



## The Effectiveness of Economic Sanctions: A Literature Review

Tadeáš Pala

### Abstract

This paper offers a broader reflection on the current and historical discourse related to the analysis of the effectiveness of economic sanctions. Is it possible to reliably measure the effectiveness of economic sanctions? In addition to summarizing the literature in this area, the article points out numerous problems in the interpretation and use of terminology. Confusion about different approaches in this discipline creates an environment in which it is difficult to orient oneself or segregate objective information. This confusion affects the behaviour of national governments. National governments frequently resort to economic sanctions, even though the measurement of their effectiveness is unclear. The article aims to introduce partial and valid arguments related to the effectiveness or ineffectiveness of the imposed sanctions. Moreover, its goal is to present the preferred approach how to measure the effectiveness. The paper concludes that universally valid metrics for measuring effectiveness are hardly achievable due to the inability to compare events across modern history, without taking into account the context. At the same time, there is neither a terminological nor a semantic consensus on the basic concepts, which makes the situation more complicated. One of the main issues is the inconsistent terminology, since many authors do not distinguish between effectiveness and efficiency. Thus, the author tends to interpret effectiveness as an ability to achieve the goals initially pre-set. Although this definition offers a rather loose view which does not allow too much comparison and generalization, it is, in the author's view, the least "blurred" one. At the same time, the author encourages an individual approach to particular case reports and warns against attempting to econometrically and statistically capture something that is practically incommensurable or not measurable at all. Therefore, the author recommends, as a result of this literature overview, to stick to the perception of effectiveness (or its negation) as an ability (or a disability) *to achieve predetermined goals*. The value-added of this article is to contribute to the discussion about economic sanctions nowadays. It comes with conclusions about

diverging approaches based on the unique, comprehensive literature review of respected authors. Also, the short list of case studies of what the author considers an example of effective and non-effective sanctions will be included.

**Keywords:**

Effectiveness; economic sanctions; definition; literature review; paradigmatic discord; historical cases.

## **1. Introduction**

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It is an important task to further explore the principles of this phenomenon. The most straightforward questions towards economic sanctions are evident: *Do they work? Are they effective? How can success be measured?* Research on economic sanctions is once again a popular topic, although economic sanctions were seen as a natural part of the bipolar world of the Cold War. Even after the end of this historical period, the issue of economic sanctions did not disappear from the international environment. It has partially become even more significant. It has also diversified due to the fact that the risk of a major war conflict has somewhat diminished after the collapse of the Soviet Union. As a result, the solution of conflicts has often shifted to the economic arena instead of battlefields. Recently, there are, for example, several scenarios in international relations where economic sanctions have been implemented. The countries involved can be Iraq, Iran, the Democratic People's Republic of Korea, or the Russian Federation.

Specifically, the EU and the US have imposed sanctions on a relatively large scale after the annexation of Crimea and the occupation of part of the Donbas by Russian forces (Welt et al. 2020). That is one of the main reasons why the issue of economic sanctions is still relevant in this historical period. As part of this reflection, we will first learn about some aspects and specifics of economic sanctions as such. Then we will focus on their strengths and weaknesses. The main arguments will be demonstrated on examples from modern history. Finally, a reflection summarizing the positives and negatives will be presented. This reflection will also represent the added value which will offer optimal options, including more general circumstances in which economic sanctions can maximize their effect. Like various customs duties, fees and selective taxes, economic sanctions can be considered a form of state intervention that regulates the economic activity of the population. Economic sanctions can be perceived, in Rothbard's view (Rothbard 2001), as a type of triangular intervention, given that the state interferes in the possibility of exchange between two other entities, even if one of them is a foreign one. Economic sanctions are also related to the category of public economics in other aspects, especially in the consequences of their imposition. As a rule, the state that imposes sanctions is forced to respond in some "non-market" way to the cut-off of a certain part of the trade that had been natural until then. This obviously applies to both

the export and import part of the spectrum. Such a state is, of course, forced to substitute the supply of the commodity that is subject to an embargo or sanction in an extraordinary way in case it previously bought it from the sanctioned state. But it is equally necessary to compensate in some way for the damages caused by the loss from the potential return of the sector that was dependent on past trade. The responsible state must, therefore, consider what impacts the sanctions will have on the population and, where appropriate, subsidize private producers or purchase goods and services from them in order to avoid a catastrophic collapse. These phenomena can be considered, in Salamon's interpretation (Salamon and Elliott 2002), interventions that in some situations must be applied to make the functioning of the state smoother. In a wide range, economic sanctions concern the categories of international trade, justice and, to a certain extent, also stability.

In the context of this essay, the definition of the term "effectiveness" is a somewhat difficult task, because, as we will learn in the article itself, the very essence of this concept lies in the results expected at the beginning of the sanctioning process itself. In other words, in the academic environment, there is no clear consensus on the definition. Some of the authors (Hufbauer et al. 1985, for example) tend towards quantitative approaches, some are more in favour of qualitative analysis (Pape 1997, 1998). Nevertheless, the description of the different approaches and the comparison of valid arguments will allow for a more comprehensive view of the plausible definition. The essay's conclusion will also present the author's opinion, based on the findings occurring in the discussion among different academic orientations.

