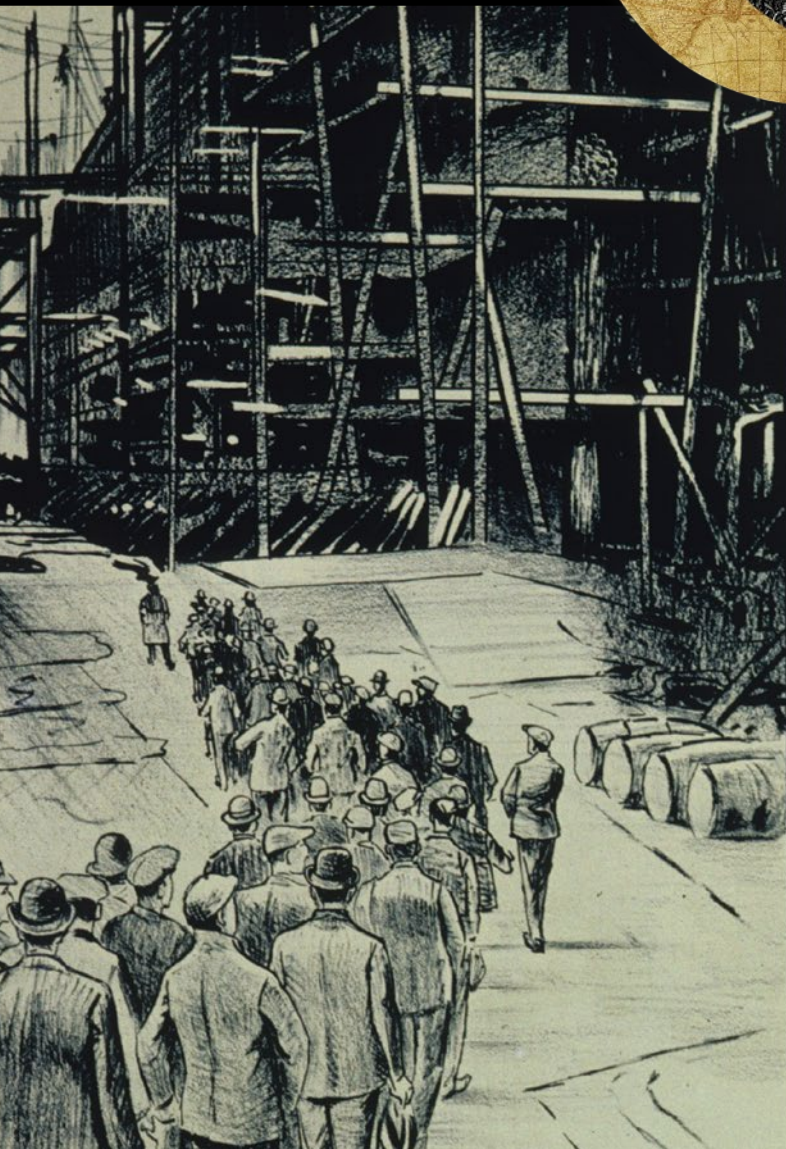


STRATEGIKA

ISSUE 49

Conflicts Of The Past As Lessons For The Present

MARCH 2018



THE VALUE OF ECONOMIC SANCTIONS

IN THIS ISSUE

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ABOUT THE POSTERS IN THIS ISSUE

Documenting the wartime viewpoints and diverse political sentiments of the twentieth century, the Hoover Institution Library & Archives Poster Collection has more than one hundred thousand posters from around the world and continues to grow. Thirty-three thousand are available online. Posters from the United States, the United Kingdom, Germany, Russia/Soviet Union, and France predominate, though posters from more than eighty countries are included.

Sanctions: The Record and the Rewards If They Work at All, Then Only Against Small, Weak, and Isolated Targets

By Josef Joffe

Why are sanctions so popular? Because “there is nothing else between words and military action to bring pressure upon a government,” explains Jeremy Greenstock, Britain’s long-term ambassador at the UN. It is bloodless—warfare on the cheap. Nonlethal means are the main attraction for democracies loath to go to war in remote places against states that do not pose an existential threat.



Image credit: Poster Collection, UK 1890, Hoover Institution Archives.

