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TARGET TYPES AND THE EFFICACY OF ECONOMIC SANCTIONS

by

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A THESIS SUBMITTED
IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE
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ABSTRACT

Target Types and the Efficacy of Economic Sanctions

by

Dina Al-Sowayel

This study of economic sanctions examines the contribution of the target country to sanction outcomes. The theoretical foundation of this research is predicated on the role that target country political attributes play in fashioning a response to the imposition of economic sanctions. Accordingly, these attributes are instrumental in creating the countermeasures that target countries employ in resisting sanction effects. Therefore, the success of sanction episodes is influenced by target country political characteristics. The developed hypotheses are tested in two ways. First, an aggregate analysis on one hundred fifteen cases is conducted. This is complimented by a series of in-depth case study analyses on select sanction episodes. Both results indicate that some political attributes of the target country play an important role in determining the disposition of sanction episodes.
Acknowledgments

The writing of a dissertation is an individual exercise in the development and execution of a research idea. Often a lonely endeavor, the research and writing that is demanded in this task helps develop a critical and independent spirit. Notwithstanding the self-reliance that serves as the foundation for completion of this exercise there are people whose support and understanding provided an invaluable contribution that enabled me to see the job to its finish.

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Chapter One:  
Target Types and The Efficacy of Economic Sanctions

"Sanction madness.... Addicted to economic sanctions." These are popular titles of recent articles on the implementation of economic sanctions (Haas, 1997; Auster, 1998). The message conveyed by these titles reflects the growing use of economic sanctions, according to some observers, the use of sanctions is booming (Haas, 1997). Indeed, since World War I economic sanctions have been increasingly employed as instruments of foreign policy. Hufbauer, Schott and Elliott count 119 episodes of economic sanctions between 1914 and 1990 (1990). More recently, the Clinton administration’s use of economic sanctions is reported to be higher than that of any other administration (U.S. News and World Report, 6/15/98).

Notwithstanding the frequent resort to sanctioning in the pursuit of foreign policy objectives, sanction efficacy in that role remains unclear. Advocates maintain that economic sanctions are a vital part of diplomacy and can be instrumental in achieving policy results. Those opposed consider sanctions ineffective, even counter-productive, tools of foreign policy. The efficacy debate, however, neglects to consider the sanctioning process from the target state’s perspective. As a result, neither side can tell us what happens inside the target country when economic sanctions are imposed. Until the process is examined from the target state’s perspective, our understanding of economic sanctions and their efficacy remains incomplete. If economic sanctions often fail, as the conventional wisdom advises, then what role does the target state play in promoting failure. This research contributes to the unresolved debate on the utility of economic
sanctions by uniting two sets of explanations to explore one facet of the broad question, do sanctions work?

The argument advanced here advocates the incorporation of the target state’s domestic political structure to an explanation of the sanctioning process. Therefore, a set of determinants of sanction outcomes, introduced here, considers those target state attributes that play a role in sanction outcomes. The second set of determinants of sanction episodes comes from existing research. The process underlying the application of economic sanctions is best understood by jointly considering aspects of the structure of the economic instrument together with key structural attributes of the target country.

An evaluation of sanction efficacy dominates the scholarly literature. Do economic sanctions achieve the objectives announced by those who implement them? If not, then why are they used so readily? These are the familiar themes that echo in the research on economic sanctions. An evaluation of the varied effects of economic sanctions is found in factors internal and external to the target state. The dominant focus of the existing explanations for the outcome of economic sanctions has been on factors external to the target country. Among the variables examined in the literature are the number of sender state (Martin: 1992), suggesting that the key to effective sanctioning lies in establishing a large and cooperative sending coalition. Other explanations revolve around the availability of alternatives for the target state (Green, 1983), the sender’s rationale for choosing the sanction option over others (Hoffman, 1967; Kaempfer and Lowenberg, 1992) and the severity of the sanction in dollar amount (Huffbauer, Schott and Elliott, 1990). Though insightful, these external explanations have not resolved the
efficacy debate; we are still uncertain if, when and how sanctions work. The lack of understanding is particularly acute with regard to the process as it unfolds within the target country.

Arguably, the universe of target states is not uniform; targets differ along economic and political dimensions. Intuition suggests that these differences influence the target state’s response to the imposition of economic sanctions. For example, we would expect the response of the United States to differ from the response of Sri Lanka if both were sanctioned. This would suggest that the outcome of sanction episodes might differ depending on who is targeted. Though the literature supports this intuition, there is a paucity of theoretical development regarding variations in structural attributes of the target country and their effect on sanction outcomes. Rarely is the treatment of the target state’s role theoretically or systematically grounded. When the target country is addressed it is often on a case by case basis. Thus, we are left with a partial and unbalanced picture of the sanctioning process.

The central proposition of this study is that modes of decision-making, levels of political participation and the degree of independence of the leadership make a difference in how sanction episodes turn out. Consequently, based on these features of the targeted state, economic sanctions may be futile instruments for policy change. Thus, the failure of economic sanctions can be explained by the political structure of the target state, as well as other features of the sanctioning process. Is the use of economic sanctions more productive (from the sender’s point of view) against certain target countries? If so, how do we identify these? Related to this, how do we account for target states that flourish
under the pressure of economic sanctions? The history of sanctioning is replete with examples of the target country’s economic and political revival on the heels of sanctions. Instead of debilitating the target country into submission, we see that some sanctions result in the political and economic strengthening. Zimbabwe, formerly Rhodesia, experienced an industrial re-birth with the imposition of sanctions. It is the classic example used to show the counterproductive results that sanctions can yield (Knorr, 1975:161). How do we explain this paradoxical result? It is to these unexpected outcomes that this research turns.

Economic sanctions have been applied against a variety of target states. Among the long list of targets we see a variation along political and economic lines. One must question whether this diversity affects the process and can help in answering the questions that remain regarding economic sanctions.

Adding the target state’s domestic political structure to the analysis raises a number of important questions beyond the efficacy issue. Whereas the efficacy debate is preoccupied with the success of sanctions in altering target country behavior, a set of additional issues arise when we focus on the target state’s response. In looking at the target state side of the matter, there is an opportunity to consider the process behind sanction episodes. Rather than focus on success or failure, I will examine the reactions that emerge from the application of sanctions. Thus, I hope to contribute to a more general understanding of the sanctioning process.

Strack (1978) observes that the application of economic sanctions changes “the environment within which decision-makers must act”. How it changes and how that
impacts the results of any sanction episode are the types of questions that motivate this study. This perspective addresses the utility of economic sanctions by comparing the policy responses of nations to externally induced economic crises of a specific nature (Gourevitch, 1986).

This contribution to the existing large body of research on economic sanctions is justified on a number of related bases. There is a pressing policy need to know more about the working of economic sanctions. The policy relevance arises from the unprecedented use of the sanctions tool; at least for now economic sanctions are here to stay. Second, the efficacy debate is often framed in starkly dichotomous terms: economic sanctions either work or they do not. Closer examination of this question points to a more complex reality. Economic sanctions appear to have an impact on the target country but the extent and nature of that impact is unclear. That is, the economic-political link assumed in the workings of economic sanctions merits further inquiry. In all likelihood, the extent of impact varies by the target state. Looking at economic sanctions from this perspective contributes to a more realistic and accurate appraisal of efficacy. Third, if we adhered to the prevailing consensus on economic sanctions, they would be relegated to a secondary symbolic use or abandoned on the grounds of inefficacy (Green, 1983:61). Though persuasive, the exhortations to abandon the traditional view and dismiss the instrumental use of sanctions are premature. Before economic sanctions as instruments of coercive compliance are put to rest some of their curious, counterintuitive results merit our attention.
In the next chapters I introduce the theoretical framework and its supporting empirical analysis. Chapter two is dedicated to a brief review of the salient literature on the question of economic sanctions and their efficacy. Here, the dominant questions in the scholarly literature and their assessment are presented. In Chapter three the theory is described along with the hypotheses that emerge from the theoretical viewpoint advanced in this study. Chapter four provides a detailed look at the large sample statistical analysis on a series of economic sanction episodes. Contained in chapter four are the results of the analysis along with a discussion of the findings. Chapter five serves as an introduction to the case studies and the methodology used in that analysis. Chapter six presents the three case studies and conclusions from that section. Chapter seven is an overall assessment with notes regarding the future research on economic sanctions.

Rather than rekindling the debate on the efficacy of economic sanctions each time an international situation warranting action arises, this research will help clarify when the application of sanctions is useful. Presumably, in some cases, economic sanctions are useless instruments for altering target country policy. The aim of this research is to provide a set of criteria with which to make that distinction.
Chapter Two:
A Brief Review of the Economic Sanctions Literature

Q: "So, did sanctions work?"
A: "Oh, there is no doubt."

-Nelson Mandela
(deVilliers, 1995:198)

Theoretical explanations for the relationship between economic sanctions and changes in target country policy abound (Wallensteen, 1983). The wealth of theoretical attempts, however, is poor in accounting for the target's role in determining the outcome of a sanction episode. Exceptions to this observation are found in limited case studies of controversial cases such as, Cuba, South Africa and the former Rhodesia.

So, while we know a lot about the sanction process from the sender state's perspective, we know much less about the target's internal dynamics and the process from the target's point of view. Intuition and reason suggest that the target state plays a role. The question is how? Furthermore, understanding sanctioning from the target state's perspective promises to help our understanding of the process generally.

A vast portion of the work on economic sanctions is dedicated to assessing the utility of sanctions as instruments of foreign policy. The varied approaches to the study of economic sanctions are united by the underlying question that motivates the research: do economic sanctions "work"? Because much of the analysis has concluded that sanctions do not yield target country compliance, three corollary questions have arisen. First, if sanctions consistently fail to alter target country behavior, then why do policy makers continue to choose the sanction option (Kaempfer and Lowenberg 1992, Doxey 1987, Lindsay, 1986)? Second, should the definition of sanction success be limited to target
Lindsay, 1986)? Second, should the definition of sanction success be limited to target country compliance or broadened to include the sanction's symbolic effects (Lindsay, 1986:5 Daudi and Dajani, 1983:161, Baldwin, 1985)? Economic sanctions offer the advantage of appearing to “do something” without committing many valuable resources. For the policy-maker, the imposition of economic sanctions does not involve the comparative difficulty of choosing to use military resources. Third, it may be more realistic to view target country compliance less rigidly. That is, rather than success or failure, target country change may be seen as shifting closer or further to the sender's demands (Morgan and Schwebach, 1996). Therefore, an analysis of the efficacy issue may be better served by thinking of the effects of economic sanctions on a continuum rather than dichotomously.

Whether the research examines the rationale for the policy choice that leads to sanctioning, the definition of sanction success or the traditional instrumental role of economic sanctions, very little attention has been paid to the target country's impact. Rarely does the research offer an explanation of how economic sanctions work within the target country and, more importantly, how the target's domestic political structure affects its response to economic sanctions. Before discounting the power of economic sanctions to force compliance, more information about the target's role in the process is required. Or, as Morgan and Schwebach say, "An appreciation of the domestic political aspects of the sanction is ... necessary for a thorough understanding of sanction effectiveness" (1996).
The ostensible nexus between economic sanctions and foreign policy places the research within the purview of international relations. To the international relations specialist the analysis of the efficacy question has focused on the nature of economic sanctions as a means "for policy makers to make influence attempts on other state and non-state actors in the international arena" (Baldwin, 1985:115). Until recently the field's traditional realist concern with state to state relations and the international environment meant that the domestic features were neglected (Bueno de Mesquita and Lalman, 1992:11).

More recent endeavors have begun to examine sanction efficacy within the context of the target state's domestic structure (Morgan, 1995, Morgan and Schwebach, 1996, Kaempfer and Lowenberg, 1992). One example is found in Morgan and Schwebach's look at sanction-imposed costs to powerful groups within the target state and whether those costs compel changes in policy (1996). In the last decade there has been more of a focus on the target state's contribution to the determination of sanction outcomes. I turn now to some of this research and review its contribution with regard to the role of the target country in the sanctioning process.

The research on economic sanctions is replete with suggestions regarding the target's political, social and economic conditions relevant to successful sanctioning. These suggestions are often presented in an a-theoretic and untested form. I propose to develop these suggestions and use them to create a unified model of the sanction process. A review of the suggestions offered in the literature begins with Hufbauer, Schott and Elliot' empirical look at over 100 sanction episodes since World War I (1990).
Hufbauer, Schott and Elliott use an analogy to rainmaking to illustrate the importance of the target's domestic conditions to sanction success.

"The atmosphere in the target country is critical to the outcome of a sanction episode. If storm clouds are overhead rain may fall without anyone's help. If moisture-laden clouds are in the sky, chemical seeding may bring forth rain. But, if the skys are clear and dry, no amount of human assistance will produce rain. (1990:46)

Indeed, in their recommendations to policy makers, the authors point to the conclusion that there is a direct correlation between the political and economic health of the target state and its vulnerability to sanction pressure (1990:97). According to these authors, sanctions may be redundant, productive or useless depending on the economic health and political stability of the target state (1990:46). They do not, however, provide a theoretical basis for these expectations. Similarly, Martin (1992:32) observes that one of the best indicators of sanction success is the economic and political condition of the designated target. She hypothesizes that cooperation among the sending coalition is more likely when the target state is "weak and poor" (Martin, 1992:44). Besides intuition, though, there is not much by way of support for this observation about the target.

Carter (1988:23), to a certain extent, Daudi and Dajani (1983:160) and Doxey (1980:88) maintain that sanction failure is not inevitable. The key to potent sanctioning is found in improved, better considered economic tools that exploit the target state's vulnerability. None of these authors, however, offer a systematic way to define and assess target state vulnerability. What emerges from the literature is the sense that target state conditions are potentially powerful indicators of sanction outcomes yet, substantive
support remains lacking as very little of the research tells how or why target conditions should be significant.

Galtung's often cited classic articulation of the process underlying economic sanctions is among the early explanations that focus on the target state (1967). Galtung sought to account for the curiously integrative effects that economic sanctions can produce in the target state. In assessing the utility of economic sanctions, target country compliance with the demands of the sender has been the traditional measure (Galtung, 1967, Wallensteen, 1983 Kaempfer and Lowenberg, 1992). Economic sanctions were considered to "work" if target country compliance was achieved. Early work conceived the sanctioning process as a uni-linear one, where economic deprivation would ultimately lead to compliance with sender wishes (Galtung, 1967:26). The belief was that once a target state was confronted with sufficient economic distress it would comply with sender demands rather than risk the political turmoil brought by economic hardship. Curiously, while this theory has intuitive appeal, in some cases, economic sanctions either fail to yield compliance or they lead to political integration rather than disruption, even when there was significant economic dislocation. Thus, Galtung labeled the uni-linear view the "naive" theory. Galtung's "revised" theory points to the internal social/psychological dimensions of the target state society in resisting sanction pressure (1967:28). Galtung's work leads to the conclusion that, under certain conditions, economic sanctions can create a stronger, more resilient target. Galtung's research remains untested, more work is required to distinguish in which case the stronger target emerges and benefits from the sanction effort. Furthermore, he leaves unaddressed the underlying political structure that
produces effective countermeasures. If economic sanctions can lead to counterproductive results within the target state, it is unclear when this is most likely to happen. Are all countries equally able to follow the path to political integration and thwart the senders’ attempts; can all target states manipulate the external measures to their advantage? In which target state will there be a heightened sense of solidarity in response to sanctioning (Doxey, 1987:116)? For example, Doxey notes that the anticipated impact on public opinion may be lost because citizens are unaware of the issues especially where the media is government controlled (1987:116). Such control permits the government to orchestrate support for its policies of non-compliance (Doxey, 1987:116).

Similarly, Lindsay offers that there is a threshold of political cohesion above which external coercion strengthens the target’s government, yet he does not identify that threshold (Lindsay, 1986:162). He hypothesizes that where a regime lacks legitimacy, political integration will not be produced nor will disintegration necessarily follow (Lindsay, 1986:162). Lindsay suggests that the degree of pre-sanction polarization in the target state may influence results of the episode, he does not however, take this conjecture further.

Among the explanations for sanction efficacy Wallensteen examines are those that are receiver oriented (Wallensteen 1983:104). Wallensteen finds that the internal political situation of the receiver is what matters most (1983:125). He adds that the receiver government must be fairly weak at the outset. While the target state's actual trade reduction is an important consideration, that alone is insufficient in ensuring sanction success. He cites the Albanian and Yugoslav cases as examples of sharp trade
reallcation without the attending political success (1983:107). Because economic decline does not guarantee the sender's political objectives, Wallensteen looks at features internal to the target state. He examines the level of target state cohesion to see whether economic pressure is more effective when cohesion is low. He finds that there is a positive relationship between successful sanctioning and target countries with weak regimes and low cohesion prior to the application of the sanction (1983:111). Wallensteen's work is a sound starting point for further examination. It is unclear how he measured the variables and, like much of the work on economic sanctions, he limits his analysis to ten highly publicized cases.

Initially, economic sanctions were defined by their capacity to make the target state comply with the sender's demands (Galtung 1967:19). The implication was that trade restrictions could cause sufficient material deprivation to threaten political disintegration. The assumed connection between disintegration and compliance is the cornerstone of the traditional view. Presumably, it is founded on the notion that material losses can lead the target population to pressure its government or otherwise face removal (Green, 1983). Thus, it is the threat of internally motivated political repercussions that promises effective target country compliance,

It has been established that sanction episodes do not always work this way (Daudi and Dajani, 1983:50). Often, particularly in the early stages of the episode, before other sources of trade are secured, economic sanctions do achieve effective economic deprivation in the target. Wallensteen reports that in the unsuccessful actions taken against Italy in 1935 and Rhodesia in 1965 about one-third of the total trade was reduced
during the first year of sanctions (1983:106). Similarly, Daudi and Dajani note that the Cuban economy was indeed hurting from the U.S. boycott as the mass flotilla exodus of 1979 indicates (1983:160). The most recent example of economic deprivation without political change is found in the multilateral sanctions applied against Hussein regime in Iraq. These examples suggest significant reduction in trade did occur and was presumably accountable for some equally significant material losses among the population. Yet, dissatisfaction among the population was not followed by the action the sender wanted. This result calls into question the fundamental relationship between economic deprivation, political disintegration and target compliance. Apparently, economic adversity does not always translate into the weakening of the target’s political will (Bull, 1984:221). Instead, the material sacrifice can produce a heightened resolve within the target state. Most early analyses of economic sanctions fit the traditional or "naive" view of the sanctioning process. Subsequent work draws heavily on this model, even if it is to discredit the economic-political relationship.

Much of the recent literature aims to persuade readers that target policy change may not be the goal of economic sanctions. The result of this work is to reconsider the process primarily by redefining success. For example, rather than the economic impact it is the symbolic effect of sanctioning that ought to measure the degree of success (Lindsay, 1986:5, Daudi and Dajani 1983:161). Or, according to Daoudi and Dajani, economic sanctions should be evaluated in their capacity to prevent war (1983:161) not by the amount of economic deprivation they impose on the target state. They reason that the origins for the use of economic sanctions are found in the desire to avoid "all-out"
nuclear war (1983:161). In this view, the sender seeks target compliance but, the mechanism for compliance is no longer the economic-political link. In fact, some of this work reject the logic that underpins the notion that economic hardship leads to political collapse (Kaempfer and Lowenberg, 1992:155). Typified by the work of Kaempfer and Lowenberg, this model suggests that, rather than economic hardship it is the signal effect produced by the economic sanction that can alter target state policy. Thus, selective signals become the agents of influence. Through a public choice approach, Kaempfer and Lowenberg show that economic sanctions, via a signaling effect, can impact the ability of target country interest groups to gather support thereby causing policy results (Kaempfer and Lowenberg, 1992:155).

A number of recommendations regarding the effective use of sanctions can be discerned from the recent literature. First, a more stringent assessment of the target's economic vulnerabilities and subsequent exploitation of those vulnerabilities can lead to more damaging sanctions (Carter, 1988:23). Second, not only are absolute costs to the target state important to raise but also senders must consider the value at stake that is the object of the senders' manipulation (Morgan, 1995, Morgan and Schwebach, 1996). Third, narrowly aiming the sanctions at specific target country groups with the power to change policies will more likely produce the desired results (Morgan and Schwebach, 1996). Fourth, if economic sanctions fail because of alternative sources, then closing those opportunities will increase the sting of sanctioning (Martin, 1992:3). Two observations can be made about these recommendations. First, though they address the efficacy aspects of sanctioning, they do not necessarily link efficacy to policy change
within the target. That is, economic sanctions can result in harmful economic costs to the
target state without necessarily leading to a policy change. Second, the link between
economic harm and altered policy is best understood by a familiarity with the process
from within the target state.

This body of literature, as it redefines success and reconsiders how sanctions
work, has left unaddressed the process from the target state's side. Consequently, there is
little that can be generalized about the target state's institutions and structures that impact
the sanctioning process. Irrespective of the definition of success, instrumental or
expressive, what happens within the target state remains important to understand.
Knowing what occurs within the target state promises to clarify which agent of influence,
signaling or economic hardship, results and when.

It is to this aspect of economic sanctioning that this research turns. As evidenced
from this brief review, much research has been done in the area of economic sanctions.
This body of work is steadily building towards a solid foundation for understanding the
sanctioning process. A fundamental part of this foundation has been consistently omitted:
the target state's role in the process. The unified approach presented in the next section
addresses that omission.
Chapter Three:
Towards a Unified Theory of the Sanction Process

In this section I develop a unified argument that integrates the domestic structural features of target states, with existing non-target based explanations, to account for the degree of success of a sanction episode. The primary purpose of this endeavor is to examine the contribution of the target's domestic political structure to sanction outcomes and to do so in a systematic manner. Thus, this section is dedicated to identifying the target country attributes implicated in the process, providing an explanation of that process from the target's perspective and joining that with existing explanations.

Underlying the development of the theory is the intuition that differences in the political structure of the target countries can account for differences in the outcome of sanction episodes. The efficacy of the sanction's policy in altering target state behavior is a function of the target's political structure. The explanation that emerges from this discussion provides a set of testable hypotheses, these are subjected to empirical analysis in the next chapter. Here, the principal purpose is to construct a theoretical outlook that includes the domestic political structure of the target state in the sanctioning process.

Before turning to a discussion of the theory, it is necessary to define economic sanctions, describe the process underlying their use and what is meant by their success. Little consensus exists within the scholarly community on these important issues. For this reason, I outline the conceptual approach that is used in this research and adopt working definitions for the purpose of the ensuing analysis.

Economic sanctions are broadly defined as government to government trade measures that are accompanied by political demands (Wallensteen, 1983:89). The
intermediate intent of the economic measure is to reduce trade in the target country (Wallensteen, 1983:90, Doxey, 1987:3). The trade reduction is the vehicle through which the sender state hopes to promote compliance with its demands. Thus, economic sanctions and their attending legislation are crafted to attack the target state’s economy. While the effects of economic measures may vary within and across sanction episodes depending on sender state objectives, these sanctions are deliberate government actions to inflict economic deprivation in the target through the limitation or cessation of customary economic relations (Leyton-Brown, 1987:1). Essentially, trade sanctions are economic power plays (Knorr, 1975:152).

Economic sanctions may be applied alone or as a complement to other policy measures. The type of companion policies depends on the sender state’s goals and can range from the addition of diplomatic measures to military force (Hufbauer, Schott and Elliott, 1990:43).

The use of trade controls as policy instruments can take at least two forms. Both, positive and negative trade restrictions have been used to sway the target state (Wallensteen, 1983:89). The sanction measures considered here are those that are negative trade restrictions. Though they can be used together, the sanction debate is more often on the efficacy of negative restrictions and, negative restrictions are considered more coercive (Knorr, 1975:7 Wallensteen, 1983:89). Thus, positive inducements such as financial rewards are beyond the scope of this work.

Sanction episodes are interactive and characterized by a process. The sanctioning process is triggered by a set of conditions determined by the sender and target country
relationship. Economic sanctions happen when two events occur: (i) the target engages in behavior objectionable to the sender and (ii) the sender reacts by attacking trade elements of the target’s economy. Therefore, conceptually, a sanction episode embodies a conflict between the sender(s) and the target(s) (Wallensteen, 1983). Sanctions are coercive; the sender intends to influence "the target government into particular avenues of response" by squeezing its economy until the target alters the “offending” behavior (Martin, 1992:31). This view of the sanctioning process suggests a two step event. First, the economic measures against the target state must achieve an intermediary goal, economic sanctions must yield trade dislocation. Second, the trade disruption caused by the imposition of economic sanctions must translate into political change. This is the implied premise of the traditional view of the sanctioning process.

Each side is equipped with tools to engage in the process. The sender's primary tools are economic instruments designed to affect the target state's economy. The target's tools consist of a variety of countermeasures determined by the structure of its political institutions and the economic resources available to it. Together these contribute to a determination of the outcome of the sanction episode.

The question of sanction success is among the most discussed in the sanctions’ literature. Indeed, it has been the primary impetus behind much of the research on economic sanctions and the subject of many debates. There are two aspects of the question that permeate the discussion on success. Often, the manner in which these aspects are treated determines the approach to the study of economic sanctions. A full discussion of these issues is found in the text below, here, I briefly identify the issues and introduce the
approach taken in this analysis. The first issue regarding success centers on its definition. How do we recognize sanction success when it occurs? This aspect speaks to the objectives behind the sender’s initiative. Traditionally, sender state objectives have been associated with policy compliance. Success is achieved when the target state agrees to comply with the sender’s political demands. In spite of the failure of economic sanctions to achieve these results policy makers continue to rely on their use. In looking to explain this phenomenon, alternative explanations are offered to understand the policy maker’s decisions. The perceived failure of the traditional view has led to a reassessment of the definition of success. Rather than policy change as a measure of success, recent analyses focus on the symbolic and signaling functions of economic sanctions (Baldwin, 1985, Lindsay, 1986, Schwebach, 1995). There are those who say that target policy change is only one of many possible objectives including, punishing, discrediting and embarrassing the target (Wallensteen, 1983:156). Still other objectives include satisfying a domestic constituency of the sender state, sanction application provides the political currency that comes from the perception of “taking action” without much associated risk.

Related to this aspect of the success question is the relationship between economic dislocation and target country compliance. The history of sanction episodes is full of examples of significant economic disruption in the target state’s economy without political compliance. Curiously, in spite of significant economic hurt, the target state continues to resist. If the sender’s objectives are punishment, then success can be said to occur at some economic threshold rather than through observed policy change in the target state.
Finally, there are questions regarding the duration of the sanction episode and success. How long must a sanction program be in effect before it is judged a failure (Knorr, 1975: 152)? Here, the concern is with expectations regarding the relationship between time and compliance with the sender state's demands. While most agree that the sanctions program instituted against South Africa was helpful in dismantling structural apartheid, there are questions about how long it took to achieve the results. Could better results have been achieved more efficiently and effectively?

These are some of the issues that arise in a discussion on the success of economic sanctions. For the purposes of this analysis and theoretical development, I adopt the traditional perspective. Sanction success is narrowly defined as target compliance with the sender's demands (Martin: 1992,32). The on-going debate on the meaning of success notwithstanding, in this research, success is specifically equated with changes in the "offending" target policy.

I use the degree of change in target country policy as an indication of success for a number of reasons. This definition lies at the heart of the question regarding the utility of sanctions, it is the most researched aspect of sanctioning and it is the most common understanding of the objectives of economic sanctions (Morgan, 1995; Morgan and Schwebach, 1993; Martin, 1992). Relying on the statements of those who implement economic sanctions, the policy makers, we find that there is corroboration for this view: policy makers say that sanctions are among the tools used to "curb the behavior of rogue states" (Christian Science Monitor 12/2/96).
As to the duration of the sanction episode, I conform to the convention in the field. The length of the episode is less important than its outcome. Therefore, a sanction program may be in effect a long time, however, if it brings about a change in the target country’s behavior it is a successful program. Having dispensed with the definitional aspects of the process, I now move to the conceptual issues regarding the elements that can determine the outcomes of the sanctioning process.

What causes sanction episodes to succeed? Why are some more successful than others? The degree to which a sanction episode succeeds is a function of many conditions. These include the characteristics of the sender, the issues at stake between the two parties and the types of trade controls used. For analytical convenience I categorize these conditions under two broad headings, those relevant to the sanction measure and those relevant to the target state. Subsumed within the rubric of the structure of the sanction measure are the sender state attributes. Because previous research has dwelled on those elements contained within the structure of the sanction measure, here I focus more on those characteristics relevant to the target state. The objective is to examine what contribution the target state’s political and economic structure makes to the outcome. And, to assess the comparative performance of a target based approach with existing explanation for sanctions episodes.

The structure of the sanction employed is vital to the outcome of the sanction episode. The structure of the sanction reflects the degree of economic harm the target state may suffer. This category of elements plays an instrumental role in reaching the intermediate objectives of the sanctioning process. The sanction’s structure is made of
factors that include the power status of the sender, the number of senders and the kind(s) of trade controls that are implemented by the sender state against the target state. These elements are well discussed in the literature on economic sanctions, here I will briefly outline their significance.

Whether the sender state is a major or minor power has been hypothesized to influence the potency of the sanctioning program. The power level of the sender is relevant because if the sender is a major power then it may be able to inflict more economic harm than a minor power. Underlying this notion is the intuition that major powers are likely to have more economic leverage and credibility in levying economic sanctions. The United States is among the most frequent users of the sanction option. In part, this reflects the U.S.’ trading position and economic strength over other nations.

There is a range of economic measures that are part of the structure of the sanction. Import, export and financial trade controls are the common names for a large variety of tools that can inflict a range of economic harshness. The more stringent the measure, the more tailored it is to produce trade losses, the more potent the economic costs. Since the purpose is to achieve sufficient trade losses such that the target state is driven to comply with the sender, the sanction measure has to create economic harm to meet the thresholds of the sanctioning process. Thus, the selection of the trade control or combination of controls is a critical aspect of the episode. For example, some cases may warrant import controls, as they can be more potent instruments of trade reduction than export restriction (Hufbauer et al., 1990:36). In any case, the policy-maker’s selection of the trade measures is the key to initiating the entire process.
Many have examined the usefulness of combined sender efforts to effective sanctioning. The underlying principal is that the more senders there are joining together to sanction a target state, the more effective the sanction program. Martin hypothesized that unilateral sanctions are likely to fail because the target state can find alternatives for lost markets and goods (Martin, 1992:3). The multilateral sanctions against Iraq in 1990 are often touted as one example of a successful multilateral effort. One conclusion regarding the efficacy of economic sanctions stipulates that effective sanctioning follows only from broad international support for the objectives behind the sanctioning (U.S. New and World Report, 6/15/98).

The power status of the sender, the number of senders and the kind of trade control determine the structure of the sanction. These kinds of determinants of sanction outcomes and their theoretical justification come from the existing literature where their significance to the sanctioning process is well documented. In section B below these arguments are further articulated.

 Appropriately structuring the economic measures to promote economic harm is just a preliminary step in achieving the intermediate goal. Because the economic displacement is only a catalyst for policy change, the structure of the sanction alone is insufficient in accounting for the entirety of the process. Inflicting economic harm on the target state does not always lead to a change in its policy. There is a range of possible results, economic distress in the target state may yield no policy change, some change or outright compliance. In support of this claim there is the evidence that similarly structured economic sanctions can have diverse effects on different targets (Katzenstein, 1978). Trade losses for one target
state may provide the impetus for internal economic development, propelling the target into
diversification programs that promote economic self-sufficiency. For another, it may mean
insurmountable economic hardship that may facilitate compliance with the sender’s
demands. These varied results point to important differences within the target state that can
account for variations in sanction episode outcomes.

To complete the sanction story, I argue that the target state plays a role in the
unfolding of a sanction episode through the structure of its political institutions. It is that
structure that can explain the difference in the outcomes among similarly structured
sanction episodes. Largely untapped as a component explanation for the outcome of
sanction episodes, the differences among target states merits inclusion in the analysis. One
element of the target state that is often included is its weakness. For example, the literature
often suggests the weaker the target, the easier it is for the sanction effects to permeate the
target society and foster compliance. This is an intuitive notion that seems accurate on its
face. Upon closer examination, however, it appears that it is the type of weakness that may
be most important to consider. Weakness, per se, is not strictly defined in the literature.
Here I address this gap as I develop the argument that the target’s institutional attributes
may account for degrees of weakness and other determinants of the sanction process often alluded to in the literature.

