

Haass and O'Sullivan

Engaging Problem Countries

U.S. policymakers have normally turned to military force, political and economic sanctions, and covert action in trying to dissuade so-called “rogue states”—notably Cuba, Iran, Iraq, Libya, and North Korea—from behavior that the United States finds offensive or counter to its interests. Despite continued reliance on these punitive measures to address issues such as support for terrorism, pursuit of weapons of mass destruction, and violation of human rights, the record of these policies of punishment has been disappointing.

Fidel Castro and communism appear entrenched in Cuba despite a history of U.S.-sponsored covert action and more than forty years of an American embargo. Saddam Hussein continues to defy UN weapons inspectors and rule Iraq, shrugging off comprehensive economic sanctions and sporadic bombing of his country. Twenty years after the revolution that ousted the Shah and instituted the Islamic Republic, Iran promotes terrorism, opposes Middle East peacemaking, and pursues weapons of mass destruction, U.S. economic sanctions notwithstanding. Questions remain concerning Libyan behavior in these same areas. Despite the promising June 2000 summit, North Korea's totalitarian leadership poses a potential threat to its own people and to South Korea. Through its missile program, North Korea also poses a potential threat to the United States, despite half a century of diplomatic and economic isolation and the stationing of a large U.S. military presence on the Korean Peninsula.

While U.S. policy toward Cuba, Iran, Iraq, Libya, and North Korea has at one time or another involved the full range of punitive policy instruments, economic sanctions have tended to constitute the mainstay of U.S. policy. Despite this, and the frequency with which the sanctions instrument has been used, the results have been meager. Too often, the United States has failed to secure the backing of other countries that would allow for multilateral pressure against these problem regimes. As a result, America has often imposed unilateral sanctions to advance its interests. These unilateral measures have, on many occasions, inflicted high costs on the United States, both in terms of straining relations with its allies and by curtailing its commercial interests abroad without realizing U.S. objectives vis-à-vis the problem country.



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Road Maps for

Disappointment and frustration with the ability of punitive measures to achieve U.S. foreign policy objectives justify a concerted effort to examine alternative strategies and policies. One promising but relatively neglected option is engagement.

Engagement as a policy is not merely the antithesis of isolation. Rather, it involves the use of economic, political, or cultural incentives to influence problem countries to alter their behavior in one or more realms. Such a strategy can take a variety of forms. *Conditional* engagement is a government-to-government affair in which the United States offers inducements to a target regime in exchange for specified changes in behavior. This was the approach favored in 1994 when the United States and North Korea entered into a framework agreement under which Pyongyang pledged to curtail its nuclear weapons development in exchange for shipments of fuel, construction of a new generation of nuclear power-generating reactors, and a degree of diplomatic normalization. In contrast, *unconditional* engagement is less contractual, with incentives being extended without the explicit expectation that a reciprocal act will follow. Unconditional engagement makes the most sense in promoting civil society in hopes of creating an environment more conducive to reform.

Making Engagement Work

Implementation of engagement strategies is a demanding enterprise. U.S. policymakers seeking to engage a recalcitrant regime should consult intensively with American allies; a failure to do so increases the possibility that another country will undermine the U.S. strategy by offering similar benefits without demanding any changes in behavior. Moreover, as the European Union's unsuccessful attempt to engage Iran through its 'critical dialogue' policy demonstrated, the extension of incentives for cooperation should be accompanied by the threat of credible penalties for defiance. It was Europe's reluctance to jeopardize its extensive economic contacts with Iran for political objectives (in addition to believing in the value of diplomatic contacts) that undermined its ability to influence Iranian behavior.

Beyond these common sense principles, a number of additional guidelines warrant attention. First, conditional engagement requires a well-delineated road map which outlines with great precision the conditions that must be fulfilled and the benefits that can be reaped by both sides as the relationship advances. Such a mechanism was the centerpiece of the successful engagement strategy adopted by the Bush administration and continued by President Clinton to normalize relations with Vietnam. It was also used to good effect by the Clinton administration in managing the threat posed by North Korea's nuclear weapon and ballistic missile programs.



