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Why Economic Sanctions Do Not Work

Robert A. Pape

The world's major powers and the United Nations (UN) are increasingly using economic sanctions to achieve international political objectives. For example, the United Nations recently imposed sanctions to force Iraq out of Kuwait, to compel Serbia to stop aiding the Bosnian rebels, to topple the Haitian military, and to end apartheid. Similarly, the United States has threatened to punish China economically for human rights abuses and has tightened its long-standing embargo of Cuba. From 1991 to 1994 the UN Security Council imposed mandatory sanctions eight times, compared to only twice from 1945 to 1990.[1] A critical signal that faith in economic sanctions continues to grow was given in January 1995, when then-UN Secretary-General Boutros Boutros-Ghali proposed the creation of a new UN agency to monitor the implementation of economic sanctions and to assess in advance the likely effectiveness of contemplated sanctions.[2]

Military instruments are often thought to be the only effective means for achieving ambitious foreign policy goals like taking or defending territory, altering a state's military behavior, and changing a state's regime or internal political structure. Since World War I, however, economic sanctions have come to be viewed as the liberal alternative to war.[3] From crises involving the League of Nations before World War II to disputes involving the United Nations today, proponents typically argue that economic sanctions can often be as effective as military force and are more humane. As David Baldwin has stated, "Reasonable people may differ with respect to the utility of

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1. As of August 31, 1994, the UN Security Council had approved partial or comprehensive actions against Iraq (1990), former Yugoslavia (1992), Libya (1992), Somalia (1992), Liberia (1992), Haiti (1994), the UNITA movement in Angola (1994), and Rwanda (1994), while in the UN's first four decades, the Security Council imposed mandatory sanctions only against Rhodesia (1966) and South Africa (1977). James C. Ngobi, "The United Nations Experience with Sanctions," in David Cortright and George A. Lopez, eds., *Economic Sanctions: Panacea or Peacebuilding in a Post–Cold War World?* (Boulder, Colo.: Westview, 1995), pp. 17–18.
2. Boutros Boutros-Ghali, "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, January 3, 1995, pp. 17–18; and "Sanctions: Do They Work?" *Bulletin of the Atomic Scientists* (November 1993), pp. 14–49.
3. The policy choice between economic sanctions and military coercion crosscuts the theoretical divide in international relations theory between liberal institutionalism and realism, which is about actors, not instruments. Whereas liberals see collective institutions as the critical actors in international politics, realists focus on self-seeking behavior by individual states. Both economic sanctions and military force are methods of employing power that can be used by either type of actor.

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war as an instrument of policy, but there is little to be said in defense of unnecessary wars. . . . It would be a pity—perhaps a global disaster—if a contemporary American president were to resort to war solely because the nature, implications, and consequences of economic statecraft had been misrepresented to him by his advisors."[4]

Over the past decade international relations scholarship has promoted increased optimism about the utility of economic sanctions. While scholars who have long accepted that sanctions are more humane than military force, the first major wave of research on economic sanctions, during the 1960s and 1970s, reached a consensus that they were not as effective as military force.[5] The conventional wisdom began to change in the mid-1980s, however, as a new wave of scholarship challenged the earlier pessimism on the utility of economic pressure. Sanctions, many argued in the 1980s, had been underrated by policymakers and scholars because of overattention to a handful of famous failures (e.g., the League of Nations vs. Italy in 1935 and the United States vs. Cuba since 1960). Proponents of the new conventional wisdom are aware that sanctions have limits and do not always work, but, by and large, they believe that sanctions are often an efficient instrument for achieving important political goals. Elizabeth Rogers captures this newfound optimism: "Economic sanctions are more effective than most analysts suggest. Their efficacy is underrated in part because unlike other foreign policy instruments sanctions have no natural advocate or constituency. . . . As a result, their successes are widely unreported, while their failures are exaggerated by those with an interest in either avoiding their use, or in using other instruments."[6]

The key evidence that sanctions can achieve ambitious foreign policy goals is the study by Gary Hufbauer, Jeffrey Schott, and Kimberly Ann Elliot (hereafter HSE)—a reconsideration of the empirical record in the first large-*N* study of sanctions episodes—first published in 1985 and updated in 1990. Hufbauer, Schott, and Elliot reviewed the

4. David A. Baldwin, *Economic Statecraft* (Princeton, N.J.: Princeton University Press, 1985), p. 373.
5. Landmarks of the literature include Johann Galtung, "On the Effects of International Economic Sanctions: With Examples from the Case of Rhodesia," *World Politics*, Vol. 19, No. 3 (April 1967), pp. 378–416; Margaret P. Doxey, *Economic Sanctions and International Enforcement* (New York: Oxford University Press, 1971); Klaus Knorr, *The Power of Nations: The Political Economy of International Relations* (New York: Basic Books, 1975); and Donald L. Losman, *International Economic Sanctions: The Cases of Cuba, Israel, and Rhodesia* (Albuquerque: University of New Mexico Press, 1979).
6. Elizabeth S. Rogers, "Using Economic Sanctions to Control Regional Conflicts," *Security Studies*, Vol. 5, No. 4 (Summer 1996), p. 72. See also M.S. Daoudi and M.S. Dajani, *Economic Sanctions: Ideals and Experience* (Boston: Routledge and Kegan Paul, 1983), p. 12; Baldwin, *Economic Statecraft*, p. 4; Barry E. Carter, *International Economic Sanctions: Improving the Haphazard U.S. Legal Regime* (New York: Cambridge University Press, 1988), p. 233; William H. Kaempfer and Anton D. Lowenberg, "The Theory of International Economic Sanctions: A Public Choice Approach," *American Economic Review*, Vol. 78, No. 4 (September 1988), pp. 786–793; Lisa L. Martin, *Coercive Cooperation: Explaining Multilateral Economic Sanctions* (Princeton, N.J.: Princeton University Press, 1992), p. 250; David Cortright and George A. Lopez, "Research Concerns and Policy Needs in an Era of Sanctions," in Cortright and Lopez, eds., *Economic Sanctions*, p. 202; and Jonathan Kirshner, *Currency and Coercion: The Political Economy of International Monetary Power* (Princeton, N.J.: Princeton University Press, 1995), p. 166.

universe of sanctions from 1914 to 1990, 115 identified cases in all.[7] They reported sanctions success in 40 cases or 34 percent of the total,[8] much greater than the old conventional wisdom would have expected and a sufficiently high proportion to be viewed as a credible alternative to military force. As the only major large-*N* study of sanctions, the HSE database has become the bedrock study on the effectiveness of economic sanctions.[9] It has played a key role in significant U.S. foreign policy debates, such as whether to rely on sanctions instead of force against Iraq in 1991.[10] It has also contributed to still greater academic optimism about the effectiveness of sanctions in the 1990s, with scholars arguing that the rise of international economic cooperation after the Cold War may make sanctions even more effective than in the period studied by HSE because alternative sources or markets for sanctioned goods are now less likely to exist.[11]

My study challenges the emerging optimism about the effectiveness of economic sanctions. The decisive question I ask is whether economic sanctions are an effective tool for achieving international political goals, and if so, under what conditions. I do not address the broader question of whether sanctions are an effective substitute for war (which would require an analysis of the relative utility of both force and sanctions for achieving political ends).[12] Furthermore, I do not address the issue of whether economic pressure can enhance the effectiveness of force, mainly because my aim is to assess the independent usefulness of sanctions. Finally, I do not contest that economic

7. Gary Clyde Hufbauer and Jeffrey J. Schott, assisted by Kimberly Ann Elliot (hereafter HSE), *Economic Sanctions Reconsidered: History and Current Policy* (Washington, D.C.: Institute for International Economics [IIE], 1985); and HSE, *Economic Sanctions Reconsidered: History and Current Policy*, 2nd ed., 2 vols. (Washington, D.C.: IIE, 1990). All page references are to the second edition.
8. Hufbauer, Schott, and Elliot actually count 41 successes because they count U.S. sanctions against Egypt in 1963 as two successes even though the case is entered only once in the database.
9. Baldwin's *Economic Statecraft*, which set the agenda for the sanctions field during the 1980s, cites the HSE study no fewer than 21 times. In *Coercive Cooperation*, Martin calls it the "invaluable data set" (p. xi.), while Cortright and Lopez, in *Economic Sanctions*, the most recent general survey of the sanctions literature, describes it as "the major empirical study in the field" (p. 7). There is no other broad body of empirical work. Knorr, in *The Power of Nations*, pp. 150–162, briefly surveys 22 cases of economic sanctions from 1811 to 1974, concluding that they are rarely effective. Baldwin, in *Economic Statecraft*, pp. 224–235, devotes considerable space to refuting Knorr's pessimism.
10. In December 1990 Hufbauer and Schott testified before Congress that economic sanctions would likely compel Saddam Hussein to retreat from Kuwait, although "history suggests that one to two years will pass before the sanctions will prevail." House Armed Services Committee Chairman Les Aspin accepted this assessment, although rejecting sanctions on other grounds. Les Aspin, "The Role of Sanctions in Securing U.S. Interests in the Persian Gulf," in *Crisis in the Persian Gulf: Sanctions, Diplomacy, and War*, Hearings before the Committee on Armed Services, U.S. House of Representatives (Washington, D.C.: U.S. Government Printing Office [U.S. GPO], 1991), pp. 855, 862–863, 868–869.
11. Prominent examples include Martin, *Coercive Cooperation*, p. 250; and Rogers, "Economic Sanctions," pp. 54–55.
12. For an attempt to compare the effectiveness of force and sanctions, which concludes that "sanctions appear to matter little in general, while the relative military capabilities of the parties does have an effect on dispute outcomes," see T. Clifton Morgan and Valerie L. Schwebach, "Fools Suffer Gladly: The Use of Economic Sanctions in International Crises," *International Studies Quarterly*, Vol. 41, No. 1 (March 1997), pp. 27–50, at p. 43.

pressure can be useful in purely economic disputes. Its use in international trade or investment negotiations is routine. Evidence from trade disputes says little, however, about whether sanctions can achieve more ambitious political goals, which is the question of the day.

To resolve this question, this article performs two main tasks. First, it reexamines the HSE database to determine whether sanctions worked as often as its authors claim. Second, it challenges the causal logic of the theory of economic sanctions, especially whether the nature of modern nation-states provides grounds for today's optimism. The article concludes that economic sanctions have little independent usefulness for pursuit of noneconomic goals. The HSE study is seriously flawed. Practically none of the claimed 40 successes of economic sanctions stands up to examination. Eighteen were actually settled by direct or indirect use of force; in 8 cases there is no evidence that the target made the demanded concessions; 6 do not qualify as instances of economic sanctions; and 3 are indeterminate. Of HSE's 115 cases, only 5 are appropriately considered successes.

The deductive case that we should expect sanctions to be more effective in the future is also flawed, because it relies on the expectation that economic punishment can overwhelm a state's commitment to pursue important policy goals. Most modern states, however, resist external pressure. Pervasive nationalism often makes states and societies willing to endure considerable punishment rather than abandon what are seen as the interests of the nation, making even weak or disorganized states unwilling to bend to the demands of foreigners. In addition, states that have modern administrative capabilities can usually mitigate the economic damage of sanctions through substitution and other techniques. Finally, even when such capabilities are lacking and ruling elites are unpopular, they can still often protect themselves and their supporters by shifting the economic burden of sanctions onto opponents or disenfranchised groups.

This article is structured in four parts. First, it explains how to measure the effectiveness of economic sanctions. Second, it evaluates HSE's findings. Third, it analyzes the deductive case for economic sanctions. Fourth, it briefly considers whether economic sanctions are as humane as generally thought, and it assesses the consequences for the policy use of economic sanctions and for sanctions research.

Defining Economic Sanctions

States use economic pressure against other states for a variety of political purposes. There are two main categories of international economic weapons—trade restrictions and financial restrictions—each of which can be employed with varying intensity and scope. For example, trade may be suspended completely or tariffs merely raised slightly; financial flows may be wholly or partially blocked or assets seized; the entire opposing economy may be targeted or just one critical sector. Although the same economic weapons can be employed in support of different political goals, different political purposes yield different strategies. There are three main strategies of international economic pressure: economic sanctions, trade wars, and economic warfare.

Economic sanctions seek to lower the aggregate economic welfare of a target state by reducing international trade in order to coerce the target government to change its political behavior. Sanctions can coerce either directly, by persuading the target government that the issues at stake are not worth the price, or indirectly, by inducing popular pressure to force the government to concede, or by inducing a popular revolt that overthrows the government, resulting in the establishment of a government that will make the concessions.[13] Although coercers may suspend trade either comprehensively or partially, economic sanctions characteristically aim to impose costs on the economy as a whole. Partial trade suspensions are generally adopted either as part of a calculated strategy to signal the potential of still worse pain to come if the target fails to comply, or as a second-best measure because more pressing domestic or international political constraints rule out comprehensive pressure. Accordingly, the most important measure of the intensity of economic sanctions is aggregate gross national product (GNP) loss over time.

A trade war is when a state threatens to inflict economic harm or actually inflicts it in order to persuade the target state to agree to terms of trade more favorable to the coercing state.[14] Because trade wars seek to redirect the course of ongoing trade relations, they typically occur between established trade partners. Unlike economic sanctions, trade wars do not seek to influence the target state's political behavior but rather its international economic policies, and those only to the extent that they affect the wealth of the coercing state. When the United States threatens China with economic punishment if it does not respect human rights, that is an economic sanction; when punishment is threatened over copyright infringement, that is a trade war. Accordingly, the most important measure of the pressure of a trade war is the change in the price that the target state receives (or must pay) for an affected good or service.

Economic warfare seeks to weaken an adversary's aggregate economic potential in order to weaken its military capabilities, either in a peacetime arms race or in an ongoing war. This strategy assumes that the greater a state's overall productive capacity, the greater its ability to produce technologically sophisticated weapons and to mobilize people and wealth for military use. Unlike the first two strategies, economic warfare does not seek to coerce the target by inflicting economic pain. To the extent that it coerces at all, it does so by persuading the target state that its reduced military strength makes certain political objectives unattainable.[15] As a result, the most important measure of the pressure of economic warfare is the change in military production.[16]

Although some might use the term "economic sanctions" to apply to all three strategies, this is not the common practice, because it would be conceptually unwieldy

13. Galtung, "On the Effects of International Economic Sanctions," pp. 380–381; and Losman, *International Economic Sanctions*, p. 1.
14. On the definition of trade wars, see John C. Conybeare, *Trade Wars: The Theory and Practice of International Commercial Rivalry* (New York: Columbia University Press, 1987), pp. 3–6, 21–28.
15. On the difference between coercion through punishment and denial, see Robert A. Pape, *Bombing to Win: Air Power and Coercion in War* (Ithaca, N.Y.: Cornell University Press, 1996), chap. 2.
16. A fourth strategy, strategic embargo, is a special case of economic warfare; rather than attacking the entire target economy, a strategic embargo denies an adversary specific critical commodities in order to prevent or delay improvements in its military capabilities. For a comparison of economic warfare and strategic embargo, see Michael Mastanduno, *Economic Containment: CoCom and the Politics of East-West Trade* (Ithaca, N.Y.: Cornell University Press, 1992), pp. 39–52.

and it would confuse policymakers about what they most want to know: when the strategy of economic sanctions can change another state's behavior without resorting to military force.[17] Recently, however, Baldwin has argued that the concept of economic sanctions should be broadened to encompass all aspects of "economic statecraft" including not only economic coercion for political purposes (the traditional understanding of sanctions), but also coercion for economic goals (trade disputes) as well as goals other than changing the target state's behavior, such as engaging in economic warfare, rallying domestic political support, demonstrating resolve to third-party audiences, or simply inflicting punishment.[18] He credits achievement of any of these goals as success for economic sanctions.[19]

Accepting this looser standard for sanctions success would be a mistake for two reasons. First, the determinants of success for different categories of goals are not likely to be the same, and thus require separate theoretical investigations. A standard of success that lumps them all together risks losing information essential to building such theories. For example, knowing whether a certain type of economic sanction often helps the coercer government's standing in the polls tells us little about whether the same sanctions, or other instruments, would be likely to succeed in coercing target states to change their political behavior. Theories of the determinants of success in trade disputes or economic warfare or of international economic threats as a domestic political tool can and should be constructed, but they are not the same as a theory of economic sanctions. Second, beyond a certain point, excessively loose operationalization of dependent variables not only hinders theory building but departs from science altogether. Baldwin argues that the mere imposition of economic sanctions should automatically qualify as a success: "to make the target of an influence attempt pay a price for noncompliance is to be at least partially successful."[20] If failure is defined to be impossible, the dependent variable cannot vary and the theory cannot be falsified.

