# Political Effectiveness, Negative Externalities, and the Ethics of Economic Sanctions

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Economic sanctions are popular policy instruments in the landscape of international affairs. Just since the turn of the century, the United States has imposed sanctions against over twenty-five countries and hundreds of nonstate entities, such as financial corporations and armed groups.[1] Similarly, other major actors—particularly the United Nations, the European Union, Russia, and, in more recent years, China—have increasingly prioritized sanctions over alternative policy tools. The types of economic measures included in sanctions campaigns have also changed over time. Though conventional sanctions involving blanket bans on trade and investment between target and sanctioning countries were the preferred coercive instruments until the 1990s, targeted sanctions have become the go-to measures in recent years. These are more selective instruments, and include such actions as asset freezes, bans on luxury goods sales, sectoral sanctions, arms embargoes, financial restrictions on international banking activity, and travel restrictions. The shift to targeted sanctions was intended to increase the effectiveness of sanctions by exacting more direct pressure on political elites and their support base while minimizing adverse effects on the general population of a target country.[2]

Another notable change in the post–Cold War era is that sanctions imposed by multiple countries under the auspices of the United Nations or a regional organization, such as the European Union or the African Union, have become as popular as sanctions imposed by individual countries. In the case of the United Nations, for instance, the Security Council initiated only two sanctions programs during the Cold War, but twenty-eight since then.[3] This shift toward collective sanctions

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regimes carried out under the auspices of international organizations can be explained in part by effectiveness: a higher number of sanctioning countries means there are fewer third-party partners to which a target country can shift its economic transactions to make up for losses. Hence, multilateral sanctions, if enforced effectively, have the potential to isolate a target country from the global economy and exact major economic damage.

The morality of economic sanctions has been and remains a contentious issue. One strand of thought contends that sanctions are ethically questionable policies, arguing that conventional sanctions are ethically unsound in large part because they violate the principle of discrimination by aiming at civilians, using humans as a means of leverage rather than ends in themselves (contravening Kant's categorical imperative), and causing significant suffering with a considerably low probability of accomplishing their intended goals.[4] Other research argues that even targeted sanctions are not entirely "humane" options since they hurt innocents considerably while often falling short of achieving their policy objectives.[5] Yet another strand of the literature, however, claims that sanctions are ethically less problematic than suggested by the critiques, and argue that targeted sanctions in particular are morally justifiable because they cause minimal damage to civilians and are more effective than conventional sanctions if implemented properly.[6]

Adopting a broadly utilitarian approach, I review some of the most up-to-date empirical research on sanctions and posit that both comprehensive and targeted sanctions remain morally impermissible tools due to their substantial negative externalities and low success rate. To begin, I explain why sanctions are politically ineffective instruments. Next, I discuss the extent of harm that sanctions might visit on populations in target countries in terms of human rights, democratic freedoms, and the wellbeing of ordinary citizens. Following the overview of the cumulative research on the efficacy and adverse effects of sanctions, I elaborate on my thesis that sanctions often lack moral legitimacy.

## Effectiveness of Sanctions

In 1967, Johan Galtung succinctly summarized the "naïve" theory of sanctions as the idea that economic pain and political uncertainty triggered by external pressure on target countries would coerce target leaders into acquiescence.[7] Indeed, the naïve theory of sanctions has long been the underlying view informing U.S. policy decisions toward hostile countries, such as Cuba, Iran, North Korea, and

Russia. According to this theory, sanctions might weaken target regimes by denying them access to essential economic and military resources, thus hindering a regime's capacity to quell dissent through coercive means. Shrinking resources would also mean that target regimes will face defections from their internal supporters, such as those in police and military services, as they would be unable to pay them in return for their loyalty. Further, the growing public frustration and grievances associated with the adverse economic conditions would embolden the opposition, causing more political instability and anti-government dissent. As a result, because sanctions pose a major threat to a target regime's political stability and survival, the target country would concede to external pressure in order to restore economic and political stability.