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Rogue States

The use of such road maps is not just a question of packaging, but entails real responsibilities. Careful monitoring is indispensable, as the credibility of a calibrated agenda is only as good as its latest step. If the target country discovers that it is possible to move to the next stage without satisfying earlier conditions, or if the regime suspects that its compliance with commitments is not subject to verification, much of the rationale behind such a framework will be undermined. Second, the provision of a road map obligates the United States to follow certain steps as much as it binds the target country. Not only are the potential gains of a detailed agenda foregone if U.S. non-compliance forces an end to the agreement, but any hope for crafting an alternative policy which commands domestic and international support will be dashed by the failure of the United States to live up to its responsibilities.

Despite the utility of road maps, such step-by-step reciprocal engagement with a problem regime will not always be possible. Opaque domestic politics in the target country may frustrate efforts to discern who is in a position of power and who can deliver on promises made in exchange for certain incentives. Or the overriding goal may be the change of a regime, something no government will voluntarily agree to. Although these sorts of situations may preclude *conditional* engagement, they may be ideal for the initiation of *unconditional* engagement—the offering of incentives without any expectation of reciprocal acts. While any type of incentive could be offered unconditionally, cultural incentives or inducements to civil society are the most appropriate measures because they are the least likely to shore up dubious regimes. Such incentives may also be the only realistic option when the U.S. government is faced with domestic lobbies adamant on the isolation of certain regimes, but willing to accept measures geared toward easing physical hardship and cultural isolation of the population in the target country without bolstering the power of the regime.

The provision of economic incentives to the private sector can also be an effective mode of unconditional engagement, particularly when the economy of the target country is not entirely state-controlled. In these more open climates, economic actors nourished by exchanges will often be agents for change and natural allies in some Western causes. To the extent that economic engagement builds the private sector and other non-state elements within the target country, it is likely to widen the base of support for engagement with America specifically and the promotion of international norms more generally. Certainly, U.S. engagement with China has nurtured constituencies which are sympathetic, if not to American ideals *per se*, then at least to trade and open markets and the maintenance of good relations to secure them.

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Finally, policymakers faced with the challenge of managing a strategy of engagement need to expend at least as much energy in the U.S. domestic political realm as they do working with the target country. Engagement strategies often fail not simply because of disagreements between the United States and the target country, but also because American domestic political considerations warp the strategy or make it untenable. Détente between the United States and the Soviet Union is a case in point. Richard Nixon and Henry Kissinger carefully crafted a ‘linkage’ strategy, through which the Soviet Union would be offered political and economic incentives in return for restrained behavior in the strategic realm. The strategy produced some important achievements, but was hindered by the inability of the Nixon administration to deliver pledged rewards. Although Kissinger and Nixon had promised the Soviet Union Most Favored Nation (MFN) trading status in return for its cooperation in other selected arenas, Congress passed legislation linking MFN status to the internal behavior of the Soviet regime, thereby tying Kissinger’s hands and helping to frustrate the strategy of détente.

Future Candidates for Engagement

Given the disappointments of most sanctions-dominated strategies, the rationale for revisiting U.S. foreign policies toward long-term problem countries is strong. Already, the Clinton administration has opted to pursue its non-proliferation agenda with North Korea through a strategy of engagement. Incentives-oriented engagement strategies—informed by the guidelines presented above—also offer possible alternatives to policies the United States has in place toward Cuba, Iran, and Libya. Although U.S.-Iraqi relations are among the most problematic of America’s foreign policy challenges, we do not consider prospects for further engagement with Iraq in detail here. Indeed, conditional engagement is explicit in UN Security Council resolutions, which offer Iraq specific rewards in exchange for compliance. However, Saddam Hussein, by spurning UN resolutions mapping the path to better relations with its neighbors and the West, has rejected the possibility of reciprocal engagement. Limited unconditional engagement with Iraq should be contemplated only if it truly strengthens civil society rather than the regime itself.

Cuba

When stringent U.S. sanctions were placed on Cuba in 1962, Cuba posed a threat to the United States as an outpost of communism in the Western Hemisphere and an ardent exporter of revolution to its neighbors. However, Cuba’s importance has since dwindled and its ability to promote radical politics among its democratizing neighbors has almost entirely evaporated. Not only has much of the rationale for isolating Cuba collapsed, but U.S. policy toward the country—in particular the imposition of ‘secondary sanctions’—has created tensions with America’s European allies that outweigh Cuba’s importance. Most important, there is no evidence suggesting that the current U.S. policy of isolation is close to achieving the objective of a peaceful transition to a democratic, market-oriented Cuba.

