THE INEFFECTIVENESS OF ECONOMIC SANCTIONS AGAINST MAJOR POWERS: IMPLICATIONS FOR THEORY AND U.S. POLICY

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ABSTRACT

While economic sanctions remain an attractive tool of coercion in international politics, they have a poor record of altering the behavior of major powers such as China and India over the past quarter century. U.S. sanctions against China following the Tiananmen Square massacre in 1989 were resisted by the George H.W. Bush administration, which was eager to engage Beijing and advance Sino-American economic ties. After the Pokhran-II nuclear tests in 1998, India was also able to withstand American sanctions that were opposed by key members of the U.S. Congress. In both cases, multilateral economic sanctions were also undermined by the reluctance of key U.S. allies, including Japan in the case of China and France in the case of India. There were considerable differences between the two cases in terms of U.S. objectives, Chinese and Indian vulnerabilities, and levels of uncertainty. But taken together, they suggest that economic sanctions are difficult to impose and almost impossible to sustain against major powers in a globalized world. This, in turn, has several implications for the theory and practice of international relations, hastening the onset of multipolarity, questioning the inevitability of interdependent peace, and suggesting a continuing need for the United States to maintain its military superiority in a peaceful globalized world.
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I. INTRODUCTION

For many years the United States has employed economic sanctions in order to condition, coerce or contain states believed to be acting against American interests and values. By imposing costs without the degree of risk associated with military force, economic sanctions remain an attractive option for U.S. policy-makers. Many also believe that economic sanctions are more effective in a world that is increasingly globalized and interdependent. But are economic sanctions—or the threat of economic sanctions—effective as a punitive measure against major powers, i.e. potential peer competitors of the United States? As the United States adapts to a world of fast-rising powers such as China and India, this question may come to assume greater significance.

If indeed such sanctions are effective as tools of coercion against major states, a continuation of the post-Cold War trend of stronger U.S.-led institutions and primarily cooperative relations between centers of power appears more likely. Sanctions would enable the United States to influence other major states without resorting to the use of force, thereby preserving a global system that advances American interests.

However, the futility of U.S. sanctions against China and India over the past two decades suggests that this is unlikely to be the case. After the Tiananmen Square massacre in 1989, the United States was unable to alter Beijing’s approach to human rights and political dissent. And following India’s 1998 nuclear tests, the threat and use of sanctions by Washington failed to dissuade India from its pursuit of a nuclear deterrent. These cases suggest that two often overlooked variables—diverging priorities between

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the executive and legislative branches of government, and differences between the United States and its key allies—have made economic sanctions against major powers more difficult to impose and even harder to sustain in a globalized system.

The United States’ inability to effectively use sanctions against major powers has important implications for both international relations theory and U.S. foreign policy practice. It helps accelerate the onset of multipolarity and questions the inevitability of interdependent peace. It also suggests a continuing need for the United States to sustain its military supremacy in order to guarantee peace in a globalized world.

SANCTIONS AGAINST MAJOR POWERS

Case studies of the coercive potential of economic sanctions have been undertaken for several decades. There was considerable interest in the cases of Rhodesia and South Africa during the Cold War. During the 1990s, the cases of Iraq and the former Yugoslavia received considerable attention. Subsequently, sanctions levied against so-called ‘rogue states’, including Burma, Zimbabwe, Iran, and North Korea, have come under greater scrutiny. However, all of these cases have involved states outside the U.S.-led political and economic mainstream, making them tempting targets against which it is easier to both justify and implement economic sanctions.

Conclusions derived from these episodes, whether from case studies or through quantitative research, are therefore of only limited utility in discussing U.S. capabilities against major powers. By definition, major powers are more independent, militarily capable, and internationally influential than most states in the international system. Yet

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such powers – which might today include China, India, Russia, Brazil and Japan – are rarely considered, and even less rarely considered on their own, in scholarly evaluations of economic sanctions. All of these states share certain common characteristics that distinguish them as objects of foreign policy. First, by virtue of their size and natural and human resources they are more self-sufficient. Second, they are more able than most states to counter military force or the threat of military force through conventional and, in the cases of both China and India, nuclear forces. Third, in an era of lower commercial and economic barriers, they are attractive markets for global businesses. And finally, by virtue of all of these characteristics they are able to exert greater influence in the international system.

The effectiveness of sanctions by the United States against major powers is of vital importance precisely because of sanctions’ allure as a coercive median, between the employment of military force and expressions of diplomatic displeasure. If the United States is unable to successfully employ sanctions against major powers, it will greatly reduce its leverage, which in turn has important implications for the distribution of power and the allocation of U.S. resources.

Although economic sanctions are widely discussed in general policy discourse, they elude easy definition. One characterization, appropriate for discussing relations between major powers, is a “restriction on normal commercial relations with the targeted country.” In other words, sanctions must by nature be discriminatory. This conception

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of sanctions could encompass restrictions on credit guarantees, loans and developmental assistance, opposition to assistance for the target from international financial bodies, and the suspension of most-favored-nation (MFN) status, all of which would be considered exceptional behavior in today’s global economy. However, restrictions on military high-technologies and sensitive dual-use technologies – that could advance nuclear or missile programs and are usually provided only to trusted allies or key strategic partners – would not necessarily fall under this conception of sanctions.

THE SANCTIONS DEBATE

Economic sanctions present a curious dilemma for scholars and practitioners of international relations. On the one hand, there has long been a broad consensus across a wide swathe of political leaders that such sanctions are ineffective and possibly even detrimental to achieving national objectives. Margaret Thatcher, who herself imposed sanctions against Argentina during the Falklands War, was nonetheless skeptical of their utility, once declaring, “There is no case in history that I know of where punitive, general economic sanctions have been effective to bring about internal change.”6 Richard Nixon called sanctions “highly ineffective, and sometimes counterproductive.”7 Their skepticism has been shared by global leaders well into the post-Cold War era.8

Academics and political commentators have by and large agreed, with one prominent scholar arguing, “there is little valid social science support for claims that

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7 Drezner, The Sanctions Paradox, 10.
economic sanctions can achieve major foreign policy goals.‖⁹ Non-governmental organizations and media commentators have labeled economic sanctions “immoral, ineffective and counterproductive,” citing, in particular, their effects on children and other innocent victims.¹⁰ A United Nations-commissioned report in 2000 concluded: “The theory behind economic sanctions is that economic pressure on civilians will translate into pressure on the government for change. This theory is bankrupt both legally and practically.”¹¹ Their legality and morality notwithstanding, economic sanctions do appear to have had a very low rate of success, even conservatively defined. A frequently cited 1990 study by Gary Hufbauer, Jeffrey Schott and Kimberly Elliott of the Institute for International Economics that systematically evaluated over 100 cases of economic sanctions employed between 1914 and 1989, concluded that they had only been successful one-third of the time.¹²

Yet if sanctions are as ineffective as so many seem to think, the puzzle is why they have been employed with such frequency, particularly in recent years, including on occasion against major powers. Trade restrictions and financial sanctions have been pervasive in modern global history and are central elements of the foreign policy choices of most states today.¹³ Following the end of the Cold War, the frequency of economic sanctions only increased. By one estimate, the United States threatened or imposed economic sanctions 60 times against 35 different countries in a four-year period between

Another study found that between 1994 and 1999, sanctions were used over 75 times by Washington, representing more than half of all the times the United States employed economic sanctions since 1945. Writing in 1997, the American scholar and former government official Richard Haass observed, “What is noteworthy…is not just the frequency with which sanctions are used but their centrality; economic sanctions are increasingly at the core of U.S. foreign policy.”

