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Non-governmental organizations and economic sanctions[i]

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Abstract

How do non-governmental organizations (NGOs) affect sanction policies? Using two datasets of sanctions and NGOs, we study whether and how US-based NGOs working in a target state can influence the threat and implementation of sanctions initiated by the USA. At the threat stage, the sender government tends to perceive NGOs as a signaling device such that NGOs increase the probability of sanction threat. At the imposition stage, the presence of NGOs in a target state also increases the likelihood of a sender state imposing sanctions. In addition, the sender state tends to implement costly sanctions when NGOs have more field operations in target states. This study provides a systematic explanation of the relationship between NGOs and sanction threat and implementation.

Keywords

Economic sanctions, non-governmental organizations, international development

Introduction

How do non-governmental organizations (NGOs) affect sanction policies? When we think of NGOs in an international context, we do not usually think of NGOs as having much say or sway over security matters or over high-level disputes among states. Nonetheless, it appears that NGOs are sometimes involved with the hard politics of states. In particular, when states threaten or actually implement sanctions, NGOs are more likely to reveal their opinions and/or mobilize the public to influence the decisions of sanction senders. The governments of sanction senders are typically motivated by factors related to national interest, security, and regional stability. As well, a growing

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number of sanctions in recent decades have been imposed for domestic consumption purposes (e.g., sanctions motivated by human rights violations that are not directly related to the national interests of senders). Irrespective of the reasons for sanctions, little attention has been paid to whether or how NGOs affect sanction decisions of sender governments; the reigning assumption has been that, in this area, NGOs have no significant influence.

At the same time, it is clear that the activities of development and relief NGOs are often strongly affected by sanctions. While sanctions are aimed at changing the behaviors of the target government, they can also harm the target country's general population by causing economic disruptions and hardships. The primary mission of development and relief NGOs is to improve the socio-economic conditions of people in developing countries, which sometimes become the targets of sanctions. Thus, the interests of NGOs often conflict with sanction policies. In some cases, NGOs may ask sender governments not to impose sanctions or they request the lifting of ongoing sanctions. In other cases, they may request the imposition of sanctions to protect people from authoritarian or ineffective governments that do not respect the lives of people. In fact, NGOs have voiced their opinions in many sanction episodes. When sanctions were imposed in 2003, one of the NGOs, the Campaign Against Sanctions on Iraq, has campaigned for the lifting of non-military sanctions in order to protect the basic life of Iraqi people although they did not support the Iraq regime. Other NGOs pressured the European Union directly to voice against lifting of diamond sanctions in Zimbabwe. European NGOs also protested against the imposition of sanctions on North Korea. While they viewed that sanctions would cause innocent civilians to suffer economically, they also strongly criticized the export of European luxuries to North Korea. These NGOs have a strong motivation to affect decisions regarding sanctions.

In this paper, we seek to explore the relationship between NGOs and sanctions at two different stages of the sanctions process: the threat stage; and the implementation stage. For each of these stages, we specify the interests of NGOs and develop a theoretical argument that connects their interests, if salient enough, to the optimal choices of sender governments. We focus on two ways in which the sender-based NGOs affect the sanction policies of sender governments: hostage effects; and signaling effects. At the threat stage, the role of NGOs is somewhat limited and sender governments generally perceive NGOs as either a hostage or a signaling device. At the implementation stage, the interests of NGOs are more salient; therefore, they are more willing to be involved in the process. Thus, they might attempt to pressure the sender government, directly or indirectly, and oppose all-out economic warfare that hurts the target population and NGO activities as well. These interests and actions of NGOs can also play a role theoretically as a hostage or a signaling device for the sender governments in determining specific sanction policies.

Using the Threat and Imposition of Sanctions (TIES) dataset, we test the implications of a theory of sanctions and NGOs. In particular, we subject competing hypotheses – namely, the hostage and signaling effects of NGOs – to empirical tests at both threat and implementation stages. Our findings show that the presence of NGOs in developing countries can increase the probability of the threat of sanctions, which suggests that NGOs have a signaling effect. Next, at the stage of implementation of sanctions, the presence of NGOs tends to increase the likelihood of the sender actually implementing sanctions. As the number of sender-based NGOs increases, the probability of the implementation of sanctions also increases. This implies that NGO opposition to sanctions generally fails to constrain sender choices, exerting a signaling effect on the implementation of sanctions. We conclude that NGOs play an important role in explaining sanction politics among states; their interests and interactions lead sender governments to respond strategically at each stage of the sanctions process.

Our contribution is that we present systematic evidence regarding why and how NGOs affect sanction policies. In order to do this, we focus on US-based NGOs and US sanctions since the US

has utilized the largest number of sanctions and has been home to the world's most influential NGOs. Traditionally, non-state actors have been neglected in the study of sanctions because scholars have believed that their effects are limited. We show that this perception is incorrect. As the structure of the international system changes, NGOs are considered key players in world politics. For example, in the case of sanctions used to address human rights or environmental issues, states often fail to cooperate by coordinating their actions effectively; here, the role of NGOs should not be underestimated. Our findings can help researchers to expand the study of NGOs and sanctions.

