

# International Journal of Law Research, Education and Social Sciences

Open Access Journal – Copyright © 2026 – ISSN 3048-7501  
Editor-in-Chief – Prof. (Dr.) Vageshwari Deswal; Publisher – Sakshi Batham



This is an Open Access article distributed under the terms of the Creative Commons Attribution-Non-Commercial-Share Alike 4.0 International (CC-BY-NC-SA 4.0) License, which permits unrestricted non-commercial use, distribution, and reproduction in any medium provided the original work is properly cited.

---

## Between Coercion and Diplomacy: Assessing the Role of Sanctions in Modern Geopolitics

Saihaj Kaur<sup>a</sup>

<sup>a</sup>National Law University, Jodhpur, India

Received 02 May 2026; Accepted 01 June 2026; Published 04 June 2026

---

*Economic sanctions have shifted from ancillary trade restrictions that foreshadowed or accompanied war to the primary non-military instrument of coercive statecraft in the twenty-first century. Tracing their evolution from early commercial blockades through the League of Nations, the UN Charter framework, the post–Cold War ‘sanctions decade,’ and the rise of financial warfare, this article examines the unresolved tension between sanctions as tools of diplomatic resolution and as weapons of economic domination. It argues that while sanctions are framed as lower-cost, lower-risk alternatives to kinetic force, their strategic efficacy is systematically undermined by severe humanitarian impacts and accumulating geopolitical backlash. Using a qualitative comparative case study of Iran and Venezuela, and drawing on institutional reports, economic data, and public health evidence, the article distinguishes between effectiveness (goal-attainment) and efficiency (cost–benefit) in sanctions design and outcomes. It shows how weaponised interdependence, financial over-compliance, and ‘rally-round-the-flag’ effects often entrench authoritarian regimes, incentivise the construction of parallel economic blocs, and erode the normative legitimacy of sender states. The article concludes that without binding humanitarian safeguards, clearer objectives, and genuinely multilateral procedures, contemporary sanctions risk transforming a putatively rules-based order into one perceived as a regime of coercive economic governance rather than law-bound diplomacy.*

**Keywords:** *economic sanctions, coercive diplomacy, financial warfare, weaponised interdependence, humanitarian impact.*

## INTRODUCTION

**The Evolution of Sanctions from ‘Silent Wars’ to Primary Tools of 21st-Century Statecraft:** Economic sanctions have become the ‘silent weapon’ of contemporary international relations, reshaping power dynamics without the use of military force. The practice is not new: its antecedents can be traced back to the Greeks, such as Pericles’ Megarian Decree of 432 BC, which limited trade in response to territorial expansion.<sup>1</sup> For centuries, such measures were not independent policies but were instead viewed as actions that ‘foreshadowed or accompanied warfare.’<sup>2</sup> In the nineteenth century, this evolved into the practice of ‘*pacific blockades*,’ in which dominant naval powers disrupted the commerce of weaker, often underdeveloped states to enforce debt repayment or settle disputes without a formal declaration of war. The first such blockade in 1827 ended in a violent naval battle, illustrating that even then, the line between economic pressure and kinetic conflict was often blurred.

It was only after the aftermath of World War I that the international community began to give extensive attention to the notion that economic sanctions might substitute for armed hostilities as a standalone policy. The Covenant of the League of Nations codified this in Article 16, authorising collective economic action against states that resorted to war. The League experienced early successes against smaller powers, but its failure to deter the 1935 Italian invasion of Ethiopia exposed the limitations of the era’s sanctions framework. Following World War II, the United Nations Charter established a more structured framework under Chapter VII, granting the Security Council broad powers to determine threats to peace and decide upon ‘measures not involving the use of armed force’.

The post-Cold War period marked the true emergence of sanctions as the primary tool of statecraft, a decade often referred to as the ‘Sanctions Decade’ due to the proliferation of multilateral measures against regimes like Iraq and Yugoslavia. This evolution was further accelerated by the 9/11 attacks, which ushered in an era of ‘financial warfare’ where governments

---

<sup>1</sup> Tadeáš Pala, 'The Effectiveness of Economic Sanctions: A Literature Review' (2021) 14(1) NISPAcee Journal of Public Administration and Policy <<https://cdn.researchprospect.com/literature-review/Narrative/Masters/Economics/Effectiveness-of-Economic-Sanctions.pdf>> accessed 28 April 2026

<sup>2</sup> Lance Davis and Stanley Engerman, 'History Lessons: Sanctions – Neither War nor Peace' (2003) 17(2) Journal of Economic Perspectives <<https://www.aeaweb.org/articles?id=10.1257/089533003765888502>> accessed 28 April 2026

leveraged the gateways of the global financial system to disrupt terrorist infrastructure.<sup>3</sup> Today, the use of economic sanctions has surged ninefold since the start of the 21st century, with the United States managing over two dozen distinct regimes and the European Union increasingly viewing them as its ‘most powerful foreign policy tool.’<sup>4</sup> We are now witnessing the ‘weaponisation of trade,’ where economic statecraft has largely replaced traditional military confrontation in the projection of global influence. Sanctions have moved from a niche diplomatic lever to a permanent, dominant feature of the modern geopolitical landscape.