Given the introductory overview above, the theoretical components of the argument
are as follows. The sanctioning process is understood by highlighting two constituent
elements. The structure of the sanction measure and the structure of the target’s domestic
political institutions provide the broad outline for the theoretical point of departure. Figure 1 below demonstrates the argument:

**Figure 1: The Sanctioning Process**

<table>
<thead>
<tr>
<th>Target Structure</th>
<th>Sanction Structure</th>
<th>Outcome (Degree of Success)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Political Institutions</td>
<td>Sender Power</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of Senders</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trade Control</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sender Goals</td>
<td></td>
</tr>
</tbody>
</table>

Section A below provides an explanation for the role of each of the factors that comprise the domestic political institutions of the target state’s structure.

**A. The Structure of the Target's Domestic Political Institutions**

The scholarly community is quick to point out that sanctions often fail in their instrumental purpose. Sometimes, however, sanctions succeed. One variable that may help in accounting for the difference in degrees of success is the manner in which the target state responds to economic sanction. All target states are not equal in their response to economic sanctions. There is sufficient evidence to suggest that target countries differ in the policies they create to counter the effects of the sanction program. These policies are direct products of the national policy making institutions within the target state. The response policy of the target state is a key element in the sanctioning process. Thus, political institutions and their impact on policy making in the target country are especially relevant to consider in
understanding the responses to applied sanctions. Further, understanding the response helps in understanding the sanction process.

Target states employ varying strategies to cope with the imposition of economic sanctions. These strategies, referred to as countermeasures, can play a vital role in the outcome of a sanction episode. The response of the former Rhodesia is illustrative. When it was sanctioned in 1965 for its untenable position towards its African citizens it suffered a 31% reduction in trade during the first year (Wallensteen, 1983:104). In the face of this considerable loss in trade and the opprobrium of the international community, it managed to transform its economy from virtual dependence on external markets to self-sufficiency (Renwick, 1981:85). The strategies adopted by Rhodesia dulled the edge of the sanctions, rendering them less than successful. How was Rhodesia able to devise programs to offset the impact of sanctioning?

In contrast, the successful sanctions against the Soviet Union in 1933 for the release of British prisoners resulted in only a 7% decrease in trade but brought the change in policy demanded by the sender (Wallensteen, 1983:104 and Hufbauer, Schott and Eliott, 1990). The unanimity of the sanction effort against Rhodesia coupled with its dependence on external trade and its landlocked geography would suggest that it is an ideal target for successful policy change (Green, 1983:78). The Soviet Union, with its rich resources and diversified economy, would seem to defy expectations with its compliance.

Another example is found in a comparison of two sanctions episodes that targeted Iran, the first in 1979 and the second in 1984. According to most accounts, the 1979 sanction program was fairly successful whereas, the anti-terrorism sanctions imposed in
1984 failed (Carswell, 1981, Hufbauer et al, 1990). What accounts for this significant difference in outcomes applied against the same country only five years later?

There are a host of possible explanations that can account for the differences in the results among these sanction episodes. We could look to the issues at stake in each of the cases and note the differences there. Perhaps the apparent acquiescence of the Soviet Union and Iran in 1979 reflects the less intrusive character of the sender state’s demands. This would suggest that as the target state is asked to alter issues of a vital nature, it will resist. This explanation for the variation in sanction outcomes is among those examined below.

Another explanation for the variation in outcomes may lie in the difference in the structure of policy-making institutions during the five-year span. In 1979 Iran was in the midst of a political and social revolution. Uncertainty, shifting decision-making centers and a suspension of the regular modes of participation characterize the revolutionary process. In all likelihood this chaotic state of events influenced the development of countermeasures. Cohesive and effective countermeasures were probably more difficult to develop during the revolutionary period. As the case study below shows, however, Iran’s anti-West propaganda campaign was a formidable countermeasure allowing it to withstand stringent sanctioning before agreeing to the release of the American hostages. By 1984, the revolutionary regime was more firmly ensconced and the more institutionalized interplay between interests and institutions led to more effective countermeasure policies. The sanctions imposed in 1984 continue to be in effect after nearly 15 years, a testimony to effective resistance measures by the revolutionary regime.
Admittedly, the difference in result among the Rhodesian, Soviet and the two Iranian cases can be attributed to a variety of elements. The issues at stake, the senders, the costs and many other factors differ with each sanction application and may, in part, be responsible for the outcomes. What remains unexplored is the extent to which internal dynamics of the target state play a role in defining outcomes.

The record indicates that economic sanctions produce a range of results. Complete and utter success, dismal failure and many other points in between are indicated in the spectrum of possible outcomes. When viewed from the target country’s perspective, especially its political institutions, sanction success can be defined in terms of target response; more success occurs when the target responds by giving in, less success when it resists. Thus, the target state’s response can contribute to the determination of sanction success.

The degree of target acquiescence or resistance is embodied in the policies developed to address the economic sanction. That is, acquiescence, resistance or anything in between is considered the response policy. According to this reasoning, the degree of instrumental success is directly related to the kind of target country response, its countermeasures.

The development of effective policies to counter sanctioning can be fatal to any sanction program. Where there are sufficiently effective countermeasures, the impact of sanctioning on the target state is minimized, possibly nullified. Thus, countermeasures can determine the degree to which the target state complies with the sender. In the case of the former Rhodesia, a diligent program of economic diversification, establishing alternative
trading partners and instilling a sense of domestic cohesion in the target population were the countermeasures that proved fatal to this sanctions’ success (Green, 1983:62).

In this argument it is unimportant whether one target has more economic resources than another does. More relevant than the availability of economic resources is the ability to engage any resources, including national solidarity, in times of stress. The policies devised to counter the effects of sanctioning can take many forms (Doxey, 1987:110). As the Iranian cases indicate, campaigns to foster domestic cohesion by finding external enemies and withstanding the sacrifice are examples of countermeasures that do not require a wealth of natural or financial resources. These examples of coping strategies show that internal economic resources can be less vital than well-orchestrated government campaigns to cope.

The way that resources are marshaled to create countermeasures is influenced by the target state’s internal political structure. The elliptical reference to the target state society as an "organism with self-maintaining potential" offered to explain the response to sanction pressure is not satisfying (Galtung, 1967, Doxey, 1980). Sylvan call this “holistic view” of the target society unjustified principally because it ignores the differentiation within the target society regarding the reaction to the imposed sanction (Nincic and Wallenstein, 1983:212). The target society is comprised of a variety of interests and, depending on the availability of mechanisms for their articulation, these become an integral part of the target’s response to sanctioning. Even if we accept that “self-maintenance” is a response, then what institutional structures within a given target state produce this result?
The structure of the political institutions provides the framework for the target response to sanctioning. Before showing what process underlies this claim, it is necessary to clarify what is meant by the structure of political institutions.

Looking at the political institutions of nations is a time-honored method of analysis among comparative politics scholars, it is from that sub-field that these definitions come. Usually, the institutional approach to an assessment of policy outcomes is applied to an evaluation of cross-national differences other than those related to the sanctioning process (North, 1990:7). Conceptually, the response to economic sanctions, however, need not be viewed differently than many other types of political threat to the target regime (Sylvan in Nincic and Wallensteen, 1983:213). In looking at the logic of regime response, Sylvan says: “sanctions share features with other threats (to the regime), and there are also explicit relationships between sanctions and such policies as internal subversion (1983: 213).

Here, I broaden the institutional analysis to reach an assessment of differences in sanction outcomes. Therefore, I examine political institutions to account for the differences in sanction outcomes across sanction episodes based on the differences in the target’s policy response to sanctioning.

Structure refers to the arrangement of the relevant political institutions; for example, in the U.S. the three branches of government indicate a certain structure (Steinmo, Thelen and Longstreth, 1992). Though there is no agreement among political scientists on the term “institution”, there is some consensus. The definition of institutions upon which I rely is the most widely accepted:

"both formal organizations and informal rules and procedures that structure conduct. Institutions shape the manner in which political actors define their
interests, they include the rules of electoral competition, the relations among branches of government, the relationship between individuals and government and the organization of the party system."

(Steinmo, Thelen and Longstreth, 1992:2).

At their broadest level, institutions are the rules and organizations that tell us how government is conducted, how policies are derived and how actors function within existing constraints (Hall 1991:19).

Given this conception of structure and institutions, how do these matter to the unfolding of a sanction episode? The structure of political institutions within a target state affects the process in a number of ways. Since I argue that the response to economic sanctions is a policy outcome, then political institutions play a role by shaping the strategies, defining the interests and influencing the policy outcomes of a country (Steinmo. Thelen and Longstreth, 1992:7). The national response that becomes the countermeasure is the culmination of a selection process among competing strategies held by different interests. Both, across and within target countries, the degree of competition among interest groups and strategies varies. The reactions may range from indifference to strong preferences for or against the sanction. Generally, economic sanctions are equally applied against the target state, however, the target state population is not equally affected by trade restrictions. There is a collective aspect to the punishment yet, the impact across target societies is varied and so is the reaction. Within the population some elements benefit by the opportunity presented, others lose and others still are completely unaffected.

There are those who argue that a central aspect of the sanctioning process is found in knowing whom within the target regime is threatened by sanctions (Sylvan in Nincic and
Wallensteen, 1983:213; Morgan and Schwebach, 1995). In fact, Sylvan advises that the first step in studying this issue is to analyze the political base of support of the target regime as that defines the leadership’s constraints and what constitutes a threat to it (1983:213). Further, Sylvan suggests addressing three important questions as a means to understanding the effects of economic sanctions. Who is threatened by the sanctions, what are their concerns and why do they or do they not exhibit flexibility in their response are the key questions in determining the efficacy of any sanction initiative (1983:213). Morgan and Schwebach follow a similar logic by observing that efficacy is found in isolating and aiming the sanctions at that segment of the target state population that is able to effect change (Morgan and Schwebach, 1995). According to these authors then, different segments of the target society matter to the outcome of economic sanctions not only because they have different interests but also because they have different capabilities in articulating those interests (Steinmo, Thelen and Longstreth, 1992:5 and Morgan and Schwebach, 1995). The strength of the Morgan and Schwebach argument lies in identifying who has access to effect policy change and whether that group has a sufficient stake such that it is willing to use its position towards that end, irrespective of the degree of institutionalization.

Yet, an awareness of these elements in society is insufficient. In addition to identifying who is who in the target state, it is equally important to understand how they interact and what institutional mechanisms govern their behavior. Identifying those with political power is important, it is also important to identify the means available for expression of that power. The methods of political expression are determined by an
assessment of the target’s institutional structures. The extent and manner in which interests are articulated in the political process depend on the channels available to the participants. These are of primary importance in the development of countermeasures to address the effects of sanctioning. For example, we can expect to see a difference between target states that have a tradition of competitive and institutionalized political participation and those that do not. Institutionalization of the political processes facilitates interest articulation and shapes the manner in which the leadership responds to sanctioning.

In Katzenstein’s look at the response of six industrial powers to the oil embargo, he found that differences in domestic political structures dictated the adoption of different strategies (1978:3). He observes that in the U.S., decentralization requires that government officials define objectives in tandem with business and financial leaders. In Japan, a more centralized, homogeneous country, policy development was facilitated because there is less differentiation between the state bureaucracy and governing political party (1978: 314). One hypothesis that emerges from this depiction is that where policy-making is centralized and interests are homogenous, policy development is less contentious and therefore, easier to achieve. In terms of response to sanctioning, this suggests that effective resistance to sanctioning may be easier to achieve in centralized systems. Conversely, the more power sharing there is, the less likely that resistance will be uniformly accepted by segments of the society (Morgan and Campbell, 1991:191 developed this argument with regard to the decision to go to war).

To understand the policy differences in countries undergoing similar economic threats, Katzenstein advises us to “focus on the machinery of government which conditions
foreign economic policy" (1978:14). While the basic institutions, like decision-making processes, may have parallels across countries, the way they function, as well as their interaction with other institutions, vary. It is a long established tradition within the comparative specialty to turn to an analysis of institutions to account for cross-national differences arising from common challenges such as we see in the sanctioning process (Steinmo, Thelen and Longstreth, 1992:5). To focus on the mechanisms of national policy-making is to understand not only who makes the important decisions but also how these decisions are made. Herein lies the key to further understanding the sanctioning process and the conditions under which effective sanctioning can be attained.

To summarize the argument so far, there are two principles that guide the research. First, the target state’s response to economic sanctions is an important element of the sanctioning process. Target state countermeasures play a dispositive role in the success of a sanction episode because these can determine the extent to which economic sanctions are effective. Second, countermeasures result from the national policy making institutions of the target state. Therefore, the target state’s domestic political structure provides the variables that determine the efficacy and type of countermeasures by the role it plays in national policy making. Figure 2 below illustrates:

**Figure 2: The Role of Countermeasures in Determining Outcomes**

<table>
<thead>
<tr>
<th>Sanction Episode</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sender State ➔ Economic Sanction ➔ <strong>Outcome</strong> ← Countermeasure ← Target State</td>
</tr>
</tbody>
</table>
The making and implementation of national policy to respond to economic sanctions is a function of many elements. Scholars on the subject of economic sanctions offer a number of attributes that play a role in the target state’s ability to counter the effects of sanctioning. I turn to these suggestions and develop them to construct an explanation for the degree of sanction success based on the creation of countermeasures as influenced by the structure of target’s domestic political institutions. The existing literature does not offer an organizational or theoretical outline to pursue this examination. For organizational ease, I have designated four broad headings of institutional attributes that play a role in this process. These are the regime type, the strength of the regime, the structure of the economy and the nature of the issue at stake. The designation of regime type is intended to capture such elements as, the kind and amount of participation in national policy making and the degree of centralization of political authority. The strength of the regime addresses the often-mentioned vulnerabilities cited by sanction observers as relevant to the sanction process. Here, issues of economic and political stability and legitimacy are examined. The economic structure of the target reflects two aspects of the target’s institutional structure: the extent of dependence on external trade and the extent of the central government’s involvement in the economy.

**Figure 3: Elements of Target Country Countermeasure Formulation**

<table>
<thead>
<tr>
<th>Target State Political Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regime Type</td>
</tr>
<tr>
<td>Regime Strength</td>
</tr>
<tr>
<td>Economic Structure</td>
</tr>
</tbody>
</table>
Below is an introduction to these institutional features accompanied by an explanation of their connection to the sanctioning process and hypothesized relationships to the degree of sanction success. According to this argument, it is these attributes that can determine the facility with which countermeasures are developed.

Type of Regime

Although regime type can be characterized in a variety of ways, for understanding the development of countermeasures, regime type is signified by the extent of centralization of political authority, by the kind and amount of political participation and by the constraints on the leadership. The overarching premise driving this section is that the more concentrated the political authority in the target state, the easier it is to develop countermeasures and enhance resistance to sanctioning. The underlying rationale for this premise is the assumption that the target state's leadership favors noncompliance with the sender's demands because if the leadership agreed with the sender, the application of economic sanctions would not have been necessary. Therefore, if political authority is intensely concentrated in the hands of the leadership it is more able to sustain resistance to any economic hardship.

The structure of political participation is important to the development of countermeasures because it defines the channels for interest articulation. A second assumption integral to the process is that target society is neither unanimously in favor nor against resistance. While sanctions are usually applied collectively, the cost of economic sanctions is not borne equally across the target society. Some sectors of the economy may
benefit by providing replacements for the goods lost due to the trade restrictions. Others may be disproportionately disadvantaged. Some elements maybe supportive of the goals of the sanction effort against their country, others not.

Gourevitch notes that a country's policy choices turn on the pattern of social wants (1986:55). What those wants are and how they are expressed affects the target state's ability to resist. Where social wants are diffuse, well represented and institutionalized, the cost of resistance may not be equally acceptable to all the participants (Knorr, 1975:157). Similarly, where interests are not well articulated and channels for expression of those interests are not well institutionalized, sanctions may fare better in their instrumental purpose. This rationale recalls the argument offered by Morgan and Campbell that an entrenched electoral process can restrict the foreign policy options of a nation because the political leadership is more accountable more easily through these processes (1991:190).

Thus, in target state societies with more institutionalized and competitive political participation processes, I would expect more difficulty in establishing an effective resistance program because the leadership is constrained. Similarly, the extent of autonomy a leader has in conducting foreign affairs is important to the development of countermeasures.

In addition to the institutionalization of participation processes and the centralization of political authority, the degree to which a leader can act without regular limitation on his actions can influence the development of countermeasure. In some target state’s, the leader has more unrestrained authority to act than in others. The kind of checks on the leadership impacts the development of countermeasures for rationales similar to
those offered above. A target state characterized by significant legislative or constitutional checks on the executive compared to one where a tradition of rule by decree prevails has different processes of policy development. Unencumbered by constraints, a leadership free to exercise control over policy-making is more likely to establish countermeasures that secure successful resistance to sanctioning. Similarly, the less a leader is obligated to share policy development power, the easier it is to develop the kind of countermeasures that fight sanctions (Morgan and Campbell, 1991:191). The classic, if not stereotypical, examples of this kind of regime include Italy’s Mussolini, the Soviet Union under Stalin, Cuba’s Castro, Yugoslavia’s Tito, Uganda’s Ameen and most recently, Iraq’s Saddam Hussein. Strong leaders, relatively unchecked authority plus a lack of regular participation channels can produce effective countermeasures under the direct control of the leader. Therefore, the degrees of limitation on the executive and power sharing in the policy-making arena are key features of the countermeasure development process. They suggest that the less limitation and power sharing the more effective the resistance to sanctioning.

The third ingredient in the regime type analysis is the extent to which the structure of the target state’s political system is centralized. In target state’s with relatively autonomous and powerful regional areas, there is more opportunity for the diversity of opposition to the leadership (where it exists) to express itself. In contrast, where all such authority is vested in the central government, countermeasure policies are not subject to acceptance by the regional areas. Thus, in centralized systems countermeasures are easier to develop and resistance to sanctioning is enhanced.

Regime type is defined by the following variables
- Extent of institutionalization of the political participation
- Extent of competition of political participation
- Constraints on the leadership, including the independence of the executive
- Degree of centralization of the political system

The foregoing suggests the following hypotheses:

**H1a:** The more institutionalized and competitive the political participation processes, the more difficult it is for the leader to establish effective counter measures, thus enhancing the degree of sanction success.

**H1b:** The less constrained the leadership, the easier it is to establish effective countermeasures, thus detracting from the degree of sanction success.

**H1c.** The more centralized the political authority, the easier it is to establish effective countermeasures, thus detracting from the degree of sanction success.

**Strength of Regime**

The strength of the target state regime is often cited in the literature as a variable that can affect the outcome of sanction episodes. For many sanction scholars the suggestion that weak regimes are especially vulnerable to economic sanctions is intuitive. The intuition is predicated on the assumption that increased economic pressure is most effective on the weak state. Conceptually regime strength appears to have a variety of understandings, for most authors however, the strength of a target state is defined according to political or economic indicators or both.

Economic pressure as a means of capitulation to the sender state’s demands is the presumed basis of the sanctioning process. That pressure, reason would suggest, is much
more effective when applied to economically and politically vulnerable systems. Surely, a
target state in the throes of political and economic uncertainty is less able to withstand the
added burden of economic hardship and political isolation. Furthermore, such weaknesses
increase the difficulty in developing polices aimed at resisting sanctioning. Effective
countermeasure development necessitates cohesion and support behind the leadership. The
requisite cohesion is likely to be elusive during times of internal political and social stress.

Hufbauer, Elliot and Schott say that "countries in (political and economic) distress
or experiencing significant problems are far more likely to succumb to coercion by the
sender country" (1990:97). In their empirical analysis they consider a target state with acute
economic problems coupled with chaotic political turmoil to be in distress and therefore,
weak (1990:46). Knorr similarly ascribes much explanatory power to the strength of a
government in determining its resistance potential (1975:154). He defines strength as a
function of regime legitimacy that is manifested by strong domestic support and a lack of
divisiveness. For Knorr, a weak regime has faltering legitimacy, lacks domestic support and
is politically divided (1975:154). Ostensibly, such a regime makes an appealing target
because the chances of sanction success are enhanced. According to Knorr, the political
basis for noncompliance is more available to a strong regime (1975:154). Sylvan suggests
that when sanctions disrupt the "constitutive rules and the ideology" of the regime they are
a more potent threat (Nincic and Wallensteen, 1983:217). Indeed, the success of a sanction
program rests on its ability to do just that for Sylvan. Economic sanctions are supposed to
weaken the target state into submission, applied to a state with existing weaknesses they are
even stronger instruments of policy change.
Drawing from these observations, the fragility of the regime’s political and economic foundation is an important aspect of regime strength as it can influence the outcome of sanction episodes.

These observations indicate that the imposition of economic sanctions on a troubled target regime aggravates existing problems and can undermine an already frail legitimacy (Gasiorowski, 1995:884). In this manner economic sanctions add to popular disenchantment and help threaten the position of the leadership. Therefore, a politically weak regime is inclined to comply because of pre-existing vulnerabilities.

The strength of a regime is important to the development of countermeasures because it can affect the cohesion necessary for resistance. For example, the development of a siege psychosis has been noted as a powerful factor in maintaining the will to resist (Doxey, 1987:116). This mentality among the target state’s population promotes the willingness to sacrifice for national purposes. Knorr observes that the economic “hurt is not unbearable so long as there is the political determination to defy economic pressure” (1975:154). How is the political determination to which Knorr refers developed? A weak regime lacks the legitimacy necessary to build support for countermeasures. The development of such a mentality and its accompanying propaganda campaigns are more easily accomplished by a strong regime, one that is not beset with economic and political problems.

Regime strength can be assessed in a variety of ways; here I will look at the target regime's tenure as an indication of political legitimacy reflective of target state strength.

Regime strength is defined by the following variable:
-Length of the target regime tenure in power

I rely on this measure for two reasons. First, that information is both, readily available and reasonably accurate. Second, other potential useful indicators of regime strength were largely unavailable for the target countries examined in this sample.

The discussion above suggests the following hypotheses:

**H2: The weaker the target regime, the more difficult it is to develop countermeasures, thus enhancing the degree of sanction success.**

**Structure of the Economy**

The structure of the economy is important to the ability to resist sanction pressure for a number of reasons. There are two aspects of the target state’s economic structure that are especially relevant to the establishment of successful countermeasures. First, the extent to which the state is involved in the target’s economic transactions is a factor with important consequences for the development of resistance programs. Second, the literature indicates that levels of industrialization can impact the ability of a target state to resist.

With regard to the first aspect, the degree of state involvement in the economic affairs of the target, I argue that state controlled economies facilitate the development of effective countermeasures. Though economic sanctions are a political device, they work by striking at the target state’s economy, specifically the trade elements of that economy. Therefore, the issue of who controls the economy is central to the efficacy question. The target state’s leadership more easily controls state-run, state centered economies because they are less distinguished from the leadership. Presumably, state-run economies fall in step with the leadership’s political agenda more willingly than others. In contrast to private
sector domination, the state-controlled economy is more committed to the policies of the leadership. Where a policy of resistance has been established, then the economic arm of the state can be expected to follow. The potential for opposition in a state run economy is therefore minimized when compared to target state where trade is organized primarily through the private sector. Private sector free enterprise brings with it interest groups who may not be as tolerant as the state of the costs that accompany sanctioning (Knorr, 1975:156). The guiding premise here is that the private sector is simply motivated by economic growth, not by ancillary political issues important to the leadership. In such cases, sensitivity to lost opportunities created by the leadership’s stance, may be too acute to withstand sanction pressure. Because I have assumed that the target state’s population is unlikely to unanimously support a leader’s decision to fight the sender’s demands, private sector trade strengthens the opportunity for elements of the population to express opposition. The arrival of economic sanctions requires economic restructuring, the lost goods need to be replaced and alternatives channels developed. It is an ambitious organizational task that may risk political vulnerability for the target state (Wallensteen, 1983:107). The state-trading target, however, is at an advantage it does not have to campaign the private sector to follow its policies. Knorr observes that the degree of ruling group sensitivity to income generated by international trade affects the will to resist (1975:154). This recalls the argument made by Morgan and Schwebach regarding the effect of sanctions on the elite who has the power to make policy changes (1995). Policy change is attainable only to the degree that those who command the reins of decision making power make it happen.
If there is substantial private sector involvement and its economic position is threatened by the imposition of sanctions, then there is more potential for opposition to resistance policies. Therefore, it is important to know who dominates the economic sector, who is potentially deprived by sanctions, and how the economy is structured before determining the ease with which countermeasures may be developed. Galtung refers to the notion of a restructuring of the economy to cope with sanctions (Nincic and Wallensteen, 1983:33). Economic sanctions may force a reshuffling of the economy and its dominant actors. New influential actors may emerge as a result of the economic restructuring. Galtung observes that the home-based production rather than import-export is likely to create a new set of elite decision-makers who have a stake in the new economic structure (1983:33).

There are indications that complex industrial economies are more vulnerable to the pressures of sanctioning. Daudi and Dajani suggest that predominantly industrial economies are more susceptible to sanctioning than traditional ones (1983:164). The supporting rationale offered is that industrial economies are more reliant on export and import channels for their sustenance than their traditional agrarian counterparts. Vulnerability is most acute for export-import dependent economies (Galtung in Nincic and Wallensteen, 1983:23). Economic interdependence characterized the modern nation state which is more tied in to global economic networks and markets.

Modern economies with their interdependence on international markets are comparatively more accessible, more effectively by sanctioning (Deese in Nincic and Wallensteen, 1983:157).

Structure of the Economy is defined by the following variables:
- The degree of private sector involvement in the economy
- The degree of industrialization of the economy

This suggests the following hypotheses:

**H3a:** The more private sector involvement in the economy, the more difficult it is to establish effective countermeasures, thus enhancing the degree of sanction success.

**H3b:** The more industrial the target economy, the more difficult it is to establish effective countermeasures, thus enhancing the degree of sanction success.

**Summary of Target Structure Hypotheses**

**Regime Type:**

**H1a:** The more institutionalized and competitive the political participation processes, the more difficult it is for the leader to establish effective countermeasures, thus enhancing the degree of sanction success.

**H1b:** The less constrained the leadership, the easier it is to establish effective countermeasures, thus detracting from the degree of sanction success.

**H1c:** The more centralized the political authority, the easier it is to establish effective countermeasures, thus detracting from the degree of sanction success.

**Regime Strength:**

**H2:** The weaker the target regime, the more difficult it is to develop countermeasures, thus enhancing the degree of sanction success.

**Economic Structure:**

**H3a:** The more private sector involvement in the economy, the more difficult it is to establish effective countermeasures, thus enhancing the degree of sanction success.

**H3b:** The more industrial the target economy, the more difficult it is to establish effective countermeasures, thus enhancing the degree of sanction success.
B. Sanction Structure

The second major theoretical component I develop concerns characteristics of the sanction measure. Among others, this aspect addresses the kind of economic instrument used by the sender state. The manner in which the sanction is structured can determine the degree of trade losses to the target. The imposition of economic harm, though it does not guarantee success, is a basic ingredient of the process. Some authors observe that the ability to inflict economic pain is a necessary, but insufficient, condition of the process (Lindsay, 1986; Losman, 1972, 1979). Thus, economic harm, through the denial of trade benefits, is a vehicle for compliance. If the sanction program does not yield trade losses then, target state compliance can not result from sanctioning.

In large part, the effectiveness of trade restrictions is determined by the degree of target state vulnerability to the imposed restriction (Knorr, 1975:154). It has been noted that the failure of sanctions to force compliance rests in their inability to inflict serious economic pain (Lindsay, 1986:159). Thus, economic damage to the target state is a prerequisite for compliance. The graver the harm to the target state's economy the greater the potential for success for the sender state.

According to much of the literature the amount of trade losses can be enhanced by the structure of the sanction instrument. The kind of economic measure deployed against the target state has an impact on the extent of trade losses.

The structural features of the sanction examined here are the kind of control implemented, the power level of the sender, the number of senders involved and the articulated goals of the sender. Though none of these alone is decisive in determining outcomes, taken together and structured appropriately to the task, these can be decisive to the outcome of a sanction episode. Most of these elements are part of the existing discussion in the sanction’s literature.
Below I explain the understanding of the contribution of these structural features of the economic instrument to the sanctioning effort and develop the hypotheses that they represent.

**The Nature of the Control on Trade**

This element is intended to reflect one of the three types of trade restrictions included in this study. Trade controls can take one of three forms, import, export or both. The significance of this factor is found in the distinction between how export and import controls operate. When the sender applies export controls, sender goods to the target are curtailed. Conversely, import controls restrict the entry of target state goods to the sender's markets. Usually, export controls are considered more effective than their import counterparts thus; they have been more frequently employed (Hufbauer, Schott and Elliott, 1990:36). The use of export controls forces the target state to find substitute sources for the restricted goods. Looking for alternatives is a timely and costly endeavor. Export controls are especially effective if the sender state can restrict a limited and valuable resource from reaching the target (crude oil is the typical example). Import controls are frequently less effective because they can be more easily circumvented by the availability of alternative markets and goods.

It is necessary to caveat this distinction between export and import controls. There are exceptions to the generalizations offered above. Depending on the target state's economy, it may be that import controls achieve more profound trade losses.

Financial restrictions are potent instruments of inducement. Whether it is the freezing of target country assets or the blocking of target country loans, financial controls have produced some measure of success (Hufbauer, Schott and Elliott, 1990:36). The rationale offered for the success of these instruments is predicated on their direct link to
projects of the target state leadership, that group that is most likely to affect policy change (Hufbauer, Schott and Elliott, 1990:70)

Nature of the trade control is defined by:

- Sender state’s use of import, export and/or financial restrictions

This suggests the following hypothesis:

**H4**: Generally, sender imposed export controls and financial restrictions enhance the degree of sanction success more than import controls.

**Who is the Sender State(s)**

There are at least two salient sender state characteristics that can influence the structure of the sanction measure and, consequently the outcome of a sanction episode. The number of sender states, as well as, the power of the sender can be significant determinants of sanction success. One can imagine, all things being equal, that a large group of powerful countries instituting trade controls against one minor power are more likely to succeed than one minor power attempting the same. The multilateral sanctions against Iraq in 1990 have come to represent the wisdom and efficacy of international support for launching more acceptable sanction programs. While these have not led to policy changes in Saddam Hussein’s behavior, they are an example of the cooperation attainable by a sending coalition. Below, I explain how the number and the power level of the senders can impact outcomes.

**The Number of Senders**

The sanction initiative can be unilateral or multilateral. Unilateral sanctions are undertaken by one country against the target state(s) and multilateral sanctions are those that are conducted by two or more countries. The number of sender states, as evidenced
by the degree of cooperation among them, is a determinant of economic harm because high levels of cooperation can enhance the amount of disrupted trade. The greater the cooperation among sender countries, the greater the denial of access to markets for the target state (Hufbauer et al., 1990:44). Hufbauer et al. say that, "it is almost axiomatic that more cooperation is better than less" (1990:45). Simply put, the more senders, the more difficult it is for the target state to find alternative sources (Martin, 1990, Knorr, 1975:160). Second, a large number of senders can intensify the target's sense of isolation and disapproval from the community of nations, thus contributing to the degree of sanction success (Daudi and Dajani, 1983:166). Some multinational sanction programs carry with them the perception of a greater legitimacy; there is the perception of validation when a number of the global community come together to punish some "wayward" member (Wallensteen, 1983: 184). The 1990 U.N and U.S sanctions against Iraq have come to represent the viability of the multilateral approach. It is important to note that while cooperation among the sending coalition has been adequate in the Iraqi case and there has been significant economic dislocation, these sanctions have not yielded a change in Saddam Hussein's policies. Thus, the success of this case is limited to the unanimity among the sending group and the economic deprivation that that has caused in Iraq.

Many have argued that while multilateral sanctions promise the highest degree of success, they are most difficult to achieve because they require voluntary cooperation and agreement among sovereign states (Knorr, 1975:160). The principal sender has the arduous task of convincing other states to join its effort. Defection and lack of agreement among the sending coalition are some of the problems that undermine a multinational effort. The political and economic incentives to break from the cooperation are large. The multilateral approach to sanctioning presents a collective action problem for the states involved. States would prefer to benefit from the principal sender's efforts without
suffering the costs of the disrupted trade with the target state. Therefore, multinational sanctions may enhance the prospect for success but only if there is agreement and no defection among the members. Otherwise, multinational sanctions detract from the potential of success. For a thorough discussion of the list of conditions under which cooperation may be attained by a group of senders see Martin, 1992.