Literature on sanctions and NGOs

A large number of studies have examined factors that contribute to the determinants of the threat and imposition of sanctions. Sanctions can be used for policy concessions from a target state, that is, for the purpose of instrumental effectiveness despite their costliness. Thus, the sender state initiates sanctions when the expected benefits of sanctions exceed the expected costs of sanctions, in which case the sender is better off using sanctions than doing nothing or intervening militarily. The determinants of costs and benefits of sanctions include, for example, the domestic institutions of the sender (Lektzian and Souva, 2007), international cooperation (Early, 2009; McLean and Whang, 2010), economic power (Hufbauer et al., 2007), issue salience (Adrian et al., 2007) and the relationships between sender and target states.

However, little attention, if any, has been paid to analysis of the role of NGOs in affecting the decision to threaten or implement sanctions. Should NGOs be considered key actors in explaining the threat and implementation of sanctions? We argue that the answer is in the affirmative because the role of non-state actors is attracting more and more attention in explaining international conflicts, especially with regard to influencing the policies of states. The previous theoretical frameworks have followed a state-centric approach as in realism and liberalism, and this approach seems to expose limitations to assessing the role of these non-state actors in international relations. Even though scholars had not extensively studied these non-state actors until the post-World War II era, the end of the Cold War and globalization has led to a renewal of interest in the study of transnational relations including NGOs (Risse, 2007).

In fact, the importance of NGOs in international politics has been widely studied (Keck and Sikkink, 1998; Stroup, 2012). These studies show how NGOs interact with states and attempt to influence state policy. There are reasons why NGOs are treated as important actors in shaping state behaviors. First, they have been very active in international politics, working with states and intergovernmental organizations. Historically, only 41 NGOs were granted consultative status by the Economic and Social Council (ECOSOC) in the United Nations in 1945. Currently, 3,735 NGOs enjoy consultative status with the ECOSOC, and over 29,000 NGOs are working with the UN. [1] This means that NGOs are dynamically interacting with governments and other major actors in the international world. It is said that there are more than 40,000 NGOs working internationally.[2] Second we can understand the actual power of NGOs by their budgets. As is often observed, the budget of some large NGOs is bigger than that of some small states. For example, Catholic Relief Services had total operating revenues of $701 million and total operating expenses of $732 million in 2012. CARE's total revenue and expenditures in 2012 were $561 million and $585 million, respectively. In comparison, Bhutan's budget is smaller than that of the largest NGOs. Bhutan's 2012 revenue and expenditures were $615 million and $651 million, respectively.[3] Although this is a simple comparison between the largest NGOs and one small nation state using just one metric; still, it gives some sense of the fact that NGOs today have the capacity to make a big difference.

Numerous studies also show that NGOs are changing states' high politics, which is closely related to the states' security. This is somewhat surprising since we usually expect NGOs to

influence states' policies exclusively in the field of NGOs' expertise such as development, relief, education, environment, and human rights[4]. Price (1998) shows an interesting case of how NGOs were able to successfully change state policies regarding landmines, which can be considered to be related to national security. Pushing back against the view that landmines are a normal and necessary tool of warfare, NGOs publicized the compelling reality of landmine victims and successfully spread the norm of banning landmines. The Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and their Destruction is remembered as one of the most prominent achievements by NGOs (Short, 1999). Anderson (2000) evaluates the process of making an agreement to ban landmines as an example of democratization of international law occurring 'from below.' This example shows that NGOs can sometimes influence important security-related decisions of states. Moreover, Atwood (2002) studies the involvement of NGOs in the area of disarmament, arguing that NGOs play an important role in advancing disarmament issues despite their limited direct access to disarmament negotiations.

The threat and implementation of sanctions and NGOs

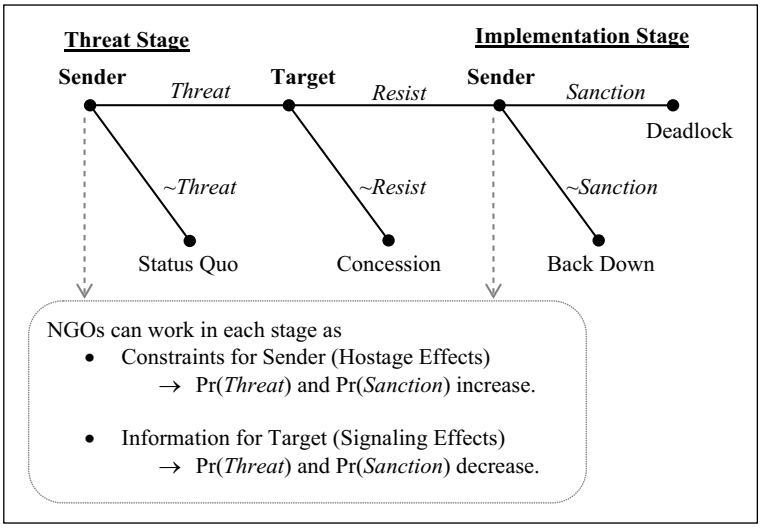
In this section, we explain how NGOs can affect the sanctioning government's decision to threaten and implement sanctions. In particular, we develop two different ways that NGOs can affect the choices of sender governments via their hostage and signaling effects on the threat and implementation of sanctions. Figure 1 displays our theoretical model of a sanctions episode with the involvement of NGOs. Suppose that a sender state and target state are in dispute over a good. With regard to sanctions, the dispute will generally unfold across two stages, a threat stage and an implementation stage. In the first threat stage, the sender state decides whether to threaten sanctions against the target or not. If the sender state refrains from threatening, the status quo will prevail; if the sender threatens sanctions, the target state has a choice to make – namely, to comply or resist. If the target resists the demands of the sender, the sender may choose either to carry out its initial threat of sanctions or to back down.

