Are U.S. sanctions off-target: Evidence from the Magnitsky act

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ABSTRACT

We compile data on US sanctions under the Magnitsky Act from 2017 to 2024 and find that such sanctions are weakly corelated with human rights abuses in the home countries of the sanctioned persons but are uncorrelated with perceptions of corruption.

Economic sanctions arise as a policy response to disregard for international law, human rights violations or incidences of corruption. Prior to World War II, economic sanctions mostly took the form of trade blockades (Drezner, 1999; Hufbauer et al., 2007). The variety of sanctions has since been expanded to include boycotts, financial sanctions, travel bans, seizure of property and personal financial assets, and the withholding of economic assistance (Egger et al. 2024; Syropoulos et al. 2024).[2] A growing literature finds that such sanctions rarely achieve their stated purpose (Hufbauer et al. 1997; Peksen 2009; Morgan et al. 2023).

In this paper we investigate the correlates of a new set of US unilateral sanctions on individuals and legal entities who abuse human rights or are involved in corruption in their home countries. We compile a comprehensive set of data on these sanctions, dubbed the Magnitsky sanctions, and perform analysis to ascertain whether the imposition of such sanctions is related to quantitative measures of the abuses claimed by the sanctioning authority.

We find that the sanctions to address human rights abuses are well-targeted, while sanctions aimed at curtailing corruption are not associated with the prevailing perceptions of corruption in the home country of the sanctioned individuals and entities. The paper proceeds as follows. Section 1 describes the sanctions under the Magnitsky Act. Section 2 summarizes the literature on US economic sanctions. Section 3 details the data sources. Section 4 presents the analysis behind the likely rationale for imposing sanctions. Section 5 concludes.

1. The Magnitsky acts

The Magnitsky Rule of Law Accountability Act of 2012 honors Sergei Magnitsky, a tax lawyer who documented corruption by individuals associated with the Russian government. Magnitsky was arrested in 2008 and died in custody in November 2009. The initial 2012 Act requires the U.S. President to identify the persons involved in the detention, abuse and death of Magnitsky, and the ensuing cover-up, and those responsible for similar human rights violations against persons in Russia. Sanctioned individuals are subject to blocking of assets under U.S. jurisdiction, prohibited from U.S. financial transactions, and denied entry into the United States.

The subsequent 2017 Global Magnitsky Act authorizes the President to sanction any individual who is responsible for extrajudicial killings, torture, or other gross violations of internationally recognised human rights, or is a foreign government official responsible for acts of significant corruption. Executive Order 13,818 broadens the standard of behavior for sanctionable persons to those determined "to be responsible for or complicit in, or to have directly or indirectly engaged in, serious human rights abuse." The executive order also refers to "corruption" rather than "acts of significant corruption."
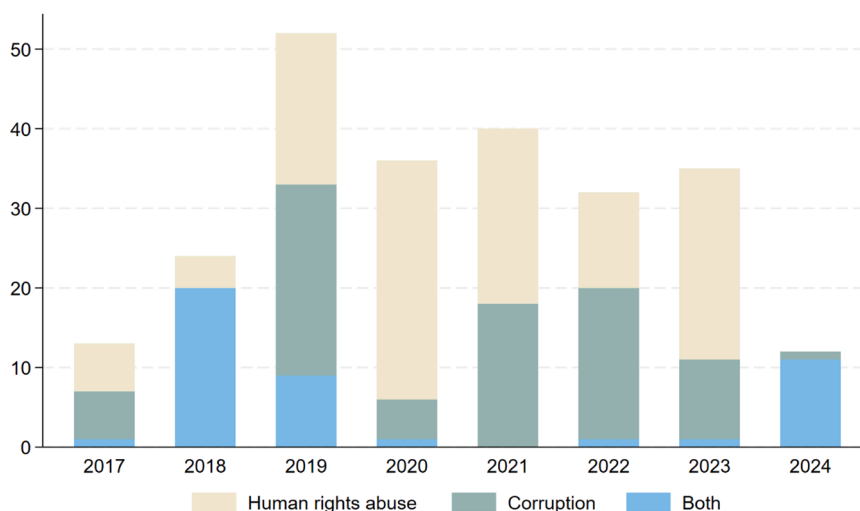
Fig. 1. Individuals' designations for human rights abuse, corruption or both.