**The Inherent Tension Between Using Sanctions as Coercive Geopolitical Weapons versus Instruments for Diplomatic Resolution:** The inherent tension at the heart of modern geopolitics lies in the dual identity of economic sanctions as both weapons of coercion and instruments for diplomatic resolution. While they are theoretically positioned as a ‘lower-cost, lower-risk’ course of action between diplomacy and war, their application often functions as a form of ‘economic imperialism’ that punishes nations for defying established power norms. A fundamental ‘paradigmatic discord’ exists in academic and policy circles regarding the very purpose of these measures: the clash between ‘punish’ and ‘comply’ narratives. Proponents argue that sanctions are intended to induce compliance with international norms or to deter military aggression. Yet, in practice, the transition from a diplomatic signal to a coercive weapon often complicates international crises.<sup>5</sup>

This tension is reflected in the international legal framework, where the Security Council has the authority to implement binding multilateral sanctions, yet the rise of ‘extraterritorial’ or secondary sanctions<sup>6</sup> by individual powers is frequently condemned as a violation of state sovereignty. Critics point out that while military warfare is governed by the rigorous standards of International Humanitarian Law (IHL), economic sanctions operate in a legal ‘blind spot,’ regulated by rules on inter-state countermeasures that lack essential humanitarian

<sup>3</sup> ‘What Are Economic Sanctions?’ (*Council on Foreign Relations*) <<https://www.cfr.org/backgrounders/what-are-economic-sanctions>> accessed 28 April 2026

<sup>4</sup> Daniel Drezner, ‘Are Economic Sanctions Effective Foreign Policy Tools?’ (*Tufts Now*, 08 July 2024) <<https://now.tufts.edu/2024/07/08/are-economic-sanctions-effective-foreign-policy-tools>> accessed 28 April 2026

<sup>5</sup> Rubab et al., ‘The Weaponization of Trade: Economic Sanctions as a Tool of Modern Diplomacy’ (2025) 3(11) *Annual Methodological Archive Research*

Review <<https://amresearchjournal.com/index.php/Journal/article/view/1131>> accessed 28 April 2026

<sup>6</sup> Bright Usang, ‘The Legality of Unilateral Economic Sanctions in International Law’ (2026) SSRN <[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=6178361](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=6178361)> accessed 28 April 2026

guardrails... This creates a paradox where sanctions are described in peaceful, plumbing-related metaphors like eakages and sending/receiving, while they simultaneously produce force-like effects on civilian populations.<sup>7</sup>

Furthermore, the efficacy of sanctions is often questioned, as they are ‘poorly conceived and rarely successful’ at generating regime change, with an overall success rate of only about one-third. There is also a persistent ‘sanctions paradox,’ where measures are more frequently applied against adversaries who are less likely to back down, yet are statistically more effective when used against allies. This strategic stagnation leaves underlying conflicts in a state of stagnant tension. The problem is compounded by a lack of terminological consensus, where many authors fail to distinguish between the ‘effectiveness’ of achieving goals and the ‘efficiency’ of a cost-benefit ratio. As trade evolves from a vehicle of cooperation into an instrument of strategic coercion, the boundary between economic diplomacy and warfare continues to blur, reshaping the international system into one characterised by strategic rivalry.

**The Efficacy of Sanctions Undermined by Humanitarian Impacts and Geopolitical Backlash:** Although economic sanctions are frequently framed by policymakers as peaceful and humanitarian alternatives to kinetic conflict, their actual role in modern geopolitics is profoundly undermined by severe unintended humanitarian impacts and long-term geopolitical backlash. The shift toward ‘smart’ or ‘targeted’ sanctions was intended to protect innocent civilians, but evidence indicates that broad economic dislocation remains a persistent outcome. Systematic health reviews in low- and middle-income countries have identified consistently adverse effects on public health systems, including increased infant mortality and severe shortages of vital pharmaceuticals.<sup>8</sup> In cases like Venezuela and Iraq, sanctions have transformed economic instability into full-scale humanitarian catastrophes, described by some observers as a form of ‘silent killing.’

---

<sup>7</sup> Nathanael Tilahun and Obiora C Okafor, "Humanizing" Economic Sanctions? Lessons from International Humanitarian Law' (*Yale Journal of International Law Online*, 14 June 2024) <<https://yjil.yale.edu/posts/2024-06-14-humanizing-economic-sanctions-lessons-from-international-humanitarian-law>> accessed 28 April 2026

<sup>8</sup> Matteo Pinna Pintor et al., 'The impact of economic sanctions on health and health systems in low-income and middle-income countries: a systematic review and narrative synthesis' (2023) 8(2) *BMJ Global Health* <<https://pubmed.ncbi.nlm.nih.gov/36759018/>> accessed 28 April 2026

Furthermore, sanctions often produce a ‘rally round the flag’ effect; authoritarian leaders successfully frame external economic pressure as ‘external aggression,’ allowing them to mobilise the population against the sender state and stigmatise domestic opposition as a ‘fifth column.’ This manipulation often strengthens the government’s grip on power rather than facilitating the desired political shift. On a global level, the ‘weaponisation of the U.S. dollar’ and the removal of nations from financial systems like SWIFT have prompted a significant geopolitical realignment. Rival powers are increasingly incentivised to search for alternatives to the dollar-dominated financial system, potentially diminishing the very financial leverage that senders rely upon.