What is the role of NGOs in the sanction episode? We raise the possibility that the sanction interactions at the threat and implementation stages differ to the extent that sender-based NGOs are present in the target state and engaged in field operations. In some cases, there are no sender-based NGOs in the target state, while, in other cases, there are multiple NGOs working to improve its socio-economic conditions. For example, Myanmar has been under sanctions imposed by the USA and European countries for several decades. Nonetheless, approximately 65 NGOs from these countries have decided to work in Myanmar in a variety of sectors (Saha, 2011). When the sender seeks to use sanctions or threats of sanctions to alter unacceptable behaviors of the target state, we expect that the credibility of sanction threats should be conditioned by the level of ongoing cooperation in the non-state sectors. In particular, if sender-based NGOs are working within the target state's territory, the credibility of the threat of sanctions can be either reduced or enhanced by NGOs depending on how the sender state interacts with NGOs or how the target state views the role of NGOs during the threat/sanction episode. At the same time, the effects of NGOs may or may not be the same at the threat and implementation stages. To understand these effects, it is important to explain: (a) NGO interests regarding sanction threats and implementation; (b) how NGOs exert influence on the sender; and (c) ways in which the sender state takes NGOs into consideration in the decision to threaten and impose sanctions.

NGO interests in the sanction episode: Why do NGOs oppose sanctions?

Let us begin with the threat stage of sanctions. At this stage, NGOs will generally have less motivation to influence the decisions of a sender than at the implementation stage. In the first place, the

Figure 1. Effects of non-governmental organizations on sender choices in sanctions episode.



threat of sanctions alone is unlikely to cause an immediate deterioration in people's socio-economic conditions in the target state. Further, NGOs may also consider the possibility that the threat of sanctions can in fact benefit people in the target state. If the target state decides to change its behaviors following the threat from the sender, people in the target state may actually be better off. On the other hand, NGOs may also decide to act preemptively to convey their strong opposition to sanctions, for example, before a sanction resolution passes at the legislative or legal level.[5] Thus, in theory, the interests of NGOs vis-à-vis sanctions at the threat stage may vary considerably from one NGO and one situation to the next. In general, we might expect NGOs to be concerned about the prospect of sanctions being imposed. At the same time, opposition to sanctions at the threat stage is likely to be less salient than at the implementation stage.

At the implementation stage, NGOs are likely to be more outspoken in their opposition to sanctions. While sanctions may or may not bring about immediate political concessions from target states, sanctions often have unintended consequences. Sanctions tend to damage the entire economy of target states for an extended period of time, and this all-out economic warfare can impoverish ordinary citizens who have little to do with the reasons for which sanctions were imposed. In the face of the suffering of innocent people, NGOs have long questioned the effectiveness of comprehensive sanctions and have criticized these measures even when sanctions are imposed against states that have clearly violated international norms. For example, Save the Children criticized economic sanctions against Iraq, which started on August 6, 1990 and lasted until the outbreak of the second Iraq war;[6] it documented in detail how much ordinary Iraqi citizens suffered from diminished access to resources and food. Save the Children also opposed sanctions because they appeared to be ineffective; the Iraqi government never made concessions to the US demands. While NGOs generally agreed that the then Iraqi government should change its policies toward its own people (e.g. Kurdish minority citizens), they shared the belief that sanctions were not the right way to bring about this change. In sum, given that sanctions typically make it more difficult to pursue development and relief operations, it is reasonable to expect that developmental NGOs will in most cases oppose sanctions. All else being equal, it is when the costs of sanctions are realized to the target country that incentives for NGOs to oppose sanctions are the greatest.

NGO action in the sanction episode: How do NGOs exert influence on the sender?

Having answered the *why* question (i.e. Why do NGOs oppose sanctions?), we now turn to the *how* question. Our broad expectation is that NGOs should exert influence on the sender government not to select sanctions that will cause suffering to the target population. But how exactly will this happen? There are at least two plausible ways in which NGOs affect the decisions of the sender government. First, NGOs can directly request that the sender government not initiate sanctions. Of course, the sender government is unlikely to be swayed by such a request from one or more NGOs, especially if the sanctions being contemplated are related to national interests or security. In most situations, we would expect that the influence of NGOs on governmental decision-making about sanctions to be fairly modest (i.e. it is hard to imagine a scenario in which a sender government would be directly and immediately swayed by an NGO's request not to impose sanctions). Once NGOs realize that the sender government is strongly resolved to impose sanctions, they might seek alternative ways to pressure the government. This second and likely more effective avenue involves publicizing information about the damage that sanctions can cause to the target country's population, cultivating a negative image of sanctions, and, ultimately, mobilizing the domestic audience of the sender state to oppose the use of sanctions (Murdie and Peksen, 2013). If the sender state is a democracy, its government is somewhat or very likely to pay attention to public opinion regarding sanctions. If NGOs succeed in delegitimizing the use of sanctions, successfully portraying them as an ineffective and anti-humanitarian measure of coercion, the public will oppose the sanctions policy. The sender government will take such public awareness into account, and vocal public opposition may cause it to adopt a more cautious attitude toward sanctions (e.g. opting for more narrowly targeted sanctions) or even to entirely reconsider the sanctions approach.

