Introduction

Economic sanctions are commonly used tools of U.S. foreign policy whose history, legal mechanisms, costs, and effects are not always well understood. This paper will define economic sanctions, clarify the different types employed by U.S. policymakers, and provide important considerations for contemporary policymakers.

Few other policy tools are as universally employed in U.S. foreign policy as sanctions. A scan of the headlines reveals sanctions to be pivotal in U.S. relations with Russia, China, Iran, North Korea, Venezuela, and Afghanistan. From the Treasury Building on Pennsylvania Avenue in Washington, a small team of American bureaucrats impose economic and travel restrictions on other states, officials of those states, and non-state groups, affecting faraway economies and global trade. We call these restrictions “sanctions,” and they have grown only more popular for U.S. and United Nations (UN) policymakers since the end of the Cold War.

The goals of this paper are to provide a review of what sanctions are, the history of their use, and both their limitations and conditions for success.

This paper first lays out the foundations of sanctions before analyzing the factors in effective sanctions use and the ends for which they may be best-suited. This analysis is supplemented by reference to prominent cases of U.S. sanctions use.

In discussing and analyzing sanctions, there are two challenges that should be named at the outset. The first is the variety of actions described by the term “sanctions.” Encompassing everything from full embargoes, to targeted asset freezes, to travel restrictions on politicians, sanctions fall somewhere between diplomatic censure and war. As UN General Secretary Kofi Annan said in 2000, sanctions “represent more than just verbal condemnation and less than the use of armed force.”¹ But it is obvious that U.S. sanctions against persons involved in human rights abuses in Ethiopia are different in kind from...

the U.S. sanctions against Iran leading up the nuclear deal in 2015. Though both sanctions campaigns include similar measures for targeted entities, such as asset freezes and restrictions on doing business, the former is much closer to diplomatic censure and the latter much closer to war. Sanctions do not exist in a vacuum.

The other challenge is that sanctions rarely achieve conclusive outcomes alone. Other factors are always at play, making the independent effect of sanctions hard to assess. For instance, outside analysts concluded that UN sanctions against Yugoslavia from 1992 to 1995 during the Bosnian War were key in pushing Belgrade to sever ties with Bosnian Serbs. But Belgrade’s shift might not have stuck but for the military setbacks that led it to sign a peace treaty in 1995. A combination of sanctions and military force were again needed against Serbia a few years later in Kosovo, further illustrating the difficulty of isolating the impact of sanctions.²

Overcoming these two challenges – how to better organize sanctions and how to isolate their effects – are crucial for understanding the factors behind sanctions outcomes. No less important is understanding the costs of sanctions. Sanctions often do a better job than war in hiding their costs – a key reason they are perceived as an easy, go-to tool. But a casual reliance on sanctions has done substantial damage to both the U.S. economy and innocent civilians in target states. While this paper will not weigh in on the political considerations that should guide policymakers in balancing these costs with potential benefits, Americans who want a say in U.S. foreign policy should understand that sanctions are not cost-free.

Following these considerations, we can analyze the common factors in successful sanctions. This paper identifies six main factors: aiming for influential groups and actors; aiming for targets with incentive to cooperate; securing buy-in from states that could offer the target potential exit options; setting realistic goals; offering concessions in exchange for sanctions relief; and aiming for weak states. These factors were identified by analyzing previous studies of sanctions and real-life cases where sanctions both succeeded and failed. By outlining these factors clearly, this paper can hopefully guide readers in assessing where sanctions may be an appropriate policy tool.

Roadmap

The paper starts by defining sanctions and their goals in Section I, pages 3 to 4. Sanctions are frequently intended to coerce targets away from certain behavior and constrain them from behaving in those ways in the future. Sanctions may also be aimed at enforcing norms. This section will be followed by a brief history of sanctions in the United States and a summary of the legal authorities underpinning their use in Section II, pages 4 to 5. The paper will then define the different types of sanctions used by the United States in Sections III to V, pages 6 to 11. Sanctions are divided both by target (between those against states and those against non-state groups) and by method (between primary and secondary sanctions). These bifurcations should help readers apply the term “sanctions” a bit more specifically in their thinking.

From there, the paper will analyze “smart” sanctions in depth in Section VI, pages 11 to 14. This is crucial, given the rise in smart sanctions since the 1990s, both in U.S. sanctions campaigns but especially by the UN. Following this, the effects of sanctions will be analyzed, covering sanctions’ economic and

humanitarian costs to target states and the diplomatic and political reasons that often explain why sanctions are imposed. This will take up five subsections within Section VII, pages 14 to 21. The six main factors for sanctions success (mentioned above) will then be outlined, followed by notable obstacles in sanctions success, in Section VIII, on pages 21 through 27. The paper proceeds to an in-depth analysis of the South Africa sanctions campaign, a case that should illuminate factors in sanctions success as much as it should highlight the rarity of these factors obtaining elsewhere, in Section IX, on pages 27 to 29. A final consideration of factors for sanctions success concludes the paper on pages 29 to 30, in Section X.

This analysis of sanctions is not meant to be exhaustive or definitive. Rather, it is intended to be a resource for foreign affairs professionals, students, and members of the general public who want a better understanding of this widely used foreign policy tool. Instead of defaulting to sanctions, U.S. policymakers should use them deliberately only in cases where the conditions for success are clear. At the least, policymakers should more carefully weigh the overall costs with the benefit to U.S. national security interests. This paper identifies those factors for success and provides readers with the foundation to apply those factors to future cases.

Section I: What are sanctions?

“Sanctions” is an umbrella term used to describe actions short of war taken by a government to prevent other states and/or persons from engaging in trade, buying weapons, accessing foreign-held funds, and/or traveling to other countries. These are meant to coerce target states or persons to change their behavior to a course of action preferred by the sanctioning party. They can also be implemented to enforce norms.

The Congressional Research Service categorizes the following as sanctions: “trade embargoes; restrictions on particular exports or imports; denial of foreign assistance, loans, and investments; blocking of foreign assets under U.S. jurisdiction; and prohibition on economic transactions that involve U.S. citizens or businesses.” Secondary sanctions are sanctions that “penalize third parties engaged in activities with the primary sanctions target that undermine or evade the purpose of the sanctions regime.”

While U.S. sanctions are often imposed for security-related reasons, Washington has increasingly imposed sanctions for human rights violations over the past three decades. These kinds of sanctions are applied both to individual perpetrators of human rights or their associates (usually members of governments or rebel groups) and to whole countries.

The classic use of sanctions directs them at the state with the aim to reduce trade in and out of a target state in order to reduce the sanctioned state’s Gross Domestic Product (GDP). A successful sanction

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effort will lead the targeted state to change its behavior in some way favorable to the targeting state. Using the same logic, “smart sanctions,” discussed further below, can be used against individual policymakers instead of states as a whole.

Sanctions can be used to influence economic policy, such as dumping measures or tariffs, but are not limited to economic policy, as they can also be used to influence military decisions, arms proliferation, or even human rights. What distinguishes sanctions from trade wars is that trade wars attempt to change economic policy (such as the target state’s tariffs, import policies, or dumping measures), whereas sanctions can be targeted at changing policies unrelated to economics.

In the United States, sanctions are implemented and modified by the president consistent with powers delegated by Congress. The president has the power to sanction specific persons, entities, or countries by declaring a national emergency, an act which can grant the president emergency powers under one or more of some 120 statutory powers. Sanctions can also be passed by Congress, but this requires passing new laws and is thus rarer than sanctions implemented solely by the president. The legal root of presidential sanctions power today is the 1977 International Emergency Economic Powers Act (IEEPA).

Section II: A Century of U.S. Sanctions

World War I to Cold War
Sanctions by the U.S. government have taken many forms since the Embargo Act of 1807, which President Thomas Jefferson signed into law to deter the seizure of goods on U.S. ships and impressment of American sailors by Great Britain. The Department of the Treasury also enforced a ban on trade with the Confederacy during the Civil War. But the government did not enact substantial economic sanctions against other countries until World War I. Even then, the imposition of trade restrictions and asset freezes by the United States in World War I under the Trading with the Enemy Act (TWEA) of 1917 and in 1940 against Japan were more accurately characterized as economic warfare than sanctions, because they were intended to weaken a wartime enemy rather than change behavior without resorting to war. The president still relies on powers granted by TWEA to this day. Since the Great Depression and the beginning of the Cold War, the president has used these powers to both apply sanctions at his own discretion and implement sanctions mandated by Congress.