2. The literature on US economic sanctions

The literature on unilateral sanctions shows that such measures are often off-target. Carter (1987) provides an early review of the purposes of US economic sanctions. Analyzing sanctions from 1945 to the 1980s, he identifies the main rationale for their imposition as demonstrating opposition against the target country's policies to constituencies in the sender country. Peksen (2009) shows that the US economic sanctions deteriorate the targeted country's human rights conditions. Alexander (2009) demonstrates that sanctions cater to domestic audiences and have little effect on the targeted entities. Morgan et al. (2023) survey the existing literature on sanctions spanning eight decades and find that unilateral sanctions rarely achieve their stated goals, particularly as regards human rights abuses.

Several studies zero in on the effects of US unilateral sanctions on specific groups of the population. Neuenkirch and Neumeier (2016) study the impact of US economics sanctions on the target countries' poverty gap during the period 1982–2011. They show that US sanctions are adversely affecting the poor but not the ruling elites. Adam and Tsarsitalidou (2019) examine the effect of US-imposed sanctions on civil liberties and find that sanctions result in a decline in such liberties, in part because they create political instability in democratic countries.

Carneiro and Apolinário (2016) analyze whether sanctions that target segmented groups within the political or business leadership – the targets of the Magnitsky sanctions - fare better with respect to human rights protection. The answer is No. Hultman and Peksen (2017) indicate that threats of US economic sanctions in fact increase the intensity of conflict violence. Gutmann, Neuenkirch and Neumeier (2020) find results for political rights and civil liberties that suggest significant deterioration under US economic sanctions, again resulting from political instability. The analysis leaves open the question whether political instability affects both the likelihood of sanctions and the incidence of human rights abuse and corruption.

On balance, the literature finds that US sanctions do not achieve their intended use, while at the same time worsening the social and sometimes economic conditions. The issues of omitted variables (for example, political instability) or reverse causality are rarely tackled in this nascent literature.

3. The data

Data on sanctions under the Magnitsky Act come from the United States Department of State and are available from the introduction of the Act in 2017 to the latest available month in 2024 (May). Some examples relay the texture of the data. In 2024, the former Minister of Energy of

Table 1
Variable Definitions.

Variable	Definition
Individual sanctions	Total number of U.S. sanctions imposed on a country against an individual from 2017 through 2024. U.S. Department of State
Entity sanctions	Total number of U.S. sanctions imposed on a country against an entity from 2017 through 2024. U.S. Department of State
Population	Total population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship. Population if the average of midyear estimates from 2017 to 2022. World Bank.
Human Rights Abuse	Human Rights Index (HRI) is based on the V-Dem Civil Liberties Index (v2x_civlib) and Our World in Data expand it to cover more years for some countries. Higher score means protecting human rights better. Human Rights Abuse is the average of HRI from 2017 to 2022, inverted so that higher values represent more evidence of abuse.
Perceptions of Corruption	Transparency International's Corruption Perception Index (CPI) ranks 180 countries and territories around the globe by their perceived levels of public sector corruption, scoring on a scale of 0 (highly corrupt) to 100 (very clean). Corruption Index is the average of CPI from 2017 to 2022, inverted so that higher values represent more corruption.
US Friend	US Friend is a variable derived from YouGov Rank, which is based on responses to the question: "Do you consider the countries listed below to be a friend or an enemy of the United States?" Each respondent was asked his or her opinion about a random selection of 15 of 144 countries. 4 quartiles of 144 countries are classified as "Ally", "Friendly", "Unfriendly" or "Enemy". US Friend is calculated as (145-YouGov Rank), so countries with higher YouGov Rank, i.e. more likely to be considered as a friend, are assigned with a higher value.

Guatemala Alberto Pimentel Mata was sanctioned for his role in exploiting the Guatemalan mining sector for his own benefit. As minister, Pimentel reportedly accepted large monthly payments to facilitate the acquisition of necessary permits and licenses for a private company operating in the energy and mining sector of Guatemala. As another example, the chief of the Burmese Army's Western command Maung Soe was sanctioned in 2017 for overseeing the military operation in Burma's Rakhine State responsible for human rights abuses against Rohingya civilians.

Often, individuals are sanctioned for both human rights abuses and alleged corruption. In March 2024, Zimbabwe's President Emmerson Mnangagwa and three entities associated with him were sanctioned for their involvement in corruption and human rights abuse. Mnangagwa

Table 2
Sanctions under the Magnitsky Act (individuals).