Are there any examples of NGOs taking this approach and exerting this kind of influence? It is not difficult to find cases in which NGOs have successfully mobilized the public to influence a sender government or other actors such as multinational corporations (MNCs). For example, Rodman (1998, 2001) studied how NGOs affect the behaviors of MNCs through mobilizing the public and how MNCs, in turn, influence foreign policy regarding sanctions.[7] His findings show that human rights NGOs place political and economic pressure on foreign governments that violate human rights in three ways. First, NGOs hinder MNCs from investing in states in which human rights are seriously violated by mobilizing consumers to protest and by arranging boycotts designed to stigmatize the company's products. Second, they can mobilize support among MNC shareholders such as churches, universities, or investors. Third, they sometimes directly lobby state and local governments to improve the human rights standards of target states.

Non-government organizations sometimes directly contact a sender government asking for the change of sanction policies. For example, US-based NGOs sent a letter to the National Security Advisor and the Secretary of State in 2015 urging the change of the US government's sanction against South Sudan. They requested the US government to impose more sophisticated and targeted sanctions to protect the South Sudanese people. In sum, there are many ways that NGOs can be an effective part of the policymaking process regarding sanctions.

Sender's strategic response to NGO opposition: Hostage or signaling?

We explained in the previous sections *why* sender-based NGOs working in a target country would oppose sanctions and also *how* NGOs can pressure a sender government to stop or mitigate sanctions. In general, we expect that, as NGOs have more field operations in the target state, their motivation to intervene in the decision-making process regarding sanctions should increase. Knowing this to be the case, what will be the optimal response of the sender government? At the

theoretical level, two scenarios are possible, and they lead to opposite predictions about how NGOs affect the likelihood of sanctions being enacted. Moreover, determining what is the best response of the sender government is an empirical question. Let us elaborate on each scenario in detail for threat and implementation stages, respectively.

The threat of sanction stage. First, when the sender considers threatening sanctions, NGOs can function like a hostage, thereby constraining the decisions of the sender. The reason is that the sender state would be concerned about the safety of its NGOs in the target territory. Even if NGOs work for development or relief purposes in most cases, it is still possible that the target state can use its coercive apparatus to endanger lives of NGO members or repress their activities. Anticipating such negative repercussions from the target government, the sender's decision to issue the threat of sanctions may be constrained by the NGO presence, that is, NGOs have hostage effects on the threat decision.

Second, the sender can use NGOs as a signaling device to enhance the credibility of threats of sanctions. With incomplete information, the target state is uncertain of the sender's true intentions. To convey a strong message to the target, the sender can threaten to impose sanctions despite the NGO presence in the target state. The target may interpret this threat as a costly signal and, hence, distinguish the current sender from other potentially weak senders. The sender may thus have an incentive to use the presence of NGOs in the target to demonstrate its resolve. The theory of costly signaling (Fearon, 1997; Spence, 1973; Weeks, 2008) shows that NGOs can actually help the sender government claim that it is not bluffing.[8] The onset of sanction threats despite the existence and number of NGOs in the target country is something that weak and less resolved types of senders cannot mimic; only strong and resolved types of sender can sanction (or threaten to sanction) when NGOs are present and likely to voice their oppositions to sanctions.

In this second scenario, then, we expect that the sender should be more likely to threaten to sanction the target as the number of NGOs with field operations in the target state increases. According to this scenario, NGOs have signaling effects on the decision to threaten sanctions. In contrast to the hostage effects, we expect that the likelihood of threats of sanctions should increase as the number of sender-based NGOs increases in the target state.

These diverging possible effects of NGOs can be developed into the following two contradictory hypotheses.

- *Hostage Effect in Threat Stage Hypothesis: As the number of sender-based NGO field operations increases, the likelihood of the threat of sanctions decreases at the threat stage.*
- *Signaling Effect in Threat Stage (SETS) Hypothesis: As the number of the sender-based NGO field operations increases, the likelihood of the threat of sanctions increases at the threat stage.*

The implementation of sanctions. Now suppose that the target does not give in to the threat of sanctions and the sender government needs to make a decision about whether or not to follow through on its threat of sanctions. As before, suppose that the NGOs working in the target country are affiliated to the sender state. Will the presence of such NGOs in the target state affect the sender government's decision to impose sanctions and/or its choice of a particular type of sanction? At this point, NGOs face the prospect of sanctions severely degrading the socio-economic conditions of people in the target state. The reality, then, is that the sender government and NGOs that are conducting field operations in the target state can have conflicting preferences over sanction policies.

The hostage effect consists of two components. First, the target government realizes that the activities of NGOs can improve the basic needs of its population. Furthermore, as the magnitude

and scope of NGO activities increase, NGOs can play the role of an unwitting ally that can alleviate the costs of sanctions for the target. Consequently, when NGOs are present, the target may be less likely to change its behavior after the threat of sanctions – at least no more likely to do so than if there were no NGOs present. Second and no less importantly, the target government may anticipate that NGOs could be a liability for the sender insofar as they may object to the sender's sanction policy. Indeed, the target can anticipate that the sender is likely to incur growing costs politically and economically as sanctions continue because NGOs will not only assist people in the target economically but will also publicize the problems of sanctions to the sender's public. Sanctions may be depicted as an inhumane, unnecessary, and ineffective measure of coercion that only helps consolidate the target regime. In the end, the costs of sanctions for the sender state may increase due to its NGOs that remain in the target state. Thus, if the hostage effect is strong, it will be difficult for the sender government to ignore domestic opposition.

