

The Case Against Economic Sanctions

Center for Economic and Policy Research (CEPR)

January 10, 2020

Sanctions that target key sectors of a foreign country's economy are often portrayed as an effective and useful tool for pressuring governments considered to be a security threat or to be engaged in human rights violations or anti-democratic behavior.

However, a growing body of research shows that economic sanctions have dire consequences for human populations, causing many deaths — sometimes more than armed conflicts — and increases in preventable disease. Experts argue that they violate international law. Studies show that they are generally not effective in achieving desired results.

The United States is the world leader in imposing economic sanctions and supports sanctions regimes affecting nearly 200 million people.¹ Here are some facts about economic sanctions and suggestions of what can be done to curtail their use and attenuate their effect on human lives.

- **Ordinary people, not governments, are the main victims of economic sanctions.** Though typically presented as targeting governments, these sanctions undermine an entire country's economy by reducing its ability to trade or by restricting its access to international financial markets. Targeted countries experience economic contractions and, in many cases, are unable to import sufficient essential goods, including essential medicines, medical equipment, the infrastructure necessary for clean water and for health care, and food. The effects are devastating for everyday citizens; less so for governments, which are better equipped to weather the storm.
- **US sanctions have global spillover effects.** Given that most international corporations and banks are closely tied to the US financial system, US sanctions — even when only applicable to US entities — often result in countries being shunned by major financial and commercial actors around the world. Also, financial institutions will deny credit for vital imports such as medicine,

¹ The United States currently has broad economic sanctions targeting Cuba, Iran, Sudan, North Korea, Syria and Venezuela.

even if the sanctions have exception written into them because these entities want to avoid the risk of being sanctioned themselves. As a result, US sanctions can be far more devastating than anticipated.

- **Sanctions kill.** In Venezuela, tens of thousands of people are estimated to have died as a result of unilateral economic sanctions that the Trump administration has been implementing since 2017.² By causing the production of oil to fall by 60 percent, US sanctions have deprived Venezuela of its main source of income, causing disruption in medicines and crucial social services for everyday Venezuelans.³ UN Special Rapporteur Idriss Jazairy stated: “Economic sanctions are effectively compounding the grave crisis affecting the Venezuelan economy (...) This is a time when compassion should be expressed for the long-suffering people of Venezuela by promoting, not curtailing, access to food and medicine.”⁴ Meanwhile, sanctions in North Korea have led to more than 3,968 deaths in 2018 alone (the vast majority of which are children under age 5) due to their impact on UN humanitarian programs, according to a new interdisciplinary report commissioned by Korea Peace Now.
- **Sanctions cause economic and social crises.** In Iran, sanctions have contributed to soaring unemployment, lower incomes, and unsustainable living costs for millions.⁵ Heads of hospitals and terminally ill patients have reported shortages in life-saving medications, such as for leukemia, threatening the treatment of thousands of patients.⁶ A recent Human Rights Watch report has documented numerous cases where even crucial medicines listed on the humanitarian exemption list have been prevented from entering Iran due to sanctions.⁷ Several international NGOs, including charities that assist thousands of vulnerable children and refugees, have been prevented

2 Weisbrot, Mark and Jeffrey Sachs. 2019. “Economic Sanctions as Collective Punishment: The Case of Venezuela.” Center for Economic and Policy Research. April. <http://cepr.net/images/stories/reports/venezuela-sanctions-2019-04.pdf>.

3 Rodriguez, Francisco. 2019. “Sanction and the Venezuelan Economy: What the Data Say.” Torino Economics. June. <https://torinocap.com/wp-content/uploads/2019/06/Sanctions-and-Vzlan-Economy-June-2019.pdf>.

4 Office of the High Commissioner for Human Rights (UN Human Rights). 2019. “Venezuela Sanctions Harm Human Rights of Innocent People, UN Expert Warns.” January 31. <https://www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=24131&LangID=E>.

5 Radio Farda. 2019. “Iran’s Annual Inflation Nears 43 Percent, Goes Above IMF Forecast.” September 29. <https://en.radiofarda.com/a/iran-s-annual-inflation-nears-43-percent-goes-above-imf-forecast/30189792.html>.