This view, however, falls short of offering an accurate picture of how sanctions operate in most target countries. There is considerable evidence that sanctions hardly hurt the coercive capacity and support base of targeted governments.[8] Even in cases of comprehensive sanctions, such as those initiated against Cuba, Iran, Iraq, and North Korea during the twentieth century, leaders have been able to survive external pressure with little loss to their capacity to rule over and command the state apparatus. Because target regimes have control over the redistribution of public resources that are often made scarce by sanctions, they disproportionately use those resources to insulate themselves and their support coalition from the adverse effects of sanctions, while average citizens bear the brunt of the economic hardship.

Sanctions can also fail to deny a regime's access to essential goods and products, as the target country often continues to acquire these goods from third-party countries and private actors via formal or informal economic channels.[9] For instance, comprehensive UN sanctions against the former Republic of Yugoslavia in the 1990s, imposed with the intention of ending the ongoing civil war, increased the criminalization of the Yugoslavian state and economy as well as that of neighboring countries. The Milosevic regime was able to survive the sanctions through its involvement with transnational organized crime and clandestine economic actors to secure resources, generate income, and bolster its grip on power.[10]

The deficiency of the naïve theory has also been confirmed by comprehensive sanctions databases that show conventional trade and investment sanctions fail in achieving their stated objectives as often as 65 percent of the time.[11] And the targeted sanctions that have replaced conventional sanctions in recent years as the preferred instruments have not performed better.[12] According to UN data collected by Thomas J. Biersteker and his colleagues, targeted sanctions were ineffective in eliciting any discernable policy change in target countries in about 80 percent of the cases.[13] These include the UN-led targeted sanctions that involved arms embargoes, sectoral sanctions, and travel restrictions against Angola (1993–1998), Liberia (1992–2006), Sierra Leone (1997–2000), Somalia (1992–2009), and Sudan (1996–2001), all of which failed to end the ongoing armed conflicts in those countries. Indeed, the data suggest that the failure rate of targeted sanctions might even be higher than that of conventional sanctions. One exception, though, appears to be targeted financial sanctions.[14] According to a recent study,[15] U.S. financial sanctions since 2001 have been effective about 40 percent of the time, while conventional sanctions, as noted above, have been effective about 35 percent of the time.[16] For instance, in the case of U.S.-led sanctions against Iran from 2011 to 2015, financial sanctions that were designed to deny Iran's access to the global banking system were effective in causing major economic distress and subsequently played a role in forcing Iran to accept restrictions on its nuclear program and negotiate with the United States and other sanctioning countries.

## The Negative Externalities of Sanctions

Both conventional and targeted sanctions not only frequently fail to induce policy reforms in the target country but also undermine political freedoms, economic conditions, and the wellbeing of groups outside the support base of government. The consensus in the literature is that ordinary citizens tend to bear the burden of sanctions while political elites and their supporters remain unharmed. Under the external pressure of sanctions, governments become more inclined to restrict political freedoms and quell dissent in order to maintain the political order and status quo. Studies show that sanctions might instigate more political violence and anti-government protests.[17] Economic grievances, as well as the perception of sanctions as an indication of the government's lack of support from the international community, incentivize the opposition to mobilize against the political leadership. As a result, groups that suffer economically from sanctions or object to the government's handling of the crisis often take to the streets to display their dissatisfaction.

Target governments respond to the growing opposition and dissent by employing repressive means, such as imprisoning opposition leaders and banning protest and demonstrations.[18] They opt for repression to send a clear signal to their constituents and the general public that they are determined to quell any dissent challenging their authority. They might even exploit sanctions to justify the use of repression against the opposition.[19] Leaders often portray sanctions as a direct threat to national survival and blame them for the economic suffering and other problems of the country. Hence, target governments quell dissent and eliminate any viable anti-government activities in the name of national integrity and stability. As a result, countries that come under economic sanctions are likely to experience increased political repression and human rights abuses. For instance, for years Fidel Castro portrayed U.S.-led sanctions on Cuba as an attack on the independence and integrity of the Cuban people, which allowed the regime to shift public attention from internal problems and failures of the Castro government to an external threat.

