

Reiner Eichenberger and David Stadelmann\*

# Sanctions are Costly for Citizens but Beneficial for Autocrats: A Political-Economic Perspective

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**Abstract:** Economic sanctions negatively affect the target country's economic potential. As a type of enforced protectionism, sanctions shift the relative power in the target country between its citizens and its (autocratic) government. This shift tends to favor autocrats as their power over the limited means of production increases and as they control the remaining international exchange opportunities. Resistance against autocratic governments would require collective action by citizens or an organized political opposition, but the autocrats' relative gain in power due to sanctions increases their likelihood of staying in power. Internationally, an economically weakened country may present less of an external military threat. However, as the stabilization of a target regime is a likely outcome of sanctions, sanctioned regimes remain an international threat. Therefore, we also discuss potential alternatives to sanctions as policy tools.

**Keywords:** sanctions, autocracy, politics, trade, political economics

## 1 Sanctions as a Policy Tool

Economic sanctions have long been used as a policy tool against foreign foes. They often tend to have a martial flavor and are employed to serve as a complementary instrument to warfare or to disrupt military adventures (Hufbauer et al. 2007). After World War II, sanctions continued to be used to force target countries to abandon plans for territorial acquisition, to stop military conflict, or to foster policy changes

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**\*Corresponding author: Dr. David Stadelmann**, Professor, University of Bayreuth, 95440 Bayreuth, Germany, E-mail: david.stadelmann@uni-bayreuth.de. <https://orcid.org/0000-0002-1211-9936>

**Reiner Eichenberger**, Professor, University of Fribourg, 1700 Fribourg, Switzerland, E-mail: reiner.eichenberger@unifr.ch

related to human rights, among other policy aims. The period after the end of the Cold War is considered the “Sanctions Decade” due to the broader and more frequent use of sanctions for diverse policy motives (Cortright and Lopez 2000). In recent years, the number of publicly traceable sanctions has surged again, according to the Global Sanctions Database,<sup>1</sup> even without counting the most recent episode in 2022 related to the Russian invasion of Ukraine. Typically, sanctions involve the deliberate (partial) suspension of trade and financial ties, as well as the imposition of restrictions on capital mobility or travel bans. According to Felbermayr et al. (2020), in the past, European countries frequently employed economic sanctions while African countries were often targets. Over time, the main goals of sanctions became more closely related to democracy and human rights.

While economic sanctions have been prominently employed in the past and are increasingly being used again today, the question of whether they “work” as intended has been the subject of controversial debates among economists and political scientists alike. Many economists draw from trade theory and investigate the relationships among sanctions, trade, and economic welfare. Political scientists tend to refer to conflict theories regarding the causes and consequences of sanctions to investigate whether sanction-imposing countries achieve their political aims. One view that has been proposed is that sanctions are rather ineffective or even counterproductive (Drezner 1999), at best serving as mere symbols or tools to placate political demands for action. A comprehensive study by Hufbauer et al. (2007) suggested that in about 34% of cases, sanctions were at least partially successful in achieving the policy goals of the sender. Sanctions targeted against democratic countries tend to “work” better than those against autocratic governments. Similarly, a recent special issue of the *European Economic Review* (see Felbermayr et al. 2021) provides inconclusive evidence whether sanctions achieve their policy goals.

We argue from a political-economic standpoint that, once in force, sanctions against an autocratic government have a strong tendency to stabilize and strengthen the target regime internally. The intuition is that sanctions weaken the economy, but this weakening shifts the *relative* power between citizens and autocrats in favor of the latter. Thus, autocratic leaders may quickly learn to love economic sanctions, especially if sanctions are used as a substitute for military action by the sender.

Many real-world examples are consistent with our view and illustrate our standpoint: Numerous autocratic governments have been severely sanctioned by the West in the past, but many of the sanctioned regimes remained in power for a long time, and their reign proved to be remarkably stable. The regimes of Fidel Castro, Saddam Hussein, Bashar al-Assad, Muammar al-Gaddafi, the Kim clan,

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<sup>1</sup> See <https://globalsanctionsdatabase.com/>

and the Iranian mullahs are just a few of several other examples where autocrats extended their power over citizens, either despite sanctions or, as we argue, *due to* sanctions.

