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**ECONOMIC SANCTIONS:**
WHAT DOES THE FUTURE HOLD?

**BY**

DAISY M. DEDEAUX
Defense Leadership and Management Program

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U.S. ARMY WAR COLLEGE, CARLISLE BARRACKS, PA 17013-5050
ECONOMIC SANCTIONS: WHAT DOES THE FUTURE HOLD?

by

Daisy M. Dedeaux
Defense Leadership and Management Program

Gabriel Marcella, Ph.D.
Project Advisor

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U.S. Army War College
CARLISLE BARRACKS, PENNSYLVANIA 17013

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ABSTRACT

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To protect its vital national interests the U.S. can employ diplomatic, military, economic or informational elements of national power. Using Iraq as a case study, this paper focuses on the use of economic sanctions as a means of promoting U.S. national interests. It analyzes existing policy; examines the economic, humanitarian, and psychological impact of sanctions; and assesses their impact. To apply the lessons learned to the future, this paper addresses the effectiveness of current policy and identifies improvements to minimize the humanitarian cost, contend with authoritarian regimes, and maintain coalition cohesion. Should all else fail it may be appropriate to use military power.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>III</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>VII</td>
</tr>
<tr>
<td>ECONOMIC SANCTIONS: WHAT DOES THE FUTURE HOLD?</td>
<td>1</td>
</tr>
<tr>
<td>THEORY OF ECONOMIC SANCTIONS</td>
<td>1</td>
</tr>
<tr>
<td>UTILITY</td>
<td>1</td>
</tr>
<tr>
<td>METHODS</td>
<td>2</td>
</tr>
<tr>
<td>EFFECTIVENESS</td>
<td>3</td>
</tr>
<tr>
<td>LIMITING FACTORS</td>
<td>3</td>
</tr>
<tr>
<td>AIMS</td>
<td>4</td>
</tr>
<tr>
<td>BACKGROUND</td>
<td>5</td>
</tr>
<tr>
<td>HISTORY OF ECONOMIC SANCTIONS AGAINST IRAQ</td>
<td>5</td>
</tr>
<tr>
<td>U.S. POLICY</td>
<td>6</td>
</tr>
<tr>
<td>UNITED NATIONS FOOD-FOR-OIL PROGRAM</td>
<td>7</td>
</tr>
<tr>
<td>ANALYSIS</td>
<td>7</td>
</tr>
<tr>
<td>ECONOMIC IMPACT</td>
<td>7</td>
</tr>
<tr>
<td>SOCIETAL IMPACT</td>
<td>8</td>
</tr>
<tr>
<td>THE HUMAN FACTOR</td>
<td>9</td>
</tr>
<tr>
<td>LESSONS LEARNED</td>
<td>12</td>
</tr>
<tr>
<td>THE FUTURE</td>
<td>13</td>
</tr>
<tr>
<td>RECOMMENDATION</td>
<td>13</td>
</tr>
<tr>
<td>CONCLUSION</td>
<td>15</td>
</tr>
<tr>
<td>ENDNOTES</td>
<td>17</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>19</td>
</tr>
</tbody>
</table>
LIST OF TABLES

TABLE 1. HISTORY OF SANCTIONS AGAINST IRAQ ................................................................. 5
TABLE 2. EXCESS MORTALITY AMONG UNDER 5-YR-OLDS (CONSERVATIVE MODEL) .... 10
TABLE 3. EXCESS MORTALITY AMONG UNDER 5-YR-OLDS (MOST LIKELY MODEL) ...... 11
ECONOMIC SANCTIONS: WHAT DOES THE FUTURE HOLD?

In protecting U.S. national interests policymakers utilize a variety of tools. Economic sanctions are one means to promote U.S. foreign policy objectives, influencing the policies of other governments. Economic sanctions can be defined as “coercive measures taken against one or more countries to force a change in policies, or at least to demonstrate a country’s opinion about the other’s policies”¹ through the curtailment of customary trade or financial relation. Iraq is an excellent case study to examine, draw lessons learned, and assess future implications of economic sanctions. By doing so, we can develop more effective approaches for improving the way we deal with authoritarian regimes, maintain coalition cohesion, and make better use of the military instrument to enforce compliance.

THEORY OF ECONOMIC SANCTIONS

Economic sanctions are not a new phenomenon. “Early in the nineteenth century, for instance, the then British Foreign Secretary Castlereagh suggested that in order to make the prohibition of slavery effective, the Powers should agree to boycott the colonial products of any country failing to prohibit the slave-trade effectively.”² With the world’s growing economic interdependence and decreasing legitimacy of the use of force, economic sanctions became an increasingly conspicuous feature of international affairs after World War I. The Covenant of the League of Nations provided for sanctions against those resorting to war. The Charter of the United Nations requires member states to settle any dispute by peaceful means and to refrain from the threat or use of force. However, while economic sanctions have come to be regarded as the most acceptable and attractive alternative, skepticism still exists regarding their effectiveness.