The signaling effect works in exactly the opposite direction. When the signaling effect is strong, the sender government is better off selecting sanctions. Why? Suppose that the target is unsure of the sender's resolve to impose sanctions in the current conflict. In this situation, typical target states might reason that sanctions are unlikely to be initiated if sender-based NGOs are currently working in the target. But now picture what the target government is likely to think if, contrary to its expectation, the sender proceeds to threaten or initiate sanctions. If this happens, the target is likely to conclude that the sender is much more resolute than initially believed, not only because the sender has ignored the demands of NGOs, but also because the sender appears to be willing to act against the interests of its own NGOs and possibly put them at risk. In this situation, the target has reason to believe that the sender is sending a costly signal (i.e., it is signaling that it is 100% resolute and willing to proceed even at great cost). This is the logic of costly signaling; it works insofar as it allows the sender to successfully separate itself from other senders that are not resolved to impose sanctions. The target now believes that the resolve level of the sender is much higher than before the measure was imposed. This signaling effect thus leads us to expect that the presence of NGOs in the target country will in general *increase* the likelihood of sanctions at the implementation stage.

In sum, we have the following two hypotheses at the sanction stage, conditional on the presence of NGOs in the target state.

- *Hostage Effect in Implementation Stage Hypothesis: As the number of sender-based NGO field operations increases, the likelihood of sanction imposition decreases at the implementation stage.*
- *Signaling Effect in Implementation Stage (SEIS) Hypothesis: As the number of sender-based NGO field operations increases, the likelihood of sanction imposition increases at the implementation stage.*

Data, variables, and methods

We subject our theory of NGOs' influence on sanctions to empirical tests using two main data sets. One is the TIES project (Version 4.0), which covers sanction cases from 1945–2005; the other is the dataset of field operations of US-based development and relief NGOs covering the period 1960–2008. Combining these two data sets, our temporal domain ranges from 1960 to 2005:[9] to examine the role of NGOs in the sanction policymaking process, we focus on sanction episodes in which the USA is the sender and a developing country or non-OECD (Organisation for Economic Co-operation and Development) member state is the target. We have restricted our focus to just these episodes involving US-based NGOs for two reasons. First, US-based international NGOs

constitute a significant percentage of the total number of NGOs operating in developing countries. Second (and crucially for the purposes of this study), the activities of US-based NGOs are generally very well documented. These advantages allow us to explore how the US government makes decisions regarding sanctions against target states in which US-based international NGOs have strong motivation to improve the target's socio-economic conditions.

The unit of analysis is country-year covering the period 1960–2005. Since we focus on US sanctions, we have cross-sectional variations only for the target states. While the TIES dataset contains 1412 episodes of sanctions, when we expand the data to the country-year format, the number of observations is 5518. The main dependent variables are the threat of sanctions and the imposition of sanctions. Given the dichotomous nature of variables, we use random-effects probit models to estimate the effects of NGOs on the threat and implementation stages;[10] we run an additional model for the implementation stage using economic costs of sanctions against the target state as a dependent variable. Since the target cost variable is ordinal, we adopt a random-effects ordered probit model.

As the TIES data set includes information regarding the threat and imposition of sanctions, we include key independent variables that measure political and economic conditions of target states from a variety of sources. All independent variables are lagged by one year in order to address potential endogeneity problems and the possible time lag between dependent and independent variables. Due to space limitation, a description of the variables used in the empirical study is provided as online supporting information.

Empirical analysis and discussion

Our statistical analyses are based on the five models detailed in Tables 1 and 3 – Bivariate model, Political model, Economic model, Political and Economic model, and Full model – controlling for the effects of different factors at the threat and implementation stages. We find that US-based NGOs determine significantly the decisions of a sender government (i.e. the US government) at both threat and implementation stages of sanctions.[11] These two stages present similar effects of NGOs on the sanction decisions, with signaling effects apparently being dominant at both stages and outweighing any hostage effects; thus, the results lend strong support to the *SETS Hypothesis* and the *SEIS Hypothesis*.

Table 1 reports the results of random-effects probit models with *Sanction threats* as a dependent variable. As the results indicate, the number of field operations of NGOs (*NGOs*) is associated positively and statistically significantly at the 1% level with the threat of sanctions in all five models. As the number of NGO field operations increases, the probability of the threat of sanctions increases. This finding implies that higher levels of activity by US-based NGOs in target countries tend to bring about a higher propensity for the US government to use the threat of sanctions for coercive purposes. Thus, the result confirms the SETS hypothesis, namely, that NGOs have signaling effects in the threat stage.

In the Political model, US alliance (*US alliance*) and political regime of target (*Target polity*) show significant relationships. Nonetheless, US alliance loses its significance in the Political and Economic model. In the Economic Model, logged gross domestic product (GDP) of target (*Target GDP per capita*) and logged trade volume (*Dyad trade*) are significant, but logged GDP of target states loses significance in the Full model. Two control variables – namely, target's regime type and trade relationship – show a consistently positive and significant relationship with the threat of sanctions throughout all models. When target states are more democratic and have closer economic ties with the USA in terms of trade, the USA is more likely to rely on the use of threats of sanctions. The USA may find it difficult to select a military option to address disputes with democratic target countries with which it that has a strong trade relationship.