The phenomenon of ‘financial overcompliance’ further complicates matters, as risk-averse banks refuse even legal humanitarian transactions, effectively ‘toxifying’ the entire economy of the target nation.<sup>9</sup> Additionally, targeted states often adapt through rational but socially harmful strategies, such as entrance into criminal or informal economies, which further erode the social fabric. If used carelessly, sanctions risk destroying the moral authority of Western nations and driving the global community toward a fragmented order immune to economic leverage. In conclusion, while sanctions remain a preferred diplomatic tool, their reliance on coercion over genuine diplomacy frequently results in market disruptions and humanitarian crises that compromise the international order they were meant to defend.

## **LITERATURE REVIEW: BETWEEN COERCION AND DIPLOMACY**

**Scope, Significance, and Central Tension:** Economic sanctions have transitioned from a niche diplomatic lever to the tool of choice for addressing the most complex geopolitical challenges of the twenty-first century. Once described in historical contexts as ‘silent wars,’ these measures have evolved into the primary mechanism through which governments respond to threats ranging from international terrorism and nuclear proliferation to large-scale military invasions.<sup>10</sup> The significance of this tool is underscored by its proliferation: the use of economic

---

<sup>9</sup> Francisco Rodríguez, ‘Sanctions, Economic Statecraft, and Venezuela’s Crisis’ (*Council on Foreign Relations/AHSR Project*, 02 January 2022) <<https://ahsrproject.org/2022/01/01/sanctions-economic-statecraft-and-venezuelas-crisis/>> accessed 28 April 2026

<sup>10</sup> Rattandeep Singh et al., ‘Sanctions As The New Age Weapon: Redefining Warfare Through Economic Dominance’ (2025) 3(1) IJLSSS <<https://ijlsss.com/sanctions-as-the-new-age-weapon-redefining-warfare-through-economic-dominance/>> accessed 28 April 2026

sanctions has surged over ninefold between 2000 and 2021, with the United States alone managing more than two dozen distinct regimes.

The central tension in the literature lies in the paradigmatic discord regarding whether sanctions function as instruments for diplomatic resolution or as coercive weapons of economic warfare. In academic and policy circles, a fundamental dispute persists over the purpose of these measures: the clash between ‘punish’ and ‘comply’ narratives. Proponents of liberal institutionalism frame sanctions as a peaceful alternative to kinetic war, intended to enforce international norms and penalise human rights violations. Conversely, realist scholars view them as ‘silent weapons’ used to restructure global power and project influence through economic dominance. This literature review synthesises existing research to evaluate how this tension shapes modern statecraft and the international order.

### **THEORETICAL FOUNDATIONS: REALISM VS LIBERAL INSTITUTIONALISM**

The academic discourse on international coercion is deeply rooted in the competing traditions of Realism and Liberal Institutionalism.

**Realism and Coercive Statecraft:** From a realist perspective, economic sanctions are viewed as tools of power projection. Scholars such as Robert Pape argue that sanctions are primarily coercive, designed to ‘lower trade to coerce the target government to change its political behaviour.’ This school of thought treats trade not as a vehicle for cooperation but as a ‘weapon’ that can be withheld to weaken an adversary’s aggregate economic potential and military capability. Realists emphasise the asymmetry of power, noting that the most effective sender is typically a geopolitical superpower in a prosperous condition that can afford the commercial sacrifice required to inflict disproportionate pain on a smaller adversary.

**Liberal Institutionalism and Collective Security:** In contrast, Liberal Institutionalism perceives sanctions as a humanitarian alternative to war, rooted in the tradition of maintaining a rules-based international order. Institutional frameworks, such as the UN Charter, specifically Chapter VII (Article 41), authorise the Security Council to employ non-military measures to maintain or restore international peace. In this view, sanctions are norm-enforcement tools. However, scholars like Nathanael Tilahun and Obiora Okafor point out a legal ‘blind spot’: while military warfare is governed by International Humanitarian Law (IHL),

sanctions are regulated by inter-state countermeasures rules (ARSIWA) that lack robust humanitarian guardrails for protecting civilians.

## **HISTORICAL OVERVIEW: FROM THE LEAGUE OF NATIONS TO ‘SMART’ SANCTIONS**

The historical evolution of sanctions reflects a transition from measures that ‘foreshadowed or accompanied warfare’ to independent instruments of statecraft.

**The Era of Pacific Blockades:** In the nineteenth century, sanctions frequently took the form of ‘pacific blockades,’ where naval powers interrupted the commerce of smaller nations to compel debt repayment without a formal declaration of war. The first formal institutionalisation of collective action appeared in Article 16 of the Covenant of the League of Nations (Institutional), which authorised economic and military action against states that resorted to war.<sup>11</sup> The League’s failure to deter the 1935 Italian invasion of Ethiopia exposed the fragility of this framework.