After sanctioning enemies in World War II much as it did in World War I, the United States began implementing peacetime sanctions during the Cold War. For the first three decades of the Cold War, TWEA was the main vehicle by which the president seized or froze U.S.-based foreign assets, blocked financial transactions, blocked foreign acquisitions of U.S. entities, restricted U.S. exports, and imposed tariffs on imports. These powers were substantial, enabled by the United States’ economic primacy and global trade liberalization following WWII. TWEA’s presidential authorities were originally conceived of


as wartime tools, but the Cold War brought this wartime tool, along with many others, into regular peacetime use.³

The Vietnam War, Watergate, and revelations of abuses by U.S. intelligence agencies triggered a wave of congressional review of existing national emergency powers starting in 1976. Congress found the president’s powers under TWEA to be too unchecked, so they passed the National Emergencies Act (NEA) in 1976. Congress intended to shift some of TWEA’s powers, such as export controls and sanctions, from unilateral, secretive Executive Branch prerogative to a joint Executive-Legislative Branch partnership. To this end, the NEA mandated that national emergency declarations be transmitted to the Federal Register and sent to Congress; that such declarations be renewed yearly or expire; and that national emergency declarations could be terminated by legislative veto with simple majorities in both chambers of Congress. These changes ultimately did little to reduce the president’s authorities.

The president’s broad powers to impose sanctions, tariffs, and export controls under TWEA were nullified during peacetime (as they had been until 1933, when President Franklin Roosevelt pushed Congress to give him peacetime economic powers to fight the Great Depression), but the president retained his wartime sanctions powers. Not that the country had to be at war for broad sanctions powers to kick in. For peacetime sanctions authorities, the president could use IEEPA, passed in 1977.⁴

NEA and IEEPA have also failed to make national emergencies rare. Of the 71 national emergencies declared since 1976, 65 primarily or solely cite IEEPA.¹¹ National emergencies automatically terminate after one year, but most of the national emergencies declared since 1976 have been renewed every year.¹² The NEA’s oversight mechanisms have also been ineffectual. In 1983, the Supreme Court nullified the legislative veto (which similarly hobbled the 1973 War Powers Resolution).¹³

Post-Cold War
Sanctions after the Cold War came in two phases: comprehensive sanctions campaigns were implemented in the early and mid-1990s, and targeted sanctions on individuals have been most common since the mid-1990s. Comprehensive sanctions became possible after the end of the Cold War because superpower competition disappeared, so Washington could more easily bring on most or all other major powers for its sanctions campaigns. This cut out alternative trading routes for the targets of these campaigns. During this period, even Russia was convinced to go along with sanctions on its longtime partner, Serbia, in the Bosnia War.

The rise of nonstate terrorist actors in the late 1990s, such as Al Qaeda, drove the United States to begin sanctioning specific persons more frequently. Enforcement of targeted sanctions grew more effective after the Global War on Terror began.

³ Casey, Ferguson, Rennack, and Elsea, “IEEPA,” 1-6.

⁴ Ibid., 6-11.

¹¹ Boyle, “President’s Sanctions Powers,” 3.


¹³ Boyle, “President’s Sanctions Powers,” 5-6.
Section III: U.S. Sanctions Today

The legal basis for U.S. sanctions has been remarkably consistent since the late 1970s, with IEEPA the legal center for sanctions authority. After a president declares a national emergency under the NEA, he issues an executive order (published in the Federal Register and likely invoking IEEPA) indicating broadly who and/or what is to be sanctioned. For instance, sanctions may be applied to persons who have committed certain crimes or interfered with elections in a certain country. Then, the Treasury Department’s Office of Foreign Assets Control (OFAC) – the executive branch’s office for administering sanctions – designates specific persons, entities, and/or countries that qualify under the president’s executive order. OFAC has substantial independence in interpreting executive orders authorizing sanctions.14

Entities designated by OFAC are then prohibited from doing business with “persons under U.S. jurisdiction” – mostly meaning U.S. citizens and residents but also including any U.S.-incorporated entity or foreign entities with U.S. branches. The “doing business” proscription means that any property of the target (and often any currency, titles, or other “property interests”) will be frozen if a person under U.S. jurisdiction acquires it. OFAC can grant industry-wide or company-specific exceptions to sanctions regimes, known as licenses. Criminal penalties for noncompliance include fines of up to $1 million and/or prison terms of up to 20 years per violation, and civil penalties include fines of up to $311,562 or twice the value of the illegal transaction, whichever is greater, per violation.15

Congress need not be consulted if sanctions are applied using only IEEPA. On occasion, Congress has taken the lead on sanctions policy through its lawmaking powers. For instance, Congress has included provisions on Syria receiving U.S. foreign aid in several appropriations bills. In 2003, Congress went so far as to require the president take two or more sanctions actions against Syria from a menu of six options in the Syria Accountability and Lebanese Sovereignty Restoration Act.16

A few different sanctions regimes will be mentioned below, all of which are overseen by OFAC and included in its Specially Designated Nationals And Blocked Persons (SDN) list, except for the immigration-focused Terrorist Exclusion List (TEL) maintained by the Department of State.17 As of February 28, 2022, the SDN list runs 1,686 pages.18

Section IV: What role does the U.S. financial system play?

14 Ibid., 7.
15 Ibid., 7-10.
U.S. sanctions are highly effective in affecting financial interactions with designated targets for two reasons. First, sanctions by their nature are implemented in a decentralized way. By threatening punishment for noncompliance, OFAC induces private entities (i.e., banks) to do the work. This comprises (a) freezing any targets’ assets that banks hold, and (b) blocking any future transaction requests with targets and then reporting such requests to OFAC within ten days. Second, the United States has much more “hard” and “soft” financial power than any other state.

U.S. “hard” financial power is immense because the United States is the world’s biggest market. This allows the United States to proscribe third parties from doing business with sanctions targets – also known as “secondary sanctions,” first used substantially against Iran in 2010. Non-Americans can choose between doing business with the United States or with entities under U.S. secondary sanctions, but not both. Dominant U.S. market size means they often pick the former. Big economies can behave this way because any loss in trade will be less burdensome on them than on the target country. Also, the United States is likely to be well-integrated with target countries because its economy is so large.

Washington can leverage this power on third parties as well (see also Primary vs. Secondary Sanctions, below). For example, the United States successfully pressured the Society for Worldwide Interbank Financial Telecommunication (SWIFT) – a clearinghouse for global financial transactions – to disconnect Iranian banks in March 2012. SWIFT was given the option to continue operating with Iran or the United States, but not both. Other actors are not as economically influential as the United States. In 2014, SWIFT denied requests by the United Kingdom to disconnect Russia from SWIFT and by pro-Palestinian groups to disconnect Israel, claiming that it didn’t want to make unilateral decisions under political pressure. When Washington is doing the pressuring, things are different.

The United States also has immense “soft” financial power because U.S. financial institutions are involved in many global financial transactions that do not involve U.S. parties. This means OFAC can cast a wider net on behalf of the U.S. government. Because the U.S. dollar is the main global currency, many transactions between non-Americans go through U.S. financial institutions. In 2020, about half of all trade, loans, and debt securities were invoiced or denominated in U.S. dollars. Some countries have historically been fairly immune to U.S. secondary sanctions. Russia, for example, does not trade much


with the United States and has some leverage over U.S. allies in Europe due to their energy dependence on Moscow. This is why sanctions applied after Russia’s 2014 invasion of Crimea had little impact. (Secondary sanctions that began in 2017 were also very limited in scope.\(^{24}\)) However, this calculus has changed in 2022 after Russia’s invasion of Ukraine, as Moscow’s direct military assault on Kyiv has jolted U.S. allies in Europe, making them willing to place far-reaching sanctions Russia. This will drive up energy prices and expends a one-use policy tool, but the desire to punish Putin and enforce the norm of territorial sovereignty outweighs those costs.