Hufbauer, Schott, and Elliot generally agree with the common definition of economic sanctions. First, they see economic sanctions as important because they may be an effective alternative to military force: "Only military power [President George Bush and his advisers] warned, is certain to get Saddam Hussein's armies out. But sanctions can work—and under circumstances far less favorable than those present in the confrontation with Iraq."[21] They also agree that states use sanctions "to coerce target governments into particular avenues of response" and assert that "in judging the success of sanctions,

17. Works from the 1960s and 1970s by Galtung, Doxey, Knorr, and Losman all evaluate the success or failure of economic sanctions based on their coercive impact. Galtung, "On the Effects of International Economic Sanctions," p. 381; Doxey, *Economic Sanctions and International Enforcement*, p. 14; Knorr, *Power of Nations*, p. 151; and Losman, *International Economic Sanctions*, p. 1. For equivalent formulations more recently, see Martin, *Coercive Cooperation*, pp. 31–32; and Makio Miyagawa, *Do Economic Sanctions Work?* (New York: St. Martin's, 1992), pp. 8–9.
18. Baldwin, *Economic Statecraft*, p. 32.
19. Baldwin criticizes HSE for an excessively narrow conception of economic sanctions goals and success. Ibid., p. 371.
20. Ibid., p. 372.
21. Kimberly Ann Elliot, Gary Clyde Hufbauer, and Jeffrey J. Schott, "The Big Squeeze: Why the Sanctions on Iraq Will Work," *Washington Post*, December 9, 1990.

we confine our examination to changes in the policies and capabilities of the target country."[22]

Second, they agree that it is important not to conflate economic sanctions with trade disputes: "We exclude . . . the normal realm of economic objectives sought in banking, commercial, and tax negotiations between sovereign states."[23] As I show, however, HSE violate this rule in several of their cases. Trade wars should not be counted as support for the proposition that economic sanctions can achieve more ambitious political objectives because the basis of target state decision making is different. States involved in trade disputes decide whether to make concessions depending on which choice they expect would maximize their wealth. Targets of economic sanctions, on the other hand, understand that they would be better off economically if they conceded to the coercer's demands, and made their decision based on whether they consider their political objectives to be worth the economic costs.

Trade wars should also be excluded, because including them would eliminate the distinction between purposes for which economic sanctions are a possible alternative to the use of force and those for which force would never be considered. In addition, taking into account trade wars would expand the sanctions' universe to include virtually every international economic negotiation of any kind, a universe so large as to be practically uncountable. This procedure would erase, for instance, the distinction between UN sanctions against Iraq and ordinary trade or aid negotiations as U.S. demands that Japan open its automobile parts market, the Franco-American "chicken war," or International Monetary Fund (IMF) conditions on stabilization loans.

Third, HSE recognize the difference between economic pressure for coercion on a political issue and pressures designed simply to weaken the military capabilities of an adversary, although they use the term "impairing military potential" rather than economic warfare: "we can distinguish between the imposition of short-term economic measures to achieve defined political goals, and the conduct of a long-term campaign to weaken a major adversary . . . [in which] economic denial would marginally limit the adversary's military capabilities."[24] Nonetheless, they include economic warfare as a subset of economic sanctions, as if the only difference between them was the intensity of the conflict.

Including economic warfare, however, is a mistake. Economic warfare, such as naval blockades, conducted purely for the purpose of weakening an opponent's military capability in an arms race or ongoing war does not qualify as an economic sanction because it is merely a component of a coercive strategy centered on force, not an

22. HSE, *Economic Sanctions Reconsidered*, Vol. 1, pp. 10, 12. This formulation is close to the generally accepted standard but includes a weakness. As explained below, using economic pressure only to weaken another state's *capabilities* but not its behavior is not coercive and is better characterized as economic warfare or a strategic embargo.
23. HSE, *Economic Sanctions Reconsidered*, Vol. 1, p. 3. See also Martin, *Coercive Cooperation*, p. 4; Makio Miyagawa, *Do Economic Sanctions Work?* (New York: St. Martin's, 1992), pp. 8–9; and George A. Lopez and David Cortright, "Economic Sanctions in Contemporary Global Relations," in Cortright and Lopez, eds., *Economic Sanctions*, p. 15.
24. HSE, *Economic Sanctions Reconsidered*, Vol. 2, p. 54.

independent coercive strategy in its own right. This does not exclude the possibility that economic sanctions could be employed in war, but the expected coercive mechanism would have to be that the target state would make concessions because of its unwillingness to bear the economic pain, not because its economic weakness would lead to military defeat. Thus the Allied blockade of Germany in World War I qualifies as both economic warfare and an economic sanction because it was intended for both purposes: to reduce German military strength as well as to inflict pain that would coerce the German people to surrender. The blockade was successful as economic warfare in that it contributed to Germany's military defeat, but it was a failure as an economic sanction in that it produced no popular pressure on the German government, which did not surrender until it recognized the hopelessness of its military position.[25]

Evaluating the record of economic sanctions requires a standard of success. Given their coercive purpose, economic sanctions should be credited with success if they meet three criteria: (1) the target state conceded to a significant part of the coercer's demands;[26] (2) economic sanctions were threatened or actually applied before the target changed its behavior; and (3) no more-credible explanation exists for the target's change of behavior. The most common alternative explanations involve the use of force (including military conquest), coercion by the threat of overwhelming military force, and covert use of force, such as foreign-sponsored assassinations and coups. Determining rules for how much credit for the outcome should be assigned to economic sanctions in these mixed cases depends on the type of military force that determined the outcome.

Military conquest, when it occurs, is always a more credible explanation than economic sanctions because the target state's failure to concede before military defeat is in itself evidence of the failure of coercion.[27] Showing that economic pressure weakened the target's military capability and thus accelerated military conquest would count as a success for economic warfare; however, it does not count as evidence that the target state would have conceded had force not been used or if just a little more economic pain had been inflicted. Such cases may tell us that economic pressure can make military force more effective, but they do not imply that economic sanctions alone can achieve comparable goals.

Change of government by assassination or military coup is also evidence of the failure of coercion against the deposed government. Deciding if economic sanctions should be assigned any causal weight depends on whether economic sanctions led to a change in the target state's regime without the sanctioning state either making other,

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25. Similarly, strategic embargoes seek only to prevent the target state from improving its military capability, not to inflict economic pain in order to force policy change. They do not qualify as economic sanctions because they are not contingent, and therefore not coercive. See Knorr, *Power of Nations*, p. 151.
26. Trivial gestures that do not actually change the target state's behavior in the direction demanded by the coercer do not qualify. For example, in 1956 Gamal Abdel Nasser rejected Britain and France's demand for international control of the Suez Canal and its toll revenue. His only "concession" was that foreign ships could use their own pilots, subject to the ultimate authority of an Egyptian pilot.
27. On the distinction between coercion and military victory, see Pape, *Bombing to Win*, chaps. 1 and 2.

more direct assurances to the coup plotters to inspire them to act or providing them the necessary means to succeed.

Distinguishing coercion by military threat from economic coercion is the most difficult task, because it requires assessing how the target weighed both pressures. The critical evidence is the timing of concessions in relation to specific military threats or economic sanctions. If the concessions were made long after economic sanctions were threatened or imposed but shortly after a military threat, then, barring credible contemporary statements by the target state decision makers to the contrary, military force should be assumed to have determined the outcome. When economic and military threats occur nearly simultaneously, say, only days apart, then the only evidence that can disentangle the weight of these two factors is credible contemporary statements by the target state decision makers. If such statements are unavailable for these cases, they should be coded as indeterminate. Failure to consider alternative explanations, especially force, is the most serious problem in HSE's empirical work—more serious, in fact, than the definitional problems.

Evaluation of the Hufbauer, Schott, and Elliot Database

Given the HSE database's status as the principal empirical support for the claim that economic sanctions are effective, any evaluation of the general effectiveness of sanctions should begin with an assessment of the database itself. This requires three steps: (1) describing HSE's methods and their findings; (2) explaining the appropriate standards for determining the success or failure of an economic sanctions episode; and (3) evaluating each of HSE's 40 claimed successes to determine whether they are correctly coded as instances of economic sanctions, and if so, whether they are properly considered successes.

HUFBAUER, SCHOTT, AND ELLIOT'S METHODS AND FINDINGS

Hufbauer, Schott, and Elliot seek to measure the effectiveness of economic sanctions in what they identify as the universe of economic sanctions employed from 1914 to 1990. Their dependent variable, "the success of an economic sanctions episode as viewed from the perspective of the sender country," has two parts. The *policy result* measures the degree to which the coercer's policy objectives were achieved, and the *sanctions contribution* is the degree to which sanctions contributed to this outcome. Both are scaled from 1 to 4: policy result: (1) "failed outcome," (2) "unclear but possibly positive outcome," (3) "positive outcome . . . a somewhat successful result," or (4) "successful outcome"; and sanctions contribution: (1) "zero or negative contribution," (2) "minor contribution," (3) "modest contribution," or (4) "significant contribution." A product of 9 or higher (3 or more on the higher scale) is counted as a sanctions success.[28]

28. "Modest contribution" (3) is illustrated by the withdrawal of Dutch and U.S. economic aid to Suriname between 1982 and 1988, while "significant contribution" (4) is illustrated by U.S. success in destabilizing the government of Rafael Trujillo in the Dominican Republic in 1960–61. Actually, economic sanctions made no contribution in either case. See Appendix, cases 27 and 25. HSE, *Economic Sanctions Reconsidered*, Vol. 1, pp. 41–42, 49–50.

Table 1. Summary of Hufbauer, Schott, and Elliot's Findings.

Policy Goal	Successes	Failures	Success Ratio (percentage of total)
Modest policy change	17	34	33%
Destabilization	11	10	52%
Disrupt military adventures	6	12	33%
Impair military in war	2	8	20%
Other major policy changes	5	15	25%
All cases*	41	79	34%

NOTE: *The data set includes 115 cases; however, 5 cases are counted twice. Hufbauer, Schott, and Elliot claim success in 40 distinct cases, but 1 is counted twice.

SOURCE: Gary Clyde Hufbauer, Jeffrey J. Schott, and Kimberly Ann Elliot, *Economic Sanctions Reconsidered*, 2nd ed., Vol. 1 (Washington, D.C.: Institute for International Economics, 1990), Table 5.1, p. 93.

In addition, HSE identify five major foreign policy objectives that sanctions are used to achieve, in order to analyze the determinants of sanctions success by policy goal as well as in aggregate total. The five objectives are:[29] (1) modest changes in target state behavior, "illustrated by human rights and nuclear nonproliferation"; (2) destabilization of the target government; (3) disruption of a minor military adventure, "illustrated by the U.K. sanctions against Argentina over the Falklands Islands"; (4) impairing the military potential of the target country, "illustrated by World Wars I and II"; and (5) major changes in target country's policies, "including surrender of territory."[30]

HUFBAUER, SCHOTT, AND ELLIOT'S ERRORS

An examination of the 40 cases in which HSE claim economic sanctions were successful reveals only 5 clear successes. The remainder are accounted for by 4 classes of errors: 18 were determined by force, not economic sanctions; 8 are failures, in which the target state never conceded to the coercer's demands; 6 are trade disputes, not instances of economic sanctions; and 3 are indeterminate.

FORCE The largest category of error is represented by the 18 cases that were determined by the use of force by the sanctioner or, in some cases, another party. In each of these cases, force was both sufficient and necessary to cause the outcome, while economic sanctions played little role. In six of these cases (Allies-Germany 1939, India-Hyderabad, Nigeria-Biafra, U.K./U.S.–Uganda, U.S.-Nicaragua, and U.K.-Argentina), the target state made no concessions prior to military defeat. Indian troops conquered Hyderabad in four days in September 1948. Fourteen months of Indian occupation later, the *nazim* of Hyderabad admitted that his domain had become part of India. Sanctions had little to do with the outcome. Similarly, Biafra did not collapse until its last

29. Ibid., Vol. 1, pp. 2–3, 36–37.
30. Ibid., Vol. 1, p. 38.

Table 2. Hufbauer, Schott, and Elliot's Claimed Sanctions Successes.

Year	Coercer	Target	GNP Loss to Target (percent)
Modest Issues			
1933	U.K.	USSR	negligible
1938	U.S./U.K.	Mexico	0.2
1956	U.S/U.K./France	Egypt	3.4
1961	U.S.	Ceylon	0.6
1963	U.S.	Egypt	1.4
1964	France	Tunisia	1.5
1965	U.S.	Chile	negligible
1965	U.S.	India	negligible
1968	U.S.	Peru	0.7
1975	U.S./Canada	South Korea	nil
1976	U.S.	Taiwan	0.1
1977	Canada	EC/Japan	negligible
1977	U.S.	Brazil	0.1
1979	U.S.	Iran	3.8
1979	Arab League	Canada	negligible
1982	U.S./Netherlands	Suriname	7.8
1987	U.S.	El Salvador	nil
Political Destabilization			
1951	U.S./U.K.	Iran	14.3
1956	U.S.	Laos	4.2
1958	USSR	Finland	1.1
1960	U.S.	Dominican Republic	1.9
1962	U.S.	Brazil	0.6
1963	U.S.	South Vietnam	0.3
1965	U.K./UN	Rhodesia	13.0
1970	U.S.	Chile	1.5
1972	U.K./U.S.	Uganda	2.6
1977	U.S.	Nicaragua	1.0
1982	South Africa	Lesotho	5.1
Disruption of Military Adventures (excluding major wars)			
1921	League of Nations	Yugoslavia	nil
1925	League of Nations	Greece	nil
1948	U.S.	Netherlands	0.2
1956	U.S.	U.K./France	0.3
1982	U.K.	Argentina	0.6
Impairment of Military Potential (including major wars)			
1914	U.K.	Germany	7.1
1939	Allies	Germany/Japan	1.6
Other Major Successes			
1948	India	Hyderabad	2.0
1967	Nigeria	Biafra	5.2
1973	Arab League	U.S./Netherlands	0.4
1981	U.S.	Poland	0.1
1989	India	Nepal	4.6

SOURCE: Gary Clyde Hufbauer, Jeffrey J. Schott, and Kimberly Ann Elliot, *Economic Sanctions Reconsidered*, 2nd ed., Vol. 1 (Washington, D.C.: Institute for International Economics, 1990), Tables 4.3–4.7, pp. 84–90.

strongholds were overrun by 200,000 Nigerian troops after two and a half years of intense warfare. Nigeria's economic blockade of Biafra contributed to this result by reducing Biafra's ability to import weapons or to pay for them, but this is an instance of economic warfare, not economic sanctions. The blockade also led to the starvation of 2 million Biafrans, but this had little effect on the outcome.

Seven target states (U.K.-Germany 1914, the League of Nations–Yugoslavia, the League of Nations–Greece, U.S.–U.K./France, U.S.–Dominican Republic, U.K./U.N.–Rhodesia, and U.S./Netherlands–Suriname) were successfully coerced by the threat of superior military force. This category contains some of the most egregious errors in the HSE database. Hufbauer, Schott, and Elliot count the League of Nations' coercion of Greece in 1925 as an instance of economic sanctions when in fact the League Council had rejected economic sanctions in favor of a naval demonstration. In addition, their explanation of British and French concessions during the 1956 Suez crisis fails to mention that the Soviet Union had threatened both countries with nuclear attack.[31]

The Rhodesia case is a critical one for the sanctions literature, because for many years after sanctions were imposed in 1965 it was cited as evidence that sanctions do not work. The end of white rule in 1979 removed a major barrier to claims for the effectiveness of economic sanctions. However, guerrilla war, not sanctions, accounts for the outcome. For ten years after sanctions were imposed, they had little effect on the Rhodesian economy, and the minority government was easily able to contain the guerrilla threat. However, when from the mid-1970s onward, the guerrillas were able to base their operations in Mozambique and benefit from expanded Soviet and Chinese military aid, the Rhodesian government's economic and military position rapidly declined, forcing it to seek terms.

In five cases (U.K./U.S.–Iran 1951, U.S.-Laos, U.S.-Brazil 1962, U.S.–South Vietnam, and U.S.-Chile 1970), the target government was overthrown in a foreign-sponsored military coup. Economic sanctions played little role in these cases, not even as a signal of U.S. support for a coup, which the United States explicitly communicated to the plotters in every case. President Ngo Dinh Diem of South Vietnam, for example, was assassinated, not destabilized by economic sanctions. The coup was plotted with the knowledge of senior U.S. officials, who told the South Vietnamese generals leading the coup that the United States would not oppose them and would recognize and support a new regime; in addition, they repeatedly asked the plotters for more of the plan's details, so that they could evaluate its feasibility.

NO MEANINGFUL CONCESSIONS Of the eight cases that I determine to be economic sanctions failures, in one case (the Arab League–U.S./Netherlands), the target countries made no concessions at all, leading the coercers to abandon sanctions. Similarly, in 1977, Brazil preempted possible U.S. economic sanctions by unilaterally abrogating its military aid agreement with the United States, so that withdrawal of the aid could not be used as a lever for human rights demands. In four cases (U.K./France/U.S.–Egypt 1956,

31. As reported in case 10 in the Appendix, we now have strong contemporaneous evidence that Britain's prime minister, Anthony Eden, was motivated to concede primarily by fear of sparking a general nuclear war.

Table 3. Errors in the Hufbauer, Schott, and Elliot Database by Type.