**The UN Charter and the ‘Sanctions Decade’:** The post-WWII era established a more robust mechanism under the UN Charter, though the Security Council used its sanctioning power only twice between 1945 and 1990 against Rhodesia and South Africa.<sup>12</sup> The 1990s, however, became known as the ‘Sanctions Decade’ due to the proliferation of multilateral measures against regimes like Iraq and Yugoslavia. This period marked a critical turning point; the devastating humanitarian impact of comprehensive embargoes, such as the reported deaths of 500,000 children in Iraq due to shortages of medicine, ignited an ethical crisis.

**The Rise of ‘Smart’ and Financial Sanctions:** In response to these humanitarian failures, policymakers shifted toward ‘smart’ or ‘targeted’ sanctions, such as asset freezes and travel bans, designed to surgically impact elites while minimising collateral damage to the general population. Following the 9/11 attacks, this evolved into ‘financial warfare’. The U.S. government began leveraging the global financial system, using labels like ‘primary money laundering concern’ (e.g., Banco Delta Asia) to induce international banks to sever ties with

---

<sup>11</sup> Rüdiger Wolfrum, *Max Planck Encyclopedia of Public International Law* (Oxford University Press 2011)

<sup>12</sup> *UN Sanctions* (Security Council Report, 2013)

rogue actors. This strategy shifted the focus from government policy decisions to the ‘risk-based compliance calculus’ of financial institutions.

### **EVALUATING EFFICACY: THE SUCCESS DEBATE AND TARGET ADAPTATION**

Despite their popularity, the empirical efficacy of sanctions remains a subject of intense debate, characterised by the ‘sanctions paradox’.

**The Success Rate:** Gary Hufbauer and colleagues identified a success rate of approximately one-third across hundreds of cases. Sceptics like Robert Pape argue the rate is as low as 5% when excluding cases that culminated in military force. Preliminary data from the Targeted Sanctions Consortium indicate that UN targeted sanctions are most effective at signalling (43%) but least effective at coercing targets into behaviour changes (13%).

**The Sanctions Paradox:** Daniel Drezner highlights that sanctions are more frequently applied against adversaries who are least likely to back down, yet they are statistically more effective when used against allies who already have close economic relations with the sender.

**Adaptation and ‘Black Knights’:** The efficacy of sanctions is often undermined by the target’s ability to adapt. Maarten Smeets and Daniel Drezner note that targeted countries often develop trade relations with ‘third parties’ or ‘black knights’ (e.g., China’s support for North Korea or Russia’s trade spikes with the UAE and Central Asia) to bypass restrictions. Sanctioned states may also pursue ‘import substitution’ or autarky (e.g., Russia’s ‘anti-sanctions’ or South Africa’s industrialisation) to foster domestic economic sovereignty. In Russia, the economy grew by 3.6% in 2023 despite a barrage of Western penalties, demonstrating a high degree of resilience.

### **HUMANITARIAN AND SOCIO-LEGAL IMPACT: THE ‘SILENT KILLING’**

Institutional observations and systematic reviews demonstrate that sanctions frequently result in disproportionate harm to vulnerable populations.

**Systematic Health Deterioration:** A systematic review in *BMJ Global Health* detects consistently adverse effects on health systems in low and middle-income countries, including increased infant mortality and undernutrition.

**Financial Overcompliance and Toxification:** Francisco Rodríguez documents how the ‘toxification’ of economic relations and financial overcompliance, where banks refuse even legal transactions to avoid risk, led to the death of children in Venezuela when funding for transplant surgeries was blocked. UN Human Rights Chief Michelle Bachelet confirmed that such overcompliance negatively impacts public services at all levels.

**Psychosocial Trauma:** Sanctions exert profound effects on the public mood, often leading to ‘psychosocial trauma’ and a generalised ‘psychosocial disgust’. This environment encourages individually rational but socially harmful coping strategies, such as migration or entrance into informal/criminal economies.

### **IDENTIFICATION OF THE ‘GAP’**

Existing literature on economic sanctions is characterised by several significant methodological and conceptual gaps that this research addresses.

**The Attribution Problem:** A major methodological gap is the difficulty of isolating the specific impact of sanctions from coinciding factors like armed conflict, falling oil prices, or domestic mismanagement. Most research identifies correlations but fails to decisively settle causality issues in single-country interventions (the Single Event problem). There have been no serious attempts to estimate the relative effect of sanctions compared to other causes.

**Conceptual and Semantic Inconsistency:** There is a persistent lack of terminological consensus. Many authors fail to distinguish between ‘effectiveness’ (achieving goals) and ‘efficiency’ (cost-benefit ratio), leading to confusing and non-comparable findings.

**Humanitarian Legal ‘Blind Spot’:** A critical gap exists in international legal analysis regarding the failure to transpose IHL principles (distinction and proportionality) into sanctions regulation. Current regimes operate with scant humanitarian guardrails and lack mechanisms for prospective health risk assessments.

