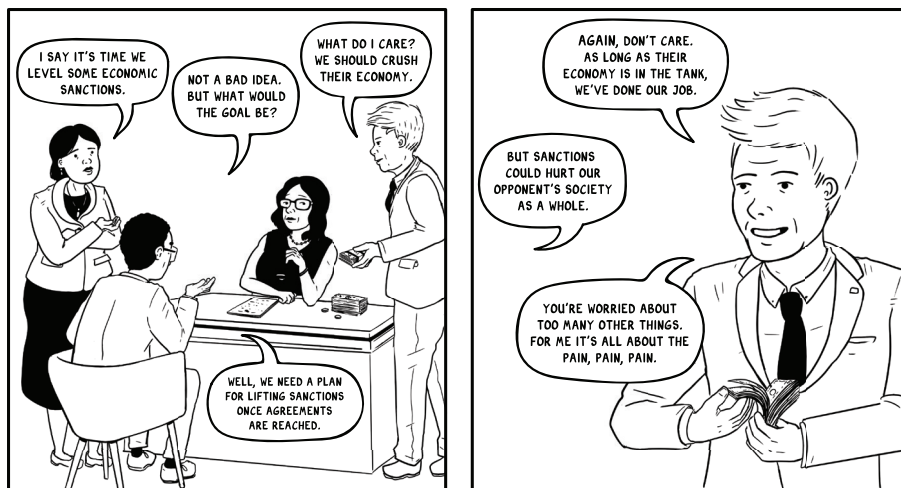


How not to sanction

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The modern use of economic sanctions emerged at approximately the same time as *International Affairs*. A century ago, in the wake of the First World War, Woodrow Wilson pledged that sanctions would be the ‘economic, peaceful, silent, deadly remedy’ that would supplant the use of force in international politics. Wilson’s statement proved to be both contradictory and wrong; sanctions episodes in the late 1930s and early 1940s helped start and widen the Second World War.¹ Nonetheless, over the past hundred years economic sanctions have emerged as a prominent ‘off the shelf’ tool of great power diplomacy. Their use exploded after the end of the Cold War. While many of these sanctions have been multilateral in nature, the growth of weaponized interdependence in the global economy has made it easier for major economies such as China and the United States to apply economic

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¹ Nicholas Mulder, *The economic weapon: the rise of sanctions as a tool of modern war* (New Haven, CT: Yale University Press, 2022).

coercion unilaterally.² At the same time, an increasing number of middle-range powers ranging from Saudi Arabia to South Korea have also resorted to sanctions in the past decade. As a 2021 US Treasury Department review of economic statecraft acknowledged, sanctions have become ‘a tool of first resort’.³ The unprecedented array of sanctions levied against Russia following its invasion of Ukraine in February 2022 highlights the prominence and impact of this policy tool.⁴

Debates about the utility of economic sanctions have endured as long as the tool has existed in its modern form. The answer remains a moving target, as both the techniques of economic coercion and the defences employed to combat it have evolved over the past century. Policy proponents can point to high-profile successes, like the sanctions that helped support concerns about weapons proliferation in places as varied as Iran, South Korea, Libya and Ukraine. Sanctions sceptics, for their part, can highlight failures like the US embargo against Cuba. There is also the hard truth that sometimes, when faced with an unappealing menu of choices, foreign policy leaders conclude that economic sanctions are the best bad policy option available.

While even sanctions proponents acknowledge that this tool of statecraft can fail, this article is concerned with a particular kind of failure. Consistent with the introductory article in this special issue, I define a catastrophic sanctions failure as a lose–lose outcome in which the targeted actor made no observable concessions and the negative policy externalities of the sanctions for both the sender and the target were considerable.

Catastrophic sanctions failures are a significant problem for policy-makers contemplating this instrument, for two reasons. First, as the tool is used more and more frequently, the odds of more catastrophic cases ineluctably increase. Second, sanctions proponents should be especially sensitive to the prospect of catastrophic failures. Just as successes can lead to excessive optimism about sanctions, catastrophes can distort how both policy-makers and publics view this instrument of statecraft. To paraphrase Montesquieu, catastrophic sanctions weaken necessary sanctions.

This article examines two of the most high-profile catastrophes in the history of economic statecraft: the UN sanctions against Iraq in the 1990s, between the two Gulf wars; and the Trump administration’s re-imposition of US sanctions on Iran, beginning in 2018. While the United States was the primary architect of both sanctions regimes, the variation between the two cases is considerable. The UN was heavily involved in the Iraq episode but not in that of Iran. The technology of economic statecraft changed considerably between these two cases, indicating significant policy learning. In both instances, however, the sanctions imposed

² Henry Farrell and Abraham Newman, ‘Weaponized interdependence: how global economic networks shape state coercion’, *International Security* 44: 1, 2019, pp. 42–79.

³ US Department of the Treasury, ‘US Department of the Treasury releases sanctions review’, 18 Oct. 2021, <https://home.treasury.gov/news/press-releases/jyo413>. (Unless otherwise noted at point of citation, all URLs cited in this article were accessible on 9 April 2022.)

⁴ See Chad Bown, *Russia’s war on Ukraine: a sanctions timeline*, Peterson Institute of International Economics, 8 April 2022, <https://www.piie.com/blogs/realtime-economic-issues-watch/russias-war-ukraine-sanctions-timeline>.

crippling costs on the target state without producing any observable concessions. In neither case was the primary goal achieved—and in both, the negative policy externalities were considerable.

An autopsy of these failures, and of the evolution of the sanctions instrument between the two episodes, reveals three key points. First, the recipe for sanctions success is not merely a function of the ability to impose costs on the target state. While that is a necessary condition, it is hardly sufficient. Catastrophes are more likely to happen when the sender focuses on maximizing costs to the exclusion of all other goals. Second, an underappreciated impediment to the successful use of economic statecraft is a failure to articulate clear and consistent demands. In both the Iraq and Iran cases, the stated purpose of the sanctions masked other aims that were not fully articulated. Third, consistent with Barma and Goldgeier's contribution to this special issue,⁵ tight linkages between scholars and policy-makers can lead to perverse outcomes. The debacle of the Iraq sanctions spurred some scholars to argue in favour of more sophisticated forms of financial statecraft. Sender governments enthusiastically embraced this tactic but also expanded the scope of their aims, failing to recognize the hard limits on economic power.

This article is divided into six sections. The next section briefly surveys the state of the literature on the utility of economic statecraft as it stood in the 1990s and then reviews the Iraq case. In retrospect, the sanctions proved to be more successful and less of a humanitarian catastrophe than was considered at the time; during their imposition, however, they were widely viewed as a debacle. This demonstrates, consistent with other articles in this special issue, the power of narrative to condition behaviour in world politics.⁶ The Iraq case led to innovations in the application of economic coercion. The third section surveys the more recent literature on economic statecraft and considers the effect of the re-imposed US sanctions on Iran. This case is a synecdoche for the wider misapplication of economic coercion in recent years. The fourth section considers the two cases and why they represent failures of statecraft. The fifth section is self-reflective, considering how my own policy advice on sanctions has evolved during the post-Cold War era. The final section summarizes and concludes with suggested dos and don'ts of economic statecraft.

The Iraq case

The literature on economic statecraft prior to the 2003 invasion of Iraq can be crudely categorized as falling into two overlapping waves. Both had profound effects on the American-led UN sanctions against Iraq.

The first wave of scholarship focused on high-profile cases of economic sanctions, such as the interwar League of Nations sanctions, UN embargoes on South Africa and Rhodesia, and US efforts to coerce Cuba and North Korea

⁵ Naazneen H. Barma and James Goldgeier, 'How not to bridge the gap in international relations', *International Affairs* 98: 5, 2022, pp. 1763–81.

