



# The targeting of economic sanctions

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## ABSTRACT

We use a comprehensive dataset of economic sanctions over the past 30 years to show that US unilateral sanctions are often off the mark, while United Nations sanctions tend to be well-targeted. Sanctions that target democratic stability and conflict resolution are best correlated with their stated goals.

## 1. Introduction

Researchers have long investigated whether economic sanctions achieve their stated goals. Sanctions are defined as actions that one or more countries undertake to limit their economic relations with a target country. This penalty is implemented in an effort to persuade the political and sometimes business leadership of that country to change its policies (Morgan et al., 2009). Early research focused on prominent cases, such as the League of Nations sanctions on Italy or the US sanctions on Cuba, and generally concluded that sanctions do not bring about significant changes in the target's policies (Hoffmann 1967).

Sanctions are aimed at restricting trade flows or investment in critical sectors, limiting access of national banks to the global financial market, or imposing asset freezes and travel bans on government officials and businesspeople. The evidence suggests that sanctions intended to harm the targeted economy have often led to growth in the investment or financial flows from alternative sources (Kwon et al., 2022). Crozet and Hinz (2020), for example, find that trade losses for Russia due to European sanctions imposed after the annexation of Crimea were followed by a period of buoyant export growth to Asian markets. Crozet et al. (2021) show that economic sanctions on Iran reduced sanctioning countries' exports in the first instance, with a significant bounce-back within two years. Besedeš et al. (2017) show that EU economic sanctions were easily evaded, as flows with major non-EU trading partners of sanctioned countries increased as direct trade collapsed. Mirkina (2018) finds that economic sanctions negatively affect FDI in the short run but have negligible effect in the long run. Companies with experience of working in sanctioned countries manage to avoid sanctions by exporting through neighbouring countries (Evenett and Pisani 2023).

A second hypothesis as to why sanctions do not achieve their desired

effects is that such sanctions are ill-targeted in the first place. This is the hypothesis we test in this paper. If, for example, sanctions are imposed on countries for reasons other than the ones officially stated, it may come as no surprise that such sanctions do not result in intended consequences like reduced human rights violations or lower incidence of corruption (Djankov and Su 2024).

There has been a large increase in the use of economic sanctions in the past decade, as Fig. 1 illustrates. The frequency of such penalties to limit human rights abuses has increased too (Morgan et al., 2023). Most sanctions in the past decade were imposed unilaterally by the United States (37%), with multinational sanctions taking second place.

The rising use of sanctions underscores the importance of understanding how effective targeting is. Using data for thirty years, 1993 to 2022, we find that sanctions are often off the mark, not targeting their intended goals from the start. This is particularly the case for unilateral US sanctions. This result may explain the findings of the voluminous literature that shows sanctions to be rarely effective in penalizing the target country.

The paper proceeds as follows. Section 2 describes the data. Section 3 discusses the analysis. Section 4 concludes.