**The Under-researching of Geopolitical Backlash:** While the economic impacts are well-documented, the long-term geopolitical consequences, such as the creation of parallel economic blocs and the erosion of Western financial leverage, require more systemic conceptualisation.

## **SYNTHESIS: WEAPONIZED INTERDEPENDENCE AND GEOPOLITICAL BACKLASH**

In light of the gaps identified, this review concludes that the transition from trade as a vehicle for cooperation to an instrument of coercion has fundamentally reshaped the international system. Weaponised Interdependence: Modern statecraft relies on the ‘weaponisation of interdependence,’ where global economic networks such as the U.S. dollar, the SWIFT messaging system, and international clearinghouses like Euroclear are used as strategic choke points. The freezing of \$330 billion in Russian central bank assets represents the zenith of this trend.

**The Rally Round the Flag Effect:** Sanctions often backfire by providing authoritarian regimes with an external enemy, allowing them to stigmatise domestic opposition as a ‘fifth column’ and mobilise public opinion against ‘external aggression’. In countries like Cuba, Venezuela, and Iran, this manipulation has often strengthened the government’s grip on power.

**Geopolitical Realignment:** Aggressive weaponisation of the dollar creates a sense of fear among other nations, incentivising them to search for alternatives to the dollar-dominated system. This carries the long-term risk of diminishing the very financial leverage that senders rely upon. Furthermore, sanctions are driving rivals like Russia, Iran, North Korea, and China closer together, potentially creating a parallel economic bloc immune to Western leverage.

This study addresses these gaps by evaluating the cumulative and reverberating effects of sanctions that static assessments overlook. By moving beyond narrow measures of efficiency, this paper assesses the strategic utility of sanctions within a broader geopolitical context. While economic sanctions are often framed as peaceful alternatives to kinetic war, their efficacy is frequently undermined by unintended humanitarian impacts and geopolitical backlash. This research argues that unless the international community adopts more ethical, multilateral, and transparent mechanisms, including binding humanitarian exemptions and rigorous impact monitoring, sanctions risk destroying the moral authority of the international order they were meant to defend.

## METHODOLOGY

This research employs a qualitative comparative case study approach to investigate the multifaceted role of economic sanctions in modern geopolitics. The methodological design is necessitated by the inherent complexity of sanctions, where universally valid metrics for measuring effectiveness remain elusive due to the inability to compare events across history without accounting for unique political and social contexts. While quantitative statistical methods are useful for identifying broad correlations, they often struggle to decisively settle causality and attribution issues in single-country interventions. By utilising a case study framework, this paper attempts to go beyond narrow measures of efficiency to provide a historically contingent analysis of how sanctions interact with diplomatic objectives and humanitarian realities.

## COMPARATIVE CASE STUDY APPROACH

The study selects two contrasting cases to illustrate the divergence between sanctions intended to facilitate diplomatic resolution and those that contribute to prolonged economic destabilisation.

**Case Study 1: Iran and Strategic Constraint:** Iran is selected to analyse a sanctions regime that experienced a period of significant diplomatic utility followed by strategic adaptation and unravelling. The primary intention of multilateral and U.S. sanctions, particularly between 2006 and 2015, was to constrain Iran’s nuclear and ballistic missile capabilities and compel it to return to the international non-proliferation framework. This research focuses on the 2012–2015 period as a window of ‘success,’ during which intense economic pressure facilitated the Joint Comprehensive Plan of Action (JCPOA). However, the case also illustrates the limits of constraint; following the U.S. withdrawal from the agreement in 2018, the subsequent ‘Maximum Pressure’ campaign failed to achieve further policy alterations, leading to Iran’s strategic adaptation and its eventual advancement of uranium enrichment to near-weapons-grade levels. This case demonstrates that while sanctions can achieve temporary constraint, their long-term efficacy is often undermined by shifts in the political resolve of the sanctioning parties.

**Case Study 2: Venezuela and Prolonged Destabilisation** Venezuela serves as a contrasting case where sanctions have contributed to a hurting stalemate and one of the largest

peacetime economic contractions in modern history. Unlike the targeted non-proliferation goals in Iran, sanctions in Venezuela were often aimed at destabilising autocratic elites and facilitating regime change objectives that the literature identifies as having a much lower probability of success. This case illustrates the phenomenon of ‘economic toxification’ and the severe humanitarian spillovers that occur when broad sectors of a national economy, such as the oil industry, are targeted by a superpower.

- **Data Sources and Collection:** To ensure a comprehensive analysis, this research synthesises data from three primary streams:

**Official Institutional and Government Reports:** The study relies heavily on UN Security Council resolutions and the findings of Subsidiary Bodies of Sanctions Committees (SBSCs), such as Panels of Experts (PoEs). These reports provide essential data on sanctions violations, ‘naming and shaming’ of non-compliant actors, and the evolution of designation criteria. Additionally, U.S. Presidential Executive Orders and government reviews from the Department of the Treasury are utilised to determine the stated intentions of the sanctioning party.<sup>13</sup>

**Economic and Trade Data:** Quantitative assessments of economic impact are drawn from OPEC secondary sources, the U.S. Energy Information Administration, and Bloomberg. These sources are critical for tracking oil production declines and fluctuations in GDP growth.