⁶ Amrita Narlikar, *Poverty narratives and power paradoxes in international trade negotiations and beyond* (New York: Cambridge University Press, 2020).

economically.⁷ Most of these cases ended in failure. The lesson drawn was that for sanctions to succeed in compelling the targeted state to acquiesce, they had to impose significant economic costs and command widespread multilateral cooperation. While some scholars, such as David Baldwin, offered a more nuanced analysis, this was the exception and not the rule.⁸ The defining debate during this first generation of scholarship was, simply put, whether sanctions ever worked.⁹

The second wave of scholarship began with efforts to develop statistical databases of economic sanctions. The Peterson Institute of International Economics (PIIE) collected one such dataset of imposed sanctions.¹⁰ These datasets paved the way for a host of econometric studies about the conditions under which sanctions could generate meaningful concessions. An array of independent variables ranging from the target's regime type to the costs of imposition to the degree of multilateral cooperation to the prior relationship between the target and sender were postulated to affect the outcome. The one consistent thread, however, was the emphasis that the costs to the target state played a significant role in the outcome. Indeed, in one econometric study the cost to the target economy was the only variable to retain statistical significance.¹¹

These findings translated into simple advice for policy-makers. The sanctions that were most likely to work were those that maximized the costs incurred by the target economy. Those, in turn, were most likely to be achieved when the sanctions received multilateral support. A broad multilateral coalition would make it more difficult for the target to find a 'black knight' that could compensate for the effect of the sanctions. This, in turn, would force the target into a bargaining situation with the sender coalition. While the costs of sanctions on the target population had the potential to be severe, the PIIE dataset hinted that this was also unlikely. The modal duration of sanctions imposition in the data was less than a year. This suggested that coercive bargaining under economic pressure could be resolved in short order with minimal humanitarian or economic suffering.

The UN Security Council (UNSC) sanctions on Iraq between 1990 and 2003 exposed the flaws in this consensus. The pre-Gulf War measures were estimated to be the most punishing economic sanctions in recorded history, shrinking Iraq's economy by half.¹² Despite the high cost of those sanctions for the Iraqi economy,

⁷ For examples of this genre, see Robin Renwick, *Economic sanctions* (Cambridge, MA: Harvard Studies in International Affairs, 1981); Margaret Doxey, *International sanctions in contemporary perspective* (New York: St Martin's, 1987).

⁸ David Baldwin, *Economic statecraft* (Princeton: Princeton University Press, 1985).

⁹ See Robert Pape, 'Why economic sanctions do not work', *International Security* 22: 2, 1997, pp. 90–136; Kimberly Elliott, 'The sanctions glass: half full or completely empty?', *International Security* 23: 1, 1998, pp. 50–65.

¹⁰ Gary Hufbauer and Jeffrey Schott, *Economic sanctions reconsidered* (Washington DC: Institute for International Economics, 1985). Two subsequent editions of the PIIE dataset were published in 1990 and 2009. In this century the Threat and Imposition of Economic Sanctions (TIES) dataset covered a different time period but included instances in which sanctions were threatened but not imposed. The Global Sanctions Database (GSDB) covers the 1950–2019 time period.

¹¹ A. Cooper Drury, 'Revisiting economic sanctions reconsidered', *Journal of Peace Research* 35: 4, 1998, pp. 497–509.

¹² Gary Hufbauer, Jeffrey Schott and Kimberly Elliott, *Economic sanctions reconsidered*, 2nd edn (Washington DC: Institute for International Economics, 1990).

Saddam Hussein's regime refused to relinquish any Kuwaiti territory. Only Operation Desert Storm changed the situation on the ground.

The post-Gulf War sanctions imposed by the UNSC were attached to an array of concrete demands, including the return of looted Kuwaiti assets and a full accounting for Iraq's chemical, biological and nuclear weapons programmes. Again, Saddam Hussein's government largely failed to comply, even though it was later revealed that the regime had discontinued those programmes during the 1990s. The comprehensive trade embargo was designed to maximize the economic pain inflicted on Iraq's government. Only five years after the imposition of the postwar sanctions, when the suffering of Iraq's population became impossible to ignore, did the UN create the Oil-for-Food programme to help alleviate the humanitarian crisis.

While the Iraq sanctions were in place, there was a widespread consensus that they were responsible for a humanitarian disaster in Iraq.¹³ Meghan O'Sullivan estimated that Iraq lost between \$175 billion and \$250 billion in possible oil revenues from the sanctions.¹⁴ The price for a family's food supply for a month increased by a factor of more than 250 over the first five years of the sanctions regime.¹⁵ John and Karl Mueller blasted the sanctions in 1999, concluding that 'economic sanctions may well have been a necessary cause of the deaths of more people in Iraq than have been slain by all so-called weapons of mass destruction throughout history'.¹⁶

The above assessments were based in no small part on the official UN reports of the effect of the sanctions, reports that were severe in their assessments. In 1995, the UN Food and Agriculture Organization worked with the Iraqi Ministry of Agriculture and Nutrition Research Institute to conduct a child nutrition and mortality survey of Baghdad. Two researchers who participated in that mission sent a note to the *Lancet* in 1995 claiming on the basis of an extrapolation of their survey that 567,000 children—leaving aside adult mortality—had died in Iraq as a result of the sanctions.¹⁷ In 1999, UNICEF published a follow-on report stating that child mortality more than doubled between 1989 and 1999, and concluding that one million Iraqis had died owing to the sanctions.¹⁸

The numbers cited in the previous two paragraphs sound horrific. The claim that the sanctions were responsible for more than half a million dead Iraqi children calcified into a 'stylized fact' that persisted across media coverage, including the *New York Times* front page.¹⁹ In an infamous *60 Minutes* interview with the US Ambassador to the UN at the time, Madeleine Albright, Lesley Stahl said: 'We have heard that a half million children have died [in Iraq]. I mean, that's more children than died in Hiroshima.' Stahl then asked the ambassador if that price

¹³ Eric Hoskins, 'Humanitarian impacts of sanctions and war in Iraq', in Thomas Weiss, David Cortright, George Lopez and Larry Minear, eds, *Political gain and civilian pain* (New York: Rowman & Littlefield, 1997); Abbas Alnasrawi, 'Iraq: economic sanctions and consequences, 1990–2000', *Third World Quarterly* 22: 2, 2001, pp. 205–18; Joy Gordon, *Invisible war: the United States and the Iraq sanctions* (Cambridge: Harvard University Press, 2010).

¹⁴ Meghan O'Sullivan, *Shrewd sanctions* (Washington DC: Brookings Institution Press, 2003).

¹⁵ Hoskins, 'Humanitarian impacts of sanctions and war in Iraq', p. 112.

¹⁶ John Mueller and Karl Mueller, 'Sanctions of mass destruction', *Foreign Affairs* 78: 3, 1999, pp. 43–52.

¹⁷ Sarah Zaidi and Mary Smith Fawzi, 'Health of Baghdad's children', *Lancet* 346: 8988, 2 Dec. 1995, p. 1485.

¹⁸ Michael Spagat, 'Truth and death in Iraq under sanctions', *Significance* 7: 3, 2010, pp. 116–20.