6 Kebriaeezadeh, Abbas. 2019. “U.S. Sanctions Are Killing Cancer Patients in Iran.” Foreign Policy, August 14. <https://foreignpolicy.com/2019/08/14/u-s-sanctions-are-killing-cancer-patients-in-iran/>.

7 Human Rights Watch. 2019. “‘Maximum Pressure’: US Economic Sanctions Harm Iranians’ Right to Health.” October 29. <https://www.hrw.org/report/2019/10/29/maximum-pressure/us-economic-sanctions-harm-iranians-right-health>.

CEPR

January 10, 2020

Page 3

from financing their operations in Iran. Major food shipments have been stalled, global traders have halted new Iran food deals, and prices for staple foods have skyrocketed.

- **Sanctions negatively impact civil society, women and labor movements.** Iranian women activists have come out strongly against the current “maximum pressure” sanctions as they isolate civil society groups from international funding, impact socioeconomically vulnerable populations and limit their political space for participation.⁸ Research has shown that sanctions also disproportionately affect women in developing nations, undercutting their economic status and social rights.⁹ According to the UN Commission of Inquiry on human rights in the DPRK, sanctions in North Korea are increasingly pushing women into activities in which they are exposed to higher levels of assault and exploitation. Economic sanctions also hurt organized labor. By causing severe harm to key industries and employers in targeted countries, they weaken labor movements and limit their ability to negotiate and strike.
- **US economic sanctions violate international law.** The United States’ use of unilateral sanctions violates international treaty obligations and UN resolutions, including: the Vienna Declaration and Programme of Action; several UN Human Rights Council Resolutions; expert findings by the UN Committee on Economic, Social and Cultural Rights; and rulings by the International Court of Justice. In reference to current US unilateral sanctions targeting Cuba, Venezuela, and Iran, the UN special rapporteur Idriss Jazairy noted that “the resort by a major power of its dominant position in the international financial arena against its own allies to cause economic hardship to the economy of sovereign States is contrary to international law, and inevitably undermines the human rights of their citizens.”¹⁰
- **Sanctions generally don’t work.** Comprehensive studies of sanctions have shown that in the vast majority of cases, sanctions don’t produce the desired results.¹¹ Of those that do, most are

8 Center for Human Rights in Iran. 2019. “170+ Iranian Women Activists Condemn Sanctions and Threats of War.” May 29. <https://iranhumanrights.org/2019/05/170-iranian-women-activists-condemn-sanctions-and-threat-of-war/>.

9 Korea Peace Now. 2019. “The Human Costs and Gendered Impact of Sanctions on North Korea.” October 30. https://koreapeacenow.org/wp-content/uploads/2019/10/human-costs-and-gendered-impact-of-sanctions-on-north-korea.pdf?mod=article_inline.

10 Office of the High Commissioner for Human Rights (UN Human Rights Council). 2019. “US sanctions violate human rights and international code of conduct, UN expert says.” May 6. <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=24566&LangID=E>.

11 Sofuoglu, Murat. 2018. “Have US Sanctions Made Countries Poor and Strengthened Rival Regimes?” TRT World, September 19. <https://www.trtworld.com/magazine/have-us-sanctions-made-countries-poor-and-strengthened-rival-regimes-20317>.

CEPR

January 10, 2020

Page 4

only partially successful. The devastating toll on human life and well-being described above should heavily outweigh this minor and unreliable “success.” US sanctions, especially in the cases of Iran and Venezuela, have undermined diplomatic solutions.

- **Humanitarian exemptions provide only limited relief.** Sanctions regimes generally incorporate exemptions for donations or financing of specific "humanitarian goods" which can include life-saving medicines and medical equipment. Such exemptions can, when effectively designed, provide limited relief to some communities suffering from the effects of sanctions. However, they don't reverse the damage done by sanctions to the overall economy of a targeted country and, as a result, do little to improve the general human rights situation there. Since sanctions contribute to steep reductions in a country's national income, public and private actors have less foreign currency with which to import essential goods, and consumers have less cash with which to buy them.
- **The US president imposes sanctions without Congressional approval.** Most US sanctions have been implemented by the president under the 1976 International Emergency Powers Act (IEEPA), which allows the president to declare a “national emergency” and impose sanctions without Congressional approval. The IEEPA's authors made clear their intention was to limit and control the use of broad international economic powers granted to the president under the Trading with the Enemy Act. In practice, however, IEEPA has failed to meet expectations. Fifty-four national emergencies — forming the basis for numerous sanctions regimes — have been declared under IEEPA, with an average length of 10 years per emergency.¹² Twenty-nine emergencies are still active.

