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Inside Washington's Soft-Power Sanctions War

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Congress voted to tighten economic sanctions against Russia. Embargoes once were imposed only occasionally and after serious debate. Today legislators and presidents think nothing of banning investment, trade and other contacts with foreign peoples and nations. They punish people and companies from other countries—such as Europe in the case of the anti-Russia legislation—for not following America's rules.

Of course, sanctions are supposed to promote a good cause. But they most often hurt those with the least wealth, power and influence. Indeed, target governments often use U.S. economic controls for their own benefit, rationing money and goods to reward allies and punish adversaries. Only rarely do sanctions force political change, and that usually only happens if domestic factors already are favorable. In fact, people in targeted states often resent outside pressure. The routine use of sanctions—Washington hit thirty-six different countries between 1993 and 2000 alone—has made the United States an international bully.

Of course, American politicians rarely criticize this nation for its attempt to micromanage the globe. But they seem to see the issue with greater clarity when other countries do the sanctioning. In a recent speech before an Australian audience, Sen. John McCain said China was acting "more and more like a bully." He had a lengthy bill of particulars, which included "refusing to open more of its economy so that foreign businesses can compete fairly." That seems to characterize the Trump administration's attitude toward international commerce and "using its trade and investment as tools to coerce" neighbors, which he has routinely supported doing on Capitol Hill.

For McCain, the irony was unintended. Yes, the People's Republic of China recently cut tourism, encouraged consumer boycotts, and targeted South Korean businesses and performers as retaliation for Seoul's participation in the THAAD missile defense system. The PRC also restricted commerce with North Korea, in response to UN sanctions and U.S. pressure, though not nearly enough, according to the latest presidential Twitter blast. But sanctions are a rare tactic by China. Beijing rarely limits economics for politics, but Washington has no problem using that tactic.

For years American officials have enthusiastically engaged in global-social engineering. If foreigners won't listen to the United States, which is most of the time, then coercion is needed. And that usually starts with some form of economic sanctions.

Unfortunately, American policymakers usually act reflexively, out of moral anger rather than as part of a thoughtful, realistic foreign-policy strategy. Siamack Shojai and Patricia S. Root of Central Connecticut State University have noted that "sanctions are imposed regardless of existence of favorable or unfavorable conditions and structures." Economic interests, activist groups and grandstanding politicians all too often are unable to resist the temptation to "do something," even if doing so is counterproductive.

Alas, little good results from such efforts. America possesses the world's largest economy, but enjoys few monopolies. In many cases a U.S. embargo merely changes market shares and shifts commercial patterns a bit, inflicting little, if any, punishment on anyone other than American citizens.

Andrea Klestadt of the National Customs Brokers & Forwarders Association of America has argued that "overall U.S. embargoes are not effective in promoting meaningful foreign-policy changes and frequently are counterproductive. In many of the cases considered by advocates of sanctions to be successes, other factors . . . were at play that may have had far more influence than the actual embargo." In 1992 the U.S. General Accounting Office concluded that sanctions appeared to be most "successful in achieving the less ambitious and often unarticulated goals" of punishing behavior that violated international norms and discouraging future misbehavior, but were "usually less successful in achieving the most prominently stated goal of making the target country comply with the sanctioning nation's stated wishes. Thus, excessive expectations are often formed about what sanctions can achieve."

The Peterson Institute for International Economics reviewed 115 cases between World War I and 1990, and concluded that in about a third of the cases the United States had at least partial success. But the success rate dropped significantly during the 1970s and 1980s, to just a fifth of the cases. Also, during the latter period, only 13 percent of the time were unilateral sanctions by Washington successful to any degree.

In general, economic penalties are most likely to work if the target is limited, they are multilateral, their objectives are modest, the economic disparity is great, previous economic ties are significant, and costs are low for the sanctioning state—which isn't often.

The Treasury Department provides a helpful list of active sanctions programs: Balkans-related, Belarus, Burundi, Central African Republic, Counter Narcotics Trafficking, Counter Terrorism, Cuba, Cyber-related, Democratic Republic of the Congo-related, Iran, Iraq-related, Lebanon-related, Libya, Magnitsky, Nonproliferation, North Korea, Rough Diamond Trade, Somalia, Sudan and Darfur, South Sudan-Related, Syria, Transnational Criminal Organizations, Ukraine/Russia-related, Venezuela-related, Yemen-related and Zimbabwe. There also are two inactive programs, Burma (Myanmar) and the Ivory Coast.

That's quite a list. If any government deserves to be called a bully, it is the one in Washington.