What is cheap, though, may not work so well for a number of reasons. By resorting to low-cost means (as compared to real war), the “sending” nation signals willy-nilly that the issue is not important enough to warrant risk and sacrifice. Hence, the “recipient” state need not fear the real thing, which is war. The target state also knows that democracies are queasy for moral reasons because blanket sanctions—say, the denial of food or oil—are nonselective, punishing the entire country. It is warfare against the population. The main victims are civilians. It is like sinking a ferry to get the captain.

Since targets of harsh sanctions are almost always authoritarian or totalitarian states, their regimes can shrug off their nations’ misery, especially since the leaders do not have to suffer the punishment and can continue to live in the style to which they are accustomed. US sanctions did not faze the Soviet *nomenklatura* because they could still shop in Moscow’s special stores for the privileged and use reserved hospitals stocked with up-to-date Western drugs and equipment. Recently, North Korea’s Kim Jong-un, whose subjects are said to be starving, has not run out of his favorite luxury goods like champagne or Swiss watches. Nor was he forced to sell his private plane and his French-built yacht.

The problem, in general, is *asymmetry*. Sanctions target the regime; it must either go or stop using the cruel ways by which it stays in power. Since its survival is at stake, the regime will resist to the very end. Hitler and Goebbels killed themselves only after the Red Army had reached the doorsteps of the Berlin Reich Chancellery. The target regime’s interest in survival is “hard,” whereas the power applied by the international community is “soft”—diplomatic isolation, trade denial, embargoes, travel bans, exclusion from financial markets. That’s like taking a hammer to concrete. It will dent the wall, but not breach it.

Another glaring problem is the need for *universality*; there must be no gap in the wall of denial. Yet the harder the sanctions bite, the higher the incentives for other suppliers to leapfrog the ring of isolation. The more damaged the recipient, the more willing he becomes to raise the rewards for blockade runners. This is the ultimate irony. The more effective the sanctions, the more numerous the actors—state or non-state—who are eager to cash in on the extra profits.

Sometimes the senders have an interest in undercutting their own sanctions. The best historical example is that of the sanctions imposed by the League of Nations on Mussolini's Italy after its invasion of Abyssinia (Ethiopia today) in the 1930s. The most productive tool—an oil embargo—remained in the box because France and Italy hoped to draw Rome into an alliance against Hitler's Germany. Hence, the Abyssinian slaughter continued.

Trade denial—economic isolation in general—is usually cited as having brought down the White regime in South Africa and Rhodesia. The problem with this take is the multiplicity of other factors. The most explicit sanctions regime against Pretoria was put in place with a general arms embargo in 1977. Yet this move was preceded by *internal* negotiations on the end of apartheid as early as 1974. One key reason for the faltering home front was not the sanctions noose, but the growing recognition that minority rule could not be maintained forever. On the other side, the black majority began to recognize that it could not overthrow the Boer regime by force. It took another twenty years to transition to black majority rule.

Now look at the paradoxical productivity of the arms embargo. In 1977, when it was installed by the UN, South Africa imported \$130 million worth of hardware; ten years later it was \$220 million, and in the run-up to the transition, annual imports ranged as high as \$350 million. The apartheid regime did not fall for lack of military equipment. Though fall it did, there were enough “black knights” to keep Pretoria well armed.¹ The same goes for Rhodesia with its tiny white ruling caste. The numbers were simply wrong, whatever the role of the sanctions.

In their most exhaustive study on the record of sanctions, Hufbauer et al. note: “Sanctions often do not succeed in changing the behavior of foreign countries. One reason for failure is plain. The sanctions imposed may simply be inadequate for the task. The goals may be too elusive; the means too gentle; or cooperation from other countries . . . too tepid.” In particular, they “may prompt powerful or wealthy allies of the target country” to outflank the embargo.

For example, the Soviet Union delivered oil to Cuba, and the US helped Yugoslavia and Albania to assert their independence after they had broken with Moscow. Finally, sanctions may “alienate allies abroad and business interests at home.”² The best example is the 1981/82 case of the pipeline that was to transport Soviet gas to Western Europe. While the Reagan administration insisted on nixing the deal, the Europeans stuck to their pipes. They refused to sacrifice their steel and energy companies on the altar of American economic warfare.

