



Transcript

Economic Sanctions: A Root Cause of Migration

March 03, 2025

11:00 AM - 12:00 PM

Remarks have been edited for clarity.

Michael Galant

Hello everyone, and thank you for joining us. My name is Michael Galant. I'm a Senior Research and Outreach Associate at the Center for Economic and Policy Research, and I'm really thrilled to have you all here for what I think is an urgently needed discussion on a topic that is quite shockingly overlooked.

Economic sanctions are one of the go-to tools of US foreign policy. For the past two decades, the number of US-imposed sanctions has grown nearly tenfold. Today, one third of all countries and over 60 percent of low-income countries face US sanctions in some form.

While policymakers often treat sanctions as a quick fix, they can have catastrophic consequences for the civilians in targeted countries. As we'll discuss today, these consequences in turn can become a major push factor for migration.

Today's discussion is sadly quite timely. In just the first weeks of the administration, President Trump and Secretary Rubio have made clear that sanctions will play a major role in their foreign policy, reversing even the minor steps taken by Biden to ease restrictions on Cuba, and just last week, announcing the revocation of Chevron's license to operate in Venezuela.

"Maximum pressure," as it is termed, has returned, despite the fact that this runs directly contrary to the administration's stated priority of reducing migration to the United States.

Few in the world are better positioned to explore this link between sanctions and migration than the experts that we have with us today. Jerg Gutmann of the University of Hamburg, Francisco Rodríguez of the University of Denver and CEPR, Denisse Delgado of Georgetown and American Universities, and our very own Mark Weisbrot of CEPR.

Before I turn it over to them, a few quick housekeeping items. First, I'd like to thank our co-sponsors, the Quincy Institute for Responsible Statecraft, the Alliance for Cuba Engagement and Respect, and Just Foreign Policy. Second, a note that today's event is recorded. Following presentations by each speaker we'll save some time for a Q&A, so feel free to submit your questions into the Q&A at any time — and you're welcome to anonymize those. Finally, I'd like to direct your attention to the chat where my colleague will be sharing a brand new issue brief published just this morning by CEPR and co-authored by our Director of International Policy Alex Main, and myself, that explains this link between sanctions and migration that we'll be talking about today, very much by drawing on the experts that we have with us today.

It's a great pleasure that I turn it over to one of those experts, Dr. Jerg Gutmann.

Jerg is an assistant professor of behavioral law and economics at the University of Hamburg. He has advised the OECD, the EU, UNODC, and the World Bank. His research focuses on threats to the rule of law and determinants and effects of international sanctions. He has published several articles on the consequences of international sanctions for the citizens and economies of targeted countries, including what I believe is the first and only cross-national econometric study of the impact of sanctions on migration. Thank you, Jerg.

Dr. Jerg Gutmann

Thank you, Michael.

I've been doing research on a number of effects of international sanctions over the years. You might all be somewhat familiar, that the academic literature shows systematically adverse effects of sanctions on targets, countries, populations, and also that politicians, when sanctions are imposed on target countries, tend to repress target country populations.

I won't talk about that in more detail because Mark will be taking over this part today, and I don't want to steal any of his content, but I think this is the starting point for thinking about migration. Migration starts with grievances that are generated in target

countries, and surprisingly there has been little research on this topic systematically across the world.

Most of the research has looked at individual countries. We know that sanctions against Iraq, but also against a number of other countries, are systematically associated with increases in out migration, but until our study last year there was not really systematic evidence on a global level comparing countries, also trying to separate the effects of sanctions from the effects of other events like conflicts, for example, which might be closely associated with the imposition of sanctions in some cases.

So, to explain very briefly to you, there's much more detail of course in the study if you want to look at this, but to explain to you very briefly what is happening in terms of migration when countries are hit with sanctions, you can simply look at the following two plots where you can see on the left sides how migration evolves once sanctions are imposed. So, that is, once you move after the first vertical dashed line, this is when sanctions are imposed by the UN, you see significant increases in sanctions. These effects are sizable, but they are not anywhere near the effects that you see in the plot on the right side of the screen where you see what we call US and EU joint sanctions.