Table 1. Threat of sanctions.

	Bivariate model	Political model	Economic model	Political and economic model	Full model
Non-governmental organizations	0.105*** (0.010)	0.0829*** (0.016)	0.0723*** (0.011)	0.0766*** (0.016)	0.0743*** (0.017)
Human rights index		0.002 (0.022)		–0.008 (0.022)	–0.004 (0.022)
US alliance		0.280* (0.168)		0.251 (0.214)	0.540* (0.288)
Target polity		0.0335*** (0.008)		0.0280*** (0.008)	0.0286*** (0.009)
Target gross domestic product per capita			0.171*** (0.039)	0.126* (0.073)	0.120 (0.082)
US foreign aid			0.000 (0.000)	0.000 (0.000)	–0.00039* (0.000)
Dyad trade			0.0532*** (0.015)	0.0388* (0.023)	0.0381* (0.022)
Distance			0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
America					(0.349) (0.571)
Europe					0.459 (0.509)
Middle East					0.261 (0.504)
Africa					0.223 (0.479)
Asia					0.656 (0.493)
Constant	–1.896*** (0.069)	–1.856*** (0.145)	–3.241*** (0.319)	–3.074*** (0.627)	–2.867*** (0.792)
lnsig2u	–1.106***	–0.785***	–1.427***	–1.015***	–1.177***
_cons	(0.193)	(0.218)	(0.214)	(0.239)	(0.251)
N	5518	2855	5485	2840	2840

Note: standard errors in parentheses.
*$p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

In Table 2, we run the random-effects probit models using *Sanction implementation* as a dependent variable. All five models show robust support for the signaling effects of NGOs at the implementation stage. The probability of sanction imposition tends to increase significantly at the 1% level as the number of US-based NGO field operations increases. Our findings are consistent with those reported by Murdie and Peksen (2013), which show that the presence of human rights NGOs increases the likelihood of sanctions against repressive regimes. More often than not, socioeconomic conditions of the general population are the main focus of relief and development NGOs. It is not clear how strongly these NGOs would oppose sanctions that are likely to put serious economic strain on the target population. What is clear from our results is that opposition from NGOs – when sanctions are being contemplated – fails to constrain the US government's decision to

Table 2. Implementation of sanctions.

	Bivariate model	Political model	Economic model	Political and economic model	Full model
Non-governmental organizations	0.0750*** (0.011)	0.0529*** (0.016)	0.0548*** (0.011)	0.0474*** (0.016)	0.0443*** (0.016)
Human rights index		–0.0419* (0.024)		–0.0565** (0.023)	–0.0525** (0.023)
US alliance		0.167 (0.152)		0.041 (0.192)	0.189 (0.241)
Target polity		0.0384*** (0.010)		0.0298*** (0.010)	0.0293*** (0.010)
Target gross domestic product per capita			0.0881** (0.040)	0.115 (0.074)	0.107 (0.084)
US foreign aid			0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Dyad trade			0.0622*** (0.017)	0.0528** (0.025)	0.0493** (0.025)
Distance			0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
America					0.017 (0.535)
Europe					0.528 (0.492)
Middle East					0.318 (0.493)
Africa					0.324 (0.469)
Asia					0.637 (0.481)
Constant	–2.147*** (0.066)	–1.966*** (0.149)	–2.995*** (0.312)	–3.027*** (0.613)	–3.010*** (0.775)
lnsig2u	–1.939***	–1.453***	–2.717***	–1.974***	–2.254***
_cons	(0.295)	(0.326)	(0.485)	(0.450)	(0.524)
N	5518	2855	5485	2840	2840

Note: standard errors in parentheses.
*$p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

impose sanctions. Rather, the USA is in fact more likely to move ahead with sanctions when there are NGO field operations in the target state.

Among other control variables in Table 2 (Full model), human rights (*Human rights index*) and political regime of targets (*Target polity*) show a significant association with sanction implementation at the 5% level. Note that there is no significant association between human rights condition in the target country and sanction threats, as shown in Table 1. However, Table 2 shows that target states that have better human rights records are significantly less likely to be targeted by sanctions. In contrast, *Target polity* shows consistent patterns in both threat and implementation stages. The USA is more likely to threaten sanctions and actually impose sanctions against targets with more democratic institutions.

Figure 2. Predicted probability of sanction threat and implementation.

