

# ICRIER *news*

VOL-I, JANUARY-JUNE, 1999

## LETTER FROM THE DIRECTOR



Dear Reader,

I have great pleasure in announcing the launch of *ICRIER News*, our new half yearly Newsletter which will provide us with a forum for sharing information about the happenings at ICRIER with our friends and well-wishers.

As you know, ICRIER is engaged in a number of research activities in the area of international trade and investment, competitiveness of India's exports, South Asian economic integration and economic cooperation, WTO-related questions, and issues of macro-economic management which have acquired greater significance because of the gradual opening up of the Indian economy.

Besides academic seminars which are organised for discussion of the research work at ICRIER, we have also initiated an active programme of public policy workshops with a view to providing opportunities for dialogue between researchers, policymakers, politicians and representatives of the private sector and the media. Three such workshops during the first half of 1999 were on the Patents (Amendment) Ordinance Bill, Challenges for India into the New Millenium, and Multilateral Agreement on Investment.

In order to stimulate wider interest in important international economic issues, ICRIER also organises public lectures on important economic subjects. Lectures by Lord Meghnad Desai, Dr. Seung-Soo Han, and Dr. Fred Bergsten are reported in the bulletin. The lectures have been printed for wider circulation. The large attendance and the enthusiastic participation at these lectures demonstrates a strong demand for such activities. We hope to continue to fill this need and help build informed public opinion on major economic issues.

I hope you enjoy *ICRIER News* as a regular source of information about our activities.

With best wishes

*Isher*

Isher Judge Ahluwalia

## ECONOMIC SANCTIONS

# DON'T WORK

Fred Bergsten



Economic sanctions have had a poor track record in bringing about a change of policy in the targeted country as intended by the country imposing sanctions,

according to Dr. C. Fred Bergsten, Director of the influential Washington-based think tank, International Institute of Economics (IIE). Speaking on the subject "Do Economic Sanctions Work?" at a public lecture organised by ICRIER, in association with the Confederation of Indian Industry (CII), Dr. Bergsten estimated the economic loss for India resulting from the sanctions imposed by the United States after the May 1998 nuclear tests at not more than US\$ 500 million. The lecture was chaired by Mr. K.C. Pant, Deputy Chairman, Planning Commission.

Addressing a packed auditorium at the India Habitat Centre, Dr. Bergsten observed that the marginal financial loss and its ineffectiveness vis-à-vis the intended policy response was not surprising because the Indo-US equation lacked the preconditions for the success of sanctions. A crucial precondition is that the country imposing sanctions must be economically much larger than the targeted country with the relative GDP levels at 100:1. A second important requirement is that the targeted country must be dependent

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(LtoR) Dr. Fred C. Bergsten, Dr. Isher Judge Ahluwalia, Shri K.C. Pant & Mr. Rajesh V. Shah

*a forum for sharing information*