Rather than continuing with its 40-year-old approach, the United States should simultaneously pursue two forms of engagement with Cuba. First, the U.S. government should test Fidel Castro's willingness to engage in a conditional relationship and to chart a course toward more satisfactory relations. The United States should enter into a dialogue with Castro in which reasonable benefits are offered in return for reasonable changes in Cuban behavior. Rather than insisting on regime change or immediate democratic elections in Cuba, U.S. policymakers should make lesser goals the initial focus of their policy; the more ambitious the demands, the less likely Castro is to enter into a process of engagement. For instance, a willingness to settle claims for expropriated assets, release political prisoners, and/or legitimize political parties might be proposed in exchange for lifting various elements of the embargo. If Castro accepted this dialogue, U.S. policy would advance real political liberalization on the island; if Castro rejected these attempts at conditional engagement, Washington would still ease tensions with its European allies by demonstrating increased flexibility.

Sanctions—in effect a form of warfare—require exit strategies.

Regardless, unconditional engagement can be undertaken and expanded. The recent easing of certain restrictions in the hope of building ties between the United States and Cuba at the civic level is laudable. Yet the United States should also expand unconditional engagement of the economic variety with Cuba, a low-risk strategy that can gradually promote internal changes as Cubans benefit from new economic opportunities. Even if Castro resists conditional engagement, U.S. policymakers should consider ways in which investment codes—which would allow for American economic involvement with Cuban entities meeting specific conditions concerning ownership structure and labor rights—could replace aspects of the embargo. A relaxation of the embargo to permit the export of agricultural and pharmaceutical products by the United States also makes sense in this regard.

Iran

The overwhelming success of relatively moderate candidates in the 2000 parliamentary election has altered the political landscape in Iran. Although the campaign focused primarily on domestic issues, the comments of some leading politicians suggest a willingness to consider improved ties with the United States. Most important, the new face of the Iranian parliament has strengthened President Khatemi's power base in his long-standing struggle with more conservative elements in Iranian society. Although these developments far from ensure a successful dialogue between Washington and Tehran, they do make the arguments for exploring the possibility of conditional engagement with Iran stronger than ever.

In this context, the steps taken by the Clinton administration in March 2000 to lessen hostility between Iran and the United States (including the easing of restrictions on non-oil imports from Iran) were justified. Regardless of Iran's response to these initiatives, the United States should strive to maintain momentum that will be critical for improved

U.S.-Iranian relations, if not soon, then sometime in the future. The United States should go beyond the offers by Secretary Albright and other State Department officials to construct a road map with Iran and propose, through authoritative intermediaries if necessary, the possible specifics of such a road map.

Most likely, in the opening stages, U.S.-Iranian contacts would be limited to non-governmental envoys and agencies; government-to-government meetings would not be introduced until later. In order to encourage the moderation of Iran's policies concerning terrorism, its unconventional weapons programs, and peace with Israel, the United States should delineate the gradual easing of sanctions that Iran could expect in exchange for changes in its behavior. Calculated movements toward the full lifting of U.S. sanctions might involve U.S. support for international financial institutions in Iran, oil swaps, resumed U.S. agricultural credits, and the allowance of American investment in Iran, including expanded opportunity for investment in the oil and gas sectors. On the Iranian side, possible interim steps could entail cooperation with the United States on investigations into the Khobar and Pan Am 103 bombings, improved treatment of its own citizens (including Iranian Jews) and reduced support for radical groups such as Hezbollah.

At the same time, the United States should continue to expand unconditional engagement with Iranian civil society. As the recent elections, as well as Iran's active academics and journalists, indicate, there are many elements in Iran that would not spurn greater contact, particularly with non-governmental groups and organizations. Not only is this type of engagement likely to have long range benefits, but it will also allow America to stay more closely attuned to the intricate Iranian domestic politics that will shape any future form of engagement.