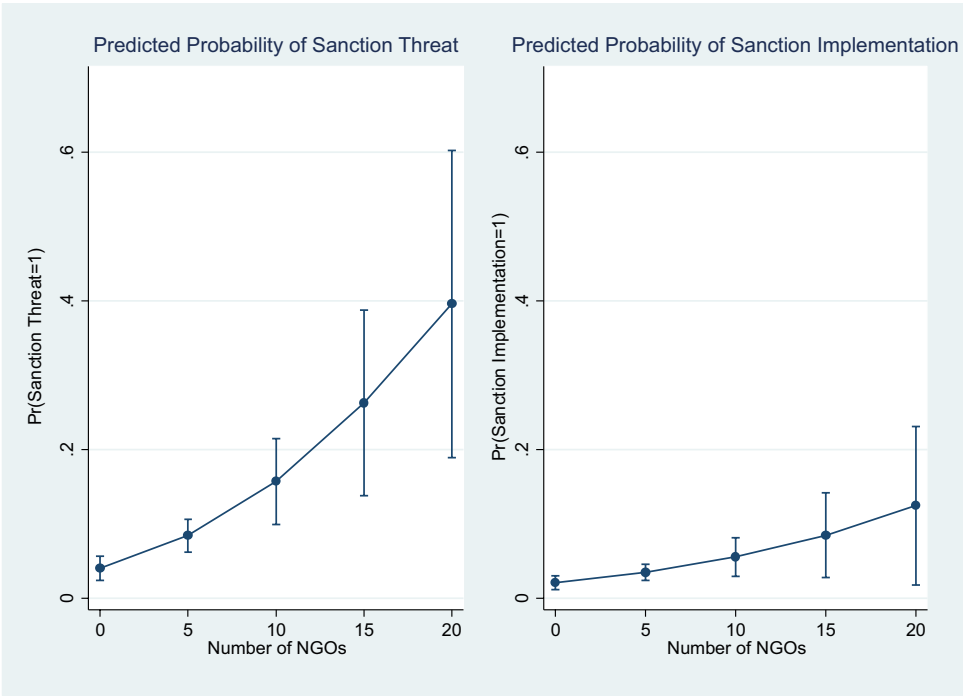


Figure 2 displays the predicted probabilities of sanction threat and implementation graphically by using the Full models in Tables 1 and 3. The predicted probability of sanction threat increases significantly as the number of NGO field operations increases. As the number of NGOs active in a target country increases from 0 to 20, the probability of sanction threats increases from 0.04 to 0.39. The less significant change is observed in the predicted probability of sanction implementation, as the right-hand panel in Figure 2 shows. When the number of NGOs increases from 0 to 20, the predicted probability of sanction imposition also increases, though only from 0.02 to 0.12. Both the left-hand and right-hand panels in Figure 2 demonstrate clearly the strong substantive support for the signaling effects hypothesis at both the threat stage and also the implementation stage.

Table 3 provides another set of empirical findings for the role of NGOs at the implementation stage using *Target costs* as a dependent variable. Since *Target costs* are an ordinal variable with the values of no, minor, major, and severe target costs, we adopt the random-effects ordered probit model. With the exception of the Economic model, all other models – Bivariate, Political, Economic and Political, and Full models – confirm that the magnitude of NGO operations in a target state exerts signaling effects rather than hostage effects on the sender's decision to use costly sanctions. That is, the number of US-based NGOs in a target country is positively and significantly associated with the costs of sanctions for that country. This finding sheds light on the willingness of the US government to initiate costly economic sanctions against target states where US-based NGOs are active. The presence of these NGOs is associated with high economic costs to targets as well as potentially high political costs to the US

Table 3. Target costs of sanctions.

	Bivariate model	Political model	Economic model	Political and economic model	Full model
Non-governmental organizations	0.0475*** (0.010)	0.0825*** (0.019)	–0.0250* (0.013)	0.0540*** (0.021)	0.0497** (0.021)
Human rights index		–0.150*** (0.025)		–0.154*** (0.026)	–0.155*** (0.026)
US alliance		0.521 (0.342)		0.898* (0.521)	1.040 (0.674)
Target polity		0.0318*** (0.009)		0.015 (0.010)	0.013 (0.010)
Target gross domestic product per capita			0.394*** (0.049)	0.839*** (0.129)	0.889*** (0.137)
US foreign aid			0.000 (0.000)	–0.000643** (0.000)	–0.000635* (0.000)
Dyad trade			0.018 (0.014)	–0.011 (0.021)	–0.009 (0.021)
Distance			0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
America					0.354 (1.444)
Europe					1.411 (1.315)
Middle East					–0.260 (1.249)
Africa					1.066 (1.198)
Asia					1.231 (1.238)
cut1	2.012***	1.792***	4.521***	8.163***	8.953***
_cons	(0.147)	(0.256)	(0.537)	(1.327)	(1.790)
cut2	2.826***	3.092***	5.358***	9.499***	10.29***
_cons	(0.152)	(0.265)	(0.540)	(1.334)	(1.794)
cut3	3.438***	3.883***	5.968***	10.30***	11.09***
_cons	(0.157)	(0.274)	(0.541)	(1.338)	(1.798)
sigma2_u	2.045***	3.558***	2.551***	4.277***	4.112***
_cons	(0.397)	(0.811)	(0.515)	(1.090)	(1.018)
N	5518	2855	5485	2840	2840

Note: standard errors in parentheses.
*$p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

government; these facts are consistent with the condition that NGOs function as a costly signaling device.

Table 4 reports the substantive effects of our empirical findings in Table 3. We calculate the predicted probability that a target country will incur no costs, minor costs, major costs, or severe costs because of sanctions from the US, controlling all other variables at their means. Table 4 shows that, as the number of NGOs increases from 0 to 20, the probability of sanctions imposing

Table 4. Predicted probability of target costs.