## **2. Economic sanctions**

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The motivations and actions of international trade players are generally regarded as a typical example of rational thought processes. The rationality and maximization of one's own benefits are the main narratives of international trade, and the phenomenon of interdependence has proved to be beneficial for all concerned. The idea of open and not very limited trade prevails. This trade is limited only by pragmatism, rationality, and natural competition. Here, the regulations and rules should primarily allow the whole system not to collapse or not to be fully dominated by monopoly usurpers. These ideas are based on Adam Smith's tradition, or they correspond to the concepts of those seeking a minimal state. However, even Smith himself makes some exceptions in the context of his time, when the state has the right to intervene in economic exchange, especially in the area of customs and maritime transport, which was implicitly tied to the security of the then British Empire. It is in this historical precedent that we can identify the germs of what we now consider to be economic sanctions, embargoes, and the like (Smith 2008).

However, even in an environment where all parties usually tend to maximize the quality of their pragmatic behaviour in order to increase their benefits, there are

situations in which rationality in market behaviour is pushed aside. A typical example of this situation is the case of so-called economic sanctions, which this essay addresses as a topic. Economic sanctions can undoubtedly be considered a political intervention in the economy par excellence. It is an intervention in the basic logic of an open market, where national political interests take precedence over economic ones, or situations where the economy submits itself to politics, thus becoming its instrument. To some extent, Aristotle's theory of economics corresponds to this idea, still emphasizing ethical and pragmatic motivations, which in some respects exceed trading and business (Younkins 2002).

In many cases, sanctions have been used as complementary measures in the context of conventional wars and armed conflicts. Nowadays, due to the high degree of interdependence of markets and the overall importance of international trade, these instruments are increasingly being used as an independent alternative to conventional warfare, given that for many states access to global markets is a completely crucial matter of existential importance.

The sole definition of the term "economic sanctions" is an uneasy task to execute. The most important dispute arises over the purpose of "economic sanction". The main clash is between the "punish" and "comply" narratives. Galtung (1967) elaborates this issue: "We shall define sanctions as actions initiated by one or more international actors (the 'senders') against one or more others (the 'receivers') with either or both of two purposes: to punish the receivers by depriving them of some value and/or to make the receivers comply with certain norms the senders deem important."

In this paper, we incline towards Pape's approach. He favours the "comply" aspect since it seems more measurable: "Economic sanctions aim to lower trade in order to coerce the target government to change its political behavior." He elaborates his definition with a more complex taxonomy of economic strategies. There are three main strategies of international economic pressure: economic sanctions, trade wars and economic warfare.

Economic sanctions seek to lower trade in order to coerce the target government to change its political behaviour. This measure may be used as a tool, directly or indirectly, to impose costs on the economy as a whole. The aim is political change in a particular affair.

Trade wars are when the state threatens to inflict economic harm or actually inflicts it in order to persuade the target state to agree to terms of trade more favourable to the coercing state (Conybeare 1987). The main difference of both strategies is that Economic sanctions aim at the political establishment. However, the trade war is pointed towards economic policies. A good example may be the comparison offered by Pape (1997): "When the US threatens China with economic punishment if it does not respect human rights, that is an economic sanction. When punishment is threatened over copyright infringement, that is a trade war." Both authors also

agree that Trade wars are often applied towards the “friendly” and “former allies” since the trade connection as such is too valuable for both sides. Economic sanctions, on the contrary, are often being imposed against “enemies” since their aim may be even revolt and destruction of the regime. The third strategy is: “Economic warfare that seeks to weaken an adversary’s aggregate economic potential in order to weaken its military capabilities, either in a peacetime arms race or in an ongoing war. ... As a result, the most important measure of the pressure of economic warfare is the change in military production.” (Pape 1997, pp.94). The Cold War arms race may serve as an example of this strategy. The technological inequity and incompetence to compete with American technology forced the Soviet Union to change its military production. The interruption of the “MAD”<sup>1</sup> international status quo caused by effective American “economic warfare” accelerated the dissolution of the Soviet Union.

In this paper, we will focus on some of the more general characteristics of economic sanctions, historical examples, and then on current cases. Generally, the study will focus on the meaningfulness and importance of economic sanctions. In other words, the following question will be posed: In which cases is it possible to consider economic sanctions successful or effective? The identification of such criteria is a partial objective of this work. However, it is likely that these criteria may not consist of accurately definable and universally accepted mechanisms.

Measuring the effectiveness of economic sanctions is, of course, a very difficult task that can only be undertaken with a certain degree of approximation and without unambiguous omni-explanatory expectations. The main limit of the debate on economic sanctions is the incommensurability of the players, in terms of their significance as well as in terms of time. Some researchers approach this problem by trying to analyze the course of economic sanctions against one selected state or, on the contrary, evaluate the state that imposes sanctions in the context of time development. However, even these analyses have their drawbacks: In particular, each economic sanction takes place in a very specific context, which, for example, results in comparable sanctions being effective in one case and ineffective in another (Peksen 2019).