Case	Year	Coercer	Target	Nature of Dispute/Outcome
Outcomes Determined by Force, Not Economic Sanctions: 18				
	Brute Force Military Victory: 6			
1.	1939	Allies	Germany, Japan	Germany conquered; Japan surrendered to invasion threat.
2.	1948	India	Hyderabad	Hyderabad conquered by Indian army.
3.	1967	Nigeria	Biafra	Biafra overrun by 200,000 Nigerian troops.
4.	1972	U.K./U.S.	Uganda	Amin defeated by Tanzanian invasion.
5.	1977	U.S.	Nicaragua	Somoza defeated by FSLN guerrillas.
6.	1982	U.K.	Argentina	U.K. forces reconquered the Falkland Islands.
	Military Coercion: 7			
7.	1914	U.K.	Germany	Germany surrendered when military defeat imminent.
8.	1921	League of Nations	Yugoslavia	Yugoslavia retreated from Italian military threat.
9.	1925	League of Nations	Greece	No economic sanction; Greece retreated from League naval threat.
10.	1956	U.S.	U.K./France	Britain and France retreated from Soviet nuclear threat.
11.	1960	U.S.	Dominican Republic	Trujilloistas fled from U.S. invasion threat.
12.	1965	U.K./U.N.	Rhodesia	Whites coerced by guerrilla military threat.
13.	1982	U.S./Netherlands	Suriname	Bouterse coerced by guerrilla military threat.
	Foreign-sponsored Assassinations and Military Coups: 5			
14.	1951	U.K./U.S.	Iran	Mossadegh overthrown in U.S.-sponsored coup.
15.	1956	U.S.	Laos	Government overthrown 3 times in U.S-sponsored coups.
16.	1962	U.S.	Brazil	Goulart overthrown in U.S.-sponsored coup.
17.	1963	U.S.	South Vietnam	Diem assassinated in U.S.-sponsored coup.
18.	1970	U.S.	Chile	Allende killed in U.S.-sponsored coup.
No Concessions: 8				
19.	1956	U.K./France/U.S.	Egypt	Egypt refused demands for international control of Suez Canal.
20.	1963	U.S.	Egypt	Egypt refused demands for withdrawal from Yemen, other issues.

Table 3. Continued.

Case	Year	Coercer	Target	Nature of Dispute/Outcome
21.	1965	U.S.	India	India had already decided to pursue the agricultural policies demanded by the U.S.
22.	1973	Arab League	U.S./Netherlands	U.S. and Netherlands refused demands to change policies toward Israel.
23.	1976	U.S.	Taiwan	Taiwan continued reprocessing nuclear fuel despite promising not to.
24.	1977	U.S.	Brazil	Brazil abrogated military aid agreement.
25.	1979	U.S.	Iran	Iran pressured U.S. to freeze shah's assets and to ban U.S. claims against Iran.
26.	1981	U.S.	Poland	Poland did not democratize until Gorbachev withdrew Brezhnev Doctrine.
Not Instances of Economic Sanctions: 6				
27.	1938	U.S./U.K.	Mexico	Compensation for expropriation.
28.	1958	USSR	Finland	Volume of Soviet-Finnish trade.
29.	1961	U.S.	Ceylon	Compensation for expropriation.
30.	1964	France	Tunisia	Compensation for expropriation.
31.	1965	U.S.	Chile	Price of copper.
32.	1968	U.S.	Peru	Compensation for expropriation.
Indeterminate: 3				
	Overdetermined. Economic Sanctions and Military Threat Each Sufficient to Explain Outcome: 2			
33.	1948	U.S.	Netherlands	Netherlands could not afford the loss of U.S. Marshall Plan aid, nor could it defeat the Indonesian insurgents.
34.	1982	South Africa	Lesotho	Lesothan economy totally dependent on South Africa; also unable to prevent South Africa commando incursions and arming of insurgents.
	Indeterminate. Insufficient Evidence to Establish Significance of Concessions: 1			
35.	1977	Canada	EC/Japan	
Successes: 5				
36.	1933	U.K.	USSR	USSR agreed to release 6 prisoners.
37.	1975	U.S./Canada	South Korea	South Korea canceled reprocessing plant.
38.	1979	Arab League	Canada	Canada agreed not to move embassy.
39.	1987	U.S.	El Salvador	El Salvador agreed not to release 3 prisoners.
40.	1989	India	Nepal	Nepal agreed not to buy weapons from China.

U.S.-Egypt 1963, U.S.-Taiwan, and U.S.-Poland), the target countries made only trivial concessions that did not satisfy the coercers' demands. For example, when Washington demanded that President Gamal Abdel Nasser of Egypt tone down his anti-U.S. rhetoric, he did so briefly; however, he soon resumed it with increased virulence and continued his anti-American, anti-Israeli, pro-Soviet foreign policy. He did pull out of the Arab Jordan River project as the United States had demanded, but this was the result of inter-Arab disagreements, not U.S. pressure. In one case, U.S.-India 1965, sanctions were irrelevant because the target state had already decided to pursue the same agricultural policy the coercer demanded. Finally, one case (U.S.-Iran 1979) represents successful blackmail by the supposed target of the supposed coercer. To secure the release of the hostages held in the U.S. embassy in Tehran, the United States not only had to end its economic sanctions on Iran, but it also had to freeze the shah's assets and prohibit U.S. firms from making claims against Iran.

TRADE DISPUTES Of the six cases that do not qualify as instances of economic sanctions, two (USSR-Finland and U.S.-Chile 1965) are ordinary commercial disputes that should have been excluded given HSE's definition. Four (U.K./U.S.–Mexico, U.S.-Ceylon, France-Tunisia, and U.S.-Peru) concern expropriations, which, as HSE note, one might also expect to exclude as commercial disputes. This instinct is sensible, because confidence about property rights is just as central to international commerce as is agreement on import rules or repayment of loans. Hufbauer, Schott, and Elliot nonetheless include them on grounds that they "harbor political disputes that go beyond the compensation issues."[32] Although domestic politics may play a role in expropriation decisions, this does not make them special; nationalist feelings and other domestic issues play a role in nearly all interstate commercial negotiations. The international dimension of all four of these disputes, however, was purely economic. Each coercer's goal was simply to obtain compensation.

INDETERMINATE CASES Three cases are indeterminate. Two (U.S.-Netherlands and South Africa–Lesotho) are overdetermined, because in each case either economic sanctions alone or military force alone would likely have been sufficient to cause the outcome. In 1949 the Netherlands could no longer contain the rebel military threat in Indonesia, and we have contemporary statements that this compelled Dutch concessions. However, there was also a powerful U.S. economic threat that occurred around the same time as the Dutch concluded that the local military situation was hopeless, and there is evidence it would have been sufficient even if the military threat had been weaker. In 1983 and again in 1986, South Africa strangled Lesotho economically and simultaneously launched commando raids and sponsored insurgents on Lesothan territory. Landlocked and completely vulnerable both economically and militarily, the Lesothan government conceded in the first instance and was overthrown in the second. One case (Canada–the European Community [EC]/Japan) is indeterminate, because the data are insufficient to establish whether the target countries' ostensible concessions represented any change in actual behavior. Although the EC and Japan agreed to

32. HSE, *Economic Sanctions Reconsidered*, Vol. 1, p. 3.

Canada's demands not to retransfer Canadian uranium, there is no evidence that they had ever done so.

CORRECT CALLS Of the 40 cases claimed by HSE, there are only five instances (U.K.-USSR 1933, U.S./Canada–South Korea, the Arab League–Canada 1979, U.S.-El Salvador 1987, and India-Nepal 1989) in which economic sanctions were clearly successful. Three of these were over trivial issues. Canada agreed not to move its embassy in Israel from Tel Aviv to Jerusalem; the Soviet Union agreed to release six British nationals accused of spying; and El Salvador agreed not to release three prisoners convicted of murdering U.S. citizens. In the latter two cases, it is not even clear that economic sanctions were necessary to achieve the desired outcome, because there is no evidence that either target government wished to do other than what the coercer requested. The most substantial success that can be claimed for economic sanctions is India's coercion of Nepal in 1989–90. Thirteen months after India partially closed its border with Nepal in retaliation for Nepal's purchase of antiaircraft guns from China, King Birenda surrendered power to a pro-democratic government that agreed to consult India on defense matters. This was primarily an internal democratization crisis in which the international dispute was secondary. Although Indian sanctions did cause some dissatisfaction with the regime in 1989, we do not know what role they played in the opposition leader's decision in February 1990 to call the general strikes that led to the regime's collapse. Finally, in 1976 the United States and Canada pressured South Korea to abandon its plans to purchase a nuclear fuel reprocessing plant from France. The determinants of this outcome are quite unclear; but lacking firm documentation of the alternative explanations, I have credited it as a sanctions success. In summary, HSE's 40 claims of economic sanctions success comprise 32 errors, 5 correct calls, and 3 indeterminate cases.[33]

Two problems account for the errors in HSE's findings. First, although their aim is to study the use of economic sanctions for political goals, their data set inappropriately includes instances of two other types of uses of economic instruments in international politics: commercial negotiations and economic warfare. The problem is not that HSE define the economic sanctions universe to include either of these categories, given that full inclusion of either would have expanded their data set so greatly as to overwhelm and obscure the phenomenon they are trying to study. Rather, they simply did not employ the concept of economic sanctions rigorously enough to prevent inappropriate

33. Some sanctions advocates (although not HSE) argue that the success of economic sanctions is often a function of the length of time sanctions are left in place, which could imply that in at least some of the 18 cases I code as determined by force, sanctions might have succeeded if they had been given more time before the sanctioning states resorted to force. Rogers, "Using Economic Sanctions," p. 71; cf. HSE, *Economic Sanctions Reconsidered*, Vol. 1, p. 101. However, time length analysis of the cases in the HSE database does not support this conjecture. In the 8 cases that are clear successes for sanctions, overdetermined, or indeterminate, the average duration from sanctions to coercive success was 14 months, whereas the average duration of the 18 cases determined by force was 30 months. This pattern strongly suggests that when economic sanctions succeed at all they do so relatively quickly and that it may often be the evident failure of sanctions that turns sanctioners to force.

inclusion of several instances of each of the other categories.[34] Even if we include the six trade cases, this would do little to improve HSE's record, because two of them (France-Tunisia 1964 and U.S.-Chile 1965) are coercive failures. Thus, even if we move the boundary of the sanctions universe, it is impossible to find more than 9 successes out of the 40 claimed by HSE. Second, HSE routinely fail to control for the role of force. This is the most serious possible methodological error in a study of economic sanctions, because the principal policy usefulness claimed for economic sanctions is as an alternative to force. In addition, economic sanctions or the threat of sanctions and force or the threat of force are very often employed simultaneously, making it especially important to distinguish which type of pressure was responsible for a particular concession. Nearly half of HSE's claimed successes of economic sanctions are actually instances of successful use of force, which they routinely underrate or even underreport.

In summary, the appropriate conclusion to be drawn from the cases assessed by HSE is that the universe of economic sanctions episodes from 1914 to 1990 confirms that the old conventional wisdom was right: there is little valid social science support for claims that economic sanctions can achieve major foreign policy goals. Accordingly, optimists who argue that multilateral cooperation may make economic sanctions even a moderately effective alternative to military force have little empirical basis for such a claim.

Why Economic Sanctions Will Not Become More Important

Even if sanctions become somewhat more effective after the Cold War, they still have far to go before they can be a reliable alternative to military force. First, sanctions have been successful less than 5 percent of the time, not 34 percent of the time as HSE claim. Thus the world would have to change considerably before sanctions could become a credible alternative to force. Second, it is not clear that the early burst of political cooperation among the world's leading economic powers that we saw in the early 1990s will continue. For example, U.S.-Japanese relations have become somewhat rockier while the domestic institutions and foreign policies of both China and Russia are highly uncertain. And none of these countries is likely to adopt Western policies without first thinking of their own interests. Third, the key reason sanctions fail is not related to the cooperation of sanctioning states but to the nature of the target. Iraq, for example, has been subjected to the most extreme sanctions in history—48 percent of its GNP has been eliminated by sanctions for over five years—and it has not buckled. Rather, the key reason that sanctions fail is that modern states are not fragile.[35]

Nationalism often makes states and societies willing to endure considerable punishment rather than abandon their national interests. States involved in coercive disputes often accept high costs, including civilian suffering, to achieve their objectives. Democ-

34. Of HSE's entire data of 115 cases, 30 inappropriately included 10 cases of economic disruption in war; 15 cases of trade disputes or strategic embargoes; and 5 cases counted twice. This leaves a total of 85 valid cases, including 5 successes, or an overall success rate of 6 percent (9 percent if we include the overdetermined and indeterminate cases) versus the 34 percent HSE report.
35. For an analysis of the weaknesses of economic punishment as a coercive strategy, see Pape, *Bombing to Win*, pp. 21–27.

ratization further imbues individual citizens with a personal attachment to national goals. Even in the weakest and most fractured states, external pressure is more likely to enhance the nationalist legitimacy of rulers than to undermine it.[36] In some situations, advances in communication further improve the ability of governments to enhance the legitimacy of the state and its policies. Even much more severe punishment than economic sanctions can possibly inflict rarely coerces. Strategic bombing badly damaged the economies of North Korea, North Vietnam, and Iraq without causing their populations to rise up against their regimes. The Germans and the Japanese were firebombed. If modern nation-states can withstand that, they are unlikely to surrender to threats of partial or even total trade disruptions.[37] In addition, modern states can adjust to minimize their vulnerability to economic sanctions, because administrative capabilities allow states to mitigate the economic damage of sanctions through substitution and other techniques. Coercers never anticipate all the adjustments and reworking that targets can devise, including endless varieties of conservation, substitution, and more efficient methods of allocation. The naval blockades of Britain during the Napoleonic Wars and two world wars illustrate this point. Even though Britain grew increasingly dependent on food imports from each period to the next, attempts to starve it into submission failed because the ability of the British to compensate for food shortages grew faster than their dependence on imports.[38] Economic adjustment also buys time to seek alternatives, such as other trading partners or smuggling, and over time economic and political costs suffered by the sanctioner may increase.

Even unpopular ruling elites can often protect themselves and their supporters by shifting the economic burden of sanctions onto opponents or disenfranchised groups. Although the withdrawal of international trade increases the pool of skilled labor (including managerial and entrepreneurial skills), unskilled labor is typically far more abundant, with the effect that the real incomes of unskilled labor fall more than those of skilled workers. Given that the most skilled workers tend also to be the most powerful in states targeted by sanctions, politically weak groups tend not to be compensated for their relatively greater loss, and are subject to having their income lowered further to protect the incomes of more powerful groups. Thus it was possible for economic sanctions to cause the incomes of blacks in Rhodesia to fall while the standard of living for whites rose.[39]

Fourth, the deductive case that greater multilateral cooperation will make economic sanctions more effective relies on two expectations: that greater cooperation will increase the economic punishment on target states and, more critically, that increased

36. Many have credited the continuing economic sanctions against Iraq with helping to prop up an otherwise extremely unattractive regime. Hunting Mohammed Farah Aideed had the same effect on his stature in Somalia. See "Making Monkeys of the UN," *The Economist*, July 10, 1993, p. 34.
37. Pape, *Bombing to Win*, p. 320.
38. Mancur Olson, *Economics of Wartime Shortages: A History of Wartime Food Supplies in the Napoleonic Wars and World Wars I and II* (Durham, N.C.: Duke University Press, 1963).
39. Losman, *International Economic Sanctions*, pp. 112–113. Even an authoritarian regime, which depends more on pure coercion than on wide popular legitimacy, can still ensure that its supporters and critical security organs receive a disproportionate share of a diminishing pie.

Table 4. High Punishment and Sanctions Outcomes.

Year	Coercer	Target	GNP Loss	Outcome
1967	Nigeria	Biafra	15.2	failure
1951	U.K./U.S.	Iran	14.3	failure
1965	U.K./UN	Rhodesia	13.0	failure
1982	U.S./Netherlands	Suriname	7.8	failure
1975	U.S.	Cambodia	6.8	failure
1987	U.S.	Panama	6.0	failure
1982	South Africa	Lesotho	5.1	overdetermined
1989	India	Nepal	4.6	success

punishment will make targets more likely to concede. The second proposition is dubious. If it were valid, we should expect to find a significant correlation in past cases between economic loss to the target state and the success of sanctions, but an examination of the recoded HSE database does not support this.

To test whether increased punishment makes targets more likely to concede, I stratified the entire recoded HSE data set into high and low economic impact categories, setting the dividing line at a 4.6 percent reduction in target state GNP. Although this division point may seem arbitrary, I use it because it is the most favorable for the proposition that sanctions success is related to economic harm. Stratified this way, the data set contains 8 cases in the high category, including 1 success and 1 overdetermined case. The low punishment category includes 77 cases, of which 3 are successes and 2 are overdetermined or indeterminate.[40]

If each overdetermined and indeterminate case is counted as a full success, then the ratio in the high category is 2 to 8, or 25 percent; in the low category, it is 5 to 77, or 6 percent. This appears to provide at least some support for the proposition that sanctions success is correlated with economic loss. The effect is not strong, however, because even in the high category, the success rate is only 25 percent. Ordinary least squares regression confirms that there is no statistically significant relationship between target state GNP loss and sanctions success.[41] Further, even this small difference between the categories is only apparent. As the only two arguable successes in the high category (Nepal and Lesotho) are the two lowest in economic punishment, if the boundary line between low and high categories were moved only from 4.6 to 5.2 percent, the high category would contain no successes at all.