In this analysis on the number of senders, I examine the wisdom of the multilateral approach. In spite of the documented shortcomings, multilateral efforts appeal to our intuition. Economic sanctions involving a large sending coalition go to very core of the economic aspects of sanctioning. If sender’s hope to achieve their goals through economic deprivation, then multilateral programs are superior to the unilateral effort because they can cut off more trading opportunities. Here, I empirically evaluate that notion and put the debate to rest.

Multilateral sanctions are defined by the following variable:

- The number of sender states engaged in a sanction episode

This suggests the following hypothesis:

**H5a: Multilateral sanctions enhance the degree of sanction success.**

**The Power of the Sender**

A quick review of the list of sender states indicates that the trade weapon has been initiated more frequently by the so-called "big powers", the United Kingdom, the United States, and the Soviet Union than by the relatively smaller powers (Wallensteen 1983:103). Indeed, the United States accounts for a vast portion of the economic sanctions initiatives instituted in this century. Though powerful nations are not the only ones who use economic sanction, these nations comprise a significant part of that population. The relative power of the sender state is an important ingredient in the determination of success. In a sense, big powers use sanctions because they are big; they have relatively more resources, more markets and more supplies with which they can
coerce smaller powers (Hufbauer et al., 1990:10). Deese observes that superpowers like the United States and the former Soviet Union have comparative economic leverage when it comes to the use of sanctions (in Nincic and Wallensteen, 1983:161). According to him, the United States, especially, has a net advantage "because of important degrees of control over international liquidity, high technology exports, world food grain exports and world phosphate exports (1983:161). Although he concedes that the application of sanctions is not without reciprocal costs, the superpowers are less reliant on international trade (1983:164) Thus, big powers can use these trade advantages to negotiate with smaller powers and extract policy changes. Economic sanctions foster target state compliance when the sender is significantly more politically and economically powerful than its target (Wallensteen, 1983:103, Hufbauer, Schott and Elliott 1990:48). The specific definition of economic and political power is developed in the following section. This suggests the following hypothesis:

**H5b. The degree of sanction success is enhanced when the sender is a major power.**

**Nature of the Issue**

Many sender state goals can inspire the imposition of economic sanctions. Broadly, the sender aims to alter some target state behavior or policy, either domestic or foreign. Some sender objectives are easier to achieve than others are. A target state is likely to be more willing to succumb to a minor policy change than to a major one. The extent to which that policy is important to the target state has an impact on the degree of success. There is a direct correspondence between the degree of dedication to resistance and that which the target is being asked to change. If the sender wants to change some issue that is of vital national importance to the target state, that will be more difficult than some minor change
(Hufbauer et al., 1990:49). To quote Hufbauer et al. "sanctions can not stop a military assault as easily as they can free a political prisoner" (1990:49).

To some extent, every sanction scholar alludes to the importance of the issue to the target state in determining whether the economic sanctions will succeed. Accordingly, the more "fundamental" or "core" the change sought by the sender from the target state, the less chance of success. The significance of the issue to the target state affects the degree of resistance because the more significant the issue the more resistant the target will be. To Hufbauer et al., the kind of change sought by the sender directly impacts the chances of sanction success (1990:49). The sender state more easily achieves modest changes with their relatively modest demands. Morgan and Schwebach's formal look at sanctioning reveals insight on this issue as well (1995:16). According to the authors, rather than the absolute costs incurred by the losses in trade, sanction efficacy should be assessed in terms of the cost of the sanction relative to the value of the disputed issues (1995:16). Thus, where the issue is highly valued by the target state (or salient elements within the target), even relatively injurious sanctions may be insufficient in achieving the sender's objectives (Morgan and Schwebach, 1995:16).

In terms of the development of countermeasures, a target is likely to exert more resistance effort if a "core" or valued issue is at stake. If the sender state calls for some fundamental change, then we can expect a more zealous campaign of opposition by the target state. Economic sanctions intended to achieve an ambitious objective such as the overthrow of a target regime can expect to be met by an equally ambitious countermeasure program.
The issue at stake is defined by the following variable:

- Sender Goals

This suggests the following hypothesis:

**H6. The more valued the disputed issue is to the target state, the more active the countermeasure campaign, thus detracting from the degree of sanction success.**

**Summary of Sanction Structure Hypotheses**

**H4:** Generally, sender imposed financial and export controls enhance the degree of sanction success.

**H5a.** The degree of sanction success is enhanced when the sender is a major power.

**H5b:** Multilateral economic sanctions enhance the degree of sanction success.

**H6.** The more valued the disputed issue is to the target, the more active the countermeasure campaign, thus detracting from the degree of sanction success.

**Conclusion**

The target state’s role in the economic sanctioning process has not been treated in a theoretical or systematic manner. In this chapter the aim has been to develop a theoretical outlook that accounts for the target state’s role in the unfolding of a sanction episode. To that end, a picture of the sanctioning process that highlights the role of the target state’s response to sanctioning is offered. The target country’s response to sanctioning is perceived as a decision making endeavor similar to the development of any national policy. In this view, sanction outcomes depend on the degree of target country resistance and the programs devised to cope with the pressure. That resistance is derived from the political structures that exist in the target country. Thus, the variation in the outcomes of sanction episodes can be accounted for by the variation in the political structure of the countries sanctions target.
The theoretical picture led to the development of a series of nine testable hypotheses. In the next section I subject these hypotheses to aggregate testing on a large number of cases of sanction episodes.
Building a Bridge between Theory and Empirical Analysis

Chapters two and three introduce and develop a theoretical foundation for the examination of sanction efficacy. The theoretical perspective underscores the role of the target state in determining the final outcomes of sanction episodes. To assess the applicability and viability of the developed theory I turn next to an empirical examination of these premises.

Chapter four presents the sample of cases and results for the aggregate statistical analysis. Chapters five and six offer a discussion and analysis of an in-depth case study featuring Iran as the target of sanction episodes. In chapter seven the thesis conclusions and policy implications are presented.
Chapter Four:
A Unified Model of the Sanctioning Process: Methodology, Testing and Results

In this research I consider the effects of target country attributes and the traits of the sanction measure on the outcome of sanction episodes. In the preceding chapter, a theoretical perspective featuring the target country’s role in the sanctioning process was developed. From that ten hypotheses emerged. Here, I introduce the variables, their measurement, and the testing methodology and conclude by presenting the results of the aggregate analysis.

There are two ways that I empirically examine the hypotheses developed regarding sanction episode outcomes. The first approach is an aggregate analysis in which the hypothesized relationships are applied to a series of one hundred fifteen sanction episodes dating from 1914 until 1990. Hufbauer, Schott and Elliott's study of economic sanction episodes provides the population of cases studied (1990). I test the hypothesized relationship presented above on all of the cases identified by Hufbauer et al., thus, the sample of cases, or N, is comprised of 115 episodes. However, data limitation and missing information on target countries reduced the sample size to 91 cases of sanction episodes. The economic sanction cases included in this research are listed in table 4.16, at the end of this chapter.

In their comprehensive tabulation Hufbauer, Schott and Elliott identify sanction episodes beginning with the World War I related economic sanctions against Germany to the multilateral sanctions imposed against Iraq in 1990. Though economic sanctions were used prior to World War I, they were usually used in association with military endeavors only, rather than other political objectives. I use this set of data for two reasons. First, while
not perfect, this collection of sanction episodes is one of the few existing comprehensive
data sets on economic sanctions. In fact, it maybe the only data set appropriate for
numerical analysis (Dashti-Gibson et al, 1997:611). Second, in their analysis the authors
focus on the foreign policy motivations behind the sender’s use of trade sanctions. Thus, in
addition to listing all the dates and participants involved in a sanction episode, the author’s
include additional ancillary information regarding the kinds of controls implemented and
the issues prompting the application of economic sanctions by sender states.

In the large sample aggregate study, I subject the model to an ordered probit
analysis. Ordered probit is the statistical approach that is specified because the dependent
variable, degree of sanction success, is ordinal and measured in three categories. Because
the dependent variable is represents a range of more or less success, ordered probit is the
preferred statistical method for this analysis (Quinones and Gates, 1995:70, Martin,
1990:67). As Martin explains in her work, ordered probit is well suited to cases where
differences in values associated with the dependent variable are not comparable except, for
example, to say that a value of two is more than a value of one (Martin, 1990:67).

The second approach applies the hypotheses to a series of sanction case studies. The
statistical analysis is a potent means of reaching generalizations regarding the sanctioning
process, however that alone is insufficient. In the case studies I have the opportunity to
further investigate the target state’s reaction and response to the imposition of economic
sanctions. I have selected a number of sanction episodes to examine the process in depth
and to scrutinize the applicability of the theoretical argument. Because my primary concern
is with the impact of diverse target structures on the response to economic sanctions, I have
chosen a wide range of target countries representative of the diversity that influences the outcome of sanction episodes. Thus, I have the opportunity to apply the hypotheses across a broad range of target states simultaneously experiencing the sanctioning process. In the following chapter I introduce these cases of sanction episodes and the analysis.

The remainder of this chapter is dedicated to the measurement and definition of the variables used in the aggregate analysis and the results of that analysis.

**The Dependent Variable**

The degree of sanction success is the dependent variable. Degree of success is defined as the extent to which the target state accommodates the sender by altering its policies in favor of the senders' demands. Therefore, degree of sanction success is measured by the change in the target's policy in favor of the sender. For ease of analysis, success is perceived wholly from the sender state's point of view.

Most evaluations of sanction success are limited to a two category outcome: economic sanctions either succeed in reaching their objectives or they fail. The tendency among those who study economic sanctions is to begin by examining the conclusion that sanctions produce only one of these two results. One reason for this approach is that the question of success, and sanction research generally, is dominated by the conspicuous examples of failure (Martin, 1990:5). Martin in her work on cooperation among sender states points to the case of the League of Nations sanctions against Italy in 1935 as one that has received much attention for failing to achieve the desired results (1990:5). In this case, sanctions appeared to encourage Italian aggression rather than restrain it. Cases such as
these prompted much of the research on economic sanctions; thus often, the research has been driven by the need to understand failure from the sender’s point of view. Rather than an appreciation of the process underlying the application of economic sanctions, analyses are often limited to conclusions regarding success and failure. This sender based outlook reduced the effects of economic sanctions to a simple either or proposition, sanction either fail or they succeed. Such a conception of success is typified by Wallenstein’s analysis of ten sanction episodes. Here, the author determines success by observing the sender’s actions: once the sender ceases the application of the sanction, there is an inference of success. Conversely, on-going sanctions suggest failure (1983:93). There are both advantages and disadvantages to this view of success. The advantage of this conception is that it considers the duration of the sanction episode. In most research on economic sanctions the issue of the duration of an episode is largely ignored. Though noted by Knorr when he observes that there is some difficulty concerning the time period over which success or failure should be assumed to have materialized, little empirical investigation has followed (1975:152). At some point, the success of an episode is minimized because it has taken too long to achieve the desired ends. There is an intuitive expectation that sanction efficacy is related to a shorter duration. There is recent empirical support for this expectation. Dashti-Gibson et al. find that within the context of destabilization goals, the length of the episode is significant and inversely related to success (1997: 610). These findings suggest that longer episodes are associated with failure.
The disadvantage of this view of success is that it ignores more subtle changes in the target country’s behavior. In common with the bulk of work in this field, this perception of success is overly rigid as a conception of sanction outcomes.

Irrespective of how we define their goals, economic sanctions can produce intermediate results between success and failure. Conceiving sanction success as a dichotomous proposition may obscure telling features regarding a target state’s response to the sanction, thus ignoring useful insight on how sanctions work more generally. More recent research on the effects of economic sanctions addresses this inadequacy by offering a view of the effects of economic sanctions that is not limited to one of two results (Morgan and Schwebach, 1995; Hufbauer, Schott and Elliott, 1990). As I am interested in the target’s response to the sanctioning, I consider success in terms of degree.

I derive a three-category measure of sanction success from Hufbauer, Schott and Elliott’s policy result score (1990:42). Hufbauer et al.’s measure reflects the extent to which the policy outcome sought by the sender was achieved (1990:41). In these authors’ assessment of policy result they consider the “changes in policies, capabilities or government of the target country” (1990:41). The evaluation, by their own admission, is subjective though it is based on the “qualitative conclusions reached by previous scholars of the episodes” (1990:41). The appeal of Hufbauer et al.’s index is found in its accessibility, its inclusiveness and the manner in which policy result is indexed into various categories.
These three categories\(^1\) used to evaluate the degree of target state policy change. I have reduced the Hufbauer, Schott and Elliot four-point scale into three to lessen ambiguity (Dashti et al. 1997). Thus, the two intermediate categories identified by Hufbauer et al., (2) "unclear but possibly positive outcome and (3) positive outcome, ...somewhat successful result, are collapsed into one category (Hufbauer, Schott and Elliott, 1990:42). Each of the three dependent variable categories is defined below.

First, consistent target country recalcitrance and resistance indicate outright failure. One classic example of such failure is the case of U.S. sanctions against Cuba initiated in 1960. Though there are two frequently cited goals attributed to this sanction effort, neither the overthrow of the Castro regime nor the containment of Communism can be said to have resulted from the sanctions (Hufbauer, Schott and Elliott 1990:198). Instead, until the fall of the Soviet Union, Castro consolidated his leadership and developed a stronger relationship with the Soviet Union and supported Marxist factions in Ethiopia and Angola (Hufbauer, Schott and Elliott, 1990:198).

The second category is comprised of cases producing mixed results. Here, the outcome is unclear. It is somewhat positive if judged from the sender state's perspective and therefore, a somewhat, though not wholly successful, result (Hufbauer, Schott and Elliott, 1990:41). Illustrative of this category are the economic sanctions imposed against Egypt by the United States, the United Kingdom and France in 1956. President Nasser nationalized the Suez Canal in retaliation for the denial of a loan to construct the Aswan Dam. In response to the nationalization the sender group imposed economic sanctions to undermine

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\(^1\) The analysis was initially conducted with the four point success scale, however, no outcomes were
President Nasser’s domestic support. Although his support did not suffer appreciably, the economic pressure induced President Nasser to attend United Nations negotiations to resolve the expropriation of the Suez Canal (Hufbauer, Schott and Elliott 1990:154). While the trade restrictions imposed on Egypt did not achieve the goals articulated by the senders, the target state’s leadership was persuaded to come to the negotiating table (Hufbauer, Schott and Elliott, 1990:154). Thus, this episode can not be judged a failure nor can it be deemed an outright success. Another example of mixed sanction results is found in the case of the Arab League’s economic boycott of Israel. In this case the sanctions were applied in 1948 and continue to a more limited extent today. The boycott did not shut down the Israeli economy and force Israel to reconsider its nationhood. It did, however, constrain economic growth, impede the flow of goods, and isolate the state of Israel from its neighbors, thus the sanction program can not be said to have failed (Hufbauer, Schott and Elliott, 1990:75).

The third category for assessing the policy result of the sanction episode is success. Here, the sender state’s demands were sufficiently met by the target state’s altered policy. According to Hufbauer et al., one example of success is found in the Iranian hostage crisis case which occurred in 1979. In this case, the U.S. freeze on Iranian assets and embargo on Iranian oil helped to persuade the Iranians to release the American personnel held hostage in the U.S. embassy in Tehran (Hufbauer, Schott and Elliott, 1990:153-4). Thus, the third category provides us with cases where the target state accommodates the sender and acquiesces to its demands. Below is a summary of the three pronged assessment of sanction success measured by change in the target state’s policy:

predicted to the second category. Given the estimation technique that categories exclusion was warranted
Dependent Variable Categories

- **Failed Outcome.**

  The target state did not comply with the sender state demands and refused to accommodate the sender, coded 0.

- **Partly failed, partly successful outcome.**

  The target state did not comply with the sender state’s demands in their entirety, however, there was a perceptible change in the target’s behavior and that change was in favor of the sender’s demands, coded 1.

- **Successful Outcome.**

  The target state complied with the sender state’s demands and accommodated the sender by changing its behavior to the satisfaction of the sender, coded 2.

Descriptive statistics for the dependent variable are below:

**Table 4.1: Descriptive Statistics-Dependent Variable:Degree of Success Measured By Policy Change**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard Dev.</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Change</td>
<td>1.099</td>
<td>.7462</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

The frequency table below indicates that most sanction episode results are neither wholly successful nor failures. Most observations, nearly 44%, fall in category 1, the intermediate result. When aggregated with the success cases, these
account for almost 77% of the sample of cases. Alternatively, when the failed cases are joined with the partially successful ones, together these account for 67% of all outcomes.

Table 4.2:
Frequency Table: Degree of Success Measured by Policy Change in Target

<table>
<thead>
<tr>
<th>Success Score</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>21</td>
</tr>
<tr>
<td>1</td>
<td>40</td>
</tr>
<tr>
<td>2</td>
<td>30</td>
</tr>
</tbody>
</table>

The Independent Variables

Sanction success is explained by two sets of independent variables. All the named variables, their measures and sources are found in table 4.17 found at the end of this chapter. These two sets mirror the two steps inherent in the sanctioning process itself. The first step in achieving target country compliance is the infliction of economic harm upon the target state’s economy. The second step, reflected in the second set of independent variables, involves the target state taking action towards compliance with the sender’s demands. With respect to the first step, the extent of economic dislocation is the key variable. For the latter, the extent of target policy modification is the key.

The first set of independent variables, the sanction structural attributes, is intended to reflect the relevant traits of the economic tools that are implemented and the goals of the sender. These traits are the nature of the control used, the number of sender states and power capability of the sender. The issue at stake between the sender and the target state is
placed in this category for testing purposes; the literature often treats this variable along with the other sanction traits. For the purpose of comparing the results of my model with previous ones, I include this variable here.

The sanction traits measured here determine the extent of economic harm experienced by the target. The issue helps define the anticipated degree of difficulty that the sender will experience. Much of the existing research on economic sanctions focuses on these aspects of the process. Most examinations into these aspects of the process are qualitative in nature with few exceptions (see Martin’s empirical and game theoretic work (1990) and Dashti-Gibson, Davis and Radcliff’s empirical investigations (1997). Here, I test the hypotheses regarding these traits for two reasons. First, they are integral components of the success equation and second, I want to see if my results comport with previous findings and speculation regarding these aspects of the process.

The second set of independent variables, the target state’s structural attributes, captures the salient features of the target country in the disposition of a sanction episode. Here, there are three elements that are used to understand the process. These are the regime type, the regime strength and the economic structure of the target state. Most attempts to assess this aspect of the target state’s role in the sanctioning process rely on a measure devised by Hufbauer, Schott and Elliott (1990:46). That measure, economic health and political stability, is intended to capture the political and economic atmosphere in the target at the time of sanctioning. Health and stability is a three-category index created by Hufbauer et al (1990:46). The three categories designated by the authors are distress, significant problems, strong and stable.
The Hufbauer et al. measure has been useful however, it has two unavoidable flaws. First, the three categories fail to distinguish sufficiently the complexity inherent in evaluating the strength of a political system. The index is essentially a summary that may ignore important distinctions within and among target state political systems. Second, there are many more dimensions, in addition to the health and stability of a political system that can influence the results of a sanction episode. Dimensions, such as the level of political participation and modes of decision-making, are likely to play an important role in determining how sanction episodes unfold by providing information on how target states' coping strategies are developed. Although there is strong qualitative support for the notion that the existing political viability of the target state is a vital feature of the sanction outcomes, there is little by way of empirical corroboration. Where it exists (Martin, 1990 and Dashti-Gibson et al. 1997), the research relies exclusively on the Hufbauer et al. health and stability measure. Here, I used alternative measures to ascertain the role of the political and economic traits of the target state in determining sanction outcomes. The primary objective of this test is to determine the extent to which target economic and political institutions impact the success of sanctions by influencing the development of countermeasures.

I expect that both sets of independent variables will explain the variance we see in the outcomes of economic sanctions. Below is a summary of the independent variables that serve this analysis followed by an explanation of each variable and its measurement:
### Table 4.3: Independent Variable Categories

<table>
<thead>
<tr>
<th>Sanction Attributes</th>
<th>Target Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Control</td>
<td>Regime Type</td>
</tr>
<tr>
<td>Sender Number</td>
<td>Regime Strength</td>
</tr>
<tr>
<td>Sender Power</td>
<td>Economic Structure</td>
</tr>
<tr>
<td>Disputed Issue</td>
<td></td>
</tr>
</tbody>
</table>

**Sanction Structural Attributes**

1. **Nature of the Control (Trade Control)**

At their broadest level there are three types of trade controls in the arsenal of sanction weapons. These are import restriction, export limitations and financial impediments (Hufbauer, Schott and Elliot, 1990:36). All three are used frequently; they can be used all together or in some combination. Export controls, the denial of sender exports to the target, are preferred to import restrictions by the sender state because they are more difficult to circumvent through alternative sources (Hufbauer, Schott and Elliott, 1990:36).

Import controls defined as the limitation of target country goods to the sender state, are used less often. They are used less frequently because they are more easily circumvented by alternative markets for target state goods (Hufbauer, Schott and Elliott, 1990:36). Simply put, the target state can find other markets for its goods more easily than it can replace lost goods from the sender. Import controls, especially when used alone are more likely to have a negative or neutral influence on the degree of success. Thus, for assessing the impact of the trade control on the sanction outcomes, I expect to find that export controls and financial inducement have positive influence on the degree of success. These expectations are
developed from the existing literature and from empirical findings (Dashti-Gibson et al. 1997).

There is some agreement that financial restrictions carry the biggest bite. Hufbauer, Schott and Elliott provide two compelling reasons for the efficacy of financial controls (1990:37, 70). First, the readjustment forced by the curtailment of financial arrangements creates burdensome interest rates. Second, toying with the financial assistance to the target state can affect influential government officials as those funds are often marked for their “pet projects”. Thus, these types of sanctions can have a less diffuse effect on the target state population.

The data with which to make these assessments is obtained from the Hufbauer et al. (1990) analysis. That analysis provides summary information on the types of controls used for each sanction episode. In creating the database that serves this research, I coded each of the trade controls separately. Three indicators, one for import controls, one for export controls and one for financial controls accompany the coding of each sanction episode. Where only one of the three controls was implemented, I coded the others 0, and the one used by the sender is coded 1. Therefore, any sanction episode may be accompanied by a code of three ones to signify that all three control were in effect or, any other combination possible.
Table 4.4: Descriptive Statistics: Trade Control

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard Dev.</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Control</td>
<td>.6262</td>
<td>.4864</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Import Control</td>
<td>.4176</td>
<td>.4959</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Financial Control</td>
<td>.6923</td>
<td>.4864</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

2. Power Status and Number of Senders

The data for determining the number of sender states is obtained by reviewing each sanction episode and counting the number of countries involved in sending the economic sanctions. This information on the number of countries in a sender coalition is obtained from the Hufbauer et al. (1990) data.

To determine whether the sender is major or a minor power I turn to the Correlates of War data. The assessment of the power type of the sender is made according to standards used in that study. Thus, each sender country is given a code of either 1, for minor power or 2, for major power. In those instances where the sender was comprised of a multilateral group, two or more countries, then their collective power status is coded as a 3. The rationale behind this designation is that, all things being equal, there is some agreement that collective sanctioning is more powerful in inducing target country compliance than unilateral efforts (Martin, 1990). Furthermore, in all but ten of the cases considered in the aggregate analysis, a major power was always included in the sending coalition (See Hufbauer, Schott and Elliott’s list of sanction episodes, 1990).
I expect to find that that major powers and multilateral sanctions are more inclined to promote successful sanctions, thus they are positively related with success.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard Dev.</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sender Power</td>
<td>2.1429</td>
<td>.5690</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Sender Number</td>
<td>1.7033</td>
<td>1.4259</td>
<td>1</td>
<td>8</td>
</tr>
</tbody>
</table>

3. Nature of the Issue

The nature of the issue tells what kind of dispute exists between the sender and the target states. As most sanction scholars have observed, some policy goals are inherently easier to achieve than others. Hufbauer, Schott and Elliot code each sanction episode according to the goals of the sender. In their coding scheme these objectives fall into five categories. These are, modest change in policy, destabilizing a government, disrupting a military adventure, impairing military potential, and other major policy changes (1990:55). I have assigned a number from 1-5 to designate the kind of policy goal attributed to the sender state. These are not ordered categories and the coding scheme is not intended to reflect a scale of increasingly difficulty goals. Rather, the numbering effort is meant to highlight the broader relationship between sender goals and target state resistance.

At one end the designation of a 1 suggests that the sender was seeking a modest change. An illustrative example of this kind of goal is the dispute between the United
Kingdom and the U.S.S.R. in 1933. This sanction episode revolved around the release of British citizens held by the Soviet Union (Hufbauer, Schott and Elliott, 1990:29). At the other end of the spectrum, a code of 5 indicates the sender state’s attempt to destabilize the target state’s government. The case of the United States sanctions against the Dominican Republic in 1960 provides an example. This case centered on the Trujillo regime in the Dominican Republic. According to Hufbauer et al.’s sources the United States goals were many but among these was “beginning in the mid-1960, the United States attempted to force major changes in the Trujillo regime, if not to actually bring it down (1990:183). ”

The three middle categories reflect other sender goals. These are the disruption of a minor military adventure (coded 4), impairment of the military potential of the target (coded 3), change target state policies in a major way (coded 2). I expect that the destabilization goals are more likely to detract from the success of economic sanctions.

Table 4.6:
Descriptive Statistics: Nature of the Issue

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard Dev.</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue:</td>
<td>2.4505</td>
<td>1.5795</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>

Target Structural Attributes

Type of Regime:

In this analysis the extent of centralization evident in the political authority, the kind and amount of political participation and the degree of constraints on the leadership define the type of regime of the target country. Together, these three dimensions constitute the characterization of regime type. Measures for this information are obtained from the
conceptual scheme developed by Gurr, Jaggers and Moore (1989) in Polity II and Polity III (Jaggers and Gurr, 1995). Here, the authors provide the data and dimensions for the variables that characterize regime type. One objective of this research is to determine whether intuitive notions regarding the target state's political condition are supported empirically. The dimensions selected here arise from the theoretical perspective introduced in the preceding chapter.

The degree to which political authority is centralized represents the first dimension. According to the theoretical perspective developed in the preceding chapter, concentrated political authority facilitates resistance to the sanction program because it allows the leadership a freer hand in devising countermeasure programs. Additionally, concentrated political authority reflects the manner in which national policymaking occurs. Target country response to sanctioning, therefore, is influenced by the concentration of political authority. The assessment of the degree of concentration of political authority is reached by looking at two target country elements: the number of people who have influence over executive authority and the degree of regional independence from federal authority.

To assess the extent of influence over executive authority I look at Gurr et al.'s Monocratism (MONO) measure. In the Gurr et al. scheme Monocratism is a five-category variable that is intended to reflect the independence of the chief executive. This measure considers the extent of dependence of the executive on others for his authority. The range for this variable includes pure individual executive defined by the authors as:

"a single individual, not dependent for his position on ....cabinet, council or junta." (Gurr, Jaggers and Moore, 1991:79).
At the other end of the five-category scale is the designation of collective executive with full power sharing further defined as:

"The executive is formally and effectively a committee, supreme council or junta. It may have a chairman but no one individual...clearly dominates it."

(Gurr, Jaggers and Moore, 1991:79).

The second element reflective of the concentration of political authority is the extent of regional versus federal autonomy in decision-making. The Polity scheme offers a measure of regional government independence, it is a three category scale called centralization of political authority (CENT). The range for this variable includes unitary state to federal state.

Unitary is defined as:

"Regional units have little or no independent decision-making authority."

(Gurr, Jaggers and Moore, 1991:79)."

In contrast Federal is defined as:

"most/all regional units have substantial decision-making authority."

(Gurr, Jaggers and Moore, 1991:79)."

Another characteristic of the regime type is the kind of political participation that is found in the target. There are two appropriate measures in the Polity data that offer relevant political participation information. These are the extent to which political participation is regulated (PARREG) and the extent to which it is competitive (PARCOMP). To evaluate the degree of regulation of political participation the authors provide a five-category
variable that ranges from unregulated to institutionalized participation. The authors define unregulated as:

"political participation is fluid; there are no enduring national political organizations and no systematic regime controls on political activity (Gurr, Jaggers and Moore, 1991:75)."

At the opposite end of the participation spectrum, institutionalized is defined as:

"relatively stable and enduring political groups regularly compete for political influence and position with little use of coercion. No significant groups issues, or types of conventional political action are regularly excluded from political process (Gurr, Jaggers and Moore, 1991:75)."

This five category variable helps in examining the hypothesis that in highly institutionalized systems, where groups have more organized means for forming opposition to the leadership's decision to resist sanctioning, success is more difficult to reach (Morgan and Campbell, 1991:191).

The second aspect of participation that is germane to the question regarding sanction outcomes is the degree of competitiveness of political participation. Political competition impedes the leadership’s efforts to implement countermeasures against the imposed sanction. If the leadership wants to resist the sanction objectives, that task is made easier where viable political competition to the leadership does not exist and can not express itself.
Polity II provides a five-category variable to reflect the degree of extant competition in a nation. Here, the (PARCOMP) variable ranges from suppressed to competitive. Representing one end of the spectrum suppressed is defined as:

"no significant oppositional activity is permitted outside the ranks of the regime and the ruling party (Gurr, Jaggers and Moore, 1991:75)."

At the other end of the range is competitive political participation defined as:

"relatively stable and enduring political groups compete for political influence and position with little use of violence or disruption. No significant groups are regularly excluded (Gurr, Jaggers and Moore, 1991:75)"

The final dimension of regime type is the extent to which the leadership is constrained (XCONST). To evaluate this element the Polity data offers a seven-category variable. The range encompassed within the seven categories goes from unlimited authority to executive parity. Unlimited authority is defined as:

"There are no regular limitations on executive authority".

(Gurr, Jaggers and Moore, 1991:76)

At the opposite end of the range, executive parity is defined as:

"Accountability groups have effective authority equal to or greater than the chief executive in most areas of activity (Gurr, Jaggers and Moore, 1991:76)."

To summarize, three elements reflect the type of regime. First, the centralization of political authority is composed of evaluations of the independence of decision-making
found in the target state in addition to the number of people with influence over executive authority. Second, political participation is assessed in terms of its two component elements: the degree of institutionalization and the degree of competition. The third and final element defining the political character of the regime is the extent to which the leadership is constrained. I expect that targets characterized by concentrated political authority, with a lack of institutionalization and competition in political participation and with a lack of constraints on the leadership promote sanction failure.

Table 4.7:
Descriptive Statistics: Regime Type

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard Dev.</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Political Authority:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MONO</td>
<td>2.0330</td>
<td>.9713</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>CENT</td>
<td>1.3516</td>
<td>.7360</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Participation:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PARREG</td>
<td>3.8242</td>
<td>.8379</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>PARCOMP</td>
<td>2.2418</td>
<td>1.4556</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td><strong>Constraints On Leader:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>XCONST</td>
<td>3.4505</td>
<td>2.4049</td>
<td>1</td>
<td>7</td>
</tr>
</tbody>
</table>

Regime Strength:

I assess the target state regime's strength in resisting sanction pressure by looking at one dimension of its political vulnerability. To measure the political vulnerability of the target's regime I rely on the duration of its tenure. Persistence is a measure, in number of years, of a regime's tenure. That information is provided by the Polity data. I anticipate that
newer regimes, with less tenure, may be more fragile and tentative, therefore more vulnerable to sanction pressure.

**Table 4.8: Descriptive Statistics: Regime Strength**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard Dev.</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Strength: Persist</td>
<td>25.0659</td>
<td>39.5755</td>
<td>0</td>
<td>265</td>
</tr>
</tbody>
</table>

**Economic Structure:**

**Levels of Industrialization and Private Sector Economic Involvement**

There are two aspects of the target state’s economic structure that are relevant to the outcome of economic sanctions. I assume that target state’s with advanced industrial capabilities have equally advanced trading relationships involving international markets. These, therefore, are more susceptible to the interruption of trade that is brought by economic sanctions. In the preceding chapter, I hypothesized that sanctions applied against increasingly industrial targets enhance the likelihood of sanction success. To measure the relevant aspects of the target’s economic structure I want to assess the level of industrialization.

