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Statecraft through Economic Coercion: Applying the Conflict Expectations Model to China and Cuba

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August 2000

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Introduction

For centuries governments implemented trade sanctions as a mechanism to coerce the actions and policy of other foreign governments (Huffbauer, Schott, Elliot 1985). The sender country employs sanctions to cripple the economy of the targeted country by taking over an essential percentage of a countries foreign trade, forcing the target country to cave into the sender's policy demand. In spite of a lengthy history, the United States is still undecided as to how and when it should employ its economic arsenal. Questions about what causes a successful economic coercion episode and when they should be utilized remain unanswered. The 106th Congress considered more than 100 legislative proposals for the imposition new foreign policy sanctions, and modification or termination of existing sanctions episodes (Rennack 1999). In early 2000, the active public became involved in the debate about the employment of sanctions. Triggering events such as China's accession into the World Trade Organization (WTO), the relaxation of Cuban sanctions, and a dilemma caused by a young Cuban refugee demanded the public's attention, and spurred questions about America's foreign policy formation. The granting of Permanent Normal Trade Relations (PNTR) to China, a condition for accession and integration into the WTO, drew attention to the disparity between the United States' existing policy of embargo with Cuba and policy of engagement and mixed sanctions with China. The disparity and public consternation caused some journalists and politicians to call for a policy review, and/or a unified policy towards the two rogue nations (Nethercutt 2000 and Rennack1999).

A unified policy suggests either a policy of economic engagement with limited sanctions as in China's case or like Cuba, an across-the-board economic embargo. Political Scientist, Daniel Drezner asserts examining the level of conflict expectations and opportunity cost of a sanctions episode can assess the outcome and implementation of a sanctions policy. This paper will evaluate Daniel Drezner's *Conflict Expectations Theory* by reviewing the existing blanket embargo toward Cuba and the potential of an across-the-board sanctions policy placed on the People's Republic of China (PRC). The results should evidence the outcome of implementing a blanket policy of economic coercion in each scenario.

Academic Approaches to Sanctions

In the last twenty years, the United States used sanctions frequently as a central tool in her foreign policy arsenal. Between 1992 and 1996 alone, the United States imposed or threatened economic sanctions on thirty-five countries, expanding over a population equal to approximately 42 percent of the world's population (Schlesinger 1997 in Drezner 1999). The current literature presents a confluence of complicated factors, sets of conflicted data, and mixed academic opinion leading to the predominate conclusion that sanctions while more likely not to work than to work, may under specific circumstances achieve limited policy goals.

Economic coercion is defined as the deliberate use of economic leverage to influence the policy and action of another country in order to pursue foreign policy goals. Sanctions are a type of economic coercion defined as the "deliberate government-inspired

withdrawal, or threat of withdrawal of customary trade or financial relations" (Hufbauer, Schott, Elliot 1985). Sanctions are affected and defined by a multitude of factors. These factors include: the length of the sanctions, the disparity between the Gross National Products (GNP) of the target and sender, the size of the demand, the stability of the target country, who bares the burden within the target country, the goals of the sender country, the international cooperation, the ability of the target country to realign, military threat, and the domestic politics within the sender and target country.

There are four main academic approaches thought to affect the afore mentioned factors which determine sanctions: the necessity of multilateral cooperation, the concurrent threat of military action, the role of domestic politics, and the unintentional strengthening of sanctioned targets. In addition, political scientist, Daniel Drezner adds a new factor to the list of determinants: the expected level of conflict in the relationship between the sender and target country. In his recent book, The Sanctions Paradox, Daniel Drezner challenges the assumption that sanctions are a failed policy tool. He offers an alternative assessment, points out flaws in the existing literature, and offers a competing paradigm to discern a sanction's potential for success.

For sanctions to be successful, the first popular approach suggests sanctions must be multilateral (Yeutter 1999). It is estimated ineffective unilateral sanctions cost the United States 15-20 billion dollars per year and hinder international relationships (Lash 1999). Multilateral agreements signal to a target country the gravity of the political demand and ensure the paralysis of the market (Gardner and Kimbraugh 1990 in Drezner 1999). In the uni or multilateral debate, conservatives and liberals generally prefer

multilateral economic coercion. Conservative political scientists dislike unilateral sanctions because of the economic impact, and liberal political scientists dislike unilateral economic coercion because of the lack of ally support and amoral outcomes. Drezner counters this established viewpoint by showing not only the expense and difficulty of multilateral initiation, but also that attributed to failed or nonexistent enforcement mechanisms, multilateral sanctions fail to coerce an improved response (Drezner 2000).[1]

The second approach for determining the success of sanctions places the importance military statecraft over the importance of economic statecraft. Unilateral and sometimes multilateral sanctions serve as a signal for impending military coercion. If military or quasi-military action is threatened or instigated along side sanctions, the potential for acquiescence is improved. Case studies such as Iraq's venture into and withdrawal from Kuwait and Haiti's expulsion of their military ruler exemplify purportedly successful sanctions supported by military action. In both cases, economic coercion foreshadowed military coercion and led to an acceptance of the demand.

Drezner argues that while economic coercion may play counterpoint to successful military action or threat; it is neither the only, nor the best indicator of sanctions implementation or outcome (Drezner 1999). He points to a statistically significant

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[1] Drezner's assertion is fortified by the extensive 1983 study by Gary Hufbauer, Jeffery Schott, and Kimberly Elliot, which demonstrated in comparing unilateral to sanctions that statistically multilateral cooperation has little effect on sanctions' outcomes (Hufbauer, Schott, Elliot 1985, 1990).

number of sanctions whose success is not based on military threat. The numbers show sanctions are more likely to be successful when waged against allies who do not face military action. This policy misconception may in part come from the fact that most studies concentrate on well-publicized sanctions episodes, which are typically those between foes and not allies.

