



The Daily Dish

Doubling Down on North Korean Sanctions

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[House Transportation and Infrastructure Committee](#) Chairman Bill Shuster (R-PA) stated on Tuesday that President Trump's infrastructure package could be rolled into the Federal Aviation Administration (FAA) reauthorization bill. The FAA's authority expires at the end of September therefore the FAA reauthorization is, as Shuster described it, a "must-pass bill." President Trump has stated that infrastructure investment is a major priority of his but the president's infrastructure plan has been put on the back burner due to the prioritization of the health care bill and tax reform. Shuster stated he hopes to begin working on an infrastructure package this Fall.

[On Monday the White House announced](#) that President Trump will delay the signing of an executive order aimed at repealing many climate change policies enacted under President Obama. President Trump's executive order is expected to target the Clean Power Plan (CPP) and end the moratorium on coal-mine leasing on public lands. During the President's campaign he vowed to overturn burdensome regulations that were harming the energy industry.

Eakinomics: Doubling Down on North Korean Sanctions

Newspaper [reports](#) indicate that the Trump Administration "is considering sweeping sanctions aimed at cutting North Korea off from the global financial system as part of a broad review of measures to counter Pyongyang's nuclear and missile threat, a senior U.S. official said on Monday." At first blush, this sounds just like the response of the [U.S.](#) and [other](#) global leaders to Russia for its seizure of the Ukrainian area of Crimea.

That didn't work so well, a result consistent with the sizable and contentious literature about the efficacy of economic sanctions. (See, for example, [Hufbauer](#) and his coauthors for the case in favor of sanctions, and [Pape](#) for a critique.) One finding of that literature is that if one wants an ambitious success, then the cost (to Russia in that case; to North Korea now) of the sanctions must be correspondingly high and *vice versa*. Moreover, since deferred costs are less important than immediate ones, it makes sense to avoid incremental strategies that "turn up the heat." Given that North Korea has faced [economic sanctions](#) since 1953 and heightened sanctions in the past few years, it would be easy to conclude that this is another failing step in an incrementalist approach.

The counter-argument is the success of financial sanctions in getting Iran to the bargaining table (while stipulating that the Iran deal itself was [terrible](#)). In that case, the pivotal step was getting European countries to support the sanctions; in the case of North Korea the key role would be played by China. China may be tiring of the behavior of North Korea and agreed to support the recent United Nations sanctions. If China participates, financial sanctions would limit access to the hard currency the North Korean leadership needs to support its nuclear weapons program and pay for its lavish lifestyle. Freezing the regime's assets is another [strategy](#) that has worked in the past to get the North Koreans to the negotiating table.

In that case, Kim Jong-un might be [looking](#) to make a deal. If not, he will also be faced with "beefed-up defenses by the United States and its South Korean and Japanese allies" that might change his mind instead.