The reason why we look here at EU and US sanctions simultaneously is that we want to filter out sanctions, for example, by the US that are not really severe. So if next week President Trump decides to sanction some people in Panama because he doesn't like how the Panama Canal is dealt with, these are not the cases we want to look at. So we focus here on joint EU and US sanctions to filter out the most severe sanction cases. This is supposed to be understood as a measure of severity of sanctions, such that we really have serious sanction cases and not cases where there are small groups of people targeted for political reasons with rather moderate consequences for the overall economy.

What you can see here is that if these sanctions are imposed you see a continuous increase in out migration flows built up over the years. What you can also see in the chart is once sanctions are ended, and this is indicated by the second dash, the vertical line, the out migration flows return to their original levels. This is based on a statistical model which of course is explained in great detail in the paper, which I will not talk about here. We try to filter out all kinds of other confounding factors, and these are the remaining statistical effects that can be attributed to the imposition of sanctions after you filter out conflicts, differences between countries and so on.

What we see, if you want to summarize our results, is that emigration from these target countries' migration increases on average under UN sanctions by 18%, and by 23%

under simultaneous US and EU sanctions, relative to the level of out migration before sanctions were imposed. We need to somewhat put that in relation, and that is the reference point that we've chosen here. This is the average over the whole course of sanctions. If you keep up US and EU sanctions you can reach on average an increase of 80 to 86% in the long run of out migration. With UN sanctions, the effect is smaller at 30 to 31%, but still sizable.

What's important to note here is, as I already mentioned, migration flows return to their pre-sanction level once sanctions are lifted. Also important to note is that these effects are observable despite the fact that countries that are targeted with sanctions try to prevent these outflows. So, they actually try to build up legal barriers to out migration. They make it more difficult to get a passport or to get other legal documentation that you might require for traveling. And still, in spite of these built up barriers, these legal restrictions, we see these out migration flows.

The final point I want to emphasize is that these are average effects, and we looked at differences across countries that are targeted with sanctions. One thing that we expected and that we find borne out in the data is that there is one important factor that determines how big these effects are, and we find much more sizable effects in countries where political freedoms are restricted. This means in countries that are targeted by sanctions where political expression is free, where people can participate in the political process freely, voice their opinion, etc. we find relatively modest effects, so they will be below these average effects that I described, whereas countries where you have severe restrictions on political freedoms, if they are targeted by sanctions, the effects are much more severe than the ones I described so far.

I'll leave it at that. Thank you.

Michael Galant

Thank you so much, Jerg, for the excellent overview. 23% from US-EU sanctions is really a shocking figure.

We now turn it to Dr. Francisco Rodríguez. Francisco is the Rice Family professor of the practice of public and international affairs at the University of Denver's Joseph Korbel School of International Studies and is also a CEPR senior research fellow. Rodríguez has previously held prominent positions in the public and private sectors, including chief economist of Venezuela's Congressional Budget Office, head of research at the UN Human Development Report Office, and chief economist at Bank of America. He is the author of more than 80 research articles and four books, and his forthcoming book: *The*

Collapse of Venezuela: Scorched Earth Politics, and Economic Decline, 2012 to 2020, will be available on March 15th from the University of Notre Dame Press.

Francisco, we've heard Jerg talk about this general case. What can you tell us about how this dynamic has played out in Venezuela specifically?

Dr. Francisco Rodríguez

Hi, everybody. Thank you very much, Michael, for that introduction and thanks to CEPR for organizing this event, and to all of those joining me in the panel.

I'm going to share my screen also, and I also have some slides that I wanted to show you about the Venezuelan case. What I want to start with is here. This is a plot of Venezuela's per capita income for the period, roughly spanning from 1880 to 2020, so we're talking about roughly a century and a half to 2023. What we see here is what happened over the last decade, particularly the 2012 to 2020 period in historical perspective. You see something remarkable here, I mean something quite terrible for the Venezuelans who lived through it. You see the largest economic collapse ever documented in a country outside of wartime. This is a decline of 71% in the country's per capita GDP. This is the equivalent of suffering through three consecutive Great Depressions.