A third popular approach for determining the outcome and implementation of sanctions focuses on the domestic politics of the sender and target countries. According to the domestic politics approach, sanctions are initiated when the populace of the sender country wishes to affect change in the policies of the target country, yet feels the cost of military intervention is too high. The domestic political costs of inaction are too high and foster an impression of weakness. In response, the sender country will implement sanctions to posture action even if success is not anticipated. This approach is a popular response to human rights violations and religious persecution (Rennack 1999). In these scenarios, Sanctions become a symbol, a stagecraft rather than statecraft.

Unlike Drezner, followers of domestic politics theory tend to disparage the use of sanctions as a policy tool. They note the inclination of sanctions on rogue states to cause a rallying effect in the target populace such as those seen in Rhodesia and Cuba (Gaultung 1967 in Drezner 1999 and Peter Schwab 1999). Disparagers of the theory also point to target governments who may prefer to be sanctioned because of the rent-seeking opportunities and unintentional benefits for elite populations. Sanctions that equally affect or specifically target elite populations are viewed as more effective and moral. They are more responsible than archetypical "across-the-board- sanctions" currently

being waged in Cuba and Iraq (Rennack 1999). The theory also concludes the implementation and imposition of sanctions will be irregular and not based on solid logic or trade data.

Drezner's rebuttal against the domestic politics theory is unconvincing. He centers his refute on the assertion, that for the most part the implementation of sanctions is not unpredictable and can be predicted according to his conflict expectation model. He agrees sanctions may cause a national *esprit de corps* and other benefits for the target country; yet he fails to make a position on the targeting of elites, thereby in part failing to disprove the power of the hypothesis.

Drezner's Contribution

Drezner's main addition to the literature is his development of conflict expectations as a factor in determining the success of economic coercion. Conflict expectations are the amount of future disagreements and dissentions anticipated by the sender and target country in future interactions. Daniel Drezner took his conceptual framework and hammered it into seven clear hypotheses, chi boxes, decision trees, and game theory models to better predict the outcomes and implementations of economic coercion. Drezner uses Game Theory to explore the conflict expectations model. Game Theory is a modeling tool using an algebraic model of assumptions and variables to compare and contrast outcomes with counterfactual possibilities (Drezner 1999). The algebraic Game Theory is useful conceptually, but limited in its ability to adapt to the wide range of possible responses and half successes. However, the explanatory chi boxes,

models, and hypothesis are a useful addition to a developing body of sanctions theory (See appendix A-E). While, Conflict Expectations Theory is not the only factor determining the outcome of sanctions policy, Drezner is able to prove its value as a significant new indicator. Using the explanatory power of Drezner's conflict expectations model and concentrating on five of his seven hypotheses, this paper will examine the outcomes Drezner's model predicts for the use of economic coercion in Cuba and China.

Daniel Drezner argues both the sender and target countries incorporate the expectation for future conflict, along with short-run opportunity costs into their behavior determinants. If countries are allies with a low expectation of future conflict, the sender is less likely to impose sanctions and more likely to prefer the status quo. If the countries are enemies with a high expectation of future conflict the sender is more likely to use economic coercion to propel change (Drezner 1999). However, this is where the paradox occurs. Even though allies are less likely to use economic coercion, sanctions against allies are more likely to result in larger concessions, and conversely, sanctions against non-allies are more likely to end in deadlock or insignificant concessions (See Appendix A). For example, during the Carter presidency, sanctions were issued against human rights abusers. Sanctions were placed on both Ethiopia, who perceived a high potential for conflict, and Brazil, who held lower conflict expectations with the United States. As a result, Ethiopia realigned with the Soviet Union and offered no concessions, whereas Brazil began releasing political prisoners (Drezner 1999 and Hufbauer, Schott, and Elliot 1985).

	Low Conflict Expectation	High Conflict Expectations
Large Gap in Costs	**Significant Concessions**	**Moderate Concessions**
Small Gap in Costs	**No coercion attempt**	**Minor Concessions**

Figure 1. Chi box: Drezner's Conflict Expectations Theory and gap in opportunity cost.

Along with his Conflict Expectation Theory, Drezner outlines seven hypotheses for determining sanctions' outcome (See Appendix B). These are drawn from his work as well as the case studies and work of other political scientists. His hypotheses are as follows:

> **Hypothesis 1:** No coercion event should generate greater opportunity costs for the sender than the target country.
>
> **Hypothesis 2:** Within the set of coercion events, the alignment between target and sender should be negatively correlated with the cost to sender, but positively correlated with the cost to target.
>
> **Hypothesis 3:** The target's concessions will increase when the difference between the target's and sender's opportunity costs of deadlock increases.
>
> **Hypothesis 4:** The target's concession will increase when target and sender are more closely aligned with each other.
>
> **Hypothesis 5:** If the target realigns against the sender during the coercion dispute, the target's concession will be smaller.
>
> **Hypothesis 6:** Sanctions will be imposed for a longer duration when the two countries are adversaries.

> **Hypothesis 7:** If the sender is observed offering a carrot to an adversarial target, the following is likely to be observed: A) The demand is non-negotiable. B) The carrot is very lucrative for the target. C) The carrot is virtuously costless for the sender. (Drezner 1999)

Concentrating on Drezner's first five hypotheses, one should be able to insert case studies, such as sanctions against China and Cuba to predict a plausible sanctions outcome and prove the utility of Drezner's theory.[2]

Explanation of Data

Drezner's seven hypotheses are based on two factors: assessed opportunity costs and alignment or conflict expectations. Drezner notes the continuing relevance of several other previously mentioned determinants such as domestic politics and military threat. He sees however, opportunity cost and alignment as holding greater explanatory power. To simplify the application of his hypotheses to China and Cuba this paper will assume the sanctions are applied "across-the-board".