Basically, the economic costs of the sanctioners must be smaller than those imposed on their victims. Punitive measures are more likely to succeed against small countries than against great powers like Russia and China. But note that the US embargo on tiny Cuba did not do away with the Castro regime; it is still around after fifty years, and even the loss of its “black knight,” the Soviet Union, did not topple it. Neither have the grueling sanctions against North Korea softened up the Kim regime, as its mighty Chinese neighbor does not want the dictatorship to fall. All told, when the survival of a totalitarian regime is at stake, and its control over the population assured, the pains of sanctions will be absorbed. A left hook to the liver will not send the pugilist to the floor. It has to be on the chin.

What brought down the Kaiser was not Woodrow Wilson's sanctions; America's entry into the war did. The same goes for Saddam who was caught in the vise of brutal sanctions and constricted by the US/UK-enforced no-fly zone. It was the all-out war of 2003 that toppled him. The comprehensive sanctions regime against the Islamic Republic did not stop Iranian expansionism or its resolute march toward nuclear weapons.

To have a chance, sanctions must at least be imposed sine die. Yet the Iranian case shows how difficult the task is. The Joint Comprehensive Plan of Action (JCPOA) hashed out with Tehran by the United States, Russia, China, Britain, France, and Germany is a testimony to the endemic problem of multilateral sanctions. It has to be all against one, now and forever more, but Obama's Washington must have sensed that it could not keep all of the coalition members in harness forever—not against the centrifugal pull of separate commercial and strategic interests. Hence, a flawed deal that merely lengthens the path to the Iranian bomb, while leaving its quest for long-range delivery vehicles untouched. Nor did the JCPOA constrain Iran's expansion from Basra all the way to Beirut.

Nor have “smart sanctions”—travel bans, asset freezes, closed financial markets—chastened Putin’s Russia. Russia is still in Ukraine. It will not return Crimea. It will not pull out of the Levant. The moral is the basic one of asymmetry of means and ends: A slap in the face does not bring the target state to its knees when the stakes are high. Hence, regime survival or the possession of nuclear weapons beats sanctions relief. Better for Putin to hold on to the Donbas region and to wait for rising energy prices than to please the United States and the EU. To repeat: Authoritarian regimes can absorb punishment more easily than the West can stomach the economic costs of sanctions. Putin et al. are only mildly beholden to domestic resentment.

So why impose sanctions when they work only for modest purposes, and then only against small or weak opponents? Because we “gotta do something,” because we want to warn the wayward to respect the rules of a benign international order. Nor do we want to go to war, certainly not against heavyweights like Russia or China, or against weaklings like Korea if they have nukes in their quiver.

Sanctions are like prayers and donations to the Church. We don’t know whether either will work, but we cannot do nothing in the face of apostasy. We want to affirm the moral and political code. Hard-core realists will sneer and point to the futility of “soft power.” Sanctions are not magic bullets, but in nonexistential situations they are the only projectiles democracies are willing to use. If deployed against the right, that is, weak target, even a .22 may serve its purpose. Muscular bullies, the record shows, will not budge.

1 Gary Clyde Hufbauer, Jeffrey J. Schott, Kimberly Ann Elliott, and Barbara Oegg, “Case 62-2 and 85-1,” (Washington, DC: Peterson Institute for International Economics, 2008) Table “South Africa: Arms Transfers, 1963-90.” <https://piie.com/commentary/speeches-papers/case-62-2-and-85-1>

2 Gary Clyde Hufbauer, Jeffrey J. Schott, Kimberly Ann Elliott, and Barbara Oegg, *Economic Sanctions Reconsidered* (Washington, DC: Peterson Institute for International Economics, 2009), 7–8.



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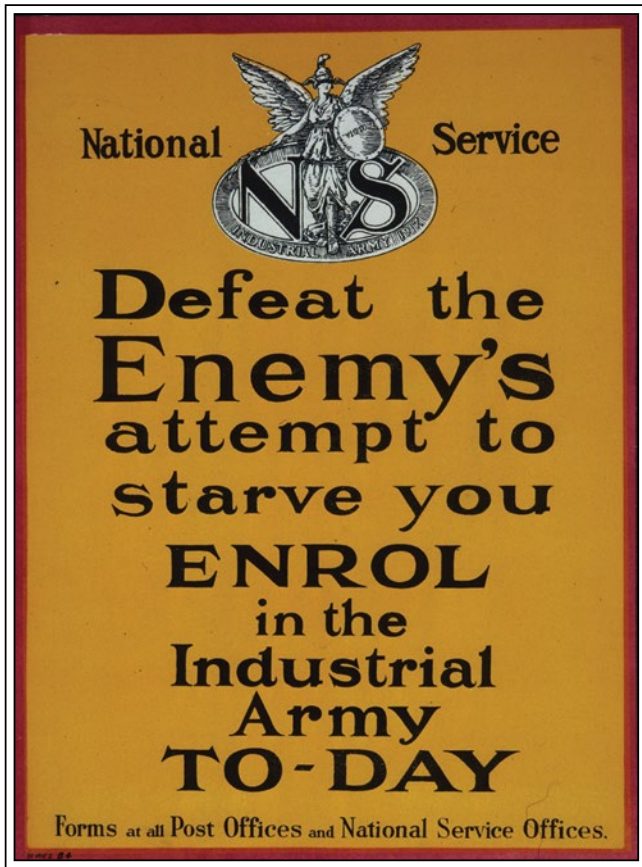