Our political-economic arguments, which are outlined in Section 2, are elementary but have nevertheless been largely neglected in the academic literature and the public discourse. They entail sobering policy lessons for recent and future episodes of economic sanctions outlined in Section 3. Alternatives to sanctions are discussed in Section 4. Finally, we draw conclusions in Section 5 regarding some potential ways forward.

## 2 How Autocrats Learn to Love Sanctions

### 2.1 Sanctions Negatively Affect Citizens in the Target Country

Our analysis focuses on the incentives and behaviors of self-interested autocrats when faced with sanctions. To be clear from the outset, we entirely share the view that sanctions are highly likely to hurt economic production of the target country. The suffering of its citizens due to the resulting economic losses are also consequences of economic sanctions, as economic production is associated with living standards and quality of life (e.g., Weil 2013). It is evident from standard economic analysis that losses to the standard of living can be expected due to sanctions. In essence, sanctions represent restrictions that reduce trade, capital, and labor mobility, as well as other exchange opportunities. Such restrictions negatively affect the target economy, as they reduce trade, which otherwise increases welfare and growth (e.g., Frankel and Romer 1999 and the subsequent literature). Indeed, recent evidence shows that sanctions reduce trade and hurt the economy in the target country (see, e.g., Ahn and Ludema 2020; Crozet and Hinz 2020; Larch et al. 2020; Sonnenfeld et al. 2022 for recent contributions). Thus, the question of much of the economic literature is not *whether* sanctions affect the economy of the target country negatively, but *how* strongly they do so when considering countermeasures and heterogenous effects (see, e.g., Frey 1984 for an early contribution on heterogenous responses, or Afesorgbor and Mahadevan 2016 for a recent contribution on the link between sanctions and income inequality).

### 2.2 Sanctions Benefit Autocrats

Sanctions clearly place a burden on the economy and, consequently, on ordinary citizens in the target country. Unfortunately, autocrats are not ordinary citizens,

and this is where the dilemma starts. Why should autocratic regimes care if certain products become unavailable or expensive for citizens, if they themselves remain unaffected? Even worse, precisely because sanctions inflict much damage on the economy, they may shift economic and political power from citizens to autocrats. Thus, sanctions may favor the latter by increasing their power relative to the former. There are at least ten channels through which sanctions benefit autocrats.<sup>2</sup>

1. Economic sanctions affect the target country through the restriction of imports of certain goods. Such restrictions raise the prices of these goods and may lead to shortages. Sanctions are, in that respect, equivalent to enforced protectionism. As is well known from international trade theory, protectionism implies losses for consumers and, thus, losses for most citizens. However, there are also winners. In particular, domestic suppliers in the target country that produce substitutes and alternatives for goods under sanction tend to benefit. In most authoritarian regimes, domestic producers are controlled by the regime itself or its entourage. Even if this is not the case, control over domestic producers is more easily exerted than control over foreign ones. Thus, the regime becomes a profiteer from sanctions, as it can appropriate the scarcity rents. This mechanism has been evident in Cuba and Iran, for example, where the Castro regime and the Revolutionary Guards control large portions of the country's domestic production. It may also explain why autocratic governments are comparatively keen on employing countersanctions that go beyond standard diplomatic reciprocity arguments (Peksen and Jeong 2022). While total import substitution, holding quality and price constant, is delusive,<sup>3</sup> the higher costs of domestic production hit the broad mass of consumers. The gains accrue to those who control domestic production.
2. The increase in prices and scarcity induced by sanctions in certain sectors or the whole economy may lead to rationing. Rationing is burdensome, bureaucratic, expensive, and inconvenient for those who suffer from not being able to secure scarce goods. However, rationing is an immensely powerful tool for those who take charge of the rationing process and distribute what little is available. Usually, it is the target regime that organizes the rationing; it can fix and allocate rations and use them as a means of coercion to induce collaboration. Circles loyal to this regime are given preference in the distribution of scarce goods. In comparison, groups critical of the regime hope to obtain their rations, and those actively opposing it go away empty-handed if they even dare to demand what little is left after everybody else has received their

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<sup>2</sup> An early discussion of some of these effects is provided in Eichenberger and Kummer (2002).