The opportunity cost will be assessed using the 1999 GNP trade data from the U.S. Census Bureau, Foreign Trade Division. The cost to sender will be considered the same as opportunity cost. The Pentagon's Security Threat list and general state of current and historic U.S. and target relations will determine alignment (Carpenter 1999, Pregelj 1999, Sullivan, 1999). By these estimations, neither China nor Cuba are considered allies, and China is considered more of a threat than Cuba.

[2] This paper will concentrate on Drezner's first five hypotheses as they are specifically pertinent to the Cuban and Chinese economic coercion episodes, are the more influential in determining implementation and outcome, as well as being better developed by Drezner.

US Sanctions against China: Applying Drezner's model

The People's Republic of China and the United States of America have a historically contentious relationship. In the last year alone there were allegations of intelligence espionage, trade dumping, human rights violations, questionable military maneuvers, and illegal campaign contributions (Rennack 1999). The US-Chinese relationship is complex. While the United States cannot condone human rights violations and trade barriers, neither can it afford to close the door to the world's most populous country. According to official Chinese figures, its Gross Domestic Product is $4.42 trillion and is expanding at an amazing 7.8% annually (CIA World Fact Book 1999).

The United States currently maintains six specific laws triggering sanctions against the Peoples Republic of China, independent of the general varieties of international sanctions, which can be imposed for everything from human rights violations to unpaid parking tickets (Rennack and Shuey 1999). Currently most of the sanctions against the PRC are waved with the exception of a few sectional sanctions in areas such as satellite exports (Rennack and Shuey 1999). Most recently, the decision to ignore pleadings to impose sanctions for use of prison labor and human rights abuses was over ruled in the granting of PNTR for China. The United States opted for a policy of engagement.

By Daniel Drezner's account, the decision to retain the status quo policy of engagement follows the behavior pattern predicted by his economic coercion decision tree and seven sanctions outcome hypotheses (See Appendix C). Reviewing the plausible

Drezner's second hypothesis relates the alignment of the target and sender country to the size of the opportunity cost. Drezner suggests within a set of coercion events, the alignment between target and sender should be "negatively correlated with the cost to sender, but positively correlated with the cost to target" (Drezner 1999). In other words, if the target is an ally, it is likely the sender will only initiate sanctions if the opportunity cost to the sender is low and the opportunity cost to the target is high. If the countries are allies, the gap in opportunity cost of deadlock must be large enough so the target will prefer concession to deadlock.

Since, China is not considered a U.S. ally, the sender (the U.S.) is not as concerned about the opportunity costs of deadlock if the target is not an ally, and it is more likely the sender will consider imposing sanctions. At this point the sender must decide at what point the opportunity costs for deadlock are preferable to the opportunity costs of the status quo. Referring to hypothesis number one and Drezner's decision tree it is likely the United States will prefer the status quo to a trillion dollar deadlock opportunity cost (see appendix D).

Drezner's third hypothesis predicts concessions will increase when the difference between the target's and sender's opportunity costs of deadlock increases (Drezner 1999). As determined by hypothesis number one, both China and the United States face high opportunity cost for deadlock. China's costs of U.S.-PRC deadlock also include the loss of access to technology and world markets. Together, both countries face the loss of trillions of dollars in trade and opportunity. Therefore, it is likely in the case of economic coercion that if concessions were made, they would be small to insignificant. The large

concession, which is desired by blanket embargoes, is highly unlikely to be met in this situation.

Drezner's fourth hypothesis states, "a target's concession will increase when the target and sender are more closely aligned with each other" (Drezner 1999). If the decision to imply sanctions was made and demands were issued, the size of the potential concession would be linked to the relationship between the target and sender. Using the China scenario, the U.S. and China are considered nonaligned countries. Therefore, according to Drezner's hypothesis, the likelihood of sweeping concessions can be dismissed.

His fifth hypothesis predicts if "the target realigns against the sender during the coercion dispute, the target's concession will be smaller" (Drezner 1999). The PRC's current top import partner is Japan, importing 21 percent compared to the U.S. imports of only 12 percent. China exports 21 percent to the U.S. and Hong Kong followed by 14 percent to Japan (US Census Bureau 1999). China's market is fairly diversified. While their export market is heavily dependent on access to U.S. markets, the PRC does maintain a multilateral trade economy. It is likely the PRC would be able to garner support from regional, ideological, and economic allies. China's large economy gives it greater potential for realignment, which would decrease the potential size and significance of any concession made in response to the imposition of serious sanctions[3].

[3] In December if 1979, the United States place a grain embargo on the Soviet Union (U.S.S.R.). The United States sequestered the support of other grain exporters. The agreement lasted two weeks. In 1980, the Soviet Union imported a record amount of wheat, albeit at a higher cost and less than predicted, but at minimal opportunity cost to the U.S.S.R. U.S. wheat farmers were hurt and the economic impact hit the U.S.. The U.S. was originally willing to take the high opportunity cost because of high conflict expectations

Reviewing the outcome of Drezner's first five hypotheses and decision tree demonstrates the potential for across-the-board sanctions against the People Republic of China to result in deadlock. Across-the-board sanctions are typically linked to a significant policy demand. Focusing events such as Tiennamin Square, on going human rights violations such as the disappearance of Falun Gong members, and military build up in the Taiwan strait could all trigger larger demands. However, the adversarial nature of U.S.-China relations considerably reduces the potential for significant concessions, thus almost assuredly leading to deadlock. The risk of deadlock, coupled with high opportunity costs for both countries, would force the United States to seriously weigh the opportunity cost of deadlock with the opportunity cost of remaining in the status quo, and against the opportunity cost for a chance at success.

