

## Economic Sanctions: Past & Future

*In this post for LSE International History, Borja Guijarro-Usobiaga discusses the past, present and future of sanctions. The article analyses the evolution and effectiveness of sanctions as a deterrence and punishment mechanism. Mr Guijarro-Usobiaga argues that sanctions have come a long-way since the 1990s and do constitute an effective means through which to enforce international norms. They do not, however, constitute a silver bullet.*

### Introduction

Economic sanctions have been used since ancient times, yet it was only when the Cold War ended that they became increasingly popular as a tool of foreign policy. Whilst prior to 1989 the United Nations Security Council (UNSC) had only imposed sanctions on two occasions, between 1990 and 2000 it imposed sanctions on more than ten occasions, leading analysts to dub the 1990s as the “sanctions **decade**”. This was triggered when the UN institutional paralysis, but also by the belief that sanctions could effectively enforce international norms and prevent conflict without the use of military force.

However, the initial euphoria soon evolved into pessimism, as UN sanctions failed to stop conflicts in the Balkans, Somalia, Liberia, Rwanda and Angola. Sceptics contended that sanctions were **ineffective** and counterproductive, as they often strengthened rather than weakened authoritarian regimes by sparking nationalism and helping those regimes rally domestic opposition against external pressure. Doubts also arose regarding the huge economic costs that comprehensive trade embargoes imposed on both sides of the dispute, but above all, criticism grew regarding the terrible humanitarian consequences that affected the innocent population in the targeted countries.

Whilst sanctions fatigue grew in the international community, the tipping point was reached when Iraq invaded Kuwait in 1990 and the UN imposed a trade embargo against the country. The comprehensive trade and financial sanctions of the 1990s led to an unprecedented humanitarian crisis where hundreds of thousands of people suffered under the scarcity of basic products, whilst Saddam Hussein and his regime were left untouched. Even worse, attempts to palliate the population’s suffering like the UN sponsored oil-for-food programme turned into a huge **corruption** scandal that further undermined the credibility of UN sanctions. As the decade approached its end, support for sanctions fell to very low levels in the international community.

### The (r)evolution of sanctions practice: the “smart sanctions” decade

Following the traumatic experience in Iraq, the UN and its members have since refrained from imposing comprehensive trade embargoes. However, far from burying this tool, Switzerland, Germany and Sweden propelled a UN-led process to learn from the mistakes of the past and to identify ways in which sanctions could be used in a more **targeted** and efficient way. By the end of the 1990s and the beginning of the 2000s, meetings took place in Interlaken, Berlin/Bonn and Stockholm to discuss issues regarding financial and travel restrictions, and arms embargoes. In addition, efforts were undertaken to enhance the implementation and monitoring of sanctions.

The meetings gave birth to the concept of “smart” sanctions, which stress the need to tailor sanctions in such a way that only those individuals and entities responsible for the reprehensible actions are targeted, whilst the population is spared from any harm. Various reports were also published on how to improve the design and implementation of targeted sanctions. Yet, most importantly perhaps, the exchange of ideas that took place during this process led to an actual change in the sanctioning practice of the UN and its member states embraced the principles of “smart” sanctions.



The shift from comprehensive to targeted sanctions constituted a revolution in itself. First, the focus of targeted sanctions changed from political to technical considerations. Experts participating in the “smart sanctions” meetings drew attention to issues such as how to maintain support for sanctions, how to implement the measures and monitor them, and how to avoid evasion practices and negative externalities.

Second, the working panels aimed to clarify and systematize the technical aspects of the implementation stage. In this regard, a model law to harmonize the implementation of UNSC legislation at the member states’ level was developed and a list of standardized language that could be employed in the drafting of UNSC resolutions was created.

Finally, experts addressed polemic issues like the provision of legal safeguards for individuals and entities that had been targeted with sanctions. This matter led to discussions related to procedures that allowed for the removal of names from the sanctions blacklist, upon request.

But this evolution in the sanctioning practice also reflected a more pragmatic approach to the use of sanctions, as acceptance that economic statecraft was not a silver bullet to enforce international norms led to a rationalization process to understand the possibilities and limitations of sanctions.

### **The limits and possibilities of sanctions**

A consequence of the “targetization” of sanctions has been the imposition of sub-optimal measures that can be easily circumvented or evaded by the targeted individuals or entities with the help of family members or the set-up of front companies. In consequence, most of the measures imposed after the 1990s have been more symbolic and irritating for those who have been targeted than anything else, as the actual impact of sanctions on their behaviour has been relatively **low**.

However, this is only part of the story, as some cases of targeted sanctions have been far more successful. This is the case of sectorial sanctions, which target those sectors of a country’s economy that are necessary to initiate or fuel reprehensible policies like war, the invasion of foreign countries, or the proliferation of nuclear technology. For instance, UN restrictions on the import of blood diamonds from Liberia and Sierra Leone, or Western sanctions targeting Iranian oil exports and financial transactions are clear examples of such measures.

Albeit targeted, these measures lay in a grey area that extends between the most targeted and the most comprehensive sanctions. As such, they often have unintended effects that end up affecting many more than just the targeted entities and individuals. For example, financial sanctions against Iran’s nuclear program have also impacted businesses that are not complicit in any way, while Western sanctions against Russia are putting many businesses that are unrelated to Putin’s aggressive policy towards Ukraine on the verge of bankruptcy.

### **Prospects on the future use of sanctions**

With governments ever more reluctant to send military troops abroad, sanctions have become a “cheap” and convenient option for countries to promote their foreign policy goals or to signal their disapproval with the unfolding of certain events.

In fact, the most recent sanctions episodes against Iran and Russia reveal a political will to employ more coercive or “biting” measures, even though these are far away from the trade embargoes of the 1990s. While policy-makers in the US have shown their satisfaction with the efficacy of sectorial sanctions, regional organizations like the EU are leaving some taboos behind and are starting to love the “stick”.

However, it would be mistaken to believe that sanctions by themselves provide a solution to the very problems they address. While sanctions might be useful to force a defiant regime **to halt its**

behaviour and sit at the negotiation table, they do not constitute a silver bullet that automatically remedies the cause from which the dispute originated. Indeed, as the negotiations regarding Iran's nuclear program show, sanctions need to be accompanied by incentives and creative proposals that generate trust amongst the parties and help find appealing solutions that gives every party to the dispute something to gain.

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