Why, then, this discrepancy between the frequent employment of sanctions and the low expectations of their success or utility? A common reading is that economic sanctions serve the primary purpose of allowing the leadership of sender countries—the states implementing the sanctions—to appear active or accomplished to domestic constituents. But such “feel-good” or “do-something” sanctions are contested by others, who have found little correlation between domestic politics in a sender country and the success of sanctions. Another belief – equally widespread – is that economic sanctions do in fact work: the Hufbauer, Schott and Elliott findings, for example, reveal a higher rate of success than absolute failure, if both are defined equally stringently. Others note that failures may only be more highly publicized than successes, biasing impressions of their overall effectiveness; that sanctions are primarily a demonstration of intent, making implementation an afterthought; and that the widespread characterization of sanctions as

17 Preeg, Feeling Good or Doing Good with Sanctions, 1.
a panacea, particularly when employed in the absence of other measures, is unrealistic or illusory. The causes for the effectiveness or ineffectiveness of sanctions are also of relevance when considering their employment against major powers, as there is little to no consensus among scholars, leave alone one among foreign policy practitioners. Variables often considered in discussing the effectiveness of sanctions include the costs to sender or target, the gap in cost between sender and target countries, the expectations of conflict between the parties, the affluence of the target, the involvement of international organizations, the importance of national security to the sender country, regime type, trade dependence of the target, the availability of alternative partners, levels of self-sufficiency, the costs of sanctions busting, the state of the global economy, and domestic political dynamics in the target country. The large variety of potentially important factors stem largely from the fact that sanctions are used in a host of situations to achieve diverse sets of goals.

Although sanctions can serve diverse purposes, both skeptics and proponents can agree that they serve at least one important purpose: they fill a valuable space in policymakers’ tool-kits by being more meaningful and pressure-inducing than diplomatic condemnation but well short of military responses and their accompanying risks of escalation. The value of economic sanctions as a preferable medium in the spectrum of

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22 See O’Sullivan, “Iran and the Great Sanctions Debate.”
punitive measures in international relations, from diplomatic knuckle-rapping to all out war, is a primary focus of this study.

IMPLICATIONS FOR MAJOR POWER RELATIONS

The ineffectiveness of sanctions against major powers has implications for international relations theory. If economic sanctions remain a useful coercive tool, it suggests that global politics can be far less violent than in the past by diminishing the likelihood of great power war. This is an argument that both liberal and constructivist scholars might find compelling. However, if economic sanctions are effectively rendered useless against major powers, this has one of two possible effects, both associated with greater diffusion of power in the international system. Either the ineffectiveness of sanctions will help ensure that all major powers are more limited in their ability to influence the actions of others, thus increasing the likelihood of a loose great power concert. Or it could mean a greater likelihood of military conflict and arms racing.

The prospect of testing the feasibility of economic sanctions against major powers in an interdependent world automatically conjures up two recent historical episodes. The first is the imposition – and attempted imposition – by the United States of a slew of economic sanctions against China following the 1989 Tiananmen Square crackdown. The second is the employment of economic sanctions by Washington against India after its 1998 nuclear tests. Although there are important differences between the two cases, the narrative histories of the two episodes betray some startling similarities, and suggest that

two factors played important, but little-appreciated, roles in undermining economic sanctions. The first was the reluctance on the part of key allies to support multilateral sanctions, stemming from diverging interests. The second was trenchant differences between domestic policy-making bodies within the U.S. government, specifically the executive and legislative branches, again arising from conflicting political and economic imperatives. Greater global economic integration has only accentuated, not narrowed, those differences, suggesting that difficulties in implementing economic sanctions against major powers are only likely to increase or, at the very least, persevere.
II. CASE STUDY: CHINA AFTER TIANANMEN

Protests by students and others desiring political reform began in China in 1986, six years after Deng Xiaoping unleashed a wave of economic modernization. These protests were denounced by Deng and the Chinese Communist Party in January 1987. Hu Yaobang—widely expected to become Deng’s successor, and seen as sympathetic to reforms—immediately resigned as General Secretary of the Chinese Communist Party and was replaced by Zhao Ziyang. Upon Hu’s death in April 1989, a new wave of protests began and that month witnessed the march of thousands of students in the capital Beijing openly calling for political reforms. Protests continued during Soviet leader Mikhail Gorbachev’s state visit the following month, and on May 20 Premier Li Peng declared Martial Law. Five days later, an estimated 200,000 troops were stationed outside Beijing. On June 3-5, protestors on Tiananmen Square were dispersed and a large but unknown number were killed, with many more imprisoned and executed.

The developments in April-June 1989 were badly timed from the point of view of the new George H.W. Bush administration, which had come into office only months earlier. Bush, who had served as envoy to Beijing before formal diplomatic ties had been established, was eager to establish good relations with China from the outset, and made it the destination of his first foreign visit as president. Among other objectives and concerns, Bush was wary of a Sino-Soviet rapprochement, he desired to see the aging Deng one last time, and he wanted to establish the emerging importance of China and Asia in American calculations.24

With the crackdowns in June, the president understood he had to tread a careful line. On the one hand, a failure to act decisively would compromise burgeoning resistance movements to communist regimes in eastern Europe and the Soviet Union. At the same time, he felt that good relations had to be sustained with Beijing for the sake of the Cambodian peace process and for hedging against the Soviet Union. He also worried that anti-Western and anti-reformist forces in Beijing would be emboldened by an overly harsh American response.\footnote{Ibid., 22.} A final major – and immediate – concern for Bush was the wrath of Congress. The president wrote in his diary on June 5, “[Congressman Steve] Solarz on the left and [Senator Jesse] Helms on the right want us to move much more radically. Helms has always detested this relationship.”\footnote{Ibid., 20.}