	(1) All Sanctions	(2) All Sanctions	(3) All Sanctions	(4) All Sanctions	(5) Human Rights Sanctions	(6) Corruption Sanctions
Human Rights Abuse	3.684***		2.063		3.137**	
	(0.905)		(1.527)		(1.274)	
Perception of Corruption		.044***		.006		.011
		(0.012)		(0.019)		(0.015)
US Friend			−0.021**	−0.028***	−0.012	−0.009
			(0.009)	(0.009)	(0.008)	(0.007)
Population	.005***	.006***	.005***	.006***	.006***	−0.001
	(0.001)	(0.001)	(0.002)	(0.002)	(0.001)	(0.001)
_cons	3.66***	2.986***	4.238***	3.676***	3.735***	1.984***
	(0.667)	(0.564)	(0.782)	(0.66)	(0.652)	(0.506)
Observations	175	180	142	141	142	141
R-squared	.105	.071	.153	.134	.280	.047

Standard errors are in parentheses.
*** $p<.01$, ** $p<.05$, * $p<.1$.

provided a protective shield to smugglers to operate in Zimbabwe and has directed Zimbabwean officials to facilitate the sale of gold and diamonds in illicit markets, taking bribes in exchange for his services. Mnangagwa also oversees Zimbabwe's security services, which have violently repressed political opponents and civil society groups.

As of June 1, 2024, the United States has sanctioned over 650 foreign persons (individuals and entities) under E.O. 13,818 since 2017 (Fig. 1 lists the individuals' sanctions by year and type). The Department of the Treasury has designated 244 individuals under E.O. 13,818, with 242 currently active designations with just two removals.

In the analysis, we use population data from the World Bank and YouGov data on the degree of friendliness with the United States as control variables. Table 1 details the definitions and country coverage. To account for the incidences of human rights abuse and corruption, we use data from the V-Dem Civil Liberties database and Transparency International, respectively.

Control variables are averaged over the initial five-year period of the Magnitsky Act, from 2017 to 2022.

4. Evidence on individuals sanctions

Simple correlations of standard measures of human rights abuse and corruption perceptions are positively correlated with sanctions under the Magnitsky Act. In the regression analysis (Table 2) we take this evidence a step further by controlling for population as a proxy for country size and a measure of a country's friendliness towards the United States.

In columns 1 and 2 we use a parsimonious specification by including only population as a control variable. In both instances the sanctions on individuals under the Magnitsky Act are positively and significantly correlated with measures of human rights abuses and the perception of corruption. These results are encouraging, as they suggest that the Magnitsky sanctions are well-targeted. In columns 3 and 4 we add an index of friendliness towards the United States as a second control. This time the statistical significance of the results disappears. This insignificance can, however, be due to the fact that we pool together sanctions due to human rights abuses and sanctions due to allegations of corruption. Our data distinguishes between these two cases. Columns 5 and 6 demonstrate that in the disaggregated sample the correlation between sanctions and human rights abuses regains its statistical significance. The correlation between sanctions and corruption remains insignificant.

When we perform the same analysis for sanctioned legal entities (not shown), we find quantitatively similar results: sanctions under the Magnitsky Act predicated on human rights are positively correlated with the index of human rights abuses. The relation with perceptions of corruption is insignificant.

We also explore the hypothesis that an omitted variable – the degree of political instability – explains both the likelihood of sanctions and the incidence of human rights violations and corruption. Using data from the World Governance Indicators and alternatively from the Fund for Peace we find that including proxies for political instability weakens the correlation between sanctions and human rights abuses, thus giving further credence to the results in the previous literature.

5. Conclusion

Sanctions under the Magnitsky Act aimed at curtailing human rights abuses are weakly correlated with indicators of human rights violations. Sanctions targeting corrupt practices are uncorrelated with the prevailing perceptions of corruption. The results are driven by the difficulty of measuring corruption itself (Bosio et al. 2022) and by an omitted variable such as political instability. Corruption is harder than human rights abuses to find evidence to prosecute and the willingness to prosecute is in any case weaker, as foreign, including US firms, could benefit from corrupt practices too. These hypotheses may account for the differences in the analyses.

Declaration of Generative AI and AI-assisted technologies in the writing process

During the preparation of this work the author(s) have not used any AI-assist tools or services and take full responsibility for the content of the publication.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

All data are public and shared in the online appendix.

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