One of the questions that I've devoted a significant part of my research to try to answer is, what role have sanctions played in this collapse? They are not the only cause, but they have played a very important role, and to understand why and to summarize it briefly I will tell you that Venezuela, before the onset of sanctions, 96% of its export revenue came from oil exports, and oil production was severely affected by sanctions.

Here you have a plot of Venezuela's oil production from 2008 to 2020. You can see that during a period of around 8 years before 2016 it was relatively stable. It began declining in January 2016 when oil prices fell below \$30 a barrel. This is something that happened in a lot of oil exporting countries. However, in those countries, oil production, once oil prices recovered, stabilized and recovered. In Venezuela it began to fall, and there are several points of inflection here, such as around August 2017, which coincides with the imposition of sanctions. When financial sanctions were imposed, the rate of decline accelerated. When oil sanctions were imposed in 2019 by the first Trump administration, then you see another significant decline of around 30% in production. When the US imposes secondary sanctions on foreign oil partners that were helping sell Venezuelan oil you see another decline.

Interestingly, when in the previous administration you see the sanctions policies start being relaxed and eased, and the US starts granting licenses, particularly the license that's under discussion now that went to Chevron to sell Venezuelan oil, you see that a recovery of oil production starts. So, given that this, again, is essentially the sole source of Venezuelan foreign exchange revenue, it's not surprising that this decline in oil production in which sanctions played a very important role would see itself reflected in a decline in the country's import capacity and a decline in its economic growth.

Another estimate that I've worked on is trying to see what happened with productivity. There's a story about what happened in Venezuela which is that this was driven by the failure of the socialist policies of Hugo Chavez and Nicolas Maduro. One measure to look at regarding what the effects the policies are having is through productivity, so seeing if the economy is becoming less productive or not. The line that you should be looking at here is the red one, which is the one that actually controls for the economy's capacity to import, so it already takes out of this effect the fact that oil revenues declined and that therefore the economy had less dollars. After you account for that, when was it that productivity started declining? Well, certainly it was declining during the Chavez and Maduro period, so there's no question about the fact that these periods were not good for productivity, but you see an accentuated decline, a very significant decline occur precisely after the imposition of sanctions in 2017.

There's a lot more of this story — and Michael already mentioned my book, *The Collapse of Venezuela*, which is available this month — but the bottom line here is that I estimate that sanctions and other politically induced restrictions explain around 52% of Venezuela's contraction. It's not that Venezuela would not have had a crisis — it would have had a crisis in the absence of sanctions — but it would have been a contraction of 34% of GDP, similar to what we've seen in other cases of policy induced economic failures in Latin America and the Caribbean.

The reason that this became the largest economic crisis ever experienced in the history of the region and ever experienced in the world outside of wartime, is something that can be traced to sanctions.

Now, how does this relate to emigration? Here's a plot where you see the decline in Venezuelan GDP per capita, and it had been concentrated between 2012 and 2020. You see the increase in emigration flows that follows this decline. Particularly, when it's not at the beginning of the decline, but when it becomes a really accentuated decline, in which living standards were falling by much more than what they do in normal crises, then you do see people start to leave in very large numbers.

The other thing that's interesting is that there are differences in what different data series say here. I don't have time to discuss these different data series, but by and large all of them coincide that by 2024 migration had already returned to pretty much the pre-crisis levels. In fact, according to the World Bank, but just according to the World Bank, there's now net positive return migration coming into Venezuela. And this happens after the Venezuelan economy began to recover over the past four years in which the easing of sanctions and the Chevron license, as well as licenses granted to other oil producing companies, played an important role. So economic crisis is associated with emigration and economic recovery is associated, after some lag, with these migration flows returning to their historical levels.

