this viewpoint to divert attention from internal problems in Cuba and strengthen his totalitarian regime.²⁵ Support for economic sanctions against the Iraq regime is waning because Iraq's elites are evading them while the Iraqi people are suffering misery and privation. In addition, Baghdad has divided the Security Council by signing multibillion-dollar contracts with Russian and French oil firms that take effect once the sanctions have been lifted.²⁶

From the conclusions that can be drawn from the preceding analysis, it might be easy to discount economic sanctions as a tool of U.S. foreign policy. But whereas the traditional view of sanctions as the blocking of trade of goods and services has become less potent due to globalization, there might be a new tool in the sanctions arsenal. By the global linking of monetary and financial transactions with its ubiquitous information technology, if broad multinational agreement is achieved, it might be possible to target and enforce sanctions with a high degree of impact with less collateral damage.

FINANCIAL SANCTIONS: THE NEW "STILLETTO"?

Just as economic sanctions are being used with more frequency, they likewise are proving to be ineffectual and devastating to many innocent people in the target country. The problem is that sanctions prove to be a "blunt" tool that fails to apply the economic burden to the political leaders and powerful elite. So the problem arises of how to apply sanctions in such a way as to achieve the intended goals but not disproportionately harm others. An alternate method of sanctions to target the political elite responsible is the use of financial sanctions. Financial sanctions include measures such as; freezing overseas financial assets, withholding credit, prohibiting loans and debt rescheduling, and stopping government assistance. This approach is a more focused and effective way to approach sanctions by targeting those who are otherwise immune to other broad-based general sanctions. Financial sanctions also have a "chilling" effect on banks and other business investors because of the perception of risk. Consequently, they are less likely to make commitments in the target country thus furthering the isolation of the powerful elite.²⁷

A current example of focused financial sanctions is the decision of Switzerland to freeze assets belonging to Yugoslav President Slobodan Milosevic and four other Serbian leaders indicted for war crimes.²⁸

Robert Solomon in Money on the Move lists the major changes in global monetary conditions that will affect us in the future. Primarily he sees the growth of market economies in former communist countries, foreign capital flow into developing countries will swell, and the mobility (and impact) of capital will escalate. Solomon reasons that monetary policy will be the principle instrument of macroeconomic policy and that the private sector, namely central banks, will be more influential than the public sector.²⁹ So a key trend for economic sanctions will be the influence that national leaders will have over fiscal and monetary policy, through the private sector, as a stronger lever for sanctions as opposed to traditional nation-to-nation sanctions on trade.

AREAS FOR IMPROVEMENT

Economic sanctions are a form of warfare carried out by other means. As such, economic sanctions should be judged by the criteria for conducting a just war. What the U.S. needs is an *Economic Security Doctrine* to clearly state the ends, ways, and means of economic sanctions and the role of sanctions within our other national strategies. This *Economic Security Doctrine* should include a coordinated

planning process that fully integrates all aspects of national power and brings appropriate multinational cooperation and oversight to have the best chance for success.

ECONOMIC SANCTIONS SHOULD NOT BE THE POLICY OF FIRST RESORT.

Diplomatic, political and informational means are less 'invasive' and must be fully exercised before economic sanctions are invoked. Multinational cooperation is essential. Diplomacy must be given time – and focus – to seek solutions prior to sanctions. When the decision is made that diplomacy will not resolve the issue and that sanctions should follow, the U.S. should only implement sanctions under a multinational framework. The only time the U.S. should act unilaterally is when there is a direct national threat. The U.S. needs the cooperation of the private sector and should emphasize monetary policy and foreign capital investment as a major economic lever.

AVOID DOUBLE STANDARDS AND TRY TO AVOID HARM TO CIVILIANS.

A cost-benefit analysis needs to be conducted with clear and measurable goals and time frames for any sanction. Our policy must provide incentives for the target country to comply. The purpose of sanctions should not be just punishment. Economic sanctions must be aligned with our NSS and policy strategy. We must be ready to exercise the next step (usually military) if sanctions are not successful.³⁰ Sanctions can, and often are, used to pursue interests that are less than vital for the US. But without a clear position on the escalation of pressure on the targeted nation, sanctions can remain open-ended and ultimately lose their effect.

A BETTER NATIONAL DECISION-MAKING STRUCTURE REGARDING ECONOMIC SANCTIONS IS NEEDED.