UTILITY

Coercive economic measures are not instituted for economic benefit but to attain a given political goal. Makio Miyagawa, in his book entitled “Do Economic Sanctions Work?” outlines four main points to consider in choosing to utilize economic sanctions. First, is it meaningful to distinguish between economic sanctions in peacetime and similar economic measures in wartime? Coercive economic measures in wartime are normally used to supplement military action – mainly for the purpose of undermining the enemy’s economic capacity to wage war. Each side normally enjoys the freedom to apply any coercive economic measures against the other. In peacetime, there are constraining criteria that must be satisfied before such measures may be used. Second, should economic counter-measures adopted mainly to protect one’s
own economic interest be regarded as economic sanctions? Third, where economic sanctions, though aimed at attainment of a political goal, come within the scope of ordinary commercial intercourse – are they not then to be regarded as economic sanctions? Fourth, how should economic aid be viewed? The suspension of economic aid constitutes a use of economic power, but can a decision to supply economic aid to the target’s rival with a view to punishing the target be counted as an instance of economic sanction?

METHODS

The effectiveness of economic sanctions to a certain extent depends on the means and methods practically available to the imposer. Those methods involve four broad categories: restrictions on the flow of goods; restrictions on the flow of services; restrictions on the flow of money; and the control of markets.

Restrictions on the flow of goods go in two directions: export and import restrictions. The economic sanction focused on export restriction is represented by the imposition of export embargoes, selective or total. The purpose is to deprive the target of its ability to import certain goods essential for its civil population, raw materials necessary for industrial production, military material, etc. The more essential it is for the target to obtain the embargoed goods, whether to maintain the well-being of its economy or to attain the objective which those imposing the controls deem impermissible, the more substantial the effect may be expected. The implementation of import embargoes hits the target’s economy in a less direct manner by reducing the target’s foreign exchange earnings, damaging its ability to purchase in international markets, thus leading to economic hardship. Restrictions on the flow of services include sea, land and air transportation, telecommunications via cables and satellites, and postal services to and from the target. Cutting these links results in severe inconvenience for traders in the target country and perhaps on the country imposing such sanctions as well.

Restrictions on the flow of money are directed against the target’s purchasing power by interrupting financial movements into the target. This precludes any possibility of compensating for losses caused by import embargoes, for example by borrowing. The efficacy of such measures depends on the financial state of the target. Financially powerful exporting states are unlikely to suffer unduly, while financially weak countries will be extremely vulnerable. Control of markets aims to create an artificial scarcity and higher prices in markets for commodities essential to the target. By making purchases far in excess of their needs, imposing countries can utilize this measure in an effective manner by keeping a commodity out of the hands of the target.
EFFECTIVENESS

Circumstances conducive to economic sanctions and their effectiveness include dependence on trade; size of economy; trade partners; availability of substitutes; foreign exchange reserves; monitoring and economic system. The greater the importance of foreign trade in the target’s domestic economy, the greater the probable economic impact. The smaller the importance of foreign trade in the imposer’s domestic economy, the less it will suffer by imposing sanctions. Consequently, the imposer will be able to maintain them longer and the more effective they are likely to be. The smaller the target’s gross national product (GNP), the more effective the sanctions may be. The greater the imposer’s GNP, the less likely it will suffer by imposing sanctions. The more dependent the target is on specific trade partners, the more vulnerable it will be if those partners join in the sanctions. The more closely interwoven the imposer’s trade has been with a specific country, the more difficult its position should that trade partner be the wrongdoer and target of economic sanctions.

The more difficult it is for the target to find alternative foreign sources of supply, the more effective the sanctions will be. From the imposer’s point of view, the easier it is for them to find alternative foreign sources of supply, the less damage to its economy is likely. There will be a greater likelihood sanctions will be able to continue and do serious damage to the target. The smaller the target’s foreign exchange reserves, the harder it is likely to resist economic sanctions. The greater the imposer’s foreign exchange reserves, the more successfully sanctions are likely to be. The more easily sanctions can be monitored and controlled, the more effectively the sanctions should work. By contrast, the less easily the imposer’s trade relations can be monitored and controlled, the more successful the sanctions should be. State-trading countries are less vulnerable to economic sanctions than those in which foreign trade is carried on by the private sector. Countries with a free enterprise system are usually reluctant to support a policy of resistance advocated by their government. The governments of state-trading countries are not subject to such pressure. The impact is felt by the government and less directly by the population. The greater the extent to which the government of the country imposing sanctions control that country’s foreign trade, the more effective sanctions should be.

