On Economic Sanctions and Democracy

The function of economic sanctions as a tool to promote democratic development

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Abstract

The purpose of this paper is to examine if economic sanctions is a useful tool to promote the democratic development of a state. I am interested in exploring the effectiveness of the most common reasons for implementing sanctions; to change specific behavior incompatible with democracy or to incur regime transformation. In order to examine this, we look at the intent of implementing economic sanctions, how democratic development is measured, and the importance of human rights as a part of a democratic state. By applying these findings on opposing versions of modernization theory, I find measurable economic data that I can look at in connection with two case studies. The episodes chosen for the case studies are current sanctions being leveled against the Islamic Republic of Iran, and Myanmar. In the case studies themselves, I discover that Iran and Myanmar are very different in both the intentions behind their autocratic regimes, and the results of the sanctions against them. In examining the economic effects, I find it difficult to find data for both cases, and I fail to locate parts of the economic data I intended to look at. In the end, I conclude that while economic sanctions can have some impact on specific goals and the foundation for support of democracy, they are unlikely to be the deciding factor in democratic development.

Word count: 15 789
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Chapter 1 - Introduction

Democratization and the protection of human rights has long been an ideological goal of the dominant western powers of the world, and it has occasionally been used as a pretext for military intervention of various kinds, for example invasions or strategic airstrikes. Using violence to achieve supposedly peaceful goals can be an expensive venture, both in terms of resources and political capital. Democratizing a foreign sovereign state might not even be the invading power’s primary interest, it might just be an expedient way to address domestic challenges to political legitimacy. If the goal is more selfish or not worth the pain associated with using military force, then politicians need a different tool set to accomplish their objective. Diplomacy is not always a sufficiently effective tool, especially when the domestic caucus does not always understand the intricate language and customs of the diplomatic discourse. It is in these situations, when an actor, be it a state or an some supranational organization, wants to send a clear message to both the target state and its home constituency, or it wants to try to change the behavior of a misbehaving regime, that economic sanctions becomes a viable option.

Economic sanctions can take different forms and be designed to achieve different objectives, but the purpose is the same; to be a middle ground between pure diplomacy and military action. As such it may not seem especially controversial, to a student of western political discourse, to use the tool against abusers of both the democratic order and the value of human rights. However, are economic sanctions actually effective as a method towards democratization? Academics have addressed issues concerning how economic sanctions are supposed to work, and indeed if they do work.\(^1\) The focus has been on the general success of sanctions. Less research has been done on how economic sanctions can actually affect democratic development in a target state.

In this essay I wish to address this issue and contribute to the much needed research in this area. Thus the question of this thesis is quite simply:

*Can economic sanctions affect democratic development?*

In order to answer this question we will examine the theoretical arguments for why economic sanctions might have a positive or negative impact on the evolution of democracy in more or

\(^1\) Works on the success of economic sanctions include the seminal Economic Sanctions Reconsidered by Hufbauer et al. and Power and the Purse: Economic statecraft, Interdependence and National Security by Blanchard et al.
less authoritarian states. In addition to simply judging democracy, focus will also be on how these sanctions impact human rights. Sanctions are often justified in their infancy as a reaction to human rights violation, and the bond between democracy and the respect for human rights is strong in the international community. A state may have a healthy respect for human rights without democracy, but a democracy cannot disrespect human rights if it expects to survive or gain the approval of its international peers. This connection will be further explained in the second chapter. Because of the economic specificity of the sanctions, a case will also be made for the connection between economic development and democratization.

I will also use case studies to test the theories on real world examples of economic sanctions. The aim is not to conclusively decide the debate for one side or the other, but rather to examine if economic sanctions should even be considered an appropriate tool in the quest for ‘forced’ democratization.

Methodology

The purpose of this paper is to examine how economic sanctions can affect democracy and human rights, both in practice and in theory. The methodology chosen is a plausibility case study approach,\(^2\)\(^3\) with emphasis on the case studies, divided into three parts. The first part establishes the basic premise of economic sanctions and democracy, the second part connects this with economic development, and in the final part the case studies test the plausibility of this affecting the parameters important for democratic development and human rights.

**First**, in order to determine what economic sanctions should do, we will examine the theoretical framework that surrounds economic sanctions in international relations. What is the purpose of economic sanctions? How are they designed and why do states choose this tool? In this part we will also look at the important relationship between democracy and human rights.

**Second**, because we are dealing with measures meant to affect the economic climate in the target state, we must look at theoretical connections between economic conditions and democratic stability/emergence. This work will focus on two views of the same basic premise,

\(^2\) A plausibility-type approach is useful in order to see if there is any potential truth to a hypotheses before committing to more extensive theory testing research requiring more cases.

\(^3\) George & Bennet (2005) p. 75
that economic development is very important for the existence of a democratic state, so called modernization theory.

**Third** and final part of the approach consists of two extensive case studies. The purpose of these are to examine how reality lines up with the theory behind economic sanctions, and determine if either view of modernization theory holds true. As such, the development of the sanctions and the events they are meant to impact are examined in great historical detail. The economic aspects relevant to the second part are also examined and analyzed.

The case studies are selected not on their commonalities, but rather their differences. Since the idea is not to find truths, something very hard and time-consuming to do in international politics, but rather to try to see if there is any potential validity to the theories presented, selecting very different cases enables us to cover more ground. It also allows us to look at alternative explanations for the different outcomes. Because of the specificity of sanctions as the deciding factor, choosing heterogenic cases enables us to see how sanctions were applied under different conditions, and whether or not the intended effects came true.

It would have been preferable to include a fourth part with a statistical analysis that examines all relevant sanction cases from 1914 onwards in order to attempt to unearth statistical truths. In order to limit myself to a realistic workload, this had to be excluded.

**Resources**

Due to the broad approach of this paper, both in time and data, direct data-gathering from primary sources is neither practical nor necessary. Academic papers and publications offer a good basis for the theories and facts used to support the choices made for the analysis, while news-sources provide a historical record. Primary sources, in the form of official transcripts and legislation, will see limited use in primarily the case studies.

This paper relies heavily on previous research by established academics and sources the main data set used from one of the more seminal works on the topic; *Economic Sanctions Reconsidered* (ESR) by Gary Clyde Hufbauer, Jeffrey J. Schott, Kimberly Ann Elliot, and Barbara Oegg. This book is cited by several academic papers and opinion pieces used, and should be viewed as essential reading for anyone further interested in the history and

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4George & Bennet (2005) pp. 24-25
5Haas (1997) p.76
effectiveness of economic sanctions. The comprehensive data on economic sanctions (hereby referred to as simply ESR or ESR data) gathered by these scholars is used in many academic papers as a main source and is present here either as a direct source or a jumping off point for further research. Information gained from ESR will be source checked when possible, unfortunately some of the sources cited are either hard to track down or difficult to access. This is especially true for the case studies where decade old articles are cited in newspapers that either do not exist anymore, or hide their archives behind paywalls. When appropriate or necessary, ESR will be cited directly. Furthermore, ESR was published in 2007 and is limited in scope to 1914 to 2006, as such, any data beyond 2006 is always independently researched.

While such heavy use of one academic source can be considered unfortunate and raise the question of the point of this thesis, it should be made clear that this book has a general approach to the effectiveness of economic sanctions, while this paper focuses on one aspect only; democratic development. It is only natural to source many of the basic premises and facts from this source, the aim being to expand on what has already been written and introduce potentially new ways of thinking that may been discussed elsewhere in different contexts.

Two main sources of support for ideas concerning what happened inside the studied countries, and the reasons behind this, are western news media and ForeignPolicy.com (FP). While the use of a western general news source such as the Washington Post is arguably difficult from a neutrality perspective, the point is not to gain indisputable facts or base any large arguments solely on this source, but rather use journalistic articles to provide a general perspective from western media. A news source is also a good historical record of different types of events and decisions made, giving research a good starting point hard to achieve when looking at focused databases. It should be noted that easy access to some sources has been revoked during the writing of this paper, as such some sources may disappear completely during different parts of this paper.

The reason FP is listed separately from the news sources is because it is an outlet for many political commentators, with strong opinions coloring the facts. As such FP is used less for facts and more as a tool to find possible explanations for certain events and behavior.

In order to try to determine the effects on democratic development and human rights in the case studies, we need to use different datasets as means to discover change in behavior. The case studies will largely be examinations of the history and development of core aspects
relevant to democratic development and economic sanctions, but they will also feature a
discussion about the relationship between the following datasets and the variations in
sanctions.

The following section lists the selections of data and the rationale behind them. Also included
is the formula for converting these different types of data into a 0-10 scale so that comparison
between different data and historical change can more easily be visualized.

**Democratic indexes**

This type of index is a popular reference point in discussions about democratic states,
and their merits are rarely questioned other than in essays specifically critiquing their
methodologies. The actual measure of whether or not a country is politically free is an
important starting point, but the scale showing changes in perceived freedom is more useful in
a time-scale context relative to the imposition of sanctions. However, relying on just one
scale, the more commonly known work of Freedom House or the academic favorite Polity, is
problematic. Different methodologies result in different assessment of events, and thus
differences in how the score changes over time. In order to draw any reliable conclusions as to
the effects of certain events on perceived democratic freedom, both indexes will be used.

