

ACTIVITY 14.1

CASE STUDIES IN ECONOMIC SANCTIONS

Directions: Read the following two case studies of economic sanctions and complete the summary section that follows. Pay close attention to why the sanctions were imposed on the target nations.

Cuba³

The time is February 1960, and Cuba and the Soviet Union sign a trade agreement in which the Soviet Union agrees to buy sugar and other items from Cuba and to supply Cuba with crude oil. President Dwight D. Eisenhower cancels most of the Cuban sugar quota to be imported into the United States. Cuba retaliates by expropriating (taking) all U.S. property, valued at about \$1 billion, in Cuba, and outlaws the import of U.S. products. In February 1962, the United States bans virtually all imports from Cuba.

U. S. sanctions against Cuba continue, and in March 1999, Alan Larson, U.S. Assistant Secretary of State, states: “Our policy is to promote a peaceful transition to democracy and respect for human rights in Cuba in four ways: (1) pressure on the government through economic sanctions and the measures delineated in the 1996 Libertad Act; (2) reaching out to and supporting the Cuban people to encourage development of independent civil society; (3) cooperation with the Cuban government on interests of direct concern, particularly to maintain migration in safe, orderly, and legal channels; and (4) forging a multilateral effort to press for democratic change, respect for human rights, and development of independent civil society.” (USIS, 11 March 1999)

Summarize this case study by completing the requested information:

a. Who (target nation):

b. When:

³ Case studies developed from the Peterson Institute for International Economics; accessed at <http://www.petersoninstitute.org/research/topics/sanctions/casestudy.cfm> on May 30, 2007.

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CASE STUDIES IN ECONOMIC SANCTIONS

c. What (type of sanctions):

d. Why (goal of the sanctions):

Burma/Myanmar

In August 1988, thousands of demonstrators marched through Rangoon (the capital city of Burma) and other Burmese cities, demanding removal of the current government, establishment of a multiparty political system, and free elections. The government suppressed the marchers. Estimates were that, in Rangoon alone, at least 3,000 people were killed by security forces firing on unarmed demonstrators. In August 1988, the U.S. Senate unanimously passed a resolution condemning the Burmese government for its brutality and calling for restoration of democracy. In September 1988, Washington suspended all arms sales and foreign assistance except humanitarian aid to Burma. These sanctions have continued up through 2007. A report from the U.S. Department of State concluded that:

“In coordination with the European Union and other states, the United States has maintained sanctions on Burma. These include an arms embargo, a ban on new investment, and other measures. Our goal in applying these sanctions is to encourage a transition to democratic rule and greater respect for human rights. Should there be significant progress towards those goals as a result of dialogue between Aung San Suu Kyi and the military government, then the United States would look seriously at measures to support this process of constructive change. Continued absence of positive change would force the U.S. to look at the possibility of increased sanctions in conjunction with the international community.”

Source: Department of State Report “Conditions in Burma and U.S. Policy Towards Burma for the period September 28, 2002-March 27, 2003,” cited in “Case Studies in Sanctions and Terrorism,” accessed on February 5, 2009, at <http://www.iie.com/research/topics/sanctions/myanmar2.cfm>.

ACTIVITY 14.1, CONTINUED

CASE STUDIES IN ECONOMIC SANCTIONS

Summarize this case study by completing the requested information:

a. **Who (target nation):**

b. **When:**

c. **What (type of sanctions):**

d. **Why (goal of the sanctions):**

ACTIVITY 14.2

SANCTIONS AREN'T ALWAYS EFFECTIVE

Sanctions do not always achieve their desired effect. Research suggests that economic sanctions are effective only about one third of the time. Under certain conditions, however, it becomes more likely that sanctions will achieve the desired effect.

Part 1

Directions: Five of the following eleven statements identify conditions that increase the likelihood that sanctions will be effective. Circle the five statements that identify conditions likely to increase the effectiveness of sanctions.⁴

1. The sender nation seeks minor changes in the target nation's policies.
2. The target and the sender are about the same size.
3. The target has a weak economy.
4. The sender seeks major changes in the target's policies.
5. The target and the sender have a close trade relationship.
6. The sender is a big country relative to the target.
7. The target has a strong economy.
8. The target is not a "friend" of the sender.
9. The target and the sender have little history of trade.
10. The sender is small relative to the target.
11. The target is a "friend" of the sender.

⁴ This activity is based on S. L. Miller, "The use of economic sanctions." In S.L. Miller, ed., *Economics and National Security* (Columbus, OH: Mershon Center, 1992).