Equally striking is how ineffectual the effort generally has been. Sanctions didn't end ethnic violence in the Balkans. In fact, years ago I met opposition figures in Belgrade who complained that the U.S. embargo denied resources to their movement while the government manipulated controls for its own benefit. Belarus, Burundi, Central African Republic and the Democratic Republic of the Congo have not liberalized in response to U.S. economic penalties. Foreign drug traffickers have not given up attempting to satisfy the demand of Americans for illicit mind-altering substances. A Castro still rules Cuba, which remains subject to economic restrictions dating back a half century.

Sanctions helped move Iran toward an agreement for greater nuclear oversight, but further negotiations and inducements also were necessary, and the current president apparently wants to go back to economic war. Embargoes and penalties achieved little in Iraq, Lebanon and Libya. Sanctions haven't forced Moscow to disgorge Crimea or stopped Pyongyang from developing both nuclear weapons and ICBMs. Economic controls have produced little good in Somalia. They probably helped convince Sudan to allow the secession of its southern territory—in response to a promise to lift sanctions, which the U.S. subsequently violated. But the creation of South Sudan looks like another disastrous intervention by Washington, which has resulted in a new round of economic penalties being imposed on the new state.

Sanctions have not put the tragic nation of Syria back together or halted the advance of the Islamic State. Venezuela continues to crash economically and tumble toward dictatorship despite American penalties. Targeting Yemen has achieved nothing, especially since the main perpetrators of violence are Washington's nominal allies, Saudi Arabia and the United Arab Emirates. Sanctions have not saved Zimbabwe from economic collapse and authoritarian gerontocracy.

Trade restrictions may have helped push Burma's junta toward reform, but the military moved only when it believed modest democratization would serve its interests. Sanctions did not mitigate Ivory Coast's political conflagration. Going back in time, economic penalties against white supremacist governments in Rhodesia and South Africa likely played a positive role, though they would not have been enough on their own. Few other cases look even that positive—and Rhodesia's transformation into Zimbabwe no longer appears to have liberated the country's inhabitants.

At the same time, economic penalties obviously hurt Americans by denying them business and employment opportunities. Even if American workers find alternative jobs, the latter are likely to pay less than export industries. And the harm lingers, as foreign companies replace U.S. businesses. Sometimes that switch has geopolitical consequences: for instance, China and Gulf nations have taken on an outsize role in Sudan, long subject to debilitating financial sanctions from Washington. A generation of Sudanese has avoided America for education.

Where the U.S. magnified the impact of unilateral action with secondary sanctions, hitting other nations' firms, as the Helms-Burton Act did in Cuba, and banks, which were targeted by rules affecting Sudan. Washington's use of the financial system to impose its will on the entire world has led to calls for creation of an alternative to the U.S.-dominated SWIFT banking clearance system; in fact, Russia reportedly has prepared just such an option in case American officials attempt to exclude it. Until now, there has been overt little retaliation, but the Europeans have reacted strongly to the congressional vote to target foreign-energy investment in Russia. The European Union matches American economic strength and could strike back if Washington attempts to impose U.S. policy on Europe.

In most sanctions cases governments of the target countries behaved badly, though sometimes no worse than American allies. In most of the nations, at least, innocent people were suffering, making the desire to help understandable. In practice, though, sanctions often look like something primarily intended to make U.S. activists feel better. Little effort goes into making sure the proposed policy would help rather than hurt those on whose behalf America claims to be acting. In Washington, at least, appearance usually is more important than reality.

Criticism of general sanctions has led to the rise of "smart sanctions," targeted against government leaders, political supporters, business backers and the like. Such penalties impose a measure of individual justice on those most guilty of misconduct, but are not likely to have great political impact. For instance, Russian "oligarchs" might be unhappy at losing access to European travel, but their dissatisfaction is unlikely to turn into political opposition, which would entail substantial personal risk

Even more so in a country like North Korea. Members of the nomenklatura may share Kim Jong-un's nationalist objectives and are at least partially shielded from the cost of sanctions due to their privileged status. They do not live and invest abroad. Sanctions still might put a crimp in the elite's access to luxury goods, creating unhappiness, but much more would be required to foster an effective challenge to the Supreme Leader, who has been known to dispatch disloyal officials with brutal efficiency.

Washington's promiscuous bullying is increasingly resented by friend and foe alike. In attempting to coerce Europe as well as Russia, the United States might find itself at economic war with Brussels as well as Moscow. And even if the Europeans acquiesce, the Putin government almost certainly will continue to defy the U.S. government, leaving Americans and Russians to suffer alike.

Washington should step back. Sanctions can be a useful foreign-policy tool, but not when used promiscuously, and especially when important U.S. interests are not at stake. America should stop attempting to play global dominatrix. Ultimately, this nation would be safer and more secure if its government was no longer constantly at war, economic as well as military, around the world.

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