**Application of the Synthetic Control Method:** This study incorporates findings from literature employing the synthetic control method, a sophisticated quasi-experimental technique used to estimate production losses. In cases like Venezuela, researchers construct a counterfactual by creating a ‘synthetic control group’, a linear combination of nonsanctioned oil producers (the ‘donor pool’) that accurately approximates the pretreatment characteristics of the target country, such as GDP per capita, refining capacity, and oil reserves. By comparing the natural logarithm of oil production between the synthetic group and the actual target, studies estimate the volume of production lost specifically to sanctions rather than other external shocks.

---

<sup>13</sup> Radhika Kapoor, *A Primer on Subsidiary Bodies of Sanctions Committees Established by the UN Security Council* (HLS PILAC, 2024)

**Human Rights and Health Assessments:** To evaluate unintended consequences, the research draws from WHO-sponsored evidence reviews, UN Human Rights Office (OHCHR) reports, and systematic reviews in medical journals. These data points are essential for documenting spikes in infant mortality, undernutrition, and the breakdown of healthcare systems due to financial overcompliance. The study acknowledges the challenges of data scarcity and the potential for targeted governments to manipulate information to inflate humanitarian costs, requiring a preponderance of evidence standard rather than definitive proof of unicausal effects.

### **ANALYTICAL FRAMEWORK: CRITERIA FOR MEASURING SUCCESS**

The study evaluates sanctions through a multidimensional framework that distinguishes between effectiveness (achieving goals) and efficiency (the cost-benefit ratio).

**Policy Change:** The primary criterion for success is the ability to achieve the goals predetermined at the beginning of the process. This includes whether the target complies with specific international demands, such as modifying internal policies or returning to negotiations.

**Deterrence and Constraint:** Success is also measured by the ‘constrain’ function, the ability of sanctions to physically limit a target's capacity to engage in military aggression or nuclear development by withholding dual-use technologies.

**Conflict Mitigation vs Backlash:** The framework assesses whether sanctions foster a negotiated settlement or trigger a ‘rally round the flag’ effect.

**Humanitarian Thresholds:** Finally, a sanctioning regime is considered to have a diminished strategic utility if its ‘success’ in coercing behaviour is outweighed by irreparable harm to civilian populations, such as the death of children or the destruction of essential public infrastructure.

**Research Design Limitations:** It is necessary to recognise the inherent limitations of this research design. First, qualitative case studies cannot generate statistically generalizable findings; the unique historical, cultural, and political variables of Iran and Venezuela mean that outcomes observed here may not be replicated in other contexts. Second, the two-case design limits the scope of the conclusions; these findings are intended to be illustrative of broader trends in 21st-century statecraft rather than universal laws of international relations.

Finally, the researcher's positionality must be considered. The analytical lens applied here may carry implicit assumptions that prioritise state security and norm-enforcement over civilian harm. To mitigate this bias, this study adheres to a 'preponderance of evidence' standard, weighing institutional reports from neutral bodies like the WHO and OHCHR equally alongside national security assessments. This dual focus allows for a more rigorous evaluation of the trade-offs between coercive geopolitical weapons and humanitarian safeguards.

## **ANALYSIS OF ECONOMIC COERCION**

**Sanctions as Geopolitical Weapons: The Global Financial Chokehold:** Major powers, primarily the United States, have transformed the global financial system into a mechanism for coercive statecraft by leveraging structural dominance over trade and currency. With the U.S. dollar accounting for 58% of global Forex reserves and an 88% share in global trade, unilateral sanctions often become globally binding through sheer economic dependence. This modern 'financial warfare' utilises critical infrastructure, including the SWIFT messaging system and international clearinghouses like Euroclear, as strategic choke points to isolate adversaries from the global economy. Furthermore, the rise of extraterritorial or secondary sanctions allows sanctioning states to penalise third-country entities, extending their national jurisdiction beyond sovereign borders. This forces international financial institutions to prioritise a 'risk-based compliance calculus' over diplomatic neutrality, inducing them to sever ties with rogue actors to avoid crippling regulatory penalties.

**The Cost of Coercion: Humanitarian Toll and Regional Instability:** The economic impact of coercion on civilian populations is often catastrophic, leading to what observers term 'silent killing'. Although 'smart sanctions' are designed to surgically target elites, they frequently produce broad economic dislocation that systematically immiserates the most vulnerable segments of society. In Venezuela, sectoral sanctions on the oil industry contributed to a staggering 75% GDP contraction, triggering one of the largest peacetime economic collapses in history. Systematic reviews across low-income countries consistently confirm adverse effects on public health, including spikes in infant mortality and chronic undernutrition. These impacts are significantly exacerbated by 'financial overcompliance,' where risk-averse banks block even legal humanitarian payments for food and medicine to avoid perceived regulatory threats. Long-

term stability is further compromised as neighbouring states absorb the economic spillovers of trade disruptions and mass migration crises.