Thus, if there is reason to believe that increased coordination of economic sanctions will lead to greater success in the future, it will have to do so by achieving dramatically higher levels of economic punishment than sanctions have achieved in the past. Even

40. For this analysis, I include only the 85 valid sanctions cases; see footnote 34. Given that all 30 of the cases I exclude as not instances of economic sanctions would fall in the low category, including them also would lower the success rate in that category from 6 percent to 5 percent.
41. The probability that the relationship is due to chance is greater than 0.71.

this is only a speculative possibility, making it impossible to say what level of economic punishment might be required. The 48 percent loss in GNP that Iraq suffered suggests that states should not count on such a strategy.

Conclusions

This article casts doubt on the claim that economic sanctions can achieve major foreign policy goals. It demonstrates that the empirical basis on which advocates have promoted economic sanctions—the HSE database—is fundamentally flawed, and that the deductive logic behind the theory does not consider the characteristics of modern nation-states that weaken the effectiveness of economic sanctions. These findings suggest two questions for future research. First, if economic sanctions are rarely effective, why do states keep using them? Second, if sanctions do not achieve the purposes for which they have been used in the past, are there any situations in which they are likely to be effective in the future?

The persistent failure of sanctions suggests that states' reasons for employing them must lie elsewhere. Among the important questions are whether decision makers who impose sanctions systematically overestimate the prospects of coercive success of sanctions; whether leaders contemplating ultimate resort to force often expect that imposing sanctions first will enhance the credibility of subsequent military threats; and whether imposing sanctions usually yields leaders greater domestic political benefits than does refusing calls for sanctions or resorting to force.

Given the low success rate of economic sanctions, future research on the conditions under which they are effective should begin by developing a new set of hypotheses that are both testable and plausible on the available evidence. I propose three hypotheses: First, economic sanctions should be most effective in disputes involving minor issues that do not affect the target country's territory, security, wealth, or the regime's domestic security. For instance, a prediction that an oil boycott of Libya would compel Colonel Muammar Qaddafi to surrender the men suspected of bombing Pan Am 103 would be credible based on the historical evidence. Second, one might expect that economic sanctions would be more effective against target states whose trade is completely dependent on the coercer. The evidence for this proposition, however, is not strong. Although Lesotho conceded to South Africa's demands in 1983 and Nepal conceded to India's demands in 1989, there are alternative explanations for both outcomes. Given that few states are as vulnerable as Lesotho and Nepal, and that the universe of economic sanctions against them is small, the best research plan would be to study the foreign economic policies of landlocked states to see if they preemptively adjust their policies to the wishes of their more powerful neighbors. Third, on deductive grounds it is plausible that economic sanctions may be more effective against societies with extremely uneven income distributions than against those with more income equality. A government subject to economic sanctions cannot defend the incomes of its supporters by shifting income from the masses if the masses had nothing to begin with. This logic might explain why economic sanctions are often claimed to have contributed to the fall of apartheid, while five years of intense economic punishment has not toppled Saddam Hussein. White-ruled South Africa may have been unusually vulnerable, since 20 percent of the population already had 75 percent of the national income.[42] On the other hand, from 1968 to 1990 Iraq's Ba'ath regime had pursued an income redistribution policy that reapportioned land and set up a welfare state that included free education and health services. As a result, when the international community cut off Iraq's trade in 1990, Hussein was positioned to protect the incomes of his most loyal supporters by squeezing the rest of Iraqi society.[43]

Even if future research discovers conditions under which economic sanctions can achieve foreign policy goals, these sanctions may not be as liberal an alternative to military force as their advocates suggest. Economic sanctions often inflict significant human costs on the populations of target states regardless of whether they ultimately succeed or fail. Recent evidence suggests that as many as 567,000 Iraqi children may have died since the end of the Persian Gulf War because of economic sanctions imposed by the UN Security Council. This figure is considerably higher than the reported 40,000 military and 5,000 civilian deaths during the war itself.[44]

Finally, even though the evidence shows that sanctions are not likely to achieve major foreign policy goals, there is no reason that economic pressure should not be employed together with force. Aside from possibly making threats of force more credible and somewhat increasing the damage they can inflict, there is a sense in which economic sanctions may be part of the "American way of war." As in Iraq, Bosnia, and Haiti, U.S. leaders often use sanctions not for international coercion but for domestic mobilization, giving peace a chance first in order to disarm criticism of the use of force later.

42. Carole Cooper, *Race Relations Survey 1988/89* (Johannesburg: South African Institute of Race Relations 1989), p. 423.
43. Phebe Marr, *The Modern History of Iraq* (Boulder, Colo.: Westview, 1985), pp. 240–281.
44. Frank Hobbs, "Population Estimates for Iraq" (Washington, D.C.: U.S. Bureau of the Census," Population Studies Branch, Center for International Research, January 1992); and Mary Smith Fawzi and Sarah Zaidi, "Health of Baghdad's Children," *The Lancet*, Vol. 346 (December 2, 1995), p. 1485. For a discussion of related legal and moral principles, see Lori F. Damrosch, "The Civilian Impact of Economic Sanctions," in Damrosch, ed., *Enforcing Restraint: Collective Intervention in Internal Conflicts* (New York: Council on Foreign Relations, 1993), pp. 274–315.

Appendix: Reassessment of Hufbauer, Schott, and Elliot's Claimed Successes

This appendix explains my codings of the 35 cases in which I disagree with HSE.

1. 1939: ALLIES VERSUS GERMANY AND JAPAN
Issue: World War II. The Allies blockaded Germany and Japan throughout the war.
Outcome: Germany surrendered on May 7, 1945, and Japan on August 14, 1945.
Assessment: These are one instance of military conquest (Germany) and one of military coercion just short of conquest (Japan). Economic sanctions played little role except to the extent that blockade is a normal weapon of war. Germany never surrendered, and was finally overrun. Japan, at the brink of total defeat, surrendered under the twin threats of invasion of the home islands and atomic bombardment.[45]

2. 1948: INDIA VERSUS HYDERABAD
Issue: On June 12, 1947, the Muslim-dominated government of Hyderabad, which is located in the heart of India and has a Hindu majority population, announced it would remain independent and not join either India or Pakistan. On May 1, 1948, India declared that it would not tolerate an independent state within its borders, and in July 1948, imposed a series of financial and trade sanctions on Hyderabad.
Outcome: On September 13, 1948, 24,000 Indian troops invaded Hyderabad, whose forces surrendered four days later. Indian troops continued to occupy Hyderabad until November 24, 1949, when the Hyderabad government accepted the Indian Constitution.[46]
Assessment: This is an instance of military conquest.

3. 1967: NIGERIA VERSUS BIAFRA
Issue: On May 30, 1967, Lieutenant Colonel C.O. Ojukwu proclaimed the independent Republic of Biafra; Nigeria's central government moved to suppress the attempted secession by force. In addition to using force, Nigeria also imposed an economic blockade, suspending commerical air and sea access to, and foreign financial transactions with, Biafran-controlled territory.
Outcome: After two and a half years of war, Nigerian forces overran Biafra. Ojukwu fled to the Ivory Coast on January 12, 1970, effectively ending the war.
Assessment: This is an instance of military conquest. Although Biafra was blockaded for three years, and nearly 2 million people from a population of 12 million starved to death, the blockade did not undermine the Biafrans' morale; they continued to fight

45. W.N. Medlicott, *The Economic Blockade*, 2 vols. (London: Longmans, Green, 1952); and Pape, *Bombing to Win*, chaps. 4 and 8.
46. Vapal Pangunni Menon, *The Story of Integration of the Indian States* (New York: Macmillan, 1956), pp. 370–389; Government of India, *White Paper on Hyderabad*, 1948; and "Decision in Delhi," *New York Times*, September 19, 1948.

until a breakthrough by more than 180,000 Nigerian troops on Christmas Eve 1969 succeeded in cutting Biafra in half, rendering further resistance infeasible.[47]

4. 1972: U.K. AND U.S. VERSUS UGANDA

Issue: On January 25, 1971, Major General Idi Amin Dada seized power in Uganda and began a reign of terror that threatened foreign nationals and foreign economic interests in the country. In 1972 Britain suspended most of its aid to Uganda; and on October 10, 1978, the United States banned all trade with the country.

Outcome: In January 1979 Tanzania invaded Uganda, and on March 25 Amin fled to Libya. Tanzanian troops remained in Uganda for the next two years.

Assessment: This is an instance of military conquest. Hufbauer, Schott, and Elliot claim that sanctions "helped undermine residual domestic support for Amin and created an atmosphere conducive to Tanzanian military operations";[48] however, the outcome was entirely a consequence of Amin's own murderous behavior. From late 1977 onward, Amin began killing his closest associates, which led to an increasingly deep split in the army between a faction loyal to Amin and one loyal to Vice President Mustafa Adrisi. In August 1978 Amin's attempt to eliminate a pro-Adrisi unit was defeated after suffering heavy losses.[49] The Tanzanian attack that swept Amin from power was caused by his invasion of Tanzania in November 1978, which he initiated to try to reunite his own divided army.[50] The attack succeeded because it was supported by thousands of Ugandan exile troops and because Amin's own troops consistently refused to fight.[51]

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47. According to the analysis of the Economist Intelligence Unit (EIU): "The defeat was sudden and unexpected. Up to a week before it happened visitors had detected no signs of imminent collapse and General Ojukwu's predictions that Biafra would be able to hold out for a long time—to the economic and diplomatic embarrassment of the federal government—had still sounded convincing." R. Ernest Dupuy and Trevor N. Dupuy, *The Harper Encyclopedia of Military History*, 4th ed. (New York: Harper Collins, 1993), pp. 1446–1447; John De St. Jorre, *The Nigerian Civil War* (London: Hodder and Stoughton, 1972); and EIU, *Quarterly Economic Review, Nigeria*, No. 1 (London: EIU, January 19, 1970), p. 3.

48. HSE, *Economic Sanctions Reconsidered*, Vol. 2, p. 334. Presumably HSE have in mind the reduction in U.S. coffee purchases and oil deliveries from mid-1978 onward. Judith Miller, "When Sanctions Worked," *Foreign Policy*, No. 39 (Summer 1980), pp. 121, 123.

49. Tony Avirgan and Martha Honey, *War in Uganda: The Legacy of Idi Amin* (Westport, Conn.: Lawrence Hill, 1982), pp. 48–49; Rita M. Burns, ed., *Uganda: A Country Study* (Washington, D.C.: U.S. GPO, 1992), p. 203. Although Amin may also have been short of foreign exchange with which to purchase the loyalty of troops, his financial problems were caused not by sanctions but by a 45 percent decline in Ugandan coffee production from 1973 to 1977, together with a 40 percent decline in the world price of coffee in 1977 alone. Miller, "When Sanctions Worked," pp. 119, 122–123.

50. There is no evidence to support Amin's accusations that Tanzania planned to invade or that it had spies operating in Uganda. Avirgan and Honey, *War in Uganda*, p. 51.

51. Tanzanian and exile forces numbered 45,000 to Amin's 25,000. Avirgan and Honey, in *War in Uganda*, and Samuel Decalo, in *Coups and Army Rule in Africa* (New Haven, Conn.: Yale University Press, 1990), pp. 139–198, provide a detailed account of the entire war. Neither account mentions fuel shortages as a factor. Even if they were, Uganda's bad credit, not the sanctions, caused the reduction in oil deliveries. Miller, "When Sanctions Worked," p. 123; and Avirgan and Honey, *War in Uganda*, p. 48.

5. 1977: U.S. VERSUS NICARAGUA
Issue: Starting in 1977 the United States progressively suspended military and internal security aid to the regime of Anastasio Somoza, president of Nicaragua, because of his country's human rights violations. In November 1978, following the murder of opposition leader Pedro Joaquin Chamorro and the intensification of civil war, President Jimmy Carter tried to pressure Somoza to accept a plebiscite by persuading the IMF to postpone a $65.7 million loan Nicaragua needed for debt service.
Outcome: In a successful offensive from May 29 to July 17, 1979, the Sandinistas won control of most of the cities and countryside. After they surrounded Managua and rejected a last-minute U.S. request that they share power with moderates, Somoza left for Miami.
Assessment: Somoza was militarily defeated in a civil war. Economic sanctions played little role. First, the sanctions were not enforced. Even though Somoza rejected the plebiscite proposal on January 15, 1979, the IMF nonetheless approved the previously postponed loan on May 15 and delivered the first half of the money in June. Second, the economic sanctions were not instrumental in encouraging the rebels to initiate their final successful offensive. Rather, the key precipitant occurred earlier, on September 9, 1978, when the Sandinistas launched a series of successful raids on several towns and cities, which demonstrated their military viability and brought many previously uncommitted moderates over to their side. Third, to the extent that the United States may have influenced this outcome, it did so through military, not economic, pressure. By mid-1979 the cutoff of their normal source of weapons and ammunition did weaken Somoza's National Guard and police forces, even though some of the shortfall was made up from other sources.[52]

6. 1982: U.K. VERSUS ARGENTINA
Issue: On April 2, 1982, Argentina occupied the Falkland Islands, and Britain immediately dispatched a naval force to recapture them. On April 6, 1982, Britain banned Argentine imports and imposed a variety of financial sanctions. The EC, Canada, Australia, and New Zealand also banned Argentine imports, while the EC and the United States banned arms sales.
Outcome: British forces invaded and defeated the Argentine garrison, which surrendered on June 14. The other countries involved then lifted their sanctions against Argentina, although Britain maintained some economic sanctions until July 1985. In July 1989 Argentina decided to readmit British imports, which had been banned since the war, and to seek normalization of relations, which was achieved in 1990.
Assessment: Argentina made no concessions, but was simply defeated militarily. Economic sanctions had little effect on the outcome. The bans on arms sales may have contributed in a minor way, because they prevented Argentina from obtaining additional Exocet missiles—their most effective weapon. Sanctions also made little differ-

52. Shirley Christian, *Nicaragua: Revolution in the Family* (New York: Vintage Books, 1985); William M. LeoGrande, "The United States and the Nicaraguan Revolution," in Thomas W. Walker, ed., *Nicaragua in Revolution* (New York: Praeger, 1982), pp. 63–78; and Dupuy and Dupuy, *Harper Encyclopedia of Military History*, p. 1561.

ence to Argentina's 1989 decision to seek normalization, given that the last British sanctions had been lifted four years earlier. Rather, this decision was determined by the gradual democratization of Argentine politics and the waning of Argentine nationalist feeling on this issue.[53]

7. 1914: U.K. VERSUS GERMANY
Issue: World War I. Britain blockaded Germany throughout the war.
Outcome: Germany signed an armistice on November 11, 1918.
Assessment: This is an instance of military coercion just short of conquest. The British blockade, as a form of economic warfare, may have had a modest impact on German military capability, but if considered as an economic sanction, it had little coercive impact. Even though food shortages led to more than 500,000 German deaths during the winter of 1917–18, economic hardship did not cause Germany to sue for peace.[54] Rather, Germany was defeated militarily by the greater industrial and manpower resources of the Allies, including tanks, aircraft, and the appearance in 1918 of more than 1 million fresh U.S. troops on the western front at the same time that German manpower pools had been run dry after four years of war.[55] On September 28, after the fall of the Hindenburg Line, Germany's last major defense line in the West, German Chief of Staff Marshal Erich von Ludendorff advised the government that Germany must immediately seek an armistice.

8. 1921: LEAGUE OF NATIONS VERSUS YUGOSLAVIA
Issue: On November 2, 1921, after an uprising in northern Albania, Yugoslav troops occupied positions in Albania, and Yugoslavia demanded revision of the border, which had been fixed in 1913. On November 7 Britain called on the League of Nations to levy economic sanctions on Yugoslavia if it refused to withdraw its forces from Albania.
Outcome: On November 14, 1921, Yugoslavia agreed to withdraw its troops and to accept the 1913 border.
Assessment: Yugoslavia's concession resulted from military, not economic, coercion. On November 9 Britain, France, Italy, and Japan signed a declaration giving Italy a blank check to reverse the Yugoslav incursion: "in case of a threat to Albania's integrity or independence, whether territorial or economic, owing to foreign aggression or to any other event, . . . the restoration of the territorial frontiers of Albania should be entrusted to Italy" (even if Albania did not appeal to the League for assistance). On June 8, 1924,

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53. Adolph Canitrot, "Crisis and Transformation of the Argentine State," in William C. Smith, ed., *Democracy, Markets, and Structural Reform in Latin America* (New Brunswick, N.J.: Transaction Publishers, 1994), pp. 75–102; Edgardo Catterberg, *Argentina Confronts Politics* (Boulder, Colo.: Lynne Rienner Publishers, 1991); and Lawrence Freedman and Virginia Gamba-Stonehouse, *Signals of War: The Falklands Conflict of 1982* (London: Faber and Faber, 1990).
54. Even this was not a direct effect of the blockade. Germany, being overmatched industrially by its enemies, elected to shift scarce human, animal, and machine resources from agriculture to war production in order to continue fighting. Thus Germany inflicted economic punishment on itself rather than surrender sooner. Avner Offer, *The First World War: An Agrarian Interpretation* (New York: Oxford University Press, 1989).
55. Rod Paschall, *The Defeat of Imperial Germany, 1917–1918* (Chapel Hill, N.C.: Algonquin, 1989).