To conclude, in the paper where these graphs are taken from, we carry out different experiments to try to understand what would be the effect of changes in sanctions policy drawn from an economic model that uses some of the patterns that you just saw in the data in order to project these forward. What we estimate is that under the status quo policy, you would have seen around 800,000 migrants come out of Venezuela in the next five years. If we return to maximum pressure, which is what the administration appears to be doing, not just removing the Chevron license but also removing all other licenses, that would mean around 200,000 *more* migrants. But really, something that's important to understand is that the Chevron license is going to make a difference and removing it is going to lead to more emigration. But really what's happening here is that regardless of whether you remove or not the Chevron license, the Venezuelan economy is strongly sanctioned, so if you were to take away these sanctions and you were to do a reset and lift all economic sanctions on Venezuela, then our estimates indicate that you could essentially, over the course of the next years, erase this trend towards out migration and you would have a very negligible near zero level of out migration from Venezuela.

Okay, that's it on my side.

Michael Galant

Thank you so much, Francisco.

It's really hard to overstate just how devastating the economic, humanitarian and migration crisis in Venezuela has been, and you've made a very clear and compelling case that sanctions played a major role in those crises.

We now turn to another case of a sanctions fueled migration crisis, that of Cuba, with Dr. Denisse Delgado. Denisse is an expert on international migration, remittances,

development, and Cuba. She is an adjunct professor at both Georgetown University's School of Foreign Service and American University's sociology department. Denisse serves as a board member of the Association for the Study of the Cuban Economy, has worked as a consultant with the International Organization for Migration and the UNDP, and has held fellowships at the House of Representatives, Harvard University, and more. She holds a PhD in public policy from UMass, Boston. Over to you Denisse to take us through the Cuba case.

Dr. Denisse Delgado

Thank you very much, Michael, for introducing me, also to CEPR for the invitation to join this congressional briefing, and especially to Alex Main.

Good morning everyone, and thank you for joining.

I want to start just by reflecting on what a typical day can look like for a Cuban on the island, especially if they do not receive remittances. This can happen in Havana, but conditions are even worse in non-capital provinces. So, a typical Cuban wake up after a long restless night — no electricity, meaning no air conditioning, no fun, but just the humid heat of the island. And if you have a child your first thought could be, what would I give them breakfast? Then it's time to head out because you are going to work and public transportation is overcrowded. So, you have to wait for a bus, you have to compete with dozens of people trying to get to work, and maybe you find a spot in a packed vehicle or you have to spend a high proportion of your salary just to pay for an expensive taxi. And then, after a long day of work, you can return home only to find out that there is a power outage again and cooking for you and your family may be really challenging, whether there is a lack of electricity, lack of water access because of electricity or gas as well, or because of food scarcity. So you sit down in the dark exhausted, wondering not just about your dinner tonight, but also what is going to happen tomorrow for you and your family. That is how people start contemplating the idea of migrating as an option.

Cuba is facing this worsening economic crisis in the most recent years and based on some calculations, some recent calculations, there is widespread poverty. About 45% of the Cuban population live now in poverty because of food insecurity, medical shortages, in addition to prolonged blackouts. Even though the embargo and the sanctions are not the only cause for the migration, it really aggravates the situation and it leads people to migrate.

There is a recent study from Cuban economist based in Colombia, Pavel Vidal, that shows that there is strong econometric evidence that the US embargo has an asymmetric impact in Cuba. Cuban families and private businesses have been those who have been more affected while the Cuban government is less affected because they have found some ways to mitigate some of the effects of the sanctions by maintaining alliances with other countries such as China, Russia, and countries in the European Union, and even retaining centralized control over resources.

The embargo has not had the expected impact on the Cuban government, but a very high impact on the Cuban people and private entrepreneurs. For Cubans, those restrictions and any kind of restrictions, even those restrictions on remittances and travel, have worsened those economic struggles.

About 10% of the Cuban population have migrated in the last five years, and just in the United States, the main country of reception of Cubans, there is a huge Cuban diaspora in Florida. Since 2021, over 700,000 Cubans have migrated to the United States alone, including both those trying to cross the border with the United States and those who have been authorized to travel to the United States through humanitarian parole.