To evaluate the levels of industrialization I consider two indicators: the ratio of urban to rural population and the levels of iron and steel production. The source for both of these is the Correlates of War Capability data set.

With regard to the private sector’s economic activity, I hypothesized that an entrenched private sector, fully active in the national economy, is less likely to support the leadership’s efforts to resist the sanction program. For an indicator of private sector
involvement in the economy, I turn to the Polity data. Here, there is a nine category measure of the scope of government activity (SCOPE) ranging from totalitarian to minimal (Polity II, 1991). Totalitarian is defined as:

"Governments that directly organize and control almost all aspects of social and economic life. (Gurr, Jaggers and Moore, 1991:76)"

At the other end of the spectrum the designation of minimal is found. It is defined as:

"Governments whose operations are largely or wholly limited to such core functions as maintenance of internal security and administration of justice (Gurr, Jaggers and Moore, 1991:76)."

Table 4.9: Descriptive Statistics: Economic Structure

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard Dev.</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrialize:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban Pop.</td>
<td>17997.13</td>
<td>28420.59</td>
<td>0</td>
<td>117710</td>
</tr>
<tr>
<td>Iron/Steel</td>
<td>15121.12</td>
<td>38503.86</td>
<td>0</td>
<td>152000</td>
</tr>
<tr>
<td>Private Sector:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCOPE</td>
<td>4.4286</td>
<td>2.1558</td>
<td>1</td>
<td>9</td>
</tr>
</tbody>
</table>

Below is a summary of all the hypotheses developed in preceding chapter followed by a table of the independent variables and their measures:

**Hypotheses**

*Regime Type*

**H1a.** The more institutionalized and competitive the political participation processes, the more difficult it is for the leader to establish effective countermeasures, thus enhancing the degree of sanction success.

**H1b.** The less constrained the leadership, the easier it is to establish effective countermeasures, thus detracting from the degree of sanction success.
H1c. The more centralized the political authority, the easier it is to establish effective countermeasures, thus deterring from the degree of sanction success.

Regime Strength

H2. The weaker the target regime, the more difficult it is to develop countermeasures, thus enhancing the degree of sanction success.

Economic Structure

H3a. The more private sector involvement in the economy, the more difficult it is to establish countermeasures, thus enhancing the degree of sanction success.

H3b. The more industrial the target state economy, the more difficult it is to establish effective countermeasures, thus enhancing the degree of sanction success.

H4. Financial and export controls enhance the degree of sanction success.

H5a. When the sender state(s) are major powers the degree of sanction success is enhanced.

H5b. Multilateral sanctions enhance the degree of sanction success.

H6. The more valued the disputed issue is to the target state, the more active the countermeasure campaign, thus deterring from the degree of sanction success.

Table 4.10

Summary of Independent Variables for Assessing Sanction Success

A. SANCTION STRUCTURAL ATTRIBUTES

1. NATURE OF CONTROL:
   - Import
   - Export
   - Financial

2. SENDER STATUS:
   - Major
   - Minor

3. NUMBER OF SENDERS:

4. ISSUE
   - Goals: modest. destabilization. disruption. impairing. Major change
B. TARGET STRUCTURAL ATTRIBUTES

REGIME TYPE:
1. Participation
   regulation: unregulated institutionalized
   competitiveness: suppressed . . . competitive
2. Centralization of Political Authority:
   Monocraticism: individual exec collective
   Centralization: unitary state federal
3. Leadership Constraints: unlimited executive parity

REGIME STRENGTH:
1. Political Strength:
   Persistence number of years

ECONOMIC STRUCTURE
1. Industrialization
   Urban/rural population
   Iron and steel production
2. Public/private economy
   Scope of government activity Totalitarian minimal

Analysis and Discussion of Results

Thus far I have argued that in addition to the standard explanations for the outcomes of the sanctioning process, key elements of the target state’s political structure merit inclusion. I developed an approach that accounts for the role of the target country in determining sanction outcomes. From that approach a series of hypotheses emerged. In this chapter each of the hypotheses was rigorously tested in an empirical examination employing an ordered probit model.

To enable me to compare each model’s performance, I tested the models separately. In each of the models the dependent variable, degree of sanction success, was measured by the amount of policy change towards the demands of the sender state. Because the degree of sanction success is a categorical measure with an ordered hierarchy, ordered probit is the
statistical model utilized. The first model looks at the standard variables relied on in the literature, the second examines only the target based factors developed in this research and considered to play a role in sanction outcomes. The third model joins both explanations. Below I discuss the results of each of these models of sanction outcomes separately and then consider their comparative performance.

**Sanction Attributes and Sanction Outcomes (Model I)**

Table 4.11 below shows the estimated coefficients, standard errors and z-statistics for each of the independent variables associated with this model. The structure of the sanction analysis is guided by four hypotheses. In this section I discuss the results associated with hypotheses 4, 5a, 5b and 6. The first hypothesis, 4, explored the extent to which the type of trade control implemented by the sender states impacts the degree of sanction success. Here, I am interested in assessing the influence of the type of trade control on the outcomes of sanction episodes. Are some controls more effective in achieving target country compliance as matter of general rule? Or, is the efficacy of the trade control case dependent?

The ordered probit results indicate that none of the three controls, export import and financial, used in sanction episodes were significant at conventional levels (.05) of statistical significance. The direction of the coefficients, however, provides some insight and support for the hypotheses. Here, only financial sanctions, such as the freezing of target state assets, are positively related with sanction success. Therefore, the use of financial sanctions increases the probability of successful sanctioning, a finding that is supported in other empirical work on that question (Dashti-Gibson et al. 1997: 613). According to the
coefficients, both the import and export restrictions are negatively associated with sanction success. Thus, the use of these controls detracts from the potential success of sanction episodes. With regard to import controls, these findings comport with our general understanding: financial sanctions are more potent instrument of policy than are import controls.

According to the findings, financial controls also fare better than export restrictions. This result does not support hypothesis 4. One explanation for this is that export and import controls are more easily circumvented by the target state. Indeed, it is more difficult for the target country to contend with the blocking of loans and the freezing of assets brought by financial restrictions. This is reflected in the recent sanctions imposed against India and Pakistan for their nuclear testing. In this May 1998 case, the industrialized nations quickly agreed to block more than one billion dollars in World Bank loans to the South Asian rivals (U.S. News and World Report, 6/15/98).

Hypothesis 5a examined the impact of the power status of the sender and the extent to which that factor affects the disposition of a sanction episode. Though, the major power variable is not significant at conventional levels, the negative direction of its coefficient indicates that effective sanctioning is not associated with major power participation.

Therefore, the success of economic sanctions is not dependent on the participation of a major power sender. This finding, while not supportive of the hypothesis, may point to key elements underlying the sanctioning process. Because successful sanctioning is predicated on economic dislocation, the sender's trading position is of more relevance than its power
status. A major power sender with little trading history with the target is less important to the success of the episode than a minor power with a significant amount of trade.

Hypothesis 5b addressed the advantages of multilateral sanctions in increasing the successful outcomes of sanction episodes. Here, the intuition that multilateral sanctions are positively related with sanction success was borne out, though the results are not significant at the .05 level. In support of the relationship offered in hypothesis 5b, multilateral sanctions are positively associated with success. The more sender states involved in the sanctioning the more likely the target country’s policy will change. This finding comports with our general intuition regarding the closing off of markets for the target state and the efficiency of the sanctioning process. As some of the literature suggests, more senders in the sanctioning coalition create increasing difficulty for the target to regroup and find substitute sources of goods and services (For competing views on this issue see Hufbauer, Schott and Elliott, 1990: 95 and Martin, 1992).

In hypothesis 6 I considered the role of the issue at stake in the outcome of economic sanctions. Here, results are significant however, with regard to the destabilization goal, the direction of the coefficient is surprising. The findings indicate that sanction success is positively associated with destabilization. This counterintuitive finding suggests that when the sender state seeks to overthrow the target regime, the economic sanctions used towards that end will more likely succeed. The implausibility of this finding can be explained by a closer examination of the measure used for the issue variable. First, the assessment of the sender states goal’s was a subjective exercise (Hufbauer, Schott and Elliott, 1990:38). Second, once evaluated, the destabilization code subsumed all other lesser
sender state goals (Hufbauer, Schott, Elliott, 1990: 38). Thus, the results regarding this variable must be treated cautiously.

The picture that emerges from this analysis on the structure of the sanction attributes and its effect on the outcome of sanction episodes is insightful. A number of general but preliminary conclusions may be reached. First, in the continuing tradition of sanction's research, financial restrictions are most associated with increasing success. Financial controls are most likely to effect target state policy changes. Second, the finding with regard to multilateral sanctions also supports commonly held intuitions, the more senders the more likely policy changes in the target state are to be achieved. As for the power status of the sender state, the results are not supportive of the hypothesis. However, rather than power status, the target-sender trading relationship may be of more importance. Finally, the relationship between destabilization goals of the sender state and success was wholly unsupportive of the hypothesis. Further examination of this surprising finding is warranted.

According to the findings of this model, we can conclude that effective policy change in the target country is predicated upon the use of financial sanctions and more than one sender state's involvement in the sanctioning coalition.

Ordered probit analysis yields statistical information on the performance of the hypothesized relationships as well as the predictive power of the model tested. With regard to the sanction structure model, 47 out of the 91 cases or 52% were predicted accurately. The comparative performance of this model with the other models is discussed below.
**Table 4.11:**
Ordered Probit Coefficients for Degree of Sanction Success Sanction Structure-Model I

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Estimated Coefficient</th>
<th>Standard Error</th>
<th>z-statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>.6224</td>
<td>.6583</td>
<td>0.946</td>
</tr>
<tr>
<td>Sender Power</td>
<td>-.2046</td>
<td>.3436</td>
<td>-0.595</td>
</tr>
<tr>
<td>Issue</td>
<td>.1859</td>
<td>.0838</td>
<td>2.217*</td>
</tr>
<tr>
<td>Number Senders</td>
<td>.07731</td>
<td>.1380</td>
<td>0.560</td>
</tr>
<tr>
<td>Import Control</td>
<td>-.1272</td>
<td>.2904</td>
<td>-0.438</td>
</tr>
<tr>
<td>Financial Control</td>
<td>.3733</td>
<td>.2773</td>
<td>1.346</td>
</tr>
<tr>
<td>Export Control</td>
<td>-.2996</td>
<td>.2994</td>
<td>-1.001</td>
</tr>
</tbody>
</table>

* at .05 level significance

Log-Likelihood: -92.51

Accurately Predicted 43.9%
One tailed test
Number Cases 91

---

**Target Structure and Sanction Outcomes (Model II)**

The second empirical model considered the target state attributes that play a role in the outcome of sanction episodes. The theoretical framework that examines the role of the target country in the sanctioning process led to six hypotheses, each of which is discussed in
this section. The results of the ordered probit analysis, including the estimated coefficients, standard errors and z-statistics, are found in table 4.12 below. As the table indicates only one of the target state attributes, the degree of state involvement in the target’s affairs, is significant at conventional levels.

The first three hypotheses, 1a, 1b and 1c consider the role of the regime type in determining outcomes of sanction episodes. Regime type is assessed in terms of political participation, centralization of political authority, and the constraints on the leadership as these elements most likely influence the decision-making environment. Decision-making is a key feature of the analysis because of the impact it has on the target state’s response to sanctioning, the countermeasure.

Regarding the kind of political participation in a target country and its effect on sanction outcomes the results are mixed. I hypothesized in 1a that higher levels of institutionalization and competition promote sanction success because these can impede the development of the leadership’s countermeasures. The direction of the coefficient supports the notion that more institutionalized political participation is positively related with success, although the results are not significant at the .05 level. The positive relationship produced by the model suggests that where political processes are institutionalized, comprehensive countermeasures to the sanctioning would be more difficult to realize, thus promoting the success of the economic sanctions. The rationale behind hypothesis 1a is predicated on the ease with which opposition to the leadership’s wants can manifest itself where there are existing organizational channels.
The degree of competitiveness of political participation, however, is negatively related with sanction success. The results regarding this second element of political participation would suggest that, competitive systems promote the failure of sanction programs. In terms of the theoretical perspective of this approach, in more competitive systems, policy change in the target country should be more difficult to achieve. This finding goes against the theoretical intuition. Hypothesis 1a offered that less competitive systems facilitated the development of countermeasures, thus these detract from the success of the economic sanctions. There are a number of possible explanations for this unanticipated result. This may reflect the notion that the sanction effect causes popular coalescence around the leadership. Rather than opposition to the leadership’s resistance measures, elements of the population support the sacrifice required. This is illustrated by the Rhodesian case in the 1960s. The z-ratio for the degree of competitiveness variable is not significant at the .05 level.

Second, I hypothesized in 1b that target state’s with more constrained leaders are likely to have a positive influence on the success of a sanction episode. Constrained leaders have less freedom to devise the necessary countermeasures. The direction of the coefficient supports this relationship although the results are insignificant at the .05 level. Thus, there is directional support for the notion that the less freedom a leadership has the more likely that sanctions will succeed in their objectives. The monocratism variable, a measure of the degree of independence of the chief executive, provided a contrasting result, not supportive of the underlying hypothesis. According to the results, target states with more independent executives are more likely to give in to the pressure of sanctioning.
Hypothesis 1c addresses the degree of centralization of political authority. I anticipated that centralized systems detract from success because these are less bogged down by having to share policymaking with regional institutions. The anticipated relationship was built on the notion that centralized systems are more efficient in developing and maintaining policies. The findings, however, do not comport with the theoretical rationale. Neither the direction of the coefficient nor the z-ratio offers support for the hypothesis. Thus, the application of economic sanctions to centralized target systems is more likely to produce a policy change.

Target state weakness is the subject of hypothesis 2. Here, there was support for the hypothesis that younger regimes, a proxy for weakness, were more vulnerable to the dictates of the sender state’s demands. The conclusion that may be drawn from the empirical findings is that older regimes are better able to handle the potential crises brought by the sanctioning process. Thus, the application of weak sanctions to weak regimes enhances the degree of sanction success. The z ratios, however, were not significant at conventional levels.

In hypothesis 3a I considered the effects of an economy dominated by the state on the outcomes of economic sanctions. Here, I hypothesized that target states with greater government involvement in the economy detract from sanction success. The results are both, significant and directionally supportive of the suggested relationship. The greater the reach of the government’s involvement in the economic and social affairs of the target state society, the less successful the economic sanctions in changing target country behavior. The
rationale behind this hypothesis is predicated on the notion that state run economies are more likely to support the leadership’s resistance programs and countermeasures.

In assessing the performance and the results of the target-based model, a number of conclusions may be reached. In some respects the target structure model’s performance is disappointing, however, there are insightful observations that can help in developing generalizations. While statistical significance was illusive, the direction of the coefficients offers preliminary supports for some of the developed relationships. This is especially the case with regard to the degree of political institutionalization, constraints on the leadership and the degree of government involvement. These target country attributes appear to play the roles contemplated in the theoretical framework. Target state policy change is least likely in systems with defined political institutionalization, where the leadership is less constrained and where the scope of governmental activity is far reaching. The results with respect to degrees of competition and centralization, however, go against these findings. More work is needed to determine the relationship between these conflicting findings.

Second, while the explanatory power of the model is not adequate, its predictive traits slightly outperformed the sanction based model. The sanction structure model accurately predicted 52% of the cases, the target structure model predicted 56%.

With respect to the contribution of this approach to understanding the sanctioning process, there is little that the target model as tested here can offer. In part, the adequacy of the measures available for testing and the small number of sample sanction episodes upon which the testing was done may explain the inferiority of these results.
Table 4.12:  
Ordered Probit Coefficients for the Degree of Sanction Success  
(Target Attributes Model II)

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Estimated Coefficient</th>
<th>Standard Error</th>
<th>z-statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-.2696</td>
<td>.7741</td>
<td>-.348</td>
</tr>
<tr>
<td>Cent</td>
<td>-.2597</td>
<td>.2227</td>
<td>-1.166</td>
</tr>
<tr>
<td>Mono</td>
<td>-.2211</td>
<td>.1774</td>
<td>-1.246</td>
</tr>
<tr>
<td>Xconst</td>
<td>.1083</td>
<td>.1115</td>
<td>0.971</td>
</tr>
<tr>
<td>Parreg</td>
<td>.0905</td>
<td>.1768</td>
<td>0.512</td>
</tr>
<tr>
<td>Parcomp</td>
<td>-.0502</td>
<td>.1723</td>
<td>-0.292</td>
</tr>
<tr>
<td>Scope</td>
<td>.3193</td>
<td>.0757</td>
<td>4.218*</td>
</tr>
<tr>
<td>Persist</td>
<td>-.0029</td>
<td>.0046</td>
<td>-.634</td>
</tr>
</tbody>
</table>

* .05 level significance

Log-Likelihood: -84.37

one-tailed test
Accurately Predicted 56.0%

Number Cases 91
The Combined Model (Model III) and Comparison of Models

The final test incorporates both previous models to determine the explanatory strength of a more comprehensive outlook. In this test I join the two previous explanations for a unified look at the determinants of success of economic sanctions. Here, the sanction elements, as well as, the target country structure variables noted above form the basis for the statistical analysis.

Because I have discussed each of the variables in the sections above, I limit my comments to comparisons regarding the log likelihood, $\chi^2$ and the predictive power of the models. The results of the ordered probit analysis for the combined model are provided for the reader's convenience in table 4.13 below.

Table 4.13:
Ordered Probit Results; Combined Model

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Estimated Coefficient</th>
<th>Standard Error</th>
<th>t-statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-0.6687</td>
<td>1.3369</td>
<td>-0.500</td>
</tr>
<tr>
<td>Sender Power</td>
<td>-0.0811</td>
<td>0.4260</td>
<td>-0.190</td>
</tr>
<tr>
<td>Issue</td>
<td>0.1191</td>
<td>0.0987</td>
<td>1.208</td>
</tr>
<tr>
<td>Import Control</td>
<td>.3167</td>
<td>.3790</td>
<td>.836</td>
</tr>
<tr>
<td>Export Control</td>
<td>-.3103</td>
<td>.3534</td>
<td>-.368</td>
</tr>
<tr>
<td>Financial Contl Cent</td>
<td>.0457</td>
<td>.3090</td>
<td>.148</td>
</tr>
<tr>
<td>Mono</td>
<td>-.1416</td>
<td>.1909</td>
<td>-.742</td>
</tr>
<tr>
<td>Xconst</td>
<td>.1003</td>
<td>.1167</td>
<td>0.860</td>
</tr>
</tbody>
</table>
Parreg  .0693    .2143    0.323
Parcomp -.0711    .1936    -0.367
Scope    .3317    .0884    3.749*
Persist  -.0025    .0051    -.497

*.05 level of significance
Log-Likelihood
   -82.11
Accurately Predicted 69%

Number Cases 91

The log likelihood of each model allows us to compare the relative performance of each model's ability to capture the variance. The smallest number of the three belongs to the combined model, whose log likelihood value is -82.11, thus the combined model explains more of the variance than either of the two others alone. Table 4.14 below depicts the log likelihood for each of the models.

Table 4.14:
Log Likelihood of Each Model

<table>
<thead>
<tr>
<th>Model</th>
<th>Log Likelihood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanction</td>
<td>-92.51</td>
</tr>
<tr>
<td>Structure</td>
<td></td>
</tr>
<tr>
<td>Target</td>
<td>-84.37</td>
</tr>
<tr>
<td>Structure</td>
<td></td>
</tr>
<tr>
<td>Combined</td>
<td>-82.11</td>
</tr>
</tbody>
</table>
The $\chi^2$ provides information on the contribution of groups of variables to the explanatory value of the model. This assessment is reached by subtracting the log likelihood of the combined model from both the target based and the sanction-based model. That difference gives the log likelihood ratio, which is then multiplied by -2 to obtain a $\chi^2$ value. This allows a comparison of statistical significance of the sanction model's variables with those of the target-based model. The target-based model has a value of 4.5, not significant at the .05 level. The sanction-based model, however, outperforms the target model with a value of 20.8, significant at the .005 level.

Turning to predictive ability of the models, as table 4.15 below indicates the combined model is the strongest. The combined model accounts for 55 out of the 91 cases, or 69%. The target-based model predicts 56% and the sanction model predicts the least accurately at 52%.

**Table 4.15 Frequencies of Actual and Predicted Outcomes**

<table>
<thead>
<tr>
<th>Sanction Structure Model</th>
<th>Predicted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>0 1 2</td>
</tr>
<tr>
<td>0</td>
<td>1 14 6</td>
</tr>
<tr>
<td>1</td>
<td>4 32 4</td>
</tr>
<tr>
<td>2</td>
<td>2 14 14</td>
</tr>
<tr>
<td>Total</td>
<td>7 60 24</td>
</tr>
</tbody>
</table>

Predicted: 47 out of 91
Conclusion

A systematic approach to the inclusion of the target state in understanding the sanctioning process was developed in the preceding chapter. The aim of this chapter was to evaluate empirically the contribution of that target-based model in determining sanction outcomes. The role of the target state is understood in terms of the countermeasures devised by the target state to respond to sanctioning. The merits of the target based theoretical framework were compared to standard explanations for the disposition of sanction episodes.
The empirical findings were not encouraging. Though the direction of the coefficients often supported the hypotheses and the relationships envisaged in the theory, statistical significance was elusive. Only two variables were statistically significant, the degree of government involvement in the affairs of the country and the goals of the sender state. Nonetheless, some important generalizations can be made. The levels of political institutionalization and degrees of government involvement in the affairs of state merit further consideration. These variables performed according to the roles contemplated in the theory.

There are a number of reasons for the lack of performance of the target-based model. First, data limitations greatly reduced the sample size, this may account for the lack of significance among the variables. Second, the measures available for the variables, while reliable may not have appropriately captured the elements of the theory. Before we can reach conclusions regarding the value of the target based theory further scrutiny is required. To further examine the merits of the relationships encompassed in the target-based approach a I turn to an examination of select cases. In the next chapter I apply the theoretical framework to a series of case studies on sanctions imposed against Iran.
Table 4.16:
Economic Sanctions Cases (Source: Hufbauer, Schott and Eliott)

<table>
<thead>
<tr>
<th>Sender</th>
<th>Target</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.K.</td>
<td>Germany</td>
<td>1914-18</td>
</tr>
<tr>
<td>U.S</td>
<td>Japan</td>
<td>1917-18</td>
</tr>
<tr>
<td>U.K.</td>
<td>Russia</td>
<td>1918-20</td>
</tr>
<tr>
<td>League of Nations</td>
<td>Yugoslavia</td>
<td>1921</td>
</tr>
<tr>
<td>League of Nations</td>
<td>Greece</td>
<td>1925</td>
</tr>
<tr>
<td>League of Nations</td>
<td>Paraguay, Bolivia</td>
<td>1932-35</td>
</tr>
<tr>
<td>U.K</td>
<td>USSR</td>
<td>1933</td>
</tr>
<tr>
<td>U.K., League of Nations</td>
<td>Italy</td>
<td>1935-36</td>
</tr>
<tr>
<td>U.K., U.S.</td>
<td>Mexico</td>
<td>1938</td>
</tr>
<tr>
<td>Alliance Powers</td>
<td>Germany, Japan</td>
<td>1939-45</td>
</tr>
<tr>
<td>U.S</td>
<td>Japan</td>
<td>1940-41</td>
</tr>
<tr>
<td>U.S</td>
<td>Argentina</td>
<td>1944-47</td>
</tr>
<tr>
<td>Arab League</td>
<td>Israel</td>
<td>1946-</td>
</tr>
<tr>
<td>U.S.</td>
<td>Netherlands</td>
<td>1948-49</td>
</tr>
<tr>
<td>USSR</td>
<td>U.S., U.K., France</td>
<td>1948-49</td>
</tr>
<tr>
<td>USSR</td>
<td>Yugoslavia</td>
<td>1948-55</td>
</tr>
<tr>
<td>U.S., CHINACOM</td>
<td>China</td>
<td>1949-70</td>
</tr>
<tr>
<td>U.S., U.N</td>
<td>North Korea</td>
<td>1950-</td>
</tr>
<tr>
<td>U.K., U.S.</td>
<td>Iran</td>
<td>1951-53</td>
</tr>
<tr>
<td>USSR</td>
<td>Australia</td>
<td>1954</td>
</tr>
<tr>
<td>India</td>
<td>Portugal</td>
<td>1954-61</td>
</tr>
<tr>
<td>Spain</td>
<td>U.K</td>
<td>1954-84</td>
</tr>
<tr>
<td>U.S., South Vietnam</td>
<td>North Vietnam</td>
<td>1954-</td>
</tr>
<tr>
<td>U.S.</td>
<td>Israel</td>
<td>1956-83</td>
</tr>
<tr>
<td>U.S., U.K., France</td>
<td>Egypt</td>
<td>1956</td>
</tr>
<tr>
<td>U.S</td>
<td>U.K., France</td>
<td>1956</td>
</tr>
<tr>
<td>U.S.</td>
<td>Laos</td>
<td>1956-62</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Netherlands</td>
<td>1957-62</td>
</tr>
<tr>
<td>France</td>
<td>Tunisia</td>
<td>1957-63</td>
</tr>
<tr>
<td>USSR</td>
<td>Finland</td>
<td>1958-59</td>
</tr>
<tr>
<td>U.S.</td>
<td>Dominican Republic</td>
<td>1960-62</td>
</tr>
<tr>
<td>USSR</td>
<td>China</td>
<td>1960-70</td>
</tr>
<tr>
<td>U.S.</td>
<td>Cuba</td>
<td>1960-</td>
</tr>
<tr>
<td>U.S.</td>
<td>Ceylon</td>
<td>1961-1965</td>
</tr>
<tr>
<td>USSR</td>
<td>Albania</td>
<td>1961-65</td>
</tr>
<tr>
<td>Western Allies</td>
<td>German Democratic Republic</td>
<td>1961-62</td>
</tr>
<tr>
<td>U.S.</td>
<td>Brazil</td>
<td>1962-64</td>
</tr>
<tr>
<td>U.N</td>
<td>South Africa</td>
<td>1962</td>
</tr>
<tr>
<td>USSR</td>
<td>Romania</td>
<td>1962-63</td>
</tr>
</tbody>
</table>
U.S.          United Arab Republic          1963-65
Indonesia     Malaysia                     1963-66
U.S.          Indonesia                    1963-66
U.S.          South Vietnam                1963
U.N, Organization for African Unity    Portugal                    1963-74
France        Tunisia                      1964-66
U.S.          Chile                        1965-66
U.S.          India                        1965-67
U.K, U.N      Rhodesia                    1965-79
U.S.          Arab League                  1965-
Nigeria       Biafra                       1967-70
U.S.          Peru                         1968
U.S.          Peru                         1968-74
U.S.          Chile                        1970-73
U.S.          India, Pakistan              1971
Arab League   U.S., Netherlands             1973-74
U.S.          South Korea                  1973-77
U.S.          Chile                        1973-
U.S.          Turkey                       1974-78
Canada        India                        1974-76
Canada        Pakistan                    1974-76
U.S., Canada  South Korea                 1975-76
U.S.          USSR                         1975-
U.S.          Eastern Europe               1975-
U.S.          South Africa                 1975-82
U.S.          Kampuchea                    1975-79
U.S.          Uruguay                      1976-81
U.S.          Taiwan                       1976-77
U.S.          Ethiopia                     1976-
U.S.          Paraguay                     1977-81
U.S.          Guatemala                    1977-
U.S.          Argentina                    1977-83
Canada        Japan, EC                    1977-78
U.S.          Nicaragua                    1977-79
U.S.          El Salvador                  1977-81
U.S.          Brazil                       1977-84
China         Albania                      1978-83
U.S.          Brazil                       1978-81
U.S.          Argentina                    1978-82
U.S.          India                        1978-82
U.S.          USSR                        1978-80
Arab League   Egypt                        1978-83
China         Vietnam                      1978-79
<table>
<thead>
<tr>
<th>Region</th>
<th>Country</th>
<th>Year</th>
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</thead>
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</tr>
<tr>
<td>Arab League</td>
<td>Canada</td>
<td>1979</td>
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<tr>
<td>U.S.</td>
<td>Bolivia</td>
<td>1979-82</td>
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<td>U.S.</td>
<td>Iraq</td>
<td>1980-82</td>
</tr>
<tr>
<td>EC</td>
<td>Turkey</td>
<td>1981-82</td>
</tr>
<tr>
<td>U.K</td>
<td>Argentina</td>
<td>1982</td>
</tr>
<tr>
<td>Netherlands, U.S</td>
<td>Suriname</td>
<td>1982-</td>
</tr>
<tr>
<td>South Africa</td>
<td>Lesotho</td>
<td>1982</td>
</tr>
<tr>
<td>Australia</td>
<td>France</td>
<td>1983-</td>
</tr>
<tr>
<td>U.S.</td>
<td>USSR</td>
<td>1983</td>
</tr>
<tr>
<td>U.S.</td>
<td>Zimbabwe</td>
<td>1983-84</td>
</tr>
<tr>
<td>U.S. and OECS</td>
<td>Grenada</td>
<td>1983</td>
</tr>
<tr>
<td>U.S.</td>
<td>Iran</td>
<td>1984-</td>
</tr>
<tr>
<td>U.S.</td>
<td>Syria</td>
<td>1986</td>
</tr>
<tr>
<td>U.S.</td>
<td>Angola</td>
<td>1986</td>
</tr>
<tr>
<td>U.S.</td>
<td>Haiti</td>
<td>1987-90</td>
</tr>
<tr>
<td>U.S.</td>
<td>El Salvador</td>
<td>1987-88</td>
</tr>
<tr>
<td>Japan, West Germany, U.S</td>
<td>Burma</td>
<td>1988-</td>
</tr>
<tr>
<td>U.S., U.K</td>
<td>Somalia</td>
<td>1988-</td>
</tr>
<tr>
<td>India</td>
<td>Nepal</td>
<td>1989-90</td>
</tr>
<tr>
<td>U.S.</td>
<td>Sudan</td>
<td>1989-</td>
</tr>
<tr>
<td>US., COCOM</td>
<td>USSR, COMECON</td>
<td>1948-</td>
</tr>
<tr>
<td>U.S.</td>
<td>Libya</td>
<td>1978-</td>
</tr>
<tr>
<td>U.S.</td>
<td>Iran</td>
<td>1979-1981</td>
</tr>
<tr>
<td>U.S.</td>
<td>USSR</td>
<td>1980-81</td>
</tr>
<tr>
<td>U.S.</td>
<td>Nicaragua</td>
<td>1981-</td>
</tr>
<tr>
<td>U.S.</td>
<td>Poland</td>
<td>1981-82</td>
</tr>
<tr>
<td>U.S.</td>
<td>USSR</td>
<td>1981-82</td>
</tr>
<tr>
<td>U.S.</td>
<td>South Africa</td>
<td>1985-</td>
</tr>
<tr>
<td>U.S.</td>
<td>Panama</td>
<td>1987-90</td>
</tr>
<tr>
<td>U.S.</td>
<td>China</td>
<td>1989-</td>
</tr>
<tr>
<td>U.S., U.N.</td>
<td>Iraq</td>
<td>1990-</td>
</tr>
</tbody>
</table>


Table 4.17
Variable Operationalization
The variables discussed below include all the variables in the data set, not only those discussed in this chapter.