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Do Economic Sanctions Work?

By Angelo M. Codevilla

Economic strictures are acts of war. Throughout history, the starvation and disease they have caused have killed more people than all other instruments of war. But like all other instruments, their effectiveness depends on the circumstances in which they are used and on the policies of which they are part.

Contemporary American practice places economic sanctions in the same category as subversion—“something between diplomacy and sending the Marines”—not as an instrument of war, but as a substitute for war—or policy, for that matter. But in reality, no category exists between gentle persuasion and any and all manner of force. Confusion between the means of peace and war misunderstands and vitiates any and all instruments of statecraft.

The United States can impose upon its target the near-equivalent of a siege if it makes economic sanctions total and secondary, meaning applied as well to third parties who traffic with the target. That is

because the United States, given its unique economic position, is capable of dividing the world into those who choose to trade with America and those who choose to trade with the target. But because Americans have generally refused to regard economic sanctions as measures of war, the United States imposes sanctions on parts of the target’s economy rather than on the whole of it, and on the target alone rather than on any and all nations that trade with the target.

The United States uses sanctions to try forcing changes in the policies of countries with which it is at peace—often changes that loom large to the target’s regime—by inflicting relatively small burdens on its economy. In short, it uses sanctions to pursue foreign policy objectives on the cheap. The results, however, have illustrated that cheap sanctions are not serious, and serious economic warfare is anything but cheap.

Because the target regime’s “center of gravity” is usually the part most insulated from the sanctions’ effect, and because economic resources are inherently fungible, economic strictures are a blunt, indiscriminate tool of policy—better fit to destroy a target than to influence it. The major instances of US employment of economic sanctions—Iran 1979–2015, Iraq 1990–2003, and North Korea 1994 to present—illustrate the insurmountable problems of sanctions as tools of influence.

Iran cannot feed itself. Though it exports crude oil, the gasoline and diesel on which it moves is imported. Had the United States placed a secondary trade embargo on Iran, the cutoff of food and fuel would have killed its regime at any time. But US “smart sanctions” tried to constrain the Islamic Republic, not kill it. Together with European allies, it targeted specific industries tied to Iran’s nuclear program and the Revolutionary Guards, plus the oil industry. The mullahs at the regime’s core remained untouched. They were forced to sell oil at discounts, but still found customers; forced to pay more for essential technology, but were still able to get it. The regime was free to shift the entire additional cost of sanctions-caused inefficiencies onto the general population. Because the sanctions were not secondary, Russia and China remained outside the sanctions

regime. As sellers of technology and buyers of oil, respectively, they used the sanctions to cement a strategic alliance with Iran. That alliance has well-nigh eliminated US influence in the Middle East.

“Putting Saddam in a box” was US foreign policy’s main objective between 1991 and 2003, backed by sanctions which were supposed to leave just enough economic room for Iraq to feed its population. Total, secondary sanctions would have toppled the regime in weeks. The primary problem with those strictures is that they were administered by Saddam’s own regime. With the cooperation of the UN’s delegate, Benon Savan, the sanction regime became a machine for strengthening Saddam’s control over Iraq as well as his supporters at the UN. The scheme was simple: Saddam sold the sanction-allowed quota of oil at a discount to French and other brokers in positions to bolster their governments’ support of Saddam. He purchased low-quality food for the population at prices for high-quality foods and pocketed the difference. Hence, the sanctions’ net result was that Saddam had more control over a smaller economy including, for the first time, over who could eat what. Second, Saddam gained a steady amount of money that he could use for financing influence operations throughout the Muslim world, the substance of which was to brag that he had thwarted the America that was oppressing his people, while inciting Muslims to make war on the Americans.