Italy and Yugoslavia agreed to a joint declaration of nonintervention in Albanian affairs.[56]

9. 1925: LEAGUE OF NATIONS VERSUS GREECE

Issue: On October 19, 1925, Greek and Bulgarian sentinels exchanged gunfire at an isolated frontier post, killing four Greeks. The next day the Greek government received (erroneous) intelligence that a battalion of Bulgarian troops had occupied a hilltop on the Greek side of the border. Greece demanded an apology and indemnities for the families of the slain Greek soldiers. Not receiving an immediate reply, on October 22, 1,000 Greek troops invaded Bulgaria, occupied approximately 70 square kilometers of Bulgarian territory, and shelled the small town of Petrić. On October 26–27 the League discussed imposing sanctions on Greece, but decided against them, preferring instead a naval demonstration at the seaport of Piraeus.
Outcome: On October 28 Greece agreed to evacuate Bulgarian territory.
Assessment: Greece's withdrawal was determined by the League's naval threat and its own discovery on October 22 that it had not been invaded by Bulgaria. Greece suspended its operations on October 23 upon learning that its earlier intelligence had been faulty and that the League intended to discuss the matter, which indicated that international opinion was against it. Economic sanctions played little role, since the League decided against them.[57]

10. 1956: U.S. VERSUS U.K. AND FRANCE

Issue: On November 5, 1956, British and French troops invaded Egypt. On November 6 the United States refused to permit British access to dollar credits to pay for oil imports from dollar zones of North and South America.
Outcome: On November 6 Britain and France consented to a cease-fire, and in early December agreed to remove all their forces from Egypt.
Assessment: The British and French concessions were caused by Soviet nuclear threats, not sanctions. On November 5 the Soviet Union issued an ultimatum to Britain, France, and Israel. The letter to Prime Minister Anthony Eden read in part: "In what position would Britain have found herself if she herself had been attacked by more powerful states possessing every kind of modern destructive weapons? And there are countries now which need not have sent a navy or air force to the coast of Britain but could have used other means, such as rocket technique."[58]

56. Joseph Swire, *Albania: The Rise of a Kingdom* (London: Unwin Brothers, 1929), pp. 327–385, at p. 369; H. Wickham Steed, "Italy, Yugoslavia, and Albania," *Royal Institute of International Affairs*, Vol. 8 (May 1927), pp. 170–178; Panaqiotes Pipinelis, *Europe and the Albanian Question* (Chicago: Argonaut, 1963); Arnold J. Toynbee, *Survey of International Affairs: 1920–1923* (London: Oxford University Press, 1925), pp. 343–347; and Arnold J. Toynbee, *Survey of International Affairs: 1925*, Vol. 2 (London: Oxford University Press, 1928), p. 285.
57. James Barros, *The League of Nations and the Great Powers: The Greek-Bulgarian Incident, 1925* (Oxford, U.K.: Clarendon Press, 1970), especially pp. 79–80; Francis P. Walters, *A History of the League of Nations*, Vol. 1. (London: Oxford University Press, 1952), pp. 311–315; and Toynbee, *Survey: 1925*, Vol. 2, pp. 299–309.
58. Quoted in Richard K. Betts, *Nuclear Blackmail and Nuclear Balance* (Washington, D.C.: Brookings Institution, 1987), p. 62.

President Dwight D. Eisenhower, taking the Soviet threat extremely seriously, telephoned Eden on the night of November 5–6 to say: "I demand that you give the order to cease-fire at once if you want to preserve Anglo-American solidarity as well as peace. I cannot wait any longer." Eisenhower imposed a deadline of midnight November 6.[59] Eisenhower's threat forced the British and French to back down. On November 6 Eden explained to France's prime minister, Guy Mollet, "I want you to understand, really understand, Eisenhower phoned me. I can't go it alone without the United States. It would be the first time in the history of England. . . . No it is not possible."[60] Mollet sent an urgent note to Washington asking for reassurance: "In view of the threat contained in the letter addressed by Marshal Bulganin to the governments of the United Kingdom and France, the French government does not exclude the possibility that an attack can be directed by the Soviet Union against both countries. . . . It is essential that the United States government should make known in advance its attitude by confirming in a non-equivocal way that the provisions of the North Atlantic Treaty would apply immediately upon a Soviet attack directed against the allies of the United States." The French were told that the only way out was to accept the UN resolution calling for an immediate cease-fire and to withdraw their forces.[61]

Most important, in a top secret personal telegram from Eden to Eisenhower dated November 7, 1956 (the day after Britain's withdrawal decision), Eden explained the reasoning behind his decision to withdraw, saying: "If the Soviets intend to seize this opportunity of intervening by giving substantial support to Nasser, they may create a situation which could lead to major war. Hitherto I have not thought it likely that Russia would take this dangerous step. I have believed that it was anxious to avoid world war and that, although it [Russia] would make all possible minor trouble it would stick to the policy of making mischief by all means short of war. But the new men in the Kremlin may be less coldly calculating than their predecessors and, if so, they may be led into taking a step which may precipitate a really grave situation."[62] This document makes no reference to U.S. economic pressure.

Those who say that U.S. economic pressure forced Britain and France to withdraw rest their argument on two claims made by Harold Macmillan, Britain's chancellor of the exchequer, in his memoirs: that the United States sold pounds during the first five days of November to threaten the British economy and told the British that the United States would veto a British IMF request to stablize the pound.[63] Macmillan claims that

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59. Finer, *Dulles Over Suez*, p. 429. On the afternoon of November 5, after reading Soviet premier Nikolai Bulganin's ultimatum, Eisenhower told a group of his advisers that "his concern is that the Soviets . . . are ready to take any wild adventure" and "the Soviets are scared and furious and there is nothing more dangerous than a dictatorship in this state of mind." Goodpaster Memorandum of Presidential Conference, November 5, 1956, 5 p.m., *Foreign Relations of the United States, 1955–1957*, Vol. 16 (Washington, D.C.: U.S. GPO, 1990), pp. 1000–1001.
60. Finer, *Dulles Over Suez*, p. 429.
61. Memorandum of a conversation, U.S. Department of State (Washington, D.C.: U.S. GPO November 6, 1956), *FRUS 1955–1957*, pp. 1023–1025.
62. Prime minister, personal telegram, Eden to Eisenhower, November 7, 1956, PREM 11/1177, Public Records Office, London.
63. See Jonathan Kirshner, *Currency and Coercion: The Political Economy of International Monetary Power* (Princeton, N.J.: Princeton University Press, 1995), pp. 68–70, citing memoirs by Harold Macmillan, *Riding the Storm, 1956–1959* (London: Macmillan, 1971), p. 164.

he reported to the British cabinet on November 6 that Britain had lost $280 million in reserves (15 percent of the total) in the previous week. This claim, however, is almost certainly false, because British Treasury records show that the actual loss for the week ending November 6 was $85 million, and it was not until November 20 that Macmillan told the cabinet that losses for the entire month might reach $300 million. There is no independent evidence in British Treasury, Bank of England, or U.S. archives supporting any of Macmillan's claims.[64] It is overwhelmingly likely that the pressure on the British pound, which continued unabated from late July into December, resulted from market pressures caused by the evident risks of Britain's Suez adventure as well as the state of Britain's balance of trade. U.S. sales of British currency were not important, as U.S. holdings of sterling declined by only $11 million from September 30 to the end of the year.[65] The United States did block British access to IMF funds later in November as a means of pressuring Britain to accelerate the rate of withdrawal of its remaining forces from Suez, but this came after the main crisis was over.

11. 1960: U.S. VERSUS DOMINICAN REPUBLIC

Issue: President Rafael Trujillo of the Dominican Republic had been a protégé of the United States, but by 1960 his increasingly repressive regime was seen as an embarassment, and the United States decided to overthrow him. From September 1960 to January 1962, the United States and some members of the Organization of American States imposed tariffs on Dominican sugar and embargoed oil, trucks, and military spare parts.

Outcome: On May 30, 1961, Trujillo was assassinated. His relatives, who still controlled the army, unleashed a reign of terror against the political opposition, then fled the country after a U.S. fleet appeared off Santo Domingo on November 19, 1961. By January 22, 1962, a new pro-U.S. government was in place, sanctions were removed, and the United States provided $25 million in aid to the new government.

Assessment: This was a U.S.-sponsored assassination, followed by successful military coercion. Economic sanctions played little role. Hufbauer, Schott, and Elliot's argument appears to rest on the idea that economic sanctions were important as a signal of U.S. opposition to Trujillo, but this is not so. From early 1960 onward, the United States trained, supplied, and explicitly assured the anti-Trujillo forces that it would not oppose an assassination and would support them afterward.[66] Sanctions also did not cause the

64. The Macmillan papers are unavailable. The most detailed discussion is Diane Kunz, *The Economic Diplomacy of the Suez Crisis* (Chapel Hill: University of North Carolina Press, 1991), pp. 131–132 and fn. 70, p. 252.

65. Kirshner speculates that the United States might have sold its entire holdings ($84 million) in the first five days of November and then bought back $73 million before the end of the year. There is no evidence of this, and it requires the implausible assumption that U.S. sales of $84 million in the first five days of November together with, according to Kirshner, "market bandwagoning with the U.S. manipulation," resulted in British reserve losses of just $85 million, while U.S. purchases of $73 million in the remainder of the year failed to prevent further British reserve losses of more than $200 million. Kirshner, *Currency and Coercion*, p. 69.

66. U.S. Senate, *Interim Report: Alleged Assassination Plots Involving Foreign Leaders*, Select Committee to Study Governmental Operations with Respect to Intelligence Activities (Washington, D.C.: U.S. GPO, November 20, 1975), pp. 191–215.

increasing political disorder in the Dominican Republic in late 1961, which was a direct result of the indiscriminate violence of the surviving Trujillos. The Trujillos were forced out not by domestic unrest but by a U.S. invasion threat, backed by a naval task force that steamed within sight of Santo Domingo, jet fighters that buzzed the city, and a Spanish-language radio broadcast that 1,800 Marines attached to the task force would invade if the Trujillos did not leave.[67]

12. 1965: U.K. AND UN VERSUS RHODESIA

Issue: On November 11, 1965, Rhodesia's prime minister, Ian Smith, declared his country's independence from the British Commonealth, contrary to British plans to establish majority rule. In November 1965 Britain banned almost all trade with Rhodesia; in December 1966 and May 1968, the UN Security Council called on member nations to halt virtually all trade with Rhodesia, terminate air transport connections, and withdraw consular representatives.

Outcome: The white government relinquished power in December 1979.

Assessment: This outcome was determined by military force, not economic sanctions. By 1979 the government realized that it would be defeated by the guerrillas, and it surrendered. Those arguing that sanctions mattered suggest that sanctions assisted guerrilla recruitment by weakening the Rhodesian economy and increasing black unemployment, thus making joining the guerrillas more attractive.[68] In fact, the rate of African unemployment was essentially flat from 1965 to 1975, as the increase in the black population (43.4 percent) was virtually identical to the increase in black employment (44.1 percent). This happened because, while Rhodesia's gross domestic product fell 5 percent from 1965 to 1966 as an immediate result of sanctions, the real annual growth rate from 1967 to 1974 averaged almost 8 percent;[69] and the hunger that spread in black areas in the late 1970s was caused by the destruction of food supplies, which had become part of the government's counterinsurgent strategy.

Guerrilla strength was actually determined by outside aid. Guerrilla operations, based primarily in Zambia, began in 1964 but were successfully contained by the government for several years. In the early 1970s, however, the guerrillas started to receive significantly greater military training and supplies from China and the Soviet Union; they also established a second sanctuary in Mozambique in collaboration with Mozambican guerrilla forces fighting for liberation from Portuguese rule. Increases in material aid, sanctuaries, and optimism—results of their successful operations—helped guerrilla strength grow from under 100 in the early 1970s to 700 by 1976, to 5,000 by

67. Jerome N. Slater, "The Dominican Republic, 1961–66," in Barry M. Blechman and Stephen S. Kaplan, eds., *Force Without War: U.S. Armed Forces as a Political Instrument* (Washington, D.C.: Brookings Institution, 1978), pp. 291–297. Oddly, Hufbauer and Schott quote Slater's conclusion that the Trujilloistas "were apparently prepared to ignore them [the economic sanctions] ruthlessly, for in each case coups were averted or reversed only after the military displays." Slater, "Dominican Republic," p. 299, quoted in HSE, *Economic Sanctions Reconsidered*, Vol. 2, p. 186.
68. See, for example, Baldwin, *Economic Statecraft*, pp. 201, 203.
69. Harry R. Strack, *Sanctions: The Case of Rhodesia* (Syracuse, N.Y.: Syracuse University Press, 1978), p. 86; and Losman, *International Economic Sanctions*, p. 115.

1977, and to 50,000 by late 1979.[70] After 1975 economic growth did decline, but this was a result of the war, not sanctions. Rising guerrilla activity eventually forced the government to take up to half of the white workforce into the security forces, thus causing an economic downturn. By 1977 all white males aged 25–33 were called up for 190 days annually, and men aged 34–50 for 70 days annually.[71] According to the Economist Intelligence Unit (EIU), in the spring of 1978, "The decline in the economy is expected to be in the region of 8 percent over the next year. This is attributable in part to the international recession and transport bottlenecks but more specifically to the guerrilla war. In turn the decline in the economy is affecting Rhodesia's ability to fight the war."[72]

13. 1982: U.S. AND NETHERLANDS VERSUS SURINAME

Issue: In December 1982 the United States and the Netherlands suspended economic aid to Suriname to pressure its military ruler, Lieutenant Colonel Desi Bouterse, to eliminate Cuban and Soviet influence in Suriname. In March 1984 the United States and the Netherlands further demanded that Bouterse restore democracy to Suriname before they would resume assistance. In March 1988 the Netherlands agreed to restore aid (although only for specific economic projects); in July 1990 it withdrew assistance again; and restored it once more in June 1992. As of July 1995, however, no major disbursements had been made, because the Surinamese government did not undertake the specified projects.[73]

Outcome: Within days of the U.S. invasion of Grenada in October 1983, Bouterse expelled the Cuban ambassador, most of his staff, and other Cubans working on aid projects and in the government.[74] Although elections were held in November 1987 and May 1991, the civilian government did not gain control over the military until October 1992, when Bouterse and four other top military figures resigned.

Assessment: Both outcomes were caused by military coercion, not economic sanctions. Bouterse cut off ties with Cuba because he feared that if the United States was willing to use force against other Cuban surrogate states, Suriname could be next. He ordered the expulsion of the Cuban ambassador and 100 other staff on the same day as the Grenada invasion. Given the hopelessness of resistance to U.S. military action, there is no reason to suppose that Bouterse would have acted differently if the aid had not been cut off or if there had never been any U.S. or Dutch aid in the first place.[75] Suriname's

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70. Harold D. Nelson, *Zimbabwe: A Country Study* (Washington, D.C.: U.S. GPO, 1983), p. 252; and J.K. Cilliers, *Counter-Insurgency in Rhodesia* (London: Croom Helm, 1985), p. 239.
71. Nelson, *Zimbabwe*, p. 256. As the situation deteriorated, the manpower shortage began to feed on itself, as over 10 percent of the white population left Rhodesia from 1976 to 1978.
72. EIU, *Quarterly Economic Review of Rhodesia, Malawi, 2nd Quarter* (London: EIU, 1978), p. 3.
73. Gary Brana-Shute, "Back to the Barracks? Five Years 'Revo' in Suriname," *Journal of Inter-American Studies and World Affairs*, Vol. 28, No. 1 (Spring 1986), pp. 93–122; Scott B. MacDonald, "Insurrection and Redemocratization in Suriname?" *Journal of Inter-American Studies and World Affairs*, Vol. 30, No. 1 (Spring 1988), pp. 105–132; Edward M. Dew, "Suriname," *Latin America and Caribbean Contemporary Record*, Vol. 3, No. 4 (1985), pp. 445–456; and EIU, *Suriname Country Reports and Country Profiles* (London: EIU, 1982–95).
74. "The CIA and Suriname," *Wall Street Journal*, June 3, 1983.
75. Dew, "Suriname," p. 450. According to reports, Bouterse "had been planning to reduce cooperation with Cuba but the United States–led invasion of Grenada hastened his plans." "Suriname

transition from dictatorship to democracy was caused by the military threat posed by an armed rebel movement that the Netherlands and France supported. Economic sanctions were not necessary to cause the outcome, nor is it clear that they made any contribution.