Asked twice by the media at a June 5 press conference about the possibility of using sanctions, Bush publicly indicated his reluctance to do so: “I reserve the right to take a whole new look at things if the violence escalates, but I’ve indicated to you why I think the suspension of certain military relationships is better than moving against – on the economic side [sic].”\footnote{George Bush, “The President’s News Conference,” June 5, 1989 (http://bushlibrary.tamu.edu/research/public_papers.php?id=494&year=&month=).} He also made sure to indicate his preference for maintaining cordial relations with Beijing. Referring to “long-term interests,” he said: “I don’t want to see a total break in this relationship…I want to see us stay involved and continue to work for restraint and for human rights and for democracy.”\footnote{Bush, “The President’s News Conference,” June 5, 1989; See also “Crackdown in Beijing; Excerpts from Bush’s News Session,” \textit{The New York Times}, June 6, 1989.}
SANCTIONS ARE IMPOSED

The exact objectives of U.S.-led sanctions were unclear from the start. The first justification provided by the president was vague. “The United States cannot condone the violent attacks,” he said, also asking that Beijing exercise restraint.29 Despite his ambiguity of intent, Bush moved quickly to placate Congress and imposed sanctions immediately. This included suspending military relations and law enforcement equipment sales, $600 million in government-to-government contracts, and $100 million in commercial sales. Among the transactions affected were the sale of items on the munitions control list, equipment for communications satellites, and navigation equipment for Boeing 757-200 jets. Visas for Chinese students studying in the United States were also extended.30 When asked specifically whether he would heed Congressional urgings to impose tougher sanctions on China, Bush responded: “I’m the President; I set the foreign policy objectives and actions taken by the executive branch.”31

However, despite an initially warm response from the Congressional leadership to the president’s actions, the House of Representatives and the U.S. Senate both passed resolutions that conditioned applications for the Overseas Private Investment Corporation (OPIC) and Export-Import Bank (Ex-Im Bank) credit guarantees. On June 20, in an apparent bid to satisfy Congress, high-level government exchanges were suspended, including the impending visit of Commerce Secretary Robert Mosbacher, and Washington announced it would delay loans to China from international financial institutions.

On June 22, Senators Daniel Patrick Moynihan (D-NY) and Alan Cranston (D-CA) introduced bills in the Finance Committee to deny China most-favored-nation (MFN) status. The next day Dennis Deconcini (D-AZ) introduced a similar bill in the committee, but in neither case did the Committee take up the proposed legislation. Also on June 23, Congressman Tom Lantos (D-CA) introduced a bill in the House that would have removed China’s MFN status.

This measure was perhaps the strongest that the United States could have employed in terms of economic sanctions, and its merits were to be debated for several years to follow. MFN status meant that states paid low tariffs in line with internationally negotiated agreements, an arrangement that has now become so widespread that it is granted by the United States to countries that account for 99 percent of exports. Bush was to later explain, “MFN is not a special favor; it is not a concession; it’s the basis of everyday trade.” Were MFN status to be suspended, Chinese imports would have been subject to the 1930 Smoot-Hawley Act, which, in effect, would have meant an increase in tariffs from 6 percent to 44 percent, rendering them uncompetitive in the U.S. market.

In a peculiar legacy of the Cold War, MFN status was retained on the basis of a presidential waiver of freedom of emigration and Congressional consent under the Jackson-Vanik amendment of the Trade Act of 1974. Congress desired to make MFN contingent upon presidential certification of China’s human rights record, and its trade and proliferation policies.

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33 In U.S. law, MFN is now referred to as “permanent normal trade relations” (PNTR).
Throughout the summer of 1989, Bush had to continue maintaining a tricky balance, not made any easier by developments in Beijing, on Capitol Hill and across the United States. In China, newspapers criticized what was seen as foreign interference in China’s internal affairs, an angry message reinforced by the Chinese foreign ministry.37 At the same time, U.S. public opinion hardened, reflecting growing antagonism towards China. According to Gallup, 72 percent of Americans saw China favorably at the beginning of 1989, but by August the number was 31 percent. Unfavorable ratings for China correspondingly rose sharply from 13 to 58 percent.38

While going ahead with sanctions, Bush chose to keep channels open with Beijing, particularly Deng. Although Deng failed to take a telephone call from the president earlier in June, he responded promptly to letters on June 20 and July 21.39 Despite the purging of Zhao Ziyang’s on June 24, Bush also sanctioned a secret visit in early July by his National Security Adviser Brent Scowcroft and Deputy Secretary of State Lawrence Eagleburger.

While the president attempted to balance popular dissatisfaction with Beijing and his desire to manage relations, Congress persevered with its attempts at imposing sanctions. On June 29, the House voted unanimously to amend the annual foreign aid authorization bill that effectively codified sanctions, banning the sale of law enforcement equipment and suspends new investment guarantees, among other things. This move was criticized by Secretary of State James Baker and not passed in the Senate. But George Mitchell (D-ME), the Senate Majority Leader, and Bob Dole (R-KS), the Minority Leader, co-sponsored a similar amendment on July 14, which passed unanimously, with

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38 Yang, Congress and US China Policy, 75.
39 Lampton, Same Bed, Different Dreams, 22.
Dole saying that this would hopefully support the administration in its dealings with Beijing. In addition to sanctions mandated by the House, the Senate bill called for the postponement of Ex-Im Bank loans, opposition to international financial institution loans to China, and a review of all bilateral trade agreements, including MFN status.  

The contest between the Democrat-controlled Congress and the White House over the severity of sanctions was to continue for months. On November 7, the president negotiated with Congress to have greater flexibility to repeal sanctions. But disagreement continued over the Emergency Chinese Immigration Relief Act (H.R. 2712), which Bush called “wholly unnecessary” in light of his June sanctions and further presidential directives. Bush, also felt that the bill violated presidential prerogatives and restricted any flexibility vis-à-vis China. He proceeded to veto it in late November, stating, “My actions today accomplish the laudable objectives of the Congress in passing H.R. 2712 while preserving my ability to manage foreign relations.”

When members of Congress threatened to override the presidential veto, the president made promises not to send Chinese students home to be persecuted and he appealed to both partisan sensibilities in the light of his upcoming reelection campaign and the president’s prerogative in formulating foreign policy. To override the veto, the Senate required a two-thirds majority, and while many believed such an override would pass, Dole promised Baker that he would mount opposition to it. Former President Richard Nixon was enlisted to speak to senators and both the president and Baker

42 Ibid.  
43 Yang, Congress and US China Policy, 80.

While headway was made in Washington for a return to normal relations between November and February, there were also continued – if half-hearted – efforts to preserve sanctions. On February 16, Bush signed a State Department Authorization Bill that codified some earlier sanctions. In March, the president admitted to there being not much movement by Beijing, which by then had sold missiles to several states in a bid to raise money, despite assurances in December to Scowcroft that it would not. In mid-1990, several bills are introduced in Congress to suspend China’s MFN status.