LIMITING FACTORS

There are numerous factors that limit the effectiveness of sanctions. These factors include a) temptation by other countries and commercial concerns to help the target; b) cost of sanctions to imposers; c) pressure groups within the imposing country may oppose their imposition; d) fear that economic sanctions may lead to military conflict; e) legal limitations;
f) fear that the target may be embraced by the other bloc; g) hardening the attitude of the target; and h) defensive action by the target. Imposers have sought ways and means to evade or overcome these factors, or at the very least keep their impact to a minimum. Nonetheless, these factors mean that in any given case the effectiveness of economic sanctions will almost always be in doubt.

AIMS

When choosing economic sanctions as an instrument of foreign policy, the goals of the imposer are normally set forth and proclaimed. Failure to attain the goals proclaimed is likely to reflect adversely on the imposers and undermine their prestige, therefore there may be hidden goals distinct from those proclaimed. The rule-making effect allows the imposer to let the world, not just the target, know what principles it considers to be rules which members of a particular grouping should observe and that it is prepared to punish any member offending against those principles. The demonstration effect illustrates the imposers firm conviction of the justice of its position or cause by taking decisive public action. In satisfying or placating domestic public opinion, the imposer is compelled to not only denounce the transgression, which may not be enough to satisfy public opinion, but to resort to concrete measures. Imposing economic sanctions demonstrates action being taken. However, the imposer must be very careful not to over-commit its prestige. There is the danger of being so committed that the military instrument may have to be used to reestablish the imposer’s credibility.

In failing to satisfy international public opinion, the imposer may inadvertently shift public support to the opposition. The imposition of economic sanctions can also serve as a bargaining counter for lifting sanctions. The aim is to provide an incentive to gain compliance from the target. In wartime, economic sanctions can be used as a means to reduce an opponent’s economic base in order to reduce their military strength and their ability to prosecute the war. Sometimes an imposer is not in a position, whether because of weakness or for some other reasons, to undertake anything more substantial than economic sanctions. In the last several decades militarily stronger countries, even superpowers, have tended to opt for economic sanctions rather than military action. While the imposition of economic sanctions also requires sacrifice on the part of the imposer, when compared with economic measures, military coercion entails an additional cost. Such action can cause a target country to be more determined in its resolve, making settlement through negotiation or compromise far more difficult.

You cannot ignore the political, legal or moral price. In comparison with military action, economic sanctions have been seen as lukewarm and may often not obtain the primary goal.
As along as imposers have other goals, and military action has unacceptable adverse effects, there will be a tendency to utilize economic sanctions. While economic sanctions have served to attain a variety of objectives, they are increasingly seen as an ineffective instrument of foreign policy in today's complex world.

BACKGROUND

HISTORY OF ECONOMIC SANCTIONS AGAINST IRAQ

The imposition of economic sanctions on Iraq is intricately tied to the actions of the United Nations Security Council. The day Iraq invaded Kuwait the UN Security Council unanimously passed Resolution 600 calling for Iraq to withdraw. This was the first of more than thirty resolutions seeking Iraqi compliance with international norms. To secure compliance and restore the authority of the legitimate government of Kuwait, economic sanctions were imposed on Iraq with the passage of UN Security Council Resolution (UNSCR) 661. "The imposition of sanctions in the beginning was primarily an indication of the international community's collective outrage at the Iraqi invasion and a harbinger of future penalties Iraq would suffer if it did not change its course." The following matrix provides a "history at a glance" of key resolutions involving the imposition of economic sanctions.

<table>
<thead>
<tr>
<th>UNSCR NO.</th>
<th>DATE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>661</td>
<td>06 Aug 90</td>
<td>Imposed economic and trade embargo; food and medicine exempt; established special monitoring committee</td>
</tr>
<tr>
<td>665</td>
<td>25 Aug 90</td>
<td>Allowed enforcement of the trade-embargo</td>
</tr>
<tr>
<td>666</td>
<td>13 Sep 90</td>
<td>Granted sanctions committee the right to investigate humanitarian need; distribute food in conjunction with NGOs</td>
</tr>
<tr>
<td>670</td>
<td>25 Sep 90</td>
<td>Confirmed Resolution 661 restrictions also apply to aviation and shipping</td>
</tr>
<tr>
<td>687</td>
<td>03 Apr 91</td>
<td>Set terms for a cease-fire; maintained embargo; required Iraq to eliminate all WMD and research; subject to monitoring and verification by UN</td>
</tr>
<tr>
<td>706</td>
<td>15 Aug 91</td>
<td>Established oil-for-food program (OFP)</td>
</tr>
<tr>
<td>712</td>
<td>09 Sep 91</td>
<td>Set $1.6 billion as sum to be raised by sale of Iraqi oil in 6-month period under OFP</td>
</tr>
<tr>
<td>986</td>
<td>14 Apr 95</td>
<td>Revised OFP to allow Iraq to sell up to $1 billion of oil every 90 days and use proceeds for humanitarian supplies</td>
</tr>
<tr>
<td>1051</td>
<td>27 Mar 96</td>
<td>Established export/import monitoring system for Iraq</td>
</tr>
<tr>
<td>MISC</td>
<td>4 Jun 97 – Pres.</td>
<td>Renewed the OFP in 180 day increments; implemented occasional OFP amount adjustments; and issued other clarifying resolutions.</td>
</tr>
</tbody>
</table>