ACTIVITY 14.2, CONTINUED

SANCTIONS AREN'T ALWAYS EFFECTIVE**Part 2**

Directions: The chart below provides information about key characteristics of three nations against which the United States maintains ongoing economic sanctions. You will assess these sanctions, applying your knowledge of conditions that are likely to make sanctions successful. Review all the information for each case. Complete the blank data-retrieval chart by rating each sanction according to the five conditions that make success more likely. Use a 0 – 5 scale. A score of 0 means that this case fails to meet this condition (e.g., if the target is not at all friendly with the United States, you would assign a score of 0 in the category titled “the target is a ‘friend’ of the U.S.”). A score of 5 would mean that the condition is clearly met. A score between 0 and 5 implies that the condition is partially met. Write a brief rationale for each score you assign. Finally, total the scores for each case and make a prediction whether or not each sanction is likely to achieve its stated goals. (Hint: a total score of 0 means success is not very likely; a score of 25 implies a good

Target	Type of Sanction ⁵	Goal of Sanction	2006 GDP/capita, in dollars (U.S. GDP/capita: \$43,500) ⁶	Population (2006 U.S. population: 300,000,000)	2006 Trade with U.S. (Total trade for target, 2006) ⁷	Relationship with the U.S.
Syria	Freeze on Syrian assets in the U.S.; end to all U.S. exports apart from humanitarian items.	Stop Syrian occupation of Lebanon; stop attempting to acquire weapons of mass destruction and missiles; stop training and harboring terrorists.	\$4,000	19,314,747	\$438,100,000 (total trade: \$13,600,000,000)	U.S.-Syrian relations have been marred by longstanding disagreements over regional and international policy. Since 1970, diplomatic relations have often been strained as result of the Arab-Israeli conflict.

⁵ Source: U.S. Treasury Sanctions Program Summaries: <http://www.treas.gov/offices/enforcement/ofac/programs/syria/syria.shtml>. Accessed May 31, 2007.

⁶ Source: CIA World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/index.html>. Accessed May 31, 2007.

⁷ Source: U.S. Census Bureau Foreign Trade Statistics: <http://www.census.gov/foreign-trade/www/index.html>. Accessed May 31, 2007.

ACTIVITY 14.2, CONTINUED

SANCTIONS AREN'T ALWAYS EFFECTIVE

Target	Type of Sanction	Goal of Sanction	2006 GDP/capita, in dollars (U.S. GDP/capita: \$43,500)	Population (2006 U.S. population: 300,000,000)	2006 Trade with U.S. (Total trade for target, 2006)	Relationship with the U.S.
Iran	Since 1987, unilateral embargo of all Iranian goods; virtually all trade activities with Iran prohibited.	Eliminate nuclear weapons development program; stop sponsorship and funding of terrorism; promote human rights.	\$8,900	65,300,000	\$242,000,000 (total trade: \$108,000,000,000)	Iranian-U.S. relations have been strained since a group of Iranian students seized the U.S. Embassy (and took hostages) in Tehran in 1979. During 1980-88, Iran fought a bloody war with Iraq (which was supported by the U.S.). Iran has been designated a state sponsor of terrorism and remains subject to U.S. economic sanctions and export controls.
North Korea	All trade with, and financial aid to, North Korea has been restricted since 1950.	Stop development of nuclear weapons; stop sponsoring terrorism; support human rights.	\$1,800	23,300,000	\$5,000,000 (total trade: \$3,060,000,000)	In 1950, the U.S. supported South Korea in the Korean War, and relations between North Korea and the U.S. have been strained since then. In 2002 President Bush named North Korea as part of the "Axis of Evil." North Korea does not have diplomatic representation in the U.S. (i.e., no embassy).

ACTIVITY 14.2, CONTINUED

SANCTIONS AREN'T ALWAYS EFFECTIVE**Data-Retrieval Chart:****Analyzing Economic Sanctions**

<i>Condition</i>	<i>Syria</i>	<i>Iran</i>	<i>North Korea</i>
<i>Goals of the sanction: seek minor changes in policy?</i>	<i>Score:</i> <i>Rationale:</i>	<i>Score:</i> <i>Rationale:</i>	<i>Score:</i> <i>Rationale:</i>
<i>Target has a weak economy relative to the U.S.?</i>	<i>Score:</i> <i>Rationale:</i>	<i>Score:</i> <i>Rationale:</i>	<i>Score:</i> <i>Rationale:</i>
<i>U.S. has a close trade relationship with target?</i>	<i>Score:</i> <i>Rationale:</i>	<i>Score:</i> <i>Rationale:</i>	<i>Score:</i> <i>Rationale:</i>
<i>Target has a small population relative to the U.S.?</i>	<i>Score:</i> <i>Rationale:</i>	<i>Score:</i> <i>Rationale:</i>	<i>Score:</i> <i>Rationale:</i>
<i>The target is a “friend” of the U.S.?</i>	<i>Score:</i> <i>Rationale:</i>	<i>Score:</i> <i>Rationale:</i>	<i>Score:</i> <i>Rationale:</i>
TOTAL SCORE			
<i>Prediction:</i> <i>(Likely to succeed,</i> <i>Uncertain,</i> <i>Unlikely to succeed)</i>			