<sup>3</sup> Sonnenfeld et al. (2022) reported a collapse of imports for the case of Russia, suggesting that claims of self-sufficiency may rather be an example of propaganda.

rations. While rationing may lead to broader public discontent that may entail political risks, it is difficult to exaggerate the gain in power for the regime associated with rationing.<sup>4</sup>

3. An embargo on the target economy's export products, such as oil, can reduce the sanctioned country's foreign exchange earnings. Once more, this entails economic costs. However, it also generates political opportunities for the target regime. If, for example, the oil industry can no longer export freely and foreign partners or owners (must) leave due to sanctions, the regime can bring the industry more easily and more completely under its control. It can then allocate oil to appease citizens and sell off contracts for present and future supplies to its entourage, friends, and supportive foreign governments. The former export products may be more difficult to sell internationally in countries that imposed sanctions, but their alternative use for bribing others and buying support becomes more attractive and gives the autocrats more power.
4. Sanctions can be partly evaded, and there have been many attempts to evade them.<sup>5</sup> Evidently, evasion comes with a price tag in the form of price premiums on imports and discounts on exports for the target country. However, some trade remains lucrative for economic and political reasons. As more sectors become controlled by the target regime due to sanctions, new politically motivated trade opportunities arise, for example, if access to resources is given to new domestic or foreign supporters from friendly countries. The costs of evasion depend, among many factors, on the number of countries worldwide that join sanctions and the intensity with which evasion strategies are blocked by international stakeholders.<sup>6</sup> If the sanctioned country is a relevant exporter of a sanctioned product, such as oil, prices may even increase in international markets and lead to new uncertainties induced by sanctions. Thus, actual export revenues may only experience a small decrease or even an increase. If the sanction-imposing countries are in the West, they are likely to

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<sup>4</sup> For the case of the Baath regime under Saddam Hussein, Mazaheri (2010) discussed how rationing has strengthened the government.

<sup>5</sup> Such attempts may also be seen in democratic countries. For example, the former German "Stiftung Klima- und Umweltschutz MV," established in 2021 by the state of Mecklenburg-Vorpommern, was also said to serve the purpose of evading US sanctions against the Nordstream 2 pipeline (see, among others, <https://www.ndr.de/nachrichten/mecklenburg-vorpommern/Rechnungshof-warnt-vor-Risiken-der-Klimaschutzstiftung,nordstream542.html>, accessed October 11, 2022).

<sup>6</sup> Broad, multilateral sanctions impose larger negative economic effects, as their evasion is more difficult. However, they may have the disadvantage of undermining the political effectiveness of opposition groups against the regime. This perverse result can be due to difficulties enforcing cooperation within a multilateral alliance and the creation of rents in the sanctioned country (Kaempfer and Lowenberg 1999).

shy away from a consistent use of secondary sanctions against third countries that continue to trade with the regime. This is because enforcing secondary sanctions on oil, for example, could threaten the economic and political stability of emerging and developing countries.

5. The price differentials induced by sanctions and the rationing imposed usually results in smuggling. The bulk of profits related to smuggling are made by the sanctioned regimes themselves, as illustrated by the huge smuggling revenues of the regime of Slobodan Milošević in Serbia. Even more prominently, Saddam Hussein of Iraq massively misused the Oil-for-Food program established in 1996. He is also estimated to have earned \$1.7 billion through kickbacks and \$10.9 billion through illegal oil smuggling, according to a background report of the Council on Foreign Relations (2005). One would expect other smugglers to step in if profit opportunities are so large. However, new smugglers are faced with a distinct disadvantage: countries that impose sanctions must try to stop smuggling to enforce their sanctions. This offers sanctioned regimes the opportunity to “rat out” smugglers who do not collaborate with them. Consequently, smugglers and autocratic regimes tend to become close friends and collaborators. Furthermore, sanctioned regimes may develop a type of Mafia-like structure in which they are the chief smugglers with many henchmen.
6. Sanctions often induce foreign companies to withdraw quickly from the target country and sell their assets at comparatively low prices. The assets are usually taken over by locals or by the sanctioned regime and its close associates, such as regional or municipal governments. The funds and permits to acquire foreign assets are available primarily to circles close to the target regime. For example, Levy (1999) highlights the process of disinvesting by foreign companies after sanctions were imposed against South Africa in the mid-1980s. At that time, the companies’ assets were sold cheaply to White businesspeople, and nonequity links, such as licensing and technology agreements, were maintained. This allowed new owners to continue production following their old processes prior to the sanctions.
7. Sanctions are often associated with restrictions on foreign travel. Even if such restrictions initially do not aim at broad segments of the target country’s citizenry, they are usually extended over time. Travel restrictions also reduce citizens’ access to independent sources of information and other resources, thereby strengthening the power and influence of a regime’s propaganda. As exit opportunities shrink, citizens are less willing to raise their voices against the autocrats, which, again, reinforces the power of the regime’s propaganda.
8. Sanctions allow the target regime to highlight the importance of its armament industry toward its citizens. Even if its technological capacity is hampered in