TABLE 1. HISTORY OF SANCTIONS AGAINST IRAQ
U.S. POLICY

Our national security policy includes the use of economic measures to respond to the full spectrum of threats and crises that may arise. According to the National Security Strategy “we must use the most appropriate tool or combination of tools – diplomacy, public diplomacy, economic measures, law enforcement, military operations, and others. We act in alliance or partnership when others share our interests, but unilaterally when compelling national interests so demand.” Within the Integrated Regional Approaches section of the National Security Strategy for a New Century, the policy towards Southwest Asia, specifically Iraq, reflects the following:

“Our policy towards Iraq is comprised of three central elements: containment and economic sanctions, to prevent Saddam from again threatening the stability of the vital Gulf region; relief for the Iraqi people from humanitarian suffering via the UN oil-for-food program; and support to those Iraqis seeking to replace Saddam’s regime with a government that can live at peace with its neighbors and its people.”

Current policy is based on a history with Iraq that goes back ten years. Iraq Sanctions Regulations set forth in Title 31 Part 575 of the U.S. Code of Federal Regulations was issued by the Treasury Department’s Office of Foreign Assets Control (OFAC). OFAC’s mission is to administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals. The regulations implement two Executive Orders. Executive Order 12722, issued August 2, 1990 upon Iraq’s invasion of Kuwait, imposed sanctions, including a complete trade embargo. Executive Order 12724, issued on August 9, 1990 imposed additional restrictions in keeping with UNSCR 661 of August 6, 1990 and the United Nations Participation Act (22 U.S.C.2787c).

The President blocked all property of the government of Iraq, its agencies, instrumentality, and controlled entities, in the U.S. or within the possession or control of U.S. persons. Except as provided under UNSCR 986, goods and services cannot be imported into the U.S. either directly or through third countries. Goods, technology, or services cannot be exported from the U.S., or, if subject to U.S. jurisdiction, exported or re-exported from a third country to Iraq with the exception of OFAC-licensed food, medical supplies intended to relieve human suffering, and certain other humanitarian goods. U.S. persons are generally prohibited from dealing in Iraqi-origin goods or in any other goods exported from Iraq to any country after August 6, 1990. U.S. persons are also prohibited from dealing in property intended for export to Iraq from any country. All transfers of funds by U.S. persons to the Government of Iraq or to persons in Iraq are prohibited, as are all commitments or transfers of credit, financial
transactions, or contracts. A number of companies were required to open bid, performance, or warranty bonds in the form of standby letters of credit to do business in or with Iraq before the Iraqi invasion of Kuwait. Special procedures were established with regard to payment demands under standby letters of credit in favor of Iraq.

UNITED NATIONS FOOD-FOR-OIL PROGRAM

Concerned about the suffering of the civilian population as a result of the continuing sanctions, the UN Security Council passed resolutions 706 and 712 in 1991 establishing an oil-for-food program. This program authorized the sale of oil to finance the purchase of humanitarian supplies. Iraq refused the terms of these resolutions, delaying implementation, thereby extending the suffering of the Iraqi people. Iraq appeared to refuse the UN offer for several reasons. First, it refused to put its main resource in what is viewed as UN receivership. Second, it felt its sovereignty was being infringed. Third, it ridiculed that the revenue from the sale of oil is too small to make much of a difference. Fourth, it felt the procedures for the distribution and marketing of the oil under UN supervision was bizarre. Lastly, it did not want its oil to be exported solely or primarily via the pipeline running through Turkey.

The oil-for-food formula was revised with the passage of UNSCR 986 in April 1995. Resolution 986 established a program to allow, under certain conditions, the Government of Iraq a six-month window to sell $2 billion of petroleum and petroleum products, the proceeds of which would be used to purchase humanitarian supplies. U.S. persons are authorized to enter into executory contracts with the Government of Iraq for certain authorized transactions as they relate to this Resolution upon licensure from OFAC. In May 1996, after extended negotiations with Iraq, the program was implemented. It took five years for the oil-for-food program to actually begin due to the shenanigans of Saddam Hussein.