A typical difficulty of analyzing economic sanctions is the minimum transparency available. The actual expenses of the party imposing sanctions are very difficult to determine, as it is generally a virtual calculation of the potential loss of profit, which, of course, is largely fictitious. The same applies to the party on which the sanctions are imposed. It is difficult to define whether they had the intended impact. It is possible that the state on which sanctions are imposed will indeed comply, but to isolate the separate weight of individual sanctions or other factors, such as armed violence, ethnic or social pressures, etc. is almost impossible.

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1 “Mutual Assured Destruction” – the stalemate situation when both US and Soviet nuclear powers were capable of full destruction of the opponent, even in the case of response.

### **3. Difficulties with the definition of effectiveness and non-effectiveness**

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The definitions of these terms are probably the main pitfall the essay is trying to address. Some of the authors do not distinguish between “effectiveness” and “efficiency”. This drawback is caused by several factors. In some languages, the distinction between those two terms is not clear. It is important to state the basic differences between those two terms. While “efficiency” may be simply understood as the ratio of costs and benefits, we will perceive the concept “effectiveness” (or its negation) as the ability (or disability) *to achieve predetermined goals*, and not as efficiency, which describes the overall circumstances or advantageousness of the whole process. The problem of the definition confusion about individual concepts (and particularly about their translations from different languages) is the main “leitmotif” of the essay, as well as the “leitmotif” of the whole issue of economic sanctions as such. As will be outlined in the following chapters, various authors often classify historical events differently. In my view, however, this is largely caused by misunderstandings. I admit that the definition of effectiveness applied in this essay may seem partially “overcautious” or “alibistic”, because it is not actually focused on clearly objective circumstances, such as costs, profits and losses, but on the often subjective perception of the goals achieved. In its defense, however, it should be noted that this is probably one of the most applicable forms of analysis because there are so many unknown variables in the game that the effort to calculate all sub-items and influences is completely unrealistic. It should be taken into consideration that even though the “effective sanctions” – which we define here – may coincide with another definition of “successful sanctions,” whereas sometimes this is far from the case. For example, Hovi et al. (2005) offer a formulation where economic sanctions can be effective when a sanctioned party reaches the condition of “noncompliance impossible”. While this consideration may at first seem to capture the point, the moment we try to operationalize this concept, we get into a very abstract environment. It is the determination of the sanctions’ right goal which represents the main stumbling block of the analysis, as I will try to demonstrate in the following chapters.

### **4. Historical contexts of research and literature overview**

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It is a goal of this chapter to provide academia with a comprehensive overview of a supposedly “known”, but disputed field of study. If we want to summarize the issue of the effectiveness and impact of economic sanctions, we should draw our attention to the dispute of Pape vs. Hufbauer et al. This dispute exemplifies the conditions related to the debate on the issues presented. Both studies analyzed a number of situations and historical scenarios, and in both cases, economic sanctions were effective only in a minority. Hufbauer’s research analyzed 115 historical scenarios (Hufbauer et al. 2007), identifying the presence of successful sanctions in 40 cases. In Pape’s

approach, however, only 5 scenarios were identified as successful, and so, according to him, the proportion of successful economic sanctions is minimal. In particular, it is important to note that the most important things in analyzing effectiveness are the definitions of concepts and the consensus on them. This is clearly visible in the academic dispute. Some scholars identify economic sanctions as an accompanying phenomenon of armed conflict (which usually follows immediately), while others tend to analyze it as an independent phenomenon. Both camps seem to be right: on the one hand, economic sanctions very often lead to or are the harbingers of armed conflict. On the other hand, not every economic sanction actually culminates in an act of violence in the form of armed conflict. As already mentioned, the crucial point is, in particular, the objective that the economic sanctions should actually fulfil, or what they should really achieve. It is here, as well as in all the analyses of effectiveness, where the very essence of the problem lies. Many authors have different ideas and concepts. These ideas can vary considerably: from sanctions as an alternative to a war aimed at forcing an opponent to fully subject and accept the sanctioning party's dictate, to defining a success when the target sanctioned country has paid the price for non-cooperation – as, for example, Baldwin contemplates (Baldwin 1985). For instance, veteran diplomat Sir Jeremy Greenstock – Britain's ambassador to the UN between 1998 and 2003 – says about sanctions critically: "... there is nothing between words and an act of war if we want to put pressure on the governing body" (Marcus 2010).

Further research tries to identify new perspectives or aspects that have been overlooked by previous theories. As a rule, however, most theories face semantic inconsistencies in the terms used. The main issue is the chaotic substitution of the words "effectiveness" and "efficiency". Some authors try to identify the ability to fulfil the pre-set, but others try to create a cost-benefit analysis. These two approaches, however, are very different and rationally produce divergent results.

Another specific problem are econometric criteria. In his work Van Bergeijk analyzes methodological imperfections that reduce the possibility of objectivization (Van Bergeijk and Siddiquee 2017). The object of his critique is the lack of transparency during the series of Hufbauer's research. The main problem of today's specialized literature and existing research lies in the fact that there are only a few large longitudinal studies, which are usually critically analyzed by follow-up research. Unfortunately, this research attempts to replicate the achieved findings without bigger success. Peksen is aptly dealing with this topic. In his work, he offers a summary of the main shortcomings of the previous research along with an analysis of both concepts and definitions, as well as the doubts about the meaningfulness of sanctions as such.