<table>
<thead>
<tr>
<th>Variable Name</th>
<th>Description and Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DEPENDENT VARIABLE</strong></td>
<td></td>
</tr>
<tr>
<td>PCHANGE4: Degree of Policy Change in the Target Country.</td>
<td></td>
</tr>
<tr>
<td>Range: 0-2</td>
<td></td>
</tr>
<tr>
<td>0= failure, no policy change in the target</td>
<td></td>
</tr>
<tr>
<td>1= some change</td>
<td></td>
</tr>
<tr>
<td>2= success, target accommodates the sender</td>
<td></td>
</tr>
<tr>
<td>Derived from Hufbauer, Schott and Elliott, 1990.</td>
<td></td>
</tr>
<tr>
<td><strong>DATA SET VARIABLES</strong></td>
<td></td>
</tr>
<tr>
<td>CASE: This number indicates the sanction episode observation</td>
<td></td>
</tr>
<tr>
<td>The range is from 1 to 119. Cases are coded from</td>
<td></td>
</tr>
<tr>
<td>Hufbauer, Schott and Elliott, 1990.</td>
<td></td>
</tr>
<tr>
<td>YEAR: This indicates the year in which the sanction is occurring.</td>
<td></td>
</tr>
<tr>
<td>The range is from 1914- 1993. Coded from Hufbauer,</td>
<td></td>
</tr>
<tr>
<td>Schott and Elliott, 1990.</td>
<td></td>
</tr>
<tr>
<td>YR.STR: The year in which the sanction began.</td>
<td></td>
</tr>
<tr>
<td>The range is from 1914- 1990. Coded from Hufbauer,</td>
<td></td>
</tr>
<tr>
<td>Schott and Elliott, 1990.</td>
<td></td>
</tr>
<tr>
<td>YR.END: The year in which the sanction ended. If the sanction is on-going this</td>
<td></td>
</tr>
<tr>
<td>variable is coded 1999. The range is 1918-1999. Coded</td>
<td></td>
</tr>
<tr>
<td>from Hufbauer, Schott and Elliott, 1990.</td>
<td></td>
</tr>
</tbody>
</table>
T: The target country code. The primary source for this coding is the Correlates of War project designation. In some instances, such as the U.N., numerical designation was devised. A complete list of country codes is attached. The range is 2-9001.

T2: The second target country code. Same as above.

T3: The third target country code. Same as above.

SANCTION STRUCTURE VARIABLES

S1: The sender country code. Same as above.

S2: The second sender country code. Same as above.

S3: The third sender country code. Same as above.

SPWR: The sender countries power designation. A major power is coded as 1, minor power 2. The source for these designations is the Correlates of War project.

SPWR2: This variant on the sender power designations codifies the power of more than one sender. Here the designations are 1 for major power, 2 for minor power and 3 for a collection of senders.

SENDPOW: The power status of the sender
Range: 1-3
1=minor power
2=major power
3=multilateral senders
Codes from Correlates of War Project

CX: Code for the export control. Coded 1 when export controls were used by the sender and 0 when no export control was used.
Coded from Hufbauer, Schott and Elliott, 1990.

CM: Code for the import control. Coded 1 when import controls were used by the sender and 0 when no export control was used. Coded from Hufbauer, Schott and Elliott, 1990.

CF: Code for the import control. Coded 1 when import controls were used by the sender and 0 when no export control was used. Coded from Hufbauer, Schott and Elliott, 1990.

AGSAN: The sum of the senders.
Range 1-5.
1 indicates 1 sender.
2 indicates 2 senders.
3 indicates 3 senders.
4 indicates an organized group of senders.
5 indicates an organized group of senders joined with 1 other sender nation.
6 indicates an organized group in addition to 2 other senders.
8 indicates 2 organized groups of countries.
Coded from Hufbauer, Schott and Elliott, 1990.
REGIME TYPE VARIABLES

National Decision Making

XCONST: The degree of constraint on the chief executive.

7 category scale
1 Unlimited Authority
2 Intermediate Category
3 Slight to moderate
4 Intermediate Category
5 Substantial limitation on the executive
6 Intermediate Category
7 Executive Parity or Subordination

MONO: The degree of independence of the chief executive.

5 category scale
1 Pure Individual Executive
2 Intermediate Category
3 Qualified individual executive- first among equals
4 Intermediate Category
5 Collective

CENT: The degree of centralization of political authority
3 category scale
1 Unitary State- Centralized
2 Intermediate Category
3 Federal State- Decentralized

Political Participation

PARREG: The degree to which political participation is regulated.
5 category scale
1 Unregulated- fluid political participation
2 Fractional/Transitional- competition exists but, it is intense, hostile and viole
3 Fractional/Restricted-competitive but exclusionary with politicide present
4 Restricted-some competition but groups are regularly excluded
5 Regulated- stable and enduring political groups regularly compete- no coercion
PARCOMP: The degree to which political participation is competitive.

5 category scale
1 Suppressed - no opposition is permitted outside the ranks of the ruling party
2 Restricted/Transitional - regime sharply limits competition to exclude substantial groups
3 Factional - factional patterns of competition
4 Transitional
5 Competitive

REGIME STRENGTH

Political Strength

PERSIST: Persistence - The number of years the regime has been in place

ECONOMIC STRUCTURE

Public/Private Economy

SCOPE: The degree of government involvement in the economy.
9 category scale
1 Totalitarian - government controls all economic life
2 Intermediate
3 Segmental Plus - government controls large economic sectors.
4 Intermediate
5 Segmental - government closely regulates significant segments
6 Intermediate
7 Segmental Minus - government provides limited service
8 Intermediate
9 Minimal - government provides security and justice

Level of Industrialization

ENERGY: Amount of energy consumed by nation.
Range: 9 - 324406
Coded from Correlates of War Capability Data Set.

IRNSTL:  Amount of iron/steel produced by a nation.  
Range: 0-213409  
Coded from Correlates of War Capability Data Set.

TOTPOP:  Population of the target nation.  
Range: 918-662,070  
Coded from Correlates of War Capability Data Set.

URBPOP:  Urban population of the target nation.  
Range: 0-117,710  
Coded from Correlates of War Capability Data Set.

SCS:  The success score of the sanction. This is a 16 point scale derived by multiplying the extent to which the sender’s policy was achieved by the contribution made by the sanction.  
1-4= degree of policy achievement.  
1-4= degree to which sanction contributed  
**Country Codes in Numerical Order**

2       U.S

20      Canada
40      Cuba
41      Haiti
42      Dominican Republic
55      Grenada
70      Mexico
90      Guatemala
92      El Salvador
93      Nicaragua
95      Panama

115     Surinam
135     Peru
140     Brazil
145     Bolivia
150     Paraguay
155     Chile
160     Argentina
165     Uruguay

200     United Kingdom
210     Netherlands
220     France
230     Spain
235     Portugal
245     Bavaria
255     Germany/Prussia
260     German Federal Republic
265     German Democratic Republic
290     Poland

325     Italy
339     Albania
345     Yugoslavia/Serbia
350     Greece
360     Rumania
365     USSR (Russia)
375  Finland
475  Nigeria
500  Uganda
520  Somalia
530  Ethiopia
540  Angola
552  Rhodesia
560  South Africa
570  Lesotho

616  Tunisia
620  Libya
625  Sudan
630  Iran
640  Turkey/Ottoman
645  Iraq
651  Egypt
652  Syria
666  Israel

710  China
713  Taiwan
731  Korea, Dem.People’s Repub.
732  Republic of Korea
740  Japan
750  India
770  Pakistan
775  Burma
780  Sri Lanka
790  Nepal

811  Khmer Republic (Cambodia)
812  Laos
816  Vietnam Democratic Republic
817  Republic of Vietnam
820  Malaysia
850  Indonesia

900  Australia

Collective Country Unions
9000 League of Nations
9001 United Nations
1000 Organization of American States
1001 Organization of East Caribbean States
2000 European Community
2001 Alliance Powers
2002 Western Allies
3000 Eastern Europe
4000 Organization of African Unity
6000 Arab League
Chapter Five:  
Introduction to Economic Sanctions Case Studies

The previous chapter was dedicated to an aggregate analysis of a large sample of economic sanction episodes. In that analysis the objective was to identify general trends regarding the role of the target’s political structure in defining sanction outcomes. Now I change the methodological focus and examine a smaller set of sanction cases in greater detail. Just as in the previous chapter, the aim here is to evaluate the merits of a target-based theory in explaining sanction outcomes. By selecting a sample of sanction episodes and submitting these to scrutiny, I hope to clarify the influence of the target state’s domestic attributes on the degree of sanction success. Here, I look at the context of each case, including subtle features that may have been overlooked in the aggregate analysis. In tandem with the large empirical examination, the case study approach permits a close consideration of the relationships underlying the sanctioning process. Therefore, the intuition behind the theoretical perspective is scrutinized more carefully. The principal goal is to investigate what occurs in the target state once economic sanctions have been imposed.

Findings from the case study are compared with the statistical findings, thus this analysis is intended to complement the aggregate work and to elaborate on those findings by closely looking at each sanction episode and re-examining the theoretical underlay. This section provides an alternative forum to test the hypotheses developed previously and the objective of both methodologies is to further understand sanctioning from the target state’s point of view.
To reach these objectives, I revisit the hypotheses presented previously, however, in this section the approach differs in two important ways. First, I consider alternative measures for the specified variables. Although the aggregate numerical measures adopted from the Polity data met the needs of the large sample study, here the information is more qualitative and detailed. Thus, I can assess the subtle variations that may have gone undetected in the target state’s political structure. Second, as the thrust of the theory is predicated on the leadership’s ability to create and maintain countermeasure policies, I look only to the three hypotheses that reflect those elements. Before I introduce the cases examined here, I review the findings of the statistical analysis from the previous chapter and summarize the theoretical perspective that guides this research along with the relevant hypotheses.

The mixed findings from the statistical analysis suggest that a closer examination of the target-based approach is warranted. There are three specific objectives that guide this part of analysis. First, as each case is evaluated the role of the countermeasures is re-assessed. The role of the countermeasures contemplated in the theory is a large one. Here, I focus on their importance in the context of each of the cases to determine whether their role is as I envision. Second, the aggregate analysis was encouraging in terms of the directional support for many of outlined relationships. Political institutionalization, the degree of constraints on the leadership, target state weakness and the degree of government involvement in the social and political affairs of the country all function in a way to support the underlying relationships outlined in the theory. The second objective is to look at these relationships more closely and determine their theoretical strength
within the context of specific sanction episodes. Third, according to the results of the empirical analysis, the issue at stake between the sender and the target states can play a significant role in determining sanction outcomes. There is evidence to support the idea that the more important the issue to the target country, the more likely that it will comply with the sender. This evidence goes against my expectations, I had anticipated that less vital issues would be associated with target country compliance. Because of these counterintuitive results, the case study provides a forum to further consider those findings.

In many respects, the results of the empirical analysis prompt this further inquiry into the merits of a target-based approach. While there was a lack of strong statistical support in the aggregate analysis, there are a number of possible explanations for the results. It is possible that the theory does not adequately capture the process underlying sanction episodes. Perhaps, the conceptual notions that underlie the selection of the variables are misguided. It is, however, equally possible that data limitations and inadequate measurement of the variables also contributed to the results. In assessing the political structure of a large number of cases as the Polity data does, the variations among countries with regard to the specified variables may not be well delineated. The gross indicators are likely to obscure important subtleties that go to the heart of the theory. In either case, the following analysis helps clarify the problem by providing further evidence for or against the theoretical perspective that is argued here.

The premise upon which the theoretical perspective of this research is built is that the target’s domestic institutional configuration plays an important role in the degree of
sanction success. Central to the argument is the importance of including an assessment of target’s political condition, particularly with regard to decision-making processes, in a calculation of sanction success. The rationale for this assertion is built on the development of target countermeasures. According to the theoretical outline, countermeasures are the primary means through which target institutions influence sanction outcomes. As defined above, countermeasures are government-devised programs used by the target state to address the impact of sanctioning. Ranging from propaganda campaigns against the sender state to the development of alternative markets, countermeasures are the target state’s antidote to the imposed sanctions. Countermeasures are national policies derived in the same manner as any national policy. I maintain that domestic institutional arrangements influence the development of countermeasures and that these can be analysed by examining the manner in which the target state regime makes decisions. Institutional arrangements are important to the extent these permit the leadership the freedom to fight the effects of the imposed sanctions.

The mechanisms behind national policy making, the extent of political participation and the degree of governmental involvement in the activities of the state define the manner in which policy is made. These are among the important institutional variables that can influence the development and efficacy of countermeasures. Who controls the decision-making apparatus and how extensive political participation is within the target state determine the extent of sanction success via their effect on the development of countermeasure policy. I anticipate that sanctions are least likely to succeed when applied against centralised regimes with little political institutionalisation
and competition. Thus, a set of target country attributes are defined in terms of how
difficult it will be to effect policy change through the use of economic sanctions.

Though the target’s domestic political structure is not the only component in the
calculation for determining sanction success, it is the primary focus of this case study
analysis. Before introducing the cases that comprise this portion of the analysis, I review
the hypotheses developed previously. These guide the analysis as I examine each case by
applying the hypotheses and qualitatively assessing the results.

The Hypotheses

H1. The more institutionalized and competitive the political participation
processes the more difficult it is for the leadership to establish effective
countermeasures, thus enhancing the degree of sanction success.

H2. The more constrained the leadership, the more difficult it is to establish
effective countermeasures, thus enhancing the degree of sanction
success.

H3. The more centralized the political authority, the easier it is to establish
effective countermeasures, thus detracting from the degree of sanction
success.

Selection of Cases: Iran

I have selected three sanction episodes for analysis. The economic sanction
episodes are chosen with the a few criteria in mind. The target country is “Middle
Eastern”, I focus on this geographic region for a number of reasons. First, I am interested
in testing data from this setting in a systematic and rigorous manner. Second, often this
region of the world is the perceived to be characterized by informal institutions,
centralized political authority and transitional political processes. These offer a challenging backdrop against which to test the developed theory. Given that the focus of this theory places a priority on the internal activities of the target state, these sanction cases promise to be instructive to our understanding of how internal dynamics influence sanction outcomes. Thus, as a group, these sanction episodes provide a valuable sample for examination of the theory. Third, both the institutional literature and the economic sanctions research have not paid much attention to the internal processes of the countries in this part of the world, leaving us with a deficit of systematic understanding regarding the internal political dynamics of this region. Indeed, as a group, the regimes of these countries are often lumped together under the broad heading of authoritarian. There are important variations within and among the regimes of these countries, variations that not only explain policy making but also, the outcome of sanction episodes.

Iran has been a frequent recipient of economic sanctions, over the course of the last thirty years Iran has been targeted three times. Twice by the United States acting unilaterally in 1979 and 1984 and once in 1951 when the United States joined the United Kingdom in imposing sanctions against Iran. The issues defining each of the sanction episodes between the senders and this target country differed in each case. In the 1950s sanctions were imposed for expropriation of petroleum facilities, these were followed in the 1970s by sanctions for the release of the America hostages and finally, in the 1980s sanctions were placed for violations associated with state sponsored “terrorism”. In the following case studies I explore the Iranian domestic political structures as these influence the outcome of each episode. The Iranian cases are especially attractive for
analytical purposes because there is sufficient documented and reliable information with which to evaluate each of the sanction episodes.

The continuity presented by looking at Iran over three distinct time periods is instructive. Sanction episodes do not occur in a vacuum, they are not discrete events unrelated to the relationships in place outside of the episode. Each successive episode examined here was affected by prior episodes. As is described below, outcomes were influenced by the history between the target state and the sender. Thus, we gain helpful insight about the sanctioning process by looking at this target state over time.

Although the three episodes feature Iran, in each case the Iran that is targeted is very different in terms of the existing political structures. Not only is there a vast difference among the three Iranian political regimes in each of the periods, the issue in contention differed markedly. The sanction programs examined here covered three distinct political periods in Iran’s history. During the first episode in 1951, Mohammed Reza Shah nominally headed Iran, although de jure power rested with Prime Minister Mussadigh. The Prime Minister’s efforts to nationalize the Iranian oil industry were the focus of the dispute between the U.K., U.S. and Iran. The sanctions were imposed with a view towards unseating the Prime Minister and consolidating Pahlavi rule, as it was more sympathetic to British oil concerns in the country. Prime Minister Mussadigh’s regime is viewed as nationalist, constitutional and democratic—in marked contrast to both, the Pahlavi and Khomeni rule. Indeed, it is remembered as a brief moment of liberal, secularist and parliamentary reign in Iran’s political history (Louis and Bill, 1988: 24). Ironically, Mussadigh aspired to create an Iranian system patterned after the American
and British. As is discussed below, this political attribute was influential in the formation of the countermeasures used against the imposed sanctions. The Mussadigh government and its institutional structures set the tone for the manner in which this episode evolved.

The second episode occurred more than twenty-five years later in 1979. The sanctions imposed by the United States, found a newly established theocratic regime governing Iran. The structure of Iran's political institutions had undergone tremendous changes with Mohammad Reza Shah's departure. In the first few months of the revolution, the centralized rule of the Shah was replaced by an intensely populist quality. Equally noteworthy at this time was the unrivalled rise of the iconic revolutionary leader, Ayatollah Ruhollah Khomeni. Populism and a full-scale revolution determined the course of the ensuing countermeasures and this sanction episode.

During the course of the third and on-going episode, the Islamic Republic of Iran was firmly established and its revolutionary leader, Ayatollah Khomenei, had died. In 1984, when the current sanctions were imposed, political institutions and processes were consolidated and secure and would grow increasingly so over the course of the next fourteen years. These features continue to influence Iranian response to the U.S imposed economic sanctions.

Another important distinction is found in the duration of each episode. One continues in its 14 year, the 1979 lasted just over a year and the 1951 episode lasted nearly three years.

Each successive sanction episode found an Iran with a different political structure and decision-making apparatus. As I discuss below, that structure and its political context
played a large role in setting the tone for the developed countermeasures and consequently, the outcome of the sanction program. Each episode and its particulars are outlined in the table below.

<table>
<thead>
<tr>
<th>Target</th>
<th>Duration</th>
<th>Sender</th>
<th>Issue</th>
<th>Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran</td>
<td>1951-1953</td>
<td>U.S./U.K.</td>
<td>Nationalism</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>1979-1981</td>
<td>U.S.</td>
<td>Hostages</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>1984-current</td>
<td>U.S.</td>
<td>Terrorism</td>
<td>2</td>
</tr>
</tbody>
</table>

*Source: Hufbauer, Schott and Elliott 1990

These cases allow me to compare the effects of varying internal political structures on sanction outcomes over different time periods and under different regimes. The ability to investigate the effects of internal structures within the same target state over time enhances the comparative study. The independent variables that reflect internal target state dynamics vary, particularly when subjected to careful examination. As is evident from the analysis below, each of the three regimes differed in the manner in which policy was made, in the levels of centralization of decision-making and degrees of political participation over time and across regimes. For example, the entrenched regime of Mohammed Reza Shah Pahlavi and its Western orientation offers a marked contrast to the characteristic uncertainty of the early period of the revolutionary regime of Khomeni.
During the revolutionary period, rapid, frequent and unpredictable political changes colored the policy-making process. Although both regimes have been labelled authoritarian, a closer inspection reveals vastly different modes of decision making, political participation and motivation. The nascent Khomeini regime of 1979 also differs from the consolidated and established political order in effect by the time of the 1984 sanctions. Of major relevance to the theoretical proposition advanced are the differences in policy motivations and making between the nationalist Mussadigh period of 1951, 1979 revolutionary regime and its more mature 1984 counterpart. Different circumstances and different policy objectives drove each of the sanction episodes and affected their outcomes. Second, the popular revolutionary zeal that brought the Khomeini regime to power witnessed considerable and competitive political participation at least initially. Finally, Khomeini’s role as revolutionary icon and spiritual leader is unrivalled, there was no analogue during the sanction applied in the 1950s. Khomeini’s death in 1989 left a vacuum whose effect on the 1984 episode would be considerable. It is the impact of these kinds of structural political variations on the target state’s policy development that the case study highlights.

**Methodology and Definitions**

The operationalization of the independent variables is accomplished prior to the data collection in order to minimize subjectivity and maximize re-produceability. Political participation is considered along two dimensions: institutionalization and competitiveness. Each of these two dimensions is given a designation from low to
medium to high. Political institutionalization is primarily a function of time and the degree of reliability. For example, a designation of low signifies an extreme lack of institutionalization, newly established regimes lacking in established patterns of participation are likely to fit under this category. Where political participation is unpredictable and not clearly regulated, a designation of low institutionalization is attributed to the target country. Here, the opposition to leadership’s policies can not organize itself as readily as in a system with established political procedures. Presumably, in such systems the lack of institutionalization precludes organized and systematic political mobilization. At the other end, long established regimes with predictable, if infrequent and unconventional, channels of participation are given a designation of high. The objective behind including this variable is to gauge the ability of the opposition to object to the leadership’s countermeasure policies. A medium category is offered to those systems with mixed characteristics.

Political competition is assessed in terms of the extent of actual bona fide openness of competitive participation. Two key elements define this variable, the existence of actual choices among key policies and the degree of barriers to entry in to the competition for political positions. For example, limited hereditary systems are considered low in competition if succession is virtually guaranteed to only one person. Thus, where there are material barriers to the competition for positions, a designation of low is attributed. In these systems the leadership is less concerned with accountability for the devised policies. Highly competitive systems may not be characterized as being open to the entire population, however, these incorporate a fairly large segment of the target
country’s society, barriers to enter the competition are relatively low and when decisions are put to the population, real choices are offered. There is a medium category for systems that incorporate elements of both designations.

Constraints on the leadership are a central element in the proffered theory. Systems characterised by a low designation indicate little to no official and unofficial rules and procedures that limit the authority of the leadership. Here, the leadership is completely free to direct the target country’s policy toward economic sanctions. High constraints indicate both legal and explicit procedures that limit the authority of the leadership or other restraining features such as powerful interest groups and constituencies. Thus, the leadership is not at liberty to direct policy in the manner it pleases. In addition to low and high, a medium category incorporates those systems that are best described as mixed.

Centralization of political authority is assessed by the degree of concentration of leadership power relative to other institutions in the target country. Here, if the central government determines most policies for the remainder of the country a designation of high is given. Where policy making is the preserve of the central leadership, without the involvement of other structures in the society, centralization is considered to be high. In cases where, there are rival power centers outside of the central government with actual authority to implement regional policy then low is designated. Medium signifies some institutional autonomy in some policy-making areas.

The degree of government involvement in the economic activities of the state is measured along a similar dimension. Low implies little to no government reach in the
economic life of the target country. Here, we should see evidence of little regulation and an active private sector. High signifies a state-trading target with a highly regulated economic life and minimal involvement by the private sector. The medium category is intended for intermediate characterizations.

The point of this organizational scheme is to provide a means for navigating through a lot of detailed information that may have been overlooked in the coding used in the aggregate analysis. The trichotomous distinctions introduced here are admittedly rough, however, they represent an initial attempt to explore the envisaged relationships. While the three category framework may not be as sophisticated as possible, this is adequate for a preliminary investigation of the connection between the political institutions of the target state and the sanctioning process. Depending on the results from this first attempt, the coding scheme can be improved upon in subsequent analyses.

The dependent variable, the extent of target policy change, also shows variation across the different sanction episodes. For the benefit of comparative consistency, the dependent variable is defined as it has been in the previous chapter according to the Hufbauer, Schott and Elliott designation (1990). The authors designate both the 1979 and the 1951 episodes as successful. It is important to note that in the discussion of the 1979 episode, I offer an alternative assessment to the Hufbauer, Schott and Elliott designation regarding the role that sanctions played in achieving the policy desired by the United States. The authors designate the 1984 episode as a two, which signifies an unclear but possibly positive outcome when viewed from the U.S.' perspective (Hufbauer, Schott and Elliott, 1990:578).
The scheme for evaluating independent variables is summarized in the table below:

<table>
<thead>
<tr>
<th>Institutionalization</th>
<th>Competition</th>
<th>Constraints</th>
<th>Centralization</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td><em>no patterns</em></td>
<td><em>closed, exclusive</em></td>
<td><em>no rules</em></td>
<td><em>policy formed</em></td>
</tr>
<tr>
<td></td>
<td><em>unpredictable</em></td>
<td><em>barriers</em></td>
<td><em>no limitations</em></td>
<td><em>by leaders only</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><em>little government</em></td>
</tr>
<tr>
<td>Med</td>
<td><em>mixed</em></td>
<td><em>mixed</em></td>
<td><em>mixed</em></td>
<td><em>mixed</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td><em>established</em></td>
<td><em>open, inclusive</em></td>
<td><em>rules &amp; groups</em></td>
<td><em>diffuse decision</em></td>
</tr>
<tr>
<td></td>
<td><em>patterns</em></td>
<td></td>
<td><em>constrain</em></td>
<td><em>making</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><em>heavy government</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><em>involvement</em></td>
</tr>
</tbody>
</table>

Data for each of the independent variables is obtained from published scholarly work on each country. The works of recognised country specialists, historians and memoirs of policy practitioners are consulted for their assessments regarding the internal political dynamics of Iran during each of the sanction periods. These are the primary sources for data gathering in the case study.

In the following section, I approach each case study with the following outline:

- a short introduction of the case
- a brief description of the events that prompted the sender state to impose economic sanctions
- a comment on the economic effects of the sanctions
- a sketch of the internal political dynamics of Iran during the period of study
- an identification of the prevailing countermeasure(s)

- application of the hypotheses to each of the cases.
Chapter Six:
The Case Studies

Case Study I: U.S. v. Iran 1979-1981 (Hostage Crisis)

I begin the analysis with the United States sanctions against Iran for the release of American personnel held at the American Embassy in Tehran from 1979-1981. The American hostages were released 444 days after their detention, a close look at this case will reveal precisely why the episode lasted as long as it did and how the internal political dynamics almost wholly determined the countermeasures and thus the duration and the terms of the negotiated outcome. In evaluating this episode two interesting questions present themselves. While it is clear that, in time, American policy objectives were met, it is not as clear how much the economic sanctions contributed to that result. There is ample evidence to suggest that alternative explanations for the release of the hostages exist. Although economic sanctions created significant economic pressure, that may not have been the motivating factor in resolving the crisis. A closer look at the internal political dynamic in Iran during this period indicates that release of the hostages was achieved only when the revolutionary regime was firmly established and secure. This explanation greatly minimizes the role of the sanctions in the process. Instead, policy change, the release of the hostages, can be wholly explained by the internal machinations of the revolutionary power struggle.

The Events that Led to the Economic Sanctions

In January 1979, Mohammed Reza Pahlavi Shah, who had governed Iran since the forced abdication of his father in the 1940s, left Iran. His departure came at the request of
leaders of the Western nations. In Iran, mounting pressure, including massive public protest and rioting against his regime forced the Shah out of the country. In his place the exiled Ayatollah Khomeni returned to Iran and established the Provisional Government in February of 1979. The U.S. embassy was seized on November 4th 1979 by a group of student protesters who, later, appeared to have gained Khomeni’s tacit approval for their actions (Milani, 1988:275). Along with the taking of the U.S. embassy in Tehran, nearly seventy embassy personnel were detained for the duration of the crisis. According to most experts on this case, the seizure of the U.S. embassy and its personnel was in direct response to the Carter administration’s decision to admit Mohammad Reza Pahlavi to the United States for medical treatment. While that was the proximate cause, the actual cause was the perception of decades of subjugation at the hands of the West. The Shah’s admission to the U.S. fuelled Iranian ire given the perception of past Western complicity in Iran’s domestic affairs (Milani, 1988:275 and see 1951 case study below).

The Economic Effects of the Sanctions

In November 1979 the United States began to impose a set of graduating and comprehensive economic sanctions against Iran. The stated objective behind the American sanction initiative was the release of U.S. diplomatic personnel held in Tehran during the seizure of the embassy. In an effort to win the release of the hostages President Carter began by halting the shipment of military spare parts on the 9th of November, on the 10th the President ordered the review of 50,000 Iranian student visas to deport those in violation (Hufbauer et al. 1990). Under national emergency powers, the President embargoed all oil imports from Iran on the 12th of November. The next day the U.S. House of Representatives voted to cease all foreign and military assistance to Iran
Under the International Emergency Economic Powers Act, the President froze Iranian deposits in U.S. banks on the 14th of November (Hufbauer et al. 1990). Thus, import, export and financial controls were all used against Iran in this sanction episode.

According to observations from Iran and from outside, the sanctions were effective in achieving their intermediary goal; the economic sanctions created substantial dislocation in the Iranian economy. Further, there is some consensus that the economic controls were instrumental in promoting the policy change in Iran. That is, for many observers, the impetus for the release of the hostages was provided by the economic sanctions. According to Hufbauer et al. from 1978 until 1981 exports between Iran and the U.S. went from $2,880 million to $63 million and imports were reduced from $3684 million to $300 million (1990:160). The economic sanctions against Iran were an effective tool in achieving a considerable harmful economic effect. They created substantial, though not insurmountable costs (Carswell, 1981-82:254).

In July 1980, the Republic’s first president, Bani-sadr, said that the economic situation is worsening, and inflation plus the economic blockade coupled with the people’s fears will likely create a “sick economy” (Hufbauer, Schott and Elliott, 1990:157). By August he conceded unequivocally that the sanctions are hurting Iran. Such admissions by the Islamic Republic’s first president are reliable testimony to the harmful effects of the sanctions. An Iranian newspaper urged the resolution of the sanction issue to alleviate the “severe pressure” caused by the economic sanctions (Hufbauer, Schott and Elliott, 1990:157). Foreign Minister Gotbzadeh, one of the
negotiators on the Iranian side, acknowledged that the sanctions were isolating Iran from the international community.

Outside observers concur with the Iranian assessments; the sanctions caused Iran supply difficulties, forcing the purchase of needed goods through middlemen at exorbitant prices (Carswell, 1981-82:254). Warren Christopher, one of the many American policy players during the crisis, noted that the U.S. freeze on the $12 billion Iranian assets was especially burdensome to the nascent post-revolutionary regime (1985:24).

Despite the intense economic hardship there is some evidence that the economic sanctions were not wholly responsible for ending the crisis. While there is a suggestion of causality, there are also indications that the release was prompted by concerns internal to the political dynamic in Iran at this time, rather than economic effects. As is discussed below, key internal events also played an important role for the eventual resolution of the problem. In contrast, it is interesting to note that the economic hardship would be much greater during the 1984 episode, yet Iranian resolve for non-compliance would be much stronger than in 1979. This comparison leads me to conclude that economic hardship, even when it is severe, is not the principal motivation for policy changes. Instead, regime interests and how these interact with existing political structures may have a stronger influence.

_Iran's Internal Political Dynamics 1979-1981: A Brief Sketch_
This sanction episode differs from most others in at least one striking regard. Because of a particular confluence of events, the hostage crisis became among the most important national political issues in Iran. Coinciding with the revolution, the crisis and surrounding events came to symbolize the themes of the revolution. There is a distinct agreement among the scholarly observers of this episode that the crisis was used by various political factions in their struggle for post-revolutionary supremacy (see Cottam, Hunter, Laingen, Milani). In effect, the internal political dynamics in Iran assured that the hostage issue would become inextricably linked with the competition for power among newly emerging political forces (Hunter, 1992:111). The crisis was parlayed into systematic anti-American hysteria that played into the hands of the "fundamentalist" factions contributing to the consolidation of their position (Milani, 1988:240). Indeed, according to most accounts, the hostage issue was instrumental in forming the final outcomes and shaping the political structure in the Iran we know today (Hunter and Cottam).

The hostage crisis and the circumstances surrounding the event not only dominated Iran's foreign policy, they became strategic tools for those opposed to relations with the United State (Hunter, 1992:110). Some factions feared that political and economic relations with the U.S. were a direct threat to their interests and could potentially compromise their newly acquired leadership positions. The elevation of the hostage issue to a primary place in the national agenda was a purposeful act that served key partisan and institutional interests in Iran. The ensuing analysis explores this aspect

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1 The term is placed in quotes because of the controversy associated with its use in this context. Fundamentalism refers to a specific movement among Protestants and has been erroneously used to
of the sanction episode and investigates the extent to which internal political institutions contributed to the extreme politicization of the issue over which sanctions were imposed.

When the U.S. imposed sanctions against Iran in 1979, the political and social revolution was eight months old. The revolutionary process had suspended the old regime’s governmental authority leaving a political vacuum in its place. Not only was there a crisis of authority with the Shah’s departure, the economy was in shambles, the security forces were demoralized, skilled labor had fled, oil production was low and there was a raw material shortage (Milani, 1988:250, Cottam, 1988:190). The economic sanctions contributed to this worsening economic situation.