¹⁹ Barbara Crossette, 'Iraq sanctions kill children, UN reports', *New York Times*, 1 Dec. 1995; Daniel Hirschman, 'Stylized facts in the social sciences', *Sociological Science*, vol. 3, 2016, pp. 604–26.

in lives was worth it. Albright responded by saying: 'I think this is a very hard choice, but the price—we think the price is worth it.' In her memoirs, Albright later acknowledged that 'my reply had been a terrible mistake, hasty, clumsy and wrong'.²⁰

Retrospective data analysis suggests that most of the UN data collected in the 1990s on humanitarian suffering was exaggerated. One 2009 assessment based on subsequent Iraqi surveys concluded that the UNICEF data in particular suffered from 'massive and deliberate fabrication. It is not too much to say that much of the world appears to have been taken for a ride in this case.'²¹ Follow-on research confirmed that Saddam Hussein's government consciously manipulated the surveys conducted with the UN to exaggerate child mortality. Subsequent survey data suggest that while the sanctions obviously had severe impacts on the Iraqi economy, the infant mortality rate was not significantly affected.²²

Similarly, for all the complaints about the ineffectiveness of sanctions on Iraq, post-invasion assessments revealed that the UN embargo had succeeded in fulfilling at least some of its aims. As George Lopez and David Cortright noted in 2004:

[the] system of containment that sanctions cemented did much to erode Iraqi military capabilities. Sanctions compelled Iraq to accept inspections and monitoring and won concessions from Baghdad on political issues such as the border dispute with Kuwait. They also drastically reduced the revenue available to Saddam, prevented the rebuilding of Iraqi defenses after the Persian Gulf War, and blocked the import of vital materials and technologies for producing WMD.²³

If sanctions succeeded in preventing Saddam Hussein's regime from acquiring weapons of mass destruction and did not lead to a surge in infant mortality, why are they considered an example of how *not* to sanction? Using the definition of failure developed in this special issue's introductory article, it is easy to discern in what respects they were catastrophic. First, the stated intent of the sanctions was to verify that Iraq did not possess an active weapons of mass destruction (WMD) programme. Even if the sanctions proved to be effective in denying Saddam Hussein the ability to develop weapons of mass destruction, they were ineffective at compelling him into public acquiescence. While Iraq largely conformed to US demands, none of that behaviour was observable. Indeed, the retrospective consensus is that Hussein saw advantages in having regional rivals believe he possessed an active WMD programme. Acknowledging reality would have aggravated the internal and external threats to his regime.²⁴

²⁰ The interview took place on 12 May 1996. The relevant part of it can be accessed at <https://www.youtube.com/watch?v=BToMeYHSRXo>; Madeleine Albright, *Madam Secretary: a memoir* (London: Macmillan, 2003), p. 275.

²¹ Tim Dyson, 'New evidence on child mortality in Iraq', *Economic and Political Weekly* 44: 2, 10 Jan. 2009, p. 59.

²² Tim Dyson and Valeria Cetorelli, 'Changing views on child mortality and economic sanctions in Iraq: a history of lies, damned lies and statistics', *BMJ Global Health* 2: 2, 1 July 2017, pp. 1–5.

²³ George Lopez and David Cortright, 'Containing Iraq: sanctions worked', *Foreign Affairs* 83: 4, 2004, p. 91.

²⁴ See e.g. Richard Betts, 'Two faces of intelligence failure: September 11 and Iraq's missing WMD', *Political Science Quarterly* 122: 4, 2007–08, p. 603.

Second, the sanctions were contemporaneously perceived as a failure. Throughout their duration, US and UN officials interdicted efforts to export WMD and ballistic missile technology to Iraq. As Lopez and Cortright note, rather than bolstering the case for sanctions, the interdiction of prohibited items was often seen as a sign of their failure. Those skeptical of sanctions focused on Iraq's attempts to smuggle material in the first place, not on their having been thwarted.²⁵

Indeed, the narrative of failure triggered follow-on policy failures. The perceptions of eroding containment and rising humanitarian costs led directly to the 2003 invasion of Iraq. By late 2002, the Bush administration had 'lost faith with the sanctions regime as a means of containing Iraq', owing to the eagerness of other Security Council members to jump-start economic ties with Baghdad.²⁶ British Prime Minister Tony Blair drew on the figure of 567,000 dead Iraqi children in justifying his support for the 2003 invasion of Iraq.²⁷ The most widely cited estimate put the cost of that conflict for United States at \$3 trillion, not to mention the loss of Iraqi lives.²⁸

Finally, the sanctions were a lose-lose outcome. Iraq's humanitarian suffering, while exaggerated, was nonetheless real. Writing in 2020, Joy Gordon characterized the Iraq sanctions as 'the worst humanitarian catastrophe ever imposed in the name of global governance'.²⁹ Furthermore, even a *realpolitik* assessment would conclude that the Iraqi military was hurt badly by the sanctions. At the same time, Iraq was able to shift the onus of the humanitarian cost of the sanctions onto the senders, specifically the United States and United Kingdom. They certainly bore some responsibility for what transpired, as Albright's *60 Minutes* interview revealed. However, Saddam Hussein's government remained the principal culprit. The Iraqi government proved to be recalcitrant in making concessions, and, as we have seen, attempted to inflate the humanitarian cost of the sanctions. As Michael Brzoska observed, 'Baghdad was quite successful in blaming the UN for the humanitarian crisis in Iraq, both within the country and worldwide'.³⁰ Shifting the blame onto the United States and United Kingdom also made the UNSC disinclined to apply economic sanctions in other instances.

The negative externalities of the comprehensive trade embargo meant other actors lost out as well. Even the UN's Oil-for-Food Programme generated costs. The trade embargo incentivized petty black-market activity and corruption along Iraq's borders. That corruption extended to the UN itself, implicating the son of UN Secretary-General Kofi Annan, among others. This was a lot of collateral damage to accrue in order to dispose of Saddam Hussein.

²⁵ Lopez and Cortright, 'Containing Iraq', p. 99.

²⁶ David Hastings Dunn, 'Myths, motivations and "misunderestimations": the Bush administration and Iraq', *International Affairs* 79: 2, 2003, p. 292.

²⁷ Spagat, 'Truth and death in Iraq under sanctions'.

²⁸ Joseph Stiglitz and Linda Bilmes, *The three trillion dollar war* (New York: Norton, 2008).

²⁹ Joy Gordon, 'The enduring lessons of the Iraq sanctions', in *Middle East Research and Information Project* no. 294, Spring 2020, <https://merip.org/2020/06/the-enduring-lessons-of-the-iraq-sanctions/>.

³⁰ Michael Brzoska, 'From dumb to smart? Recent reforms of UN sanctions', *Global Governance* 9: 4, 2003, p. 520.

The lessons learned from the Iraq case seemed clear-cut. Comprehensive trade embargoes incentivize massive increases in corruption.³¹ In authoritarian countries, regimes can shift the burden of comprehensive sanctions so that the poor and weak bear a disproportionate burden of adjustment.³² The longer sanctions last, the easier it becomes for the targeted regime to frame the conflict so as to make the sender countries seem unethical and immoral. Perhaps the most important lesson was that imposing costs on the target state was not a guarantee of observable and verifiable sanctions success.