Rather than make concessions to obtain a resumption of aid, in 1984 and 1985 Bouterse turned to drug trafficking to support his regime. In response, the Dutch turned to a strategy of military pressure, and Dutch-supported guerrillas based in French Guiana began operating against the Bouterse regime in July 1986. In 1987 France sent troops to Guiana to protect the rebel bases, and France's prime minister, Jacques Chirac, promised to support former President Henck Chin-A-Sen of Suriname in his effort to replace Bouterse. This pressure compelled Bouterse to hold elections for a civilian government in November 1987, after which Dutch and French support for the rebels was suspended. This withdrawal of support allowed Bouterse to remain in effective control. He continued to prosecute the civil war in defiance of the government and even assassinated government officials. In December 1990 he dissolved the government. Restoration of aid from 1988 to 1990 had little influence on the course of events. In February 1991 the Dutch government leaked to the press its plans to assume control of Suriname's monetary, foreign, and defense policy, which would have eliminated Bouterse's base of support in the army. The Dutch threat led to an agreement between Bouterse and the rebels in March 1991 and to elections in May. The Dutch immediately promised the new government military support against Bouterse if needed, allowing it to take a more independent line than the previous government. By the summer of 1992, Bouterse had begun complaining that the government was depriving the military of funds. When in December 1992 Bouterse threatened a coup, the Dutch again threatened to intervene; and in May 1993, with Dutch promises of military intervention if necessary, the civilian government succeeded in removing Bouterse and his key supporters from the army. Every step in Suriname's progress toward democracy was determined by Dutch military or Dutch-supported guerrilla pressure, not by economic pressure.[76]

14. 1951: U.K. AND U.S. VERSUS IRAN

Issue: On March 16, 1951, Iran's prime minister, Mohammad Mossadegh, nationalized the Anglo-Iranian Oil Company, effectively ousting Shah Mohammad Reza Pahlavi from power. The West immediately boycotted the purchase of Iranian oil and demanded the shah's return to power and a 50–50 profit-sharing deal on oil.

Reported to Order 100 Cubans to Leave Country," *New York Times*, October 31, 1983. "[Bouterse] must have realized that if the Reagan administration was willing to use force against Cuban surrogate states in the Caribbean, his turn would soon come." EIU, *Suriname Country Report, 1st Quarter 1984*, p. 17.

76. "Suriname: Ex-Minister Predicts Dutch-U.S. Intervention," *Inter Press Service*, February 22, 1991; "Suriname: Dutch Government 'contented' with Polls," *Inter Press Service*, May 27, 1991; "Surinamese Elections—Reported Reaction by Armed Forces and the Netherlands," *BBC Summary of World Broadcasts*, May 28, 1991; and "Suriname: Dutch Will Give Military Assistance if Asked," *Inter Press Service*, May 12, 1993.

Outcome: In August 1953 the shah was restored to power in a military coup; and in 1954 the oil companies that comprised the Anglo-Iranian Oil Company and Iran adopted the principle of 50–50 profit sharing, and oil exports resumed.
Assessment: This was a U.S.-sponsored military coup. Economic sanctions played little role. Mossadegh was overthrown by Iranian military officers who were loyal to the shah and who resented Mossadegh's efforts, beginning in July 1952, to purge the officer corps. The plotters were financed, partially supplied, and directed by Central Intelligence Agency (CIA) officers in Iran; but they were still reluctant to act until the shah gave his personal authorization, which he did when the CIA promised to guarantee his safety regardless of the coup's outcome. Although there were also public demonstrations against the Mossadegh government, these too were stimulated by the CIA, which bribed local religious leaders to organize them.[77] There is no evidence that the oil embargo played any role in the motivations of the coup plotters or in their success.

15. 1956: U.S. VERSUS LAOS
Issue: When Prince Souvanna Phouma became prime minister on March 21, 1956, and pledged to reconcile communist and noncommunist political factions, the United States expressed concern that this would lead to a procommunist regime. At several points from 1956 to 1962, the United States suspended and restored monthly aid payments to try to create a viable anticommunist government.
Outcome: After five changes of government from 1958 to 1962, the United States accepted a coalition headed by Souvanna that included the communist Pathet Lao.
Assessment: This an example of military coercion, not economic sanctions, and an unsuccessful one at that, as the United States eventually accepted exactly what it had set out to prevent. All five changes of government were determined by the United States' ability to make or break the military power of all of the noncommunist factions in Laos. Prior to 1955, there was no Laotian army, which was created and wholly funded by the United States, allowing the United States to set—or to eliminate—the self-defense capability of the Royal Laotian government.[78]

In July 1958 the CIA staged a coup against Souvanna by cutting off funds to pay the salaries of Laos's army and bribing members of the National Assembly to vote him out of office in favor of rightist Phoui Sananikone. In December 1959 General Phoumi

77. Kermit Roosevelt, *Countercoup* (New York: McGraw-Hill, 1979); and Mark J. Gasiorowski, "The 1953 Coup d'Etat in Iran," *International Journal of Middle East Studies*, Vol. 19, No. 3 (August 1987), pp. 261–286.
78. In 1955–57 the United States provided $37.1 million in military equipment and $135.1 million in "economic" aid, of which $84.4 million was in the form of cash grants for military salaries and nearly all the rest was for police and civil salaries and other costs of maintaining the Laotian army, police, and civil administration. Over this period army strength increased from zero to 25,000. All told, the United States was paying two-thirds of the total expenses of the Laotian government. Martin E. Goldstein, *American Policy Toward Laos* (Cranbury, N.J.: Associated University Presses, 1973), pp. 133–138, 188; and Arthur J. Dommen, *Conflict in Laos: The Politics of Neutralization*, rev. ed. (New York: Praeger, 1971), p. 104. U.S. aid to Laos in 1957 amounted to twice the country's GNP, although nearly all of it went to about 1 percent of the population. Roger Warner, *Backfire: The CIA's Secret War in Laos and Its Link to the War in Vietnam* (New York: Simon and Schuster, 1995), p. 23.

Nosavan took power in a second CIA-sponsored coup. In August 1960 troops loyal to Souvanna staged a countercoup, and in December 1960 Phoumi, again assisted by the CIA, staged a counter-countercoup. When in early 1961 it became clear that Phoumi would use U.S. aid to attack centrist factions rather than the Pathet Lao, the United States backed Souvanna's effort to form a coalition government and pressured Phoumi to join it by suspending aid to him. After Phoumi's forces suffered a major military defeat at the hands of the Pathet Lao in June 1962, he joined Souvanna.[79]

16. 1962: U.S. VERSUS BRAZIL

Issue: From February 1962 to early 1964, the U.S. government became convinced that Brazil's president, Joao Goulart, was unwilling or unable to check the spread of communist influence in Brazilian unions as well as in the federal and certain state governments, and so decided to topple him. No new loans to Brazil were negotiated while Goulart was president; however, economic (but not military) aid was reduced.
Outcome: On April 1, 1964, Goulart was overthrown in a military coup.
Assessment: This is a U.S.-sponsored military coup. Economic sanctions played little role. First, while economic growth in Brazil declined in 1962 and 1963 and inflation rose, this was the result of a large increase in the government budget deficit because of spending increases and falling tax revenues, not economic sanctions.[80] Second, the coup plotters were not motivated by any economic harm done by sanctions or even by the condition of the economy; rather, they were incensed by Goulart's proposals for populist social reforms and even more by his efforts to defend himself against the military itself by weakening military discipline and by trying to build up a following among noncommissioned officers.[81] Third, economic sanctions were not needed to signal U.S. support for the coup, which was fully explicit. In late March the U.S. ambassador to Brazil, Lincoln Gordon, contacted anti-Goulart state governors and a former Brazilian president to urge them to support the prospective new regime.[82] The United States also promised the plotters weapons and fuel support if needed, and on March 31 U.S. Air Force transport planes and a fast carrier task force were alerted to deliver the supplies.[83]

79. Roger Hilsman, *To Move a Nation* (New York: Doubleday, 1967), pp. 111–112; Charles A. Stevenson, *The End of Nowhere: American Policy Toward Laos Since 1954* (Boston: Beacon Press, 1972), pp. 59–65; and Dommen, *Conflict in Laos*, pp. 127–129, 142–148, 217–219.
80. Alfred Stepan, *The Military in Politics: Changing Patterns in Brazil* (Princeton, N.J.: Princeton University Press, 1971), pp. 138–143. Hufbauer, Schott, and Elliot do not claim that sanctions caused any economic harm beyond the lost aid.
81. Although there had been numerous abortive plots as far back as 1961, the first critical event was a rally on March 13 at which Goulart attempted to mobilize mass support for reforms, but which was interpreted by the right and many military officers as a threat to the constitution. The final straw for the coup plotters was Goulart's support for enlisted men who struck at a naval base on March 26. Stepan, *Military in Politics*, pp. 195–209.
82. Phyllis R. Parker, *Brazil and the Quiet Intervention, 1964* (Austin: University of Texas Press, 1979), pp. 74, 77.
83. Although he has denied involvement, this promise was probably made by U.S. military attaché Colonel Vernon A. Walters, who was a close friend of the leader of the coup, General Humberto Castello Branco. A week before the coup, Branco gave Walters a copy of a paper justifying a prospective coup. Parker, *Brazil*, p. 65. According to Jan Knippers Black, Walters's own account makes clear that many saw him as a central figure in the conspiracy. Jan Knippers Black, *United*

17. 1963: U.S. VERSUS SOUTH VIETNAM
Issue: In the summer of 1963, the United States became disappointed with South Vietnamese president Ngo Dinh Diem's repressive handling of Buddhists and with his ineffective prosecution of the war against the communists. On September 14, 1963, the United States temporarily delayed its decision to give South Vietnam $18.5 million in new aid. No aid was actually cut off.
Outcome: On November 1 Diem was assassinated in a military coup.
Assessment: This is a case of foreign-sponsored subversion. Economic harm done by sanctions was negligible and played little part in motivating the coup plotters, who were angered by the Diem regime's anti-Buddhist campaign, corruption and inefficiency, and personal ambition. Hufbauer, Schott, and Elliot's interpretation apparently rests on the idea that the decision to defer aid was important as a signal of U.S. support for a coup, but this is not so. On August 29 one of the plotters requested the suspension of aid, but the request was refused because the United States had not yet decided its position. Once the decision was made in October to oust Diem, U.S. officials told the plotters explictly that Washington would not oppose a coup and would recognize and support a new regime.[84]

18. 1970: U.S. VERSUS CHILE
Issue: After Salvador Allende Gossens became president of Chile on October 24, 1970, U.S. officials sought to overthrow him because they considered him a leftist. On November 9, 1970, the United States ceased economic aid to Chile and tried to pressure international financial institutions to limit credit; however, it did not succeed. Between 1970 and mid-1972, lending from U.S. private sources declined.
Outcome: On September 11, 1973, Allende died in a military coup.
Assessment: This is a foreign-sponsored coup. Economic sanctions played little role.[85] The military plotters who overthrew Allende were motivated by ideology and the increasing turmoil in Chilean society, reflected in sabotage, strikes, and efforts by civilian groups to recruit military support. They were also armed, funded, and explictly encouraged by the CIA.[86] In 1973 Chile's economic problems and domestic unrest were

States Penetration of Brazil (Philadelphia: University of Pennsylvania Press, 1997), p. 44, citing interview with Walters. On April 3 the resupply operation, "Operation Sam," was canceled as unnecessary, because the coup met no resistance. Ruth Leacock, *Requiem for Revolution: The United States and Brazil, 1961–1969* (Kent, Ohio: Kent State University Press, 1990), p. 214.

84. Beyond giving assurances, U.S. officials repeatedly asked the plotters for more details of the coup plan so that they could evaluate its feasibility. Neil Sheehan, *The Pentagon Papers* (New York: Bantam, 1971), pp. 177–232.

85. HSE's evaluation of this case relies on Paul E. Sigmund, who does not support the claim that sanctions mattered: "The basic causes of Allende's overthrow lie elsewhere [in] runaway inflation, intensification of the class struggle, Allende's circumvention of the law, and Allende's complicity in stockpiling of arms by leftists." HSE, *Economic Sanctions Reconsidered*, Vol. 2, p. 319, citing Sigmund, "The 'Invisible Blockade' and the Overthrow of Allende," *Foreign Affairs*, Vol. 52, No. 2 (January 1974), pp. 338–339. All but 0.1 percent of the 1.5 percent reduction in Chile's GNP that HSE claim resulted from sanctions was obtained by counting new aid that Chile received after the coup as a welfare "loss" to the Allende regime and by including the CIA-sponsored truckers' strike.

86. On September 15, 1970, President Richard Nixon ordered the CIA to act directly to organize a military coup. In October 1970 the CIA provided arms for an attempt that failed. Progress was

caused by a combination of Allende's socialist economic policies and CIA destabilization, not economic sanctions. It is not clear that U.S. pressure had any significant impact on Chile's access to credit, given that Chile succeeded in increasing its international debt by $800 million from 1971 to 1973.[87] Allende's unwillingness to define the limits of his nationalization plans, however, did matter because this discouraged private investment, while land reform outraged the political right and higher wages created pressure on prices, especially food. At the same time, the CIA used local newspapers to charge that the government intended to make Chile a Soviet puppet, spread economic and health scares, and encourage strikes, which it also funded, including the damaging truckers' strikes of October 1972 and July and August 1973.

19. 1956: U.K., FRANCE, AND U.S. VERSUS EGYPT

Issue: On July 26, 1956, Egypt's president, Gamal Abdel Nasser, nationalized the Suez Canal, which had been administered by the Canal Company, owned by British and French investors, and which had paid only minor sums to the Egyptian government from the tolls it collected. The nationalization precipitated a major crisis among the British and French, who on October 10 informed the Egyptians of their final position: they would accept Egypt as a member of an international administration of the canal, but not as the sole authority to which tolls would be paid.[88] By August 1, 1956, Britain, France, and the United States froze Egyptian assets under their jurisdictions and suspended payments of canal dues by their ships.

Outcome: Nasser rejected the British-French demands, and in September and October 1956, the United States abandoned its sanctions against Egypt. Britain and France persisted, however, and on October 31, 1956, following Israel's assault in the Sinai, issued an ultimatum calling on Egypt to withdraw from the Suez Canal, which Egypt rejected. French and British forces then invaded the canal zone. The invasion was unsuccessful, and on November 7 the United States and the Soviet Union brokered a cease-fire. Egypt remained in full control of the canal.

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initially slowed because some senior Chilean officers, known as "constitutionalists," opposed a coup as illegal. In December 1971 the CIA tried to shift military opinion by providing information, some of it fabricated, indicating that Allende was cooperating with Cuban intelligence. By October 1972 the CIA had identified and penetrated a group that it thought could pull off a coup. While critical evidence on CIA activity in 1973 remains unavailable, we know that the CIA was well informed about the coup plot, and afterward the Chilean junta claimed that CIA agents had helped prepare the coup. *Covert Action in Chile,* pp. 38–39; and Edy Kaufman, *Crisis in Allende's Chile: New Perspectives* (New York: Praeger, 1988), pp. 121–123, 129–131.

87. Although the World Bank refused new loans in September 1971, citing doubtful creditworthiness and lack of progress toward compensation of copper companies, it did disperse $46 million from earlier loans between 1970 and 1973. The IMF lent $82 million in 1971 and 1972 to offset a drop in the price of copper. In January 1972 Chile reached a refinancing agreement with private lenders, and in November 1972 Allende announced that Chile had received $446 million in long-term loans and $423 million in short-term credits from the Soviet Union, Eastern Europe, Western Europe, and Latin America. Sigmund, "The 'Invisible Blockade,'" p. 336; Kaufman, *Crisis in Allende's Chile,* pp. 45–48, 198–199.

88. Mohamed H. Heikal, *Cutting the Lion's Tail: Suez through Egyptian Eyes* (New York: Arbor House, 1987), p. 166.

Assessment: The HSE study claims that sanctions worked because in mid-October Nasser made "concessions" regarding the operation of the Suez Canal. However, Nasser consistently rejected meaningful international administration or anything less than full control over all tolls. Egypt's UN representative told the British and French in a secret meeting at the United Nations on October 12 that "Egypt could only accept SCUA [the proposed international administration] as a customer, paying tolls to Egypt, not collecting them for itself." The only change that could be called a concession was Egypt's agreement to allow ships to use their own pilots—provided that an Egyptian pilot with ultimate authority was on board.[89]

20. 1963: U.S. VERSUS EGYPT

Issue: In November 1963 the United States threatened to end food aid if Nasser did not withdraw troops from Yemen by December of that year. In December 1964 the United States demanded that Nasser also stop aid to the Congolese rebels, halt the Arab Jordan River project, cease threatening Israel, and end the anti-U.S. campaign in the Egyptian press.[90] The United States did not suspend aid in 1963. During the first half of 1965, it withheld the last $37 million of a three-year Public Law (PL) 480 food aid agreement, and in December 1965 it temporarily resumed food aid. Then in February 1967 Nasser withdrew requests for further aid.