ANALYSIS

ECONOMIC IMPACT

While it is difficult to determine precisely the full impact of the sanctions on Iraq, it has been said that "Iraq's population has been devastated socially, economically, and psychologically." The Gulf War alone did tens of billions of dollars worth of damage to infrastructure, power generating facilities, telecommunications, and oil and refining facilities. From an economic standpoint, "while accurate data are not available, Iraq's per capita income has dropped from $2,108 in 1989 to well under $1,000 a year in 1992-1995. Oil exports are at
well under 5% of their pre-Gulf War levels, there are shortages of imports and spare parts throughout the economy, and consumer prices have doubled annually since 1993." According to the Iraqi Oil Minister, "Iraq lost $85 billion in revenue as a result of the ban on the export of its oil between August 6, 1990 and July 1995." However, at the same time, Saddam Hussein and the ruling elite wasted resources on luxuries for themselves and dealt with the growing economic crisis through repression and gross incompetence in managing the domestic economy. There has been an unprecedented economic calamity in Iraq with the economy being set back at least three-quarters of a century. "Two generations of Iraqis' lives have been fundamentally changed, but such a change has not produced political compliance." Thus, we must live with the Iraq that the sanctions are creating.

The difficulty in determining just how much Iraq has suffered since 1990 and to reach tangible conclusions about the damage to Iraq's economy is virtually impossible for a variety of reasons. First, statistics are hard to come by because of the obsessive secrecy of the regime. Second, there is no easy way to quantify the relative impact of the Gulf War itself as distinguished from the impact of UN sanctions. Third, the Iraqi government has fluctuated between exaggerating wartime damage and incredible claims about the speed of its recovery. Fourth, while there has been no official U.S. or other Western estimates of the impact of wartime bombing, many independent estimates or immediate post-war assessments have been either exaggerations or impressions which came immediately in the wake of the devastation caused by the war. These exaggerations notwithstanding, and not to underplay Saddam Hussein's role in his country's problems, there seems to be no question that the Iraqi people are suffering mightily. Ten years of sanctions has had a grievous impact while Saddam makes the people of Iraq pay the price for his schemes of staying in power, rebuilds the military, and shows that he can survive the pressures of the coalition. The following is indicative of the state of Iraq's economy based on one account.

"Iraq's industrial sector has been decimated, output having declined by 50% since August 1990. Some economists estimate that Iraq's post-sanctions reconstruction bill for its infrastructure and oil sector will be as much as $50-$100 billion, of which $30 billion must be spent on imported equipment, machinery, and spare parts."10

SOCIETAL IMPACT

Destitution has grown, particularly among the urban poor. While the rural poor can grow their own food, they are not much better off. The middle class has seen its savings wiped out, forced to sell possessions, or leave careers. As a result, "the normal economic differentiation
between social classes has been sharply reduced as Iraq has progressively become a society in which there is a huge gap between the privileged, who are tied to the regime and its security, and the rest of society.”¹¹ Iraq’s economy has deteriorated to subsistence levels and contributed to the unraveling of the social fabric of their society.

There has been a dramatic rise in corruption and bribery in government, which is compounded by a seemingly endemic sense of indifference towards or resignation to the state of affairs in the country. This indifference is not only among the population at large but also among government officials, bureaucrats and administrators. “Thousands of these public sector employees have left their jobs, because apart from the poor, they are the class most affected by the collapse of the Dinar. This has contributed, in turn, to the further deterioration of public services; by November 1994 about 50% of the public sector health employees had left their jobs.”¹² With a health system once one of the best in the Third World, health services have sharply deteriorated with hospitals operating at 30-50% capacity. Conditions are wretched with little if any medicine, polluted water supplies, no ambulances, facilities with inoperable plumbing, erratic electricity, equipment without parts, stairwells crumbling, and walls peeling. Sanitation and sewage problems abound. Water treatment plants lack spare parts, equipment, treatment, chemicals, proper maintenance, and qualified staff and there are hundreds of tons of raw sewage dumped into waterways weekly, causing epidemics.