Additionally, Moscow’s dependence on the dollar for trade means that even before 2022, it could still be severely harmed by U.S. sanctions. Russia has reacted to this predicament by developing its own SWIFT-like system – the System for Transfer of Financial Messages, or SPFS\(^{25}\) – after Washington threatened to exclude Moscow from SWIFT following Russia’s 2014 annexation of Crimea. This indicates U.S. “soft” financial power could weaken with use, as it incentivizes other actors to develop alternatives.\(^{26}\)

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**Why is the U.S. dollar the preeminent global currency?**

To reap the benefits of the global economy in place since the end of World War II, countries find it best to keep foreign currency reserves on hand. This lowers transaction costs, reassures investors (thus drawing more investment), and boosts exports. Of the several reserve currencies, the U.S. dollar is king because no other state comes close to the United States in both economic size and confidence of investment (owing to many decades of consistently strong rule of law and property rights). Because of the vast size of the U.S. economy, there is a large volume of securities to be traded. Because of the high trust investors can place in it, these securities are confidently and constantly being traded, implicating the U.S. dollar in many financial transactions worldwide.


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**Section V: The different types and efficacy of U.S. sanctions**

**State vs. Non-state Targets**

The two main categories of sanctions are those against states and those against non-state actors. State sanctions prohibit transactions with some or all of a country and its nationals, such as the entirety of Iran or the government of Venezuela. Sometimes sanctions will be limited only to those government officials involved in a certain proscribed behavior. Sanctions against non-state actors, on the other hand, target groups or persons who do not act through a state apparatus. Since the Clinton administration, the United States has frequently enacted sanctions on non-state actors in addition to state ones.

**Primary vs. Secondary Sanctions**

\(^{24}\) Bartlett and Ophel, “Sanctions by the Numbers.”


\(^{26}\) “U.S. Dollar as the World’s Dominant Reserve,” CRS, 2.
Sanctions can also be divided into “primary” and “secondary” sanctions. Primary sanctions, as noted above, apply only to entities under U.S. jurisdiction. If OFAC believes such an entity may have transacted with sanctioned entities, it may be fined by OFAC or criminally prosecuted by the Department of Justice. Secondary sanctions punish third parties who have transacted with sanctions targets but are neither subject to U.S. jurisdiction nor doing business through U.S. financial institutions. Secondary sanctions can be enforced by denying the violating party U.S. export licenses or loans from U.S. banks, or even by slapping primary sanctions on them. Secondary sanctions rely on the desirability of U.S. markets: when asked to choose between transacting with the United States or targets of primary sanctions, there are strong incentives to choose the former. Use of U.S. secondary sanctions spiked after President Donald Trump withdrew from the Joint Comprehensive Plan of Action (JCPOA), also known as the Iran nuclear deal, in 2018. The rest of the deal’s participant states wanted to stay in, leading Washington to levy secondary sanctions in an effort to impose “maximum pressure” on Iran.27

How does the U.S. government access third-party transactions?

In 2011, U.S. authorities seized over $20,000 (137,000 Danish kroner) from a Danish policeman who tried to buy Cuban cigars from Germany. The cigars were legal in Denmark and Germany, but the exchange was automatically routed through a U.S. financial institution. This put the transaction in violation of U.S. sanctions against Cuba, which was where the German seller had gotten the cigars.


Counterterrorism-Related Sanctions

Sanctions have been part of U.S. counterterrorism strategy since the 1990s and especially since the September 11 terrorist attacks. Before the 1990s the terrorism threat that most concerned the U.S. government was state-sponsored terrorism from “rogue states,” such as Saddam Hussein’s supporting Palestinian terrorists or Muammar Qaddafi’s role in the Pan Am bombing over Scotland. The United States listed these states as “state sponsors of terrorism” from the 1970s through the 1990s, using legal mechanisms other than IEEPA (namely the 1979 Export Administration Act). Currently, only Cuba, Iran, North Korea, and Syria are listed by the United States as state sponsors of terrorism.28

Current counterterrorism sanctions rely on different mechanisms given the nonstate nature of terrorist threats after the 1990s. Terrorists or their backers can be added to the default primary sanctions list, the SDN list, or, alternatively, to one of two special post-Cold War lists. The president can use any of the three lists when looking to diplomatically isolate and/or financially drain nonstate adversaries.

The first of the post-Cold War lists is the “Foreign Terrorist Organizations” (FTO) list, on which the Secretary of State lists terrorist organizations. FTO designations are up for review and renewal every two


years. Persons under U.S. jurisdiction are prohibited from supporting or transacting with these entities.\(^{29}\)

The State Department claims that 72 organizations are designated as FTOs and 14 FTO’s have been delisted since 1997. Only one organization on the list is a government entity of a recognized state: Iran’s Islamic Revolutionary Guards Corps.\(^{30}\)

The second is the Specially Designated Global Terrorists (SDGTs) list, created by President Bush two weeks after 9/11.\(^{31}\) The SDGT augmented the “specially designated terrorists” (SDT) list created in 1995 by President Bill Clinton to sanction non-state groups inhibiting the Palestinian-Israeli peace process. The SDGT expanded special sanctions authority from Middle Eastern organizations to any entity, allowed for sanctions on associates of targeted entities, and allowed the sanctioning of foreign banks that refuse to freeze targeted entities’ assets, by way of blocking these banks’ U.S.-held assets and/or denying them access to U.S. markets.\(^{32}\) SDGT designations are included under the SDN list. Both State and Treasury can add designations.

Multilateral sanctions often come in the form of UN sanctions, which are passed by the UN Security Council (UNSC). Besides bespoke sanctions regimes for specific countries, such as Iraq or Haiti, UNSC sanctions fall into one of two categories: the 1267 and the 1373 regimes. UNSC Resolution 1267 levied asset freezes, travel bans, and arms embargoes against Al Qaeda, the Taliban, and the Islamic State in Iraq and Syria (ISIS) at various points over the last 23 years.\(^{33}\) UNSC Resolution 1373, passed after 9/11, requires states to criminalize the act of financially supporting terrorists, establishing a parallel counterterrorism legal regime in each country.\(^{34}\)

The European Union has implemented the above UNSC sanctions on behalf of its member states.\(^{35}\)

**The U.S. Leads in Use of Sanctions**


\(^{32}\) Cronin, “The FTO List,” 4; Hufbauer, Schott, and Oegg, “Using Sanctions.” Companies controlled by blocked persons can also be subject to sanctions even if those persons do not have majority ownership: See “Frequently Asked Questions: ENTITIES OWNED BY BLOCKED PERSONS (50% RULE),” *U.S. Department of the Treasury*, https://home.treasury.gov/policy-issues/financial-sanctions/faqs/topic/1521/.


OFAC currently implements 36 sanctions programs. Most target other states specifically, but five programs target those involved in specific activities: impeding the Serbia-Kosovo settlement, narcotics trafficking, terrorism, the rough diamond trade, and transnational crime.

This brief focuses on U.S. sanctions, but other countries implement sanctions as well. In addition to implementing UNSC sanctions, the EU has also imposed its own. The EU claims to have over 40 distinct sanctions regimes in place. It has implemented its own sanctions alongside UNSC sanctions campaigns, such as against the Milosevic regime in Yugoslavia in the 1990s. Other regional organizations, like the African Union, have imposed sanctions on their member states. Other examples of unilateral sanctions include those by the United Kingdom against Rhodesia in the 1970s and by Japan against North Korea today.