Libya

Libya has struggled under the full gamut of U.S. unilateral sanctions since 1986. These sanctions were imposed in an effort to coerce the Qaddafi regime to change its behavior in three specific areas: its attitude toward the state of Israel, its support for international terrorism and extremist movements, and its desire to obtain weapons of mass destruction. Recent developments suggest that some progress has been achieved on these fronts. Perhaps most important is that Libyan support for terrorism seems to have waned, while Libya appears willing to bear at least some responsibility for past terrorist acts (as indicated by the surrender of two Libyan suspects implicated in the Pan Am 103 bombing). These changes in Libyan behavior, in conjunction with pressures from American commercial entities eager to do business with Libya now that UN sanctions have been suspended, provide both a rationale and an impetus for the reassessment of U.S. policy.

However, these positive developments and U.S. commercial pressures are still far from sufficient to warrant a full American embrace of Qaddafi. Moreover, the strength of certain U.S. domestic constituencies, particularly the families of the victims of Pan Am

103, prohibit any sort of rapprochement with Qaddafi and Libya, at least until Libya's willingness to cooperate fully with the trial in the Netherlands is proven. Finally, a great deal of uncertainty continues to surround Libyan domestic politics. For these reasons, crafting engagement with Libya remains a huge challenge.

The United States faces a dilemma posed by the desire to encourage positive developments in Libya, and the inability to remove sanctions currently in place absent further progress. A specific road map should be fashioned, detailing the conditions and circumstances under which U.S.-Libya relations could improve. Ideally, such a road map would have been articulated in the very legislation that placed sanctions on Libya; as a rule, any vehicle—whether it be legislation or an executive order—which imposes sanctions should also delineate the specific actions that the country in question must undertake before it can be freed from economic penalties. A road map for Libya should include Libyan cooperation during the trial of the two suspects accused of blowing up Pan Am 103, renunciation of terrorism, and a reaffirmation of Libya's commitment to the nuclear Non-Proliferation Treaty. In exchange for these actions, Libya could look forward to a parallel easing of U.S. economic sanctions, ultimate removal from the 'terrorism list' (a grouping of countries which are designated by the United States as state sponsors of terrorism), and gradual normalization of diplomatic relations, entry into international associations, and economic cooperation.

New Thinking, New Tools

Conditional engagement requires a new approach to sanctions; sanctions need to be viewed as a tool, not a statement. As a result, the process of sanctioning a country must be seen not as an end in itself, but rather as an action that is part of a broader negotiating framework. Similarly, lifting sanctions or providing other incentives should be viewed as an inherent part of a larger strategy. Yet in order for the United States to use sanctions and incentives in this way, U.S. policy must be made more flexible.

Sanctions—in effect a form of warfare—require exit strategies. This will involve legislative changes such as greater provisions of executive waivers in all sanctions legislation. It also will involve the passage of sanctions reform which mandates the preparation of potential and actual impact statements, thereby promoting a more transparent and deliberative process.

Unconditional engagement will also require new, more flexible approaches. Except where there is a direct threat, sanctions should not be so comprehensive that they preclude person-to-person contacts, either of the non-governmental variety or with the regime itself. For instance, U.S. programs that bring foreign military personnel to the United States for education and training provide useful opportunities, not only to help improve the professionalism of foreign armed services, but to increase contacts with important

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figures in other countries. Similarly, providing support for legal training or election monitoring is almost always a good idea.

Moreover, investment codes should be given greater consideration as alternatives to comprehensive embargoes. By requiring that U.S. companies adhere to behavioral regulations regarding employment and social policies, such codes simultaneously shield American enterprises from criticism and increase the likelihood that their involvement in these countries promote wider U.S. social and economic objectives. Implied in all of these recommendations is the notion that states characterized as “rogues” be viewed differently, i.e., with greater potential for desirable change. Ultimately, the argument is not that sanctions or military strikes or covert action are never the right policy, but rather that in many instances, conditional or unconditional engagement might have something to offer policymakers, either as an alternative or a complement to other, more punitive policies.

This Policy Brief is based on *Honey and Vinegar: Incentives, Sanctions, and Foreign Policy*, a new book available from the Brookings Institution Press.

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