**Freedom in the World – Freedomhouse.org (FH) Political Freedom and Civil Liberties**

Arguably the most well-known and cited report on democratic freedom in the world,
the historical data is invaluable as a judgment of general trends. Although essential, this report
is sometimes criticized as being less than objective, and rather blunt. This paper will use both
the scores for political rights as well as civil liberties. The data goes back to 1972 and thus
completely covers both our case studies. The data for each year is actually an assessment of
the freedom in the previous year, but it is presented in the year it was reported in this paper.
Since the scores used already fits nicely in our 0-10 scale, no adaption formula is needed.

**Polity IV**

This index is often used in academia and ESR use Polity II to determine the state of
the target country at the start of the sanctions episode. This paper will instead use the updated
Polity IV to examine the democratic development throughout the episode. This index has data
stretching back to 1800 and will thus easily cover the range of our ESR data (1914-2006), as

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well as update it to 2011. Converted to our scale through (Polity IV score+10/20*10). Scores of -66, -77, or -88, showing different types of political upheaval, will not be counted and show as a gap in the data.

Liberties

While the FH index includes scores for both political and civil liberties, these do not differ much from year to year and it can be hard to see any immediate effect from sanctions. The data in these indexes is rawer and varies considerably over time. The drawback is that the data available only goes back about a decade, thus limiting the historical usefulness. However, in both our case studies major events has transpired during the last decade and the records are invaluable to view reactions.

Press Freedom Index – Reporters sans Frontiers (RSF)

Democracy and press liberty are closely linked through basic human rights, and the RSF index of press freedom shows the perceived threat to press freedom for journalists. The index is quite young, only beginning in 2002, and is thus quite limited. It is still useful since both our cases are ongoing and recent changes in primarily Myanmar might show up here. However, the data in the index is less than ideal since the way the countries are scored changes between years and the number of countries in the index increases. In order to produce useful data, the relative position of the country in relation to all the other countries will be used to show improvement or deterioration. The formula used is this, (country ranking / total number of countries that year * 10), gives us a number between 0 and 10 which can be used in our time comparison of data.

Imprisoned Journalists - Committee to Protect Journalists (CPJ)

As a compliment to the RSF index, the number of journalists imprisoned should give a good indicator or variations in repression of freedom of the press. Regimes that choose to

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7 Article 19 of the Universal Declaration of Human Rights: “Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.”

8 While the Republic of the Union of Myanmar is known to many by its former name, Burma, as not to take any political stance this paper will use the official short name of Myanmar only. Exception occurs when Burma is used as a title in a referenced document or in a quote. In those instances it will be assumed that the reader knows that Burma and Myanmar is the same entity.
increase pressure of the opposition often imprison journalists as a method to silence the questioning of authority. This data from CPJ is also quite recent, 2000–2012, but should again give us a good indication of any progress made in the last decade. Converted to our scale through (number of imprisoned / highest number for the measured period * 10).

**Economic development**

Economic sanctions must of course have some sort of economic impact on the target state. I will use GDP as the basis for economic development, with GDP per capita and GDP annual growth rate as the two primary indicators. The difficulty here is that countries under economic sanctions for violating human rights and for having questionable leadership are not prioritizing reporting financial data, and thus are not the easiest for researchers to examine. As such, our GDP per Capita data is sourced from the UN Statistics Division (UNSD), and comes in the form of estimations based on facts and assumptions. The UNSD numbers differ slightly from those provided by the World Bank and I have been unable to account for the discrepancies. However, the World Bank GDP per Capita data is only comprehensive from 1993 onwards in the case of Iran, and non-existent for Myanmar, thus forcing reliance on the UNSD figures.

As for GDP growth rates, the World Bank does provide complete data from 10 years before the start of our sanctions episodes, up until 2010 for Iran and 2004 for Myanmar. It is not entirely clear how the World Bank can provide GDP growth rates but no other GDP figures, this is especially true for Myanmar. However, in the absence of growth rates from UNSD, the World Bank numbers will be used.

**Delimitation**

In focusing on sanctions, we are already excluding the other tools available in international relations. Sanctions in itself is a huge area in the international politics toolkit, and by pushing arms, diplomatic and other types of sanctions aside, we can focus on the economic aspect. However, this is still much too wide for a short thesis paper since all pages

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9 The official name for Iran is the Islamic Republic of Iran. The official full name will be used occasionally, but in general simply Iran is sufficient in text. In the case studies, Iran sees its full name while Myanmar does not, this is because in datasets and documents from the UN and other IGOs, Iran is almost always referred to as the Islamic Republic of Iran, while Myanmar never sees the use of its long-form.
could be spent examining the impact on the sender country or the success-rate compared to other tools.

In order to avoid the time consuming task of examining the reasoning for every sender state, the paper will instead primarily focus on the intents of the United States (US). The fact is that the US stands behind most sanctions in the world, and in the cases where other major players take part, the US usually leads. Some attention will be paid to what the other senders do, but there will be no deeper examination of their motives.

In the third chapter, the focus is on explaining the connection between economic and democratic development. Other theories go deeper and argue that there are reasons within economic development, such as education or health, which are key to the rise of a democratic state. It is not possible to examine all those aspects in a timely manner. For this paper, I will not go deeper to look for alternative explanations. Lengthy explanations of basic elements within modernization theory will also be kept to a minimum.

In choosing only two sanctions episodes to do case studies on, I can increase the usefulness of the plausibility approach by greatly widening the scope and increase the resolution of the cases. While more cases would increase the deductive certainty, the quality of those cases would have dropped, thus the risk of missing important data would increase. Only once the vital parts of the case studies have been identified can we afford to lower the ambitions of the individual studies and expand the numbers in a potential future theory testing study.

Normally a paper of this type would only examine closed cases or limited parts of history. However, the nature of both the chosen cases prevents me from setting a hard final date. I think it would be a disservice to the end results to ignore the very latest developments, especially when such significant and relevant events occur almost weekly.

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10 Hufbauer et a. (2007) p. 66
Chapter 2 - Theory of sanctions and democracy

What are economic sanctions?

A part of the international relations toolkit for both states and international organizations, sanctions of various kinds have been around for as long as trade between states filled voids in national production and resources. Thousands of years ago ancient Greece saw the use of economic sanctions between Athens and Megara.\textsuperscript{11} Sanctions can be a part of open warfare, such as the allied sanctions of the axis powers during World War II, but they are more likely to be a tool used when going to war, or diplomacy, is not an option. The degree of sanctions differ mostly on what is blocked from being exported to or imported from the target country. Depending on the end goal, an actor can choose different more or less acceptable sanctions. Choosing not to sell or import weapons to or from certain states that you disagree with is neither uncommon nor especially controversial and arms sales are not usually seen as a form of economic sanctions, no matter how important the military industry is to the domestic economy. The questioned effectiveness of arms blockades and the large sums of money involved in arms trafficking are just some of the issues one has to deal with when implementing this type of sanctioning.\textsuperscript{12}

When one moves from only arms to goods that can be used to support a war machine the gray area widens. Oil and steel are essential to modern warfare, but also important to any modern civilian society. When targeting essentials such as food or the export industry that supplies the state with hard currency, the affected tend to move from mostly the government to the larger population. What an actor choose to sanction generally depends on the characteristics of the target country. If the regime is totalitarian and disassociated from the masses, then targeted sanctions with visa bans and assets freeze measures can be a potentially useful tool to change the minds of the decision makers without affecting the general population.\textsuperscript{13} When this does not work, one can expand sanctions to involve goods and services vital to the general economy. In the case of US sanctions against Iran, oil export from the target country has been heavily targeted, causing severe instability of currency and unrest in the country.\textsuperscript{14}

\textsuperscript{11} Hufbauer et al. (2007) table 1A.2 p. 39
\textsuperscript{12} Hufbauer et al. (2007) p. 139-140
\textsuperscript{13} Hufbauer et al. (2007) p. 138
\textsuperscript{14} CNN.com (2012, October 4) “Riot police swarm anti-Ahmadinejad protesters in fury over currency”
Besides targeting actual existing goods and assets, sender countries can choose to withhold aid, oppose international aid or loans, or discourage foreign direct investment, thus reducing the capital inflow to the state. These measures can be just as deadly as sanctions on goods, especially if the target country is poor and dependent on foreign aid.

**The intent of sanctions**

Sanctions are often used as a low risk way to send a message of disapproval of certain actions, but the actual idea of how sanctions will cause change has a few different paths. Modern sanctions tend to start with targeted actions meant to put pressure on the regime rather than the people, the hope is that the leaders will see that it is in their own interest to change their behavior without harming the population. These used to be part of more comprehensive policies, but has recently gained popularity as “smart sanctions” intended to lessen the impact on ordinary citizens.

If targeting the leadership fails, then widening the sanctions to affect ordinary citizens is a classic, albeit dangerous, move that appears to fly in the face of modernization theory, as discussed in the third chapter. The purpose is to worsen the lives of ordinary citizens in order to provoke an uprising that will lead to the desired changes. One does not need to know much about people to see the difficulty in this approach. The sender state assumes that when the people revolt, and what will arise will be better than what stood before. Revolution does not equal democracy, certainly not when religion or ethnic tensions are involved. Aside from this problem, there is a difficulty in how to balance worsening the economy of the target state versus the well-being of its citizens. A starving population might be angry, but it is hardly a strong force of change, especially if the government keeps them isolated, as in North Korea, or blames foreign forces. If you push people to the brink of starvation, they are more concerned with surviving than gaining civil liberties.