Number of non-governmental organizations' field operations	Predicted probability of sanctions with:			
	No target costs	Minor target costs	Major target costs	Severe target costs
0	0.9908	0.0091	0.0001	0.000003
5	0.9826	0.0171	0.0003	0.000011
10	0.9687	0.0306	0.0007	0.000032
15	0.9467	0.0517	0.0015	0.000088
20	0.9139	0.0826	0.0032	0.000229

minor costs on the target increases by eight times. In addition, as the number of NGOs increases from 0 to 20, the probability of major costs increases by about 30 times. Table 4 demonstrates that the presence of US-based NGOs tends to increase the probability that the target will suffer from major costs of sanctions; indeed, the likelihood of the target incurring major costs increases much more rapidly than the probability of the target incurring only minor costs. This finding implies that sender governments in general impose stronger sanctions when there are more sender-based NGOs present in the target country.

Conclusion

Do the activities of international development and relief NGOs affect the decision-making of sender governments regarding the use of economic sanctions? To shed light on the mechanisms through which NGOs might influence government policy, we first explored the interests of NGOs in the sanction threat and implementation stages to derive their behavioral expectations. Considering these interests, we explained the sender government's optimal responses in terms of whether the sender chooses to move ahead with sanctions and/or the threat of sanctions.

Our empirical results show that, when US-based NGOs are present in a target country, the more field operations they have, the greater the probability of the US government threatening sanctions. This finding indicates that NGOs are treated as a signaling device at the threat stage. In this situation, NGOs have a signaling effect, not a hostage effect, on the sender's behavior. At the imposition stage, we observe a similar dynamic. As NGO activities in target states increase, the likelihood of sanction imposition also increases. As predicted by the signaling hypothesis, the field operations of US-based NGOs in a target country do not dissuade the sender from imposing sanctions – they increase the likelihood of sanctions being imposed. We also demonstrate this pattern by showing that the economic costs of sanctions to the target increase as the number of US-based NGOs in the target country increases. These results imply that the presence of NGOs enables signaling effects when the US government implements sanctions.

Our study has a limitation that the test focuses exclusively on the relationship between just one sender state, the US, and US-based NGOs. In our defense, we point out that the USA has threatened and implemented more sanctions than any other country, and has done so as the home of many of the world's most influential NGOs. Moreover, we acknowledge a limitation that we cannot use our empirical findings to fully validate our theoretical mechanism that links the intention of US government and sanction decisions based on NGO presence. In future research, it would be helpful to focus on finding evidence and identifying conditions that the US government uses NGOs strategically for their credibility purposes.

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Notes

1. See the UN Department of Economic and Social Affairs NGO branch (http://csonet.org/index.php?menu=14)
2. See the Union of International Associations (http://www.uia.org/)
3. See World Factbook (https://www.cia.gov/library/publications/the-world-factbook/)
4. Murdie and Peksen (2013) focus on human rights international non-governmental organizations (NGOs), analyzing their impact on the initiation of economic sanctions, and showing that activities of human rights NGOs increase the likelihood of sanctions against repressive regimes.
5. Examples of preemptive bargaining against foreign polices abound in American politics from "lobbying legislators before a sanctions-related bill comes up for a vote to amicus curiae briefs submitted to courts." (We express our gratitude to an anonymous reviewer for suggesting this comment.)
6. See the report (Iraq Sanctions: Humanitarian Implications and Options for the Future) at Global Policy Forum (www.globalpolicy.org); see also the statement by Save the Children against Iraq sanctions (http://www.casi.org.uk/info/savechildren/scf020510stat.pdf).
7. Whereas the largest non-governmental organizations had revenue in the range of $700 million in 2012, a multinational corporation (MNC) such as Microsoft had revenue of over $86 billion in 2014. Not surprisingly, sender governments tend to give serious consideration to the interests of MNCs when designing sanctions. For detailed evidence, see Rodman (2001).
8. A number of studies in international relations have used the theory of costly signaling to explain phenomena such as the decision to intervene militarily despite expected opposition from domestic actors or institutional constraints. Schultz (1999) argues, for example, "[D]emocratic governments are better able to reveal their true preferences in a crisis. Relative to non-democracies, they are less likely to engage in bluffing behavior, meaning that the threats they do make are more likely to be genuine. As a result, the target of a threat made by a democracy should be less inclined to resist or further escalate the crisis."
9. Even though two major datasets cover the period 1960–2005, other control variables have datasets covering a shorter time period. For example, when we include human rights index, our temporal domain is only from 1981 to 2005.
10. We also run the same models using a fixed-effects logit, and our main findings remain robust to the fixed-effects logit model. We decided to run the models of threat and imposition stages separately as opposed to using two-stage models such as the Heckman probit model of sample selection. When we run the Heckman probit model, we find that the correlation parameter (ρ) between errors of threat and imposition equations is close to negative one and fails to pass the conventional level of statistical significance. Moreover, certain observations are excluded from the analysis in cases where, for example, sanctions are imposed without threats.
11. We run models with and without a human rights index and report results only with a human rights index. In addition, models are run with logged US foreign aid due to the skewed nature of US foreign aid. The empirical results are not significantly different except the change of coefficients. Moreover, we also see whether non-governmental organizations (NGOs) have the same effect when they are in countries that already have existing sanctions. When we introduce a control variable for ongoing sanctions in target countries, NGOs still have the same effects on the threat and implementation of sanctions.

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