THE HUMAN FACTOR

The human cost to Iraq has been tremendous. “Critics have called the UN sanctions a massive violation of human rights and have described the situation in catastrophic terms: More Iraqi children have died as a result of sanctions than the combined total of two atomic bombs on Japan and the recent source of ethnic cleansing in former Yugoslavia.”¹³

A study focusing exclusively on deaths among Iraqi children under the age of five states:

“For 1996, after five years of sanctions and prior to receipt of humanitarian foods via the oil-for-food program, this model shows mortality among children under five to have reached a minimum of 80 per one thousand, a rate last experienced more than thirty years ago. This rise in the morality rate accounted for between a minimum of 100,000 and a more likely estimate of 227,000 excess deaths among young children from August 1991 through March 1998. About one-quarter of these deaths were mainly associated with the Gulf war; most were primarily associated with sanctions.”¹⁴

While it is impossible to verify the mortality estimates for under five-year-olds until the 1997 national Iraqi census is analyzed in detail, Tables 2 and 3, taken from this study, identify the likely magnitude and mechanisms by which sanctions policies impact on death rates in Iraq.
Table 2 is intended to be a best conservative estimate of excess mortality among under five-year-olds. The Gulf Child Health Survey calculates the population of children less than five years of age in Iraq in 1989 as about 2.639 million. The lack of current information about fertility in recent years prevents the accurate determination of the under five population in subsequent years. It is predicted, roughly, by a six-percent increase per year since 1989.

<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline Death Rate/1000 Under Five-Year-Olds</th>
<th>Period Death Rate/1000 Under Five-Year-Olds</th>
<th>Excess Deaths/1000 Under Five-Year-Olds</th>
<th>Percent Rate Increase</th>
<th>Under Five-Year-Olds (in thousands)</th>
<th>Est. Excess Deaths</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>40</td>
<td>40</td>
<td>0</td>
<td>0</td>
<td>2,756</td>
<td>0</td>
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<td>1991</td>
<td>40</td>
<td>47.5</td>
<td>7.5</td>
<td>19</td>
<td>2,756</td>
<td>4,134</td>
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<td>1992</td>
<td>40</td>
<td>54</td>
<td>14</td>
<td>35</td>
<td>2,756</td>
<td>7,717</td>
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<td>1993</td>
<td>40</td>
<td>60.5</td>
<td>20.5</td>
<td>51</td>
<td>2,756</td>
<td>11,300</td>
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<td>1994</td>
<td>40</td>
<td>67</td>
<td>27</td>
<td>68</td>
<td>2,756</td>
<td>14,882</td>
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<tr>
<td>1995</td>
<td>40</td>
<td>73.5</td>
<td>33.5</td>
<td>84</td>
<td>2,756</td>
<td>18,465</td>
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<td>1996</td>
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<td>80</td>
<td>40</td>
<td>100</td>
<td>2,756</td>
<td>22,048</td>
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<td>1997</td>
<td>40</td>
<td>80</td>
<td>40</td>
<td>100</td>
<td>2,756</td>
<td>22,048</td>
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<td>1998*</td>
<td>40</td>
<td>80</td>
<td>40</td>
<td>100</td>
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<td>5,512</td>
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<tr>
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<td></td>
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<td></td>
<td>2,756</td>
<td>106,106</td>
</tr>
</tbody>
</table>

TABLE 2. EXCESS MORTALITY AMONG UNDER 5-YR-OLDS (CONSERVATIVE MODEL)

*First quarter only

The projections in Table 2 are based on the following assumptions:

- That under five-year-old mortality in Iraq in 1990 was 40 per thousand.
- That under five-year-old mortality would have remained stable at the 1990 rate.
- That the mortality increase during sanctions prior to the Gulf war was negligible.
- That by 1996 under five-year-old mortality had risen to at least 80 per thousand.
- That the mortality increase occurred in a straight-line trend from 1991 through 1996.
- That mortality, having risen to 80 in 1996, remained at that level through March 1998.
- That a decline in family formation, divorce, and the birth rate has occurred.

Following these assumptions, an estimate of more than 100,000 excess deaths occurred from August 1990 to March 1998. During January 1996 through March 1998, this represented an average of 1,800 excess deaths among under five-year-olds per month, or about 60 per day.
This conservative estimate is 40% of the number of 4,500 excess deaths claimed by the Iraqi Ministry of Health in 1996. If these conservative assumptions are replaced by the main estimates for values of the variables included above, the total more than doubles to 227,000 as reflected in Table 3, the most likely model.