This surge of activity and the back-and-forth between the Bush administration and Congress took place amid a larger backdrop of multilateral sanctions against China implemented by U.S. allies and international institutions. While several western countries – particularly the European states – were quick in joining the United States in condemning the crackdown, the Asian response was somewhat slower.\footnote{Robert D. McFadden, “The West Condemns the Crackdown,” The New York Times, June 5, 1989.} On June 26, the World Bank deferred $780 million in new loans to China, but opted to maintain its existing commitments. On July 5, negotiations for China’s entry into the General Agreement on Tariffs and Trade (GATT) – the precursor to the World Trade Organization – were indefinitely postponed. Japan followed with sanctions of its own on June 20 and several European states joined on June 27, suspending contacts and aid negotiations with China. On July 15, at the G7 Summit, it was agreed that high-level contacts and arms trade with China would be suspended, and new World Bank loans postponed.
SANCTIONS ARE LIFTED

Although the months of June and July 1989 saw a flurry of activity related to economic sanctions against China, the gradual reversal or watering down of some of these measures began as soon as early July, only a month after the crackdown. On July 7, four civilian Boeing jets worth $196 million were allowed to be delivered to China “in keeping with the President’s intent not to disrupt nonmilitary commercial trade,” in the words of a State Department spokesman.46 A week later, the chairman of the Export-Import Bank William F. Ryan testified before Congress that in certain cases, where it was certain that U.S. suppliers would lose business in China, Ex-Im Bank would consider applications for financing support. This determination was to create an important loophole. By the end of the month, Beijing reported that a full third of foreign business offices in the capital were back in operation.47

Among U.S. allies, Japan was by some distance the most eager to continue normal relations with China. As early as August 17, the Japanese government announced the selective resumption of aid projects. Although Japan had suspended its aid missions and discussions of any future aid programs with China, there were early misgivings. “We don’t think sanctions are an appropriate response for the Western democracies to make,” said one Japanese foreign ministry official on June 21. “Sanctions by definition mean punishment,” something the Japanese foreign ministry saw as undesirable.48 In December, a large Japanese bank consortium activated a $2 billion credit line for China. At the same time, Tokyo sent conflicting messages, suspending a five-year $5.5 billion

loan to China in April 1990. But after meeting with Bush in July 1990 at the G7 summit to confirm that the United States would not oppose such a move, Japanese Prime Minister Toshiki Kaifu supported a resumption of humanitarian lending to China. At the same summit, a Japanese proposal to ease further sanctions was opposed by other G7 leaders, particularly Canadian Prime Minister Brian Mulroney and French President Francois Mitterand.

The rest of the world also began rolling back sanctions in December 1989. A meeting to discuss Beijing’s entry into GATT was held on December 12 in Geneva. Britain announced that it would relax its suspension of export credit guarantees that month. Prime Minister Margaret Thatcher, while critical of Chinese actions, had earlier warned of the negative implications sanctions might have for Hong Kong.49 France meanwhile agreed at a meeting of the European Commission council in December to lift its ban on export credit financing. That same month, Bush allowed U.S.-made satellite parts to be sold to China, and lifted Ex-Im Bank restrictions. All of these actions pre-dated Beijing’s lifting of Martial Law.

Beijing’s decision to do so on January 10, 1990, released some pressure on the Bush administration. However, some in Congress, such as Rep. Nancy Pelosi (D-CA), played down its significance, calling the move “an empty gesture.”50 Nevertheless, within a month, on February 2, Ex-Im Bank approved a $9.75 million loan to CNOOC for U.S. engineering services, citing the fact that U.S. businesses were in peril. Six days later, Ex-Im Bank approved a $23 million package to support the Shanghai subway. The United

States also allowed the World Bank to approve earthquake relief aid and subsequently agricultural development loans on the grounds that they were for basic human needs.

Further relief for the Bush administration came in May 1990 with the release by China of 211 detainees from the protests, the suspension of martial law in Tibet and the restoration of U.S. consular access there. Although Congress continued to push for suspending China’s MFN status, business groups, including the American Chamber of Commerce in Hong Kong and the U.S.-China Business Council lobbied for its renewal. The president did eventually decide to renew it on May 24, 1990, saying that the measure would preserve American jobs and support Hong Kong, and that U.S. involvement “will continue to promote the reforms for which the victims of Tiananmen gave their lives.”

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Despite continuing controversy over China’s human rights record and the Taiwan Straits crisis in 1995 and 1996, relations between Washington and Beijing had largely normalized by 1997. Only one year later, however, Washington’s attention was to turn to another rising power in Asia. On May 11, 1998, India tested three nuclear devices at Pokhran, a testing site in the northwestern desert state of Rajasthan. Two more tests followed on May 13. The set of tests were known as Shakti, after the Hindi word for strength and power personified by a popular female deity. It also came to be known as Pokhran II, a reference to the fact that it constituted the second set of Indian nuclear tests after a sole experiment conducted in 1974 at the same site. The tests had not been anticipated by Washington, including by U.S. intelligence agencies, but there had long been indications that they were in the offing.

In December 1995, U.S. satellites captured evidence of test preparations being made at Pokhran. Then-U.S. ambassador Frank Wisner met with the Indian prime minister’s principal secretary (chief of staff), and upon showing him the satellite imagery, informed him that a test would incur “a full dose of sanctions under the terms of the Glenn amendment.”\(^{52}\) The Glenn Amendment compelled Washington to stop U.S. economic and military assistance and export credits and oppose international loans to states that were non-signatories of the Nuclear Non-Proliferation Treaty (NPT) that had conducted nuclear tests.\(^ {53}\) After details of the test preparations became public with a *New York Times* news report on December 15, President Bill Clinton reinforced this message

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in a phone call with Indian Prime Minister P.V. Narasimha Rao. The threat of certain sanctions had the effect of deterring India at the time, and the tests were postponed. In 1996, upon the victory of the right-wing Bharatiya Janata Party (BJP) in general elections, the new Prime Minister Atal Bihari Vajpayee ordered that preparations for a test be continued, a move that was confirmed by U.S. intelligence sources. Preparations ended after the BJP lost a vote of confidence in parliament, and a weak coalition government came to power, disinclined against India’s overt nuclearization.