However, the United States stands apart in its use of sanctions over the past few decades, both in its unilateral sanctions regimes and leading UNSC sanctions efforts. Perhaps unsurprisingly, as China grows economically and militarily, approaching U.S. proportions, it has begun using sanctions more frequently. In December 2021, China punished Lithuania for opening an unofficial diplomatic office for Taiwanese officials by imposing a kind of secondary sanction on Lithuania: multinational firms were told to cut ties with Lithuania or lose access to China. Similarly, in 2016 and 2017, China boycotted certain South Korean businesses in response to Seoul deploying U.S. missile defense and radar systems on its soil. Beijing has also retaliated against U.S. sanctions related to Chinese actions undermining Hong Kong’s legal independence with its own targeted sanctions, and recently passed the Counter Foreign Sanctions Law for responding to foreign sanctions.

Section VI: “Smart” Sanctions

So-called “smart sanctions” (also called “targeted sanctions”) are sanctions targeted specifically at a target state’s elites. The idea behind smart sanctions is that sanctions that apply costs to a country’s general population may not succeed in getting that country to change its policy, but targeting the elites

who are the decision-makers might. Additionally, failing to target sanctions “smartly” could in fact be counterproductive by hurting the middle class and civil society factions of society that oppose the regime in the first place – a practical (as well as moral) setback if the goal is to induce the regime to change its behavior. Smart sanctions suppose that gross GDP loss in the target state is less important for pressuring a policy change than the economic pain felt by specific elites who control policy.

Smart sanctions grew more popular around the turn of the 21st century. After the end of the Cold War, the United States gained unprecedented sanctions powers. The UNSC had previously been gridlocked by superpower rivalry, so it only implemented two comprehensive sanctions regimes during the entire Cold War (on Rhodesia and South Africa). After the Cold War, the UNSC could finally be brought on board to U.S. sanctions efforts. But subsequent campaigns led to a shift in appetite away from comprehensive sanctions:

- The Iraq sanctions campaign in the 1990s was believed to have starved tens to hundreds of thousands of children, though this figure is contested
- The Haiti sanctions campaign in 1994 led to tens of thousands of lost jobs, nearly 100 factory closures, and steep price increases for vital imports, according to some analyses
- Non-state groups such as Al Qaeda for which comprehensive sanctions made little sense emerged as a primary near-term focus for U.S. national security in the late 1990s

Smart sanctions were first implemented against members of the Haitian military junta and their families in 1994, but the effects of these sanctions were difficult to identify, as they came after a year of comprehensive sanctions and only months before a U.S.-led military intervention deposed the junta.

Smart sanctions are delivered on certain politicians, generals, and other policymakers and elites in the target state and can include asset freezes, travel bans, arms embargoes, or blocking, which involves preventing a target from exercising rights over his or her property. In addition to targeted asset freezes


and travel restrictions, smart sanctions can target certain business sectors, state-owned companies, or private companies that are substantial sources of funds for the target regime. Smart sanctions promise coercion of the target state behavior with minimal harm to innocent civilians, making them attractive to U.S. policymakers.

A study of UN sanctions over the 1990s found “only limited support” for the efficacy of smart sanctions. A later study of UN sanctions by the same authors concluded that the relative lack of success of smart sanctions during that period could reflect a learning curve, given that the West only began fully implementing multilateral smart sanctions in the 1990s. However, recent research on UN smart sanctions from 1991 to 2013 has revealed that UN-imposed smart sanctions only effectively coerced targets 10 percent of the time. The rate of success for effectively constraining future activity and signaling disapproval of targets was higher, at 27 percent. Though these results reveal considerable limits for smart sanctions, they do not necessarily mean smart sanctions can never be effective, as they also reflect that the UN has not chosen vulnerable sanctions targets well (something future policymakers can improve).

As the rise of smart sanctions use over the past three decades shows, smart sanctions are more easily imposed and maintained than broader sanctions campaigns, as they require less effort to impose and do less harm to general populations, thus drawing less negative attention from civil society. Smart sanctions can also serve the purpose of stigmatizing states in order to maintain international norms (as when imposed by the UN for transgressions of international law).

However, smart sanctions are not a panacea. For one, there are structural reasons to believe enforcement, even of smart sanctions, will be so difficult as to remove their bite. Even as sanctions imposers learn how to better implement smart sanctions, targets of these sanctions learn as well. In this cat-and-mouse game, the targets have the advantage of not having to move through slow, multilateral institutions like the UNSC. But, given that sanctions campaigns are often most effective when done multilaterally (so as to seal off evasion options for the target state), sanctions imposers can then be stuck between either imposing sanctions unilaterally or imposing them too slowly. As with


comprehensive sanctions, resolve and military capabilities – which differ on a case-to-case basis – also matter greatly for coercing and constraining targets successfully with smart sanctions.\textsuperscript{52}

One study found that, in order to succeed, smart sanctions should target a well-resourced faction of the target state’s elites that has ties to the sanctions imposer but was relatively disinterested in the desired policy change before – referred to below as the “pivot group” factor (see “Changing State Behavior” below). These three conditions – substantial influence, ties to the sanctions imposer, and previous disinterest – may be hard to meet in all desired scenarios.\textsuperscript{53} Indeed, a 2011 review of smart sanctions imposed by the United States found them to have less success than comprehensive sanctions in wresting concessions from target states, though they were less damaging to innocent bystanders than comprehensive sanctions.\textsuperscript{54}

Since the end of the Cold War, the UN has imposed smart sanctions restricting travel and freezing assets on members of the following groups and states: Yugoslavia, Haiti, Sudan, the Democratic Republic of the Congo, Côte d’Ivoire, Al Qaeda, Hezbollah, the Taliban, North Korea, ISIS, Sierra Leone (specifically related to the rough diamond trade), Liberia, Libya, South Sudan, and Iran.\textsuperscript{55}

Section VII: The Impact of Sanctions

Sanctions have had both positive and negative impacts on U.S. foreign policy interests. Notable impacts of U.S. sanctions (and the UN sanctions that often accompany them) are economic degradation and inflation in the target entities. At times, this has helped achieve security, diplomatic, and political goals set by sanctions-imposing states. Comprehensive sanctions by the United States and the UN have reduced the GDP of target states substantially, which can aid in foreign policy negotiations, and severely limited the capacity of targeted non-state groups to raise and move funds.

Sanctions don’t always lead to these outcomes, however. Sometimes, increased inflation and the other economic costs of comprehensive sanctions only succeed in substantially reducing real incomes and quality of life for target states’ inhabitants, without advancing U.S. security goals. This can impede U.S. foreign policy interests by promoting anti-American sentiment in target states, fueling migration waves that destabilize other countries in the region, and feeding nationalist sentiment that strengthens the target state’s regime. Even when they don’t directly impede U.S. interests, U.S. foreign policy actions should seek to avoid gratuitous harm to innocent people. For example, when comprehensive U.S. and UN sanctions restrict access to humanitarian goods, such as food and medical supplies, the people who suffer are innocent civilians. This is one reason that the UN has shifted away from comprehensive sanctions entirely since the mid-1990s.


\textsuperscript{53} Major and McGann, “Caught in the Crossfire,” 348.

\textsuperscript{54} Drezner, “Sanctions Sometimes Smart,” 102-4.

Shifting back to potential foreign policy applications for sanctions: What have sanctions achieved for states that frequently impose them, such as the United States? For one, successful sanctions campaigns have helped secure concessions from target states, as with sanctions against Iran preceding the JCPOA. Successful sanctions campaigns have also degraded hostile non-state groups such as Al Qaeda. Second, sanctions have served diplomatic interests by attempting to distance the United States from current regimes in the hope that future regimes in the target state will reward this behavior. Lastly, sanctions have served the parochial interests of policymakers in the sanctions-imposing states by punishing actions by target states seen as unacceptable, fulfilling domestic political desires.