The National Security Council (NSC) is empowered to develop the security strategy for the nation. However, for employment of economic sanctions there are multiple players and overlapping authorities. The Department of State, Commerce, Treasury, Defense, the Congress, state and local governments, and other agencies play a role in developing economic policy. The President created a National Economic Council to ostensibly model the NSC for economic issues. The reviews of the NEC have been mixed at best and the NEC is not a coordinating player within the NSS. The Department of State (DoS) in its State 2000 Report states that: "We must be clear that international economic policy **is** foreign policy."³¹ The Department of State sees its mission to develop a strong economic policy staff and an "energetic" outreach program to economic agencies and the private sector. But economic sanctions should not be handled separately from our other means of national strategy. Only when there is a coherent process that integrates the respective means of national strategy toward definable, measurable national strategy goals will economic sanctions emerge as having a realistic, albeit limited, role in our national strategy. Because economic sanctions have often been a "precursor" to military force it is important that the NSC play the central role in defining the overall fit and application of sanctions.

MULTILATERAL SUPPORT FOR ECONOMIC SANCTIONS IS ESSENTIAL.

Unilateral sanctions should be avoided except in those circumstances in which the U.S. is in a unique situation to derive leverage based on the economic relationship with the target. Although we want to believe our friends and allies will support us at all costs, the evidence is contrary. So the decision to enlist multinational support is a pragmatic one, based on the overwhelming evidence that unilateral sanctions achieve little.

SECONDARY SANCTIONS ARE NOT A DESIRABLE MEANS OF BRINGING ABOUT MULTILATERAL SUPPORT FOR SANCTIONS.

Instituting sanctions against those nations or corporations that do not comply with the U.S. imposed sanctions at issue is an admission of a diplomatic failure to persuade. It is also an expensive response. The costs to U.S. foreign policy, including the state of relations with major partners and U.S. efforts to build an effective WTO, almost always outweigh the potential benefits of coercing friends to support sanctions.

ECONOMIC SANCTIONS SHOULD FOCUS ON THOSE TRULY RESPONSIBLE AND HUMANITARIAN EXCEPTIONS SHOULD BE INCLUDED IN ANY ECONOMIC SANCTIONS.

A focused response helps avoid jeopardizing other interests and the entire bilateral relationship with the target country over one area of disagreement. It causes less collateral damage to innocent civilians, and makes it less difficult to enlist multinational support. This is especially the case with a country such as China, where the United States has to balance interests that include maintaining stability in Asia and particularly on the Korean Peninsula, and discouraging any support for the weapons of mass destruction or ballistic missile programs of rogue states. Financial sanctions, vice general economic sanctions, should be used to target, isolate, and influence the powerful elite of the target country. This process will make sanctions a less "blunt" instrument and lessen adverse humanitarian impacts.

U.S. INTELLIGENCE CAPABILITIES MUST BE REFOCUSED TO MEET THE DEMANDS CREATED BY SANCTIONS POLICY.

The ability to design and implement smart sanctions will require extraordinary collection requirements. But the demand for better intelligence support of sanctions policy also involves analysis. An Intelligence Community unit should be established to prepare predictions of the likely impact of sanctions on the target country and others. Analysts could help identify particular vulnerabilities, centers of gravity (COG) of target states or leaders, examine likely reactions by the target and third parties, and monitor the impact of a sanction over time.³²

ALL SANCTIONS SHOULD BE THE SUBJECT OF AN ANNUAL IMPACT STATEMENT.

An annual impact statement, to be prepared by the executive branch and submitted to Congress, should provide far more in the way of information, analysis and the cost-benefit analysis of sanctions. It at minimum should include an assessment of the extent to which the sanction has served its purposes, the economic, political and/or military impact on the target, any humanitarian effect, the reactions of the target country; the degree of international compliance and non-compliance, and the financial costs to U.S. businesses, workers and the U.S. government.³³ This information should be part of a measurable assessment of the NSS to gauge if our foreign policy is achieving the desired results.

There is no quick fix to the problems raised by economic sanctions. The challenge goes beyond improving sanctions; it extends to doing something that will tend to make them narrower and less unilateral. The more fundamental question is one of the selection of the most appropriate foreign policy tool to deal with a particular challenge. Sanctions of any sort must be weighed against the likely costs and benefits of military action, covert programs, and both public and private diplomacy.³⁴

CONCLUSION

Economic sanctions are a serious instrument of foreign power and should be held to the same rigor that we use to analyze military force. Unfortunately the record of our use of sanctions shows that economic sanctions have been used far too often in pursuit of desired results that are too broad and where time is too short. There has been a striking lack of analysis of the cost/benefits and the potential for unintended consequences has not always been recognized. The U.S. has done most poorly when we try to invoke unilateral sanctions and fail to coordinate our national strategies with multinational players. Although economic sanctions may never be the "strategic stiletto" of foreign policy, sanctions still hold a promise of utility within the context of an economic security doctrine as suggested above. With policy changes and the alignment of the NSC to account for economic issues within the NSS there is real potential for sanctions to achieve (or help to achieve) significant foreign policy goals.³⁵ Former U.S. Ambassador to the UN, Donald McHenry, noted:

"...Economic sanctions may be an alternative to the indiscriminate use of force. However, in situations that are significantly serious and where the foreign policy objective is important, the possibility must be clearly communicated to the target that force will be used if necessary – to enforce the sanctions, to strategically buttress their effects, or as a last resort if sanctions fail. Sanctions imposed as an alternative to force because the political will to use force is lacking are not likely to be credible and therefore are not likely to be successful."³⁶

WORD COUNT = 6159

ENDNOTES

¹ Gary Hufbauer and Barbara Oegg, "Economic Sanctions: A primer for journalists," The Quill (Jan/Feb 1999): 21-24.