**Evidence of Backfiring: Strengthening Autocracy and Rival Blocs:** Coercive measures frequently prove counterproductive by triggering a psychological manipulation that allows regimes to stigmatise internal dissent as a ‘fifth column’ or ‘inner enemy,’ strengthening the government's grip on power rather than facilitating democratic reform. On a systemic level, the aggressive weaponisation of the U.S. dollar has created a ‘legitimacy crisis’ that incentivises other nations to proactively search for alternatives to dollar-dominated systems. Consequently, sanctions are driving rival powers, including Russia, China, Iran, and North Korea, into closer alignment. This realignment risks creating a parallel economic bloc that is immune to Western financial leverage, potentially fragmenting the global order and hollowing out the very rules-based system that Liberal Institutionalism originally intended to protect.

## **DISCUSSION: DIPLOMACY AND PEACE**

**Sanctions as a Diplomatic Tool: Success Scenarios:** Theoretically, economic sanctions are positioned as a lower-cost, lower-risk course of action between the poles of diplomatic censure and kinetic war. When applied with precision and linked to specific, limited demands, they have historically succeeded in altering a target's cost-benefit calculus to bring parties to the negotiating table. One of the earliest recorded successes occurred in 1921, when the League of Nations successfully used the threat of economic isolation to compel Yugoslavia to withdraw its forces and abandon territorial ambitions in Albania.

In modern history, according to the UN Sanctions Security Council report, sanctions have proven most effective when they serve as a signalling mechanism for international opprobrium or as a catalyst for negotiated reform. The 1991 Madrid Peace Conference represents a notable instance where the United States leveraged the withholding of \$3 billion in loan guarantees to induce Israeli attendance at a multilateral summit, effectively reviving the peace process. Similarly, the long-term application of multilateral sanctions against apartheid-era South Africa provided the necessary economic and moral leverage to dismantle systematic racial segregation and catalyse domestic political reform. The 2015 Joint Comprehensive Plan of Action (JCPOA) further illustrates this utility; intense multilateral economic pressure, combined with clear and verifiable demands, initially succeeded in rolling back Iran's nuclear capabilities during the 2012–2015

period. These cases confirm that sanctions are ‘at least partially successful approximately one-third of the time, provided that the demands involve modest policy changes rather than regime change or military impairment.

### **COMPARATIVE ANALYSIS: WHY SOME SANCTIONS LEAD TO PEACE OR ENTRENCHED CONFLICT**

The divergence between sanctions that facilitate peace and those that lead to entrenched conflict is driven by three critical variables: the clarity of objectives, the degree of multilateral consensus, and the target’s capacity for strategic adaptation.

**Multilateralism vs Unilateralism as a Causal Variable:** A primary determinant of success is whether sanctions are multilateral or unilateral. Multilateral sanctions, particularly those authorised under Article 41 of the UN Charter, carry the legitimacy of international consensus and are theoretically binding for all member states. In contrast, unilateral measures, such as those frequently deployed by the United States, suffer from a legitimacy crisis and are often viewed as politicised extensions of national power.<sup>14</sup> From a causal perspective, success rates are higher when more nations are involved in the coalition because it eliminates ‘black knights’, which are third-party states like China or Russia that provide alternative markets for exports and imports. While the U.S. can leverage its dominance of global trade (88% share) and the dollar (58% of reserves) to make its unilateral sanctions globally binding, this lack of collective approval often results in systemic non-compliance and regional resentment.

**Case Study: Venezuela and the Trajectory of Destabilisation:** The case of Venezuela serves as the primary modern illustration of a sanctions regime that resulted in prolonged economic destabilisation rather than diplomatic resolution. Since 2017, the United States has deployed an escalating barrage of measures: August 2017 financial sanctions barring new debt, January 2019 primary oil sanctions on PDVSA, and early 2020 secondary sanctions on foreign partners like Rosneft. The stated objectives were maximalist: ‘destabilise autocratic political elites,’ restore constitutional order, and facilitate regime change.

---

<sup>14</sup> Devika Hovell, 'Fifteen Years of the UN Ombudsperson: Due Process as Competitive Advantage' (*EJIL: Talk!*, 23 September 2025) <<https://www.ejiltalk.org/fifteen-years-of-the-un-ombudsperson-due-process-as-competitive-advantage/>> accessed 28 April 2026

The outcome has been one of the largest peacetime economic contractions in modern history, with a GDP contraction of 74.3% and standards of living falling by over 70% between 2012 and 2020. Unlike the JCPOA window in Iran, sanctions in Venezuela failed to extract concessions because they presented the target with a choice in which complying was more costly than the status quo. By threatening Maduro and his elites with international criminal prosecution and ‘narcoterrorism’ charges while simultaneously demanding they relinquish power, the sanctions eliminated any incentive for a negotiated exit. This demonstrates the ‘sanctions paradox’: measures are most frequently applied against adversaries who are least likely to back down because they fear that any concession will be followed by future threats.

**Target Adaptation and Psychological Backlash:** As mentioned before, entrenched conflict is further fueled by the ‘rally round the flag’ effect.