What Can Be Done

- **Reform IEEPA to limit presidents' sanctions powers.** Today reform is necessary to reclaim effective congressional control and oversight over these powers which allow the president to single-handedly destroy the lives of millions across the globe. Possible reforms include: a) a sunset provision that would terminate a “national emergency” under the IEEPA unless Congress

¹² Congressional Research Service. 2019. “The International Emergency Economic Powers Act: Origins, Evolution, and Use.” March 20. <https://fas.org/sgp/crs/natsec/R45618.pdf>.

approves the measure within a limited time frame; b) crafting a more precise definition of what constitutes an “unusual and extraordinary threat” to US “national security, foreign policy, or economy.”

- **Demand assessments on the humanitarian impact of sanctions.** Members of Congress can call for mandatory impact assessments of all current and future sanctions to better determine their effects on human lives and on the political and economic stability of a targeted country. These assessments should be made public in order to better inform US citizens regarding the effects of sanctions.
- **Broaden and Enforce Humanitarian Exemptions.** While on paper most sanctions have some humanitarian exemptions for food, necessary medicines, and medical supplies, in practice these exemptions are not sufficient to ensure access to these goods within the targeted country. Advocates and members of Congress can work to ensure that the US government remove all impediments to humanitarian trade, including any barriers to the licensing, financing, or transfer of funds related to humanitarian transactions. Furthermore, the scope of ‘humanitarian exemptions’ should be broadened to include goods and financial support for maintaining vital health, water and medical infrastructure.
- **Advocate for US compliance with its treaty obligations.** The United States has a responsibility to honor its international treaty obligations and work within the rules of multilateral bodies of which it is a part. Members of Congress should seek to prohibit sanctions that constitute “collective punishment” as defined by The Hague and Geneva protocols, to which the United States is a signatory. Although these conventions currently apply to crimes committed during war, the same prohibitions against killing civilians should apply during peacetime as well.

CEPR
January 10, 2020
Page 6

Further Reading

Congressional Research Service. 2019. “The International Emergency Economic Powers Act: Origins, Evolution, and Use.” March 20. <https://fas.org/sgp/crs/natsec/R45618.pdf>.

Drury, A. Cooper and Dursun Peksen. 2014. “Women and Economic Statecraft: The Negative Impact International Economic Sanctions Visit on Women.” *European Journal of International Relations*. Volume 20, Issue 2, pp. 463–490.

Human Rights Watch. 2019. “‘Maximum Pressure’: US Economic Sanctions Harm Iranians’ Right to Health.” October 29. <https://www.hrw.org/report/2019/10/29/maximum-pressure/us-economic-sanctions-harm-iranians-right-health>.

Korea Peace Now. 2019. “The Human Costs and Gendered Impact of Sanctions on North Korea.” October 30. <https://koreapeacenow.org/wp-content/uploads/2019/10/human-costs-and-gendered-impact-of-sanctions-on-north-korea.pdf>.

Cashman, Kevin and Cavan Kharrazian. 2019. “US Sanctions are Designed to Kill.” *Jacobin Magazine*, September 1. <https://www.jacobinmag.com/2019/09/us-iran-sanctions-donald-trump-iran-deal-oil-banks>.

Marossi, Ali Z. and Marisa R. Bassett. 2015. *Economic Sanctions Under International Law: Unilateralism, Multilateralism, Legitimacy, and Consequences*. The Hague: Asser Press.

Office of the High Commissioner on Human Rights (UN Human Rights Council). 2018. “Report of the Special Rapporteur on the negative impact of unilateral coercive measures on the enjoyment of human rights.” August 30. <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G18/264/85/PDF/G1826485.pdf?OpenElement>.

Weisbrot, Mark and Jeffrey Sachs. 2019. “Economic Sanctions as Collective Punishment: The Case of Venezuela.” Center for Economic and Policy Research. April. <http://cepr.net/images/stories/reports/venezuela-sanctions-2019-04.pdf>.