Officially, the Islamic Republic was born in April 1979, when a popular referendum posed the choice to the voters. When faced with the decision to select between an Islamic Republic and a monarchy, the overwhelming majority of the 15 million voters cast their vote in favor of the formation of the Islamic Republic (Milani, 1988:261). Ratification of the Islamic constitution was similarly achieved in December of 1979, when the theocratic constitution supplanted the 1906 constitution as the highest law of the land.

From 1979 until the release of the hostages in 1981, the tenor of the political tide in Iran shifted from one of post revolutionary uncertainty to consolidation and regulation overwhelmingly in favor of clerical faction. Political institutions within the country also experienced a transition from those fleeting institutions that arose as a response to the revolution to those that would endure (Cottam, 1988:191). A few key actors dominated the path of that transition, the dynamics of their relationship determined the duration of describe some adherents of Islam.
the sanction episode and the type of countermeasures developed to cope with the sanctioning. Most notably, with respect to the evolution of the sanction episode, the transition was characterized by a competition between the moderate nationalists on one side and the clerical “fundamentalists” on the other. The struggle for political power between moderates and clerics was at its most acute during the hostage crisis (Montazzam, 1994:377). Briefly, the moderate nationalists promote relations with the West, a less activist clergy and a more secular state. The clerics perceive these objectives to be in conflict with Islamic theocratic principles (For a full description of this distinction see Hunter, 1988).

A sketch of the political landscape and its key figures helps set the scene and underscores the importance of that scene in the unfolding of this sanction episode. As is often the case, in post-revolutionary Iran the primacy of the institution was frequently obscured by the personality within.

The principal political institutions and organizations during the hostage tenure include the Provisional Government (PRG) headed by Prime Minister Bazargan a moderate nationalist, Students Following the Line of the Imam (SFLI) spiritually lead by Habibollah Peyman and Hojatolislam Kho’eniha. These two clerics were members of the Revolutionary Council and the Islamic Republican Party’s central committee respectively (Milani, 1988:275). Other key institutions included the Revolutionary Council (RC), the Islamic Republican Party (IRP) headed by a cleric, Beheshti. The Presidency was occupied by Bani-sadr, the Foreign Ministry occupied by Qotbzadeh, the Majlis, dominated by the IRP, and above all the Faqih, Ayatollah Khomeni, divinely ordained revolutionary and constitutionally mandated political leader (Cottam, 1988: 221). The
interplay among these groups wholly determined the response to the sanction program and how the hostage crisis would play out.

The scene opens in November 1979 with the seizure of the American embassy and the fall of the Provisional Government. Prime Minister’s Bazargan’s provisional government, appointed by Khomeini in February of 1979, had the monumental task of restoring political and economic order after the revolution. Bazargan resigned his position in protest over the student led seizure of the U.S. embassy, his resignation brought the fall of the Provisional Government in November of 1979 (Milani, 1988:276). As a moderate, Bazargan viewed economic and political ties with the West to be in the interest of Iran. As a nationalist he preferred a secular government that incorporated select Islamic elements rather than a complete theocracy. Thus, he did not envisage an activist role for the clerics. Though the embassy seizure was catalytic in bringing the fall of the PRG, the underlying cause was more likely the competition between his government and the clerical factions. Notwithstanding Bazargan’s efforts, he fell victim to the rival power centers that had more support from Khomeini. Bazargan’s main political rival was the Revolutionary Council.

Ayatollah Khomeini established the RC in January of 1979. Essentially a secretive cleric dominated group, the Council’s political reach was never clarified and its vague role was to assure operations were in accordance with holy law (Milani, 1988:226, 253 and Cottam, 1988: 191). It appeared to play a large role in undermining the Bazargan government, not only because it was a political competitor with concurrent powers but also because it had the support of the recently mobilized masses (Cottam, 1988:191). Two factors strengthened the position of the RC. First, it controlled the paralegal
organizations that patrolled the streets acting as an interim police force and parallel military force to the regular army. Second, deadlock between the PRG and the RC was resolved by the Ayatollah who frequently sided with the Revolutionary Council. Members of the Council were appointed and dismissed by Khomeni (Milani, 1988:247). Until the Presidential elections in January of 1980, the Revolutionary Council, under the auspices of the Ayatollah, was in complete control of government activities as a collective executive (Cottam,1988: 212). It held the fate of the hostages in its hands, but as becomes evident below, constraining factors prevented it from approving an early release.

Among the factors constraining the RC was public support generated for the student hostage takers. Though not a part of the government, the SFLI quickly became a decisive constituency. By storming the embassy and giving the impression that they had incapacitated the United States, the students struck a popular chord among the population. Finally, Iran was able to overpower a “Western Imperialist”. Their popularity made decision-makers cautious not to appear lenient by favoring the release of the hostages and thus giving in to the American “oppressor”. As the crisis wore on, frequently televised reports by the students alleging a history of U.S. subterfuge in Iran fuelled the antipathy for the U.S. and the hostages. The students were initially motivated by the Carter administration decision to permit entry to the Shah, but, they were further encouraged by determining that the U.S. embassy and its personnel were a center for spies and influence over Iranian affairs. The student’s efforts came to symbolize independence from the West, an integral part of the Revolution’s ideology (Cottam, 1988:217). Incorporating the hostage taking with the revolution’s ideals became the
centerpiece for the countermeasures that followed. Needless to say, the students were staunchly opposed to relations with the West, especially the United States, unless radical changes in that relationship occurred.

The Islamic Republican Party quickly became a major force in the post-revolutionary political affairs. Under Khomeini’s guidance, it was formed in February of 1979 by leading clerics of the revolution such as, Ayatollah Beheshti, Hojjatol-Islam Ali Rafsanjani, Hojjatol-Islam Ali Khamanei (Milani, 1988:244). (Rafsanjani and Khamanei would become President and Supreme Spiritual Leader respectively). The party’s successful aim was to garner public support, it was the “symbol of Shi‘i fundamentalism, advocating a return to the golden years of Islam, strict implementation of the Sharia and moral purification of society” (Milani, 1988:244). Thus, it was instrumental in mobilizing voters for the establishment of the theocratic republic and for the first parliament. The party’s power was derived from the broad based support, the lack of any viable and organized competition, its large membership in the RC and in being the embodiment of Khomeni’s political vision (Milani, 1988:244). Strategically, the party became a means for the clerical leadership to defeat rivals within the revolution (Cottam, 1988: 234). Because all opposition to the regime was removed from the process, the IRP by 1982 was the only remaining popular political institution (Cottam, 1988:234). It dominated the first elected Majlis and successfully ousted the first President, Bani-sadr. With the defeat of Bani-sadr, all major institutions of the government were under the control of the IRP membership (Cottam, 1988:230).

Abdul Hassan Bani-sadr became the Islamic Republic’s first president when he won 76% of the vote in 1980 (Cottam, 1988: 212). Like his Foreign Minister Qotbzadeh,
he enjoyed a close but short-lived association with Khomeni. Bani-sadr and Qotzbadeh were among the closest of advisers to the Ayatollah dating from his days in exile in Paris. They, compared to the fundamentalist clerics, were liberal and nationalist in their aspirations for the Islamic Republic. As President and Foreign Minister respectively, the policy formulation for handling the hostage crises was part of their responsibility. Both preferred to see the crisis end as they acknowledged its politically and economically isolating effects on Iran (Cottam, 1988: 214). They viewed the hostage taking as an impediment to the progress of the revolution. However, American negotiators, discovered that often the President and his Foreign Minister lacked the support and authority to execute policy independently. Instead, they needed the consent of the IRP dominated RC, who recognized that there was little political currency in supporting these “liberals”. This was especially the case as Khomeni distanced himself from the president and the foreign minister. Stronger policy makers such as the Ayatollah, the RC and later the Majlis emasculated their institutional decision making powers. Bani-sadr was impeached and exiled in March of 1981 for irreconcilable differences with the IRP led Majlis and Qotzbadeh was executed for treason in September 1982.

The new regime’s parliament, the Majlis, was elected in May of 1980. IRP dominated, Khomeni expressly gave this legislative organization the responsibility for negotiating the resolution of the crisis in April of 1980 (Cottam, 1988: 220). After lengthy bureaucratic and war related delays, the Majlis convened and began to consider the issue in September of 1980 (Laingen, 1992:186). Negotiation with the U.S. government through Algerian intermediaries took place during the fall of 1980. In return for the release the Majlis outlined four conditions: the return of the Shah’s wealth,
unfreezing of assets, cancellation of all claims against Iran and a promise not to interfere in Iranian affairs (Laingen, 1992:221). Resolution of the crisis, contained in the Algerian Accords, would be completed in time for the Reagan inauguration, January 20, 1981. Perhaps not coincidentally, resolution of the hostage crisis occurred simultaneously with the political entrenchment of the clerical revolutionary factions.

The most vital political institution defining the post-revolutionary political landscape is the Ayatollah Khomeni himself. His role as revolutionary leader bestowed upon him enormous popular support. In addition, the new constitution gave him remarkable decision making autonomy and extensive powers. Mandated by a large part of the population to determine the political agenda, he set the course during the tumultuous post revolutionary months. Public disagreement with the Ayatollah was sure to bring the demise of any adversary, the fates of Bazargan, Bani-sadr and Qotbzadeh are all testimony to this. Khomeni’s official position, the Velayat-e-Faqih, defined his role as supreme spiritual leader at the apex of all government institutions. The relationship between these features of the Ayatollah’s political position and the evolution of the sanction episode are discussed further below.

The hostage situation coincided with an interesting period in Iran. It occurred at a time when the new regime was in the process of defining and shaping itself. Because of that circumstance, the hostage crisis became part of the effort of those trying to consolidate newly acquired political power and was injected in most major debates about who should rule, the structure of the constitution and the nature of Islamic rule. The countermeasures to the imposition of sanctions were largely determined by the political lay of the land, thus, they became a tactical tool in the struggles for power. The
countermeasures served two distinct purposes simultaneously. They strengthened the population’s resolve and ensured clerical control of the Revolution (Laingen, 1992:221)

*The Countermeasures*

"...we see coverage of these...crowds, now whipped into almost mass hysteria, passing in the street before our embassy and raising their fists in angry unison to emphasize their unity against American imperialism in support of Khomeini and the Revolution."

Hostage Laingen, U.S. Ambassador to Iran, (Laingen, 1992:33) watching the evening news in captivity.

Ambassador Laingen’s words depict the primary countermeasure utilised against the imposed sanctions. An unrelenting and vigorous vilification of the West, especially the United States became the cornerstone of the strategy to cope as well as a means to strengthen the revolutionary regime’s hand. This campaign persisted in portraying the United States as the enemy of Iran and the goals of its revolution. The basis of the campaign was founded on the notion that the U.S., “an imperialist oppressor”, was attempting to subvert the goals of the revolution. The Shah’s admission to the U.S. corroborated that sentiment, especially when that event was linked with rumors that the U.S. was going to reinstate the Pahlavis, a prediction advanced by the hard-line clerical faction.

The type of counter measure was determined by the dominant ideology of the revolution: whatever the Shah had supported would no longer be tolerated. A strong and close military and economic relationship with the U.S. was such a feature of the Shah’s rule. Further support for this countermeasure came from the newly established clerical faction in whose interest it was to shun the United States until it secured its power in the Majlis and the IRP. Extreme anti-Americanism defined foreign and domestic policy
because the radical clerics were determined not to let the revolution drift into a relationship with the "Great Satan" and compromise their position (Hunter, 1992:110, Laingen, 1992:10). The implementation of the countermeasure was greatly facilitated by the structural arrangements of the post revolutionary state. Decision-making power was densely concentrated, eventually, political competition was essentially eliminated and institutionalization was lacking until the last term of the crisis.

The countermeasure strategy was supported in a number of ways. Regularly televised broadcasts, radio and journalistic programs joined to paint a picture of the West and the U.S. as anathema to the goals of the Revolution. Clergy preached of American government ills and Western imperialism’s attempts to destroy Islam at Friday prayers (Laingen, 1992:10). Imams personally appointed by Khomeni presided over these well-attended weekly events (Milani, 1988: 248, Laingen, 1992).

Although the Shah’s entry into the United States and the student’s retaliatory efforts established the theme of the countermeasure, its success was borne out of the power struggle between moderates and the clerical forces in Iran, having little to do with external matters. The hostage issue became the vehicle through which the fundamentalists established their ascendancy (Hunter, 1992:110-11; Milani, 1988:268, 273). Most accounts of the crisis concur that the hostage taking fell into the hard-liner’s hands and was manipulated by them to assure their victory (Milani, 1988: 247). The close association between the Shah and the U.S. facilitated the portrayal of the U.S. as a collaborator in the "crimes" of the Shah. From this point, the reference to the U.S. embassy in Tehran as the "den of spies" became an easy next step. The media capitalized on the popular theme with editorials advocating trials to determine the extent of
espionage the hostages conducted. It must be observed that control of these media
cannels fell squarely in the Ayatollah’s hands, as he had the constitutional right to
choose the national television and radio director (Milani, 1988:247).

Resistance to U.S. demands and the exhortations to withstand sanction pressure
were part of a countermeasure strategy cast as a declaration of independence from the
perennial reliance on and domination by the West, especially the U.S. (Cottam, 1988:
217). This became an integral part of the revolution’s ideology and a popular view
(Cottam: 1988, 217).

The Carter administration’s failed rescue attempt provided more fodder for the
creation of anti-American reports in support of the countermeasure campaign. Grass roots
resistance groups were urged to form to combat dangers posed by the U.S. such as the
possibility of another sneak attack (Laingen, 1992:123). Rumors circulated regarding
secret U.S. landings in Kurdistan and the existence of 20 secret airstrips attributed to
American efforts helped foster a hostile atmosphere towards the U.S.

Weaving together the major themes of the revolution including virulent anti-Shah
sentiments, independence from the West, and the strength of Islam, the clerical faction
succeeded in equating support for the hostage taking with support for the revolution. The
argument offered that economic dislocation and the negative world opinion were a small
price to pay in the maintenance of the goals of the Islamic revolution (Montazzam,
1994:381). The rhetoric in support of the countermeasures welcomed the sanctions, as
they would rid Iran of its dependency on American influence (Hufbauer et al, 1990:157).
Thus, standing behind the student take over became a way to establish revolutionary
credentials while advocating release was near heresy (Christopher, 1985:7; Montazzam,
1994:377). Simply put, credibility regarding commitment to the revolution was based on how much one embraced the student’s efforts to hold the hostages (Cottam, 1988:217).

The urban lower and lower middle classes, as well as, the younger radicalized clergy were especially supportive of the hostage taking. Therefore, members of the Revolutionary Council could not risk offending this core group of supporters (Cottam, 1988: 217).

The skilful deployment of the countermeasure permitted the Iranian leadership to delay the release of the hostages until political consolidation was achieved. Indeed, earnest negotiations with the United States did not begin until all moderates were purged and the Islamic Republican Party dominated the decision-making institution charged with negotiations. Prophetically, Secretary of State Vance was informed, a year before the release, that he “will not get (the) hostages until Khomeni has put all the institutions of the Islamic Revolution in practice” (Milani, 1988: 276). And, that’s precisely what happened.

In the following section I show how the institutional structure of Iran contributed to the development of the countermeasure and how that, rather than the economic hardship, determined the conditions for the release of the hostages.

*Test of the Hypotheses*

I now turn to an application of the hypotheses to test their relevance to the Iranian case. Each hypothesis is followed by a discussion of the applicability of the specified
variables to this sanction episode. Political participation is the subject of the first hypothesis:

**H1.** The more institutionalized and competitive the political participation processes the more difficult it is for the leadership to establish effective countermeasures, thus enhancing the degree of sanction success.

Two general observations can be made regarding political participation during this period in Iran. First, the revolution was a function of an acute political awakening on the part of the urban masses (Cottam, 1988:155,164). Thus, the revolution itself was a large-scale populist act characterized by a heightened sense of political participation. Second, by definition the Iranian Revolution suspended the regular, repeated and established patterns of participation that were part of the Shah’s regime. These two conditions meant that the populist participatory urge, spurred on by the clerical leadership, coincided with extremely low levels of political institutionalization and competition (Milani, 1988:251). Political institutionalization and competition appeared to have an indirect relationship during this period in Iran. As the levels of institutionalization deepened during the course of this episode, the level of political competition became increasingly circumscribed. Once the Bazargan government fell, few others posed meaningful competition to the clerical hold on power. A close look at the 14 months of this episode indicates three phases of institutionalization each marked by different patterns of participatory behavior. For analytical purposes I call these the transitional, the constitutional and the consolidation periods.

During the transitional period, from February until December of 1979, remnants of the unleashed fury that brought the fall of the Shah continued to manifest themselves. Here, the degree of institutionalization was at its lowest ebb. Overwhelming public
consensus gave Khomeni the right to guide but how this guidance would be institutionalized was completely unclear (Cottam, 1988: 189). Unregulated ad hoc committees sprang up to police the goals of the revolution. Below Khomeni competition for political power was at its highest level during this period. The expedient destruction of vestigial symbols of the Pahlavi Dynasty was the primary participatory act. Swift trials and summary executions of the former regime’s officials resulted from a combination of the antipathy for the Shah, the suspension of laws and the frenzied fighting for the spoils in the wake of the Shah’s departure (Milani, 1988: 256). Demonstrative mass political participation was at a high point as the newly mobilized masses took to the streets in support of Shi’a populism (Cottam, 1988:198, Milani, 1988:250). As acute and heightened as the participation may have been, its character was erratic and unsystematic. Indeed, the seizure of the U.S. embassy provides an extreme example of political behavior during this phase. The transitional phase ends with the ratification of the Islamic constitution in December of 1979.

The constitutional phase dates from December of 1979 until May 1980 when the parliamentary elections are completed. This period marks an intermediary stage of political institutionalization that foreshadows the subsequent political consolidation of clerical rule. This phase culminates in the establishment of the first permanent government apparatus, the Majlis (Laingen, 1992:131). Members of the IRP overwhelmingly controlled the Majlis’ 270 seats, ensuring that little competition from other elements existed (Menashi, 1990:123). At the end of this phase, political competition virtually ceases to exist.
The new regime’s structures were still too young to be considered institutionalized yet; the constitution clarified what direction governmental institutions would take. The constitution called for regular elections for president, Prime Minister and a parliament. The rules and expectations regarding the practice of participation were not yet cemented, though they were well on their way.

The final phase, from May 1980 until January 1981, is a period of relative institutionalization. Those temporary organizations that resulted from the revolution, such as the Revolutionary Council and the komitehs were either disbanded or brought under tighter regulatory control. The Islamic Republican Party was firmly in control of the legislature and clerical dominance permeated the judicial branch as well as the cabinet further limiting political competition (Milani, 1988:289). Potential rivals of the new regime were purged from the state bureaucracy and from the armed forces (Milani, 1988:288). Increasing regulation of the political processes coincided with decreasing competition and an increased call for the resolution of the hostage crisis by many Iranians. Scholarly observers attribute this to the sense that the political benefits of the crisis were outweighed by the costly consequences (Milani, 1988:289). Thus, the political victory of the clerical faction determined the timing of the negotiations for the release of the held hostages.

Relatively low levels of institutionalization characterized the initial stages of this sanction episode, while political competition was relatively high. The lack of regulation and established patterns of participation facilitated the development of an effective countermeasure policy. Unrestrained by established procedures and aided by the ground swell of revolutionary fervor, the primary decision-making institutions were free to
devise policies that served their objectives. Chief among the objectives was securing newly acquired political power. Both the Ayatollah Khomeni and the Revolutionary Council, the primary decision-makers during the crisis, benefited from the lack of institutionalization as they devised policy. They were able to sway public attention away from economic issues and towards higher revolutionary objectives. Indeed, the hostage matter was used to that end. The developed countermeasures successfully served two objectives. First, they contributed immeasurably to the population’s willingness to withstand the isolating effects of the sanction initiative. Second, they successfully promoted the agenda of the clerical faction assuring their ultimate success.

Because there was little predictable political behavior and the clerical faction did not have much viable competition, I designate this period in Iran’s history as low in political institutionalization and high in competition during the early phases. Later, however, there is a complete switch between these two variables. The interplay between the institutionalization and competition variables makes it difficult to attain a clear reading of this case and the contribution of these variables to the outcome. However, by the time that the political setting became institutionalized, the end of the episode was in sight and the U.S. was able to gain the return of its citizens. The gradual elimination of competition probably served to delay the release more than otherwise would have been expected.

What becomes clear from an examination of these variables is that the economic sanctions played a small role in influencing the institutionalization and competition that existed in Iran during this period. Instead, it is the structure of these variables that affected the response to the sanctions and therefore, the outcome.
Turning to the second hypothesis, I consider the constraints on the leadership to determine the leadership’s freedom in devising countermeasures. The hypothesis is as follows:

**H2. The more constrained the leadership, the more difficult it is to establish effective countermeasures, thus enhancing the degree of sanction success.**

According to the theoretical principals driving this model, official and unofficial constraints impede the leadership’s ability to develop prompt and efficient responses to the imposition of economic sanctions. Where rules and other limitations such as, interest groups tie the leadership’s hands, policy making is hindered. Comparatively unconstrained leaders have greater freedom to create policy. Thus, the more constraints on the leadership the less likely it can effectively ward off the sanction effects and success is more likely for the sender.

During the relevant time period in Iran there were three key policy making institutions. The office of Ayatollah Khomeni and the Revolutionary Council were the primary centers of decision-making throughout most of the term. The Islamic Consultative Majlis later joined them when it convened towards the end of the crisis, in August of 1980. The constraints on these as well as other less vital actors are considered in this section. The ratification of the Islamic Republic’s constitution in December of 1979 established the official constraints on the relevant governing institutions. In general, constraints on the major decision-making entities were relatively few. Constitutional constraints appear to increase as we go down the institutional hierarchy; the Ayatollah Khomeni least constrained and the Majlis most constrained.
With regard to the Supreme Leader the constitution established remarkably few limitations. The writers of the constitution appeared to have the Ayatollah Khomeni specifically in mind as they outlined the minimalist official limitations and responsibilities that attach to that office. In fact, when he died many of the powers associated with his office were taken away. The large powers given to Khomeni extended his control to all the governing institutions. In brief, the constitution established that the occupant of that office had no fixed term, unlimited and unchecked power and was designated Faqih, or leader for life. His responsibilities included the appointment and dismissal of the chiefs all the military forces, the declaration of war and peace and the designation of four of the seven members of the Supreme National Defense Council, the highest military authority in the land. In addition, he reviews the suitability of presidential candidates with a right of disqualification. The power to dismiss the president on a finding of incompetence by the Majlis or the Supreme Court is also attached to the office (Milani, 1988:264).

The Faqih’s reach is broad and extends to the legislative and judicial branches. The Council of Gardens, whose job was to ensure that legislation comports with Islam and the constitution, has twelve members. Six of those members are ulema appointed by the Faqih, the other six are appointed by the Majlis from a list prepared by the Supreme Judicial Council whose members are appointed by the Faqih. With respect to the judicial branch, the Faqih nominates the head of the Supreme Court. Thus, while the constitution accepts the division of power among the executive, legislative and judicial branches, all three are under the auspices of the Faqih (Menashri, 1990:117). It is apparent that, at least formally, there were few constitutional constraints on Khomeni.
Two additional features further diminished the possibility of informal constraints on the Ayatollah's policy-making prerogatives. The Ayatollah's public persona, the antithesis of that of the Shah was a great source of credibility and political legitimacy. Its appeal to the population generated unrivalled support beyond constitutional derived legitimacy. Overwhelming public support was based primarily on his simple life style, grounded in Islamic tradition suggestive of a sincere devotion to the Iranian dispossessed. He personified the revolution's themes and was cast as a national hero, a savior of Islam and Iran. Second, he perpetuated an image of one above politics, rarely entering disputes among the powerful personal network below him. In this manner he was able to avoid accountability, remain credible and maintain a strong following that permitted him a great deal of manoeuvrability. These features greatly contributed to the ease with which Khomeni's political will was fulfilled, allowing him to implement policies that he favored.

The Revolutionary Council, the other governing institution during the most acute times of the hostage crisis, was completely without formal constraints. Its role was beyond the scope of the constitution, yet it was a major policy-making center during the tenure of the hostage crisis. The Revolutionary Council was constitutionally unconstrained because it was considered an interim decision-making organ to be replaced once the new institutions were established. Its powers were largely undefined, its membership secretive (Menashri, 1990:79). Its power and its functions were derivative of the Ayatollah's who instructed the Council to purge the administration and granted de jure recognition to the Council as a "supergovernment".
Of significance was the establishment of the Council of Guardians, a group whose
ostensible role was to oversee the Majlis legislation and ensure that it comports with
Islam. Its role was powerful, the six theologians and six jurists who served were second
only to the Faqih in the hierarchy of offices (Menashri, 1990:117). According to one
member of this group: "when the Council of Guardians passes a law, all should obey it.
No one has the right to say that it is wrong (Menashri, 1990:192). Thus, the electoral
process and the Council of Guardians provided constraining features to the decision-
making ability of the Majlis.

The impeachment and subsequent exile of President Bani-sadr provides an
example of the degree of constraints on that office. The President was dismissed for being
overly critical of the regime. In fact, the clerical faction targeted him for impeachment
with tacit support from the Ayatollah. Thus, the President was considerable constrained
in his decision-making power.

Essentially, it was the Ayatollah Khomeni and the Revolutionary Council who
were primarily responsible for fashioning policy with regard to most major issues
affecting Iran during this period. Neither one of these political institutions was burdened
by substantial official or un-official constraints. Instead, they were able to capitalize on
the heightened sense of anti-American sentiment, turn it into their favor and promote
countermeasures that furthered their immediate interests. The lack of constraints,
especially on the Ayatollah, was a major element in the disposition of this sanction
episode, as this enabled him to go forward with the policies that he preferred. According
to the developed scale, constraints in Iran during this period are designated as low.
In the third hypothesis I examine the way in which the degree of centralization of political authority impacts the development of countermeasures. The anticipated relationship is outlined in the hypothesis below:

**H3. The more centralized the political authority, the easier it is to establish effective countermeasures, thus detracting from the degree of sanction success.**

As the crisis matured the centralization of political authority experienced a transition. During the initial stages of the crisis power appeared to be shared between the RC, Bazargan and ad hoc armed groups that arose during the revolution. However, it became evident that Khomeni had control of the political authority and that control would only increase during the course of the crisis. One example is found in the manner in which potential rivalries were extinguished during the 1979-1981 period. First Bazargan, then Bani-Sadr and finally Qotbzadeh were removed from the political arena. Their political adversaries ensured that Khomeni was on their side before manoeuvring the removal of the three moderate politicians. Second, even when intense competition pitted the radical clerics against their opponents, the Ayatollah appeared to be above the fray. His role as revolutionary and religious credentials permitted him to act as final arbiter for the rival power centers below him (Menashri, 1990:168). This function strengthened his authority. During this period in Iran’s history, none of the other existing institutions, alone or combined could offer comparable strength (Salinger, 1981:24). Khomeni was the only one who could issue a decision without the concurrence of another organization. In contrast, the President had to have the concurrence of the Revolutionary Council, and the Majlis that of the Council of Guardians. In fact, Bani-sadr as Foreign Minister had asked
the student hostage takers to release the women and black hostages. The students refused until Khomeini requested that they comply and support the release (Menashri, 1990:148).

And, it was not until Khomeini announced that the Majlis would be responsible for the terms of the release that this organization took charge of the matter. Even then, all final decisions rested with Ayatollah Khomeini and were subject to his approval.

Yet another example of the strength of Khomeini’s hold is found in the implementation of the social, cultural and economic policies of the nascent regime (Menashri, 1990:192). The regime’s principal focus at this time was the establishment of Islamic policies to replace those of the previous regime. The policies instituted in the 1980-1981 period derived almost exclusively from Khomeini’s ideology. This was the case in spite of the existence of competing outlooks on the implementation of Islam and the variant that should take root in Iran. The Ayatollah Khomeini held much of the political authority during this time in the newly formed Republic.

The Ayatollah’s hold on political authority had substantial implications for the manner in which this episode was resolved. Countermeasure terms and implementation were facilitated—The Ayatollah only had to suggest his preference to have this carried out. Second, the resolution of the crisis would only come when the Ayatollah was prepared to move on. Thus, one reading of the resolution would suggest that only when the revolutionary institutions were solidified and the war with Iraq demanded his attention, did the Ayatollah agree to negotiations for the release. Thus, the achievement of U.S. policy was driven by factors internal to Iran. Ultimately, the economic sanctions held little sway in this regard.
In summary, there is sufficient evidence to conclude that a substantial amount of political authority was fairly well centralized in the hands of the Ayatollah Khomeni. Thus, with regard to the centralization variable Iran is designated as low, with important policies being formulated by the narrow leadership only.

The 1979 episode presents us with an interesting set of target state attributes for discussion of the theory. Iran's revolution transformed the institutional structures, which in turn had a significant effect on the outcome of this sanction episode. While many experts agree that the sanctions were profoundly instrumental in reaching the policy objectives, the target-based approach suggests an alternative explanation. The release of the hostages occurred as a result of specific political circumstances attributable to the institutional structure in Iran during the course of the crisis. The unrivaled political strength of the Ayatollah was a key aspect in setting the rhythm of this episode. The economic sanctions notwithstanding, it was only at his prerogative that American demands were met.

Even though the economic costs imposed by the sanctions were high, the devised countermeasures embodied in the anti-U.S. propaganda dove tailed well with the goals of the revolution and its leadership. The impact of the intense political competition at the start of the crisis was minimized by the lack of institutionalization through which it could express itself. The lack of institutionalization and concentration of power in the Ayatollah's hands facilitated the development of the policies designed to counter the effects of the American effort.

In the next case I consider the on-going sanctions against Iran. These provide an appropriate contrast to the 1979 case, further illuminating the important role that
domestic issues in the target state play during a sanction episode. Among the longest of
sanction episodes, the 1984 case offers an appropriate setting to further investigate the
merits of the target-based approach to understanding the sanctioning process.

Case Study II: U.S. v. Iran 1984-0n going

Limits on the Examination of this Case

Unlike the other two episodes that comprise this study, this sanction episode
continues and is in its fourteenth year. Due primarily to data limitations, examination of
this case begins with its inception in 1984 and concludes in 1990. The hypotheses and the
analyses are conducted on the designated six-year period of the sanctions. The decision to
omit the remaining seven years does not affect the integrity of the theoretical framework,
nor does it exclude data that will affect the outcome. Given that the target state’s internal
political dynamics are the focus of this analysis, it is noteworthy to observe that critical
features of the Iranian domestic situation have been relatively consistent for the past
seven years. Therefore, the independent variables examined here have remained relatively
stable since 1990. In 1997, the Islamic Republic elected a new president, according to
journalistic accounts; he is moderate and willing to make friendly overtures to the United
States. He has been described as tolerant and permissive and his victory a signal that
many Iranians have tired from the social restrictions associated with clerical rule
(Economist 8/2/98, 13). It is too soon to assess the significance of the Khatemi victory,
its impact on U.S.-Iranian relations and this sanction episode.
The Events that Led to the Economic Sanctions

In 1984 the United States imposed another round of economic sanctions against the Islamic Republic of Iran. Entering their fourteenth year, this set of trade controls has been aimed largely at altering Iran’s foreign policy. Initially, two specific incidents prompted the U.S. to impose the sanctions. The first concerned alleged Iranian involvement in the bombing of the U.S. Marine base in Beirut, Lebanon in October of 1983 (Hufbauer, Schott and Elliott, 1990:578). Second, sanctions were imposed when evidence of the use of chemical warfare during the Iran - Iraq war surfaced (Hufbauer, Schott and Elliott, 1990:578). Both sides were subsequently subject to trade controls on the chemicals that could be used for military purposes.

Since these economic sanctions were first imposed in 1984, a number of additional and related issues have been added to sustain the sanctions against Iran. Chief among the issues in contention between the United States and Iran are American perceptions regarding Iranian complicity in the holding of American hostages in Beirut, Iranian attempts to disrupt the peace process between Israel and its neighbors and Iranian efforts to actively “export” its revolutionary ideology to surrounding states.