Another problem is that the reaction of the state is hard to predict. A state has essentially four options, four paths to stability, in a situation like this; crush the uprising with force, redirect

15 Hufbauer et al. (2007) p. 96
16 Hufbauer et al. (2007) p. 101
17 Hufbauer et al. (2007) p. 138
18 CNN.com (2012, October 4) “Riot police swarm anti-Ahmadinejad protesters in fury over currency”
19 Blanchard et al. (1998) p. 223
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funds to improve the daily lives and calm the masses, make actual or symbolic changes, or rally the angry masses against the foreign aggressors.20

While the second option can be useful to soothe unrest in a rich but autocratic state, the same option becomes more difficult if the financial resources of the state is weakened by economic sanctions. In recent years, some of the events during the Arab spring has demonstrated different approaches to this basic problem. Although the economic hardship in the Arab world was not caused by sanctions, the very real situation of large angry masses of relatively poor citizens earned approaches like the first,21 second22, and third23 option; promises of improvements in democracy and civil liberties mixed with massive spending on the poor masses. The fourth option is not really available in cases where there is no clear external opponent to rally against. Moving from the Arab world, Iran has seen recent unrest caused by falling economic fortunes due to economic sanctions.24 The extent to which the regime has used different tactics to deal with this, and how those tactics differ from the assault on protesters after the 2009 elections, will be examined closer in the case study of Iran.

The intent of states

It is very difficult to determine the true intents of state actors, quite often what is said publicly is very different from what is desired in private. Without a regular leak of diplomatic cables, the insight into true intentions is often left to guesswork.25 True intentions and absolute facts are very hard to come by in political science and especially in the dynamic field of international relations, instead the bigger picture and the apparent effects of decisions and actions are what lead academics to educated guesses. As a result of the inherit guesswork in intentions, this paper is more interested in trying to find and determine the actual effects of policy decisions, whether or not those decisions were made with true intent or not.

While it is evident that the United States has a predisposition towards encouraging the development of democratic institutions in countries they determine to be ideological opponents, it is rarely the openly stated objective; The United States would surely not take

20Hufbauer et al. (2007) p. 146
21Reuters.com (2011, March 15) “Bahrain declares state of emergency after unrest”
22Aljazeera.com (2011, February 23) “Saudi King announces new benefits”
23Bloomberg.com (2011, February 1) “Jordan’s Prime Minister Rifai resigns; King asks Bakhit to form government”
24CNN.com (2012, October 4) “Riot police swarm anti-Ahmadinejad protesters in fury over currency”
25ForeignPolicy.com (2011, January 25) “Whispering at Autocrats”
kindly to suggestions or even pressure to change its core principles, as would any nation. A major deterrent is also the risk of jeopardizing any economic relationship.

Sometimes the desires of a nation is spelled out in failed legislation or by periphery members of the government, and by looking at this and reading between the lines of the actions, one can draw an educated guess as to what the desired outcome is. If there is one thing the leaked diplomatic cables of 2010 showed those interested, it is that while officials might not publicly acknowledge obvious issue within states they are stationed in, they are very much aware of them.  

**Practical problems with sanctions**

Economic sanctions have two different purposes that places important requirements on the sender states. The first one is a purely political aim, either domestic or international. Threatening or imposing economic sanctions on a state can be a useful tool for politicians to show that they are doing something, without resorting to actually risking anything, marking a stance of disapproval can be beneficial in election times or as a way to show international allies that you care. This tool is fairly low-risk if the economic ties between sender and target state are relatively limited and thus the loss in trade low.

The risk of using sanctions for domestic purposes increase if your country happens to also fit under the conditions for the second use of economic sanctions; real change. To impose real change a state has to wield significant economic power over another state. The amount of trade has to be sufficient enough to affect the target, or the sender must control one important commodity. By denying access, the target either has to adapt, change, or perish. This can be achieved either through severing direct economic ties, or by influencing other states that hold significant ties to stop trading. The sender state also has to have an economy powerful enough to not suffer as greatly as the target country. These conditions, a flexible resilient economy with power over a significant part of the target’s exports or imports, means that very few states or intergovernmental organizations (IGOs) in the world can ever hope to use economic sanctions for anything but symbolic purposes. Following this, it is not surprising that the

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26ForeignPolicy.com (2011, January 25) “Whispering at Autocrats”
27Hufbauer et al. (2007) p. 89-90
United States is the common denominator in more than sixty percent of economic sanctions cases since World War I.\(^{28}\)

However, as powerful as the United States is, there are plenty of significant players in the world who would not hesitate to take advantage of the opening in the market left by the sanctions. One of the biggest problems with sanctions is the need for cooperation of other actors.\(^{29}\) The fifty year old sanctions against Cuba had a lessened effect during the existence of the Soviet Union, as it covered the loss in resources and export market caused by the United States, and when the Soviet Union collapsed in 1991, Cuba started suffering even as other smaller nations continued or started supporting the regime.\(^{30}\) In the same way, the sanctions against Iran did not affect the economy until the United States gained full support from the larger markets in blocking oil export. Both cases highlight the difficulty in creating a useful sanctions episode without cooperation from other major players.

**Can you measure democratic development?**

This question is essential to this thesis. If we are unable to identify methods of measuring democratic development, then the answer to the thesis question is wholly uneducated guesswork. The most straight forward way to argue this is to clearly define what democracy is and outline essential characteristics of the kind of democracy this paper aims to measure. If we simply mean democracy as elections, then the only data we need to know is whether or not a state holds elections. The nature of these elections or the extent to which they change the leadership of the government is irrelevant at this level. If, however, we define democracy as fair elections that has the potential to change the true power in the government, then several measurable parameters surface. This definition is more useful but hardly representative of the aim of western liberal democracies such as the United States, the main user of economic sanctions for apparent democratic purposes.\(^{31}\) Liberal democracies expect democracy to mean liberal democracy, with not only free and fair elections, but also freedom of speech, press, dissent, and association. This paper aims to use liberal democracy as the goal to which the extent of democratic development can be measured. This gives us a wide array of data-points of both measurable facts, and useful data derived from educated opinions. By

\(^{28}\)Hufbauer et al. (2007) p. 17  
\(^{30}\)Hufbauer et al. (2007) p. 146  
\(^{31}\) Hufbauer et a. (2007) p. 66
gathering this data we can reach a more educated conclusion as to the realities of democratic development as well as a reasonable guess as to the correlation with economic sanctions.

**Human rights and the relationship with democracy**

Human rights are almost always mentioned, sometimes almost as a byline, when states declare sanctions. Before the 1990s, human rights was a common stated reason for sanctions and democracy was very rarely demanded without it. However, as the meaning of democracy evolved from merely free and fair elections, it became synonymous with liberal democracy. As such, human rights is seen as an inescapable part of a demand for democracy. The call for human rights is still strong but calling for democracy is often seen as including respect for human rights. In Article 21(3) of the Universal Declaration of Human Rights, the United Nations establishes free and fair elections as an essential part of modern human rights:

“The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.”

Because economic sanctions for democracy almost always calls for human rights improvements as well, and because a modern democracy cannot justify its existence without human rights, looking at freedom of expression, tolerance for political opponents, freedom of press and information, equal rights for minorities, is essential to our case studies.

**Chapter 3 - Theory of economics and democracy**

The purpose of this chapter is to look at how economic conditions can be connected to democracy development. The chosen perspectives are two competing views on modernization theory, each claiming different reasons to why economic development appears to fit with the rise and persistence of democracies.

The question we must ask is: how would economic sanctions impact the requirements for democracy development outlined in the theory?

This will identify key variables that I will try to examine in our case studies, with the purpose to see if the proposed impact actually occurs, possibly lending more credit to one theory or the other.
Modernization theory / Exogenous democratization

Modernization theory touches on one of the cornerstone as to how economic sanctions are supposed to work; economic development. The basic premise of the theory, a claim that has been empirically proven in numerous studies and is closely linked with the work of Seymour Martin Lipset, is that economic development and democracy go hand in hand.

What is less obvious to scholars is whether economic development is a factor in creating democracy, or just important for sustaining it. Adam Przeworski and Fernando Limongi posits that modernization theory should not be called modernization theory, because it appears that economic development does not actually produce democracies, but rather increases the chances of its survival once it has emerged.\(^{32}\)

What is the actual link between development and democracy? Przeworski et al. suggests\(^{33}\) that as countries get richer, the distribution of wealth in a democratic society causes everyone to gain, in a system where there is more money to go around, people have less incentive to try to grab it all for themselves. A poor state may struggle to satisfy everyone, and thus the advantage in gaining total control over the economic output is greater. The difference between rich and poor states is also in the cost of authoritarian revolution. The low development in a poor country means that there is not much to lose in an armed conflict, and what is lost is relatively cheap to rebuild, while in a prosperous nation, the cost of destruction and rebuilding is much higher and time consuming, thus further lessening the gain to be had from a power-grab. Therefore, if a state has achieved democracy, it is less likely to change into authoritarianism, while the unfair distribution of wealth under an authoritarian regime leaves little incentive for people not to change the status quo.

Because a bad economy is bad for democratic development, it would appear that economic sanctions has its purpose in being the trigger. If people are used to a certain standard of living, and the economy suddenly worsens, then people might decide they need a new regime.

While economic sanctions might trigger democratic development in economies of various strength, it seems that the democracies would only persist if the economy is strong enough.

From that perspective, sanctioning beyond the leadership would only make sense if the target

\(^{32}\)Przeworski & Limongi (1997) p. 159

\(^{33}\)Przeworski & Limongi (1997) pp. 165 - 166
state is sufficiently developed. There is of course no guarantee that any level of economic development would successfully support a democratic regime and keep it going through elections and the emergence of new political leadership, but Przeworski and Limongi lists a GDP per Capita of US$8425 as the threshold where the probability of a regime being democratic at any given time is above 0.5.\(^{34}\)\(^{35}\) Thus from the perspective of exogenous modernization theory, the aspect we need to look at in our case studies is whether or not economic sanctions impact the economic development of the target state to the point of affecting the odds of a persistent democratic regime.