The Iran case

The Iraq case forced a rethink of the utility and morality of comprehensive trade embargoes. This led to two additional overlapping waves of policy-relevant scholarship. The first wave focused on how to impose sanctions with fewer negative externalities than the Iraq embargo. Both scholars and practitioners argued that sanctions needed to be smarter, designed to target key elites and not the mass public of the sanctioned economy. The initial wave of ‘smart sanctions’ research examined an array of tools designed to hurt elites: travel bans, arms embargoes, sanctions on luxury goods and so forth.³³ The interplay between scholarship and policy-making was particularly robust at the UN level. The Bonn–Berlin and Interlaken processes led to refinements in the UN sanctioning process, as well as the creation of the ombudsperson for the 1267 sanctions committee.³⁴ These measures, however, did not prove to be any more effective in extracting concessions from the target state than traditional trade embargoes.³⁵

The exception was financial sanctions. The centrality of the dollar and US capital markets gave the United States the ability to weaponize a financially interdependent world.³⁶ Beginning with President Bill Clinton’s initiative to combat financial abuse in the late 1990s, successive US administrations learned about the power and potency of financial sanctions. Juan Zarate, who worked on sanctions at the Treasury Department during the George W. Bush administration, argued that ‘the United States has waged a new brand of financial warfare, unprecedented in its reach and effectiveness. This “hidden war” has ... become central to America’s national security doctrine.’³⁷ Officials in the Barack Obama administration expressed similar sentiments; in 2014, Treasury undersecretary

³¹ Peter Andreas, ‘Criminalizing consequences of sanctions: embargo-busting and its legacy’, *International Studies Quarterly* 49: 2, 2005, pp. 335–60.

³² Lori Buck, Nicole Gallant and Kim Richard Nossal, ‘Sanctions as a gendered instrument of statecraft: the case of Iraq’, *Review of International Studies* 24: 1, 1998, pp. 69–84.

³³ David Cortright and George Lopez, eds, *Smart sanctions: targeting economic statecraft* (New York: Rowman & Littlefield, 2002); Thomas J. Biersteker, Sue E. Eckert and Marcos Tourinho, eds, *Targeted sanctions* (New York: Cambridge University Press, 2016).

³⁴ Cortright and Lopez, eds, *Smart sanctions*; Biersteker et al., eds, *Targeted sanctions*. See also Joy Gordon, ‘Smart sanctions revisited’, *Ethics and International Affairs* 25: 3, 2011, pp. 315–35.

³⁵ Daniel W. Drezner, ‘Sanctions sometimes smart: targeted sanctions in theory and practice’, *International Studies Review* 13: 1, 2011, pp. 96–108.

³⁶ Farrell and Newman, ‘Weaponized interdependence’. See also Daniel W. Drezner, ‘Targeted sanctions in a world of global finance’, *International Interactions* 41: 4, 2015, pp. 755–64.

³⁷ Juan Zarate, *Treasury’s war: the unleashing of a new era of financial warfare* (New York: PublicAffairs, 2013), p. ix.

David Cohen declared: 'Financial measures have become far more powerful tools of statecraft, and their effects are multiplied in a world defined by economic interdependence.'³⁸ Jeffrey Schott advised the State Department on this transformation of financial statecraft, describing the evolution of such measures 'from a sort of undergraduate sanctions approach to a postgraduate, where the sanctions are much more potent'.³⁹

The culmination of this approach might have been the measures taken against Iran beginning in 2010 to force that country to the negotiating table over its nuclear programme. Iranian officials initially scoffed at the imposition of financial sanctions, believing that living under a welter of US sanctions regimes since 1979 had rendered their economy impervious to US economic pressure. This confidence proved to be misplaced. Iran's oil export revenue fell by 50 per cent between 2010 and 2012. Compared to peer economies, Iran stagnated badly. The country's leadership acknowledged that the sanctions had taken their toll. Economic pressure directly contributed to the 2015 Joint Comprehensive Plan of Action (JCPOA) agreement in which Iran agreed to limits on and inspections of its nuclear programme in return for the removal of sanctions.⁴⁰ Up to this point, the Iran case seemed to be a success, suggesting a renaissance in the use of economic statecraft. In the corridors of power in Washington, a foreign policy community that had hitherto been sceptical about sanctions now embraced them as the policy option of first resort.⁴¹

While the use of sanctions undeniably increased, however, their effectiveness remained an open question.⁴² The other wave of sanctions scholarship in this century has de-emphasized the question of whether economic coercion leads to target concessions and focused more on the second-order effects of sanctions on the targeted country. A political selling point of financial sanctions was that they had less severe impacts on the target state's population than trade embargoes. In theory, targeting a country's financial system hurts only those individuals with sufficient assets to have bank accounts. The literature, however, has largely been sceptical about the humanitarian case for targeted sanctions. This scholarship has examined target performance across an array of socio-economic indicators. The evidence here is unambiguous: financial sanctions contribute to increased state repression, worsening human rights standards, higher levels of corruption and lower levels of economic development.⁴³ Financial sanctions can hurt a target's

³⁸ David Cohen, 'The evolution of US financial power', 11 Dec. 2014, <https://www.treasury.gov/press-center/press-releases/Pages/jl9716>.

³⁹ Schott quoted in Paul Richter, 'US use of sanctions is riling some beyond the target countries', *Los Angeles Times*, 12 Jan. 2015.

⁴⁰ Richard Nephew, *The art of sanctions* (New York: Columbia University Press, 2017).

⁴¹ Daniel W. Drezner, 'The United States of sanctions', *Foreign Affairs* 100: 5, 2021, pp. 142–54.

⁴² Dursun Peksen, 'When do imposed economic sanctions work? A critical review of the sanctions effectiveness literature', *Defence and Peace Economics* 30: 6, 2019, pp. 635–47; Bryan Early and Menevis Cilizoglu, eds, 'Economic sanctions in flux: enduring challenges, new policies, and defining the future research agenda', *International Studies Perspectives* 21: 4, 2020, pp. 438–77; Özgür Özdamar and Evgeniia Shahin, 'Consequences of economic sanctions: the state of the art and paths forward', *International Studies Review* 23: 4, 2021, pp. 1646–71.

⁴³ Dursun Peksen and A. Cooper Drury, 'Coercive or corrosive: the negative impact of economic sanctions on democracy', *International Interactions* 36: 3, 2010, pp. 240–64; Abel Escribà-Folch, 'Authoritarian responses to foreign pressure: spending, repression, and sanctions', *Comparative Political Studies* 45: 6, 2012, pp. 683–713;

elite; but, contrary to initial expectations, they hurt the target's wider population almost as much.

The potency of financial sanctions was nonetheless appealing to successive US presidents—none more so than Donald Trump, who viewed them as a means to rewrite the rules of the international system in a way that favoured the United States. For example, Trump believed that the JCPOA was a bad deal, dismissing its creation in 2016 as 'a terrible negotiation. It was negotiated by people that are poor negotiators against great negotiators.' This view synched up well with his more hawkish foreign policy advisers, particularly Secretary of State Mike Pompeo and National Security Advisor John Bolton.⁴⁴

On 8 May 2018, the United States withdrew from the JCPOA and re-imposed all US sanctions on Iran. As reasons for the withdrawal, President Trump cited Iran's ballistic missile programme and the JCPOA's limited duration. Two weeks later, in a speech articulating US demands, Pompeo declared:

[We] will apply unprecedented financial pressure on the Iranian regime. The leaders in Tehran will have no doubt about our seriousness. Thanks to our colleagues at the Department of Treasury, sanctions are going back in full effect and new ones are coming ... These will indeed end up being the strongest sanctions in history when we are complete.⁴⁵

In his speech, Pompeo made twelve demands on Iran's regime that would have to be met before sanctions would be lifted, eight of which were unrelated to the nuclear issue. These demands included the withdrawal of support for a myriad violent non-state actors, a cessation of Iranian influence activities in Iraq and Syria, and the end of all cyber attacks.