In general, this mass migration, what it is reflecting is of course the economic crisis in Cuba, the impact of the sanctions, but mainly the loss of hope for a future in Cuba. Something that is on my mind is always the contrasting previous moments where Cubans have had more hope for the future, especially during the Obama years. I remember having an interview with a lot of Cuban entrepreneurs on the island, especially those who had private restaurants, and they were developing tourist-related ventures and other private enterprises. They saw a path forward in Cuba without needing to migrate. Instead they wanted to and highly valued the opportunity to have a tourist visa and some other temporary visas just to travel abroad, buy and purchase supplies for their businesses, and return to Cuba so they could grow their own businesses. In addition to just supporting themselves and their families, they were also explaining to me how many jobs they were able to offer to people in their communities and to support families beyond that of their own.

However, the restrictions on travel and remittances, especially during the first administration of President Trump, coupled with the pandemic, the economic crisis, have forced many of those people that I already talked to to migrate. Of course they have some savings, they have some resources and especially for people who have some kind of resources, they can invest in their migration journeys. So many of them have already migrated, but the ones who are staying on the island, and I have been talking to them, have multiple times complained about how difficult it is just to retain

employees because they have been migrating as well. Any limits on remittances, even caps on the amounts, frequency, suspension of formal channels such as Western Union, which has happened before, just leads to Cuban families going through informal channels to get remittances, which is risky, and they have to pay higher transaction costs for that.

Just to wrap up and thinking about “What is the real impact of maintaining the embargo and sanctions on Cuba?” and whether that would justify the severe human cost that the sanctions impose. Just think about: there have been minimal effects on the Cuban government, severe impacts on the Cuban people, very negative effects on Cuban entrepreneurs who were trying to develop their own businesses independently from the government, as well as some US businesses who want it and still aim to invest on the Cuban island.

I have raised concerns in the Cuban American community about where they will be able to send remittances to their family in the future and how much that would cost for them as well. Just in the face of the most recent migration policies, the Cuban community has also expressed their worries about whether their relatives’ or their own migratory status will stay in place and allow them to stay in the United States.

I'm going to leave it there, but happy to discuss any of these points.

Michael Galant

Thanks so much, Denisse.

I just want to pull out a figure that you stated: 10% of the island's population left in two years alone. It's really quite a figure, and I also appreciate that you were able to zoom in from those statistics into what it's like — daily life as a Cuban under this situation.

I'm now pleased to turn it over to Dr. Mark Weisbrot. Mark is an economist and the co-founder and co-director of CEPR. He's the author of the book *Failed: What the “Experts” Got Wrong About the Global Economy* and the co-author of *Social Security: The Phony Crisis*. Mark has researched and written extensively about the impact of economic sanctions, including as co-author with Jeff Sachs of *Economic Sanctions as Collective Punishment* and along with Francisco, a forthcoming study on sanctions and mortality. He received his PhD in economics from the University of Michigan.

Mark, having looked at some specific cases, what can you tell us more generally about sanctions as a policy tool?

Dr. Mark Weisbrot

Thanks, Michael, and thanks everybody for the great presentations.

I think it's been established here — and you mentioned the catastrophic consequences — and I want to focus a bit on that and what can be done to put an end to this.

Francisco showed that the majority of decline in GDP in this world record depression was caused by sanctions, and I want to just add one small thing to that because there still is — because of the coverage of this, where sanctions are not mentioned all that much in a lot of the discussion — it is often seen, and I think most readers of the press would see it, as caused by Venezuelan policy.

Francisco and I were part of a commission of the Union of South American Nations in 2016 that went down to Caracas and looked at the economy and discussed it with ministers. It was headed by Ernesto Samper, the former president of Colombia. At that time UNASUR had all the countries of South America as members. One of the things I think was really striking, that reinforces this causality, is that you can see that, at that time, it was quite possible to turn things around. Venezuela had, and it still has, 300 billion barrels of oil in the ground — that's tens of trillions of dollars worth of oil at prices then or now. It would not have been hard for them to borrow against that and pull out of this.

What the 2017 sanctions, and then further sanctions did — Francisco described the sequence, and you can see it in the graph — was make this impossible. It really condemned the country to years more of depression, increased mortality, and all kinds of horrible consequences. I think that is really clear, and that's why these case studies are so important.