<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline Death Rate/1000 Under Five-Year-Olds</th>
<th>Period Death Rate/1000 Under Five-Year-Olds</th>
<th>Excess Deaths/1000 Under Five-Year-Olds</th>
<th>Percent Rate Increase</th>
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<th>Est. Excess Deaths</th>
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<tbody>
<tr>
<td>1990*</td>
<td>40</td>
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**TABLE 3. EXCESS MORTALITY AMONG UNDER 5-YR-OLDS (MOST LIKELY MODEL)**

*First eight months
**Last four months
***First quarter only

While these rates were significantly lower than the claims presented by the most vocal critics, and even using the more conservative estimates of this study, it reflects an appalling humanitarian tragedy. Saddam can secure the lifting of sanctions tomorrow if he simply complies with the relevant UN resolutions. As a result, the humanitarian issue raises growing questions about how much a nation can be punished for the actions of an authoritarian elite. Hans von Sponeck, former UN Humanitarian Coordinator responsible for administering the oil-for-food program, resigned in protest to continuing sanctions stating that the Iraqi experience had shown that "sanctions have completely failed in a dictatorship environment." Jordan, Russia and France are among the nations that have sent planes carrying humanitarian aid to Baghdad in a challenge to sanctions:
“Saddam has had some success in ending Iraq’s international isolation. Since August, nearly 40 aircraft have flown to Baghdad without obtaining UN approval, further widening fissures in the UN air embargo. Moreover, several countries have begun to upgrade their diplomatic relations with Iraq. The number of Iraqi diplomatic missions abroad are approaching pre-Gulf War levels, and among the states of the Gulf Cooperation Council, only Kuwait and Saudi Arabia have not reestablished ties.”\(^{16}\)

The human cost is particularly striking because Iraq had relatively high living standards before sanctions were imposed. “Before the war, Iraq had achieved a high level of economic and social development which had placed it in the World Bank category of upper middle income countries like Greece, Venezuela, and Czechoslovakia.”\(^{17}\)

LESSONS LEARNED

While the U.S. is still committed to a policy of sanctions, there is no longer the same degree of international unity. Nations such as Kuwait, Saudi Arabia, Britain and the U.S. continue to favor a hard-line approach because they believe it is impossible to deal with Saddam’s regime. Other nations, including France and Russia, believe that sanctions now harm Iraq’s people without offering any guarantee of changes in its leadership or the character of its regime. After ten years under the current sanction policy, they are more concerned with debt repayment and resuming trade, arms sales, and other economic relations than with containing and deposing Saddam. There are Arab, European and Asian nations that support the containment of Iraq’s military build-up but oppose continuing with sanctions that cause massive hardship for Iraq’s people and block oil exports, other trade, and investment. Lastly, there are a number of developing states which believe that the UN resolutions now take the form of an oppressive or “neo-imperialist” interference in the national affairs of Iraq, while others pursue a policy of covert opportunism, laying the groundwork for future economic ties. The length of the sanctions, while having a devastating impact on the Iraqi people, has only served to deteriorate the multilateral resolve and commitment. “These divisions within the international community create growing uncertainties as to whether a policy or strategy that relies on sanctions can be successful... One can never underestimate Saddam Hussein’s unique ability to alienate the world opinion, but policy must begin to look at other options, including how to live with Iraq on different terms.”\(^{18}\)

Some experts argue that the utility of the present set of sanctions has been exhausted. The sanctions on Iraq did not provide the expected leverage we had hoped for due to Saddam’s pointed indifference to the suffering of its people and his ability to insulate himself and his regime from the deprivations of the sanctions. Saddam seems to be winning the game of
"chicken" to see which side is willing to let the Iraqi people suffer the most. There may have been hope that if sufficient hardship on the population were imposed, it would lead to revolt and pressure for the regime to step down or change policies. This thinking has proven flawed in the case of Iraq.

THE FUTURE

The global security environment in the next decade will be replete with both opportunities and challenges in a dynamic and uncertain world. "The interdependence of the world economy will increase. Economic trading blocs—sometimes dominated by a single regional power—will become significant forces."\textsuperscript{19} Iraq will continue to be a major oil power with vast oil reserves, having a major impact on world energy supplies. "In Southwest Asia, both Iraq and Iran continue to pose threats to their neighbors and to the free flow of oil from the region. Access to oil will remain a U.S. national requirement for the foreseeable future. In the Middle East, the potential for conflict will remain until there is a just and lasting peace in the region and security for Israel."\textsuperscript{20}

Global population trends reflect increased life expectancy and falling fertility rates in high-income developed countries shifting toward an aging population. "A key driver for the Middle East over the next 15 years will be demographic pressures, specifically to provide jobs, housing, public services, and subsidies for rapidly growing and increasingly urban populations."\textsuperscript{21} Domestic economic pressures combined with regional rivalries are likely to further the proliferation of WMD. "Iraq's ability to obtain WMD will be influenced, in part, by the degree to which the UN Security Council can impede development or procurement over the next 15 years."\textsuperscript{22}

There is little evidence that Saddam will fall from power any time soon. "Even if Saddam and his coterie should fall from power, their immediate successor will most likely consist of another Sunni authoritarian elite, made up of other members of the Ba‘ath party, senior military officers, or a combination of both."\textsuperscript{23} Iraq will continue its regional hegemonic pursuit and will remain a revanchist, aggressive state. Iraq's politics will likely remain one of violence with any future leaders seeking revenge for the Gulf War and its aftermath.