**Degrading Other States’ Economies**

U.S. and UN comprehensive sanctions generally succeed in damaging target states’ economies. A 2015 study comparing states sanctioned by the United States or UN to those not sanctioned between 1976 and 2012 found that sanctions decreased the GDP/capita growth rate by over two percent annually and by over 25 percent over ten years.\(^56\)

The 1987 oil embargo levied on South Africa by the United States and its allies reportedly cost South Africa $2-3 billion per year and had the knock-on effect of deterring investment, as businesses began to assess the risk of future sanctions and instability in South Africa as increasingly likely.\(^57\)

The UNSC sanctions imposed on Yugoslavia in May 1992 halved per capita income within five months and drove up the costs of heating and medical supplies as winter approached.\(^58\)

Iraq’s per capita income dropped by 87 percent in 1996 as a result of the comprehensive UNSC trade embargo imposed in 1990.\(^59\)

Iran’s real GDP declined by more than 17 percent between 2011 and 2014 following sanctions designed to dissuade Iran from building a nuclear weapon. Oil exports fell by over 50 percent, most global banks left Iran, inflation rose to about 60 percent, and vehicle production fell about 60 percent.\(^60\)

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Syria’s real GDP declined by an estimated 57 percent between 2010 and 2015 after the U.S. and allies implemented far-reaching sanctions over the Syrian Civil War.⁶¹

North Korea’s real GDP, according to estimates from South Korea’s Bank of Korea, declined by 4.1 percent a year after sanctions were tightened in 2017. Its international trade fell almost 50 percent and its exports almost 90 percent.⁶²

Venezuela’s real GDP declined by over 37 percent in 2019, after Washington extended human-rights related sanctions it had imposed in 2017 to an embargo on Venezuelan gold and oil. (Washington also recognized an opposition leader as Venezuela’s president in a bid to force the Maduro regime out of power.) These actions preceded a drop in oil exports by 86 percent.⁶³

Smart sanctions – the only kind of sanctions imposed by the UNSC in the past 20 years – appear to have less economic costs for target states than comprehensive sanctions.⁶⁴

**Humanitarian Costs**

U.S. sanctions can prevent people in targeted states from accessing crucial medical and nutritional resources. This humanitarian cost is common in U.S. sanctions campaigns, likely because the states targeted by the United States are often illiberal and kleptocratic, so their citizens are more likely to rely substantially on outside aid for basic needs.

North Koreans have little access to iodized salt because the potassium iodate required for it is on an export control list.⁶⁵ Around 1,900 additional deaths in North Korea can reportedly be attributed to

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ratcheted-up sanctions in 2017 impeding humanitarian efforts.\textsuperscript{66} 2017 sanctions against North Korea also limited metals imports, which impeded the shipment of reproductive health kits containing aluminum.\textsuperscript{67}

In Venezuela, food imports have plummeted since 2013, contributing to malnutrition in around one in five children under five years old, though how much of this can be attributed directly to U.S. sanctions is unclear. Electricity blackouts, including in hospitals, have also happened repeatedly, a situation that would likely be easier to address with aid if not for comprehensive sanctions.\textsuperscript{68}

In Iran, even though humanitarian aid is exempted from sanctions, banks still sometimes refuse to finance sales of medicine to reduce potential exposure to sanctions violations.\textsuperscript{69}

In Cuba, the U.S. embargo reportedly makes it harder to import medical devices.\textsuperscript{70}

Even in non-regime-held areas in Syria, the U.S. Caesar Act, a sanctions law against the Syrian regime, has repeatedly blocked use of Google Workspace, commonly used by Syrian NGOs.\textsuperscript{71}

\textbf{Lowering the Quality of Life in Target States}

Comprehensive economic sanctions often harm the people of target states substantially. Sometimes that harm is precisely the intent, such as with U.S. sanctions against Cuba in 1960 and Iran in 2010, when Washington hoped to foment political unrest against the target government. Other times, harm is not the primary goal – instead it is inertia, not concerted strategy, that drives the sanctions. One example is U.S. sanctions against Afghanistan, which have been ongoing even after the Taliban defeated the U.S.-backed government. Either way, innocent people suffer for situations they have no ability to change. In Cuba, U.S. sanctions since 1960 are likely responsible for artificially lowering GDP per capita, which presumably causes worse outcomes for health metrics such as infant mortality and life


\textsuperscript{68} Weisbrot and Sachs, “The Case of Venezuela,” 14-16.

\textsuperscript{69} Katzman, “Iran Sanctions,” 55.


expectancy. In Afghanistan, sanctions on the Taliban began to affect all of Afghanistan after the Taliban became the Afghan government in August 2021. The UN World Food Program estimated at the end of January 2022 that around 23 million Afghans were facing life-threatening food insecurity.

The estimated cost of the U.S. embargo on Cuba since 1960 is $130 billion. Though a figure that large can be hard to comprehend, the consequences for the Cuban people have been substantial. For instance, Cuba claimed that its losses from 2019 to 2020 totaled over $5 billion – around five percent its total GDP for that year. To put this into context, the 2007-2009 Great Recession in the United States saw GDP and employment drop by a similar amount, around six percent.

Even after the Taliban took power in Afghanistan in 2021, the United States still lists the Taliban as an SDGT organization. Additionally, the United States has frozen New York-held Taliban assets and the World Bank, IMF, and EU have suspended aid projects. All of this is intended to incentivize the Taliban to liberalize its behavior, but the sanctions are impinging on more basic needs. The Afghan economy is in freefall, and unless this reversed, a quarter of the country could slip below the poverty line by the end of 2022.

U.S. sanctions imposed on Iran after 2010 and again beginning in 2018 illustrate how comprehensive (as opposed to targeted) sanctions often intend to exacerbate inflation in order to politically pressure the target state. Heightened inflation through U.S. sanctions in 2010 was meant to agitate poorer Iranians, who were hit worst by price increases, and build resentment that then translated into political unrest.


74 “U.S. trade embargo,” Reuters.


The Trump administration’s reimposed sanctions had similar aims. Iran’s consumer price index for food doubled from November 2018 to 2020. This mirrors U.S. deliberations preceding Cuba embargo. A deputy assistant secretary of state advocated in a 1960 memo that U.S. policy should “bring about hunger, desperation, and overthrow of government” in Cuba.

Sanctions often force policymakers to make difficult trade-offs, ask hard questions about risk, weigh competing U.S. national interests, and grapple with sins of commission versus those of omission. For instance, the sanctions regime imposed against Saddam Hussein’s Iraq in the 1990s was lauded by its proponents as achieving goals short of allowing access to weapons inspectors or toppling the regime – goals such as the limiting of military resources available to Saddam to persecute minorities, terrify dissidents, and fund anti-Israel terrorist groups. Though these gains may have been desirable even if not vital to U.S. national security, opponents of the sanctions pointed out that sanctions still had a negative impact on the Iraqi people. Whether the supposed gains to U.S. security were worth the harm sanctions caused to Iraq is a matter to be resolved by politics.

**Degradation Financial Support for Non-state Actors**

The ability of the United States to use sanctions for freezing material support for non-state groups has grown substantially since the Global War on Terror began. As the United States has implemented more of these sanctions, it has learned and improved its methods. Though assessing the impact of sanctions in U.S. counterterrorism efforts is difficult, it is plausible that sanctions targeting terrorist networks have played a large role in preventing terrorist attacks on the U.S. homeland. Specifically, sanctions and asset freezes may have made it difficult for terrorist groups to raise or spend funds freely enough to plan and execute substantial attacks, preventing these attacks from ever materializing.

Al Qaeda spent hundreds of thousands of dollars through U.S. banks in the years before 9/11; OFAC reported just over $300,000 in FTO and SDGT assets frozen in 2000. But, in 2020 alone, according to OFAC, the United States froze over $63 million in assets of entities on the FTO and SDGT lists and over $140 million in assets of U.S.-listed state sponsors of terrorism. Counterterrorism finance capacity has increased substantially since 2001.

Non-state actors can typically be isolated, attacked, and financially choked off in a way that even small states cannot. Al Qaeda and ISIS, for example, are shells of their former selves after U.S. military and sanctions campaigns. Clamping down on income sources can limit the kinds of operations and number

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of new recruits available to non-state actors. Dangerous non-state actors who do not govern substantial territory and populations (as ISIS once did) can also be sanctioned without much of the worry for humanitarian impact that attends sanctions on states.