Many authors attempt to provide readers with a quantitative analysis of sanctions' effectiveness. With new cases of imposed sanctions, new articles are arising, as well. Recent example of newly described case of imposed economic sanctions

may be the book called “The role of economic sanctions in case of Russian Federation”. In this book, Oxenstierna and Olsson (2015), conclude that there are clear impacts on the Russian economy. Still, according to our perception of “effectiveness” the sanctions did not push the target nation to a political shift.

Similarly, Haidar (2017) analyzes the case of Iranian sanctions, especially in the context of export deflections. He analyzes the data in a very complex manner and attempts to deliver a conclusion. Even though all quantitative analysis is very sophisticated, still it is very problematic to identify the primary factors and therefore real effects of economic sanctions.

A valuable contribution to the debate is brought by Chen (2017), who elaborates the ineffectiveness of sanctions on the recent case of North Korea. He identifies the inability to target correctly as a main reason for ineffectiveness. This attitude shows the importance of setting the goal correctly. Imposing states often make this kind of mistake. If the goal is not set clearly, it is not possible to effectively achieve or measure it.

## **5. Arguments supporting the effectiveness of economic sanctions**

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In this sub-chapter, the main arguments supporting economic sanctions as a conflict resolution tool are presented. In particular, we will deal with the factors and circumstances that increase the chances of sanctions being considered successful. As indicated in the previous chapter, it is clearly difficult to establish precise and objective criteria, because economic sanctions are phenomena whose effectiveness is difficult to segregate.

The basic premise of the sanctioning party is to force the sanctioned party to change its behaviour at the minimal cost (of the sanctioning party). It is therefore obvious that the sanctioning party must be in good shape in the given segment. This criterion is not always easy to meet, since international trade, and the export of goods and raw materials in particular, is the basis of a healthy mercantilist economy. Therefore, the risk of endangering their own exporters is a rather thorny issue, and states must be able to offer them a suitable opportunity to transform their own export capacities. This situation can usually be achieved in two cases: the first being a situation where the sanctioning party is in a very strong economic position and, so to speak, can afford some losses. The second case, which has other causes but similar consequences, is the situation where the sanctioning party is asymmetrically larger. The optimum imposer of sanctions is, therefore, a country which finds itself in the position of a geopolitical superpower as well as in a prosperous economic condition (Hufbauer et al. 2007).

The second important factor is the actual setting of achievable goals. Of course, it is a bit tricky to analyze this factor, but only reasonably set goals can be



achieved. It is optimal to understand the possibilities that arise from the previous factor. The awareness of the strength of the sanctions may suggest a possible dimension of the objectives envisaged. As a rule (Marinov 2005), it appears more meaningful to expect rather limited targets. Another option is to use economic sanctions as a complementary tool that will work in synergy with other instruments. The typical complements that accompany the imposition of economic sanctions are, for example, support for the opposition as well as pressure on allies and international organizations to worsen the position of the sanctioned country. The effort to absolutely change the opponent's strong position solely by means of economic sanctions can, therefore, be considered a relatively risky business (Marinov 2005).

If we look in more detail at the very form of sanctions, we need to focus on some aspects that can ensure their actual effectiveness. The extent of the sanctions, and particularly the ability to isolate the sanctioned country from the supply of raw materials and products, is therefore crucial in this respect. As outlined above, there is a huge risk that the loss of export or sales will be replaced by another, third player, who will get richer on this occasion at the expense of the two competing countries. It is in the interest of the state that imposes sanctions to limit this option and make it as uncomfortable as possible for other countries. Typically, so-called "secondary sanctions" are created and applied, which penalize countries that, despite the sanctioning state's resentment, continue to trade with the sanctioned state (Forrer 2018).

The high degree of complexity and interdependence of international markets often results in important business contacts between the sanctioning state and the so-called third player who could replace it in business contacts with the sanctioned one. This method is used by superpowers who hold a hegemonic position in international trade and can afford it to dictate conditions – firstly because of their economic strength and secondly, mainly because they are linked to most regional businesses. A typical user of this method is the United States of America, who makes extensive use of secondary sanctions to deter other players from potentially cooperating with, for example, boycotted Iran. However, other organizations have taken similar steps in various cases, such as arms and proliferation embargoes, particularly in the context of nuclear disarmament. Any state that would support sanctioned states would be severely punished by the international community. These efforts seek to address, in particular, the use of so-called "dual-use" technologies.<sup>2</sup> A typical example of an "ideal" implementation of economic sanctions is the cooperation of a large part of the international community to jointly block one player. It happens in the case of the so-called "rogue states"<sup>3</sup>, which are usually quite fully blocked from most forms of international trade, and they have no choice but to rely on their own autarkic efforts, the black market or assistance through other proxy players.

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2 "Dual use" means products that can be used in both the civilian and the military sectors, e.g. nuclear fuel, aerospace research, ballistic carrier rockets or other technological components.

3 "Rogue states" are countries which violate or break international norms and strive to proliferate WMDs or support international terrorism.

