The human consequences of economic sanctions

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USE OF SANCTIONS HAS GROWN RAPIDLY IN RECENT DECADES

Figure 1
Number of Countries under UN, EU, or US Trade Sanctions, 1960–2022

Source: Author’s calculations based on World Bank Group and Felbermayr et al. (2020).

Figure 2
Share of World GDP under UN, EU, or US Trade Sanctions, 1960–2022

Source: Author’s calculations based on World Bank Group and Felbermayr et al. (2020).
EMPIRICAL EVIDENCE ON EFFECT OF SANCTIONS

• I surveyed 32 quantitative studies measuring the impact of sanctions on living conditions in target countries.

• Studies deal with effects on income, poverty, inequality, public health, mortality and human rights, among others.

• Thirty of the studies found consistent negative significant effects on living standards.

• Magnitude of identified effects is very large.
  – 26 percent decline in income per capita.
  – Reduction of 1.4 years in female life expectancy.

• Estimated effects are similar to those seen in armed conflicts.
SANCTIONS AFFECT ESSENTIAL IMPORTS AND SPENDING

• Sanctions targeted at export sectors reduce economy’s exports revenues, leading to reductions in import capacity.

• The shortfall in external revenues causes depreciation and inflation, leading to declines in consumption and increases in poverty.

• Declines in fiscal revenues cause decline in spending on public health and basic services.

• Authoritarian governments are more likely to shift the burden of sanctions on more vulnerable groups.
SANCTIONS HELPED DRIVE DECLINE IN VENEZUELAN OIL PRODUCTION

- Declines in oil production closely associated with rounds of tightening of sanctions.
- Firms with prior access to finance were strongly hurt by 2017 debt sanctions.
- Guaidó recognition severely limited access to assets and funding sources.
- Similar channels are present in the cases of Iran and Afghanistan.