The success of sanctions depends in part on the goals of the sender. Sanctions may either compel a change in policy (i.e. U.S.- South African sanctions to end apartide), or seek to generally destabilize a country (i.e. U.S.- Iraq Sanctions) (Dashti-Gibson, Davis, Radcliff 1997). Across-the-board sanctions are typically chosen for the second purpose. The success of destabilizing sanctions is linked primarily to the targets initial stability (Dashti-Gibson, Davis, and Radcliff 1997). The chaos caused by the destabilization of the world's most populace country would pose a much greater security risk for the United States and the globe than do the current human rights and trade violations.

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for the opportunity to harm the USSR. The countries ability to realign and the lack of multilateral enforcement mechanism caused the policy to fail (Drezner 1999).

According to Drezner's hypotheses, with a large specific demand, across –the-board sanctions would be unlikely to work, leaving the United States in a costly, inefficient deadlock. A destabilization attempt, coupled with unrealistic demands, is also unlikely to work; perchance it achieved success, it would likely cause problems more egregious than the current status quo. In the face of contentious U.S.- China relations, using Drezner's model, blanket sanctions face little hope as a successful China foreign policy tool.

U.S. Sanctions against Cuba: Applying Drezner's Model

The United States and Cuba also have a historically contentious relationship. In the aftermath of Castro's socialist revolution, in 1960 the United States dropped a blanket embargo over the Cuban economy. In the forty years of embargo, the policy underwent alternating phases of relaxation and tightening (Kaplowitz 1998). 1999 saw the first major slackening of the U.S. Cuban embargo since the introduction of the restrictive Helms-Burton Law in 1996. Pressure in Congress forced the exemption of food and medical supplies for humanitarian and economic purposes (Cubanews 1999). Concern about the effectiveness and validity of the Cuban embargo was highlighted in the press in early 2000 due to the media coverage surrounding a young Cuban refugee (Sweig 1999). Academics, politicians, and citizen groups are publicly reconsidering the functionality of the Cuban embargo (Schwab 1999, Nethercutt 1999). However, the vehement Cuban-American lobby continues to flex its powerful opposition against relaxation. In

opposition, the business sector maintains its position that the politically ineffective and economically detrimental embargo must be terminated.

The international community does not support the unilateral U.S. embargo. The UN votes annually 157 in favor, two opposed (Israel, United States), with 12 abstentions to end the U.S. embargo of Cuba (United Nations online). International and domestic criticism claims the embargo actually supports Castro's regime by creating a scapegoat for the intense economic distress Cuba has endured since the withdrawal of Russian support in 1990 (Schwab 1999).

The hemispheric proximity of the two countries and the recovering post cold-war relations further complicate and confuse U.S.- Cuban relations. As policy makers look for new ways to approach Cuba, and continue to assess the current policy it is useful to preemptively look down the road to predict where policy might lead. The application of Drezner's hypotheses provide a prediction for the future potential of Cuban sanctions, as well as provide an example of a well-known case study in which the outcome of his model can be historically reviewed.

Drezner's first hypothesis looks at the opportunity costs for the sender and target countries. Because of the pre-existing embargo, the current statistics for 1999 do not represent the extent of the opportunity costs for Cuba nor the United States. A target is considered particularly vulnerable to sanction if:

> 1) The sender country controls a particularly important commodity for the target nation; 2) the sender nation imports a large percentage of the target's important export; 3) the target is dependant on foreign export items; and 4) if the target economy is highly dependent of foreign trade (Kaplowitz 1998).

All of these situations describe Cuba's pre-embargo economy in 1958 at the starting line for the U.S. Sanctions. The United States controlled over the 25 percent of the economy required for a successful sanctions episode (Kaplowitz 1998). Cuba imported 69 percent of its monocrop, sugar to the U.S., surpassing the required threshold of 50 percent control for a homogenous good (Hufbauer, Schott, Elliot 1990). It also commanded 90 percent of the utilities, provided 60-65 percent of imports, and boasted a Cuban-U.S. trade deficit of $374 million in 1958 (Kaplowitz 1998). According to Drezner's hypothesis, the target must and will shoulder significantly higher opportunity costs than the sender county.

In 1999, the ratio between the GNP of Cuba and the United States continues to be such that the opportunity cost of embargo rests most heavily on Cuba. However, the trade percentages have changed. Cuba now trades most heavily with other Latin American countries, as well as Japan and Canada (Statistical Abstract of Latin America 1998). In spite of the realignment and international support, in the coercion game, the cost of the embargo is still estimated to generate greater opportunity costs for the target. Following the economic coercion decision tree, this situation would advance the sender to consider demand size.

Considering Drezner's second hypothesis concerning the alignment between the sender and the target, it is obvious Cuba and the United States are not allies. Therefore it can be assumed the sender would be willing to impose a more costly embargo. The decision would run the sender country down the larger demand size side of the decision

tree.[4] The sender's willingness to impose sanctions under a heavy demand follows Drezner's expectations.

Drezner's third hypothesis initially fails to function. At the outset, the opportunity cost between the two countries is significant and should lead to concession rather than deadlock. Contrary to the theory's predictions, we are looking back at 40 years of deadlock with very minimal concessions. This is not a fault in the theory; rather it is tied to Drezner's fourth and fifth hypotheses.

The fourth hypothesis assumes the concession will increase when the target and sender are more closely aligned with each other. The contentious relationship between the United States and Cuba was emblematic of the Cold War struggles. The mentality of them and us ran deep. The Cuban government continues to demonize the United States, and the United States continues to treat Cuba as a first class enemy perpetuating the roles and reactions of foes.[5] The entrenched mentality causes both sides to take stances leading directly to deadlock.