RECOMMENDATION

To prepare for the future, policy must begin to look at how to live with Iraq on different terms. We must be realistic in shaping our policy and have a realistic understanding of the current regime and future military potential. While economic sanctions have not accomplished
all of our objectives, we are left with few options. “Iraq is a case where all the available policy options have powerful negatives. No policy can avoid the contradictions inherent in choosing between the near-term security provided by sanctions and containment, and the resulting costs in terms of Iraqi revanchism and human suffering.”

There are three basic options we can pursue. First, lift economic sanctions recognizing that Iraq will not fully comply with the terms of the UN resolutions and the anti-sanctions movement is stronger than ever. This option leaves Saddam and the Ba’ath elite in power. Second, continue our current policy attempting to politically isolate Iraq and cripple its economy. We may hope Saddam is ultimately forced from power and a successor regime is less aggressive and willing to change behavior in exchange for lifting of sanctions. However, this is doubtful. This option would require an uphill battle to keep the coalition intact and would continue humanitarian suffering. Lastly, we can implement new measures. Short of military action, the question becomes which element of national power, which hasn’t already been used, will provide sufficient leverage and incentive for Saddam to change. To resort to military force at this point would only result in international condemnation, but more importantly, a high risk to the stability of the Gulf Region. This is not a risk we should be willing to take.

Considering the options and rationale set forth above, I recommend we maintain our current policy but with some modification. We must not take the pressure off of Saddam by totally lifting economic sanctions. At the same time, we must embrace those elements of our current doctrine which attempt to alleviate human suffering. Further, we should continue to pursue more effective mechanisms. Our support of the UN oil-for-food program, is one example. Adopting the concept of “smart sanctions” is another. Smart sanctions are “the targeting of non-trade sanctions directly on the elite who are responsible for violations of international norms.” We can “target” these sanctions at many possible items, including weapons trade, and things such as travel, personal assets, etc. of the leaders. Since they do not affect the trade of goods and services for the general public, thus reducing the adverse impact of economic sanctions on the populace, they shift the economic hardship to the political leaders responsible for the violations. It minimizes the damage to the economic and social infrastructure of a country and maximizes pressure on leaders. The UN has set up a special group that is expected to put forward practical recommendations on targeted sanctions. We should embrace that initiative while continuing our multilateral strategy.

Lastly, I recommend that a potent financial mechanism be pursued to compensate countries for financial loss to help prevent future breaches within the coalition. This is imperative for those countries that are highly dependent on the sanctioned country through
close trade and economic ties. Currently, states confronted with special economic or social problems may consult with the Council to resolve their problems under Article 50 of the UN Charter. Jordan was the first of 20 states to apply to the UN for relief under Article 50. The Sanctions Committee appealed to all UN members to provide prompt technical, financial, and material assistance to the claimants; however, that assistance fell far short of their expectations.

CONCLUSION

There are no easy answers when it comes to Iraq. Economic sanctions remain a necessary foreign policy instrument between diplomacy and force and should be used when it is expected to provide sufficient leverage. Sanctions often have unintended consequences which are contrary to humanitarian principles. Therefore, we must not neglect to utilize the mechanisms within our current doctrine that try to alleviate the humanitarian impact. In failing to do so, we risk dignifying the bad guys and vilifying ourselves before the world community. Adopting and enforcing the smart sanctions approach will help reconcile our policy. Further, effective financial support mechanisms to alleviate the hardship on coalition partners will help prevent future breaches in solidarity.

The following statement by Margaret Doxey fittingly summarizes the use of economic sanctions:

"It is often argued that even if economic sanctions will not bring political compliance, they can usefully demonstrate international censure by damaging the economy of the offending state... Moreover, the deliberate impoverishment of a national economy, and possibly the economies of its neighbors, is out of line with the overriding and acknowledged need to promote economic development and raise living standards everywhere. The likelihood that the main burden of economic sanctions will be borne by the least privileged sections of the population in all affected states makes the argument even more cogent."26

WORD COUNT = 6133
ENDNOTES


5 Ibid., 43.


7 Ibid., 127.

8 Ibid., 136.


10 Cordesman and Hashim, 140.

11 Ibid., 145.

12 Ibid., 144.


17 Cordesman and Hashim, 127.
18 Ibid., 3.


22 Ibid., 37.

23 Cordesman and Hashim, 1.

24 Ibid., 5.


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