² Richard A. Haass, "Economic Sanctions," available from [http://www.brookings.org/comms/Policy Briefs](http://www.brookings.org/comms/Policy%20Briefs); Internet; accessed 1/17/00.

³ Kimberly Ann Elliott and Gary Hufbauer, "Ineffectiveness of Economic Sanctions: Same Song, Same Refrain?," The American Economic Review (May 1999): 403-408.

⁴ Jesse Helms, "What Sanctions Epidemic?," Foreign Affairs (Jan/Feb 1999): 3.

⁵ William J. Clinton, A National Security Strategy for a New Century, (Washington, D.C.: The White House, December 1999); 4.

⁶ Ibid.

⁷ Ibid.

⁸ Senator Richard G. Lugar, "Does Economic Sanctions Make Good Policy?," The World & I (March 1999); 282-289.

⁹ Gary Hufbauer and Barbara Oegg, 405.

¹⁰ The CNN effect refers to the impact and pressure that instant global news reporting brings for rapid government reaction to crises. This pressure can limit the government's options for formulating and implementing policy responses.

¹¹ Statement by the Press Secretary, "Easing Sanctions Against North Korea," The White House, September 17, 1999.

¹² Joseph J. Collins and Gabrielle D. Bowdoin, "Beyond Unilateral Economic Sanctions," The Center for Strategic and International Studies (CSIS) (March 1999): 44.

¹³ Eric D.K. Melby, "Iraq," in Economic Sanctions and American Diplomacy, ed. Richard N. Haass (New York: Brookings Institution Press, 1998), 107-124.

¹⁴ Makio Miyagawa, Do Economic Sanctions Work? (New York: St. Martin's Press, 1992), 84.

¹⁵ Robert S. Ross, "China," in *Economic Sanctions and American Diplomacy*, ed. Richard N. Haass (New York: Brookings Institution Press, 1998), 20.

¹⁶ Melby, 112.

¹⁷ Kimberly Ann Elliott, "The Sanctions Glass, Half Full or Completely Empty?," *International Security* (Summer 1998): 59.

¹⁸ Ibid, 60.

¹⁹ Collins, 5.

²⁰ Douglas Johnston, ed., *Altering U.S. Sanctions Policy* (Washington, D.C.: CSIS Press, 1999), 4.

²¹ Tom Roberts, "Can Sanctions be alternative to War?," *National Catholic Reporter* (June 1999).

²² Clinton, 24.

²³ David Cortright and George A. Lopez, eds., *Economic Sanctions Panacea or Peacebuilding in a Post-Cold War World?* (Boulder CO.: Westview Press, 1995), 205.

²⁴ Doug Bandow, "Backlash will hurt U.S.," *USA Today* (Aug. 7, 1996).

²⁵ Miyagawa, 84.

²⁶ "Clinton to Try to Lift Iraqi Sanctions," *Philadelphia Inquirer*, 5 December, 1999, 1.

²⁷ George A. Lopez and David Cortright, "Financial Sanctions: The Key to "Smart" Sanctions Strategy," available from <http://www.fourthfreedom.org>; Internet; accessed 16 December 1999.

²⁸ "Switzerland to freeze assets belonging to Milosevic, Serb leaders," *Herald Online* available from <http://www.nando.net/Kosovo/>; Internet, accessed 2 February 2000.

²⁹ Robert Solomon, *Money on the Move* (New Jersey: Princeton University Press, 1999), 138-167.

³⁰ Lugar, 282-289.

³¹ US Department of State Management Task Force, State 2000 A New Model for Managing Foreign Affairs (Washington, D.C.: Dept. of State, December 1992), 37-93.

³² Richard N. Haas, 210.

³³ James E. Perrella, "The impact of trade sanctions: A global CEO's perspective," Vital Speeches of the Day (New York, 1Sep. 1998), 681-684.

³⁴ Tom Carter, "As Congress considers sanctions, critics say they punish U.S. most," Insight on the News (Washington, D.C., 26 Jan. 1998), 44.

³⁵ Richard N. Haass ed., Economic Sanctions and American Diplomacy (New York: Council on Foreign Relations, 1998), 198-211.

³⁶ Elliot, 58.

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