Despite their focused nature, the new sanctions hit Iran's economy hard. As Esfandiyar Batmanghelidj noted: 'That the subsequent economic crisis in Iran was as severe as when multilateral sanctions were imposed in 2012 speaks to the unique power of US economic coercion.'⁴⁶ Soon after their re-imposition, Iran's oil exports fell by more than 50 per cent, its GDP contracted by 6 per cent and the value of its currency fell by more than 60 per cent. Basic goods nearly doubled in price in 2019.⁴⁷ Iran's oil exports fell by more than 80 percent, owing to the re-imposed sanctions. In 2019, the United States designated the Iranian Revolutionary Guard Corps (IRGC) a foreign terrorist organization. By mid-2020, oil exports had plummeted to below 300,000 barrels per day, a marked decline from the mid-2017 figure of over 2,000,000 barrels per day. In October 2020, the United

Susan Hannah Allen and David Lektzian, 'Economic sanctions: a blunt instrument?' *Journal of Peace Research* 50: 1, 2012, pp. 121–35; Emre Hatipoglu and Dursun Peksen, 'Economic sanctions and banking crises in target economies', *Defence and Peace Economics* 29: 2, 2018, pp. 171–89; Jerg Gutmann, Matthias Neuenkirch and Florian Neumeier, 'Sanctioned to death? The impact of economic sanctions on life expectancy and its gender gap', *Journal of Development Studies* 57: 1, 2021, pp. 139–62.

⁴⁴ Daniel W. Drezner, 'Economic statecraft in the age of Trump', *Washington Quarterly* 42: 3, 2019, pp. 7–24. The Trump quote is on p. 8.

⁴⁵ Mike Pompeo, 'After the deal: a new Iran strategy', address to the Heritage Foundation, Washington DC, 21 May 2018, <https://www.heritage.org/defense/event/after-the-deal-new-iran-strategy>.

⁴⁶ Esfandiyar Batmanghelidj, 'The inflation weapon: how American sanctions harm Iranian households', *Fourth Freedom Forum*, Jan. 2022, p. 2.

⁴⁷ Batmanghelidj, 'The inflation weapon'. See also Kenneth Katzman, *Iran sanctions*, Congressional Research Service Report RS20871, 6 April 2021, <https://sgp.fas.org/crs/mideast/RS20871.pdf>.

States imposed sanctions on an additional 18 Iranian banks, causing the Iranian rial to fall further.⁴⁸ The IMF reported that Iran's gross official reserves had plummeted from \$122.5 billion in 2018 to only \$4 billion in 2020.

Despite the general weakening of Iran's economy, the definition of failure discussed in the introductory article to this special issue applies to these sanctions as well. The sanctions did not achieve stated US intentions. The most obvious example of failure was Iran's decision to restart its nuclear programme. Tehran had complied with the JCPOA since its adoption on 18 October 2015. In May 2019, however, Iran breached the accords by exceeding limits on heavy water and enriched uranium stockpiles. Two months later it announced that it would exceed the 3.67 per cent uranium-235 enrichment limit and go up to 4.5 per cent.⁴⁹ Two months after that, Iran stated that limitations on research and development of advanced centrifuges would no longer be respected. By January 2020, Iran announced that it would no longer be bound by any operational limitations of the JCPOA. Estimates of how long it would take for Iran to build a nuclear bomb fell from a year under the 2015 deal to a few weeks in 2021.⁵⁰

The Trump administration believed that the sanctions would also prevent Iran from pursuing its revisionist activities in the greater Middle East. Again, however, there is no evidence that the sanctions constrained Iranian behaviour. The re-imposition of sanctions failed to prevent Iran's proxies from increasing their influence in Afghanistan, Iraq and Syria. The 2019 terrorist attack on Saudi Aramco appears to have originated in Tehran. Iran was also suspected to be behind attacks on oil tankers and US drones in the Persian Gulf in June 2019. Houthi rebels in Yemen, aligned with Iran, continued to launch missiles into Saudi Arabia. Iran's proxies in Iraq stepped up their tempo of rocket attacks and roadside bombs directed against US forces in that country. Analysts further conclude that Iran has built up the largest and most diverse ballistic missile arsenal in the region.⁵¹

The sanctions were also widely judged to be a failure once Iran restarted its nuclear programme. By 2021, Israeli officials who had supported the US exit from the JCPOA admitted their error. Former Israeli defence minister Moshe Ya'alon acknowledged on the record that 'looking at the policy on Iran in the last decade, the main mistake was the withdrawal from the agreement'.⁵² US proponents of JCPOA withdrawal also acknowledged, as one of them put it, that 'it is true that Trump's gamble did not pay off'.⁵³ Indeed, the Trump administration's decision to

⁴⁸ Batmanghelidj, 'The inflation weapon'; Katzman, *Iran sanctions*.

⁴⁹ Kelsey Davenport, *The joint comprehensive plan of action (JCPOA) at a glance*, Arms Control Association, July 2021, <https://www.armscontrol.org/factsheets/JCPOA-at-a-glance>.

⁵⁰ Nahal Toosi and Stephanie Liechtenstein, 'Maximum fissures: Iran nuclear deal talks head toward oblivion', *Politico*, 27 Nov. 2021.

⁵¹ Gawdat Bahgat, 'Iran's ballistic-missile and space program: an assessment', *Middle East Policy* 26: 1, 2019, pp. 31–48.

⁵² Quoted in Thomas Friedman, 'Trump's Iran policy has become a disaster for the US and Israel', *New York Times*, 30 Nov. 2021. See also Shira Rubin, 'Israel opposed the Iran nuclear deal, but former Israeli officials increasingly say US pullout was a mistake', *Washington Post*, 9 Dec. 2021.

⁵³ Eli Lake, 'Trump's failed Iran gamble was still worth it', *Bloomberg*, 2 Dec. 2021. See also Max Boot, 'Because Trump left the nuclear deal, we might have to learn to live with a nuclear Iran', *Washington Post*, 13 Dec. 2021.

use a military strike to kill Major-General Qasem Soleimani in January 2020 speaks to the limits of economic coercion to attain the administration's goals.

Finally, the US decision led to a lose–lose outcome. The sanctions have undeniably increased social discontent with the theocratic regime. In November 2019, protests over increased gasoline prices due to cancelled subsidies erupted in 100 cities around Iran, and at least 180 people died in a government crackdown.⁵⁴ In January 2020, just days after millions of Iranians gathered in the streets to mourn the Soleimani assassination in a show of patriotism, many protested in response to the shooting down of Ukrainian International Airlines Flight 752.⁵⁵ In July 2021, protests over water and electricity shortages in oil-rich Khuzestan turned violent.⁵⁶

But while dissatisfaction with the regime is spreading, there is no indication that these protests pose a serious threat to those in power. In response to the increase in social discontent, Iran's regime scaled up its domestic repression. Scholarly research suggests that the re-imposed sanctions will not significantly affect the Iranian government's ability to maintain control.⁵⁷ Indeed, Iran's supreme leader Ayatollah Ali Khamenei was able to engineer the outcome that he wanted to the presidential election of summer 2021, with his conservative protégé Ebrahim Raisi replacing Hassan Rouhani. In other words, although it is facing acute economic stress, Iran's regime does not look likely to collapse any time soon. As Batmanghelidj notes, 'sanctions may have even aided the hardliners, as their political rivals were discredited in the eyes of most Iranians'.⁵⁸

The Iran sanctions led to more suffering for the Iranian people, as a result of both the deteriorating economic situation and the regime's crackdown on protests. It also created significant collateral damage for American foreign policy. The Trump administration's efforts to end the JCPOA left it diplomatically isolated at the UN.⁵⁹ US secondary sanctions severely strained America's ties with its European allies, who were furious that the Trump administration used its leverage over the SWIFT international payment system to re-impose sanctions unilaterally. These secondary sanctions also prompted India and the EU to take active measures to work around US financial sanctions. The EU created a special-purpose vehicle called INSTEX to enable cross-border transactions with Iran. While these exchanges have not appreciably affected the extent of economic pressure, they have, however, made US allies contemplate possible ways of bypassing future US financial sanctions. This suggests that, over time, the US ability to use financial statecraft could wane.