**Modernization theory / Endogenous democratization**

This theory is a critique of exogenous modernization theory, and argues that the link between economics and democracy is different than the one proposed by Przeworski. While Przeworski argues that economics is important to the perseverance of democracies, it is not a factor in creating them in the first place. Carles Boix disagrees with this conclusion. Instead the claim is that economics breed different regimes depending on primarily two factors; income inequality, and capital mobility.

According to Boix, in his 2003 book *Democracy and Redistribution*, a country where the income inequality is low faces a higher probability of developing democracy.\(^{36}\) If the regime of a low inequality country is authoritarian, then the fairly low tension and low risk of diminished assets give the rulers less reason to try to cling to power. The gain to be had by fighting is simply not worth it, and the risk of giving up total rule is low enough to be considered. On the other hand, if the middle class is large and wealthy enough, then they may not see any reason to demand democracy since their need for redistribution is low.\(^{37}\)

Depending on the situation in the country, low inequality can either increase or not affect the probability of a democratic government. If however the income inequality is high, then the tension between the lower class and the more well-off people is more intense, and the desire for the poor to tax the rich is palpable. If the regime is authoritarian, then it risk losing more by giving up the rule peacefully, giving a strong regime a low probability of transformation. If

\(^{34}\)The 1997 research use 1985 USD, it has been converted to 2010 USD. 0.5 indicates a score on a probability scale of 0 – 1, where 0 is very unlikely and 1 is certain.

\(^{35}\)Przeworski & Limongi (1997) pp. 159 - 160

\(^{36}\)Boix (2003) p. 3

however the regime is democratic, then the risk that the next elected leaders would choose not to surrender their position at the end of their term increases. Thus high income inequality increases the probability of authoritarian regimes, but also the instability of that regime.

The second important factor is capital mobility, how easy it is to move the assets in and out of the country. In a state that has most of its assets tied up in immobile natural resources, such as oil producing states, the elite controlling those assets has little chance of escaping any negative effects of a democratic society, especially if sanctions are limiting their ability to transform those resources into capital. If the capital cannot be moved, then it would have to face stronger taxation or even risk losing assets when the poorer masses gain power in a democracy, leaving little reason for the rulers to adopt democracy. If the capital can easily move in and out of a country, then the risk to accumulated wealth is lower and the cost of democratization could reach acceptable levels. The rich could simply move their money out of the country and not bring it back until what they considered fair taxation was in place. Simply put, the more there is to lose for the elite, the less likely the state is to become, or remain, a democracy. With high income inequality and low capital mobility creating the least incentive for democratization, these conditions should be avoided by those intent of democratizing a state.

If we apply this to economic sanctions, then targeting the elite's ability to move capital, a popular starting point for modern sanctions, would appear to be detrimental to democracy development. I would argue that it depends on the existing conditions in the state. Sanctioning the leaders of a state with low capital mobility would probably not have a huge effect on the democracy ambitions of the regime. Freezing foreign assets or limiting currency movement may provoke the leadership, but it would be unlikely to be seen as a good reason to change since the assets are already hard to move. Even if the state has high capital mobility, the effects of limiting them seem dubious at best. The artificial creation of low capital mobility would probably have negative effects unless the sanctions are carefully designed with built-in triggers to revoke the sanctions if conditions are met. A regime with assets locked within its borders would be hard pressed to democratize unless it can protect those assets, which could be done by the lifting of sanctions enabling the capital to escape the country before the expected taxation of the rich sets in.

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Chapter 4 - Case studies

Rationale for case studies

The cases chosen for an in depth examination are both unique and highlight different ways and reasons economic sanctions can affect a country. One common denominator, essential to this study, is the undemocratic nature of the states at the time of the imposition of sanctions. However, both cases are different in the stated intentions of the sender countries, Iran initially being targeted because of security concerns, and Myanmar put under pressure to improve human rights and democracy. The countries are in different stages of feeling the effects of sanctions and thus present a good range for measuring effects.

Our first case, Iran, was chosen because it is probably the country currently most affected by sanctions in various areas. Unrest has arisen several times during the last few years as a response to alleged irregularities in elections, but more recently some of these protests appear to have centered on lessened economic standards and a falling currency. Whether or not this can be attributed to economic sanctions or if it is the result of an increased demand for democracy remains to be seen.

Myanmar is different from Iran because of the implications of the sanctions and the actions taken by the government as a result. Because the sanctions were imposed and enforced mainly by the western states, China moved in to fill the vacuum and try to reap the benefits of an uncontested market. Myanmar has very recently undergone a radical transformation into a more open and democratic society, something that looked very far away as recent as the 2007 uprising of Buddhist monks. While the reasons are neither simple nor abundantly clear, there are academics that claim that the reliance on China did not sit well with the leadership of Myanmar. The study will pay close attention to this claim.

Both cases have problems, primarily because of the still evolving nature of them. If the aim was to find conclusive evidence of the effects of economic sanctions on democracy, then older cases with more final data would have been a better choice. However, the aim is to test the plausibility of the selected theories, not test them thoroughly. Availability of data is also an issue, for example easily accessible economic data for Myanmar from before 2002,

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39CNN.com (2012, October 4) “Riot police swarm anti-Ahmadinejad protesters in fury over currency”
however because of the current nature, it is also easier to apply the explosion of easily accessible databases that has sprung up in the last decade.

Islamic Republic of Iran

Background

A US ally before the 1979 revolution and formation of the Islamic Republic, Iran is a country with a strong theological leadership. Considering the 20th century history of the country formerly known in the west as Persia, it is not surprising that present day Iran considers the US to be one of its main enemies.

Iran used to be a constitutional monarchy, but efforts to nationalize British owned oil fields by the democratically elected government resulted in a UK and US backed coup d’état in 1953. The Shah of Iran rose to power and created an autocratic rule that favored US and UK interests at the cost of ordinary Iranians. The tension in the country rose and in 1979 the Shah was deposed in the Iranian Revolution. The new leadership established a religious state intent on defending its place in the world, and set on eradicating any threat to either it or its Islamic beliefs.

In late 1979, the US granted asylum to the deposed Shah, reactions from religious student groups in Iran resulted in the storming of the US embassy in Tehran. Diplomats and civilian employees were taken hostage. Up until this point, US – Iran relations had been uneasy but not near breaking. The US responded to the invasion of its embassy grounds by sanctioning military exports, oil imports, and financial assistance. The sanctions were lifted in 1981 in exchange for the release of the hostage. Direct diplomatic ties were broken in 1980 and has not been restored since.

In the years following the revolution, Iran decided to more or less openly support terrorist groups that shared their common interests. The actions of those groups resulted in accusations from mainly the US that Iran was responsible for a number of terrorist attacks, either directly or by financing them. Attacks on US Marines in Lebanon in 1983, lead to accusations of direct involvement, and in 1984 the US added Iran to its list of sponsors of terrorism. This automatically engaged strict export controls.

40 Hufbauer et al. (2007) Case 79-1
41 Hufbauer et al. (2007) Case 84-1
Design and evolution of economic sanctions

The initial goal of sanctioning was to stop Iranian support of terrorist organization and activities. By freezing assets and withholding specific military exports, limited sanctions designed to punish the government were meant to attempt to persuade Tehran to stop blatant support for terrorists. For the first few years, only specific types of goods, such as avionics spare parts and chemicals, were banned. Parts of the US government still supported normal trade until 1987, when it became obvious that the Iranians made military use of nominally civilian products.

In October 1987, US President Reagan decided to ban all imports from Iran. The Iranian oil industry was specifically targeted, but an exception from the ban on oil imports was refined petroleum products from a third-part-country made from Iranian oil. This meant states and companies currently using Iranian oil as a base for refined petrochemical goods could continue their export business unaffected.

In 1989, the Supreme Leader of Iran Ayatollah Khomeini, died, giving the US hope that a more moderate Iran could emerge. As part of an effort to encourage this, the US released some frozen Iranian assets, while keeping the sanctions in place. A year later, US President Bush began allowing imports of Iranian oil on a case-by-case basis.

While not enacting new sanctions by itself, the US pressured other states, especially Japan, to withhold financing and debt restructuring from Iran. These efforts were not always successful and for example Russian support of Tehran never wavered.

In March of 1995, after signs of Iranian attempts to develop nuclear capabilities, US President Clinton banned all US citizens and companies from involvement in Iranian oil development. These increased measures were followed in April with a complete ban on US trade with Iran, as well as bans on indirect trade. Up until this point, American companies could still sell Iranian oil in a third country. Western European countries disagreed with the move; the German Minister for Economics, Guenther Rexrodt, said that “We do not believe that a trade embargo is the appropriate instrument for influencing opinion in Iran and bringing about changes that are in our interests”.

