

assassination in 1961.²

The lesson here is that noneconomic factors have an impact on the overall effectiveness of economic sanctions, and that a given set of hypothetical measures that impose the same economic costs on two different countries would be unlikely to have the same impact. Nationalism, religion, and race or ethnic pride or some sense of historic grievance may all come into play. If sanctions contribute to strengthening a "them" versus "us" mentality in a target country, they can be strongly counterproductive, although perhaps still necessary as a demonstration to other potential rogue states that the international community is prepared to take a stand. Nonetheless, when faced with an immediate, specific case, policy makers will want to weigh carefully the important non-economic as well as the economic factors that will all have a critical impact on the effectiveness of sanctions. The calculus involved is invariably complex and prone to error.

Effects of Sanctions on the Sanctioner Country

A country's use of sanctions has an impact on that same country's domestic economy. On the import side, firms in sanctioner countries may be denied vital inputs or be required to seek alternative suppliers at some additional expense. On the export side, firms in the country applying sanctions may experience significant losses when their normal commercial operations are interrupted. Of equal importance to the immediate loss of sales, unless the sanctions are imposed pursuant to a broadly supported international consensus, is the damage to a firm's reputation as a reliable supplier. The economic cost of sanctions could linger long after the sanctions are removed. In Canada, the Special Economic Measures Act allows for applications for compensation by affected parties in Canada to be considered, but there is no legal obligation for the government to grant compensation.³

The withdrawal or reduction of aid flows by a sanctioner would likely impose the smallest domestic cost. Reductions in flows to a target country could be distributed to other aid recipients or the aggregate level of aid could be reduced. This said, the longer term effect, a relatively slower growth in the target country, may not be in the sanctioner's best political and economic interest. Moreover, if aid is linked, officially or unofficially, to domestic suppliers in the sanctioning country and this aid

²See Jean Prévost,, "For Effective and Appropriate Sanctions", Policy Staff Paper No. 93/04, Department of Foreign Affairs and International Trade, March 1993. pp. 13-5.

³Jean Prévost, "For Effective and Appropriate Sanctions", p.6 and Appendix II.