The U.S. designation of states as “state sponsors of terrorism” since 1979 may have led to some target states revoking support for U.S.-opposed non-state actors. Libya expelled the Palestinian terrorist group Abu Nidal and compensated victims of the passenger flight it bombed in September 1989 after the imposition of UN sanctions. Sudan extradited a notorious terrorist to France and complied with U.S. demands to deport Osama bin Laden after the State Department added Sudan to the state sponsors list in 1993.

**Signaling Disapproval**
Sanctions can also be used as a tool short of military deployment or force to signal disapproval for the sake of diplomacy, with varying degrees of utility. For instance, if poor diplomatic relations between the United States and a target country limit the target country’s understanding of U.S. positions, the target country may not believe U.S. demands to stop some action until the U.S. sends a costly signal. Sanctions can serve as that signal without pushing the imposing state to escalate to military force, though the large size of the U.S. economy limits the cost of sanctions for Americans and thus makes costly signals hard to send.

Additionally, though U.S. sanctions on abusive and kleptocratic government officials may not be painful enough to remove officials from power, they can still serve as an insurance policy. Any opposition government that comes into power later will be less likely to view the United States as complicit in past abuses, and more likely to view it as a potential partner, helping future diplomatic efforts. U.S. sanctions on members of Salva Kiir’s government in South Sudan in 2017 are an example of such a dynamic.

Sanctions can also send a signal to allies to dissuade rule-breaking. U.S. sanctions on Turkey after it acquired S-400 air defense systems from Russia may have served to dissuade other NATO allies from stepping outside of NATO’s procurement and intelligence bubble. (Though it is hard to know whether any NATO allies other than Turkey would have considered using Russian technology anyway, the sanctions may still be reasonable as an insurance policy.)

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85 Hufbauer, Schott, and Oegg, “Using Sanctions.”


Some research has shown that sanctions, especially when imposed by a multilateral organization, give legitimacy to opponents of the ruling regime in a target state, making anti-government protests more likely.  

Sanctions are favored by Congress because members of Congress can then tell their constituents and lobbies that they are doing something, even if that something is not likely to deliver results. Sanctions can thus reflect the interest group politics that, for better or worse, are inseparable from democracy.

Similarly, sanctions that mainly signal disapproval can nonetheless benefit the United States in a diplomatic sense by showing other states or publics that Washington wants to enforce international norms and is throwing U.S. support behind those norms. For example, the recent norm against chemical weapons use was likely a motivator for extensive U.S. targeted sanctions against Russian officials involved in the attempted murder of dissident leader Alexei Navalny with a nerve agent in 2020. Furthermore, even if U.S. sanctions on South Africa had not been effective in helping dismantling apartheid, public opinion demanded that the U.S. government take some action. Failing to do so would likely have left a blot on America’s image.

Section VIII: Changing State Behavior with Sanctions

Drawing from the historical record of U.S. and UN sanctions, sanctions aimed at coercing a change in behavior tend to work best when they:

- Target factions and individuals that are likely to influence relevant policymakers;
- Target states, groups, or individuals with incentives to cooperate;
- Are implemented with buy-in from states that the target could otherwise turn to for relief;
- Have realistic goals;
- Are accompanied by actions that make the desired behavior change more appealing for the target state; and
- Target a weak state, if they are aimed at a state.

Statistical inference on the effects of sanctions is challenging, given the difficulty of isolating the effect of sanctions and controlling for other factors. (Isolating the effect does not imply that sanctions only succeed when they are the only factor behind successful coercion, but simply helps assess how much of a role they play when used.)

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Moreover, the decision to use sanctions cannot solely be determined by their effectiveness. Like any U.S. foreign policy tool, sanctions ought to be subservient to political objectives and the assessment of costs and benefits by civilian leaders. This assessment should be informed, but not dictated, by the factors that can contribute to sanctions success.

**Aim for key interest groups**

If comprehensive sanctions are not desirable, sanctions can be tailored to the factions and individuals that most influence policy – in other words, targeted, or “smart,” sanctions.\(^2\)

One study of the South Africa sanctions campaign divided South African interest groups into three camps: white laborers and farmers, who wholeheartedly supported apartheid; blacks, who strongly opposed apartheid; and white miners, industrialists, and entrepreneurs, who may have had social reasons for supporting apartheid but were hurt by its causing international sanctions and inefficient labor policies. Sanctions on South Africa were found to be effective because they very directly impacted the interests of the third class, who were sensitive to changes wrought by trade and currency sanctions, and this third class was large enough that its changing preferences shifted the entire political equilibrium. This is contrasted with the sanctions on the Milosevic government in the 1990s, as Serbia possessed no such “pivot” group.\(^3\)

Iran is also arguably a case where sanctions smartly targeted a group with flexible preferences and substantial power: moderates who were open to a more open relationship to the outside world. Though sanctions against Iran were comprehensive, the alignment of U.S. demands for sanctions relief and moderate Iranians’ preferences helped drive success in negotiations.

**Aim for those with the most stake in cooperation**

Targeting geopolitical or ideological rivals can make sanctions more difficult, as convincing rivals to capitulate can be harder than convincing non-rivals to. Rivals may expect conflict anyway, may not trust that sanctions will be lifted even if they cooperate, and are led by politicians who, by virtue of being adversaries, have incentives to not cave to the sanctioning state or to be defiant and act tough.

This rule applies in an economic sense, as well: sanctioning states may have more economic leverage over trade partners than states they don’t trade with, as trade partners have more to lose from a halt in trade. The “ideal” sanctions target would be one whose biggest trade partners are less dependent on it.

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\(^3\) Major and McGann, “Caught in the Crossfire,” 348-50.
than it on them, such as Rhodesia in the 1960s. This explains why Washington has historically found it difficult to sanction Moscow: the United States and Russia do not trade much to begin with.  

However, unprecedented political pressure in the United States, the United Kingdom, Canada, and the EU to punish Russia after its all-out invasion of Ukraine in February 2022 demonstrates that even trading partners can be spurred to implement costly sanctions where they were not before. All four have implemented sanctions targeting Russia’s foreign currency reserves that will likely ramp up inflation in Russia and raise energy prices (though mutual dependence on Russian oil and gas sales to Europe preclude a full embargo for now). Europe has never been willing to go this far. Western sanctions on Russia’s central bank are primary, not secondary, because they do not threaten sanctions on third parties. However, they may destabilize Russia’s currency as secondary sanctions would because third parties will be deterred from holding the Russian ruble by the central bank’s inability to use its foreign reserves in the West.

*Co-opt potential exit options*

An ideal coercive sanctions campaign would be “hermetic,” or completely seal off the target state or entity from any potential trading partners in order to impose maximum pressure. Though this is not possible in most real-world cases, the more “hermetic” a coercive sanctions campaign is, the more likely it will be to coerce the target state. Sanctions have a tighter seal when potential trading partners for the target state buy in to the sanctions campaign instead. Without such a seal, sanctions targets can make themselves resilient to current and future sanctions pressure by diversifying economic production, export markets, and sources of imports.

This is a major reason that the most prominent instances of sanctions followed by desired policy changes occurred against weak or middle-tier states that lost the backing of great powers who may otherwise have provided a trade outlet. South Africa and Rhodesia – the only two successful instances of UNSC-imposed sanctions during the Cold War – were often partnered with the Western bloc on security issues, but this support dissipated because of their domestic regimes, which were based on oppressive white minority rule. Moreover, a prominent instance of sanctions success in the post-Cold War era, the

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JCPOA and its constraints on Iran’s progress toward a nuclear weapon, was achieved by Washington successfully convincing Russia and China to comply with anti-Iran sanctions and refuse to buy Iranian oil.\(^98\) Though Iran has somewhat good relations with both Russia and China, this case was probably more likely than others to achieve cooperation across all the great powers, as great powers have long opposed nuclear proliferation from any state (see the Nuclear Nonproliferation Treaty of 1968).

A proxy for across-the-board great power cooperation is the UNSC, which cannot issue sanctions if any of the permanent five member-states (the United States, China, Russia, the United Kingdom, and France) veto. When the U.S. imposes “multilateral sanctions,” this usually means U.S. sanctions are accompanied by UNSC sanctions. UNSC sanctions are often present in cases of sanctions success, including in the Rhodesia, South Africa, and Iran cases. In contrast, the maximum pressure campaign against Iran under Trump failed to place overwhelming pressure on Iran, as ramped-up U.S. sanctions were not supported by China.