the long run, and even if the availability of high technology, such as special semiconductors, is restricted in the short run, its increased control of other economic sectors allows it to shift resources to the armament sector without any substantial opposition. Although the quality of the arms produced may suffer, the quantity does not necessarily do so. Substantial resources may also be dedicated to special sections of the military (e.g., nuclear arms research). The large size of North Korea's armed forces and its nuclear weapons illustrate how resources have shifted from other economic sectors to the military. Similarly, Iran's nuclear ambitions are likely to have grown under renewed sanctions, as the impossibility of international (nuclear) arms controls may "compensate" the regime for the loss of some high-technology items. A secret, limited inflow of high technology for weapons due to smuggling is often preferable for a belligerent regime to an open, transparent inflow, but with international arms control.

9. Sanctions make it difficult for the political opposition to actively oppose the target regime. The supporters of opposition parties are particularly hard hit by rationing. Furthermore, restrictions on capital mobility due to financial sanctions make it more difficult for owners to protect their funds from being appropriated by the regime, and they limit these entities' international funding opportunities. It is challenging for sender countries to explicitly exclude opposition forces from financial sanctions, especially if the sanctions are intended to broadly affect the economy as a whole. Moreover, sending countries often lack reliable information on which opposition groups might deserve international support. For instance, if certain Islamic groups oppose Bashar al-Assad in Syria, it is usually unclear whether they could and should be excluded from sanctions.
10. Citizens of sanctioned countries suffer from the economic losses induced by sanctions. However, they do not always attribute their suffering to their own governments. Political scientists have often pointed to a "rally around the flag," which may emerge due to authoritarian regimes' efforts to incorporate the existence of sanctions into their legitimation strategy (Frey 1984; Grauvogel and von Soest 2014). Usually, such "rallying" behind the autocrat is explained with psychological or political effects. As such, it might be short-lived and need not necessarily apply to a long-lasting sanction regime. However, sanctions often exhibit a related but persistent effect which is driven by economic incentives. Under the presence of sanctions, it is rational for citizens not to criticize a target regime—at least when making public statements. Due to sanctions and their effects, ordinary citizens become much more dependent on the regime, which induces an additional level of public support that is rational for each individual.

The above mechanisms not only apply to traditional economic sanctions, but also to so-called “smart” sanctions. While it is true that certain privileges of the regime and its entourage are lost due to economic sanctions (e.g., holidays in extravagant international resorts, yachts in the Mediterranean, special medical treatment abroad), new privileges are gained and the dependence on the regime increases. If, for example, oligarchs are prevented from maintaining relations with Western banks, they become more dependent on the target regime. Loans and liquidity are then only available at the regime’s mercy. Similarly, if their foreign assets are frozen, they become more dependent on what they still hold domestically. Theoretically, the potential effectiveness of smart sanctions depends on conditions, such as substitution possibilities (Beladi and Oladi 2015), which make them similar to broadly employed traditional (“dumb”) sanctions in terms of their effectiveness. Moreover, difficulties linked to the imposition of several types of smart sanctions are common (Gordon 2011). According to Hufbauer and Jung (2020), dumb and smart sanctions applied in the 21st century represent an evolution rather than a revolution. They highlight that sanctions as applied in the 21st century are not yet more effective in terms of achieving foreign policy goals than sanctions applied in the past.