The BJP’s electoral victory of March 1998 elections followed a campaign in which nuclear weaponization appeared prominently in the party’s manifesto. Their National Agenda for Governance promised to “reevaluate” India’s nuclear policy and “exercise the option to induct nuclear weapons.” Upon assuming power, the BJP leadership was vague in conversations with Americans about their intent to test. But when asked in April by a senior U.S. official – Bill Richardson, then ambassador to the United Nations – whether any “surprises on testing” were to be expected, India’s defense minister said “Absolutely not.” India’s foreign secretary K. Raghunath confirmed to his American counterpart Tom Pickering two weeks later that India would pursue a policy of “nuclear restraint.”

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54 George Perkovich, India's Nuclear Bomb: The Impact on Global Non-Proliferation (Berkeley: University of California Press, 1999), 368.
55 C. Raja Mohan, Crossing the Rubicon: The Shaping of India’s New Foreign Policy (New York: Palgrave Macmillan, 2003) 6-7; Perkovich, India’s Nuclear Bomb, 370.
SANCTIONS ARE IMPOSED

The reaction in Washington by both the executive and the legislative branches of government to India’s May 11 tests was initially equally critical. According to Talbott, Clinton was enraged at the Indian leadership for what he saw as its betrayal, riskiness, and irresponsibility in conducting the tests. Republican Senator Sam Brownback (R-KS), a supporter in general of U.S.-India relations, and Jesse Helms (R-NC), by now chairman of the Senate Foreign Relations Committee, led criticism of the tests in the Senate, with Helms describing India as “an emerging nuclear threat to the territory of the United States.” Punitive measures by the United States were also supported by the scholarly and policymaking communities in Washington. A bipartisan task force which had issued a report only the year previously on U.S. policy towards India and Pakistan listed preventing major war between India and Pakistan, cooperating to restrict strategic exports, and restraining a regional nuclear arms race as three of the seven top U.S. priorities, all of which had seemingly been set back by India’s nuclear blasts.

Sanctions came in effect automatically due to the Glenn Amendment. The sanctions announced immediately by the Clinton administration included halting defense sales, arms export licenses and military financing; denying loan guarantees and credit; opposing World Bank and IMF assistance to India; placing holds on Ex-Im Bank loan guarantees; denying visas for Indian scientists to the United States; and suspending assistance programs other than food aid and humanitarian initiatives. As these measures were mandated by, or in line with, U.S. law, there was little required in the way of

57 Ibid., 52-53.
negotiation between the White House and the Congress with regards to their entry into force.

The multilateral element of sanctions, however, did necessitate some coordination, and the Clinton administration launched a diplomatic initiative to galvanize support among international bodies and allies for diplomatic condemnation and sanctions.\textsuperscript{60} A joint communiqué of the five permanent members of the UN Security Council was issued condemning India’s tests, as was a G8 joint statement. In line with these other multilateral declarations, the UN Security Council passed Resolution 1172 on June 6, calling for India to refrain from further nuclear testing, sign the Comprehensive Test Ban Treaty (CTBT) unconditionally, refrain from deploying their nuclear weapons, halt its fissile material production, work towards a fissile material cut-off treaty, bring its export controls into line with global norms, and resume a dialogue with Pakistan on the root causes of their tensions including Kashmir.\textsuperscript{61}

India began to feel the effects almost immediately. In 1998, India had for some time been the World Bank’s largest recipient of loans, and some $8 billion was expected over the following five years.\textsuperscript{62} Within weeks of the tests, $865 million in assistance for India’s power grids from the Bank were postponed indefinitely. A second package of loans of roughly equal value was deferred soon afterwards.\textsuperscript{63} However the Bank did approve about $1 billion for social development.\textsuperscript{64}

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\textsuperscript{60} Talbott, \textit{Engaging India}, 52-53.  \\
\textsuperscript{61} Chari, “Indo-US Relations,” 18.  \\
\textsuperscript{62} Dettman, \textit{India Changes Course}, 49.  \\
\textsuperscript{63} Paul R. Dettman, \textit{India Changes Course: Golden Jubilee to Millennium} (Westport, Conn.: Praeger, 2001), 49.  \\
\textsuperscript{64} Cohen, \textit{India}, 280.
\end{flushright}
SANCTIONS ARE LIFTED

Although sanctions were swiftly imposed and initially presented with a unified face both within Washington and multilaterally, their limited effectiveness became evident early on. Some American analysts at the time saw sanctions as strengthening incentives and engagement, and combined with a weak Indian political leadership and the accompanying hardship, would help bring India into the mainstream as a proponent of disarmament and an “existential” nuclear power.65 Others were less optimistic. Another bipartisan task force, convened at the behest of the State Department to evaluate policy towards South Asia after India and Pakistan’s tests, concluded that a “complete ‘rollback’ to a nonnuclear South Asia is simply not a realistic near- or even medium-term policy option for the United States...Although it is important that India and Pakistan be seen as paying a price (and certainly not be seen as being rewarded) for their decision to test, relying on broad-based economic sanctions for this purpose makes for questionable policy.”66

Other scholars believe it was next to impossible, given India’s level of technological sophistication, to turn back India’s nuclear and missile program using diplomatic pressure and economic sanctions. For example, in a subsequent study on containing proliferation, American scholar Dinshaw Mistry concluded: “[P]olitical-economic pressures on New Delhi, may only restrain the advancement of but not reverse [its] missile and nuclear programs. Any strategic restraint regime could thus focus not on a complete nuclear rollback, but on more feasible steps such as persuading New Delhi…to control [its] technology exports, adopt missile test notifications and restraints,

accept nondeployment or nonweaponszation of missiles, and accept bans on long-range missiles” (emphasis author’s).  

The shift in Congressional attitudes from the non-proliferation persuasion of John Glenn (D-OH) to the commercial leanings of farm-state Senators such as Sam Brownback (R-KS) was acknowledged to have played an important role in India’s efforts to break free of sanctions. “The Congressional factor in U.S. policy toward India had changed dramatically. A few years before, the nonproliferationists on the Hill…had not only given the executive branch a big stick to use against India’s nuclear weapons program—they had given us little discretion in how we used it,” Talbott later noted. “Now the combined forces of pro-India and farm-belt members of Congress…were taking that stick away from us.” Although Congressional staffers from that period offered alternative explanations, suggesting that Brownback and other Republicans had understood the strategic importance of the U.S.-India relationship, Talbott believed that “lifting sanctions would help farmers in [Brownback’s] home state sell wheat, and it would earn him favor with the Indian American community as well.”