In the context of historical experience, it is possible to meet with the following typical paradox: economic sanctions work best not against the sworn enemy, but especially against “friends” and “former allies.” Although this statement may sound nonsensical, it should be borne in mind that this is mainly the case for states with which good historical relations have been disrupted by some shake-up or change over the course of time, but there is still historical memory that includes phases of cooperation and friendship. Historical reminiscences of good relations can alleviate the irritation of the sanctioned state’s population. However, some authors leave aside this case, where the allied states impose various complications on each other in the trade segment, as a typical “trade war” that can only work if both states do not intend to stop the trade completely (Pape 1997).

Another factor that can positively influence the effect of sanctions is related to the adoption of sanctions by the population of the sanctioned state. This is mainly about the careful and personalized targeting of sanctions on the regime’s proponents, who will be forced to take their population “hostage”. Obviously, it is difficult to determine objectively how the population will respond. Nevertheless, the risk of cultural differences will be addressed in a section that summarizes the main risks of implementing economic sanctions. Therefore: if it has been said that sanctions tend to work against the states that do not seek complete hostility, then appropriate timing should be used. For example, in the case of sanctions imposed on the Russian Federation after the annexation of Crimea, the high effect is attributed not only to the sanctions themselves but also to the concurrent oil crisis or the fall in the price of Russian oil (Tyll et al. 2018). This case is a glowing example of good practice, as it is necessary to take advantage of the negative circumstances of the opponent, especially when it is possible to foster a split within its ranks. The aforementioned “personalization” of sanctions can be very beneficial in this regard. In this context, the so-called “smart” sanctions<sup>4</sup> are usually mentioned (Smeets 2018).

The last, quite positive manifestation of sanctions may also be their impact on the population of the sanctioning state. Obviously, a certain minority will suffer from economic intervention due to the fact that they will lose selling markets or will not receive imported products. However, embargoes, economic sanctions, and similar instruments can, in some cases, help prevent armed conflict and acts of violence. Applying economic sanctions as a tool on the range somewhere between peace and war is certainly a good option. It can help mitigate escalated emotions, especially if the population demands real action from their elites. Unfortunately, it is obvious that the occurrence of sanctions cannot considerably prevent armed conflicts as such.

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4 Smart sanctions are designed to raise the target regime’s costs of noncompliance while avoiding the general suffering that comprehensive sanctions often create. Like precision-guided munitions, smart sanctions target responsible parties while minimizing collateral damage (Drezner 2003).

## 6. Arguments questioning the effectiveness of economic sanctions

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In addition to information sources supporting the implementation of economic sanctions, there is, of course, a lot of literature that reports on unsuccessful economic sanctions and the pitfalls of this phenomenon as such.

The main and usually the most common argument is the understandable risk of the ineffectiveness of sanctions, which is framed by noticeably larger losses on the part of the sanctioning state than on the part of the sanctioned one. This situation may arise from an improper estimation of market mechanisms. Or the opponents may find themselves under partial pressure, which costs the sanctioning state a lot of effort, but in the end, it does not actually hit it too much. There are several reasons for this. In addition to a simple miscalculation, the sanctioning party may misjudge the context in which the target country is located. Namely, there are sociological, cultural and historical aspects whose impact is difficult to predict (Frye 2017).

These three kinds of aspects can disrupt the structure of even well-targeted economic sanctions. It should be noted that economic rationality, or at least the pursuit of it, is far from being such a dominant motive for some states, especially with certain forms of absolutist or authoritarian regimes. Typical examples are countries with fundamentalistic forms of theocracy, such as Iran, or states with authoritarian leaders firmly holding security forces in their hands. These kinds of partly unsuccessful sanctions can be typically illustrated with the example Iraq under the reign of Saddam Hussein, or Serbia under the reign of Slobodan Milosevic. In both countries, by combining authoritarian governance and nationalism, local leaders managed to mobilize the population against the sanctioning enemy states. The population of such culturally specific countries does not necessarily follow the rationality or the language of numbers. The role of honour, national feeling, identity, religion, etc. is extremely important to them. The so-called “rally round the flag effect” may come into play. These aspects, which are hard to grasp, can be more preferable to them than economic benefits or living standard. This is typical of nations with a strong historical and traditionalist affiliation or a population that has long lived in economic scarcity but has been intensely subjected to a certain type of ideology – usually socialism or communism (Kaempfer et al. 2004).

In particular, economic sanctions can be literally counterproductive if the governing body of the sanctioned state manages to skilfully exploit the anger of public opinion against an “aggressor outside the state.” This situation provides an opportunity to blame the “external aggressor” for many other internal problems, which are of a completely different origin. Nevertheless, by means of suitable rhetoric, they can be diverted from the real culprits (usually from the ranks of a ruling party). As indicated in the chapter on the possible positive implementation of economic sanctions, properly targeted economic sanctions not only weaken the ruling

elites but also seek to strengthen the opposition of the sanctioned regime. A typical example of this has been the effort of the United States in Latin America since the end of World War II until today.<sup>5</sup>

Harsh sanctions, which can be cunningly attributed to the “evil external aggressor” by the ruling establishment, may also seriously damage or even destroy the inner opposition which will be stigmatized as the “inner enemy” and a “fifth column.” The economic sanctions imposed from the outside can just “incidentally” cause its persecution. In such a way, both the ruling establishment and the manipulated population may vent their anger on the opposition. For this reason, it is necessary to proceed very carefully so that sanctions do not strengthen the power of the establishment and eradicate valuable allies (Frye 2017).