The deadlock between the two nations was only possible because Cuba was able to realign its economy and country with the Soviet Union. The realignment was essential to prevent the complete collapse of the Cuban economy and people. Drezner predicts the

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[4] Kaplowitz, identifies "six major foreign policy goals of the Cuban embargo: overthrowing Castro, retaliation for nationalization of U.S. property, containment of the Cuban Revolution, breaking of Soviet-Cuban ties, demonstration of U.S. opposition, and changing the internal situation in Cuba" (Kaplowitz 1998).

[5] The Pentagon no longer views Cuba as a military threat to the United States. In spite of this fact, the United States maintains a fierce embargo and anti-Cuban or Castro stance (Pope 1999).

target's concession will be smaller when a target realigns against the sender during the coercion dispute.

In 1990, the Soviet Union collapsed and withdrew its five billion dollars of annual financial support from Cuba (Toricelli, Bergsten 1998). The Cuban economy atrophied rapidly without the significant Soviet support. This development delighted U.S. policymakers. Senator Toricelli (D- NJ), a supporter of Cuban Sanctions, recognizes the de-alignment as important to the success of U.S. sanctions. He continues to support blanket sanctions for Cuba. The Senator notes the full embargo is relatively new because until 1993, U.S. firms were still allowed to trade with Cuba. He states, in the next four years the Cuban economy shrank by a third, yet four years is just a beginning, and not long enough to reach success (Toricelli, Bergsten 1998).

What Senator Toricelli predicts is a reversal of the outcome of hypothesis four, leading to larger concessions. However, he forgets two vital factors. The first is that the sanctions against Cuba are not only uni-lateral, but they are opposed by most other industrial nations. Cuba may have limited trade with the United States, but Cuba has a rich trade relationship with Spain, Canada, and Mexico, as well as many other Latin American countries (Wilkie 1999). It is not an ideological alignment, but an economic alignment. Cuba's international trade is far from substituting the 5 billion in aid from the Soviet Union, however it does offset some of the embargo's impact.

The Senator's second omission is his failure to consider the relationship between the sender and target country. Tighter sanctions did not improve the relationship between Cuba and the United States. In fact, academic consensus agrees, Cuban sanctions actually

bolster Fidel Castro (Galtung 1967 in Dashti-Gibson, Davis, Radcliff 1997, Schwab 1999, Kaplowitz 1998). Reportedly in Cuba the 1996 Helms-Burton Law is commonly referred to as the Helms-Burton-Castro Law (Dashti-Gibson, Davis, and Radcliff 1997). The sanctions only continue to fortify the impression of higher conflict expectations. Thereby, according to Drezner, reducing the likeliness of larger concessions.

Applying both the hypotheses and economic coercion decision tree, the United States would be economically expected to apply sanctions, and relationally expected to stall at deadlock in a sanctions standstill. Drezner's model predicts the actual outcome. However, knowing the inhibited potential of the current course, it may be in the best interest of those involved to re-estimate the policy's opportunity costs. In reconsidering, U.S. foreign policymakers should consider the cost of ally relations, as well as examine the potential benefits of alternative approaches such as offering carrots or promoting a policy of engagement.

China and Cuba: Applying Drezner's Model

Drezner's seven hypotheses generally are able to predict the outcome and implementation of sanctions in the cases of Cuba and China. Neither sanctions episode leads to a particularly successful outcome, and both lead to distinct outcomes. China remains in status quo and Cuba stalls in deadlock. The model also demonstrates the tremendous opportunity cost and poor outcome involved in electing to nail an across-the-board sanctions policy on China.

The variance in the outcomes of the two scenarios highlights another dilemma: the difficulty of applying a single policy to two distinctly different countries. The PRC and Cuba may share state-run-businesses and distaste for U.S. hegemony, but the similarities do not go much further. Size, location, economy, culture, and reason for U.S. sanctions separate the PRC from Cuba. It is appropriate to apply some generalizations to both situations (i.e. across-the-board sanctions may be ineffective) however; it is impractical to look for one overarching policy to reprimand all U.S. foreign policy offenders.

Drezner's model for predicting the outcome of sanctions' episodes is useful, but it is not a panacea. In his book, Drezner initially concentrates on developing a game theory to predict outcomes and implementations. Unfortunately, the actors in sanctions episodes are not rational numbers and equations; they are people and states. The game theory is useful as an explanatory tool, but in actual utility it amounts to what critic David Williams calls, "physics envy". In fact, after introducing it conceptually, Drezner abandons his own game theory in favor of traditional case studies and methods.

Drezner's economic coercion model is also slightly oversimplified. It is not the Holy Grail of sanctions theory, and cannot explain all outcomes or implementations of economic coercion. He underdevelopes the utility of "conditional engagement", and too quickly dismisses or fails to incorporate the validity of other indicators such as the domestic politics theory and the symbolic role of sanctions. Drezner recognizes this fault, but does little to rectify it.

To his decision tree he eventually adds the possibility of offering carrots or trade-offs for policy concessions. Drezner does not develop this new limb fully, nor does he demonstrate how it fits in with conflict expectations or gap in opportunity costs (See Appendix G). Megan O'Sullivan suggests "conditional engagement" or the use of incentives alongside other foreign policy tools offer a possible alternative to ineffective punitive measures against "rogue" states (O'Sullivan 2000). More research is needed in this area to examine how conditional engagement functions as economic coercion.

Drezner critiqued other economic coercion theorists for their selection of case studies (Drezner1999, 2000). Traditionally, studies have centered on cases where the sanctions are between countries with high conflict expectations and often have a high public profile. The attention in limelighted cases may cause outcome and implementation anomalies and ignore valuable information in absent case studies (Drezner 1999). Unfortunately, this paper fell into the same traditional pattern of selecting two unusually high profile cases with high conflict expectations.