Preventing North Korea from becoming a nuclear missile threat to America has been a major US objective since 1994. The United States has pursued it through economic sticks and carrots. Given North Korea’s economic vulnerabilities, carrots were inherently unnecessary. The country is so poor that, between 1994 and 1998, some 5% of the population starved to death while the rest was stunted. Another famine in 2005 killed at least hundreds of thousands, while yet another in 2017 has not yet run its course. Aid from Russia, China, South Korea, and the United States itself, moderated their effects. Under the circumstances, any secondary sanctions on food would have literally killed the regime.

US policy, which merely sought to make it more difficult for North Korea to get nuclear weapons and missiles, failed because North Korea used for these purposes any resources that did not have to go into the production or purchase of food, as well as because China and Russia, rhetoric notwithstanding, always sold to North Korea what others would not.

So long as a government can transform goods available elsewhere into the goods of which the sanctions would deprive it, and so long as governments outside the sanctions regime buy or sell it the things that the sanction regime proscribes, there is no reason why it should do what it does not want to do. Why then does the US government persist in using economic sanctions that it knows are inherently incapable of achieving the intended objective?

Economic sanctions compromise between doing whatever it takes to achieve a given objective, and doing nothing, by doing something halfheartedly. Like much of the rest of US national security policy, economic sanctions are self-stroking pretense.



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Image credit: Poster Collection, UK 712, Hoover Institution Archives.

A Brief Guide to Strategy and Sanctions

By Thomas Donnelly

Recently, the United States' closest European allies, Britain, France, and Germany, proposed "fresh" economic sanctions on Iran as an effort to force Tehran to comply with both the letter and the spirit of the 2015 "Joint Comprehensive Plan of Action" meant to delay the Islamic Republic's development of nuclear weapons. But the real target of the EU action was in Washington: President Donald Trump wants European help to "fix the terrible flaws of the Iran nuclear deal" negotiated by his predecessor, and Trump has threatened to pull the United States out of the agreement if he doesn't get his way.

The flurry of diplomatic activity says a lot about how modern, liberal Western governments have thought about sanctions and their strategic efficacy. In the simplest terms, there is widespread belief that economic sanctions can be a powerful tool of statecraft; the Obama administration argued that "crippling" sanctions had brought Iran to the bargaining table in the first place, and these leading European powers now hope that renewed strictures can not only con-

strain the Iranians from further technical violations of the deal and push the regime to moderate its drive for regional hegemony but ameliorate the wild man in the White House.

The problem with the arguments in favor of economic sanctions is not so much that they are incorrect but that they are taken out of context. Absent a larger strategy—that is to say, one grounded in military power—trade is a weak means of compelling a competitor to do one's bidding. To begin with, targeted states have historically proven themselves to be mothers of invention in escaping from sanctions regimes—even the Kim dynasty in North Korea and Saddam Hussein could do it. But more profoundly, it is in the nature of trade to flow.

The modern myth of sanctions efficacy originates in the collapse of the South African apartheid regime. Alas, the South African story was not so simple, as Thomas Hazlett explained in a 1998 article in *Reason* magazine. The sanctions imposed in the 1980s did "lower South African trade flows from their previous levels," he wrote, "but GNP growth actually accelerated after the European Community and the United States imposed sanctions (in September and October 1986, respectively). Perversely, South African businesses reaped at least \$5 billion to \$10 billion in windfalls as Western firms disinvested at fire sale prices between 1984 and 1989." Where the West was unwilling to invest, others were. And indeed, it seems more likely that accelerated economic growth contributed to the end of apartheid—economic expansion in South Africa could not sustain itself on white labor alone—rather than the other way around.

However, history does offer options to strategists seeking to maximize geopolitical advantage through economic means. A more illustrative approach to restricted trade is to be found in Napoleon's "Continental System" or, better yet, the British Navigation Acts from the 1650s onward. While not even the British mercantile system was eternal or foolproof—it was an important cause of the American Revolution and the War

of 1812—it was durable and it was hardly the principal motivation for the colonists’ revolt. The imperial system of preferences resurrected itself and survived into the twentieth century.