Of course, Francisco was following this in real time. Every week he was putting out reports on the Venezuelan economy. You could see it happening — you could see how it got harder to get medicine. You could see all the things that lead to these deaths, and of course there was the recognition of the parallel government of Juan Guaido, which also created a whole new set of financial and trade sanctions. Millions of Venezuelans left the country. You had depression and hyperinflation, and this is another thing that could have been gotten rid of fairly easily with some international reserves, exchange rate-based stabilization has been used before and could have been used, but they cut all of this off. So you had this increase in mortality that was shown by three universities that measured it at that time: from 2017 to 2018, it increased by 31%, and that was about a 40,000 death increase, and of course that was a time when oil prices were rising so you would expect death rates to fall. So that was one of the effects.

Another part that I think is worth emphasizing, because we're in this battle to get people to understand that this is a form of warfare — it's economic violence; children are disproportionately killed. There's medical literature on this and the World Health Organization has published studies showing that malnourished children, especially with acute malnutrition, have a higher risk of death from these common childhood illnesses such as diarrhea, pneumonia, and malaria, and these nutrition-related factors contribute to about 45% of deaths in children under 5 years of age.

That is part of the impact of these sanctions, so when people say “We need these sanctions, we have a bad government,” that's what you have to think of — that children are dying because of the sanctions. It's become, as we said at the beginning, a “go-to” policy because hardly anyone knows this. A lot of people have made an issue out of this, but it hasn't yet gotten to the point where the sanctions become indefensible.

The death toll from sanctions in Venezuela probably reached the hundreds of thousands in a few years, and that's why this particular case is so important. There are others too that obviously we can talk about, but I wanted to get through this — again, I'm very conservative about saying what people's intentions are and what they're thinking, but you do have actual quotes where they say it out loud.

Pompeo was particularly important in 2019 when he was asked about the situation in Venezuela, and he said “The circle is tightening, the humanitarian crisis is increasing by the hour. I talked with our senior person on the ground there in Venezuela last night and you can see the increasing pain and suffering that the Venezuelan people are suffering from.” He's answering the question “How are things going?” and he reports this [the suffering] like it's the goal. Similarly, Human Rights Watch cited this for Iran, where he said “Things are much worse for the Iranian people with the US sanctions. We're convinced that will lead the Iranian people to rise up and change the behavior of the regime.”

People in Congress have made something out of this. Rep. Jim McGovern sent a letter to Biden asking to cancel the sanctions on Venezuela, and he said it also out loud (but from the other side): “Economic pain is the means by which the sanctions are supposed to work. It's not the Venezuelan officials who suffer the cost, it's the Venezuelan people.”

This is also illegal of course, under the UN Charter, the OAS Charter. The Geneva Conventions would make it illegal because there's a ban on collective punishment: Article 33 of the Fourth Geneva Convention. It's just a technicality that you have to have a war going on, for the Geneva Conventions to be applied. So the United Nations

experts have said, Idriss Jazairy said: “These civilians deserve the same protections provided by the Geneva Conventions to people in war. Harming the human rights of ordinary civilians should not be resorted to as a means of political pressure on a targeted government. This is illegal under human rights law.”

Finally, one more thing about the legality: we have this International Emergency Economic Powers Act which was passed by Congress in the 1970s and was trying to put a brake on what the executive could do in terms of economic warfare. It requires the president to declare a national emergency for us in the United States because of this foreign situation, saying it's presenting an “unusual and extraordinary threat” to the national security of the United States. This is the executive order that our government is operating under right now. I don't think you'll find any military analysts who would say that Venezuela poses any real security threat to the US. They have no strategic bombers, no aircraft carriers, no long range missiles. This is really violating US law, and we've had a lot of this in the 21st century. It's another example of how our government's disregard for international law undermines the rule of law here at home, and I don't have to tell people here how much the rule of law is suffering right now.

Thank you.

Michael Galant

Thank you so much, Mark.

Yeah, I think those quotes in particular really bring home that the civilian impacts of sanctions are not incidental, they're often quite integral to the policy itself.

Note: Transcript only covers opening remarks. Please refer to the video for the full Q&A session.