American objectives have varied over the course of this sanction episode. During the initial stages of the sanction program, the trade controls were aimed at Iran’s zealous revolutionary and subversive activities in the Arab world (Hunter, 1992:113). In addition, the release of American hostages in Beirut, where it was believed that Iran held sway over the captors, was a major cause of the sanctioning. In the last few years, the Americans held in Beirut have been released and Iran’s leadership appears less zealous in its commitment to “export” the revolution. Yet, as late as 1995, the U.S. passed new laws
further strengthening the sanctions against Iran. According to reports in the press these are based on three features of past and current Iranian policy. The sanctions purport to address Iranian efforts aimed against the Israeli-Arab peace process, indications that Iran is building the capability for weapons of mass destruction and Iranian state support of extraterritorial "terrorist" activity.

Broadly put, the sanctions against Iran are born out of American concerns that Iranian policies are a threat to U.S interests in the region. The economic sanctions aim to impede Iran from acting against those interests. Second, each side is resolutely convinced of the strength of its arguments. For the Americans, it is the image of Iran as a promoter of "terrorism" principally aimed at the U.S. and its citizens, symbolized by the 444 days of U.S. personnel held in the U.S. embassy. For the Iranians, it is the impression of the United States as an all-powerful meddler in the internal affairs of Iran with little regard for the welfare of the country and its people (Said, 1981). The genesis of this sentiment comes from the concern that the U.S. would attempt to subvert the revolutionary effort and reinstate the monarchists as had occurred in the 1953. These features of Iranian consciousness contribute to the successful formulation of countermeasures that have reduced the possibility of success for these sanctions.

**The Economic Effects of the Sanctions**

Trade restrictions against Iran are subsumed under two sanction initiatives. The first, is part of a general anti-terrorist agenda initiated after the 1972 Olympics athlete deaths and targets any country that supports international terrorism, Iran was added to the list in 1984. Among the restrictions incorporated in this program is the requirement of
notification to Congress of exports intended for Iran ("Fenwick" amendment 1979). Further, the President is authorized to impose export and import sanctions in retaliation for support of "terrorism" (International Security and Development Co-operation Act of 1985). The second part of the initiative incorporates specific restrictions. In 1984 the Reagan administration embargoed chemicals used for in production of chemical weapons and denied license application for export of aircraft, helicopter, related parts and other items on national security export list adopted by President Reagan. In 1987 there was a ban on scuba gear and all imports from Iran were embargoed as well as 14 types of military useful goods were prohibited from export to Iran (Hufbauer, Schott and Elliott, 1990:579). Hufbauer, Schott and Elliott note that Iranian oil exports to the U.S. drop to 0 from 1.6 billion USD in 1988 and total exports decline from $1.6 billion in 1983 to $9 million in 1988 (1990:583).

A number of factors contributed to the poor state of the economy in Iran during this sanction episode. The disruptive economic repercussions of the revolution had not had time to correct before the war with Iraq started, then in the late eighties the world wide oil glut dealt another severe blow to the regime's oil dependent economy (Menashri, 1990:355). Considering the wartime needs and the poor state of the post revolutionary economy, the economic stress on the country was sizeable.

The economic drain posed by the war with Iraq created an irreconcilable conflict between meeting the goals of the revolution and sustaining military capability. The state of the economy, as a result of the war, raised serious challenges to the regime, it was among the biggest problems during the sanction period (Menashri, 1990:339). Among the foremost tenets of the revolution was the amelioration of the position of the economically
disposed and oppressed. Yet, basic commodities were unavailable, the black market was thriving and the government was forced to engage in a trade monopoly in an attempt to address the serious economic deterioration (Menashri, 1990:327). In spite of the acute shortages, the regime was able to garner sufficient support for its mission, in large part because of a political campaign that offset the economic impact (See Menashri, 1990:355-6 and Hunter, 1992:77). Oil income continued to be just large enough to avert the rising popular discontent, as it was used to finance the purchase of essential imports (Menashri, 1990:328).

Based on descriptive accounts of the economic state in Iran during this period, it is likely that the intermediate objective of the sanction effort was met. Economic sanctions contributed to dislocation and deterioration of the economy. While the sanctions were sufficiently severe, when coupled with wartime exigencies the result was considerable economic disruption. Evidence of public protest regarding shortages and high prices corroborate the effect of the economy on the political situation. It is instructive to observe that these observations comport with the traditional logic that underlies the sanctioning process. Yet, in accordance with the theoretical perspective offered here, the regime countered the sanction effects sufficiently to guarantee its tenure and avoid compliance with U.S. demands. In spite of severe economic shortages, Iran continued to maintain its revolutionary position and resist U.S. demands. The objective here is to determine how and why. Below is a brief sketch of the internal political situation in Iran during the period under consideration.
Iran’s Political Dynamics 1984-1990: A Brief Sketch

By the time the U.S. sanctioned Iran in 1984, the revolutionary regime was five years old. In contrast to the 1979 sanctions, this episode finds the domestic political situation in Iran relatively stable (Menashri, 1990:305). Clerical power was consolidated, constitutionally ascribed institutions were established and the top leadership that emerged in 1981 remained in their positions. Indeed, the Iran of 1984 was a vastly different country than five years prior. The frequent changes in leadership which occurred in the ‘79-’81 period and were symptomatic of the revolution in its uncertain infancy, no longer occurred. President Khamenehi, Prime Minister Musavi, Speaker Of the Majlis Rafsanjani and the Supreme Court leader Ardebili comprised the core and reigning leadership of the Iranian regime under the direction of Ayatollah Khomeini (Menashri, 1990:264). Furthermore, the three branches of government were led by “Khomeini line clerics” (Menashri, 1990:305). Uncertainty, competing rivalries and viable opposition gave way to consolidation, consistency and political institutionalization under the auspices of the Islamic Republic.

Elections for the second Majlis in 1984 are indicative of the tenor of the times. The timeliness of the elections, their relative calm and their organization contributed to the appraisal of the regime as stable, secure and entrenched. The regime had done well, it was popularly supported and virtually all its opponents were silenced (Menashri, 1990:219). By 1983, the Khomeini regime and its clerical supporters had consolidated its hold (in part because of the strategic use of the hostage crisis). The regime was secure enough that by the 1984 Majlis elections the top leadership attempted to limit the clerics'
involvement in the campaign. Politics in Iran had settled into routine patterns (Cottam, 1988:232)

The clerical regime, however, continued to have serious problems. Dominating the agenda were the war with Iraq (1980-1988), the continuing revolutionary process and severe economic problems (Menashri, 1990:305). Thus, the regime was faced with the urgency of meeting wartime needs with a debilitated economy, the desire to win moral and political support and the need to defend the revolution abroad (Menashri, 1990:245). In addition, by 1984 a rift among the regime’s top leadership began to affect internal and foreign policies.

One feature that had not changed since 1979 was the decisive role of the Ayatollah Khomeni. He continued to be the revolutionary icon enjoying tremendous support and perhaps, more importantly, the key figure in resolving deadlocks and other critical problems among his core leadership. In 1984, a division between two factions of the clerical leadership surfaced. Khomeni was instrumental in quieting the potentially destabilising division within the clerical establishment. The two factions were equal in strength and in their base of support among the backers of the regime (Menashri, 1990:307, Hunter, 1992:36). This schism captured a divergence in ideological outlook between the “moderate” and the “radical” elements within the leadership and it centered on two broad issues (Hunter, Cottam, Menashri). Broadly, the nature of the economy and the role Iran would play as a model for other Moslem countries were the two points of debate between the two rival groups.

It is important to observe that the differences represented by the moderates and radicals are not as stark as the label suggests (Hunter, 1992:37). Indeed, “there have
always been shades of moderation and radicalism. At times some political leaders have held radical views on certain issues but more moderate views on others (Hunter, 1992:37). The middleman, instrumental in orchestrating the meeting between Iranians and Americans during the Iran Contra affair was careful to establish that to the extent there are moderates, they are so described “by Iranian standards” (Menashri, 1990:377).

With this caveat in mind, the internal dynamic is described as a policy struggle led by Speaker Rafsanjani representing the moderates and President Khamnehi, advocate for the radicals. The division was not limited to these two men but permeated all government institutions including, the ulema, the Majlis and the Council of Experts (Menashri, 1990:308). Because almost all the viable opposition to the regime had been silenced, this policy struggle occupied center stage in Iranian politics and dominated the path that policy would take until 1988, when moderates would gain an upper hand (Hunter, 1992:39). The relevance of the distinction between the two groups to the discussion is found in their respective positions on the those issues the United States sought to address. In the main, the “moderates” advocate a free enterprising economy, a flexible interpretation of Islam, oppose a provocative and belligerent international posture, they are pragmatic and place priority on Iran’s national interest above the broader Moslem community (Hunter, 1992:38). Moderates have been described as more willing to entertain relations with the U.S. In contrast, the “radicals” favor centralization of the state system, a purist, undiluted approach to the mission of the revolution, they are fiercely opposed to the U.S. and promote a more aggressive export of the revolution for the purpose of ameliorating the plight of the broader Moslem entity (Hunter, 1992:37). The emergence of the moderates in 1984 is attributed to the realization that the excesses of the
Iranian revolution, including efforts to export the mission had failed and that retaliation by countries against Iranian activity lead to disillusionment by many Moslem constituents and threatened Iranian activities (Hunter, 1992:114). As a result, the moderates were far more willing to learn from the consequences of the actions of the preceding five years and pursue a more pragmatic course of action (Hunter, 1992:115). In 1984, even the Ayatollah Khomeni appeared in favor of moderation. In a speech he advocated changing the character of Iranian foreign relations by encouraging a less isolationist posture towards other countries except South Africa, Israel and the United States. He stressed that the lack of relations with other states “ends in nothing but extinction and annihilation (Hunter, 1992, 115). Thus, the maturation of the regime, five years after its inception, entailed a degree of institutionalization as well as, increased diplomatic initiatives.

Of primary concern to the United States was the issue of the export of the Iranian revolution, manifest primarily by Iranian activity in Lebanon in the late 1980s and by Iranian efforts to undermine U.S. interests in the Arab world (Hunter, 1992:113). In 1986, American threats of violent retaliation against Iran for the terrorist acts in Lebanon were made at the highest levels (Cottam, 1988:243). The U.S. sought to secure Iranian assistance in the release of hostages held in Lebanon (Cottam, 1988:245). The U.S. wanted Iran to use its influence with the Shia leaders in Lebanon for the release of the held personnel. Related to this, the U.S. wanted the Iranians to stop supporting Hezbollah and Hamas, two groups vehemently opposed to the peace process with Israel.

Although there may have been some effort at heeding some of these demands on the part of the moderate elements, there were three significant obstacles in their path. The revolution’s constitution expressly provides that “all Moslems are declared to be one
nation. The Government must exert continuous efforts to realize the unity of Islamic
nations……(and to) defending the rights of all Moslems (Sadri, 1997:91; Menashri,
1990:117). Presumably, this provides the impetus for activities directed towards Moslems
in other countries and is the rationale for apparent objections to the peace process. During
the initial stages of the regime’s tenure more radical expressions of this tenet were
evident, gradually this was toned down. By 1984, while the spirit of the clauses were
fully intact, there was disagreement as to the best means to fulfil their objectives.
Ayatollah Khomeni said that “export of the revolution” did not mean “invasion” of
Moslem states, rather it meant that Iran was to be a model for those who could benefit
(Menashri, 1990:331). Cultural programs and international conferences on issues
relevant to Iran, Islam and unity were, at times, the preferred means of fulfilling the
constitutional obligation for some. In so doing, the moderates placed primacy on Iran and
its national aspirations over broader Islamic concerns. For the more radical minded,
active and aggressive measures were called for and Iran was obligated to tend to the
broader Moslem community not bound by Iranian borders. This group among the
leadership in Iran interpreted “exporting the revolution” as the principal goal of foreign
policy (Menashri, 1990: 246). Thus, the first divisive issue concerned the manner in
which Iran would be an Islamic model for the Moslem community.

Second, Iran’s role in Lebanon has been described as one of mentor to elements of
the newly politicized Shi’a community (Cottam, 1988:242). The Lebanese Shi’a
community’s political awareness was heightened in the wake of the Lebanese civil war in
the late 1970s. While the U.S. perceived Iran to have significant bargaining influence in
the region, some maintain that there is scant evidence to indicate that Iranian planning
was involved (Cottam, 1988:242). In short, it is unclear how much influence and control Iran had over events in Lebanon. Therefore, it is not certain that Iran could have complied with American demands regarding Lebanon even if it had wanted to.

The third factor impeding Iranian compliance resulted from the difference between the moderate’s means of achieving their policy objectives and those of the radicals. Irrespective of the regime moderate’s efforts to normalize relations with the international community in 1984, their dominance in decision-making was not yet sufficiently solid (Hunter, 1992:116). By continuing to engage in terrorist acts through organization’s they controlled, the radicals successfully prevented Iran’s reintegration in the international community (Hunter, 1992:116). In principle, these acts were designed to evoke a negative response from the West, thus allowing the radicals to claim that “the West was inherently against the Islamic regime and that the moderate’s policy had no chance of success” (Hunter, 1992:116).

*The Countermeasure*

‘Imam Ali, he said, did not allow even five lines to be written on a page that could hold ten. A pen was to be sharp in order to use less ink.’ The Ayatollah Khomeni advocating belt-tightening (Menashri, 1990:356).

Two features of the Iranian political structure combined to create viable countermeasures to the economic and political difficulty experienced by the country. First, Khomeni’s political authority, founded on revolutionary legitimacy continued to be unrivalled until his death in 1989. Second, the Ayatollah’s political credibility, when combined with his position at the apex of the system, enhanced the success of the countermeasures.
During this episode, the countermeasures took two distinct forms with two separate themes that worked together to minimize the effect of the deteriorating economy on the Iranian population. Both themes targeted the population at large and were rhetorical in nature. The first theme centered on the necessity of sacrifice for the revolutionary cause. Here, there is evidence of a campaign by the leadership to focus their attention on the dispossessed and, at least, verbally promise to alleviate their hardship. In repeated overtures, the government pledges to improve the lot of the less fortunate. The regime had come to power on promises of serving the dispossessed, yet the state of the economy prevented action in that direction. In spite of the looming danger, Khomeni and his coterie of leadership were successful in selling the belt-tightening as a means to further the goals of the revolution. Austerity measures were required as the U.S.-backed Iraq was attacking the very essence of the revolution. Fear that frustration would lead to discontent prompted the regime to pay full attention to this matter. Public speeches by Khomeni, Khamenhi and Prime Minister Musavi echoed a familiar refrain. The burden would ease, hardship is the price paid by believers in the struggle for Islam, and consumerism must be controlled (Menashri, 1990:356). The war, economic sanctions and resultant economic hardship provided ammunition with which the regime gained a firmer hold (Menashri, 1990:305). The war replaced the hostage crisis in its role as powerful tool in the hands of the leadership. It provided a rationale for the elimination of the opposition and justified all economic and social problems (Nasri, 1996:20). The success of the campaign, however, is predicated on Ayatollah Khomeni's involvement and his ability to persuade and control through his charismatic appeal (Cottam, 1988:235).
The second theme characterizing the countermeasures recalled the earlier program of intense vilification of the United States. The United States became the cause of all problems, domestic and foreign. To many within Iran, even the war with Iraq was U.S. inspired and orchestrated (Cottam, 1988:232). Indeed, this thought united all factions within the regime and population. The rationale for this belief was predicated on the firmly held notion that the Islamic Republic presented an irreconcilable challenge to “the oppressors”, in retaliation the U.S. “mobilized its regional surrogates to restore the damage power balance (Cottam, 1988:232). Thus, the war and economic problems were presented as a measure of success against imperialism and its advocates.

Another example of the intensity with which the U.S. was viewed is found in the Qom clergy’s enumerated qualifications for Majlis candidacy. The candidate, among other attributes, is to be an enemy of the “great Satan” (i.e., the United States) (Menashri, 1990:310). The anti-U.S. rhetoric was pervasive. All media, Friday sermons and official statements “abounded with the abuse of the United States. To shout, or write, ‘death to the U.S. seemed to have become a test of loyalty to the revolution (Menashri, 1990:329). Even Rafsanjani, when he would make conciliatory gestures towards the U.S. had to couch these carefully and in terms that continued to portray the U.S. as a menacing force (Menashri, 1990:330).

The call to endure the required austerity measures coupled with the portrayal of the U.S. as the cause of all problems created a strong environment in favor of resisting the demands accompanying the sanctions. The success of these campaigns was determined largely by the centralized, non-competitive structure of the political system. The analysis below provides further illustration.
Test of the Hypotheses

H1. The more institutionalized and competitive the political participation processes the more difficult it is for the leadership to establish effective countermeasures, thus enhancing the degree of sanction success.

A number of events suggest that the political process in Iran was becoming increasingly institutionalized. The manner in which the 1984 Majlis and 1985 presidential elections were conducted point to an increasingly regulated and established system. Both elections took place within the procedures outlined by the constitution. President Khamnehi, elected in 1981 and re-elected in 1985, became the first president to complete a term (the others were dismissed or assassinated). A successor to the Ayatollah Khomeni was designated in 1985. The office of the Supreme Leader, the President and the Majlis were securely in place and functioning in accordance with the constitution. Thus, there is evidence of stability and entrenchment with regard to the political process. It can not, however, be said that the regime had created a strong institutional base (Cottam, 1988:236). Politics continued to revolve around personalities, operating primarily on the strength of Khomeni's appeal to effect policies and his critical role as arbitrator until his death.

Virtually no meaningful opposition to the regime remained by the time that sanctions were imposed, thus competition was at a low level (Menashri, 1990:305). The Tudeh, centrist parties and the Mujahiden el-Khalq, previously competitors to the regime were barred from participating in the political process. What competition there was existed within the core leadership among the two rival factions. The competition was within narrowly circumscribed limits because the disciples of the Ayatollah Khomeni were exclusively in power (Menashri, 1990:339). While the divergent views among those
in power focused on the resolution of social and economic problems, no one challenged Khomeni’s authority or his tenure (Menashri, 1990:308).

Regarding competition and the 1984 elections, approved candidates were restricted to groups following the “Imam’s line” and the leadership allowed only those with proven loyalty to the revolution to run. Similarly, the presidential elections began with 50 candidates vying for the position. The Council of Guardians disqualified 47. Of uppermost concern to the Council was the avoidance of public debate and criticism against the regime, a concern that was justified by wartime exigencies (Menashri, 1990:341). One casualty of the disqualification was the former head of the Provisional Government, Mehdi Bazargan. According to one account his disqualification was inspired by the concern that if he was permitted a platform he would gain support (Menashri, 1990:341).

There was no competitor to the Ayatollah Khomeni. In 1985, the Council of Experts designated a successor to Khomeni. The selection of Montazeri was a preemptive measure to insure that a power vacuum would be avoided in the event of the passing of Khomeni. Because of the special place that Khomeni occupied, Montazeri could not compete. Second, as an Ayatollah, Montazeri was not considered the most knowledgeable, he was not of the highest rank and he was relatively younger than other potential candidates. His selection was expedient, made to forestall the mobilization of opposition movements upon the death of Khomeni (Menashri, 1990:349). Subsequently, Montazeri was rejected in favor of Khamnehi, who became the Spiritual Leader upon the death of Khomeni in 1989. With Khomeni’s passing, the powers of the office of spiritual leader were greatly diluted (Nasri, 1996:16).
Given the evidence, political processes in Iran during this period were relatively stable and consolidated along the lines contemplated in the 1979 constitution. Institutionalization of the political structures, such as the Majlis, Supreme Leader and the Presidency, were well under way. A strong institutional base, in terms of organized mass political participation continued to elude the regime. Yet, that the Islamic regime can survive the passing of Khomeni is sound testimony to its stability. Competition was narrow and limited to those who professed a loyalty to the revolution. Most significantly, there were no rivals to Khomeni and his control over politics when he chose to exercise it.

Thus, during this period in Iran’s political history the level of political institutionalization is designated as medium, while political competition remains low. With respect to the development of countermeasures, the scarcity of political competition combined with a leadership fairly homogenous in outlook served the resistance program well. While there may have been disagreement on how to meet the demands of the war, there was a solid consensus that relations with the U.S. were not opportune at this time in Iran’s history.

These structural features enabled the regime to devise and execute policies against the success of the imposed sanctions. In the next hypothesis I consider the effect of constraints on the leadership.

**H2. The more constrained the leadership, the more difficult it is to establish effective countermeasures, thus enhancing the degree of sanction success.**
Nearly all political offices and organizations were subject to varying degrees of constitutional and procedural constraints except one, the Supreme Leader. The President was constrained by the Prime Minister, the Prime Minister constrained by the Majlis and the Majlis constrained by the Council of Guardians. Khomeni essentially, selected the Council of Guardians. The lack of constraints on the chief leader is a theme that carries from the 1979 era and would remain until the death of Khomeni in 1989.

The Ayatollah Khomeni was at once the largest constraining effect and the least constrained. The constraining effect of the Ayatollah could be seen in his role as final arbitrator of the major debates in Iran. One such debate concerned the role of foreign investment in Iran. The controversy regarding nationalization of foreign trade became a divisive issue among the leadership. While Prime Minister Musavi and members of the Majlis attempted to introduce legislation in favor of nationalization, the Council of Guardians vetoed the effort (Menashri, 1990:327). Shortly thereafter, Khomeni spoke on the matter and resolved that nationalization contradicted Islam. Khomeni’s position became a “central strand of domestic politics. The top leaders—no matter what they had said before—now came out in support of Khomeni’s line. The media immediately fell in line with them.” (Menashri, 1990:328). The nationalization debate is but one example of the manner in which constraints informed policy development in this setting. Once Khomeni spoke on the matter, indeed, on any matter, his position eclipsed any other position within the regime. A second example corroborates. In the hierarchy of the political structure, President Khamenehi was a distant second to the Ayatollah. Khamenehi’s won the presidential elections with 88% of the vote, his claim to the presidency, however, was subject to confirmation by Khomeni. Upon cautious
confirmation, Khamenhi set about to the task of instituting key structural changes to enlarge presidential power. Khamenhi argued that limitations on the presidency were instituted to guard against the uncertain loyalties of Bani-sadr, the impeached president, these impediments to policy implementation were no longer necessary (Menashri, 1990:345). As part of his campaign, Khamenhi targeted his efforts at the removal of the Prime Minister, whose authority encroached upon the President’s. The resolution of this matter illustrates how each of the political actors was constrained and how Khomenei relatively unconstrained position allows him to solve the policy dilemma. The Majlis was split in its support for Khamenehi. Those opposed to the removal of the Prime Minister, about 135 members, called upon Khomeni to end the debate (Menashri, 1990:346). Khomeni supported the Prime Minister, shortly thereafter Khamenehi introduced the Prime Minister to the Majlis as his nominee and the Majlis approved the nomination (Menashri, 1990:346).

The purpose of these examples is two-fold. First, these highlight aspects of the policy making process that characterized this period in Iranian affairs. Second, they demonstrate that political institutions and personalities, even within the inner core of the leadership, were constrained. None could singly dictate policy except the Supreme Leader.

In terms of constraints and the development of countermeasures, the political process allowed Khomeni the unconstrained liberty to determine the course of events. As the new Republic settled in and became established, Khomeni appeared to favor increased moderation. There are two relevant indicators of this line. First, Khomeni’s appointments to the Council for the Cultural Revolution reflected preference for pragmatists over
zealots (Menashri, 1990:361). Second, his 1984 speech on foreign relations indicated a
desire to establish relations with "all governments", except the U.S., Israel and South
Africa (Hunter, 1992:115). This caused foreign policy aims to change from isolationism
to more open-door. It is within this atmosphere of relative moderation that the arms for
hostages' negotiations (Iran-Contra) with the United States took place. It is unclear
whether that deal was inspired by the wish to warm relations with the United States or the
desperate need for spare parts for Shah-purchased military equipment used in the war
against Iraq. In either case, Khomeini's position in the political structure permits him to
set the tone, if not the terms, of policy with regard to the degree of sanctions compliance.
Outward displays of conciliation and a re-establishment of relations with the sanction
sender, the U.S., would not be possible during the Ayatollah's lifetime nor long after.

Thus, the degree of constraints on the key decision-makers during this sanction
episode was low and contributes to the formulation of policies to mitigate the effects of
the sanctions. Next I consider the extent of centralization of political authority and its
effect on countermeasures

**H3. The more centralized the political authority, the easier it is to establish
effective countermeasures, thus detracting from the degree of sanction
success.**

In assessing the centralization of political authority in Iran during this period, two
observations can be made. Until the death of Ayatollah Khomeini in 1989, political
authority was well firmly centralized in his office. Throughout his tenure as Supreme
Leader, nothing detracted from his constitutionally derived powers, or his unapproachable
position as the personification of the revolution. These gave him nearly limitless political
currency.
When he died, the position occupied by Khomeni was divided into two centers of authority. The separation of powers was required because no candidate could fulfil the requirements of the office of Supreme Leader. Khamenehi filled the role of revolutionary leadership while a Grand Ayatollah was designated as religious leader (Nasri, 1996:16). This act greatly diminished the powers once associated with Khomeni’s position. Ruling with Khamenehi as President was the former speaker of the Majlis, Rafsanjani. Together this duet managed the Iranian government. Presidential power was enhanced when, in 1989, the Prime Minister’s position was abolished. Thus, the conservative Khamenehi took the highest office in the land and the traditionally pragmatist Rafsanjani ruled with him. This political structure meant that political authority, after Khomeni’s death, was more de-centralized.

In terms of this sanction episode the increasing de-centralization of political authority had little effect. The lack of a central authority figure led to much more debate among the moderates, leftists and conservatives on many policies, especially after the cease-fire with Iraq in 1988. In spite of the existence of political conflict, there remained a unified vision regarding relations with the United States. No one in the new political structure could risk arguing in favor of meeting U.S. demands without losing total credibility.

Two prevailing currents prevented express acquiescence with the U.S. position. The likely candidate to lead that movement would have been Rafsanjani. He, however, did not have sufficient authority or political legitimacy to carry such an agenda. Second, what authority each of the political actors had was used in sorting the post-war
governance issues. Now that there was no diversion, the group had to settle down to building a new Islamic Iran.

The principal impediment to a resolution of this sanction episode has to do with the issues at stake and the varying perceptions of these issues between Iran and the U.S. There is ample evidence to suggest that the acts that gave impetus to the impositions of sanctions in 1984, have, in large part, ended. The sanction episode continues however because the controversy between the two countries does not revolve around the infractions enumerated in the sanction legislation. Instead, Iran continues to believe that the U.S. would undo the revolution if it could. The U.S. continues to perceive Iranian policies as antithetical to U.S. interest, less because of any one act than a general history of hostilities.

What we learn about the sanctioning process from this episode is the importance of understanding the political dynamic at play within the target state. Once understood, the futility of imposing sanctions on the Iranian regime becomes clear.


This nationalization case stands in marked contrast to the other two sanction episodes involving Iran. In this episode there is evidence of how an open political system proved fatal to the resistance program of the leadership in Iran during the crisis. It further indicates that sender goals were eventually attained because of the competitive and institutionalized political structure in effect at the time. Close examination further reveals that two important features aided the sanctions in bringing change. First, because of the political structure the leadership was unable to maintain support for the countermeasures
thus, the sanctions succeeded. This depiction fits within the scope of the theoretical framework evaluated here. The second feature that had a significant impact on the outcome was the military intervention sponsored by the British and the Americans; this was something against which Iranian economic countermeasures were useless.

The coup d'état that unseated Mussadegh makes it very difficult to assess the effect of economic sanctions in bringing a change in Iranian policy. It is easy to conclude that the success of the case is owed to the deleterious economic effects suffered by Iran combined with the existing political structure, yet the coup makes such a conclusion tentative at best. One reading of this case indicates that it comports with the underlying theoretical perspective examined here. The coup and similar military complements to sanctioning, however, are beyond the conceptual scope of the sanctioning process. In assessing the efficacy of the sanctioning program it makes little sense to include ancillary military initiatives.

In the late fall of 1952 the United States and the United Kingdom agreed to join forces in organizing a coup d'état to over turn the government of Mohammed Mussadegh, and re-instate Mohammed Reza Shah. The August 1953 coup marked a critical turning point in the history of Iranian-American relations. Until then, the U.S. was only minimally involved in internal Iranian affairs. With the coup, the C.I.A became inextricably linked with the maintenance of the Pahlavi regime and, in the Iranian consciousness, with “vulgar imperialism” (Louis and Bill, 1988:281). Not only had the British supported an oppressive and cruel tyrant, now the Americans ensured the survival of his son (Cottam, 1964:195) This is the principal reason for the evident Iranian acrimony towards the U.S. during the 1979 revolution.
The 1951 sanction episode is about much more than the imposition of sanctions to address Iranian behavior. There are at least two interesting features regarding this episode. First, it is an example of a case where economic measures were aided by additional military and diplomatic tools in achieving the sender state’s objectives. Second, while it is known as a nationalization case, its actual scope is much broader. It concerns the story of oil, the rise of the United States as a power in the region, the eclipse of Britain’s hegemony, the establishment of the CIA as an international agency for covert operations and the growing calls for de-colonization throughout Africa and the Middle East. With this event, the U.S.’ Middle East political image is established and would remain to the present.

Thus, it is within this context that Iran’s internal political setting is evaluated. It was a time of intense political change in Iran. The founder of the Pahlavi dynasty, established in 1921, was forced to abdicate by the British in 1941. His young son, Mohammed Reza Shah, assumed the throne under British occupation, which lasted the duration of World War II. Mohammed Reza would govern until he was unseated by the 1979 revolution. The official British presence in Iran ended in 1946, however, through the Anglo-Iranian Oil Company, the British maintained a strong political involvement in the internal affairs of Iran until the Americans took over in 1953.

The Events that Led to the Economic Sanctions

On March 15, 1951 the Majlis voted to nationalize the Anglo-Iranian Oil Company (AIOC). Nationalization was not the first step in this war for Iran’s sovereignty, nor was it a movement born overnight. Independence from imperialism and
nationalism had tugged at the Iranian psyche since the turn of the century (Cottam, 1964:12). It all came to a head in 1951.

In 1949, an agreement negotiated between the AIOC and the Shah and his supporters was presented to the Majlis. In November of 1950 the Majlis rejected that agreement because the 10-cent per barrel increase was insufficient to satisfy the nationalist urge. In December of 1950 the American consortium operating the Saudi oil fields agreed to a fifty-fifty profit sharing plan with their Saudi hosts. News of this agreement further fuelled the irreversible sense of inequity the Iranian’s felt in their dealings with AIOC. Even though the British finally agreed to similar terms with their Iranian hosts, it was simply too little, too late.

Muhammed Mussadegh campaigned and won Majlis support for the taking of AIOC. It was his belief that the AIOC was interfering in internal Iranian politics and, because of that Iran was prevented from achieving democratic parliamentary norms (Louis and Bill, 1988:204). By April of 1951, Mussadegh had become Prime Minister, having been selected by a majority of the Majlis. The Iranian government in September of 1951 expropriated the Abadan installation, the largest refinery in the world and the single largest British asset.

Throughout the term of the crisis, the British and the Americans attempted to negotiate with the Mussadegh government. These negotiations were wholly unproductive. Mussadegh was firm especially because of the history of financial inequity that marked the relationship between AIOC and Iran. Often, Iran received less than it paid to the British government in taxes. According to the terms agreed upon, in 1948 Iran’s royalty payments were 9 million pounds, but it paid 28 million to the British (Louis and
Bill, 1988:262). That, however, was merely tangible evidence of the inequities. Mussadegh and his supporters would not be satisfied until Iranians controlled all operations and were freed of external influence. Mussadegh’s lack of compromise gradually earned him the reputation of a “demented and extraordinarily devious and dangerous anti-British extremist” among members of the British government (Louis and Bill, 1988:249). Thus, the case for his unseating was made.

For Mussadegh and his followers, the British owned company’s control over Iran’s oil was tantamount to an insidious form of colonization. Rather than a concern for the political welfare of Iran, Britain was motivated by its pecuniary interest in oil. As such, the AIOC and its supporters backed whoever was disposed in their favor. Thus, to Mussadegh and his followers, AIOC in its present form was an obstacle to democracy. The nationalist took AIOC because the act promised political liberation and would help put Iran on the road to democracy, lessen corruption and authoritarian rule. While the specific point of conflict between the British and Mussadegh revolved around compensation and organization of the Oil Company, the psychological reality was not as neatly understood. The question underlying the negotiations had to do with who owned the oil. Was it Iranian because of its location, or was it the British because of their exploration and development efforts? Added to this was the keen Iranian awareness that the British considered the Iranians generally inferior and incompetent. The two disparate positions represented an unbridgeable gulf (Louis and Bill, 1988:238).