Overall, the imposition of sanctions changes the relative restrictions faced by autocrats and citizens in the target countries. This change can reasonably be expected to favor autocrats, as sanctions allow a regime to intervene extensively in almost all aspects of economic and political life.<sup>7</sup> Furthermore, autocrats can control the economy more closely, and the reduced exit opportunities resulting from capital and travel restrictions increase the regime’s leeway for exploitation. Many autocracies prefer to restrict and control international trade, capital movements, and cross-border mobility, regardless of whether they are sanctioned. Sanctions provide them with an extent of enforced protectionism that they would not have been able to achieve otherwise.

### 3 Vanishing Hopes of Achieving Policy Goals

The use of economic sanctions by many Western countries may be linked to expressive motivations and lofty expectations. There is a hope that sanctioned governments would fear the backlash of the deprived masses and that impoverished citizens would make the autocrats comply with the demands of sanction-imposing countries. More modestly, some hope that the negative economic effects of sanctions weaken a regime’s future military potential, even if the target country

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<sup>7</sup> Rowe (1993) describes the case of Rhodesia’s extensive responses to sanctions.



does not comply. We argue that such expectations are inflated for at least three reasons.

1. True, if a sufficiently large fraction of citizens in the target country resists the government, the government might change course, and everybody would profit from the increased economic welfare. However, resistance is both costly and risky for individual citizens. As the benefits of an unsanctioned economy are gained by all citizens, resistance against an autocratic regime is a typical public good (see, e.g., Apolte 2021 on the political economy of mass-protests and revolutions). Therefore, resistance against autocratic regimes is rare, be it with or without sanctions. While the negative economic impacts can be pronounced, the mechanisms that could induce a citizens' backlash against the target regime are further weakened as sanctions shift power from the citizens to this regime. Sanctions and concomitant economic deprivation make it more difficult for citizens to be informed whether the reason for their deprivation is mainly a direct consequence of foreign economic sanctions or the domestic failure and corruption of their autocratic leaders. Regime propaganda will systematically blame any economic hardship on the sender countries and highlight the relevance of armament. Indeed, the association between economic deprivation and the willingness to change policy course is weak at best (Hufbauer et al. 2007).
2. Sanction-induced impoverishment further undermines citizens' abilities and incentives to protest against the target regime and overthrow it for at least three reasons: first, it becomes more repressive; second, citizens know that an autocratic regime is rarely followed by a democratic, citizen-oriented government; and third, citizens cannot be certain whether sanctions are to be lifted after a change of government, as a new government is likely to be made up of military strongmen. Indeed, what citizens can realistically expect is that the old regime will be followed by a new regime that resembles the old one in many relevant dimensions. By resisting the current regime, citizens gain almost nothing. An attempt to overthrow it may even lead to a power vacuum with total chaos, as exemplified by what happened to Libya after the death of Muammar al-Gaddafi. Such a power vacuum can be much worse for citizens than living in an impoverished state with sanctions under the old autocratic regime.
3. Eventually, military strength is associated with economic strength. However, many weapons for military conflict or adventures have already been produced and are readily available. Thus, in the short run, economic sanctions should not be expected to influence the target country's military strength. Moreover, military strength is a function of the quantity of military forces available and the quality of the arms at the regime's disposal. As argued above, the quantity of arms could even increase under sanctions. More importantly, if an autocratic regime expects its military potential to decrease in the future, it will be

incentivized to engage in military adventures while it still can. Thus, sanctions may have the perverse effect of increasing, rather than decreasing, the likelihood of broader armed conflict. Finally, even if military potential is effectively reduced eventually thanks to economic sanctions, the likelihood of military aggression itself is a function of a country's military strength and its potential to use the military. As autocrats are likely to be stabilized and strengthened due to sanctions compared to ordinary citizens, their potential to misuse the military for attacking other countries increases.

There is a relevant goal that can reasonably be achieved with economic sanctions once they are deployed. Unfortunately, this goal does not correspond to the hopes of many democratic governments that impose sanctions. The weakening of the economy and the subsequent long-run weakening of the target country's military potential can be used to defeat its regime through military means. Ultimately, this was the approach of the West in the case of Slobodan Milosevic in Serbia and Saddam Hussein in Iraq. The quick demise of Muammar al-Gaddafi was also related to military intervention. If the main goal is to make the target country less of a military threat in the long run and if there is a willingness to engage in military conflict, sender countries may reasonably expect to defeat the target militarily. In this case, sanctions regain a martial flavor and serve as a complementary tool to warfare.