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42 Reagan, Ronald (1987) Executive Order 12613
43 Washington Post (1995, May 3) “Clinton's Call for Boycott of Iran Drawing Little Support Abroad”
The solidification of comprehensive sanctions by the US was put forth in the Iran and Libya Sanctions Act of 1996 (ILSA), a document which became the defining part of US-Iran relations for the next decade.\textsuperscript{44} In 2010, ISA (Libya was dropped from the bill in 2006) was replaced with Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA), a bill intended to further damage the Iranian economy by, in part, preventing the importation of gasoline. While Iran has oil resources, it does not have a sufficient capability to refine the crude oil, thus being forced to import refined petroleum products.\textsuperscript{45}

Further provisions and demands were introduced when US President Obama signed the Iran Threat Reduction and Syria Human Rights Act of 2012. The bill introduced sanctions against Iranian individuals believed to be responsible for human rights abuses in the wake of the 2009 Iranian elections.\textsuperscript{46}

**Economic developments**

Oil is the most important export of Iran and in 2012, just before the EU engaged severe sanctions, 80 percent of foreign revenue was derived from oil exports.\textsuperscript{47} The average daily oil export was 1.7 million barrels per day in 1983, a number that stayed in close range until 1989 when it broke 2 million barrels. Between 1991 and 2005, the export stayed between 2.1 and 2.7 million barrels a day.\textsuperscript{48} Having exported an average of 2.5 million barrels per day in 2011, the numbers plummeted to 1.4 million per day in the aftermath of the EU sanctions, a low not seen since 1986.\textsuperscript{49} Iran and OPEC dispute these figures, with Iran claiming unchanged exports after the sanctions.\textsuperscript{50} Tehran has further said it has lessened its dependence on oil as a source of revenue for the state.

The rial has fallen dramatically in the last few years, with added sanctions against Iranian oil export in 2012 causing skyrocketing prices of all types of goods in Iran. The effect is hitting normal citizens in Iran with increasing severity, causing demonstrations against the government. While President Ahmadinejad has blamed some of the cause on internal factors, such as

\begin{itemize}
\item \textsuperscript{44}Katzman, Kenneth (2012) *Iran Sanctions*
\item \textsuperscript{45}Katzman, Kenneth (2012) *Iran Sanctions*
\item \textsuperscript{46}Library of Congress (2012, August 10) H.R.1905 “Iran Threat Reduction and Syrian Human Rights Act of 2012”
\item \textsuperscript{47}CNN.com (2012, June 3) “Report: Putin, Ahmadinejad to meet before nuclear talks”
\item \textsuperscript{48}Hufbauer et al. (2007) *Case 84-1*
\item \textsuperscript{49}Katzman, Kenneth (2012) *Iran Sanctions*
\item \textsuperscript{50}Washington Post (2012, December 13) “OPEC secretary general says 12-nation cartel not concerned...”
\end{itemize}
illegal black-market currency trade and individuals out to manipulate the value of the riyal, he has also put the responsibility on the US.\footnote{CNN.com (2012, October 4) “Riot police swarm anti-Ahmadinejad protesters in fury over currency”} In trying to stir up animosity against external actors, he has called out the economic sanctions for directly affecting the lives of innocent everyday Iranians. This line of thinking seems to not be uncommon among western commentators, with analyst Mark Dubowitz calling the sanctions, in an interview with CNN, “a form of economic warfare” and “designed to put pressure on the average Iranian which could help trigger an uprising against the government”\footnote{CNN.com (2012, October 4) “Riot police swarm anti-Ahmadinejad protesters in fury over currency”}. It is hard to say if this is the true intent by the US, but it does not seem like an unlikely goal considering the apparent failure of previous sanctions targeting the leadership and specific technologies.

In looking at the GDP growth since the revolution (Figure 1), it appears that the economy was highly unstable up until the late ’90s. The same instability can be seen in the economic growth of Saudi Arabia, a neighboring Islamic state with heavy reliance on oil export. While the ups and downs of the two states do not correspond, suggesting oil prices might not be a direct cause, the magnitude of the variations may be an indicator of regional economic instability. The graph for Iraq is too extreme to be useful as a comparison, but the economy of the state before and after the 2003 invasion by the US is nonetheless an interesting look at the drastic changes in growth a state can go through because of war.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{GDP_Growth.png}
\caption{Source: The World Bank}
\end{figure}

\footnote{CNN.com (2012, October 4) “Riot police swarm anti-Ahmadinejad protesters in fury over currency”}
Looking at GDP per capita in current prices is only useful in relation to the threshold by which democracies are more likely to survive according to the 1997 study by Przeworski and Limongi, in this case GDP per capita tops out at US$5227 for 2010, well below the US$8425 threshold.

I will include a graph to highlight the differences between the estimated data from UNSD and the World Bank. One dataset shows a sudden drop between 1984 and 1985, in the other this drop does not occur until 1987. There is also a gap in the World Bank figures for 1991 and 1992.

![Graph showing per capita GDP in Iran from 1974 to 2010](image.png)

*Figure 2: Source: UNSD, The World Bank*

**Democracy and human rights**

While the nuclear program remained top priority, the election of reformist President Mohammad Khatemi in 1997 and subsequent reformist electoral gains in the parliament in 2000, coupled with the student riots in 1999, lead to human rights and civil liberties being brought to the domestic agenda in Iran. While representatives of the US encouraged reformist moves and propagated carefully for more liberties, the internal conflict between a reformist

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elected regime, and the conservative religious leaders of the country, the Ayatollahs, lead to little change in external behavior. The continued development of nuclear technology meant that no changes in sanctions were made to encourage any positive democracy development. With the 2005 election of conservative president Mahmoud Ahmadinejad, nuclear development pushed ahead.

Press freedom in Iran has never been great, with the country tolling in the very bottom of Reporters Without Border's yearly index on freedom of press. The regime has never hesitated to jail journalists and dissidents, a behavior that exploded after the 2009 elections. In 2012, the country held a record forty-five journalists behind bars, just four less than the worst offender in the world, Turkey.54

In addition to imprisonment, journalists and the general population suffer from great efforts by the government to control the access to information, and spy on all forms of communication.

If we look at the democratic development according to our democratic indexes, displayed in Chart 1, we notice a stunning difference in the evolution. The 1997 elections resulted in a massive boost on the Polity IV scale, a change that held steady during the whole reign of President Khatemi, before subsiding back to pre-1997 levels and then worsening still with the 2009 elections. In the meantime, Freedom House did not judge the election to be a significant change, in fact the political liberties score has remained unchanged since 1989, not even dipping in 2009. According to FH, civil liberties actually worsened in 1998.

Without doing extensive research into the methodologies behind the scores, we can only speculate as to why this seemingly massive difference in perception exists. Perhaps Polity IV paid more attention to the part of the government that the people can actually change, while FH puts all the power with the Ayatollahs. Regardless of the reason behind the difference, the obvious conclusion is that while democratic indexes are easily accessible and useful for determining whether or not a state is democratic or not, their value quickly evaporates if more serious conclusions are to be drawn.

54CPJ.org (2012, December 11) “Number of jailed journalists sets global record”
The 2009 election

It is hard to talk about democracy development and human rights in Iran without making special mention of the 2009 presidential election.

The official results of the election showed a landslide reelection of Ahmadinejad, gaining 62 percent of the vote, with the closest opponent garnering 34 percent.\textsuperscript{55} While the opposition has called the results obviously fraudulent, it has been harder to prove any irregularities. Many observers and scholars do highlight oddities of the election, such as the unusual way of announcing the results, or the quick declaration of fair elections by Supreme Leader of Iran, Grand Ayatollah Seyyed Ali Hosseini Khamenei, and call the elections fraud.\textsuperscript{56}

Regardless of the legitimacy of the election results, many people felt they had been cheated out of their vote. In the days after the June 12 election, hundreds of thousands of opposition supporters gathered in huge demonstrations, calling the election a sham and proclaiming their support for the official runner-up, Mir Hossein Mousavi. The response of the regime was undeniably a serious breach of human rights, as hundreds were killed and thousands arrested in

\textsuperscript{55}WashingtonPost.com (2009, June 16) “Many signs of fraud, but no hard evidence, in Iranian election”

\textsuperscript{56}Ansari, Ali M. (2010) “Crisis of authority: Iran’s 2009 presidential election”
the following weeks. In the beginning, the protests and reactions by the government were reported freely to the rest of the world by international media, but soon restrictions were put in place and reporters were detained.\textsuperscript{57}

According to official figures, over 5000 protesters were arrested following the demonstrations in 2009, although most independent observers believes this figure to be too low.\textsuperscript{58} Not all of those arrested were subsequently released, with some imprisoned, others disappeared, and a few executed or killed in prison. Widespread reports of torture emerged in the aftermath, allegations of rape, beatings, and lengthy isolation being some of the inhumane treatments.\textsuperscript{59}

**Nuclear developments**

While the evolution of the nuclear ambitions of Iran is not directly related to our thesis goal, it is a large part of the reasoning behind the design of the sanctions. For this reason, we must, however briefly, address it.

Iran has had a nuclear program ever since the US supported its development in the 1950s. The initial efforts were civilian, and when Khomeini seized power in the 1979 revolution, he continued that work, renouncing nuclear weapons as evil. When the Supreme Leader died in 1989, the nuclear program was expanded and nuclear weapons become a secret desire for Tehran. Iran has always denied this accusation, repeatedly calling its efforts civilian and proclaiming its right to the technology. The approach by the US has always been one of preventing or at least delaying further nuclear development, while Russia and the EU has made efforts to ensure the civilian nature of the program.