⁵⁴ Farnaz Fassihi and Rick Gladstone, 'With brutal crackdown, Iran is convulsed by worst unrest in 40 years', *New York Times*, 1 Dec. 2019.

⁵⁵ 'Iran: Ukraine airline victims' families harassed, abused', *Human Rights Watch*, 27 May 2021, <https://www.hrw.org/news/2021/05/27/iran-ukraine-airline-victims-families-harassed-abused>.

⁵⁶ 'Iran: deadly response to water protests', *Human Rights Watch*, 22 July 2021, <https://www.hrw.org/news/2021/07/22/iran-deadly-response-water-protests>.

⁵⁷ See e.g. Sajjad Dizaji and Mohammad Farzanegan, 'Do sanctions constrain military spending of Iran?', *Defence and Peace Economics* 32: 2, 2021, pp. 125–50.

⁵⁸ Batmanghelidj, 'The inflation weapon', p. 20.

⁵⁹ Colum Lynch, 'Iran: maximum pressure, minimum gain', *Foreign Policy*, 23 Dec. 2020, <https://foreignpolicy.com/2020/12/23/iran-maximum-pressure-trump-policy/>.

Anatomy of failed sanctions cases

Officials in the Trump administration frequently referred to its Iran sanctions as a ‘maximum pressure’ campaign, echoing similar policies targeting North Korea and Venezuela. Intuitively, this made sense. As noted above, the consensus within the sanctions literature was that concessions were more likely when the targeted actor faced high costs of non-compliance. Indeed, this assumption extends beyond that literature to encompass the literature on international order.⁶⁰ This was the primary point taken away from the first three waves of sanctions scholarship. The only difference was on the means through which high costs could be imposed. For the first generations of the literature, multilateral cooperation was necessary to prevent trade embargoes from leaking. For the smart sanctions wave, the switch to financial statecraft helped blunt the incentives of private-sector actors to cheat. The importance of reputation within the financial sector enabled private-sector responses to enhance the impact of sanctions rather than undercut them.⁶¹ The most recent wave of the economic statecraft literature has simply pointed out all the myriad ways in which, contrary to expectations, targeted financial sanctions have failed to minimize negative externalities.

The two cases of catastrophic sanctions discussed here highlight an important finding. While imposing high costs on the target might be a necessary condition for successful sanctions, it is far from a sufficient condition. Actors contemplating the use of economic statecraft must consider other factors as well. The most banal and yet the most important additional consideration is the articulation of feasible demands. In both cases examined above, the sanctioning country made a plethora of massive demands across a wide array of issues. Each of these areas, in and of itself, would have constituted a significant concession. Combined, they amounted to some of the biggest conceivable asks in international relations.

A related problem is hidden, unarticulated demands that made coercive bargaining all the more problematic. For both cases, it seemed as though the primary senders were hopeful that the sanctions would contribute to regime change. In the case of Iraq, for example, the George H. W. Bush administration clearly hoped and expected that the high price of war and sanctions would prompt Iraq’s generals to overthrow Saddam; at the same time, it consciously chose not to articulate that desire.⁶² Similarly, during the Clinton years the preference was for regime change by any means necessary, including sanctions. As Russell Burgos noted, well before George W. Bush was elected there was already ‘a preexisting social consensus that defined Saddam Hussein’s ouster not only as America’s dominant strategy but indeed as its only strategy’.⁶³ This consensus was best epitomized

⁶⁰ For a recent example, see Jeff Colgan, *Partial hegemony: oil politics and international order* (New York: Oxford University Press, 2021).

⁶¹ Drezner, ‘Targeted sanctions in a world of global finance’.

⁶² George H. W. Bush and Brent Scowcroft, *A world transformed* (New York: Knopf, 1998), pp. 488–9; P. Edward Haley, *Strategies of dominance: the misdirection of US foreign policy* (Baltimore, MD: Johns Hopkins University Press, 2006), pp. 57–9.

⁶³ Russell Burgos, ‘Origins of regime change: ‘Ideapolitik’ on the long road to Baghdad, 1993–2000’, *Security Studies* 17: 2, 2008, p. 224.

mized by the 1998 Iraq Liberation Act, which declared that regime change in Iraq would be the stated policy of the United States.

Similarly, in Iran, it had been the long-stated goal of the United States to foster regime change. The inclusion of Iran in George W. Bush's infamous 'Axis of Evil' speech was merely the most obvious expression of this preference. The Obama administration was able to negotiate the JCPOA by signalling that regime change was no longer the underlying goal of sanctions, a position that the Trump administration quickly reversed after taking power. Indeed, the twelve conditions that Pompeo laid out for sanctions to end seemed so onerous that observers inferred the unstated goal was regime change. Even Pompeo acknowledged that his list of demands was 'pretty long'.⁶⁴ Among sanctions advocates in the United States there was a firm belief that crippling sanctions would undermine the theocratic regime. Reuel Marc Gerecht and Ray Takeyh made this case explicitly when Trump re-imposed sanctions, stating 'a regime-collapse containment policy is the best way to effect change'.⁶⁵ The *New York Times* reported in January 2020 that Trump administration officials 'clearly would not mind seeing their campaign of "maximum pressure" against Iran ... result in a drastic upheaval—and possibly even fall—of Iran's theocratic government'.⁶⁶ That same week, Trump's last National Security Advisor, Robert O'Brien, claimed that Iran's regime was close to collapsing.⁶⁷

The obvious negotiation problem with seeking regime change in the target country is that it undermines coercive bargaining. From the target's perspective, there is little point in negotiation if the other side's intent in imposing economic coercion is to end the targeted actor's grip on political power. According to one analysis of Iranian behaviour,

The view in Tehran was that the American demands were designed to be impossible to meet, were meant simply to signal the administration's maximalist approach to gratify domestic US audiences and at the same time masked the United States' real goal—namely, regime change.⁶⁸

Sanctions can help foment regime change, but the empirical track record suggests that the likelihood of this happening is not high. If anything, in the cases examined here the reverse is true: the regimes in Iraq and Iran exploited the sanctions to ensure that regime supporters exercised greater control over the economy.⁶⁹ Furthermore, keeping regime change as an implicit demand reduced the likelihood of successfully brokering a deal with the target to zero.

⁶⁴ Pompeo, 'After the deal'.

⁶⁵ Reuel Marc Gerecht and Ray Takeyh, 'Don't fear regime change in Iran', *Wall Street Journal*, 12 June 2018; Reuel Marc Gerecht and Ray Takeyh, 'Regime change in Iran shouldn't be a taboo', *Washington Post*, 29 May 2020.

⁶⁶ Michael Crowley, 'Trump, like Obama, seeks change in Iran, but he differs in how to do it', *New York Times*, 14 Jan. 2020.

⁶⁷ Crowley, 'Trump, like Obama, seeks change in Iran'.

⁶⁸ Esfabydar Batmanghelidj and Mahsa Rouhi, 'The Iran nuclear deal and sanctions relief: implications for US policy', *Survival* 63: 4, 2021, p. 188.

⁶⁹ On this point, see Ali Fathollah-Nejad, 'Why sanctions against Iran are counterproductive: conflict resolution and state-society relations', *International Journal* 69: 1, 2014, pp. 48–65.