India also benefited from the reluctance and skepticism displayed by key U.S. allies. French President Jacques Chirac expressed doubts about whether sanctions would actually work against India and Pakistan: “[S]anctions alone will make India and Pakistan more desperate and determined to pursue their nuclear policies…we can see that the tests occurred, and therefore the threat of sanctions did not work.” Chirac acted upon his skepticism, inviting Vajpayee to Paris in September 1998 and initiating a strategic

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68 Talbott, Engaging India, 127.
69 Ibid.
dialogue, motivated in part by a shared vision of a multipolar world. The French also suggested that India would possibly become eligible for civilian nuclear assistance, normally denied non-NPT states. Although the French led in these efforts, other major states—particularly in Europe—were also hesitant about alienating New Delhi. Talbott wrote later that, among the G8 member states, the Clinton administration was only able to count on the full support of Japan and Canada. This appeared to have a direct impact on the Clinton administration’s policies, which had to take steps towards sanctions relief as a demonstration of progress.71

Much like the case of sanctions against China after the Tiananmen crackdown, U.S. sanctions against India began to be overturned within months of their being imposed. In July, just two months after the tests, Congress gave India and Pakistan a one-year exemption from the Glenn Amendment to enable them to import agricultural commodities from the United States. In October 1998, Congress passed legislation that gave the president authority to waive sanctions on trade financing and agricultural credit transactions, with American farmers in mind.72 By November, U.S. commercial banks, OPIC, the Ex-Im Bank and TDA were allowed to resume lending. By June 1999, further legislation sponsored by Brownback allowed the Clinton administration to extend loan guarantees and credit. In April 2001, Ed Royce (R-CA) and Jim McDermott (D-WA) introduced a bill in the House to remove remaining sanctions on India and Pakistan. And on September 22, 2001 – ten days after the 9/11 attacks – President George W. Bush

71 Talbott, Engaging India, 142-144.
signed Presidential Directive No. 2001-28, thus lifting economic and military sanctions imposed following the nuclear test.\textsuperscript{73}

IV. COMPARING THE TWO CASES

The two cases of U.S.-led economic sanctions against major powers in the past quarter century – against China after Tiananmen and against India after Pokhran-II – share some startling similarities and important differences. Both allow us to draw some broad lessons about the utility and sustainability of economic sanctions against major powers in the medium-term future.

There are some obvious, if relatively minor, differences between the two cases in terms of the target, the historical period under consideration, and the nature of the perceived transgression of the target. The Communist regime in China hardly endeared itself to Washington through its political repression, although in the waning days of the Cold War, the Soviet Union was still considered the United States’ primary strategic threat. By contrast, India’s democratic credentials undoubtedly helped it in its efforts to have sanctions curtailed. Although the Chinese economy had opened up considerably following Deng Xiaoping’s reforms a decade earlier, the U.S.-China relationship was still operating in a late-Cold War context in 1989. By 1998, however, the Cold War was no longer a consideration. China’s perceived infraction of domestic human rights abuses was not only not threat to U.S. national security, it was also a low priority for the incumbent president. India’s transgression, the first nuclear test by a non-NPT state in a quarter century was seen at the time as a major setback for U.S. national security objectives and a blatant violation of non-proliferation norms, an ideal that President Clinton placed considerable emphasis upon.

In other respects the two episodes boasted remarkable similarities. Both had, at the time of sanctions being levied, populations over one billion and gross domestic
products of $425-450 billion. Both sets of sanctions involved appeals for multilateral cooperation and similar implementation through limits on export credit and opposition to international loans. Both China and India portrayed their actions as necessary for their self-preservation as states, whether for regime survival or national security. The two states were also less than a decade into critical economic reforms, and – in hindsight – were on the cusp of greater global integration and rapid economic development. Beyond this cursory comparison, at least three important questions must be delved into: regarding specific U.S. objectives, the vulnerability of the targets to economic sanctions, and the credibility of threat.

First, what exactly were U.S. objectives in levying economic sanctions? In the case of China, sanctions were ostensibly linked to human rights, despite President Bush’s reluctance to draw an explicit connection. The June 29, 1989 Congressional motion hinged the resumption of normal diplomatic and military relations on Beijing’s halting executions, releasing political prisoners and respecting human rights.74 Others have suggested that the United States’ objectives were broader, encompassing human rights, democracy promotion, market access and adherence to intellectual property rights, but the nature of the debate between the White House and Congress casts doubts upon this interpretation.75 Ultimately, benchmarks were never publicly outlined or linked directly to specific punitive measures, a reflection in part on the Bush administration’s hesitation in using economic sanctions as coercive instruments against China.

74 Hufbauer, Schott and Elliott, Economic Sanctions Reconsidered, 276.
In India’s case, the objectives were explicitly articulated at the outset. And while the Clinton administration may not have seen them this way, they may have been too ambitious. The United States’ chief interlocutor Strobe Talbott, for one, saw the initially-articulated U.S. objectives as a compromise: “[T]he United States would limit the extent to which the Indian bomb was an obstacle to better relations if India would, by explicit agreement, limit the development and deployment of its nuclear arsenal.” India’s short-term goal, as Talbott saw it, was to “play for the day when the United States would get over its huffing and puffing and, with a sigh of exhaustion or a shrug of resignation, accept a nuclear-armed India as a fully responsible and fully entitled member of the international community.”\(^\text{76}\) In discussions with their Indian counterparts, Talbott and his colleagues made explicit their demands based loosely on the UN Security Council resolution: India’s signature on the CTBT, a freeze on fissile material production with negotiations towards a permanent ban, a limitation on India’s missile development and deployment, stringent export controls, and a resumption of dialogue with Pakistan on the root causes of tension.\(^\text{77}\)

A second point of comparison is the two states’ vulnerability to economic sanctions when they came into force. In June of 1989, China certainly appeared ripe for coercion through international sanctions. The World Bank had yet to deliver $2.8 billion in loans, while $336 million was similarly pending from the Asian Development Bank. There were also commitments from Ex-Im Bank and the Trade Development Agency (TDA) which would likely have been in jeopardy following any major crackdown. In 1989, China also had a negative trade and current account balance, and its foreign

\(^{76}\) Talbott, *Engaging India*, 5.  
\(^{77}\) Ibid., 96-97.
exchange reserves at the time were $18-19 billion.\textsuperscript{78} Hufbauer, Schott and Elliott calculate the total impact of sanctions being $322 million, mostly in terms of delayed World Bank loans, accounting for 0.1 percent of China’s gross domestic product. However, these losses are conservatively defined and without the benefit of hindsight could have been significantly more.\textsuperscript{79}