In spite of the cases' celebrity, recent developments in Chinese and Cuban U.S. relations in part substantiate Drezner's predictions. Drezner's model predicts the potential for small concessions from China and moderate concessions from Cuba, assuming the United States elects to make a demand and the target elects to respond. China's accession into the WTO and Cuba's small market liberalizations seem to follow Drezner's predictions.

	Low Conflict Expectation	**High Conflict Expectations**

Large Gap in Costs	**Significant Concessions**	**Moderate Concessions CUBA**
Small Gap in Costs	**No coercion attempt**	**Minor Concessions CHINA**

Figure 2. Drezner's Conflict Expectations Theory and gap in opportunity cost with China and Cuba

China's accession into the WTO signaled the U.S. decision to forego the yearly debate about implementing across-the-board economic coercion. In return, China is forced to meet the transparency and economic standards required by the WTO charter. The United States and China understood the opportunity costs of non-cooperation and elected to both consent to minor changes (See Appendix B hypothesis 7). This follows Drezner's prediction of small concessions and rejection of costly sanctions.

According to Drezner's model Cuba should offer moderate concessions. Since 1997, moderate concessions have been made. Small-scale market liberalization and migration agreements have taken place (Schwab 1999). This is not to say Castro and his government are folding under the embargo. In fact, Cuba persists to be unreceptive to considering the demands associated with the embargo. Measures of diplomacy and conditional engagement seem to be more productive for U.S.- Cuban foreign policy (Sullivan 1999, Schwab 1999).

Drezner wants to demonstrate and does demonstrate how sanctions can be an effective policy tool under the correct circumstance. By the same hand, he shows there are specific scenarios in which sanctions are unlikely to induce policy change. This

invites a discussion of when alternative policy approaches such as economic and conditional engagement, and traditional diplomacy may be more effective.

The success of sanctions episodes is estimated to be around 50 percent (Drezner 2000). This also indicates a failure rate of 50 percent. The sad statistics from Iraq about the human cost of across-the-board sanctions, and the seeming 40-year failure of embargo against Cuba justify the public and political call for policy reassessment. One benefit of studies such as Drezner's offer is the ability to hone the use of sanctions as a policy tool. This should predictably lead to a more targeted use of sanctions. Cases such as China and Cuba's can be assessed statistically, rather than measured on a popularity thermometer. They can also be better manipulated to force targeted policy changes, or honestly admit to a goal of destabilization.

Drezner's Conflict Expectations and opportunity cost analysis should be added to the growing body of sanctions outcome indicators. While they may not be a crystal ball, using the Chinese and Cuban scenarios conjectures plausible and realistic effects. Conflict expectations coupled with opportunity cost prove to be logical and functional indicators to predict the outcome of economic coercion episodes.

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The predicted pattern of economic coercion

	Minimal Conflict Expectations	Heightened Conflict Expectations
Large Gap in Cost	Significant Concessions	Moderate Concessions
Small Gap in Costs	No Coercion Attempt	Minor Concessions

Appendix A

Heather Meade, August 2000 (Source Drezner 1999)

Drezner's Hypotheses

Hypothesis 1: No coercion event should generate greater opportunity costs for the sender than the target country.

Hypothesis 2: With in the set of coercion events, the alignment between Target and Sender should be negatively correlated with the cost to sender, but positively correlated with the cost to Target.

Hypothesis 3: The Targets concessions will increase when the difference between the Target's and Senders opportunity costs of deadlock increases.

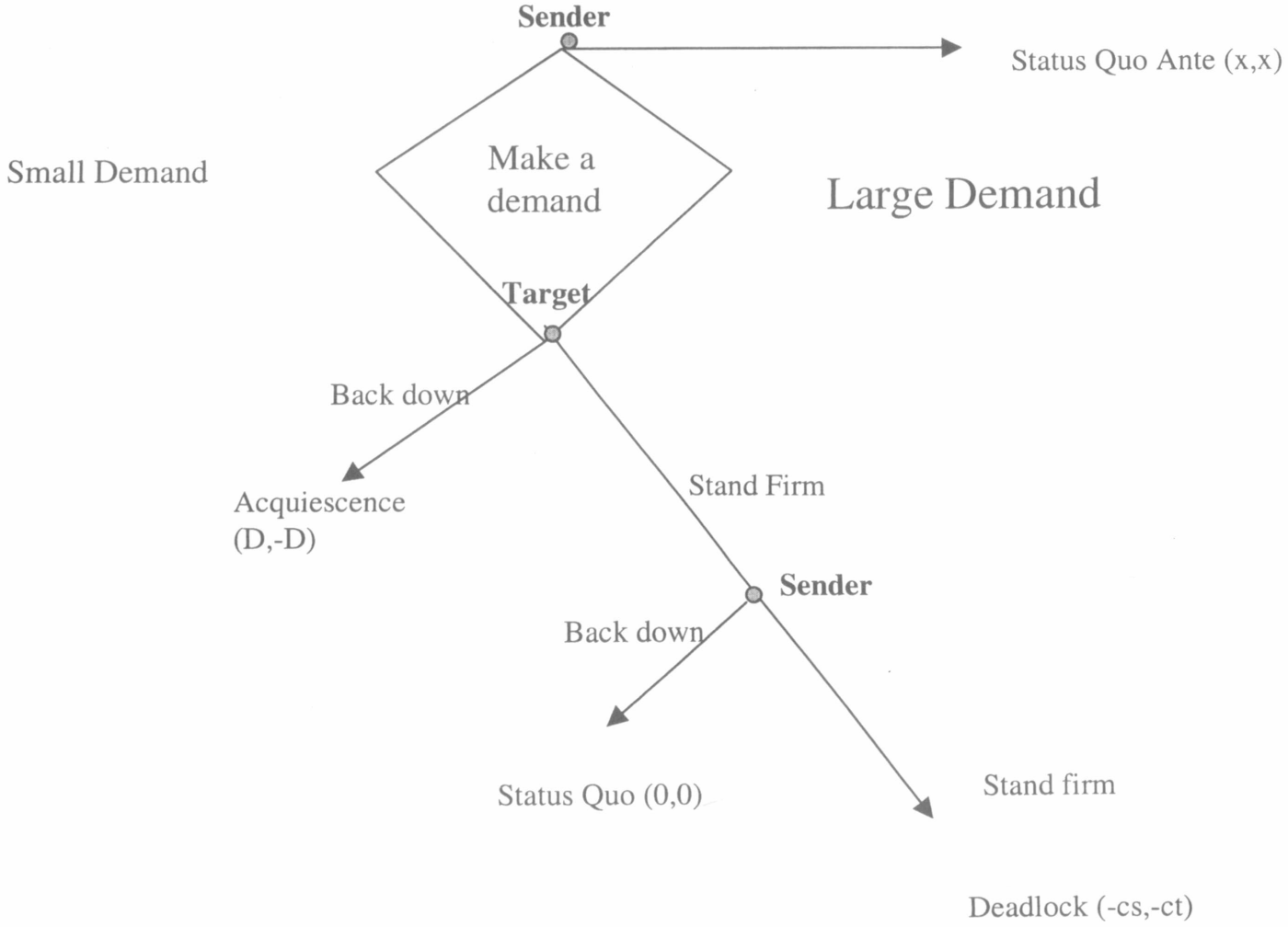
Hypothesis 4: The Target's concession will increase when Target and Sender are more closely aligned with each other.