Traditionally, perhaps the most important system problem in the application of sanctions is the existence of third countries that are willing to replace lost trade potential. A typical example is the situation in which the Islamic Republic of Iran, whose currency has been severely weakened in sanctions by the USA, has transformed itself into a reserve of Turkish lira and gold, which has allowed it to trade at least partially with its key raw material – (crude) oil (Early 2015). Many similar cases have been identified in the course of history. In the literature, the term “black knights” has been used for these third players. In the case of “rogue states”, which are sanctioned by the consensus of many countries, the “black knight countries” usually have some historical grudge against or controversy with the dominant international arrangement. Another typical example might be the never acknowledged, but fundamental support of North Korea from China. However, these players are not always “problematic states”. The example of sanctions imposed on apartheid-dominated South Africa shows that even respected states such as Japan, Britain, and West Germany did not hesitate to briskly seize vacant business opportunities (Early 2015). Purely technically, the sanctioning state may impose so-called secondary sanctions to discourage potential third parties. Nevertheless, these circumstances are already against the logic of isolating and solving the problem and, because of their strength, have a negative impact on international relations as such.

There are also other cases of unforeseen effects both of the economic and the non-economic kind. Some sanctioned countries achieved a relatively significant level of autarky thanks to the integration of the domestic economy. An example may be the case of South Africa between 1985 and 1993. The country suffered losses due to the imposed economic sanctions but also managed to stabilize the local economy (Coulibaly 2005). The successful implementation of so-called “Import substitution industrialization” may, in theory, make the target country even stronger. However, there are not many examples in modern history of an undisputable successful case

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5 For example, the Contras in Nicaragua in the 1970s and 1980s. Another case may be the alleged support of the present opposition against president Maduro in Venezuela.

of this strategy. Some authors (Adewale 2017) consider the BRICS initiative to be a positive example.

Another example of the unforeseen effects of imposed sanctions is the case of Israel. Israel was forced to look for alternative economic, cultural and defence relations, after the Suez crisis, since all neighbours and the Soviet enemies declared hostility. The need for new allies forced the newly emerged state Israel to form strong bonds with the US as well as “the West”, from which they both ended up benefiting mostly.

The example from more recent history showing the unforeseen effect of imposed sanctions is technological and military development. Sanctions imposed on the Russian federation are considered to be one of the main motives of Russian independent military development. If the connections with Western countries were not affected by sanctions, there might not be a reason to develop new fifth-generation aircraft of new armoured platforms. It is of course very questionable whether those new technologies can compete with the Western counterparts.

## **7. Discussion and findings**

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The effect of economic pressure is quite limited in most cases. Pape offers an interesting interpretation in his analysis of Saddam’s Iraq, on which economic sanctions were imposed in 1990. Until then, the Ba’athist regime had created a relatively functioning society, which in some form had a reasonable standard of living and collective goods. Pape sees these facts as reasons why economic sanctions did not work. After the sanctions had been imposed, the government had the possibility of draining the resources originally shared by the entire population. As an opposite example, Pape presents the case of South Africa under the apartheid regime, where, at the time of sanctions, most of the wealth was already in the hands of the Caucasian minority.

Thus, in the case of Iraq, it was not Saddam Hussein and his protégés who suffered the consequences of the sanctions, but the population that was cut off from various commodities, some of which were vital. 40,000 combatants and 5,000 civilians were reported to have died during the Allied bombing. Although these people died in the context of armed activities, the main cause of their death was the absence of essential medicinal drugs and other products whose import was subject to international sanctions. Up to 567,000 children could have hypothetically lived if they had been given medication, vaccination and the like (Pape 1998). Thus, to what extent the sanctions had been “effective” remains a question, especially given that Saddam Hussein ruled for more than 10 more years.

To sum it up, most of the problems related to the sanctions’ effectiveness lies in the fact that the perspectives of all parties concerned are fundamentally different. It is very difficult to set an exact definition of not only effectiveness as such but also

an exact definition of economic sanctions. As already indicated, the approaches of various scholars differ, too. At the same time, the evaluation of the economic sanctions' effectiveness suffers from a significant lack of detachment, in terms of both facts and time. It is extremely complicated to guess what each participant "is up to" and thus reflect upon more objective impacts. At the same time, however, the understanding of the current context, which is very crucial, is gradually fading away over time. This results in various analyses being able to define one and the same event as part of armed conflict, as an economic sanction or merely as a trade war.

## **8. Application of effectiveness definition – case studies**

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As assumed, there is a significant dispute in the context of effectiveness analysis, when it comes to the evaluation of economic sanctions. As presented in the chapters above, there are many approaches, qualitative or quantitative, but from our point of view, these theories are feasible only to a limited extent. Thus, as mentioned in the previous chapter, the author decides to stick with the definition of a sanction's effectiveness (or its negation) as an ability (or a disability) *to achieve predetermined goals*. In this case, we consider proclamations, reasons and demands as goals.

Using this approach, we decided to perform an exemplary analysis of real cases. According to the point of view set on the presented definition, we try to demonstrate, on a sample of 3 cases, how to interpret the success and effectiveness of implemented sanctions.