In particular the Russians has been supplying help and knowledge to Iran, believing that every nation in the world has a right to develop civilian nuclear technology, and in 1992, Russian nuclear company Atomstroyexport signed an agreement to develop a nuclear plant that started construction in 1984 by a German company, before being abandoned after the revolution.\textsuperscript{60}  \textsuperscript{61} The plant was supplied with Russian fuel and began operations in late 2011. With the Iran Nonproliferation Act of 2000, the US signaled its uncertainty about Russian intentions, as the

\textsuperscript{57}WashingtonPost.com (2009, June 24) “Journalists for western media are among reporters detained in Iran”

\textsuperscript{58}Amnesty International (2010) *From protest to prison: Iran one year after the election*

\textsuperscript{59}Amnesty International (2010) *From protest to prison: Iran one year after the election*

\textsuperscript{60}CNN.com (2010, August 19) “Russia set for Iran's nuclear plant launch, top nuclear official says”

\textsuperscript{61}CNN.com (2010, August 19) “Russia set for Iran's nuclear plant launch, top nuclear official says”
Russian part of the International Space Station was cut from US funding until Russia was determined to oppose proliferation in Iran.\(^62\)

Despite some uncertainty, Russia does not want a nuclear armed Iran, and while it has supported inspections by the International Atomic Energy Agency (IAEA), it has shown an increasing concern that Iran is pushing to develop weapons despite assurances of civilian intentions.\(^63\)

**Analysis**

While Iran has been under constant pressure from economic sanctions since 1984, it is not until recently that the goals of the sender countries for economic sanctions have been expressed improvement of human rights and respect for democracy as conditions for lifting of sanctions. The sanctions themselves were designed to impair financial burdens on terrorism support and nuclear ambitions, and it was not until 2012 that individuals guilty of abusing human rights were specifically targeted. Before the riots that followed the 2009 elections, the US rarely ever made direct state statements about the desire for improvements of the democratic and human rights situation inside the country. The reason for this is probably the primacy of the perceived threat of a nuclear armed or terrorist supporting state. Stopping the actions affecting the international community has been more important than protecting the people of Iran, but the very public 2009 assault on demonstrators by the Iranian government forced the issue on the table.

One characteristic of the sanctions on Iran has been the difficult nature of isolating the country. In the 1990s', there was an obvious disagreement between the United States and its allies in Western Europe and Japan, as to how to deal with Tehran. The US favored increasing sanctions and even went so far as to sanction foreign companies operating in Iran. Attempts at refusing to do business with companies involved in primarily Iranian oil trade, did have an effect on several of the larger international corporations in the world, but it did not result in a complete isolation. The Iranian oil exports managed to find other markets as the US was shut down, and smaller companies with lesser ties to the US market scooped in to fill the void left by the multinationals. This appears to be one reason why the sanctions had at best limited effect on the Iranian economy.

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\(^{63}\)CNN.com (2012, June 3) “Report: Putin, Ahmadinejad to meet before nuclear talks”
The justification from non-US companies to do business in Iran was probably helped by the insistence of engagement diplomacy from Europe. Citing progress on key areas such as human rights and chemical weapons, Germany, for example refused to issue an all-out isolation of the Iranian economy. During this disagreement, reports abounded of Iranian procurement of various weapons-systems from Russia, North Korea, and other more or less opportunistic political opponents of the US.

While the US sanctions against Iran has been around for decades, it does not appear to have done anything to change the minds of the regime. The only things that appears to have had any effect on the government policies has been tied to powerful individuals in the leadership of the state. The death of Ayatollah Khomeini only enabled other hardliners to pursue their goal of a nuclear Iran, and the 1997 election of a moderate President resulted in a brief upswing of more friendly policies, quickly eradicated when Ahmadinejad took office in 2005. The uprising in 2009 shook the regime, but was not even close to toppling it. Since then, Tehran has only tightened its control over information and freedom of speech, jailing record numbers of journalists and dissidents.

The efforts of the US to halt the nuclear ambitions of Iran has been undermined time and again by disagreements on how to approach the issue by both Western Europe and Russia. Cooperation on comprehensive sanctions have not been good in the past, and it remains to be seen if the coordinated 2012 oil sanctions will have any effect. So far it does appear to have at least weakened the economy in the short term and signs of unrest is showing. It is however more likely that a struggle for power between the religious and more moderate political leaders will be a more decisive factor in the future of the regime. This of course does not take into account what would happen if Israel decides to follow through on its threats and attack Iranian nuclear facilities.

**Myanmar**

**Background**

A former colony of the United Kingdom, Myanmar's decent into, and recovery from, human rights abuse and undemocratic rule is neither straight forward nor rapid. After independence in 1948, the country experienced a fair amount of stability until the late 1980s when in 1988 the military deposed General Ne Win, the ruler since 1962, in an attempt to
stabilize the economic free-fall.\textsuperscript{64,65} While Myanmar was not considered democratic at any point during Ne Win's reign,\textsuperscript{66} neither did it suffer any real isolation or condemnation from the rest of the world.

The events that lead to economic sanctions started when attempts at economic reforms in 1987, resulted in demonstrations that were poorly dealt with by the security forces of the regime.\textsuperscript{67} One incident, in March 1988, sparked demonstrations that shifted from economic protests to demands for democracy and human rights.\textsuperscript{68} Because of deaths related to these protest and an inability to stop them, Ne Win was forced out and replaced by the man many considered personally responsible for the deaths and detainment of protesters; Sein Lwin.\textsuperscript{69} Continued protests and the escalating violence by security forces resulted in the first serious responses by the international community, with protests from the Australian government, and a resolution passed by the US Senate on August 11, 1988, condemning the violence and demanding restoration of democracy.\textsuperscript{70} Sein Lwin resigned but the pro-democracy protests continued under his successor, Maung Maung.\textsuperscript{71}

It was at this point that international condemnation moved from words to action as West Germany suspended foreign aid. The government proposed general elections in three months despite protests from the opposition, but before elections could be held, the military seized power on September 18, 1988.\textsuperscript{72} This takeover by the military appears to have been less of a coup d’état, and more of a public emergence of the real decision makers. By first distancing itself from the ruling party, the Burma Socialist Programme Party (BSPP), and then taking over under an ostensibly nationalistic objective of protecting the integrity of the nation, the military, under the backhand leadership of Ne Win, hoped to calm the masses. The new government called itself the State Law and Order Restoration Council (SLORC) and set out to reform the failing economy.

\textsuperscript{64}CIA World Factbook Burma Profile
\textsuperscript{65}Hufbauer et al. (2007) \textit{Case 88-1}
\textsuperscript{66}Marshall, Monty G., Jaggers, Keith. (2011) \textit{“Polity IVd Polity-Case Format 1800-2011”}
\textsuperscript{67}Far Eastern Economic Review (1988, March 31) \textit{“Resentment boils over”} p. 34-35
\textsuperscript{68}Far Eastern Economic Review (1988, March 31) \textit{“Resentment boils over”} p. 34-35
\textsuperscript{69}Far Eastern Economic Review (1988, August 25) \textit{“Burma at breaking point”} p. 10
\textsuperscript{70}Far Eastern Economic Review (1988, August 25) \textit{“Burma at breaking point”} p. 11
\textsuperscript{71}Far Eastern Economic Review (1988, August 25) \textit{“Burma at breaking point”} p. 10-11
\textsuperscript{72}Far Eastern Economic Review (1988, September 29) \textit{“Back to square one”} p. 16-17
Design and evolution of economic sanctions

The bulk of economic sanctions enacted came from the United States, and were for the majority of the duration of the episode focused on foreign direct investment (FDI) and stopping international monetary assistance. International and local pressure were put on companies operating in the country, and eventually forced most multinationals to pull out for fear of losing contracts and customers elsewhere. In addition to national level sanctions, several city governments in the United States enacted their own sanctions, leading to WTO protests from, among others, the European Union. New sanctions imposed by the US in 1997 banned all new investment, but allowed current contracts to keep going. This meant many US and international companies rushed to write new contracts before the law went into effect, as a result the immediate impact on the economy for Myanmar was less severe. It should be noted that the threat of these sanctions had been used two years earlier to pressure the release of the opposition leader Aung San Suu Kyi.

One of the most significant holdouts were the oil and petrochemical industry, which remained invested in Myanmar until at least the late 1990s, with some non-US based corporations not departing until the middle of the first decade of the 21st century. The same companies were among the first to return to the country in 2012 as bans on investment were lifted. It should be noted that companies with no US interests, for example Indian energy companies, continued to invest in the country even as others pulled out.

One problem with the design of the US Myanmar sanctions was that they were not comprehensive. While investment was eventually banned, import from Myanmar was still perfectly legal and increased every year from the start of sanctions until 2002 when private companies voluntarily stopped trading with the country. A complete economic blockade was not in effect until 2003 when the US completely banned all import with the Burmese Freedom and Democracy Act. The issue of blocking the regime was made even worse by the non-cooperation by some of Myanmar's biggest trade partners. In particular China took advantage of the dearth of western FDI and used its money to increase its influence in the region. We will look closer at this relationship below.

73Hufbauer et al. (2007) p. 137
74Hufbauer et al. (2007) Case 88-1
75Radio Free Asia (2012, July 11) “US to Invest in Burma's Oil”
Aside from the US sanctions, Japan used its aid and assistance programs as a tool to punish or encourage Myanmar to change specific behavior. While these sanctions were not as significant as the American ones, they were more flexible. Changes in American sanctions were slow and often the threat of harsher regulation was used, in contrast Japan actually withheld assistance instead of just stating it would do so.

### Democracy and human rights

After the September 1988 promise by the government to hold elections within three months, it took until May 27 of 1990 before anything happened. In the running up to the election, one anonymous diplomat described the general international skepticism in the following quote:

“There is actually nothing to indicate that elections are going to be held [...] because of restrictions, these speeches tend to be almost identical. And there are 93 parties contesting the elections.”