## 4 Alternatives to Sanctions

If the main goal of sanctions is not to weaken the target country to overthrow its regime with military force in the future, and if sanctions tend to strengthen the autocratic regimes' power over citizens, the question of whether there are better alternatives to economic sanctions gains prominence. We see at least three nonexclusive instruments and one general policy choice.

1. A promising alternative to sanctions consists of actively destabilizing an autocratic regime. This can be achieved by expanding, rather than restricting, the scope of action of the members and loyalists of the target regime. For example, they could be offered protection by democratic countries if they leave the target country and disclose important information about the regime's actions and intents. Such information could help clarify the facts and gain further knowledge about its actual intents and inner workings. In the case of a military adventure by the regime, the information gained might help convict those guilty of war crimes in legal proceedings before international courts. To incentivize the members and loyalists of the regime to cooperate with the

sanction-imposing countries, a fraction of the wealth that they have accumulated under the regime should be legalized and they could be immunized to some extent from further persecution, or they can be given reduced sentences in case of conviction. This alternative strategy to sanctions has similarities with chief witness protection and leniency programs, which have been successful in the fight against organized criminal entities, such as the Mafia. As autocratic regimes tend to have Mafia-like structures, such an alternative may also be effective in fighting them.

2. Although free trade does not automatically induce democratization or regime change, restricting trade with sanctions has the potential of strengthening the regime. Thus, trade opportunities should remain open for non-state affiliated firms. This would strengthen their owners' positions against the regime. More importantly, emigration of people who are particularly relevant to the target regime can be actively encouraged rather than restricted. Their opportunities for travel and other forms of exchange should therefore be expanded. This allows them to "vote with their feet" against the regime and incentivizes them to compare their opportunities at home and abroad which makes them more critical of the regime. Autocrats and their entourage are dependent on the most talented minds, who have no attractive alternatives to aligning with the regime. Thus, as soon as credible emigration options are available, they will be taken up. A genuine exit alternative also promotes the courage of citizens to voice critique. In that sense, democratic action or activity in opposition and exit opportunities complement each other. If raising one's voice against the regime is unsuccessful or leads to prosecution, one can emigrate. Indeed, emigration opportunities may also strengthen the opposition forces, as being in exile has often been a fruitful ground for them. A special exit offer could be made to a specific group of potential emigrants. For instance, military officers could be given work opportunities abroad and the possibility of establishing a new existence. Officers usually tend to be a qualified and versatile subset of the population. Thus, their emigration could be supported with offers of training for new professions.<sup>8</sup> Their associated disarmament would greatly weaken the target regime's military strength and influence its public perception negatively. Consequently, any army would be substantially weakened, even if only a small fraction (e.g., 10%) of officers would choose to emigrate to obtain a safer and more attractive profession abroad.

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<sup>8</sup> We would even suggest considering paying officers a monthly allowance after becoming civilian professionals instead of military men. As average incomes tend to be low in countries against which the European Union or the United States currently use sanctions, such a disarmament allowance can quickly correspond to the wages of several years in the target country.

3. A very polite form of weakening a regime's military strength is to offer an exit option to its troops who are active in military conflict and those deployed outside the country once they become prisoners of war. The logic of this strategy is as follows: Instead of imposing sanctions, the West might offer to all parties of the respective conflict to host their prisoners of war to ensure that they are treated to the highest standards of humanity. If Western countries have a better reputation than the conflicting parties for sticking to such promises, this offer allows the attacked country to make credible promises to the soldiers of the attacking regime that they would not be mistreated when capitulating, which would incentivize them to do so. As the soldiers of the attacking regime are usually less motivated than those of the defending country, the offer would asymmetrically reduce the combat strength of the target regime's military.
4. While there is no single, foolproof way to weaken an autocratic regime, a silver bullet would be to systematically strengthen sanction-imposing countries while trying to weaken the target regime. However, this requires a rational cost-benefit analysis. In the past, the target countries were typically much smaller in terms of economic potential (as measured by total gross domestic products) than sanction-imposing countries. For example, the economies of Iran, Syria, and North Korea combined do not even represent one percent of the joint economic output of the European Union, the United States, and the United Kingdom. Thus, the economic costs of sanctions to the senders have been limited and infrequently discussed. However, sanctions may lead to relevant costs for the senders in terms of GDP losses. Take the case of sanctions against Russia and Russian countersanctions, which may cost Western economies several percentage points of their economic outputs. If sanctions were not used, economic output would most likely be higher. In the case of recent sanctions against Russia, suppose that these reduced the West's economic output by 2%, then this corresponds to an annual loss of about US\$800 billion for the European Union, the United States, and the United Kingdom combined. If that money were spent on rearmament in the West and weapons for the Russian regime's foes in Ukraine, the additional expenditure alone would exceed past annual Russian arms spending by over 10 times. Such military provisions would probably be much more effective in keeping the Russian regime in check than economic sanctions.