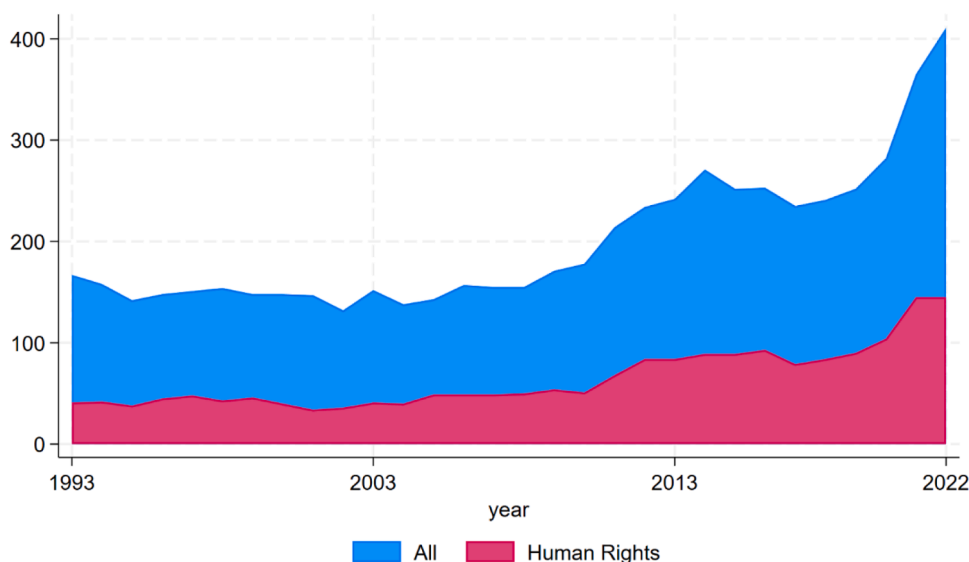
## 2. Data

We collate data from several sources to be able to match the intention of sanctioning countries with the likely outcomes that they target. The database on sanctions distinguishes across eight distinct types of goals. Accordingly, we look for outcome indicators consistent with these goals (Table 1).

Data on sanctions come from the Global Sanction Data Base, covering over one thousand sanction episodes worldwide from 1950 to 2022

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**Fig. 1.** Economic Sanctions over Time. Note: The figure is produced with the full sample from the third release of the Global Sanctions Data Base (Morgan et al., 2023). It displays the evolution of existing and new sanction cases (of any type) over the period 1993–2022.

(Syropoulos et al., 2022). The dataset categorizes sanctions into eight types, based on the objectives motivating each sanction: ending war, combating terrorism, preventing wars, upholding human rights, promoting democracy, resolving territorial conflicts, encouraging policy changes, and destabilizing regimes. The early years of the database have few observations, which is why we restrict our analysis to the last three decades of available data.

To capture the intended purposes of these sanctions, we collect data from available public sources on outcomes that are most closely associated with each stated sanctions' goal. For instance, conflict-related death data collected by the Uppsala Conflict Data Program are selected as an indicator of a country's involvement in wars. Higher death counts may suggest that sanctions, if imposed, are effectively targeted at addressing such involvement. Similarly, data on state authority over territory (%) from the Varieties of Democracy (V-Dem) project are utilized to assess a country's likelihood of involvement in territorial conflicts. We also utilize indices designed to measure more complex objectives. For example, the Regulatory Quality Index from the World Bank's Worldwide Governance Indicators is employed to assess whether a country might attract sanctions aimed at encouraging policy changes.

All indices, except for the population, are standardized to a 0–1 scale for comparison purposes. Additionally, we reverse the values of the conflict death, terrorism death and fragile state index in the regression to ensure consistency. In this way, all indices are standardized so that a higher value indicates a better initial condition. Our null hypothesis (for ill-targeted sanctions) is that the imposition of sanctions is uncorrelated with the initial conditions.

### 3. Correlates of sanction imposition

To provide texture for the analysis, we start with an example of the imposition of sanctions due to human rights abuse. In the database of global economic sanctions, there are a total of 277 sanction episodes and 36,733 sender-target-year observations related to human rights sanctions in the period 1993 to 2022. The sender-target-year observations are aggregated into target-year observations. For each specific target, we have the number of senders imposing sanctions, which ranges from 0 to 193 (all UN members).

If we focus on U.S. unilateral sanctions, there are a total of 241 target-year observations related to human rights sanctions in the period 1993 to 2022. U.S. human rights sanctions fluctuated below 10 per year until 2017, then began to grow rapidly since then.

We perform two simple analyses to demonstrate the association between initial conditions and the imposition of sanctions. First, we conduct OLS regression analysis, controlling for the log of population of the target country, as well as country and year fixed effects. Standard errors are clustered at the country level. Second, we employ an instrumental variable approach, using the geographical distance between the sanction sender and the target country as an instrument to address the endogeneity issue. If there are multiple senders, the geographical distance is weighted by the GDP per capita of each sender. The results are shown in Table 2.

Several findings merit attention. First, US unilateral sanctions are rarely correlated with initial conditions. The one exception is democracy, where US sanctions are in fact targeted on countries where democracy is lacking or in decline. This result is reminiscent of the findings in Djankov and Su (2024), where US unilateral sanctions for corrupt behavior by officials and businesspeople are uncorrelated with subjective measures of the incidence of corruption.