In the following chapter, three case studies will be presented serving as examples of levels of sanctions' effectiveness. All three exemplary cases are relevant to current political and economic events.

The first presented case is one that the author considers relatively effective (according to the used definition of "effectiveness"). The second case represents a historical event that is to be regarded as only partially effective. In the last case, the ineffectiveness of imposed sanctions will be presented.

The author is aware that this approach has its limits. Case studies used in this subchapter are supposed to have an illustrative purpose only. Multiple factors have influenced each case. It is difficult to derive other collateral variables or to determine causality. The comparison is meant to serve as a "hypothetical" example. In order to provide at least partial objectivity, all three cases are describing sanctions imposed by the United States, proclaimed by a Presidential Executive Order.

All three cases are described in the table and for each of them, there will be a commentary and relevant quotation of the imposing policymaker attached, to better explain the logic of the presented conclusions.

**Table 1**  
Effectiveness and cases

Target country	Intentions	Result	Effectiveness
IRAN	Prevent nuclear and ballistic missile proliferation	Achieved – by multiple actions, Iran is not yet equipped with sufficient nuclear capabilities.	YES (under the condition that we omit other factors)
VENEZUELA	Destabilize autocratic political elites and undermine the non-democratic regime	Partially achieved – the government in Venezuela is currently in a state of hurting stalemate. The president position is being claimed by two “presidents”.	PARTIALLY (under the condition that we omit other factors)
RUSSIAN FEDERATION	Force the Russian Federation to withdraw from Crimea and to stop supporting the self-proclaimed republics	The intention of these sanctions has not been achieved. On the contrary, Crimea is considered as an internal part of RF, and self-proclaimed republics still exist thanks to support from Russian side.	NON-EFFECTIVE (under the condition that we omit other factors)

*Case study no. 1: USA vs. IRAN:* For many decades the Iranian regime has been considered an eminent threat to US foreign policy. Amongst other issues, the problem that troubles US authorities the most is the Iranian nuclear and ballistic missiles programme. It has been a target of US counteractions for a long time. US representatives decided to implement many series of sanctions, embargos and other measures to prevent the nuclear proliferation towards Iran. In our analysis we analyze one of the most known events from recent history. Presidents of the US have released multiple economic sanctions with relatively clear reasons and demands. The most known is a series of executive orders presented by President Clinton between 1994 and 1996. These orders and acts served as a basis for all following administrations.

*“I, WILLIAM J. CLINTON, President of the United States of America, find that the proliferation of nuclear, biological, and chemical weapons (‘weapons of mass destruction’) and of the means of delivering such weapons, constitutes an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, and hereby declare a national emergency to deal with that threat” (Exec. Order No. 12938, 1994).*

From this, we can measure the effectiveness of the imposed sanctions. Their goal was to stop or postpone the nuclear and ballistic proliferation process in Iran.

From today's perspective, it is very probable to assume that the Iranian regime is still not equipped with the coveted nuclear technology, and this fact is caused by the effective non-cooperation with other countries that share the US point of view or are forced to yield. Iran's goal is to own nuclear weapons as a deterrent. Due to this fact, we may assume that if Iran owned nuclear capacities, it would be presented as a big success by state propaganda.

In the context of our definition of sanctions' effectiveness, it is to be concluded that these specific sanctions are effective. It is mainly thanks to the dominant asymmetry between the two counterparts. Also, the reasons and goals presented by the president were stated relatively clearly; therefore it is relatively easy to evaluate them. Of course, even in this relatively clear case, it is very difficult to identify the possible influences of other factors.

*Case study no. 2: USA vs. VENEZUELA:* The socialist and despotic regime of President Maduro continues the legacy of previous president Hugo Chavez. This regime is known to stand in opposition to US foreign politics intentions. Under the rule of the socialist regime Venezuela suffered drastic economic decrease and isolated itself. For US foreign politics the Venezuelan regime is also a political threat, since it has deep connections with the Russian federation. This phenomenon makes Venezuela a rather risky neighbour on the American continent.

*"I, BARACK OBAMA, President of the United States of America, find that the situation in Venezuela, including the Government of Venezuela's erosion of human rights guarantees, persecution of political opponents, curtailment of press freedoms, use of violence and human rights violations and abuses in response to antigovernment protests, and arbitrary arrest and detention of antigovernment protestors, as well as the exacerbating presence of significant public corruption, constitutes an unusual and extraordinary threat to the national security and foreign policy of the United States, and I hereby declare a national emergency to deal with that threat" (Exec. Order No. 13692, 2015).*

According to our definition of sanctions' effectiveness, we cannot say that the sanction intentions were completely fulfilled, but we can see partial achievements. The greatest achievement is the victory of Juan Guaidó, who proclaimed himself president of the country. It is still unclear what the development of this political situation will be, but we can see some significant changes that may be influenced by the imposed sanctions. Again, we can not clearly say whether these sanctions were the sole reason for Maduro's decline. However, we can indicate a significant push in the desired direction, and the pattern of influence is evident. For the final outcome and conclusion, we must wait.