Outcome: Egypt did not withdraw troops from Yemen until after its defeat by Israel in the 1967 Six-Day War. On April 24, 1965, Egypt announced that it would cease aid to the Congolese rebels. In August 1965 the Arab Jordan River project was abandoned. With minor variations, anti-U.S. rhetoric in the Egyptian press increased over time, and in May 1967 Nasser closed the Straits of Tiran and moved forces into the Sinai.

Assessment: Far from conforming to U.S. wishes, Nasser escalated his Pan-Arab foreign policy and pro-Soviet orientation, going to war with Israel in 1967. He made no meaningful concessions to any of the five U.S. demands. Egypt did not withdraw troops from Yemen in 1963, and actually increased troop numbers in 1964. On August 24, 1965, Egypt signed an agreement with Saudi Arabia calling for the withdrawal of Egyptian

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89. Ibid., pp. 167, 172. HSE's evidence that Nasser was willing to make real concessions depends on the memoirs of Anthony Nutting, Eden's minister of state at the Foreign Office, who resigned on November 4 in protest over Eden's hard line. No other important account accepts Nutting's interpretation. Egypt's agreement to SCUA on October 9 momentarily encouraged some British officials, but this optimism was squelched on October 12 by the clarification that an international entity would be acceptable only if it acted as a toll-collecting agent of the Egyptian government, not if it had any authority over disposition of funds. Kunz, *Economic Diplomacy of the Suez Crisis;* Hugh Thomas, *The Suez Affair* (London: Weidenfeld and Nicolson, 1966), pp. 63, 138; and Keith Kyle, *Suez* (London: Weidenfeld and Nicolson, 1991).

90. William J. Burns, *Economic Aid and American Policy toward Egypt, 1955–1981* (Albany: State University of New York Press, 1985); Edgar O'Ballance, *The War in Yemen* (Hamden, Conn.: Archon Books, 1971); Crawford Young, "Rebellion and the Congo," in Robert I. Rotberg and Ali A. Mazrui, eds., *Protest and Power in Black Africa* (New York: Oxford University Press, 1970), pp. 969–1011; Malcolm Kerr, "Coming to Terms with Nasser: Attempts and Failures," *International Affairs*, Vol. 43, No. 1 (January 1967), pp. 65–84; Dan Hofstadter, ed., *Egypt and Nasser, Volume 2: 1957–66* (New York: Facts on File, 1973); and Miriam R. Lowi, *Water and Power: The Politics of a Scarce Resource in the Jordan River Basin* (New York: Cambridge University Press, 1993).

troops from Yemen; however, on February 22, 1966, Nasser announced that the troops would remain until after a plebiscite, and they were not withdrawn until September 1967, after the Six-Day War.

From November 1964 to April 1965, Egypt and Algeria, financed and supported by the Soviet Union, airlifted supplies to rebels fighting the pro-U.S. government, but they were unable to prevent the rebels' defeat. In January 1965 Sudan refused use of its territory for transshipment, fearing that equipment would be captured by Sudanese insurgents. By late March the main rebel strongholds had fallen, cutting them off from the Sudanese and Ugandan borders. On April 24 the Egyptian government, considering further aid pointless, suspended it.[91]

The Arab Jordan River project was undermined by Arab mutual distrust, not U.S. pressure. This project was a joint plan by Egypt, Syria, Jordan, and Lebanon to undercut Israel's effort to divert water from the upper Jordan River by doing so themselves. It failed because of their inability to stop Israeli raids across the Syrian border, thus rendering the project untenable. Jordan, Lebanon, and Egypt refused Syria's demands that they retaliate militarily against Israel, while Nasser's proposal to station Egyptian forces in Jordan, Lebanon, and Syria to defend the prospective engineering sites was categorically rejected by all three countries.[92]

Although Nasser's anti-U.S. rhetoric declined in 1965, it rose again in early 1966 despite Egyptian-U.S. negotiations over the extension of food aid during this period. From 1966 onward, Nasser made a series of bitterly anti-U.S. speeches in Cairo, including one on July 22 in which he stated: "It was that . . . America was not going to give us wheat till we behaved better. But . . . we shall continue to voice our opinion frankly. . . . The freedom we have bought with our blood shall not be sold for wheat, rice, maize, or anything else."[93] Finally, Nasser never slackened his efforts against Israel, either before the 1967 war or after.[94]

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91. Hofstadter, *Egypt and Nasser*, pp. 139–145; "Congolese Seize Key Rebel Town," *New York Times*, March 29, 1965, p. 13; and "Cairo Halts Arms for Congo Rebels," *New York Times*, April 24, 1965, p. 5.

92. Lowi, *Water and Power*, p. 126.

93. According to Burns, "Despite a clear need for American economic assistance, the Nasser regime was psychologically and politically unprepared to make the sorts of concessions that the American government expected in return for its aid. No amount of food aid could induce Nasser to make peace with Israel, abandon his hegemonic ambitions in the Arab world, or sever his ties with the Soviet Union in the mid-1960s." Burns, *Economic Aid and American Policy toward Egypt*, pp. 169, 173.

94. In coding this case, HSE appear to rely wholly on a single source that does not support their conclusions: "Whether the suspension of food aid actually led to those U.A.R. [United Arab Republic] policy changes remains unclear. In almost every resolved issue difference, Nasser had other reasons besides the food aid suspension to alter his policy. The Congolese aid program suffered from large inefficiencies, and the rebels themselves became relatively ineffective in their struggle. . . . Nasser pulled out of the Arab Jordan River project due to Israel's superior military capabilities. . . . The occasional and ephemeral reductions in anti-U.S. attacks [in Egypt's press] do seem to have been the result of the food aid suspension. . . . During the spring of 1966, Nasser

21. 1965: U.S. VERSUS INDIA
Issue: On June 13, 1965, the United States changed its regular PL 480 food aid to India to a "short tether" policy, in which India had to make specific requests that would be decided individually. The purpose was to compel India to expand investment in domestic fertilizer production and other agricultural inputs, so as to increase food production and reduce demand for U.S. aid.[95]
Outcome: Because of drought, the United States made substantial shipments to India in 1965 and 1966. In 1966 India increased both its acreage under irrigation and its production of fertilizer. In February 1967 the United States reinstated regular PL 480 food aid.
Assessment: This cannot be considered a sanctions success, because there is strong evidence that India's behavior would have been the same whether or not the United States had changed its aid policies. The main barrier to Indian agricultural modernization had been Prime Minister Jawaharlal Nehru's practice of directing investment primarily toward heavy industry. When Nehru died in May 1964, Indian politicians, agriculture technocrats, leading economists, and regional and community leaders who had long favored an intensive effort to upgrade Indian agriculture were able to put their program into effect, including investment in high-yield seeds, irrigation, fertilizer production, and farm mechanization and electrification. These measures had been recommended in an Indian government–sponsored Ford Foundation report as early as 1959.[96] Shortly after Nehru's death, a new ministry of food was created, and in July 1964 Minister Chidambara Subramaniam told the U.S. secretary of agriculture, Orvil Freeman, that this program would be implemented—a sharp divergence from the noncommittal message that Freeman had received from Nehru's minister of agriculture six months earlier.[97] In November 1965 the Indian government released an article in which V.K.R.V. Rao, the government's leading economic adviser, said: "Our immediate task is to rid the stultifying and nationally dangerous dependence on imports for our food supplies," following which India's cabinet and parliament approved the first concrete steps toward agricultural reform, which Indira Gandhi implemented when she became prime minister in January 1966.[98] A study commissioned by the U.S. Depart-

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renewed his verbal attacks on U.S. policies in Vietnam." Robert Kleeman, "Suspension of P.L. 480 Aid to the United Arab Republic in 1965," in Sidney Weintraub, ed., *Economic Coercion and U.S. Foreign Policy: Implications of Case Studies from the Johnson Administration* (Boulder, Colo.: Westview, 1982), pp. 103–128, at pp. 120–122.

95. P.J. Eldridge, *The Politics of Foreign Aid in India* (London: Weidenfeld and Nicolson, 1969); James Warner Bjorkman, "Public Law 480 and the Policies of Self-Help and Short-Tether," in Lloyd I. Rudolph and Susanne Hoeber Rudolph, eds., *The Regional Imperative* (New Delhi: Concept Publishing, 1980); Shivaji Ganguly, *U.S. Policy Toward South Asia* (Boulder, Colo.: Westview, 1990), pp. 154–192; and Howard B. Schaffer, *Chester Bowles: New Dealer in the Cold War* (Cambridge, Mass.: Harvard University Press, 1993).

96. Eldridge, *Politics of Foreign Aid in India*, p. 116; Bjorkman, "Public Law 480," p. 217; and Schaffer, *Chester Bowles*, pp. 114, 277–279.

97. Bjorkman, "Public Law 480," pp. 227–228.

98. *The Meaning of Self-Reliance* (New Delhi: Government of India, November 1965); and Schaffer, *Chester Bowles*, p. 280.

ment of State concluded that "it seems unlikely that the self-help efforts were speeded up by the short tether policy. Such efforts were agreed to and set in motion by 1965."[99]

The only evidence in favor of sanctions is the agreement in Rome in November 1965 between Subramaniam and Freeman that India would increase agricultural investment 40 percent in 1966 and double it in 1967, with particular stress on fertilizer production, the high-yield seed program, and irrigation, as well as Subramaniam's statement to Freeman that U.S. pressure would help him in the Indian parliament and in the cabinet. This, however, was almost certainly a case of telling the audience what it wanted to hear, because Subramaniam kept secret the association of the reform package and the Rome agreement from other Indian politicians in order to avoid endangering the reforms by sparking nationalist resentment of the United States.[100]

22. 1973: ARAB LEAGUE VERSUS U.S. AND NETHERLANDS

Issue: During the October 1973 Arab-Israeli War, Arab countries sought to compel the international community to put pressure on Israel to withdraw from territory it had since the 1967 war. On October 17, 1973, the Arab League decided to cut oil production 5 percent per month until Israeli forces evacuated the occupied territories. In addition to the 5 percent per month cut, on November 4–5 ministers from the Organization of Petroleum Exporting Countries agreed to a general 25 percent production cut for the United States and the Netherlands.

Outcome: All of the sanctioning states except Libya lifted the embargo on the United States on March 18, 1974, and on the Netherlands in July 1974.

Assessment: These economic sanctions failed. They were imposed on the United States and the Netherlands because these two countries were unwilling to change what the Arabs saw as their pro-Israeli stance, and sanctions did not cause them to alter their position.[101]

23. 1976: U.S. VERSUS TAIWAN

Issue: On August 29, 1976, the United States announced that a nuclear fuel shipment to Taiwan would be held up, as would licenses for two new power reactors, unless Taiwan stopped reprocessing spent reactor fuel that could be used to make nuclear weapons.[102]

99. Lloyd I. Rudolph and Susanne Hoeber Rudolph, "Coordination of Complexity in South Asia," in Rudolph and Rudolph, eds., *The Regional Imperative*, p. 40. Similarly, Eldridge concludes, "Although America insisted on such a balance of priorities, it is clear that India was moving in this direction of her own accord." Eldridge, *Politics of Foreign Aid in India*, p. 35. Schaffer also judges that critics of the short tether policy "were correct in arguing that the drastic policy Johnson had pursued was neither necessary nor called for." Schaffer, *Chester Bowles*, p. 284.

100. Ibid., p. 280.

101. Margaret Doxey, *Economic Sanctions and International Enforcement*, 2nd ed. (New York: Oxford University Press, 1980); and Roy Licklider, "The Arab Oil Weapon 1973–1974," in David Leyton-Brown, ed., *The Utility of International Economic Sanctions* (London: Croom Helm, 1985), pp. 167–181.

102. Edward Schumacher, "Taiwan Seen Reprocessing Nuclear Fuel," *Washington Post*, August 29, 1976.

Outcome: In early 1977 Taiwan dismantled one acknowledged reprocessing facility, but continued reprocessing covertly until 1988.[103]
Assessment: This is a sanctions failure because Taiwan's 1977 concessions were trivial and insincere. Taiwan continued reprocessing at a larger, secret facility,[104] and by 1988, Taiwan had accumulated enough plutonium for at least ten nuclear weapons. A spy revealed this fact to U.S. intelligence, which the United States then announced to the world. Then, on March 21, 1988, Taiwan declared it was permanently shutting down the reprocessing plant; it also surrendered its plutonium stockpile to the United States. Although the precise reason for Taiwan's 1988 decision cannot be definitely established, two main alternatives exist: (1) China's repeated threats that it would invade Taiwan if it ever deployed nuclear weapons, and (2) a possible implied U.S. threat to withdraw its security commitment to Taiwan. There is no evidence that Taiwan was threatened with any form of economic pressure in 1988.[105]

24. 1977: U.S. VERSUS BRAZIL
Issue: Early in 1977 the U.S. Department of State provided the Brazilian government with an advance copy of a report on Brazilian human rights practices. In February the United States reduced economic and military aid to Argentina, Uruguay, and Ethiopia because of their human rights abuses. No sanctions were imposed on Brazil.
Outcome: On March 5, 1977, Brazil decided to reject future U.S. military aid, and shortly thereafter abrogated the 1952 U.S.-Brazilian military aid agreement.
Assessment: To consider this an instance of economic sanctions at all, we must consider possible Brazilian anticipation of future U.S. pressure as equivalent to an actual sanction. This "prospective sanction" must be considered a failure, because the Brazilian government preferred to reject the aid rather than wait to hear possible demands, let alone make concessions. Although Brazil's human rights record improved slightly from 1977 to 1978, this cannot be considered an effect of sanctions, because it was part of a long-term transition from military rule to democracy from 1975 to 1985 that was accompanied by steady improvement in human rights. Further, if Brazil had been motivated in 1977 by economic pressure, it should have sought to retain the aid rather than unilaterally impose sanctions on itself, and it should have sought the earliest possible resumption of aid; however, it did not do so until 1984. There are grounds for considering this a case of Brazilian pressure on the United States. The U.S. government was dismayed by Brazil's action, which it perceived as a significant "loss of influence" in South America; and in 1978 President Carter visited Brazil in part to try to make

103. Stephen Engelberg and Michael Gordon, "Taipei Halts Work on Secret Plant to Make Nuclear Bomb Ingredient," *New York Times*, March 23, 1988; and R. Jeffrey Smith and Don Oberdorfer, "Taiwan to Close Nuclear Reactor," *Washington Post*, March 24, 1988.
104. Milton R. Benjamin, "Taiwan's Nuclear Plans Concern U.S. Officials," *Washington Post*, December 20, 1978. From 1975 to 1978, the United States also mounted a covert operation to sabotage Taiwanese nuclear research. Leonard S. Spector, *Nuclear Ambitions: The Spread of Nuclear Weapons, 1989–90* (Boulder, Colo.: Westview, 1990), pp. 315–316.
105. Nor do HSE make this claim. Their 1985 edition codes this case as a success based on the events of 1976–77; although their 1990 edition mentions the events of 1988, they did not change their coding. HSE, *Economic Sanctions Reconsidered* (1990), Vol. 2, pp. 422–425.

amends. In 1984 the Reagan administration resumed military aid to Brazil without linking it closely to human rights.[106]

25. 1979: U.S. VERSUS IRAN

Issue: On November 4, 1979, Iranian students took 100 people hostage in the U.S. embassy in Tehran, including 52 Americans. The Iranian government supported the students and demanded that the United States extradite the shah, who had fled to the United States on October 22. Over the next several weeks, the United States imposed a series of trade and financial sanctions on Iran, including an embargo on oil.
Outcome: After the shah's death in April 1980, Iran demanded control of his overseas assets and the unfreezing of Iranian overseas assets that were being sought by U.S. firms as compensation for lost assets in Iran. In January 1981 the United States conceded to essentially all of Iran's demands, agreeing to immediately transfer approximately $8 billion of the $9.5 billion Iran demanded, with a schedule for additional future transfers. Of the $11–12 billion in Iranian assets the United States seized in November 1979, $11.1 billion was returned to Iran by this agreement.[107] In addition, the U.S. government barred U.S. firms from seeking compensation from Iran, which by January 1981 had totaled $3–4 billion—a decision that was challenged in the U.S. Supreme Court but upheld—and ordered a freeze on the shah's assets held in the United States until Iran could pursue them in court.[108] On January 20 Iran released the hostages.
Assessment: This is an instance of successful Iranian coercion of the United States, not of successful U.S. economic pressure on Iran. One might be tempted to call the additional U.S. concessions a demonstration of the "power of positive sanctions," but this would mean considering every payment made by a victim of extortion a form of "power."

26. 1981: U.S. VERSUS POLAND

Issue: After Poland declared martial law on December 13, 1981, the United States imposed a series of economic sanctions in late 1981 and 1982 to compel it to lift martial law, free political prisoners, and move toward democracy.