The severity of the British response was predicated on two key points. First, they viewed the nationalization of the AIOC as an act of thievery. It was their belief that their presence in Iran was helpful to the Iranian development process. Without the British,
Iran’s oil potential would have remained unexplored and Iran much poorer. Second, they could not let Iran get away with holding the largest refinery in the world. The British would not risk this act serving as an example for similar action in Egypt (Suez) and other countries were their presence was sizeable.

For the United States, once the Eisenhower administration came to office, the entire episode was viewed through a Cold War prism. China had just turned Communist, Vietnam was seething and Senator Joe McCarthy had ignited the Red Scare. The U.S. was concerned that an unstable Iran was vulnerable to Communism. Mussadegh’s rule, they reasoned would promote, instability and open Iran to a Communist take-over.

*The Economic Effects of the Sanctions*

The British blockade against Iranian oil was successful in producing a drastic decrease in Iranian oil revenue. The virtual shut down of oil operations created an economic shock. According to Hufbauer, Schott and Elliott oil income losses for the 1951-1953 period amounted to $136 million (1990:117). Two additional losses combined to adversely impact the Iranian economy. There was a $50 million loss in U.S. aid plus a reduction in trade with the British calculated at over $110 million on the export side since 1949.

The British and the Americans refused to handle Iranian oil, and the British navy successfully prevented others from doing so. Just before nationalization, AIOC produced 30 million tons of oil a year, subsequent to the nationalization production plummeted to less than one million tons (Louis and Bill, 1988:5). It was Mussadegh’s thinking that the British could not afford to let the blockade last, as they needed the oil to transform their coal-based economy. Further, he thought that Iran would be able to sell its crude even if
the British technical expertise for refined oil was withheld. The oil blockade was supported by economic sanctions including financial restrictions imposed by the United States. In addition to these economic measures, diplomatic ties were severed, all of Iran’s sterling assets were frozen and the British ceased payment of funds owed to the Iranians. These measures combined to create a financial crisis in Iran.

British objectives included a re-assertion of their claim to the vital resource, failing that then adequate compensation for the technological infrastructure that they had built. This, however, was perceived by Mussadegh to be in direct conflict with the integrity of Iran’s national sovereignty.

In assessing the economic impact of the measures taken against Iran, it is generally agreed that the blockade and companion polices created a catastrophic economic crisis in Iran. The economic hardship caused Mussadegh’s program to lose favor with the upper class and the Court. In spite of the economic difficulties, Mussadegh launched an effective countermeasure strategy that successfully mitigated the economic effects of the oil boycott, by August of 1953 the domestic economy was under control (Louis and Bill, 1988:203). This is, in part, the reason behind the British and American decision to promote the coup d’etat. Mussadegh was successfully coping with the economic tools deployed against him, and alternative measures were necessary.

Iran’s Internal Political Dynamics 1951-1953: A Brief Sketch

Under Reza Shah’s modernizing regime (1921-1941) political rule was strongly centralized and authoritarian; Reza Shah controlled the entire political system (Cleveland, 1994:174). His political authority, based on coercive measures, ensured that little political activism would take place. Once he was forced to abdicate, Iranian political life revived
under the tentative rule of his young son. The 1951-1953 period marks an era of intense political participation and debate.

The fractiousness of Iranian politics was tempered initially by the ground swell of support for the Mussadegh and the National Front. However, beneath this thin façade of unity there existed a deep fragmentation in the social and political forces at work in Iran (Louis and Bill, 1988:286). On the left the Marxist Tudeh Party was increasingly well organized and the largest political party (Cleveland, 1994: 271). It was a strong contender for control of the government and threatened Mussadegh and the young Shah. On the right the conservative clerics sought to control the Shah and enlarge their political power (Bill and Springborg, 1994:194).

Muhammed Mussadegh spent most of his time in exile under Reza Shah for his pro-democracy, anti-royalist stance. During the brief period of political opening in the 1940s, Muhammed Mussadegh became established as a member of the Majlis, staunchly advocating an independent Iran, free from British (or any other) imperialism. His coalition, the National Front, was united on this point, but not much else.

The thirty-two-year old Mohammed Reza Shah was initially an uncertain and indecisive ruler. Having been raised and schooled mostly in Europe, he was removed from the day to day Iranian life. Until the coup d’état in 1953, he was a tentative ruler pressured by internal and external political forces at work in Iran. In the late 1940s, the Shah was simply too politically weak to stand against the irreversible call for nationalization in spite of his inclination to the contrary. The Shah and his supporting aristocracy relied on the British for military and financial support. The nationalization issue was too popular among the Iranian population. To address the growing demands by
various segments of Iranian society, the Shah allowed the Majlis to be come a forum for public debate. Thus, the Shah was powerless in preventing the National Front, from winning seats and dominating the Majlis in 1949. With Mussadegh at their helm, the National Front became a formidable political force with significant political influence. By nationalizing the oil operations he succeeded in the first goal, extricating Iran from British influence. He was equally relentless in attempting to curb the Shah’s power and his hold over the army. The popularity of the oil issue gave Mussadegh a great deal of credibility, as it was an issue around which national attention could readily coalesce. Thus, in terms of the political landscape there were two important segments vying for power and popular support. On the one hand there was the National Front with its calls for parliamentary democracy and independence. On the other there was the pro-Western Court with its supported political players competing with Mussadegh.

Prime Minister Razmara, a Court supported politician, had agreed to the Supplemental Agreement. However, when he presented it to the Majlis he was forced to withdraw it because it was rejected. He was assassinated in March of 1951 and in April Mussadegh assumed rule for twenty-seven months until he was brought down by the coup.

These were volatile times in Iran. The sense that that Iran had been denied its sovereignty for most of the 20th century had reached the boiling point (Cleveland, 1994: 272). The five-year Anglo-Soviet occupation intended to insure vital wartime oil need was evidence of the vulnerability of Iran to external interference. The ascension of Mohammed Reza Shah, aided by the British, indicated British support for authoritarianism. The perceived arrogance of the AIOC in developing a state-within-a-
state infrastructure removed from Iranian life further fuelled the nationalist fire. The Mussadegh movement touched a popular chord and was initially successful.

In addition to the political issues at hand, Iran was experiencing an unparalleled political liberalization. As indicated below, Mussadegh’s commitment to democratic government, with its attending institutions, contributed to his downfall. During his tenure, Mussadegh adequately fought the effects of the economic boycott. He could not, however, sustain enough political support to fight the coup d’etat that brought him down.

**The Countermeasures**

“**NOT FOR IRANIANS**”

Signs posted on the drinking fountains at the AIOC facilities (Louis and Bill, 1988:271)

*It would be better for the Iranian oil industry to be destroyed by an atom bomb than to remain in the hands of the Anglo-Iranian Oil Company, Dr. Muzaffar Baqa’i member of Majlis (Louis and Bill, 1988:203)*

The Mussadeh government was effective in devising economic solutions to the problems created by the boycott of Iranian oil. Mussadeh’s failure is not attributed to inadequate economic solutions, instead he was unable to weather this period principally because of a lack of political support. Political support was lacking for the economic programs, in part, because the institutional structure of the political system. Simply put, fighting the blockade meant a decrease in reforms at home. That decrease created discontent that could be voiced in the Majlis and other public forums approved by Mussadeh. Thus, the lack of centralized political authority contributed to Mussadeh’s demise.
There were three strategies that Mussadegh employed in response to the British effort to immobilize the economy. One was legislative, the second was economic and the third was rhetorical. All three were related but insufficient programs against the oil blockade.

In terms of the legislative effort, Mussadegh asked the Majlis for and received "delegated powers" for a period of six months beginning in August of 1952. The purpose of this enlarged political authority was to enable the Prime Minister to enact legislation without parliamentary debate. That way, Mussadegh argued to the Majlis, he could begin the reforms he championed without creating more disunity in Iran. If he were required to go through the normal democratic process then dissension from members of the opposition would impede reforms. A unified Iran was essential to surviving the blockade period. Mussadegh’s reasoning may have been sound and sincere, yet, the emergency enlargement of power led to much criticism from his opponents. The dissension weakened this policy and Mussadegh’s effort to resist.

Economic remedies were badly needed in Iran as the economy was in poor condition well before Mussadegh assumed power. Here, Mussadegh engaged in a non-oil economics strategy. Once the realization that the crisis would last longer than anticipated, internal and external economic measures were taken. To reduce the balance of payment deficit and maintain an adequate supply of foreign reserves a number of steps were taken. The rial was depreciated, import quotas were revised, non-oil exports were promoted and customs duties were increased (Louis and Bill, 1988:224). Selling foreign exchange, tax reforms and borrowing from the public reduced expenditures were additional measures instituted by the Mussadegh government. The government’s handling of the economic
crisis has led one observer to comment that the measures were responsible and, "it could be safely concluded that, on purely economic grounds, the fall of the Muzzadegh government was by no means inevitable" (Louis and Bill, 1988:225).

There were, however, two problems here. Criticism from elements claiming that the economy was headed for ruin received a widespread audience. The basis of the complaints by Muzzadegh’s opposition stemmed from the fact that nationalization in principle was a bad idea. Iran did not have the manpower nor the technology to export, develop or market the oil (Cottam, 1964:205). To these detractors, it was unwise to cross the British. Furthermore, the oil market’s adjustment to the lack of Iranian oil was more proof of the danger of nationalization (Cottam, 1964:223). Nationalization only proved that the world market did not need Iranian oil. Second, the necessity of slowing down reforms was an unpopular move in the austerity program.

The third tactic used by Muzzadegh was the unrelenting commitment to the goals he outlined. His popular support was based on diminishing British influence in Iran and, he would not compromise on this point. Thus, he was able to capitalize on long existing hostilities against the British. Iranians had viewed the British as master manipulators and satanically clever (Louis and Bill, 1988:263). The British were blamed for negative occurrences for decades, this included locust plagues, draughts and crop failures (Cottam, 1964:219). On the political stage every political opponent in Iran has been reputed to be a British agent (Cottam, 1964: 219). Thus, the British were a convenient scapegoat for garnering political support. This strategy also suffered from counterproductive results in two important ways. It became fodder for the British to instigate the coup. Second, the
firm position prevented Mussadegh from a political compromise that may have lengthened his tenure.

On their face, the countermeasures devised by the Mussadegh government represented a valiant effort in fighting the effects of the sanctions. Ultimately they failed, not because they did not achieve their objectives but because the political structure in Iran permitted the opposition the channels for expression, a mechanism that ultimately proved fatal.

**Test of the Hypotheses**

**H1.** The more institutionalized and competitive the political participation processes the more difficult it is for the leadership to establish effective countermeasures, thus enhancing the degree of sanction success.

Unlike the other two episodes, the levels of institutionalization and competition remained relatively high throughout the length of the crisis. Both the Shah and Mussadegh worked within the established constitutional provisions. The Shah adhered to the regulated processes because he had no choice in the face of Mussadegh popularity. Equally influential on the Shah was the American promise of aid predicated on the reform of the Iranian electoral process (Cottam, 1964:261). After a visit to the U.S. to request aid, he the Shah returned to Iran and ordered reform throughout the political structure of Iran. It was during this moment of political acquiescence that Mussadegh was able to come to power.

Mussadegh’s commitment to parliamentary democracy required that he remain within the established framework. Mussadegh’s acquisition of the enlarged “delegated power” was granted only after independent legislative review, Majlis approval and the Shah’s accordance. Yet, it was precisely this act of taking greater power that targeted
Mussadegh for criticism from the Iranian electorate, in spite of its legislative seal of approval. Throughout his term as Prime Minister, the press was free to publish criticism and opposition viewpoints (Cottam, 1964:216). Of significance to the electoral process, the 1952 Majlis elections are described as conducted with the least government interference than any other in Iranian history (Louis and Bill, 1988:71). Thus, this sanction episode finds an Iran that was politically institutionalized and where competition was thriving. Ironically, British concern with the oil matter, blinded them to the fact that Mussadegh was interested in the same political values that they espoused.

The institutionalized and competitive political structure in Iran under Mussadegh had many implications for the outcome of this sanction episode. The principal effect existed in the freedom that it gave the opposition to manoeuvre. It meant that opponents to the Mussadegh program had ample opportunity to publicly express their discontent and garner support against the Prime Minister. There was a significant element within Iran that supported the British conception of Iran's national interest or those who did not agree with nationalization from the start (Louis and Bill, 1988:233). For the upper class, who related more to the British, Mussadegh's program was unacceptable. They found a leader in General Zahedi, who openly expressed his displeasure. Ironically, it was the distaste for authoritarianism that persuaded Mussadegh to release General Fazlollah Zahedi in spite of evidence that he was working with the British and the Americans to topple the government. Ultimately, it was loss of support in the National Front that persuaded the opposition to agree to the coup d'état. As negotiations progressed, this membership became disillusioned or impatient. Because of the latitude permitted by the institutional
structure, open debate and criticism flourished (Cottam, 1964:215). Eventually, Mussadegh was isolated.

Mussadegh’s efforts to counter the effects of the blockade were commendable, yet in the end unsuccessful. The high degree of institutionalization and competition, structured in the political setting, prevented Mussadegh from attaining the cohesion necessary to fight his opponents and the effects of the economic blockade against him. Over time he lost political support, as did his economic reforms. Simultaneously, this structure enabled the Shah to create support, with the aid of the British and Americans, for a movement against Mussadegh. Thus, this case indicates that systematic political regulation and competition detracted from the leader’s ability to create the necessary cohesion to fight the sanctions and the opposition. The level of political institutionalization and competition is designated as high during this period in Iran.

H2. **The more constrained the leadership, the more difficult it is to establish effective countermeasures, thus enhancing the degree of sanction success.**

In keeping with the constitutional nature of the political structure in Iran during this two-year period, each of the relevant actors was significantly constrained. The relevant constraints in this case are not so much legal as issued-based. For example, Mussadegh was severely limited in his ability to manoeuvre on the nationalization issue. If he were to compromise and settle with the British he would lose all National Front and urban class support. If, on the other hand, he remained firm, as he did, he would alienate the Court, the aristocracy, the military and other supporters of the British. These
constraints put Mossadeq in a difficult position. His economic austerity programs required popular consent to function. But popular support was lacking because of the required austerity. While Mossadeq’s argument resonated among intellectuals and the middle class, this was not the case among the country’s largest constituency the peasants who bore the brunt of the austerity (Louis and Bill, 1988:308). Furthermore, the bazaar, a traditionally influential segment of society was suspicious of his economic program as well as the threat he represented to traditional values. Thus, Mossadeq was limited in his power to execute effective countermeasures by independent groups as well as his firm position on the issue at stake.

Constitutionally Mossadeq was also constrained by the votes of confidence from the independent Majlis. The Majlis operated independently of the Shah and of Mossadeq, its members were freely elected and could engage in free and open debate unlike any other time in its history. These constraints, coupled with Mossadeq’s commitment to democratic procedures weakened his ability to resist the sanctions. Up until a month before his overthrow he permitted opposition members to hold well attended public meetings critical of his policies (Cottam, 1964:225).

The Shah was constrained by a number of related features. Of principal significance was his inability to assert his himself. Still uncertain of his rule and the management of the army, he was in no position to stand up to the strong Prime Minister. Second, on numerous occasions, mobs had taken to the street in support of Mossadeq. The most important demonstration occurred on July 21, 1952. Mossadeq had resigned over a disagreement with the Shah regarding who would control the military (Louis and Bill, 1988:74). As another Prime Minister assumed the post, mass protest and strikes
occurred in the streets of Iran. In the face of this popular uprising, the Majlis re-nominated Mussadegh as Prime Minister and the Shah had no choice but to accept. The Shah was essentially, constrained by the popular will in favor of Mussadegh, especially in the beginning of the movement. Until that changed the Shah was unable to challenge the Prime Minister. As Mussadegh became increasingly isolated, the Shah was able to gather more strength and support.

The Majlis was most independent of the three political institutions, yet it also was limited. Its composition was a constraining feature. While there was a sizeable coalition backing Mussadegh, his detractors could come together and destroy that coalition. At the same time, when Mussadegh was at the height of his popularity the Majlis was constrained by public opinion in his favor.

The constraining features of the Iranian political system prevented Mussadegh from maintaining support for his program of resistance. When added to the fractiousness that existed within the polity, these characteristics served the British and American interests well. It was Mussadegh’s staunch commitment to democracy and its processes that denied him the ability to maintain his position and fight the external pressure.

H3. The more centralized the political authority, the easier it is to establish effective countermeasures, thus detracting from the degree of sanction success.

Compared to the other cases examined here, Iran under Mussadegh was a country of relatively de-centralized political authority. While Mussadegh’s power was at its apex,
he had a great deal of political authority but the institutionalization and competitive
nature of Iranian politics assured that authority would not be centralized in one location.

Mussadegh’s authority was politically and constitutionally driven. In contrast, the
Shah relied upon his father’s legacy and control of the army as well as the constitution for
his legitimacy. And, during this period the Majlis was as authorized as the Prime Minister
and the Shah in exerting political influence. Furthermore, it was the principal locus for
the determination of policy. Thus, political authority was not densely concentrated in one
office but split between the Majlis, the Prime Minister and the Shah. Indeed, this
separation prevented the formation of a strong executive (Hourani, 1988:330). For the
Prime Minister it meant the constant search for and cementing of alliances that were often
precarious (Hourani, 1988:330). The implications of this type of political structure are
considerable; the leader must be careful not to allow his supporting coalition to break
apart. Compromise becomes the principal means of maintaining support.

That is what Mussadegh failed to do. As his supporters gradually separated
themselves from his cause, they coalesced around the Shah. Strengthened, the Shah
became motivated to vet the Anglo-American plan for intervention. Thus, the lack of
centralization of political authority meant that no one political entity had sufficient
strength to pursue its agenda during the term of the crisis. Mussadegh did not have
enough authority through the term of the crisis to achieve his goals. Once Mussadegh had
grown out of popular favor, assorted groups could come together and exercise their will
against him. It is noteworthy to observe that during the term of the crisis there was a shift
in the centralization of political authority. Initially, dense concentration of that authority
did not exist in any one office. By the end of the crisis in 1953, the Shah emerged as
strong political leader with increased political authority, an authority that would become extremely concentrated over the next two decades.

The lack of concentration in political authority impeded Mussadegh’s success; during this time in Iran it is designated as low.

Conclusion

Conclusions about the target-based approach’s applicability to this case must be cautious because the coup d’etat interfered in the course of this episode. If the coup had not taken place, the outcome may have differed. That is speculative and difficult to verify. Some tentative observations however, may be reached. The political system in effect under the Mussadegh regime undermined his ability to fight the sanctions. While he created effective economic countermeasures, political support for his program began to wane dramatically. In less competitive and regulated systems, support may not have been an important issue. In the Mussadegh case, however, political support was essential for the maintenance of his nationalization agenda. The success of his detractors can be attributed to the democratic venues available for articulating their opposition. This was one of the structural features of the internal political setting. In a more coercive setting, with less diffusion of political power, Mussadegh may have proved more successful. Had the system been inhospitable to the opposition, Mussadegh may have had the required cohesion to see his plans to fruition. Had he had more freedom to enact his reforms, without debate and without the necessity of coalition building, he may have had more success.
In August 1953 the British and the Americans in conjunction with General Zahedi respectively launched Operations Ajax and Boot. After an initial failure that required the Shah to leave Iran, he returned triumphant on August 22. Musadegh was placed under house arrest until he died, the Shah ruled until 1979. The British and the Americans regained their oil interests.

**General Observations about the Case Studies**

The aim of this section was to evaluate the target-based approach by an examination of three sanction episodes involving Iran as the target state. In each of the three cases Iran’s political setting differed along the dimensions that constitute the theory. According to the classification scheme developed in the previous chapter, there was a range of observations for the variables. These are outlined in the table below:

**Table 6.1**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Early Phase</td>
<td>Late Phase</td>
<td></td>
</tr>
<tr>
<td>Institutionalization</td>
<td>LOW</td>
<td>HIGH</td>
<td>MEDIUM</td>
</tr>
<tr>
<td>Competition</td>
<td>HIGH</td>
<td>LOW</td>
<td>LOW</td>
</tr>
<tr>
<td>Constraints</td>
<td>LOW</td>
<td>LOW</td>
<td>LOW/MEDIUM</td>
</tr>
<tr>
<td>Centralization</td>
<td>LOW</td>
<td>LOW</td>
<td>HIGH</td>
</tr>
</tbody>
</table>

The in-depth analysis provided by the case study method highlights key features of the sanctioning process generally and, more specifically, the role of the internal political structures in that process. It allows a sharper appreciation of the pressures and polemics at work within the target state. There is also the risk of magnifying those issues
to a level of greater consideration than they may merit. Thus, it is with caution that the observations below are offered.

The analysis reveals some insight on the theoretical foundation of this study. A great deal of emphasis has been placed on the role of the decision-making mechanisms of the target with a view towards the development of countermeasure policy. Is this emphasis supported? Looking at these three episodes indicates that there is preliminary support for the theoretical viewpoint advanced. Countermeasures, or the ability of the target to resist, were influenced by the prevailing political structure. Each of the institutional structures existing in Iran played an important role in determining the outcome of the episodes. Iran’s revolutionary regime’s policies during the hostage crisis were a function of the tenor of the times. The revolution stood for non-compliance with Western, especially American, demands. Further, those in charge of the revolution were granted a great deal of political authority and had few constraints to restrain the direction of their policies. This inevitably determined the course of that sanction episode. In contrast, the regime in transition in 1984 was more receptive to accommodating the U.S. There were elements, which with the proper support could have reached a resolution to the imposition of sanctions. The impediment here is found in U.S. domestic concerns that continue to prevent an end to the hostilities between the two countries.

It is the nationalization case that offers the best support for the theoretical propositions offered here. Musaideh’s liberal regime shows that a constrained leader without a sufficient amount of political authority in an institutionalized political setting faces difficulty in resisting the sanctioning effort. This type of system necessitates mobilization of political support behind the leader. Successful sanction resistance
requires the target state society to be unified and cohesive to weather the pressure. As the Mussadegh case illustrates, democratic norms are not always the best means to achieve that unification.

The case studies are a useful means for examining the sanctioning process and its relationship to the target's internal political structure. Indeed, in some respects, the case study is more informative that its aggregate counterpart, where much of subtle nuances of the process are glossed over in the interest of accommodating a large sample size. In this initial cut at exploring the hypothesized relationships a number of important details emerge. These details were not as evident in the large N empirical work of the preceding chapter.

For example, shorter episodes like the 1951 and 1979 cases cannot always be coded in a manner that reflects important institutional changes within the target state during the course of the sanctioning. The Iranian political setting experienced changes during the course of the sanctioning period, these changes, as noted above, became integral aspects in determining the outcome of each of the two episodes. The aggregate coding, however, is unable to capture these salient elements. As indicated in the table below the Polity coding for the relevant years indicates little variation.
### Aggregate Codes For Iran (Polity Data)

<table>
<thead>
<tr>
<th></th>
<th>Institutionalization</th>
<th>Competition</th>
<th>Constraints</th>
<th>Centralization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>3*</td>
<td>3</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>1952</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>1953</td>
<td>-88</td>
<td>-88</td>
<td>-88</td>
<td>-88</td>
</tr>
<tr>
<td>1979</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>1980</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>1981</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>1984</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>1985</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>1</td>
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<td>4</td>
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<td>4</td>
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</tr>
<tr>
<td>1989</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>1990</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

*See code book at the end of chapter four for definitions of codes.*

The results of the aggregate analysis conducted in chapter four would suggest that the theoretical underlay of the framework pursued in this research is not promising.

Relying on that work it would be tempting to conclude that the target state’s institutional setting does not figure prominently in the sanctioning process. An alternative conclusion could be reached by a consideration of the case study results. Here, the political activity within the target state during the sanctioning period was a considerable element in determining how the sanctioning would unfold. Thus, the case by case analysis provides a more encouraging evaluation for the hypothesis and the underlying theory.

The main contribution of the case studies and their principal advantage over the quantitative work has been to point to the gaps in data for reaching general conclusions about the sanctioning process. The large sample work is required for reaching broader assessments of how sanction episodes work, yet this can not be done satisfactorily until we gather more refined indicators of the target state’s political structure. In the
concluding chapter I offer suggestions for the type of data collection that may be helpful in this endeavor.

Perhaps the biggest lesson that can be gleaned from this analysis is about the role that economic sanctions play in bringing policy change to the target state. Relying on these three cases, it would seem that the economic sanctions were almost tangential to the issues at hand. Even when they were successful in bringing significant economic dislocation, the sanctions were not the primary determinants of the outcomes. This is among the subjects addressed in the concluding chapter.
Chapter Seven:  
The Conclusion: Does the Target State’s Domestic Political Structure Matter?

The study of economic sanctions has produced a large amount of research. This analysis aims to contribute to the existing body of work in two principal ways. First, in viewing sanction episodes as processes, it begins to define the use of economic sanctions within that broader perspective. Most of the work on economic sanctions is driven by the efficacy question; do economic sanctions achieve their stated objectives, can they change target state behavior? Understandably, this has been the focus of much of the work on economic sanctions. Policy-makers reach for the sanctions tool readily and the scholars’ first inclination is to evaluate the merits of the use of that tool. There is, however, a deficit in our appreciation regarding how sanctions work. Thus, this research joins others in building a picture of the processes that underlie the imposition of economic sanctions. That process includes an awareness of the dynamics of the internal political setting in the target and sender states. Second, in this examination of sanction episodes, the primary endeavor has been to discern the role of the target country in influencing the sanctioning process. In this concluding chapter I outline the salient elements of the theoretical foundation and the empirical approach. Second, I review the results from the aggregate and case studies and offer recommendations for future directions in sanction’s research based on these findings.

The theoretical focus here is on the target state and what happens within when economic sanctions are applied. In much of the research on economic sanctions there is
little by way of systematic study of the target state’s role in the sanctioning process. Sender state’s and their concerns have dominated much of the analysis recently however, there has been more attention paid to the recipients of economic sanctions. This research contributes to that growing body of work by an examination of the internal political structure of the target state during sanctioning. Broadly stated, the underlying proposition driving the theory is that the internal political attributes of the targeted state determine its response to the external imposed event, the economic sanction.

I set out to distinguish the key features of the target state in responding to the imposition of sanctions. The central working assumption encompassed in the theory is that the imposition of economic sanctions is similar to any threat that a nation may encounter. Second, when threatened, the target state will respond with policies designed to counter that threat, the countermeasures. Therefore, the key to discerning the target state’s role in the process was to understand its decision-making mechanisms as these were likely to be instrumental in determining countermeasure policy. Consequently, the outcome of a sanction episode is influenced by the policy-making environment of the target state. Specifically, it is the structure of that environment that sets the tone for the countermeasure. The response is not limited to remedial efforts intended to correct the economic effects of sanctioning, it can include a variety of measures. The purpose of the countermeasure is to strengthen the leadership’s ability to resist the sender state’s demands. The level of resistance is an influential aspect of the outcome of any sanction episode. Resistance levels are a function of the internal political dynamic of the target state. Thus, in this theoretical perspective, a set of key determinative features of the target
state's policy-making environment become relevant to the sanctioning process. The hypotheses derived from this model centered on issues of political authority, centralization and accountability. How diffuse or concentrated these are in the target state, determined the mechanisms by which countermeasure policy are devised.

The viability of the theory was examined in two ways. One was a large aggregate analysis of over ninety sanction episodes. Here, sanction success measured by policy change in the target state was the dependent variable. Using ordered probit the empirical analysis examined the strength of traditional explanatory variables compared to that of target-based approach. In the aggregate analysis the hypothesis received little support, the target-based approach was not of noteworthy statistical significance. There was, however, support in the direction of the coefficient. Here, many of the hypothesized relationships were borne out.

There are two possible explanations for the lack of support for the target-based approach. It is possible that the theoretical foundation is misguided and that the target state features as specified in the theory play a negligible role in determining the outcome of sanction episodes. A second explanation may lie in the inadequacy of the data used for the study. Perhaps the relevant target state measures were too crude for the propositions advanced by the theory. Below I discuss some alternative propositions.

The second approach, a series of case studies, looked at three sanction episodes that targeted Iran. Here, the closer scrutiny afforded by the detailed inquiry provided more supportive results and more insight into the sanctioning process. As far as the hypotheses are concerned there is evidence of a relationship between the policy priorities
of the target state, institutions for articulating those priorities and how the sanction episode would be resolved. This is most evident in a review of the 1951 and 1979 episodes. Here, the institutional decision-making apparatus of Iran played a large role in determining its response to the sender states. Equally significant is the apparent effect of the internal political dynamic in ending the sanction episode. Khomeini’s power, the lack of institutionalization and the revolutionary processes, no doubt, played a part in determining the course of this sanction episode. Similarly, Iran’s brief experience with political liberalization was a central element in defining the 1951 episode. The case studies are instructive in the highlighting the effects of the internal on the external. A number of important lessons can be gleaned from these. The countermeasure’s success is not dependent on its ability to address economic issues only. In all of the examined cases, the sanctions were economically effective. In spite of clear economic dislocation, policy change did not necessarily follow. Thus, countermeasures do not have to be potent economic solutions. Indeed, the 1951 case indicates that in spite of effective economic remedies the leadership succumbed to the sender’s wishes. Instead, support for the leadership’s resistance is a more important variable. In the Iranian cases that support was often predicated on two related structural features of the state’s political institutions. A charismatic and credible leader armed with the effective rhetorical propaganda can secure the requisite support for fighting the effects of the sanctions for some time. Second, where there are not established venues for the articulation of opposing views, the leader had an easier time in pursuing resistance. Thus, institutionalization and regulated political processes can have a noteworthy effect on the outcome of economic sanctions. The case
studies offer another important distinction. The nationalization of the British Oil Company and the taking of American hostages, underscore the importance of the issue at stake between the target and sender state. These were acute, "crisis", events that held domestic audience interest and required the leadership to focus on the issues. In comparison to the 1984 episode, the other two involved heightened awareness and attention. This, invariably affects the internal political dynamic of the target state because, the issue becomes wrapped up in the day to day political events of the country. With the 1984 episode, we see more of an indifference to the sanctions and the sender’s wants. In spite of the richness of information provided by the case study, generalizations are limited. The small number of cases permits only the cautioned and tentative conclusions. For general observations, I turn to the large sample work.

Three recommendations can be made from the aggregate analysis regarding the theoretical framework. First, assuming the data captures the propositions advanced by the theory, it is unclear what role the target state plays in the unfolding of a sanction episode. The statistical findings prevent any firm conclusions. Second, it is both, reasonable and intuitive, to envision a role for the target state in the sanctioning process. Before, the target state’s place in the process is abandoned, more work is required on the nature of that role. Rather than focusing on the decision-making environment, it may be well advised to investigate alternative features of the target state. Based on the case study findings, these could include structural features such as the level of cohesion of the target society and the credibility and legitimacy of the leadership. Third, there remain lingering questions about the connection between the economic effects of sanctioning and the
anticipated policy results. While the rationale behind sanctioning is clear, in practice that rationale often fails to be realized. Economic sanctions hurt economically, but they do not generate sufficient political costs to be instrumental policy tools. Thus, a better assessment of the viability of sanctioning is found in a better understanding of that relationship.

Related to the relationship between economic pain and political change is the question of the role of sanctions as instrumental tools of policy change. In the case studies, it becomes apparent that the effect of the economic sanctions was minimized by other political issues within the target state. It is those issues that determined the role that sanctions would play. In a sense, the economic sanctions became a tool, either for use by the leadership or the opposition. Economic sanctions did not change internal features of the target state, instead they were used as political capital by the relevant actors. It is for this reason that further examination of the target state is warranted. As political events played out in Iran, the sanctions became part of those events. Thus, economic sanctions did not change the political environment, but the political environment made good use of the sanctions.

In general sanction’s research would be enhanced by two fulfilling important needs. First, much more data collection on sanctioning and sanction episodes would serve the research well. Second, viewing the episode as a process of dynamic interaction between sender and target state, would help us understand the role of the target state.
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