What made the British system work for so long was that it did not balance security and prosperity while affording, by the standards of the day, a high standard of political liberty. What it sacrificed in economic growth it repaid in other ways. It was protectionistic and nationalistic—the English got the best of the deal—but not so narrowly so that it crippled other parts of the empire.

A modern analog to the Navigation Acts might be an American-led “Free Trade Among Free Nations” system, giving preferential economic status to those states with more representative governments or allies. And, in practice, the post–World War II economic order amounted to something like that, and could tolerate mercantilistic behavior even within a mostly open system. Thus, for example, the Japanese economic policies of the 1980s posed no threat—except eventually to the prosperity of the Japanese themselves—since Tokyo was a strategic client of the United States. China’s current practices may be more economically egregious, but they also serve to enrich an American adversary. Mass-produced goods made, say, in Indonesia—not only a struggling democracy but the world’s largest Muslim state—might cost a bit more than those made in China, but the strategic effect might well be worth the cost.

In such a context, both sanctions and preferences might make geopolitical sense—although the Trump steel and aluminum tariffs would not meet this test. The problem is that the United States and its industrialized allies have come to see sanctions as a replacement for harder tools of power rather than as a supplement. The effects on today’s autocrats won’t be much: you don’t rise to a leadership position in the Quds Force or Chinese Communist Party or the Russian oligarchy without learning how to hide your money or being willing to let your own people suffer the consequences of your actions.



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Discussion Questions

- Were the economic sanctions against Iran working until the so-called Iran Deal ended them in 2015?
- Have economic sanctions slowed down or diminished North Korea's nuclear capability?
- Did economic sanctions work in isolating, neutralizing, or weakening the communist Cuban regime?
- Would continuation of economic sanctions have precluded a need to invade Iraq in 2003?
- Did economic sanctions finally force the end of the South African apartheid government?

POLL: Calibrate the utility of economic sanctions:

- ☐ Economic Sanctions usually preclude the use of military force.
- ☐ Economic sanctions work only if they are well designed and enforced.
- ☐ Economic sanctions are an ancillary to the threat or use of force.
- ☐ Economic sanctions are valuable largely for their symbolic messaging.
- ☐ Economic sanctions usually are a waste of time.

IN THE NEXT ISSUE

America's Partnership with Pakistan



Military History in Contemporary Conflict

As the very name of Hoover Institution attests, military history lies at the very core of our dedication to the study of “War, Revolution, and Peace.” Indeed, the precise mission statement of the Hoover Institution includes the following promise: “The overall mission of this Institution is, from its records, to recall the voice of experience against the making of war, and by the study of these records and their publication, to recall man’s endeavors to make and preserve peace, and to sustain for America the safeguards of the American way of life.” From its origins as a library and archive, the Hoover Institution has evolved into one of the foremost research centers in the world for policy formation and pragmatic analysis. It is with this tradition in mind, that the “Working Group on the Role of Military History in Contemporary Conflict” has set its agenda—reaffirming the Hoover Institution’s dedication to historical research in light of contemporary challenges, and in particular, reinvigorating the national study of military history as an asset to foster and enhance our national security. By bringing together a diverse group of distinguished military historians, security analysts, and military veterans and practitioners, the working group seeks to examine the conflicts of the past as critical lessons for the present.

Working Group on the Role of Military History in Contemporary Conflict

The Working Group on the Role of Military History in Contemporary Conflict examines how knowledge of past military operations can influence contemporary public policy decisions concerning current conflicts. The careful study of military history offers a way of analyzing modern war and peace that is often underappreciated in this age of technological determinism. Yet the result leads to a more in-depth and dispassionate understanding of contemporary wars, one that explains how particular military successes and failures of the past can be often germane, sometimes misunderstood, or occasionally irrelevant in the context of the present.

Strategika

Strategika is a journal that analyzes ongoing issues of national security in light of conflicts of the past—the efforts of the Military History Working Group of historians, analysts, and military personnel focusing on military history and contemporary conflict. Our board of scholars shares no ideological consensus other than a general acknowledgment that human nature is largely unchanging. Consequently, the study of past wars can offer us tragic guidance about present conflicts—a preferable approach to the more popular therapeutic assumption that contemporary efforts to ensure the perfectibility of mankind eventually will lead to eternal peace. New technologies, methodologies, and protocols come and go; the larger tactical and strategic assumptions that guide them remain mostly the same—a fact discernable only through the study of history.



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