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106. Robert Wesson, *The United States and Brazil: Limits of Influence* (New York: Praeger, 1981), pp. 92–97, 98.
107. In November 1979 the United States seized Iran's $2.4 billion in the U.S. Federal Reserve, $2.1 billion in U.S. banks in the United States, $5.5 billion in U.S. banks abroad, and $1–2 billion of other assets ($11–12 billion) and agreed to return in January 1981 Iran's $2.4 billion in the U.S. Federal Reserve, $2.1 billion in U.S. banks in the United States, $5.5 billion in U.S. banks abroad, and $1 billion of other assets ($11.1 billion). Robert Carswell and Richard J. Davis, "Crafting the Financial Settlement," in Warren Christopher et al., *American Hostages in Iran: The Conduct of a Crisis* (New Haven, Conn.: Yale University Press, 1985), p. 205; EIU, *Quarterly Economic Review of Iran, 1st Quarter 1981* (London: EIU, 1981), p. 7
108. "The Unfinished Business of Iran," *Business Week*, February 2, 1981, pp. 14–15; "How Much Ransom?" *Wall Street Journal*, July 10, 1981, p. 26; and Stuart S. Malawer, "Rewarding Terrorism: The U.S.-Iranian Hostage Accords," *International Security Review*, Vol. 6, No. 4 (Winter 1981–82), pp. 477–496. For the text of the accords, see Christopher, *American Hostages in Iran*, pp. 405–421.

Outcome: In November 1982 the Polish government freed Lech Walesa, the leader of Solidarity. Almost immediately, however, it replaced some martial laws with even harsher laws and continued to arrest Solidarity activists. From July 1983 to September 1986, Poland lifted martial law and gradually released all political prisoners but continued to ban anticommunist political activity. On February 19, 1987, the United States lifted all sanctions. In April 1989 Solidarity was legalized and "open" elections were scheduled under an agreement that guaranteed two-thirds of parliament's seats to the communists.
Assessment: This cannot be counted as a success for economic sanctions because only trivial concessions were made. Poland agreed to none of the main concessions, such as freedom of association, freedom of speech, or freedom of activity for released prisoners, that have contributed to the United States' main goal of democratization. When Poland did democratize, it did so as a result of Soviet leader Mikhail Gorbachev's repeal of the Brezhnev Doctrine in July 1988 and a negotiated agreement between the Polish and Soviet governments in April 1989 to legalize Solidarity and hold new elections.[109]

27. 1938: U.S. AND U.K. VERSUS MEXICO
Issue: On March 18, 1938, Mexico expropriated foreign oil companies. To reverse this decision, international oil companies boycotted Mexican oil, the United States delayed loans, and Britain broke diplomatic relations.
Outcome: U.S. oil companies were compensated about $42 million in April 1942 and British companies about $130 million in August 1947.
Assessment: This is a trade dispute. Although Mexico may also have seen the dispute as involving its economic independence, if we consider this case to be a sovereignty dispute, then it would have to be coded as a sanctions failure, because Mexico's right to expropriate was not overturned.[110]

28. 1958: USSR VERSUS FINLAND
Issue: In 1958 Finland's imports from the Soviet Union declined as its trade with Western Europe increased. To reverse this trend, the Soviet Union imposed numerous trade and financial sanctions, including suspension of Finnish imports and payments on debts.
Outcome: On December 4, 1958, Finland's government fell, and the new prime minister gave assurances to Moscow that Finland would reorient its trade back to the East. In January 1959 Moscow resumed normal commerce.

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109. Arthur R. Rachwald, *In Search of Poland: The Superpower's Response to Solidarity, 1980–1989* (Stanford, Calif.: Hoover Institution, 1990), especially p. 42; Thomas M. Cynkin, *Soviet and American Signalling in the Polish Crisis* (New York: St. Martin's, 1988); and Paul Marantz, "Economic Sanctions and the Polish Crisis," in Leyton-Brown, *The Utility of International Economic Sanctions*, p. 138.
110. "To the chagrin of the oilmen, the United States publicly accepted Mexico's sovereign right of expropriation," although it did insist on compensation. Robert Engler, *Politics of Oil* (Chicago: University of Chicago Press, 1961), p. 195. See also Howard Cline, *The United States and Mexico* (Cambridge, Mass.: Harvard University Press, 1953), pp. 247–260; and Antonio J. Bermudez, *The Mexican National Petroleum Industry: A Case Study in Nationalization* (Stanford, Calif.: Stanford University, Institute of Hispanic American and Luso-Brazilian Studies, 1963).

Assessment: This is a trade dispute. The Soviets tolerated a modicum of independent Finnish relations with the West, such as U.S. loans and the establishment in 1952 of a Fulbright exchange program, because they feared that imposing a more subordinate relationship would drive Sweden toward the West. What they would not tolerate was a shift in Finnish trade patterns, because Finland was an important source of forest products and machine tools for the Soviet Union, as well as a customer for cereals, fertilizers, coal, steel, and oil. Political objectives were not important; even though during the dispute the Soviets demanded communist participation in the Finnish government, the new government was formed by the Agrarian Party without communist involvement. Once the economic policy assurances were provided, the Soviets dropped this demand.[111]

29. 1961: U.S. VERSUS CEYLON

Issue: In June 1962 Ceylon expropriated half of the assets of foreign oil companies, most of which were service stations. To obtain compensation, the United States suspended aid in February 1963, and some foreign oil companies stopped oil shipments to Ceylon.
Outcome: In March 1965 the Ceylonese United National Party, which had promised to settle the dispute with the oil companies, won a general election. Final agreement on compensation was reached in June.
Assessment: This is a trade dispute. Ceylon's right of expropriation was not overturned.[112]

30. 1964: FRANCE VERSUS TUNISIA

Issue: On March 2, 1963, France agreed to transfer 370,000 acres of land in Tunisia to the Tunisian government in return for $5.5 million. On April 28, 1964, Tunisia asked to pay less. During the next few weeks, France suspended aid and Tunisia expropriated the land. In May 1964 France canceled aid, and in June imposed a 5 percent duty on wine imports from Tunisia to force it to abide by the earlier agreement.
Outcome: In March 1966 Tunisia's president, Habib Bourguiba, held a press conference in which he explained that the nationalization of the land was made necessary by Tunisia's dire economic circumstances. In July France dropped the wine tariff. No agreement was ever reached on compensation for the expropriation.
Assessment: This is a trade dispute in which French pressure actually backfired. Tunisia began by asking for a price reduction; in the end it paid nothing.[113]

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111. Kent Forster, "The Finnish-Soviet Crisis of 1958–59," *International Journal*, Vol. 15, No. 1 (Winter 1960), pp. 147–150; John P. Vloyantes, *Silk Glove Hegemony: Finnish-Soviet Relations, 1944–1974* (Kent, Ohio: Kent State University Press, 1975); Raimo Vayrynen, "A Case Study of Sanctions: Finland–the Soviet Union in 1958–59," in Peter Wallensteen, ed., *International Sanctions: Theory and Practice*, Department of Peace and Conflict Research Report No. 1 (Uppsala, Sweden: Uppsala University, 1969).
112. Richard Stuart Olson, "Expropriation and International Economic Coercion: Ceylon and the 'West' 1961–65," *Journal of Developing Areas*, Vol. 11, No. 2 (January 1977), pp. 205–225; and Teresa Hayter, *Aid as Imperialism* (Baltimore, Md.: Penguin, 1971).
113. The basis for HSE's coding of this case as a success is apparently the idea that Bourguiba's 1966 statement constituted a gesture to save face for France, which was all the French government

31. 1965: U.S. VERSUS CHILE
Issue: On October 20, 1965, the Chilean Copper Department increased the price of copper by 2 cents per pound, from 36 to 38 cents, touching off U.S. concerns of future copper price instability. On November 13 the United States threatened to suspend aid and promised to eliminate its tariff on copper if Chile would return to the previous price.
Outcome: On November 18 Chile agreed to sell 100,000 tons of copper to U.S. companies, and the United States agreed to suspend the tariff. By August 1966, however, Chile began selling copper at market prices.
Assessment: This is a trade dispute and ultimately a failure.[114]

32. 1968: U.S. VERSUS PERU
Issue: On September 13, 1968, Peru's new government expropriated assets of a subsidiary of Standard Oil of New Jersey. During 1968–69, U.S. aid to Peru was reduced, as were loans from the World Bank and the IMF.
Outcome: Peru agreed to compensation for expropriated assets, although at less than their market value.
Assessment: This is a trade dispute. Peru's right of expropriation was not overturned.[115]

33. 1948: U.S. VERSUS NETHERLANDS
Issue: In 1948 the United States sought to compel the Dutch to grant independence to the Netherlands East Indies (Indonesia). On December 21, 1948, the United States suspended Marshall Plan aid to the Netherlands East Indies. On March 31, 1949, Secretary of State Dean Acheson informed the Dutch that the U.S. administration might be unable to resist domestic pressure to cut off Marshall Plan aid to the Netherlands itself.
Outcome: On May 7, 1949, the Dutch agreed to a timetable for Indonesian independence.
Assessment: The outcome of this case was overdetermined. Military coercion by Indonesian nationalist forces was sufficient to account for the Dutch concesssions. U.S. economic pressure might have been sufficient to cause the concessions even absent local military pressure, but the evidence is inconclusive.

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really wanted. This is an implausible reading of the French government's purposes in originally imposing sanctions, because Bourguiba had already given substantially the same justification in 1964. See "Aid to Tunisia Suspended by France," *Times* (London), May 13, 1964, p. 11; and *Keesing's Contemporary Archives*, 1963–64 and 1969–70, especially p. 20152.

114. Theodore H. Moran, *Multinational Corporations and the Politics of Dependence: Copper in Chile* (Princeton, N.J.: Princeton University Press, 1975); and David Berteau, "The Harriman-Solomon Mission and the 1966 Chilean Copper Agreement," in Sidney Weintraub, ed., *Economic Coercion and U.S. Foreign Policy: Implications of Case Studies from the Johnson Administration* (Boulder, Colo.: Westview, 1982).

115. David Gantz, "The United States–Peruvian Claims Agreement of February 19, 1974," *International Lawyer*, Vol. 10, No. 3 (Summer 1976), pp. 389–399; Pedro-Pablo Kuczynski, *Peruvian Democracy under Economic Stress* (Princeton, N.J.: Princeton University Press, 1977); and Richard Stuart Olson, "Economic Coercion in International Disputes: The United States and Peru in the IPC Expropriation Dispute of 1968–1971," *Journal of Developing Areas*, Vol. 9, No. 4 (April 1975), pp. 395–413.

By May 1949 the Dutch understood that they could not contain the military and political threat posed by the Indonesian rebels. This alone was enough for them to agree to independence and would have been sufficient absent economic pressure. The last Dutch military offensive in December 1948 was militarily inconclusive and a political disaster, gaining no new adherents and alienating much of what local political support the Dutch had had. By late February 1949, 120,000 Dutch forces were facing 350,000 well-armed Republican guerrillas, had begun to retreat in several places, and were advancing nowhere.[116] The Dutch offensive also led to a January 28, 1949, U.S.-supported UN Security Council resolution that demanded Dutch withdrawal. George McTurnan Kahin says: "More and more Netherlanders had become convinced that the military effort which their country could mount in Indonesia was not powerful enough to enforce a political settlement. Prolongation of the fighting meant not only a continuation of the destruction growing of such fighting, but also a continuation of the conscious Republican scorched-earth policy, the planned destruction of Dutch plantations, sugar factories, etc. It was clear to many Dutch businessmen that if indeed the Netherlands army ever was able to attain full control over the country, by that time there would be little left of the billion-and-a-quarter-dollar Netherlands investment there."[117]

Although economic sanctions may have played a role, it is not clear that there was a credible threat of significant economic punishment or that such threats altered Dutch behavior. The only economic sanction that was actually imposed—the cutoff of aid to the Netherlands East Indies—was largely symbolic, given that 80 percent of the appropriation had already been disbursed; only $14 million was withheld. On December 7, 1948, the United States warned the Dutch foreign minister, D.U. Stikker, that further Dutch military action could lead to suspension of Marshall Plan aid to the Netherlands itself, but this threat was withdrawn the next day after strong Dutch protests. On March 31, 1949, Secretary of State Acheson warned the Dutch that domestic pressure in the United States for suspension might become irresistable if the Dutch did not grant independence to Indonesia; however, the administration was extremely reluctant to do this because it would impair the economic recovery not only of the Netherlands but of Western Europe as a whole.[118] No formal threat was ever made.[119] Absent more detailed evidence on Dutch decision making, it is unclear whether they regarded aid suspension as a real possibility. Even if they had, it would not have changed the outcome, as the

116. "Dutch Java Force Held Insufficient," *New York Times*, January 15, 1949; and "Stalemate Is Unbroken in Indonesian Dispute," *New York Times*, March 13, 1949.
117. George McTurnan Kahin, *Nationalism and Revolution in Indonesia* (Ithaca, N.Y.: Cornell University Press, 1952), p. 432. This passage in Kahin appears just after his recounting the final cease-fire in August 1949, but apparently refers to trends dating back at least to January.
118. In a press conference on February 2, 1949, Alan Valentine, the chief of Marshall Plan aid to the Netherlands, stated: "To cut off aid to the Netherlands would certainly impair recovery of all Western Europe." Cited in Kahin, *Nationalism and Revolution in Indonesia*, p. 404.
119. The strongest evidence of domestic pressure for suspension occurred on April 6, 1949, when the U.S. Senate passed an amendment obligating the United States to withdraw assistance from any government against which UN enforcement actions were in progress. This had no practical meaning, however, because there was not, nor was there likely to be, UN military action against

Dutch position on the ground in Indonesia was so hopeless that they would have had to concede.[120]

34. 1982: SOUTH AFRICA VERSUS LESOTHO

Issue: Starting in December 1982, South Africa pressured Lesotho to eject refugees it claimed were actually African National Congress (ANC) guerrillas. In 1986 South Africa sought the overthrow of Lesotho's prime minister, Chief Leabua Jonathan, whom they considered to be friendly to the ANC. Throughout much of 1983 and again in January 1986, South Africa slowed traffic into and out of Lesotho "to search for weapons."[121]
Outcome: On September 8, 1983, 22 refugees left Lesotho for other African countries. On January 20, 1986, Chief Jonathan was deposed in a military coup, after which more than 200 refugees were deported.
Assessment: This case is overdetermined. Although South Africa employed both economic sanctions and military pressure, the power imbalance between it and Lesotho was so great that either alone would almost certainly have been sufficient to compel the outcome. Lesotho is landlocked by South Africa, which therefore controls all of Lesotho's trade. On August 11, 1983, Lesothan foreign minister Evaristus R. Sekhonyana said that South African "strangulation" would force Lesotho to concede to South African demands.[122] The country was completely unable to defend itself against South Africa, which could and did raid Lesothan territory at will, cut off outside military aid, and control the military balance among factions within the country. In 1983 Sekhonyana complained that South Africa had prevented delivery of U.S. and British military aid that the government needed for defense against insurgents, and in 1986 Chief Jonathan accused South Africa of controlling the Lesothan military forces that deposed him days later.

35. 1977: CANADA VERSUS THE EC AND JAPAN

Issue: After India used Canadian uranium to develop a nuclear device in 1974, Canada decided to tighten its nuclear exports policy.[123] On January 1, 1977, Canada suspended uranium shipments to Japan and the EC pending renegotiation of safeguards arrangements.

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the Netherlands. An alternative amendment, which would have withdrawn aid if the UN Security Council's demands on the Dutch were not carried out, was defeated. Lincoln P. Bloomfield and Amelia C. Leiss, *Controlling Small Wars: A Strategy for the 1970s* (New York: Knopf, 1969), pp. 213–214.

120. Anthony Reid, *The Indonesian National Revolution, 1945–1950* (Hawthorn, Australia: Longman Australia, 1974); and Gerlof D. Homan, "The Netherlands, the United States, and the Indonesian Question, 1948," *Journal of Contemporary History*, Vol. 25, No. 1 (January 1990), pp. 123–141.

121. Alan Cowell, "Military Topples Lesotho Leader," *New York Times*, January 21, 1986.

122. Allister Sparks, "South Africa Presses Lesotho to Expel 3,000 Refugees," *Washington Post*, August 12, 1983; and James H. Cobbe, "Economic Aspects of Lesotho's Relations with South Africa," *Journal of Modern African Studies*, Vol. 26, No. 1 (March 1988), pp. 71–89.

123. Prior to 1974, India's uranium suppliers were the United States and Canada, and afterward France. See Spector, *Nuclear Ambitions*, p. 317–318.

Outcome: Canada reached safeguards agreements with the EC on January 16, 1978, and with Japan on January 26.
Assessment: It is unclear whether this constitutes a sanctions success because the information is insufficient to determine whether the "concessions" that the target countries made reflected meaningful changes in behavior. While the EC (except for France, which refused) and Japan did agree to restrictions against weapons use of Canadian uranium or its transfer to third countries, there is no evidence that they had ever done these things.[124]

124. Government of Canada, Department of External Affairs, *Canada's Nuclear Nonproliferation Policy*, Canadian Foreign Policy Texts No. 82/2, 1982; and Klaus Pringsheim, "Major Functions of the Canada-Japan Relationship," *Working Paper Series, Canada and the Pacific: Agenda for the Eighties* (Toronto: University of Toronto and York University, Center on Modern East Asia, May 5, 1981).