Hypothesis 5: If Target realigns against Sender during the coercion dispute, Target's concession will be smaller.

Hypothesis 6: Sanctions will be imposed for a longer duration when the two countries are adversaries.

Hypothesis 7: If the Sender is observed offering a carrot to an adversarial Target, the following is likely to be observed: 1) The demand is non-negotiable. 2) The carrot is very lucrative for the target. 3) The carrot is virtuously costless for the sender.

Decision Tree: initation and outcome predictor



The Coercion Game

Heather Meade August 2000 (source: Drezner 1999)

Appendix C

Cost to Sender

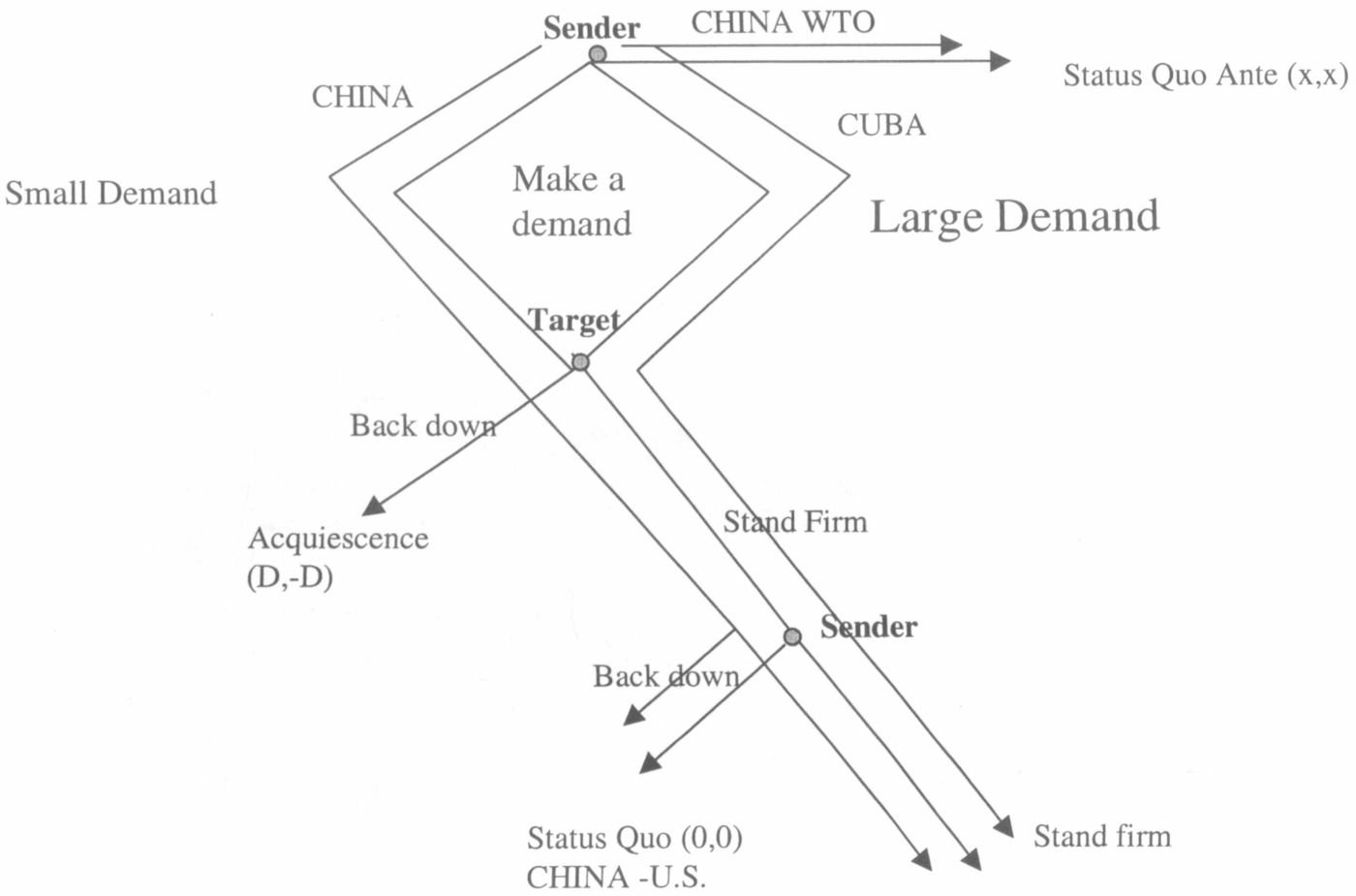
U.S.-China Cost to Sender

Cost to U.S.	$16.8 billion
Cost to China	$38 billion
Alignment	Non-ally
Outcome	Deadlock opportunity cost to sender greater than cost to target. Sender prefers status quo to deadlock.