Some self-reflection

I have written one book, nine peer-reviewed journal articles, three policy essays, and multiple book chapters and think-tank reports on the question of economic sanctions. I have consulted with American, British and UN policy-makers on this topic, including multiple policy principals. I spent a year at the US Department of the Treasury facilitating the development of financial statecraft as a policy tool. Economic statecraft is a policy arena where the gap between academics and policy elites has been bridged.⁷⁰

It is worth noting that when I began researching economic coercion a generation ago, the policy-making consensus was very different. I noted at the time that ‘prominent policy-makers are fond of dismissing economic statecraft as a useless and counterproductive option. Academics recognize that the situation is not that simple.’⁷¹ One could argue that the current situation is the reverse of this picture. The policy-making enthusiasm for sanctions has only grown in this century; and the most recent wave of sanctions scholarship, by contrast, has highlighted all the attendant costs that come with economic coercion.

I proffered three specific pieces of policy advice in *The sanctions paradox*. First: ‘Threaten to impose the most damaging sanctions as soon as possible.’ Second: ‘Be wary of devoting resources to securing multilateral cooperation.’ Third: ‘Calibrate the demand to the expectations of future conflict.’⁷² The first two pieces of advice suggested some enthusiasm for the utility of economic statecraft. The third cautioned against excessive enthusiasm about what sanctions could achieve. While economic potency mattered, so did questions of international relations. In subsequent research, I amended my advice on multilateral cooperation, noting the signal importance of international institutional support.⁷³ As financial sanctions became more popular, I expressed cautious optimism about their utility while warning of the long-term damage that could be incurred by sanctioning states.⁷⁴ As time has passed, the policy-making consensus has shifted dramatically in favour of an expanded use of economic statecraft. My advice has drifted toward a more risk-averse posture, warning about the risks and costs of making sanctions the policy option of first resort.⁷⁵

It is important for scholars to consider the real-world implications of their scholarship, especially if we are analysing policies that can have such pronounced effects on human security.⁷⁶ In reviewing my own past advice on these questions, I stand by most of my claims. It remains true that sanctions are more likely to yield concessions if they impose high costs. Institutional support for sanctions confers

⁷⁰ Drezner, ‘Sanctions sometimes smart’.

⁷¹ Daniel W. Drezner, *The sanctions paradox: economic statecraft and international relations* (Cambridge: Cambridge University Press, 1999), p. 312.

⁷² Drezner, *The sanctions paradox*, pp. 312–13.

⁷³ Daniel W. Drezner, ‘Bargaining, enforcement, and multilateral sanctions: when is cooperation counterproductive?’, *International Organization* 54: 1, 2000, pp. 73–102.

⁷⁴ Drezner, ‘Targeted sanctions in a world of global finance’.

⁷⁵ Drezner, ‘The United States of sanctions’.

⁷⁶ Charli Carpenter, ‘“You talk of terrible things so matter-of-factly in this language of science”: constructing human rights in the academy’, *Perspectives on Politics* 10: 2, 2012, pp. 363–83.

legitimacy and a mechanism for maintaining multilateral cooperation. My most durable piece of advice, and the one ignored most frequently, is that the demands attached to sanctions need to be calibrated on the basis of expectations of future conflict between the target and the sender. A target will concede much less to an enduring rival than to a longstanding ally. Both the Iran and Iraq cases show the dangers of making excessively ambitious demands of targeted actors. Furthermore, this advice applies with equal force to countries other than the United States. Other great powers, such as China, have been equally inarticulate in their application of economic statecraft.⁷⁷

In focusing on how to make sanctions more effective and potent, however, my analysis demonstrated some short-sightedness. I failed to consider properly three dimensions. The first is the degree to which sender states reacted to the availability of more potent sanctions by simply ratcheting up their use and ambition. Research suggests that great power governments are more likely to use new tools of military statecraft once they have acquired them;⁷⁸ there appears to be a similar effect with economic statecraft. There is evidence that the initial wave of financial sanctions did yield greater successes.⁷⁹ However, the policy-making response to those successes was for senders to widen the areas where sanctions were considered a viable policy option. Over the past decade, the United States has sanctioned other great powers on a regular basis. As both the Iran and Iraq cases demonstrate, maximum pressure campaigns became a policy end rather than a policy means. Other countries copied the US approach to economic statecraft. The result is a world of more sanctions, fewer concessions and greater human suffering.⁸⁰

The second is the degree to which policy-makers in target states would respond to more punishing sanctions. As the potency of financial sanctions increased, target governments became savvier in coping with the possibility of sanctions. Russian elites, for example, began limiting their exposure to the western financial system after Russia's 2014 annexation of Crimea, while the Russian government more than doubled its hard currency reserves to protect itself in the event of future sanctions.⁸¹ This blunted the impact of financial sanctions imposed over the past few years. China has similarly attempted to diversify away from reliance on the dollar in its international transactions. This has increased the likelihood that both countries can act as black knights for other sanctioned states. Russian protection of Belarus in 2021, after that country forced the landing of a Ryanair flight carrying a human rights activist, helped mitigate the effects of western sanctions. As more actors rely on cryptocurrencies and digital currencies to bypass US sanctions, the potency of those sanctions will wane further.

⁷⁷ Christina Lai, 'Acting one way and talking another: China's coercive economic diplomacy in East Asia and beyond', *Pacific Review* 31: 2, 2018, pp. 169–87.

⁷⁸ See Stephanie Carvin, 'How not to war', *International Affairs* 98: 5, 2022, pp. 1695–1716; Erik Gartzke and Jon Lindsay, 'The influence of sea power on politics', *Security Studies* 29: 4, 2020, pp. 601–36.

⁷⁹ Jon Hovi, Robert Huseby and Detlef F. Sprinz, 'When do (imposed) economic sanctions work?', *World Politics* 57: 4, 2005, pp. 479–99.

⁸⁰ Gutmann et al., 'Sanctioned to death?'

⁸¹ Leonid Bershidsky, 'Why Putin's money eludes offshore investigators', Bloomberg, 5 Oct. 2021.

The final and most important dimension is the degree to which imposed sanctions generate a host of negative policy externalities. The latest wave of sanction scholarship has been unsparing in its assessment of the effects of sanctions. Even financial sanctions lead to increased suffering in the target economy: an increase in repression, an increase in corruption, and a decline in almost every measure of human flourishing. This is particularly true for long-lasting sanctions, as has been the case in Iraq and Iran. As great powers have become more ambitious in their sanctions aims, they have also created situations in which the average duration of sanctions imposition has lengthened. Contrary to game-theoretic bargaining models, sanctions are less commonly resolved at the threat stage now than in the past.⁸²

It should also be noted that the sender faces additional geopolitical costs as well. Longstanding sanctions introduce strains with allies and partners. As sanctions come to be viewed as either an adjunct to kinetic action or a long-term containment strategy, senders are increasingly less interested in developing an exit strategy from economic coercion. The United States, for example, has found it difficult to lift sanctions against Cuba or Iran. Successful economic statecraft requires a double dose of credible commitment. Sanctioning states need to follow through on promises to punish non-compliant behaviour and also to reward compliance. As some senders seem less and less capable of fulfilling the second commitment, the likelihood of successful coercive bargaining declines even further.

The dos and don'ts of economic sanctions

One must be wary of deriving general patterns of behaviour from anomalous cases. For economic sanctions, the Iraq and Iran cases are undeniably outliers. As noted in the introductory article to this special issue, however, such outliers can provide useful advice in accomplishing our stated goal: avoiding worst-case scenarios. From the perspective of overall human flourishing, the worst-case outcome of sanctions is one in which the sanctions fail to yield any concessions and generate punishing, long-lasting costs on the target state's population.

