Chapter 3
Evaluating Sanction Effectiveness

Economic coercion that places more costs on the target—especially relative to the sender—is expected to work better since that pressure should drive the target leadership to conceding to the sender’s demands. Although there have been multiple empirical studies of various aspects of this claim regarding economic sanction effectiveness, it is valuable to directly and explicitly assess what aspects of the conventional wisdom hold up under simultaneous empirical testing. The results in this chapter show that while many of the extant literature’s claims are supported, the overall accuracy of the model is not very high. This poor performance suggests that we must move beyond analyzing effectiveness and seek other answers for why sanctions are used.

I begin by constructing a multivariate model accumulating aspects of the conventional wisdom from Hufbauer et al.’s policy conclusions and recommendations. The multivariate model shows how the different variables interrelate, something impossible to see in Hufbauer et al.’s original bivariate analysis, as well as providing an overall performance evaluation. In addition to Hufbauer et al.’s policy hypotheses, I include three more hypotheses discussed in the sanctions literature. I then operationalize the measures needed to test these relationships using an updated version of Hufbauer et al.’s data. Furthermore, I compare the multivariate results with Hufbauer et al.’s original bivariate findings and policy recommendations and discuss the accuracy and importance of their recommendations.

Hufbauer et al. (1990a) have written the most comprehensive study of economic sanctions in their volume, *Economic Sanctions Reconsidered: History and Current Policy*, for the Institute of International Economics. Their analysis generated the first real empirical study evaluating the effectiveness of economic sanctions, which they use as the basis for making several policy recommendations. It is important that these policy recommendations be accurate because economic sanctions allow nations to exercise coercion without resorting
to the use of military force. When used properly, sanctions can assist policy makers to avert war by enforcing their nation’s will and still allowing time and room to settle the dispute diplomatically and without bloodshed. Alternatively, when military force is not an acceptable option because the issue is not one of high politics for the sender, sanctions provide a means by which the sender can exert pressure on or signal the target of its displeasure or resolve.

Although Hufbauer et al.’s (1990a) recommendations contribute toward bridging the gap between theory and practice that Alexander George (1993) identifies as an important mission of scholars, the empirical analysis used to develop the recommendations has some rather serious problems that lead to questions about their accuracy. These conclusions are based on a series of bivariate analyses. While the nature of the data is largely categorical, which makes their cross-tabulations not inappropriate, there is a consequence to using this statistical technique: it is virtually impossible to rule out spurious relationships due to a lack of control variables. It is also impossible to know how important their recommendations are or how much weight to give any one of them, because there is no overall model to evaluate.1 Thus, it is difficult to know how well Hufbauer et al. have explained economic sanctions and how seriously their recommendations should be taken.

Although their work lacks an explicit theory, these recommendations are an implicit series of hypotheses meant to elaborate on the sanction literature’s conventional wisdom. It is possible to combine the variables in these hypotheses into an overall model. Below I develop this methodological possibility as a testable model and then use a multivariate, ordered logit analysis to assess how accurate and important or weighty Hufbauer et al.’s bivariate policy recommendations are within the context of a multivariate analysis. In addition, this analysis provides a general test of the conventional wisdom’s explanation for sanction effectiveness. I turn now to translating the conventional wisdom into testable hypotheses.

Modeling the Conventional Wisdom

I begin the multivariate analysis with the definition and measurement of economic sanction effectiveness. According to Hufbauer et al. (1990a), economic sanctions are financial or trade restrictions used by a state in