U.S.-Cuba Cost to Sender

Cost to U.S.	Low
Cost to Cuba	High
Alignment	Non-ally
Outcome	Deadlock opportunity cost to sender less than cost to target Sender prefers deadlock to status quo.

Decision Tree: initation and outcome predictor: China and Cuba



The Coercion Game

Appendix E

Heather Meade August 2000 (source: Drezner 1999)

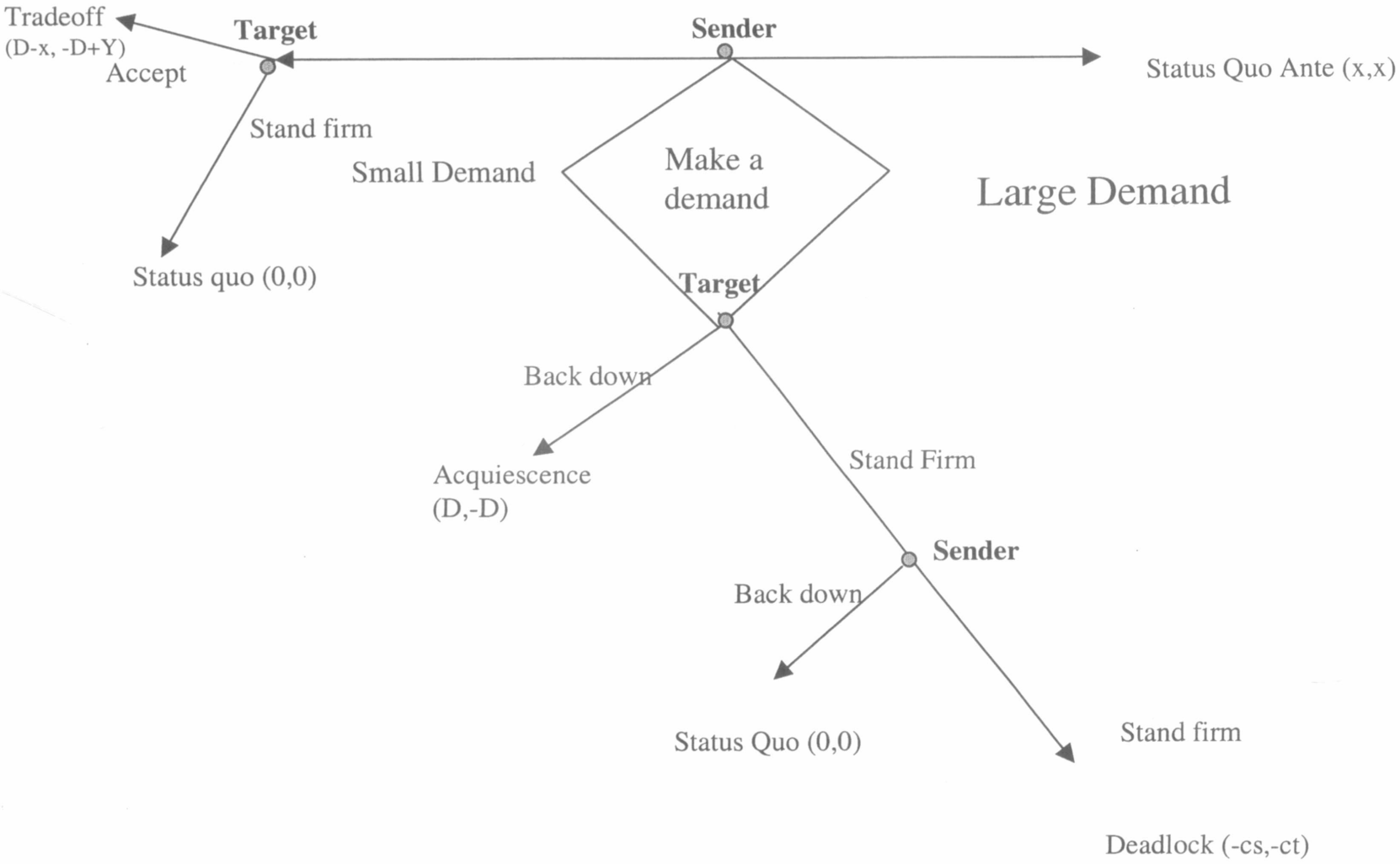
The predicted pattern of economic coercion

	Minimal Conflict Expectations	Heightened Conflict Expectations (China and Cuba)
Large Gap in Cost (Cuba)	Significant Concessions	Moderate Concessions (Cuba)
Small Gap in Costs (China)	No Coercion Attempt	Minor Concessions (China)

Appendix F

Heather Meade, August 2000 (Source Drezner 1999)

Decision Tree: initation and outcome predictor: Carrots and Sticks



The Statecraft Game

Appendix G

Heather Meade August 2000 (source: Drezner 1999)