With that in mind, here are some dos and don'ts of economic sanctions:

1. *Do decide at the outset whether the intent of economic statecraft is to coerce or contain.* In both the Iran and Iraq cases, the United States was unsure whether the purpose of the sanctions was to engage in coercive bargaining, to bring about regime change, or to weaken the target state's capabilities. Sanctions that are designed to compel should be implemented differently from sanctions designed to contain the relative power of a target. In the case of the latter, the strategic embargo of the USSR during the Cold War represents the exemplar of ongoing sanctions that weakened Soviet capabilities without causing undue deprivation of the mass public.⁸³ More

⁸² Ariel Rubinstein, 'Perfect equilibrium in a bargaining model', *Econometrica* 50: 1, 1982, pp. 97–109; Daniel W. Drezner, 'The hidden hand of economic coercion', *International Organization* 57: 3, 2003, pp. 643–59.

⁸³ Michael Mastanduno, 'Strategies of economic containment: US trade relations with the Soviet Union', *World Politics* 37: 4, 1985, pp. 503–31.

punishing sanctions might be appropriate in cases of compellence, on the premise that coercive bargaining can lead to a quick resolution.

2. *If the intent is to coerce, do articulate clear and feasible demands of the targeted actor prior to the imposition of sanctions.* In both the Iraq and Iran cases, the imposed sanctions were linked to so many and various demands that acquiescence seemed impossible. It is possible to sanction enduring rivals and extract tangible concessions, as when the United States secured WMD concessions from Libya in the early 2000s.⁸⁴ Unless the demands are clearly articulated and appropriately rightsized, however, coercive bargaining is unworkable.

3. *Do view acts of economic statecraft through the same ethical lens as acts of military statecraft.* Both the Iran and Iraq sanctions caused significant suffering among the target population. The most commonly cited book on the ethics of warfare treats economic blockades as violations of *jus in bello*.⁸⁵ Alternative ethical views of sanctions exist, but the implication is clear: just as militaries have incorporated the principle of minimizing collateral damage into their war-fighting doctrines, so finance ministries must incorporate similar considerations into their sanctions doctrines. At present this is not practised even in the United States.⁸⁶

4. *Do find ways to make a credible commitment to lifting sanctions when agreements are reached.* As noted above, in both sanctions cases discussed here the target could reasonably infer that the United States was not interested in lifting sanctions. Bargaining will not take place if the target state does not believe that well-defined concessions will lead to the removal of sanctions. States that sanction frequently must demonstrate the capacity to 'take the win'. This is particularly true in democracies, where elected officials might have incentives to adopt more hawkish postures.

5. *Do appreciate the hard limits on economic statecraft.* Just as Iran and Iraq are outliers, so are the most successful examples of sanctions imposition, such as the Suez Crisis. Policy-makers who believe that economic sanctions alone will lead to regime change or the redrawing of territorial boundaries will inevitably be disappointed.

6. *Don't lose the narrative debate about sanctions.* An unusual confluence of Saddam Hussein's regime and neo-conservative hawks was able to portray the Iraq sanctions as a humanitarian and policy disaster. As one senior Clinton administration official acknowledged: 'There is no question that in terms of public opinion, as the 90s wore on we were increasingly on the defensive in the sanctions debate.'⁸⁷ That perception contributed to the Anglo-American decision to invade Iraq in 2003. Any sender must be prepared to frame sanctions with an accurate narrative about responsibility and efforts to alleviate humanitarian suffering.

⁸⁴ Bruce Jentleson and Christopher Whytock, 'Who "won" Libya? The force-diplomacy debate and its implications for theory and policy', *International Security* 30: 3, 2005-06, pp. 47-86.

⁸⁵ Michael Walzer, *Just and unjust wars* (New York: Basic Books, 1977).

⁸⁶ US Government Accountability Office, 'Economic sanctions', GAO-20-145, 2 Oct. 2019.

⁸⁷ Quoted in David Rieff, 'Were sanctions right?', *New York Times Magazine*, 27 July 2003.

7. *Don't impose economic sanctions without sunset provisions.* In both the Iran and Iraq cases, the US Congress and British House of Commons were happy to pass legislation designed to ratchet up sanctions. For legislators, sanctions hit the sweet spot between symbolic politics and starting a war. While imposing additional sanctions might feel good in the moment, however, cancelling them often requires a heavier political lift. Including sunset clauses forces legislators to revisit the wisdom of sanctions in order to extend them.

8. *Don't rely on sanctions to the exclusion of all other policy instruments.* There are valid reasons why sanctions are preferred to inducements as a bargaining strategy. The limits of sanctions as a widespread strategy, however, need to be better appreciated. If other policy instruments are allowed to atrophy, that will only increase the demands on economic statecraft—which, in turn, increases the likelihood of another Iraq or Iran.⁸⁸

9. *Don't view imposing sanctions as a means to achieve international prestige.* As countries beyond the United States impose sanctions, aspiring great powers might view economic coercion as an expensive but worthwhile activity designed to earn prestige on the global stage.⁸⁹ Because only great powers engage in economic statecraft, rising states opt to sanction so as to signal their aspirations to great power status.⁹⁰ Most of the sanctions imposed by such states, however—the Gulf Cooperation Council embargo of the United Arab Emirates, the trade war between South Korea and Japan—have come to an ignoble end. As with Iraq and Iran, such failures should be highlighted as means to deglamourize economic sanctions.

10. *Don't ignore scholars of economic statecraft.* The interaction between scholars and policy-makers on economic statecraft has proven fruitful, as developments at the UN level have demonstrated. As the Iran case demonstrates, however, great power governments have learned the value of targeted sanctions without necessarily comprehending their limits. This will be a growing concern as the centre of gravity for sanctioning activity shifts from the UN Security Council to member states. Now policy-makers need to listen to scholars again about the underestimated humanitarian cost of even targeted sanctions. This will not necessarily lead to less economic coercion—but it is hoped that it will lead to smarter statecraft.

Sanctions will continue to be a tool of first resort for many countries in the decades to come. The Iraq and Iran episodes demonstrate the dangers of focusing too much on maximizing costs, failing to articulate cogent demands and ignoring the lessons learned from scholarship. Furthermore, the mistakes made in these cases look as if they have the potential to recur in the sanctions imposed against Russia in response to Vladimir Putin's invasion of Ukraine in February 2022. Soon after invading, Russia found itself the most heavily sanctioned country in the world. The array of multilateral sanctions and private-sector divestments initially

⁸⁸ See Drezner, 'The United States of sanctions'.

⁸⁹ Lilach Gilady, *The price of prestige* (Chicago: University of Chicago Press, 2018).

⁹⁰ Manjari Chatterjee Miller, *Why nations rise* (New York: Oxford University Press, 2021).

caused the rouble to plummet in value and interest rates to skyrocket. The cost of the sanctions has been high, but, as with Iraq and Iran, they have been imposed with inchoate demands. Indeed, the initial G7 statement on sanctions declared: '[We] are resolved to continue imposing costs on Russia that will further isolate Russia from the international financial system and our economies.'⁹¹ While it is possible that this maximum-pressure campaign will work, it is also possible that the future will consist of the imposition of punishing sanctions but no resolution to the conflict. Unfortunately, catastrophic sanctions outcomes could be a persistent feature of the next century of international relations.

⁹¹ The White House, 'Joint statement on further restrictive economic measures', 26 Feb. 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/26/joint-statement-on-further-restrictive-economic-measures/>.