In what was seen by some as efforts to diminish the chances of the opposition, people who has been described as supporters of the National League for Democracy (NLD), the main independent party, were forcibly moved from the major cities as the electoral maps were redrawn. All these efforts appear to have been parts of a major underlying effort to retain power for the military, which said that no matter the outcome of the election, a new constitution had to be drawn up before any new parliament could assemble. Talk of a new constitution is what the military would later use as an excuse to postpone the ascension of the new parliament.

The major opposition party, NLD, won a majority in the National Assembly with 60% of the votes. The military leadership vowed that it would never allow the NLD to take power, and that it would defend the integrity of the nation in the face of internal and external threats. This complete failure to adhere to the election results, combined with the imprisonment and detention of opposition leaders, resulted in yet another downgrade of democratic freedom.

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77 Hufbauer et al. (2007) Case 88-1
82 Far Eastern Economic Review (2009, January/February) “Awaiting the dawn of a democratic Burma”
However, on July 10, 1995, Myanmar released opposition leader Aung San Suu Kyi from house arrest, having arrested her after the 1989 elections, leading western commentators to declare a partial victory for sanctions. Despite this, she was placed under increasing restrictions in the following years, and put back in house arrest in 2003. She remained in custody until November 13, 2010.

In 2008 the government held a controversial referendum on the new constitution, and in 2010, deeply flawed elections held days before Aung San Suu Kyi was released, and with NLD banned, gave the military-backed party Union Solidarity and Development Party (USDP) a decisive victory.

In March 2011, former Prime Minister Thein Sein took over as President of Myanmar following a secretive February election in the Parliament. In April 2012, NLD was allowed to partake in bi-elections to the parliament, resulting in a massive success and the swearing in of Aung San Suu Kyi as a member of the lower-house.

As part of efforts to control the press, with measures such as pre-censoring put in place, Myanmar has imprisoned a number of journalists through the year. The pinnacle was reached in 2008, as the Buddhist monk insurrection swept the nation and cyclone Nargis put pressure on the regime, when 14 journalists were in prison on various charges. The number went down slightly the following years, until 2012 when, as part of the reformation by President Thein Sein, the last journalist was released from jail. 2012 was the first year since 1996 that Myanmar was declared free of imprisoned journalists.

While Myanmar is not known to widely execute political opponents, it is one of the more proliferate captors. In 1995, it was estimated that the regime held some 3000 political prisoners, and by 2010, this figure was said to be about 2100.

In conjunction with the 2012 release of journalists, hundreds of political prisoners has also seen their sentences

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84 Washington Times (2010, November 13) “Burma releases democracy leader Aung San Suu Kyi”
85 Washington Times (2010, November 13) “Burma releases democracy leader Aung San Suu Kyi”
86 Guardian.co.uk (2010, November 9) “Burmese election won by military-backed party”
87 CNN.com (2012 May 2) “Myanmar’s Suu Kyi takes oath of office”
88 CPJ.org (2008, December 4) “CPJ’s 2008 prison census: Online and in jail”
89 CPJ.org (2012, December 11) “Number of jailed journalists sets global record”
91 Guardian.co.uk (2010, November 9) “Burmese election won by military-backed party”
commuted. Uncertainty remains on whether or not all political prisoners have been released or how many still remain behind bars.

One serious issue that has plagued the country even before independence, is the conflict between the majority Burmese people, and the large number of distinct minorities. The desire for some of these groups to gain independence is one reason for the rise of the military and their capture of power in the early 1960s. The continued violent conflict has been but one reason for allegations of human rights abuses, and despite recent changes in the daily lives of the majority population, the conflict continues in the more remote parts of the country. I will not delve deeper into this conflict since it could easily take up a full paper on its own.

An important final note to make is that there appears to be efforts to improve human rights. The Myanmar National Human Rights Council (MNHRC) was established in 2011, and on December 6 2012, Sweden based Raul Wallenberg Institute of Human Rights and Humanitarian Law was selected by the Myanmar government to teach the MNHRC how to value human rights and how to operate independently.93 94

Economic developments

The deteriorating economic situation in Myanmar was the major trigger for the uprising of the people in the late 1980s, so it would not be farfetched to assume that worsening the economy would cause further unrest. However, at the beginning of sanctions, the US was not one of the more important trade partners for Myanmar, and had as such rather limited opportunity to achieve anything significant by unilaterally blocking trade. In 1990, trade between the US and Myanmar totaled $17 million a year, while China exchanged goods worth at least $1.5 billion.96

The textile industry saw a tremendous growth from the start of the sanctions until the 2003 ban on all imports reduced the number to 0. Exports peaked in 2001, just before the 2002

92CPJ.org (2012, January 13) “In mass amnesty, nine journalists released in Burma”
93Raul Wallenberg Institute (2012, December) “Next stop Myanmar”
94Svt.se (2012, December 6) “Lund ska göra Burma demokratiskt (Lund to make Burma democratic)”
95Figures are presented in 1990 USD
96Far Eastern Economic Review (1990, October 11) “Block and tackle”
action by US importers to voluntarily sanction Myanmar. At the peak, 87.8% of the total exports to the US consisted of textiles.97

GDP and other standard economic measurements appears to be hard to come by for Myanmar. The World Bank does not have any figures of GDP, except GDP growth. It is unclear how the organization has been able to produce growth figures but no GDP or GDP per capita. The UNSD does have GDP per capita, but the number are estimates, not actual reported ones and are in current US$ and not constant 2000 US$. Nonetheless, we will try to glean some information from these numbers. The numbers we use start 10 years before the first sanctions were implemented. This enables us to see the economic development before any sanctioning.

Figure 4 below shows the rapid decline of the economy just before the military seized power in 1988, with positive growth for every year following, except in 1991.98 Part of the justification for the military takeover was to save the economy, and from the data available, without knowing how the economy might have developed without the military, it does seem at least plausible that the coup had a positive impact on the economic development.

![GDP Growth (annual %) 1978 - 2004](image)

*Figure 4: World Bank national accounts data, and OECD National Accounts data files*

It is very difficult to say anything about the economic impact of sanctions on growth, especially if you compare Myanmar to the neighbor and important trade partner Thailand.

97Hufbauer et al. (2007) Case 88-1

98The dataset used for the figures are available in the appendix
While Thailand is important to Myanmar, the 1997 Asian financial crisis only affecting Thailand and not Myanmar shows that the two economies are not dependent on the same macroeconomic factors. The 1997 strengthening of sanctions does not seem to show an obvious impact on the growth rate, but if you look at the UNSD estimates of GDP in Figure 5, a shrinkage of per capita GDP appears to coincide with the 1997 sanctions. The 2002 voluntary trade embargo by US companies, combined with the 2003 complete sanctioning of US imports from Myanmar, does also seem to coincide with a slowdown in the GDP growth. However, because these figures are not in constant 2000 US$, it cannot be ruled out that currency fluctuations played a part. If GDP growth data did exist beyond 2004, it might show a similar slowdown as the one after the 1997 sanctions, before going up again. This is however purely speculation. In fact, since these figures are estimates, it is even possible that the numbers are influenced by the researchers’ expectation of a shrinking economy due to the new sanctions.

![Myanmar: Per capita GDP at current prices - USD 1978 - 2010](image)

*Figure 5: National Accounts Estimates of Main Aggregates; United Nations Statistics Division*

It should be noted that the 2010 GDP per Capita estimate is US$876, far below the US$8425 threshold where a democratic regime is more likely to emerge than an autocratic one according to the exogenous modernization theory.99

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99See Chapter 3 of this paper
China's special role

One critique against the use of sanctions versus engagement, has been that the isolation seems to have forced the Myanmar government into the open arms of China. While China has always been an important trade partner and regional ally, the vast difference in size of trade between China and the US in the early 1990s and the isolation from western capital essentially forced the Myanmar government to depend on China. Attempts were made to create greater economic independence, and in 1996 the Myanmar government themselves enacted a ban on “non-essential goods” as a way to try to support local industries.\(^\text{100}\)

There is some debate as to whether or not sanctions actually pushed Myanmar towards China, or if they actually forced the government to improve its human rights record in an attempt to loosen the dependence on its mighty neighbor.\(^\text{101}\) This uncertainty about the right way to deal with Myanmar has also reared its head in the US leadership, for example when in 2010 Senator Jim Webb was quoted as saying:

“We are in a situation where if we do not push some sort of constructive engagement, Burma is going to basically become a province of China.”\(^\text{102}\)

This was part of a long running personal argument with the US State Department about the proper approach to Myanmar, and whether you can engage with a regime that still behaves in a deplorable way in regards to democracy and human rights.

The special relationship with China does seem to have taken a turn for the worse. In September of 2011, President Thein Sein decided to suspend the construction of the massive Myitsone dam.\(^\text{103}\) The dam was fully financed by China Power Investment Corporation, a state-owned Chinese company, and was highly controversial domestically. Serious questions about the necessity of design and the purpose of the dam, whether it was a case of using untapped natural resources for the benefit of the local population, or it was just a way for the Chinese to gain access to cheap power, an issue that has become more difficult in China with increasing protest against relocation of people. The unilateral decision by Thein Sein sent a

\(^{100}\) Hufbauer et al. (2007) Case 88-1
\(^{101}\) ForeignPolicy.com (2011, December 2) “Burma’s opening and the balance of values in Asia”
\(^{102}\) ForeignPolicy.com (2010, October 27) “Webb: We can’t let Burma become a ’Chinese province’”
\(^{103}\) DVB.no (2011, September 30) “China-backed Myitsone dam ’suspended’”
strong signal to both China and the West that Myanmar was open to a changed dynamic. While the economic bands between China and Myanmar are still significant, the competition from Western and Japanese companies will pose a challenge for anything but the cheapest exports China has to offer.