Second, other unilateral sanctions, for example by the European Union, tend to be better targeted, with significant correlations to worsened conditions in conflict and fragility. This finding suggests that the European Union has a more thorough process of assessing the need for sanctions. As European Union sanctions are a more recent phenomenon, it could be that the algorithms used to penalize countries are subject to more rigor (Dai et al. 2021).

Third, multilateral United Nations sanctions are almost always associated with the targeted initial conditions, even if in some instances this correlation is statistically insignificant. Overall, our analysis comes in favor of multilateral as opposed to unilateral sanctions. While consistent with the prevailing hypothesis that unilateral sanctions can be avoided through increased dealings with third partners, the findings here amplify the rationale for multilateral sanctions. Unilateral sanctions are more likely to play to the sentiment of domestic audiences and thus aim at countries which are not the worst offenders. Multilateral sanctions seem to eschew such bias.

Two caveats are in order. First, many of the stated goals for imposing sanctions are difficult to measure at the country level (for example, see Sequiera 2012 for a discussion on measuring corruption). Politicians may use country metrics that are not public knowledge or alternatively specify more narrow sanctions' targets. However, as there is voluminous literature on the imposition of sanctions, with contributions by participants in various sanction processes, it is unlikely that these punitive actions are not at least partially informed by publicly-available data.

**Table 1**  
Independent variables.

Topic	Source	Variable Description
End wars	<u>UCDP</u> (processed by <u>OWID</u> )	<b>Conflict deaths</b> The best estimate of the number of deaths of combatants and civilians due to fighting in conflicts that were ongoing that year.
Terrorism	<u>Global Terrorism Database</u> (processed by <u>OWID</u> )	<b>Terrorism deaths</b> The GTD defines a terrorist attack as the threatened or actual use of illegal force and violence by a non-state actor to attain a political, economic, religious, or social goal through fear, coercion, or intimidation.
Prevent wars	<u>The Fund for Peace</u>	<b>Fragile state index</b> 4 dimensions and 12 indicators: Cohesion(C1: Security Apparatus; C2: Factionalized Elites; C3: Group Grievance), Economic(E1: Economic Decline, E2: Uneven Economic Development, E3: Human Flight and Brain Drain), Political (P1: State Legitimacy, P2: Public Services, P3: Human Rights and Rule of Law), Social and cross-cutting (S1: Demographic Pressures, S2: Refugees and IDPs, X1: External Intervention)
Human rights	<u>V-Dem</u> (processed by <u>OWID</u> )	<b>Civil liberty</b> It captures the extent to which people are free from government torture, political killings, and forced labor; they have property rights; and enjoy the freedoms of movement, religion, expression, and association.
Democracy	<u>V-Dem</u>	<b>Electoral democracy</b> It measures the extent of electoral democracy by assessing how well rulers are made responsive to citizens through competitive, clean elections, extensive suffrage, and free operation of political and civil society organizations. It also considers whether elections determine the chief executive and if, between elections, freedom of expression and independent media allow diverse political views.
Territorial conflicts	<u>V-Dem</u> (processed by <u>OWID</u> )	<b>State authority over territory (%)</b> Over what percentage (%) of the territory does the state have effective control?
Policy changes	<u>WGI</u> (World Bank)	<b>Regulatory quality</b> It captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
Destabilization of a regime	<u>WGI</u> (World Bank)	<b>Political stability</b> It measures perceptions of the likelihood of political instability and/or politically motivated violence, including terrorism.
Population	<u>World Bank</u>	<b>Population</b> Population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship.

Note: \*Processed by OWID (Our World in Data): OWID usually extend year & countries (e.g. Polity V democracy index), sometimes generate an aggregate index based on some indicators in the original data source (e.g. Human rights index, V-Dem democracy index).

Source: Authors' collation.