The Indian economy in 1998 appeared similarly precarious. By some estimates, the nuclear tests resulted in about $2.3 billion in losses in foreign aid from international institutions, Western donors (including the United States), and Japan, previously sources for about three-quarters of India’s total aid.\textsuperscript{80} Others believe that sanctions lost India $6 billion in government and government-guaranteed funds, with long term losses being as much as $20 billion.\textsuperscript{81} Some Indian policymakers and experts certainly did believe that their country could have borne the economic costs of testing, including sanctions, as a result of the country’s 1991 economic reforms. However, 1998 did not seem a particularly favorable moment, economically, to conduct a nuclear test following which international sanctions were assured.\textsuperscript{82} On the verge of rapid economic development, India still needed to be fully integrated into the global economy. 1997-1998 was a lean year for both agricultural and industrial production, with India having just imported 2 million metric tones of grain from Australia.\textsuperscript{83} After the nuclear tests, exports fell, and with it India’s currency, the rupee. India suffered a net outflow of investment after five years of net inflows. Even after the tests, the 1998-1999 budget, introduced on June 2, made no effort to address the economic sanctions, with the finance minister even

\textsuperscript{79} Hufbauer, Schott and Elliott, \textit{Economic Sanctions Reconsidered}, 280.
\textsuperscript{80} Cohen, \textit{India}, 280.
\textsuperscript{81} Dettman, \textit{India Changes Course}, 50.
\textsuperscript{82} Cohen, \textit{India}, 177.
\textsuperscript{83} Dettman, \textit{India Changes Course}, 46-50
including a projected increase of 43% in foreign assistance over the previous year, with foreign investments staying level.\textsuperscript{84}

India appeared to be faced with further disincentives to testing a nuclear device on political and technological grounds. With the fall of the Soviet Union, India no longer had a valuable technology transfer relationship with an advanced power.\textsuperscript{85} Politically, the ruling BJP had to contend with appeasing fifteen coalition partners and a negative image abroad. More than Iraq and North Korea, India was considered “ripe for sanctions and other forms of denial and punishment” which would “be a deterrent to India [and] a “lesson” to other possible nuclear violators.”\textsuperscript{86}

The third line of inquiry concerns how credible the threats of sanctions were and how the two countries’ leaders perceived their willingness to outlast them. However much Chinese leaders imagined their country would suffer as the result of their crackdown on June 3-5, it seems clear that the threat of economic sanctions did not weigh upon them. Nor were the lifting of sanctions in 1989-1990 particularly coercive, given that they often preceded tangible actions taken by Beijing. In fact, the Chinese leadership may have only been further emboldened by Bush’s willingness to exercise a veto over harsher Congressional measures.\textsuperscript{87} Apparent concessions – such as the suspension of martial law and the release of detainees – may have been due as much to divisions in the Chinese leadership as to the willingness to lift sanctions.\textsuperscript{88}

In India’s case, the leadership appeared fully aware of the imposition and severity of economic sanctions at the time the tests were conducted. Not only did they understand

\textsuperscript{84} Dettman, \textit{India Changes Course}, 44.
\textsuperscript{85} Foran “Indo-US Relations after the 1998 Tests,” 56.
\textsuperscript{86} Cohen, \textit{India}, 280.
\textsuperscript{87} Zeng, \textit{Trade Threats, Trade Wars}, 103-105.
\textsuperscript{88} Preeg, \textit{Feeling Good or Doing Good With Sanctions}, 150-151.
the implications of the Glenn Amendment, which mandated sanctions by U.S. law, it appears even after the tests that the Indian leadership may have been willing to live with the costs. Prime Minister Vajpayee, in written responses to journalists shortly after the tests, said “Yes, our actions have entailed a price. But we shall not worry about it. India has an immense reserve of resources and inner strength. If we tap this reservoir, the benefit will be a hundred times more than any price that we may have to pay in the short term…[the tests] have given India self-confidence.”\(^\text{89}\) India’s defence minister, George Fernandes, observed in November 1998 that “India is too big and potentially a very powerful country to be subjected to a carrot and stick treatment.”\(^\text{90}\) India was also bolstered by its growing reserves, approximately $29 billion in 1998, including $26 billion in foreign exchange reserves.\(^\text{91}\) The budget introduced in 1991, which represented a business-as-usual approach, proved only the most concrete example of Indian confidence in its ability to withstand sanctions.

A detailed comparison of the two cases suggests that the purpose, costs and certainty of sanctions demonstrate both startling similarities and important differences. Both states were much more economically vulnerable than they are today, dependent to a considerable degree on external developmental and humanitarian assistance, and only a decade or less into a period of economic reforms. Both states also saw their actions as advancing vital national interests and thus demonstrated an ability to pay the costs of international isolation. The differences were equally stark. India was much more certain that U.S.-sponsored sanctions would take effect, while in China’s case there was more ambiguity about American actions following the crackdown. India was also proffered

\(^{89}\) Dettman, India Changes Course, 43.
distinct benchmarks for the repealing of sanctions while China was asked to make less concrete, but more fundamental, changes to its behavior.

**WHY DID SANCTIONS FAIL?**

The two narratives and their similarities and contrasts, point to two important reasons for why U.S. sanctions failed to coerce the two countries. Both episodes featured long-running contests between the White House and Congress, what the American China expert Richard Bush subsequently referred to, in the context of U.S.-China relations, as “the dynamics of divided government.”

The scholar and former U.S. government official Meghan O’Sullivan has noted that Congressional activism on matters of foreign policy may be a reason for their being employed with such frequency. But while Congressional activism played an important role, neither the Clinton nor the Bush administration helped its case. In December 1989, there was certainly a sense of betrayal in Congress following revelations of the secret Scowcroft-Eagleburger visit to Beijing six months earlier. George Mitchell slammed it as “kowtowing to the Chinese government” and Nancy Pelosi called it a “slap in the face to the forces of democracy.” In 1991, as the debate over China’s MFN status continued, however, parochial interests in Congress appeared to take on greater significance. Max Baucus (D-MT) joined several others from his party from the so-called farm states in supporting a renewal of China’s MFN status. It is likely that Baucus and other farm-state Democrats remembered how the suspension of grain exports to the Soviet Union in

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1981 had only hurt American farmers, and were ineffective once Moscow reached out to the likes of Australia and Canada.\textsuperscript{95}

Much like the China case, the imposition of sanctions against India also exposed the rift between Congress and the White House. After its initial ire, Congress led by Brownback and others, swiftly moved to water down and lift sanctions wherever possible. In fact, it may have been that the Vajpayee government had gone ahead with the tests fully confident that sanctions would erode as a result of “congressional impatience,” although such foresight on the part of the BJP leadership is difficult to ascertain with any confidence.\textsuperscript{96}