The ability for great powers to “spoil” sanctions efforts against smaller states can even apply in situations where the target state’s geography does not make immediately obvious its value to outside powers. Regardless of what U.S. sanctions have done to Bashar al-Assad’s regime in Syria, Russia’s strong interest in keeping Assad propped up — partly to secure its port lease in Tartus — have ensured that sanctions would likely not succeed in toppling him. The same applies to Venezuela, which is backed by both China and Russia at fairly low cost. By contrast, neither South Africa nor Iraq enjoyed substantial great-power backing by the time U.S. sanctions were imposed, contributing to high sanctions costs (though with different results in the two cases).\(^99\)

If target states have great-power backing, sanctions are unlikely to be truly comprehensive. Though this may not have been a concern during the unipolar moment in the 1990s, as the world returns to a more bipolar balance of power, Chinese evasion assistance for countries targeted by Washington and American evasion assistance for countries targeted by Beijing will likely grow more frequent (see North Korea and Australia as respective examples). Even if target states do not have existing support from the great power opposite their sanctions imposer, they may be able to attract it later.

**Set realistic goals**
Sanctions arguably work best when targeted at behavior that stands a realistic chance of being changed. Of course, what is possible to change in a target state is highly subjective, but demanding a target regime take steps that would shatter its legitimacy will likely drive it to dig in its heels to save face.

For instance, as part of escalating disputes in 2020, China released a list of 14 disputes it had with Australia. One was anti-China speech by Australian media outlets and members of parliament. The


implication that Canberra should censor media and members of parliament is unconscionable, as free press and free speech in the legislature are cornerstones of Western liberal democracy, and Australia predictably bristled at China’s move.\textsuperscript{100} Similarly, if the U.S. aim with sanctions against Cuba is to turn it into a full-fledged democracy, this is an unrealistic goal, as a full shift to democracy would likely disempower much of the ruling elite there.

Demands affecting deeply ingrained political traditions or the ruling regime’s grasp on power are not the only kinds of unrealistic goals, however. Even dissuading other large states from undertaking military adventures is historically difficult. The Suez Canal Crisis is the only historical instance of major powers using sanctions to dissuade other major powers from invading third parties.\textsuperscript{101}

\textit{Take other steps to incentivize cooperation}

Often, sanctions can become the focus of policy discussion to the exclusion of other important factors. But other factors – namely, assurances beyond sanctions relief – can be just as important in effecting desired policy changes. To lower the chances that a target of sanctions simply digs its heels in and resists, appealing alternatives must be offered. As a study of sanctions on Rhodesia noted over half a century ago, “it is not sufficient that the sanctions are perceived as an evil; alternative courses of action must also be perceived as lesser evils.”\textsuperscript{102}

Consider the case of the U.S.-led effort to negotiate a halt to Iran’s progression toward a nuclear weapons capability, which culminated in the JCPOA in 2015. The United States dropped sanctions on Iran in exchange for verifiable reductions in its stockpile of nuclear weapons materials and modifications to limit its nuclear processing facilities. But a less hostile relationship with the United States was another meaningful incentive for Iran to cooperate. This was partly achieved by Washington codifying the deal in a UNSC resolution; Iran could feel secure in the fact that it was unlikely that a future U.S. president would risk U.S. credibility by reneging on a deal secured that way. (Though President Trump later withdrew from the deal unilaterally, his victory in the 2016 U.S. presidential election was not widely anticipated.) Offered both sanctions relief and assurances that the threat posed by the United States would diminish, Iran agreed to a deal.

Though some experts argue that the coercive power of sanctions rests entirely on the pain they can deliver, enticements and concessions also play a role. A given target may suddenly decide to change its behavior even as sanctions have remained constant if other factors have changed the cost-benefit balance. The prospect of continued hostility and even war should the target not comply, as well as the prospect of better relations should the target comply, can aid in that.

Steps to incentivize cooperation also need to be tailored to specific regional and country dynamics to work effectively. For example, U.S. sanctions against South Sudanese elites in 2014 froze assets in and banned travel to the United States. But the targeted persons cared far more about access to Ethiopia,

\begin{itemize}
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Kenya, and Uganda, where their assets and family were located. A State Department official even acknowledged this shortcoming when the sanctions were imposed; these sanctions were therefore somewhat doomed from the start.103

**Aim for weak states**

All of the above considerations are more likely to be met when sanctions target weak states. States that are weaker (economically smaller and/or less militarily capable relative to the sanctioning state) are generally more likely to pivot or be interested in cooperation with the than states that are stronger. Weaker states are likely to be smaller, which also makes sealing off exit options easier, as there are typically fewer entities to list and transaction vectors to account for. Weaker states are also less likely to have exit options to turn to, making enforcement easier. Realistic goals are also easier to set against weaker states, as they are less likely to have the wealth or currency reserves to successfully weather sanctions. Lastly, because weaker states are less likely to be able to weather tough sanctions, other incentives to cooperate offered by the sender state may be more likely to work.

This factor is borne out by early sanctions campaigns by the League of Nations against European states in the interwar period. In 1921, Yugoslavia prepared to invade Albania, but a United Kingdom-led embargo threat led Belgrade to back down. The League also deterred Greece from attacking Bulgaria in 1925 by threatening sanctions. Greece and Yugoslavia were both economically small enough (relative to League members like the United Kingdom) and insufficiently strategic to more powerful states that the sanctions were credible.104 Vulnerability begat cooperation. Contrast this with North Korea, which has evaded UNSC sanctions by trading with China, which permits UNSC resolutions on North Korea to pass but would not fully support any pressure campaign on its next-door neighbor if it seriously threatened stability there.105

**Other Considerations**

Many of the factors conducive to sanctions success are often beyond the control of policymakers. A few of the considerations – aiming for targets with an interest in cooperation, getting major multilateral buy-in, and aiming for vulnerable states – are mostly beyond a sender state’s control. Thus, it may be more appropriate to say that these are good considerations for selecting states on which coercive sanctions can be seriously applied with some likelihood of success in coercion.

Of course, for some of these factors that can make sanctions success more likely, there are also tradeoffs. For instance, aiming for key interest groups may not be the best strategy for certain target states. Regarding the ongoing Russia-Ukraine crisis, some have argued that the notion of coercing Moscow by sanctioning Russian elites is illusory because those elites can replenish themselves from state coffers (while some conversely argue that Russia is still vulnerable to targeted sanctions on “elite


That same argument against targeted sanctions in the Russia case also illustrates tradeoffs when aiming for those with stake in cooperation. Against a top oil exporter like Russia, Washington must consider the potential oil price spikes and inflation pressure that sanctions on Russian energy exports would generate. This could lessen the leverage held by the sanctioning state, even though in this case both the West and Russia are affected by oil prices and thus have interest in cooperating.

There seem to be no such obvious tradeoffs for the factors of limiting exit options, setting realistic goals, targeting weak states, and taking other steps to incentivize cooperation—these all tend to bode well for sanctions success.

Policymakers considering comprehensive sanctions should note that leaders in targeted states may be able to use nationalism to resist succumbing to the demands of sanctions, at least initially. Comprehensive sanctions are premised on the idea that economic pain borne by the target state’s people will readily translate into either the target government changing policy or the target state’s people revolting and replacing the obstinate target government with a cooperative one. But nationalism can work against this logic in some cases by allowing a regime targeted by sanctions to rally its people against the state(s) imposing sanctions as a common, national cause.107

Moreover, sanctions that can be effective in deterring future behavior may be ineffective at reversing an action that has already been taken by the target. For instance, while sanctions are likely effective in discouraging nuclear nonproliferation,108 sanctions placed on countries once they go nuclear seem to have little effect, as the cases of India and Pakistan demonstrate.