A systematic approach to self-strengthening in the presence of foes can be more sensible than imposing sanctions against them. This holds especially true, given the current and prospective situation in the world. As explained above, the benefits of sanctions in terms of weakening an autocratic regime are questionable. The costs of using sanctions against a larger enemy are relevant in that sanctions may

be difficult to use repeatedly. Rather, the West may need a general increase in its deterrent power; otherwise, new threats and attacks will soon come from known and unknown adversaries.

## 5 Conclusions

We outlined ten elementary political-economic arguments for why sanctions can strengthen autocratic regimes. Essentially, economic sanctions negatively affect the economy of the target country. However, the ensuing economic losses mainly burden the citizens and partly benefit the autocrats, such that the former becomes more dependent on the latter, further stabilizing the target regime.

Due to political-economic mechanisms, political expectations about the effects of sanctions are likely inflated. While sanctions may serve expressive and demonstrative purposes (Kaempfer and Lowenberg 2007), their effects may be contrary to the desired outcomes. The empirical evidence of their effectiveness and success is mixed at best and depends on what one defines as the political goals of sanctions.<sup>9</sup> However, this vagueness gives an immense leeway to politicians in sender countries who are not likely to admit that their sanctions failed. In other words, if sanctions were a type of vaccine to achieve a certain positive health effect, such a vaccine would most likely not be taken up.

We think that our political-economic arguments complement past and current debates on sanctions. Certainly, sanctions can be effective in some instances. Hufbauer et al. (2007) highlighted numerous policy lessons from their broad exploration of sanctions. They argued that expectations about what sanctions can achieve should not be inflated, that friends are more likely to comply than foes, and that autocratic regimes are less likely to be convinced by sanctions than democratic governments. From our political-economic analysis, we warn of sanction naiveté, which seems to be common in political debates in the West. As we have argued, sanctions can easily have perverse effects. Thus, they should be considered a complementary tool to present or future military actions against the target country, rather than a substitute. However, if military action is not envisaged, we suggest alternatives to sanctions that may help weaken a regime: first, by increasing emigration possibilities for the elite, including military officers, and second, by setting up a type of witness protection program for critical parts of its entourage.

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<sup>9</sup> See Felbermayr et al. (2021) for the introduction to an edited volume on “Sanctions: Theory, Quantitative Evidence and Policy Implications.”

Our analysis may be applied to the case of Russia in 2022. Clearly, the Russian economy is suffering from the current round of sanctions, even if the Kremlin's cherry-picked statements on the economy may suggest otherwise. In fact, Sonnenfeld et al. (2022) provided a first broad analysis documenting an exodus of over a thousand global companies, a collapse of imports, shortages of major import parts, financial market turmoil, and so on. They also highlighted that the Russian economy is badly hit due to capital controls and credit rationing. All of these are the expected economic effects of sanctions. However, the aggression of the Russian regime against Ukraine has not ended as of this writing and Europe is likely to fall into recession. In Russia, there is no major opposition, even though partial mobilization has been used to augment military losses on the battlefield. The regime controls large aspects of Russian life and has gained more power internally, even as the current head, Vladimir Putin, might be threatened by other figures internally due to military squandering. A fundamental change of regime or its course does not seem likely. In this sense, the sanctions of the West worked as expected, as they successfully weakened the Russian economy. However, they inadvertently strengthened the Russian regime vis-à-vis its power over its citizens.

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