Sanctions can also cause major economic dislocation and financial crises,[20] increased levels of poverty and income inequality,[21] and threaten public health conditions by reducing access to medicine and disrupting health services.[22] In terms of possible public health effects of sanctions, for instance, import bans on products used for water and electrical supply systems undermined health services in Cuba, Iraq, and Haiti, given that the sanitation infrastructure and the functioning of medical equipment such as X-ray facilities and ambulances were highly dependent on such systems.[23] In a similar vein, fuel bans levied against Haiti and Sierra Leone reduced the ability of local government agencies to provide food, medicine, and other basic goods, particularly to those living in rural areas.[24]

Though the humanitarian effects of sanctions have long been associated with conventional trade and investment sanctions, recent studies on targeted sanctions offer evidence that even selective sanctions might lead to authoritarianism, worsened living conditions, societal violence, and poor governance. For instance, in 58 percent of the UN-led targeted sanctions cases since 1991, there was an increase in corruption and criminality in target countries during the sanctions years. In 35 percent of the UN-led cases, target governments became more repressive and authoritarian in the years following the imposition of sanctions.[25]

Other research suggests that the negative consequences of sanctions are felt even more greatly by marginalized groups, such as women and minorities. For example, the economic contraction and instability caused by sanctions tends to result in more unemployment among women than among men, largely because women have less job security, as their formal employment is considered more expendable than men's.[26] Further, as sanctions instigate political disorder and repression, women face more personalized crime and gendered violence, and participate less in politics.[27]

Ethnic or other minority groups outside the ruling coalition of the government might face policies that are similarly discriminatory.[28] To consolidate their authority, target governments pursue repressive policies against rival ethnic political parties and other organizations that are part of the opposition. Members of these (perceived) opposition groups also become frequent victims of arbitrary firing, unequal hiring or promotion practices, and lower wages. Comprehensive sanctions against Iraq in the 1990s, for instance, inflicted relatively little harm on the regime under Saddam Hussein and his support base, the Sunni minority. On the other hand, other ethnic groups such as the Kurds, Shia Arabs, and Turkomans in Iraq experienced reduced access to the scarce public resources and faced widespread discrimination at the workplace in both the public and private sectors.[29]

## Sanctions' Success, Negative Externalities, and the Ethics of Sanctions

For target countries, the evidence examined above shows that economic sanctions often lead to adverse economic conditions, poverty, political repression, societal violence, and systematic discrimination against citizens, and that disadvantaged segments of society and opposition groups tend to disproportionately bear the burden of these negative effects. Some of these effects, such as reduced access to essential goods and products, are intended or expected consequences of trade and financial restrictions. Others are secondary effects and thus may not be explicitly anticipated, such as the disproportionate suffering of marginalized segments of society. Further, target governments, which are primarily in charge of ensuring the political stability and overall wellbeing of their citizenry, might amplify the intended and unintended adverse effects of sanctions. For instance, the redistribution of essential resources by political elites to themselves and away from their rivals leads to unequal burden sharing with innocent civilians. This suggests that sanctions are not per se fully responsible for or intended to cause all the suffering experienced by target societies, yet they still at least indirectly contribute to the dire conditions by making them worse. It is this exacerbating tendency, coupled with the unequal burden sharing, that is the moral failing of sanctions.

For sanctioning countries, the net utility of sanctions also appears to be more negative than positive. As alluded to above, there is some consensus in the literature that coercive economic instruments frequently fail to achieve their stated policy objectives. It is often the case that the use of coercive economic instruments does not advance the national interests of the sanctioning country or help it to promote morally appealing goals, such as respect for human rights and democracy. In the case of imposing sanctions to promote human rights or bring an end to an ongoing civil war, they might even backfire by incentivizing target governments to commit more political repression[30] or intensify conflict violence and killings.[31]

Further, the use of sanctions might escalate the level of tension with a target government, diminishing the prospects for reconciliation and a peaceful solution to the issue under dispute. In the protracted sanctions regimes initiated by the United States against Cuba, Iran, and North Korea since the Cold War era, these have not only diminished the possibility of cordial relations between the countries but have also hindered their willingness to cooperate on other foreign policy issues. This does not suggest that sanctions are usually the initial or the lead cause of the impaired relations between sanctioning and target countries. A targeted regime's policies, such as repressing its own citizens or using military means against a neighboring country, might create the initial tension with a sanctioning country and thus trigger the implementation of sanctions. Ostensibly, the use of sanctions in such cases is intended to alter the regime's policies in order to resolve the issue under dispute and to return to pre-sanctions relations. However, given sanctions' frequent failure in inducing policy changes, they instead often prolong an ongoing dispute and even exacerbate conflict rather than render more amiable relations.