Section IX: South Africa: A Case Study of Sanctions and Policy Changes

The global sanctions campaign that preceded the end of apartheid in South Africa is illustrative of how sanctions can effectively coerce target states that have little means of evading them. Dismantling apartheid was an ambitious goal; it meant the destruction of South Africa’s ruling white minority regime. Because South Africa’s traditional great-power backers began souring on it, however—and because South Africa was not itself a great power—it had neither the leverage to prevent the imposition of serious sanctions nor the means to stabilize its currency once sanctions and corporate divestment began to take their toll in the late 1980s.109

Privately, some South African officials conceded that the balance of power was simply too lopsided; eventually, even the whites in the countryside would begin to feel the brunt of economic isolation, despite not being as connected to the global economy as merchants and industrialists in the cities.


South Africans began to feel the effect of sanctions as getting loans from foreign banks became more difficult, foreign-based corporations left the country, and inflation spiked. Precarity ensured, for Pretoria could not call on a superpower for aid while it insulated its economy against sanctions, as Cuba and North Korea did during the Cold War.

The damage to the South African economy wrought by sanctions and corporate divestment changed the cost-benefit calculus of Prime Minister F.W. de Klerk and his government, leading to policy changes long thought impossible. Raising the costs of apartheid helped end it.

Crucial to maintaining this pressure was support for sanctions among the black South Africans in whose name the sanctions were being imposed. The African National Congress (ANC), the central opposition party in South Africa, accepted the sanctions. Key anti-apartheid leader Archbishop Desmond Tutu called for Western sanctions and divestments in a visit to New York in 1986, dismissing American resistance to sanctions as the work of corporate interests who feared the impact of divestment. In interviews, even black South African workers who had lost their jobs after multinational corporations left South Africa said they were willing to weather economic isolation to undermine apartheid. This resolve made regime change seem more likely to outside countries and firms, hastening the drive to divest from the country.

While it easy to view the collapse of apartheid as inevitable in hindsight, this was not always the case. Before the fall of the Berlin Wall in November 1989, the Cold War was still front of mind for South Africans. The South African government could still stir fears of communism to endear itself to Western governments. (South Africa was aligned with the West at the end of the Cold War against neighboring states like Angola, Zambia, and Mozambique that were backed by the Soviet Union and China.)

Lastly, the sanctions campaign in South Africa was clear and unambiguous in pursuing a goal it was well-equipped to effect: undoing the apartheid system. De Klerk’s government eventually realized that it would have to give up apartheid to reverse the sanctions and isolation. Successful coercive sanctions rely on the target state believing sanctions will be undone if it complies.

Speaking after an IMF meeting in Washington just before the fall of the Berlin Wall, South African Minister of Finance Barend du Plessis expressed frustration at the Americans. Given that Pretoria had already implemented minor reforms on interracial marriage and internal migration laws in the 1980s, du Plessis argued the financial pressure should stop. But it was then clear that sanctions would not be lifted on small reform steps alone.

The resolve worked. In a matter of weeks, Pretoria began cooperating. In mid-October 1989, Walter Sisulu, a senior ANC leader, and four other ANC prisoners were released. In February 1990, Prime Minister de Klerk lifted the ban on the ANC and the South African Communist Party and released ANC...
leader Nelson Mandela from prison – a pivotal moment in South African history. The fall of the Berlin Wall in the months before the speech likely affected Pretoria’s thinking, as Western countries would likely ramp up pressure with the end of the anti-communist struggle. De Klerk’s government decided to negotiate with the ANC before being further weakened by sanctions and divestment.

This account is drawn from the experience of Roger Thurow, Senior Fellow with the Chicago Council on Global Affairs, who was a correspondent for the Wall Street Journal in South Africa from 1986 to 1991.

Section X: Factors for Sanctions Success

Comparing different examples of sanctions use is challenging because facts on the ground and the goals set by sanctions imposers often differ significantly between cases.

Nonetheless, these factors of success for coercive sanctions are helpful for illustrating the characteristics and limits of sanctions. The sanctions campaign on Iran that preceded the JCPOA fulfilled the conditions listed here. Comprehensive sanctions were used instead of targeted sanctions, and Washington secured buy-in from potential exit options for Iran, Russia and China. Iran had a stake in cooperation, since the United States and Israel threatened war with Iran if it built a nuclear weapon – this also made the U.S. goal realistic, as Iran did not yet have nuclear weapons to protect against invasion. Iran was neither strong enough to threaten substantial retaliation against the United States nor a big enough energy exporter to force its way out of the sanctions. Lastly, Washington offered a credible way out with the JCPOA, leading to cooperation and the sanctions being lifted.

These principles are also borne out in less prominent cases of sanctions use. U.S. targeted sanctions imposed on Burundian officials following protests and state violence in 2015 were recently revoked in response to what the Treasury Department called “positive political developments in Burundi, including the reforms pursued by President Ndayishimiye since he took office.” The sanctions targeted eight military and security leaders reportedly involved in the state violence; these leaders also held the power to change Burundi’s internal policies. In addition to targeting relevant actors, the sanctions had most goals: gradual improvements in electoral processes and human rights in Burundi. U.S. actions along with EU aid suspensions may have been sufficient for affecting these leaders’ decision-making because of the relatively large role played by foreign aid in Burundi’s budget. To be sure, some have argued that human rights have not improved enough in Burundi to warrant a lifting of U.S. and EU sanctions. But the relatively low cost of targeted sanctions of a few officials in a small country meant it was a low-risk approach for Burundi’s people even if success was far from certain.

Similarly, cases where sanctions have not exhibited these factors and then failed to achieve the intended outcomes are instructive. For instance, the sanctions campaign against North Korea to compel

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it to give up its nuclear weapons has so far failed, such that most experts think North Korean denuclearization is unrealistic in the short term.\textsuperscript{116} While this failure says nothing about long-term denuclearization prospects or the utility of U.S. and UNSC sanctions as leverage in other policy areas, it is still useful to compare the North Korea sanctions case to the Iran sanctions case, as both were aimed at the same goal (denuclearization) and both sanctions campaigns have substantially damaged their respective target states’ economies.

Though the North Korea sanctions campaign looks similar to the Iran case in its being comprehensive and being backed up by threats of force, North Korea already has nuclear weapons, which makes these threats less worrisome in the short-term and so reduces Pyongyang’s incentive to cooperate. Additionally, North Korea can substantially threaten U.S. allies and military forces and is less pressured by sanctions due to sanctions evasion assistance from China. None of these dynamics apply in Iran.

Sanctions campaigns that either have unrealistic aims – which may involve selecting too powerful a target – or are not accompanied by other policies to induce cooperation are also unlikely to succeed. For instance, if the U.S. embargo on Cuba aims to substantially improve human rights in Cuba or replace its regime with a democratic one, U.S. policy does not match the ambition of those aims. The U.S. has not offered enticements (carrots) or imposed stifling, Iran-style sanctions (sticks) regarding Cuba, which has found out how to survive under a U.S. embargo over the past six decades. Unless circumstances change, the regime in Havana is too secure to find a change to the status quo worthwhile.

\textit{Influencing Domestic Politics in Target States}

Often, targeted sanctions on political leaders are more likely to succeed at influencing a target state’s future domestic politics than at changing its foreign policy behavior. This could be one way of justifying the U.S. application of lingering, targeted sanctions on human rights abusers such as General Charles Taylor of Liberia – U.S. sanctions on him were only lifted in 2015, twelve years after the end of the Liberian civil war. Upon lifting the sanctions, U.S. President Barack Obama justified his decision by noting that Taylor and his allies could no longer “undermine Liberia’s progress,” reflecting a U.S. desire to steer Liberia’s politics away from future influence by Taylor or his clique.

Even if sanctions like those placed on Taylor become less frequent in the future due to declining U.S. influence abroad, such sanctions may continue to be applied in areas more prone to U.S. influence, such as Latin America. In November 2021, President Biden barred Nicaraguan President Daniel Ortega and other Nicaraguan government officials from entering the United States due to allegations of crackdowns on civilians and electoral irregularities during the early November presidential election.\textsuperscript{117}


About the Chicago Council on Global Affairs

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