**Table 2**  
a: All sanctions (OLS, contemporaneous).

	(1) Conflict deaths (opposite)	(2) Terrorism deaths (opposite)	(3) Fragile state index (opposite)	(4) Civil liberty	(5) Electoral democracy	(6) State authority over territory (%)	(7) Regulatory quality	(8) Political stability
U.S. Unilateral	.029 (0.034)	-0.033 (0.069)	-0.039* (0.021)	-0.033* (0.018)	-0.012 (0.02)	.065 (0.05)	-0.002 (0.007)	-0.171** (0.079)
Other Unilateral	.143 (0.094)		-0.043*** (0.016)	-0.037 (0.026)	.047 (0.035)	.004 (0.018)	-0.001 (0.007)	
Multilateral	-0.092** (0.037)	-0.074 (0.05)	-0.022 (0.019)	-0.083*** (0.024)	-0.071*** (0.022)	-0.027* (0.016)	-0.019* (0.011)	-0.329*** (0.086)
Log of Population	.031* (0.017)	-0.019 (0.031)	-0.102*** (0.038)	.043 (0.034)	.039 (0.031)	.013 (0.021)	-0.019 (0.031)	-0.032 (0.036)
_cons	-0.924*** (0.29)	-0.027 (0.53)	.866 (0.658)	-0.38 (0.566)	-0.433 (0.515)	.431 (0.36)	.528 (0.517)	.557 (0.617)
Observations	5220	4872	2285	4891	4891	4814	4115	4136
R-squared	.359	.416	.957	.916	.922	.791	.949	.879

2b: All sanctions (IV, contemporaneous)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
U.S. Unilateral	.004 (0.135)	.047 (0.046)	-0.003 (0.056)	-0.131 (0.121)	-0.273*** (0.079)	-0.12 (0.109)	-0.004 (0.02)	-0.229 (0.155)
Other Unilateral	-0.21*** (0.042)		-0.468*** (0.145)	.562 (0.376)	1.475*** (0.315)	-0.024 (0.229)	.718*** (0.048)	
Multilateral	-0.113*** (0.036)	-0.293*** (0.089)	-0.115*** (0.023)	-0.415*** (0.05)	-0.246*** (0.064)	-0.089 (0.106)	-0.089 (0.075)	-0.001 (0.269)
Log of Population	-0.007*** (0.002)	-0.009*** (0.003)	-0.025*** (0.005)	-0.015* (0.009)	-0.011 (0.012)	-0.005 (0.004)	-0.017*** (0.005)	-0.049*** (0.005)
_cons	.103*** (0.026)	.125*** (0.04)	-0.22*** (0.077)	.964*** (0.146)	.716*** (0.2)	.998*** (0.061)	.715*** (0.087)	1.246*** (0.079)
Observations	5040	4704	2224	4770	4770	4740	3997	4020
R-squared	.11	.095	.162	.119	.	.033	.	.215

Notes: Baseline: No Sanction. Standard errors are in parentheses.

\*\*\*  $p < .01$ , \*\*  $p < .05$ , \*  $p < .1$ .

Second, the targeting of sanctions may be focused not on the worst offenders but on countries that are most rapidly descending into nefarious practices. To address this possibility, we use various lags in the analysis as well as five-year data averages. The results from Table 2 maintain. This robustness analysis alleviates our concerns somewhat but does not eliminate the possibility altogether: it is possible that politicians imposing the sanctions are aware of confidential information of government practices that does not get reflected in public data. This hypothesis is consistent with research on individual sanctions of Russian businesspeople (Djankov and Golovchenko 2024, 2025). Still, the evidence on economic sanctions overwhelmingly suggests that such actions follow rather than anticipate worsening behavior, for example after the annexation of Crimea in Ukraine or attacks on Rohingya refugees in Myanmar.

#### 4. Conclusions

Much of the existing research on sanctions has focused on a puzzle: if sanctions seldom have the desired effects, why do they continue to be applied, and at an increasing rate? Some scholars have argued that although sanctions seem ineffective at achieving their stated objectives, they may be relatively effective in achieving their true objectives. For example, some sanctions may cater to domestic interests, while others may aim to serve symbolic purposes.

Our results show that multilateral sanctions are better targeted than unilateral sanctions. We hypothesize that this is the case as they balance off different domestic audiences and thus do not pander to prevailing attitudes in a single country. Further support for this hypothesis is however needed.

#### Data availability

Data will be made available on request.

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