The second common factor is the role played by the United States’, in particular Japan, in undermining the effectiveness of sanctions. Although Tokyo made moves as early as December 1989 to water down or roll back sanctions against China, Japanese Prime Minister Kaifu’s lobbying for a lifting on aid restrictions at the G7 Summit in 1990 highlighted the differences in Japanese approaches to China with those of the United States and its partners in the West. Japan’s reluctance to impose sanctions may, strangely enough, have been related to a certain degree to its history of hostilities with China. In the words of a senior Japanese official speaking to an American reporter in 1989: “Because of our special relationship, the fact that we are blamed for so much, we just cannot risk becoming another scapegoat.”\textsuperscript{97}

Similarly, despite the initially unified condemnation of India’s nuclear tests by the United States, Russia, China and other major powers, New Delhi was able to leverage its relationship with the major European states, in particular, to ensure that multilateral

\begin{itemize}
\item \textsuperscript{95} Preeg, \textit{Feeling Good or Doing Good With Sanctions}, 152.
\item \textsuperscript{96} Talbott, \textit{Engaging India}, 127.
\item \textsuperscript{97} Steven R. Weisman, “Japan, China’s Main Foreign Benefactor, Puts Billions of Aid in Doubt,” \textit{The New York Times}, June 7, 1989.
\end{itemize}
sanctions were short-lived. In fact, the Vajpayee government demonstrated considerable confidence in playing its hand with the European powers, especially France.

The failure of economic sanctions in both cases was directly related to diverging political priorities both domestically and internationally. The priorities were to a considerable degree shaped by globalizing forces, such as desires to access the Chinese and Indian markets and advance parochial economic interests. Non-economic imperatives for normalization may have also played a part, as with Japan’s desire to reestablish ties with China given their historically adversarial relations and France’s desire to shape a multipolar global order by facilitating India’s rise. Finally, domestic politics played an important role, including Congressional activism in the realm of foreign policy. Particularly with regards to market access, China and India’s status as major powers with large populations, large state structures, and fast-growing economies was a determining factor in ensuring that economic sanctions foundered. Although reliable estimates of market potential are difficult, both states’ half-trillion dollar economies and large populations meant enormous possibilities. States and corporate entities consequently had an incentive to break with multilateral or unilateral sanctions regimes and secure first-mover advantages. This dynamic was apparent in both cases, with the creation of loopholes for U.S. companies to continue doing business in China and the eagerness of Congress to lift economic sanctions against India.
V. CONCLUSION: A POST-SANCTIONS WORLD?

Despite the differences between U.S.-led sanctions against China after June 1989 and those against India after May 1998, the similarities in the way the two episodes unfolded are noteworthy. Sanctions were imposed almost immediately after the Tiananmen crackdown and the Pokhran-II tests, and in China’s case more sanctions were unrolled over the subsequent months. However, in both cases sanctions began to be diluted within sixty days and were gradually rolled back by December 1989 in the case of China, and by November 1998 in the case of India. The sanctions, in both cases gave way gradually to a return to normalized relations with the United States. Certain measures in this direction were taken by Washington in the year following their transgressions. But by 1997, the United States had largely normalized its political and economic relations with China, and by 2001 Washington had done much the same with India. In neither case were U.S. objectives even remotely met. China certainly ended martial law, but did not undertake any significant political reforms as a result of U.S. economic sanctions. India announced a unilateral moratorium on testing and articulated a recessed nuclear doctrine, but did not curtail its nuclear weapons development. In both cases, these were steps that the Chinese and Indian leaderships appeared predisposed towards taking regardless of economic sanctions.

IMPLICATIONS FOR THEORY

The failure of the United States to coerce China and India using economic sanctions has several important implications. First, the dismal record of sanctions affects the polarity of the international system. If the United States lacks the tools to coerce or
shape the behavior of other powers, it hastens a multipolar order in which several states boast an ability to act completely independent of one another. If power is defined loosely as the ability to influence others, the United States’ limited coercive capabilities, as demonstrated by these episodes, suggest waning power relative to China and India.\(^98\)

Some contend that this is a welcome development from the point of view of maintaining stability: a multipolar order by virtue of more great power relationships reduces the danger of antagonism between any two states. It may also dampen arms racing, and limit conflict. But this optimistic view is contested by others, who argue that a multipolar world is accompanied by greater prospects for conflict and, more importantly, greater uncertainty.\(^99\)

A second implication is the doubts that the United States’ impotence against China and India cast upon interdependent peace. Although it is widely and implicitly believed interdependent relationships lend themselves to more cooperative relationships, the two case studies suggest otherwise.\(^100\) Both China and India were able to exploit cleavages within the U.S. government, and between the United States and its allies, largely on the grounds of their appeal as markets and as commercial partners, while acting against interests and values defined by the United States as in its interests. Further, it appears that the presence of India and China outside international norms and institutions hurt the United States more than it helped, despite their infractions, as it compelling Washington to make concessions.


IMPLICATIONS FOR U.S. POLICY

The inability of the United States to coerce either India or China at particularly vulnerable junctures, and the associated risks to post-Cold War interdependent peace and stability, naturally have implications for U.S. policy. The Indian case, in particular, is important for the absence of ambiguity regarding the American intention to employ sanctions in the event of a nuclear test, but India’s decision nevertheless to conduct the Pokhran-II tests anyway. Amid these realities, and China and India’s growing clout over the past two decades, the United States will be faced with some critical choices. Either Washington may feel compelled to accommodate Indian or Chinese interests if non-military coercion proves futile. Alternatively, it may be forced to rely on other tools of coercion including – if necessary – military force. As diplomatic reprimands and economic sanctions are both ineffective as coercive tools against major powers, it leaves military force, or the threat of its use, as an important tool for dampening competition, advancing American interests and values, and possibly coercing the behavior of potential peer-competitors. As the United States seeks to reduce its military spending at a time of fiscal austerity, this may be an important consideration for American policymakers to keep in mind.101

If indeed we are living in a post-sanctions world – in the sense that sanctions cannot be seriously considered against major states – it opens several avenues for further inquiry. First, although the two cases considered in this study are the most notable of the past 25 years, a larger scale study of the use of economic sanctions against major powers is necessary to derive firmer conclusions. This might, conceivably, include economic

sanctions employed by the United States against the Soviet Union during the Cold War, against Imperial Japan in the first half of the 20th century, and those effected by major European powers against one another between 1492 and 1945. Further investigation is also necessary on the various options facing the United States and other major powers in an international system in which economic sanctions are not very viable. Specifically, what factors might improve the chances of a great power concert over greater conflict? Finally, in the absence of economic sanctions, what might be other coercive instruments that states can employ short of the threat of military force? The relevance of nuclear deterrence is importance in this context, as is the seductive appeal of cyber warfare. In any event, relations between major powers in the international system are almost undoubtedly going to undergo major changes.
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