Analysis

Of our two case studies, Myanmar is by far the one that has progressed the furthest. With a very swift transformation from a military leadership doing everything it could to oppress and discourage political opposition, to a release of political prisoners and a dismantling of censorship, the country is rapidly moving from an enemy of the liberal democratic world to a new friend. In a very short time, almost all the sanctions have been lifted or suspended and the western world's interest in aiding and investing in the country has been tremendous. There has been a general agreement among political commentators and diplomats that sanctions have definitely helped pressure the regime to at least temporarily release political prisoners such as Aung San Suu Kyi. It is also likely that Japanese sanctions had an impact on the smaller decisions throughout the sanctions period, while the American more comprehensive but less flexible efforts fought the long-term battle.

The intent of the United States has been reasonably clear ever since the start of the sanctions, and the 2003 Burmese Freedom and Democracy Act banning the import of products from Myanmar, freezing assets of officials, and prohibiting remittance included this quote by President George W. Bush:

“By denying these rulers the hard currency they use to fund their repression, we are providing strong incentives for democratic change and human rights in Burma.”

No matter the intentions, the seemingly unfocused patchwork of sanctions by the US, and the less-than cohesive international cooperation, might very well have contributed to the length of the sanctions, and the final coming together of extensive bans in 2003 likely had a play in the very recent dismantling of the dictatorship and opening up to the west. Even so, the patchwork is now being disassembled one piece at a time, with the ban on investment being lifted first while the import ban was reaffirmed as recently as August 2012, the same month

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104ForeignPolicy.com (2012, January 12) “Burma's tightrope”
Derek Mitchell arrived in Naypyidaw as the first US ambassador to Myanmar since 1990.\textsuperscript{107}

It is understandable that the US is cautiously optimistic and does not want to progress too quickly before it sees any permanence in improvements of freedom and human rights, but this seems to be balanced against giving US companies an opportunity to go in and grab as much as they can of the economic pie before other foreign corporations invest and before Myanmar companies reenter the US market.\textsuperscript{109}

How much of the recent development depends on pressure caused by sanctions, be they in the lack of capital or the forced dependence on China, or the sudden emergence of a leader who genuinely wanted change is hard to say. What can be said though is that many of the reasons for the sanctions are gone or disappearing quickly, so this sanctioning episode does appear to be heading to an end.

**Chapter 5 – Analysis and conclusion**

**Comparing the case studies**

One difference between Myanmar and Iran, that might explain how they have taken such different paths, is the behavior and justification for the regimes. The Islamic Republic of Iran was created from a religious uprising against a dictator, and the resulting regime claimed legitimacy as a defender and preacher of religion. As such it saw no qualms in resorting to violence against those foreign forces it saw as spreading false prophecy. The regime is violent and keen on acting out, and as such less probable to bend to international pressure voluntarily. The military dictatorship in Myanmar on the other hand, was crafted as an ostensibly nationalistic rescue mission. The aim was never to create a state that could spread its ideology beyond its borders, but rather to solve domestic issues. While the leaders behaved in an undemocratic way, and took advantage of their position, they never sought to act out against the world. Abuses were domestic and when the regime started to lose the country's independence to China, it did not have to face a lost ideological battle against the world. As such, it is possible

\textsuperscript{107} US Department of State Biography of Derek J. Mitchell
\textsuperscript{108} WSJ.com (2012, April 5) “U.S. Forges deeper Myanmar ties”
\textsuperscript{109} DVB.no (2012, November 22) “US-Burma detente threatens China: experts”
it was much easier for the regime in Naypyidaw to bow to the demands posed by the instigators of the economic sanctions. Thus the conditions for successful economic sanctions appear to lie with the origins and nature of the regime, further limiting the real usefulness for economic sanctioning as a tool for democratic development.

One stark difference between the designs of the sanctions is the import limitations. Myanmar did not suffer any real import restrictions until very late in the sanctions episode, a full fifteen years passed before textile imports from Myanmar to the US were banned. At the time textile amounted for over 85 percent of US imports from Myanmar.

In contrast, oil, arguably the most important export of Iran, was banned from US import after only three years. It appears that the US took slightly different strategies to each episode, targeting exports and investment for Myanmar, and import and limited export to Iran. A reason for this could be the importance of the target economy for the US in specific areas of import. While the US imported Iranian oil, it did not rely on these imports. With OPEC using its cartel to control the world-market prices for oil, moving to a different source would not impact the price of imports to any significant degree. In contrast, many US companies reaped the benefits of importing cheap textile products from Myanmar. This import was so important that the impact on US companies would be greater if they had to source more expensive products elsewhere. Furthermore, the Iranians had no trouble finding alternative markets as long as the US oil sanctions were not met with significant international cooperation, as such the impact on both sender and target was low enough to be worth the cost. Myanmar on the other hand had a significant part of its economy tied up in textile exports to the US, as such the relative cost to both target and sender was higher, making the decision on import restrictions much harder to take. The fact that it was taken in 2003, was likely a result of the American textile importers voluntarily cutting themselves off from Myanmar textile the year before. This left the US government free to sanction without risking a fight from the American textile import lobby.

**Do our theories hold up?**

Looking at how sanctions affect the requirements for modernization theory, sanctions do appear to slow down economic development. For the exogenous theory, sanctions do not reliably produce the required shock to the system that could trigger democracy. It does not shrink the economy either, but it does slow it down. Neither of our cases has reached the point at which a democratic regime is likely to survive, it is impossible to say whether or not they
would have reached this level without sanctions, but considering the outlook of both economies before sanctioning, it is unlikely.

As for endogenous theory, conclusions are harder to draw due to a lack of data. In being unable to produce figures for economic inequality in the case studies, I have failed to reach any conclusion on half this theory. It is however safe to say that at least the rulers in Myanmar has acquired large fortunes, and as such they should have less incentive to democratize according to the second half of Boix’s theory. This is especially true since the leaders have also been targeted by asset freezes and limits on the free flow of capital. Yet Myanmar is undergoing democratization. One case is hardly enough to discredit a theory, but it does suggest that reality is not so simple.

Final analysis

Economic sanctions are not as peaceful as they might appear, their design and implementation suggests two approaches that could be described as the 'suggestive' and the 'explosive' method.

The 'suggestive' method of targeting the elite, and 'encouraging' them to change their ways according to your desires, is less destructive to the economy of a state and is thus more compatible with the theories of modernization. This method is more of a slow-burn approach that can be left in place for years, though it does appear to be effective at improving specific behavior in the short-term, it does not seem that good at disrupting a regime or preventing it from renegading on previous improvements.

The 'explosive' path, when economic sanctions are applied to the whole economy, is questionably effective unless a state already has a certain level of development. What seems to be a factor is how comprehensive the measures are. In both our case studies, Iran and Myanmar were given small concessions during the early stages of sanctioning, but neither suffered great economic hardships. The reasons differ slightly between the cases, with Iran being able to sell its oil and Myanmar growing closer ties to its neighbors, but both started feeling the effects rather quickly as soon as the international community banded together and enforced wide sanctions.

What they felt were a bit different though, and depending on your source material, the effects were more or less intended. Iran has, since the comprehensive 2012 oil blockade was expanded and enforced, seen a greater level of internal conflicts, as people have taken to the
On Economic Sanctions and Democracy Jon Nivesjö 41

streets to blame their own government for the slowdown in Iran's economy and the diminishing value of their money. Where the country will be in a year is impossible to say, as the situation is evolving and the region is full of uncertain factors, such as Israel's intentions.

What appears to have happened in Myanmar is quite different. While the current situation appears to be stable, with at least nominal return to civilian democratic rule, it is too early to say what actually caused the military leaders to step back. The evidence suggests, as do some commentators, that the regime in Naypyidaw was forced into an unequal relationship with China because of the economic sanctioning. The Chinese saw an opportunity to exchange money for influence and access to natural resources, but they may have overstayed their welcome. The seemingly radical transformation of Myanmar is far from over, but the opening up to the west can very well be a move by the old leaders, still suspected by some to be calling the shots, to lessen dependence on China. With a new diversity in export markets, not seen since before 2003, and a fresh influx of foreign capital, the economy can expand and maybe create a more equal society.

So to answer our thesis: Can economic sanctions affect democratic development? Yes, but other characteristics and events are more likely to be the deciding factor. The effects of sanctions heavily depend on the conditions in the country, and especially on the international cooperation in isolating the economy. A state with a strong economy is unlikely to suffer from sanctions in the short term, and probably has significant ties to other trade partners. Therefore it is important to isolate the target state through international cooperation if economic sanctions are to have any real effect. The difficulty in aligning interests between the world’s great powers cast immediate doubt on using economic sanctions on any but the most universally deplorable target state. Even if comprehensive international cooperation is successfully achieved, the ideals and goals of a determined regime are difficult to overcome. An ideological regime with little regard for its own people will stand defiant even in isolation. While economic sanctions are able to pressure these regimes, they will not succeed before the leaders are deposed or replaced by more moderate forces. I would therefore argue that economic sanctions are not pointless, but going beyond displays of dissatisfaction of specific actions the actual effectiveness is at best questionable. Economic sanctions can indeed have a positive effect in building a basic foundation for a democratic society, but it will not be the deciding factor.
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# Appendices

## Democracy and human rights figures

**Myanmar**

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