#### **ETHICAL CONSIDERATIONS: ACCOUNTABILITY VS HUMANITARIAN DUTY**

The most profound ethical challenge is the clash between the ‘punish’ and ‘comply’ narratives. While intended to enforce international law, the reality of broad economic restrictions often results in ‘silent killing,’ which is a disproportionate impact on the most vulnerable segments of a population.

**Qualifying the Humanitarian Toll:** The humanitarian impact of comprehensive measures is most visible in the ‘Sanctions Decade’ of the 1990s. In Iraq, a widely cited UNICEF report suggested the deaths of 567,000 children were linked to the absence of medicine and food, a figure that remains contested in subsequent scholarship regarding its absolute magnitude and attribution. Nevertheless, the consensus persists that sanctions consistently produce adverse health effects, including increased infant mortality and chronic undernutrition in low and middle-income countries.

**Design Flaws: Overcompliance and the Recognition Problem:** Modern ‘targeted’ sanctions are often undermined by specific design flaws that cause spillovers into the humanitarian sector. A primary flaw is the use of broad ‘material assistance’ clauses, which create such high reputational and regulatory risks that banks ‘toxify’ the entire target economy through financial overcompliance.

As suggested by Rodriguez, in Venezuela, this overcompliance led to the death of 14 children awaiting transplant surgeries, despite the existence of humanitarian licenses. This failure was caused by a specific design flaw known as the ‘recognition problem.’ When the United States recognised Juan Guaidó as the legitimate president but he held no de facto control over the territory, every transaction involving the de facto Maduro administration was technically flagged as a money-laundering operation under U.S. law. This made it legally impossible for financial institutions to process even verified humanitarian payments for medicine or medical equipment, effectively rendering humanitarian exemptions void.

**Moving Beyond the Legal ‘Blind Spot’:** Currently, economic sanctions operate in a legal ‘blind spot’, as said by Pala. While military warfare is governed by the rigorous principles of distinction and proportionality, sanctions are regulated as inter-state countermeasures that lack robust humanitarian guardrails. Proportionality in sanctions is often interpreted through a ‘purpose test,’ allowing states to apply limitless intensity as long as their political goals remain unfulfilled.

To address these failings, the international community must transition toward a framework that treats civilians as protected persons. Recent innovations, such as the UN Ombudsperson for counterterrorism listings and UN Resolution 2664 (2022), which established a permanent humanitarian carve-out for asset freezes, represent a historic paradigm shift. However, genuine diplomacy requires that these ‘silent wars’ be humanised through binding humanitarian exemptions, rigorous prospective risk assessments, and a clear distinction between strategic (reversible) and non-strategic (irreversible) measures. Only by bridging the ‘sanctions gap’ between diplomatic intent and human cost can the international community ensure that diplomacy remains a tool for restoring peace rather than a mechanism for economic domination.

## **CONCLUSION**

This research concludes that economic sanctions occupy a fundamentally contradictory position in 21st-century statecraft, serving simultaneously as a ‘peaceful alternative’ to war and a ‘silent weapon’ of structural power. While their use has escalated ninefold over the past two decades, this study finds that their expansion has not been met with a corresponding increase in efficacy, but rather with a deepening of the ‘sanctions gap’ between diplomatic intent and humanitarian outcome. Ultimately, the strategic utility of sanctions is being systemically hollowed out by a

reliance on coercive intensity over genuine diplomatic engagement, resulting in a tool that often stabilises the very regimes it intends to alter while immiserating the populations it purports to protect.

To restore sanctions as a viable instrument of diplomacy rather than a mechanism for economic domination, the international community must transition toward a framework characterised by transparency and binding accountability.

**Binding Humanitarian Safeguards:** Building upon the paradigm shift introduced by UN Resolution 2664 (2022), the international community should move toward permanent, cross-cutting exemptions for food, medicine, and essential public utilities.

**Due Process Reform:** This study endorses and builds upon proposals advanced by UNU-CPR (2023) that the UN Ombudsperson model should be extended to all sanctions regimes to replace the current ‘faceless’ focal point units with a gold standard for independent review, thereby mitigating the legitimacy crisis that currently drives states toward unilateralism.

**The Strategic-Nonstrategic Distinction:** This study proposes a novel analytical distinction between strategic (reversible) and non-strategic (punitive) sanctions. To resolve the current ‘clash of narratives,’ strategic sanctions must be clearly tethered to achievable policy goals with verifiable off-ramps, while nonstrategic measures involving criminal allegations should be handled strictly through international or transitory judicial authorities to ensure that justice is not compromised by political expediency.

The contemporary shift toward ‘weaponised interdependence,’ which is leveraging global financial choke points like SWIFT and the U.S. dollar, carries a profound risk of global economic fragmentation. Excessive unilateralism is already driving rival powers to move toward the creation of parallel economic blocs that seek to remain immune to Western financial leverage. The legitimacy of the international order depends on a consensus-based code of conduct that treats civilians as protected persons and respects the legal limits of state sovereignty. What Liberal Institutionalism originally conceived as a guardian of the rules-based order has, through unchecked weaponisation, become one of its most corrosive threats. Only by humanising these ‘silent wars’ can the international community reclaim the moral authority that sanctions were designed to project. Without this, what began as an alternative to war.