Sanctions also mean that some businesses and other private actors in the sanctioning country become economically worse off because of the disruption of economic transactions with their sanctioned counterparts and other lost economic opportunities in target economies. For instance, following the Trump administration's decision to reimpose sanctions against Iran over its nuclear program in 2018, the aircraft company Boeing reportedly lost a business deal with Iran worth about twenty billion dollars.[32] When major powers such as the United States and China levy sanctions, the overall negative economic impact might be costly for certain businesses but negligible for the general economy of the sanctioning state. By contrast, the economic hardship for the overall economy can be sizable when middle powers and smaller countries, such as Israel, South Africa, and Turkey, take part in multilateral sanctions or impose sanctions of their own. Earlier research shows that Turkey and Jordan, both neighboring countries and close trading partners of Iraq, incurred significant economic losses following their participation in the comprehensive UN sanctions against Iraq in the 1990s.[33] Similarly, when the European Union decided to respond with sanctions to Russia's occupation and annexation of Crimea in 2014, it led to a loss of about one hundred billion Euros for the EU member countries combined, with smaller countries such as Estonia feeling the greatest harm relative to the size of their economies.[34]

In addition, businesses from third-party countries that are subject to secondary or extraterritorial sanctions might incur major economic costs because of their business ties with the target. The U.S.-led financial and other targeted sanctions against Iran and Russia in recent years have involved secondary sanctions to intensify pressure on the target economies. These secondary sanctions threaten third-party economic entities with denial of access to the U.S. market and financial system, and ban them from doing business with U.S. companies abroad unless they cut their economic exchanges with the target countries. European companies have been particularly vulnerable to these secondary sanctions since many EU member countries have strong trade and investment interests in Iran and Russia. However, other countries with businesses dependent on oil or natural gas imports from Iran and Russia, such as China, India, Japan, and Turkey, have also been susceptible to the threat of such secondary sanctions.[35] This suggests that even in cases where such secondary measures improve the effectiveness of primary sanctions, they might hurt sanctioning countries' ties with their close allies and other third parties that have significant economic and other interests at stake. In sum, the possible negative impacts of sanctions go far beyond the target countries and make the use of sanctions even less justifiable on utilitarian ethical grounds.

## Conclusion

This essay has reviewed the existing evidence of the effectiveness and consequences of economic sanctions. Based on this evidence, I argue that sanctions ought to be considered morally unappealing tools given their adverse effects on civilians and relatively low success rate. This argument is based on the utilitarian view that the net benefit of sanctions tends to be negative, often producing bad outcomes for both target and sanctioning countries. Of course, this critique of sanctions on ethical grounds does not indicate that sanctions should be rejected outright as a foreign policy tool. They might, for instance, be seen as the least bad choice available to policymakers under certain circumstances. However, the questionable record of sanctions from an ethical standpoint suggests that countries should recognize the likely human suffering and other negative externalities of sanctions as well as the low success record before employing them. Finally, in cases where sanctions are seen as the least bad option, it is still imperative for policymakers to design the sanctions regime in a way that minimizes civilian suffering.

NOTES

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Abstract: As part of the roundtable "Economic Sanctions and Their Consequences," this essay discusses whether economic sanctions are morally acceptable policy tools. It notes that both conventional and targeted sanctions not only often fail to achieve their stated objectives but also bring about significant negative externalities in target countries. Economic dislocation and increases in political instability instigated by sanctions disproportionately affect the well-being of opposition groups and marginalized segments of society, while target elites and their support base remain insulated from the intended costs of foreign pressure. Sanctions might also incentivize target governments to use repressive means to consolidate their rule and weaken the opposition. Given these serious shortcomings, I argue that sanctions are ethically problematic tools of foreign policy. Nonetheless, this does not mean that sanctions should be rejected outright, as there might be cases where sanctions are the only viable option, and they might work effectively under certain circumstances. Rather, the essay suggests that policymakers should apply more caution in considering the use of sanctions given their low probability of success, and should be more concerned with the delicate balance between political gain and civilian pain before levying sanctions, whether comprehensive or targeted.

Keywords: economic sanctions, targeted sanctions, coercion, ethics, utilitarianism, morality