*Case study no. 3: USA vs RUSSIAN FEDERATION:* The events that took place in Ukraine after the so-called Euromaidan revolution in 2014 shook the status quo of the post-soviet area. The Russian annexation of the Crimean peninsula, as well as the direct and indirect military support of the self-proclaimed separatist republics was a rather surprising event that drew the attention of the international community. Most of the democratic states and Western superpowers were disgusted by such violation of international laws and treaties. As a result of those violent events, many countries imposed sanctions against Russia and its leaders, the businessmen and people responsible. The US imposed a wide spectrum of sanctions, with goals that were relatively clear, aiming towards acts of aggression. The US goals were a retreat from the Crimean territory and the termination of separatist republic support. The explanation of the imposed sanctions stated:

*“I, BARACK OBAMA, President of the United States of America, find that the actions and policies of persons including persons who have asserted governmental authority in the Crimean region without the authorization of the Government of Ukraine that undermine democratic processes and institutions in Ukraine; threaten its peace, security, stability, sovereignty, and territorial integrity; and contribute to the misappropriation of its assets, constitute an unusual and extraordinary threat to the national security and foreign policy of the United States, and I hereby declare a national emergency to deal with that threat” (Exec. Order No. 13660, 2014).*

As we can see, the demands of the imposed sanctions were not fulfilled; on the contrary, Crimea is connected to the Russia mainland. Separatist republics still exist, and Ukraine’s integral sovereignty is being disrupted by ongoing armed conflict. Using the logic of our definition of effectiveness that we presented in previous chapters, we may consider the imposed sanctions to be non-effective.

As mentioned above, these 3 case studies can work only as illustrative examples of the implementation of our definition in recent cases. It is indeed impossible to predict how events will develop in the future. In the end, following research may show the presented cases in a different light.

## **9. Conclusions**

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It is very complicated to fully answer the question of whether we can clearly identify the effectiveness of sanctions, or how to measure it. Based on disputes amongst the various authors, we are sceptical about quantitative analytical approaches. However, what can be inferred from the arguments put forward is the fact that each situation in which sanctions occur is individual and therefore each of them must also be treated individually. The scholars more or less agree that it is necessary to set limited

goals for the success of sanctions. At the same time, losses should be on the side of the sanctioned state. An important finding is that the impact of sanctions increases when they are combined with other pressure tools on the target state. In my opinion, it is Pape who treats economic sanctions realistically and does not overestimate their role. In particular, sanctions may be appropriate where there is a significant advantage in the asymmetry of the sanctioning party. A typical example would be the sanctions against Libya aimed at the extradition of several terrorists involved in the Lockerbie terrorist attack (Pape 1997).

Proceeding from the not very successful sanctions applied to the whole population through so-called collective guilt, the author of this essay considers it appropriate to apply sanctions in the form of quality targeting – in the form of so-called “smart” sanctions. However, even this tool is only limited. I agree with the authors who try to distinguish phenomena such as trade war, economic sanctions or economic steps associated with armed conflict, even though it is sometimes difficult to do so in retrospect. Perhaps the most apt conclusion is to identify with the WHO’s approach (Köchler 1997), which in the context of economic sanctions against Iraq informs that their real impact on millions of people is rarely documentable. In this context, it is more likely to notice and monitor serious economic difficulties, the spread of diseases, and various psychosocial traumas associated with a very negative outlook for the future. Violations of social norms, various pathological phenomena, and “psychosocial disgust” of the population are more common than real changes within, based on the initiative of the population, especially in authoritarian and totalitarian regimes. Proceeding from the summarized arguments, I consider the role of economic sanctions rather negative. For reasons difficult to understand, states or political elites resort to them, which is probably caused by indecision, non-readiness for action or various strategic inconsistencies.

It is exactly the indecision and discontinuity that are the greatest “buriers” of “effective” sanctions. Based on the above-mentioned definition, it is, therefore, necessary for politicians to estimate realistic, not exaggerated goals and to achieve them on a continuous basis. It is not appropriate to confuse sober estimates with unrealistic ambitions.

With regard to the state of the specialized literature and research related to the problems of the effectiveness of economic sanctions, the author considers the following: Universally valid metrics for measuring effectiveness are hardly achievable due to the inability to compare events across modern history, especially due to the inability to compare different contexts of individual events. At the same time, there is no terminological and semantic agreement among the authors over the basic concepts, which makes the situation rather confusing. Some of the authors do not perceive the difference between “successful”, “effective” and “efficient” sanctions. The overview of the literature showed that this situation is rather confusing and

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6 World Health Organization.

disturbing. The concept of “success” is very abstract, and therefore not suitable for academic research. The dimension of efficiency as a cost/benefit ratio often leads to quantitative and statistical elaborations, which may be interesting, but are extremely unuseful for the comparison since each case study is very specific in time and historic context. Thus, the author tends to interpret effectiveness as an ability to achieve the goals predetermined at the beginning of the sanctioning process (Peksen 2019). Although this definition offers a rather limited perspective and does not allow too many comparisons and general conclusions, it is at least partially in accordance with observed reality, as well as to some extent usable and applicable. For example, three case studies were presented as an example of authors’ perception of the effectiveness definition. Simultaneously, the author encourages an individual approach to individual case reports and warns against attempting to econometrically and statistically capture something that is incommensurable in practice.

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