



**FRIEDRICH NAUMANN
STIFTUNG** Für die Freiheit.

POLICY PAPER

BETTER SANCTIONS

**Countering Authoritarianism through Sanctions
Reforms and Improved Domestic Governance**

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ANALYSIS

Imprint

Publisher

Friedrich-Naumann-Stiftung für die Freiheit
Truman-Haus
Karl-Marx-Straße 2
14482 Potsdam-Babelsberg

 /freiheit.org

 /FriedrichNaumannStiftungFreiheit

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Date

March 2023

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1. Introduction

As democracy encounters challenges worldwide, authoritarian regimes have begun to rise in both number and power. Both Russia and China have raised global alarm through recent acts of aggression and economic coercion, highlighting the threats that authoritarian global powers hold for adversaries. However, the threats facing democracies reach far beyond Russia and China. Recent evidence from V-Dem, a Swedish nonprofit that tracks democracy worldwide, found that democracy is in decline all over the world, including in countries aligned with Western liberal democracies.¹ The post-Cold War order is under pressure from threats internal and external. These threats highlight the need for policymakers to develop new tools to counter these threats while also improving domestic capacities. With open military confrontation with authoritarian powers such as China and Russia undesirable and regime change an unsuccessful tactic, where should policymakers turn to protect democratic values and prevent further aggression against liberal democracies?

One area with massive room for improvement is that of economic sanctions. Having come under significant criticism in recent years for their ineffectiveness and tendency to inflict severe harm on civilians, sanctions have understandably become an emblem for failed Western policies. As their utilization has risen in the post-Cold War era, their effectiveness has declined, with unintended consequences often undermining stated aims. While sanctions have primarily been a tool utilized by the U.S., the European Union (EU), and the United Nations (UN), others are starting to adopt these tactics as well. China has begun to flex its economic coercion muscles, exerting pressure on alleged threats ranging from Lithuania to Australia.² Meanwhile, other regional organizations have also joined in, as the Economic Community of West African States (ECOWAS) has implemented sanctions against numerous member states that have undergone coups.³

Sanctions as a policy tool are here to stay, which means ensuring their effectiveness is crucial. Economic sanctions in their current form face numerous challenges, from the aforementioned unintended civilian harm to money laundering networks utilized to circumvent financial restrictions. While sanctions have come under legitimate criticism and have indeed declined in effectiveness, there are strategies to reverse this trend.

To combat authoritarianism and aggression on the world stage, liberal democracies need a comprehensive and coordinated sanctions strategy to maximize effectiveness.

The first step is to utilize sanctions with more strategic focus. Unfortunately, sanctions have become a tool of first resort for policymakers to portray themselves as taking action, which has ultimately blunted the impact sanctions could potentially carry. In tandem with this step is ensuring that every sanction has a clearly communicated strategic objective, so that the targeted nations understand what is required of them to remove said sanctions.

Increasing transparency would ensure that domestic and international firms are aware of sanctions regulations, and help prevent “overcompliance” from banks. Similarly, coordinating with local and international human aid organizations to ensure that vital resources can reach civilians will help prevent civilian suffering and ensure the targets of sanctions are the ones who feel the brunt of the impact. Communicating the specifics of sanctions in a clear and transparent manner to civilians, international corporations and banks, and nonprofit and NGO actors is a crucial factor to sanctions implementation. This will ensure both heightened compliance with sanctions and help eliminate the gray areas that prevent actors working to assist civilians in impacted areas from running afoul of sanctions.

Yet sanctions reforms alone will not be enough. Addressing domestic vulnerabilities would likewise enhance the impact of sanctions. The U.S. and the U.K. have become notorious locations for money laundering, which benefits elites in nations such as Russia who wish to circumvent economic restrictions. As the attempts to sanction Russia have clearly displayed, accelerating the transition to renewable energies is another crucial step that must be undertaken. This would both ensure an inhabitable planet for future generations, and decrease reliance upon energy sourced from authoritarian states such as Saudi Arabia and Russia.

These reforms will be significant undertakings, but they are all worthwhile endeavors. Not only will these reforms enhance the potential for sanctions to alter state behavior on the world stage, they will also improve and promote good governance at home. Adopting these strategies in a coordinated fashion would work to maximize the utility of sanctions, avoid unintended and counterproductive consequences, and work to counter the rising authoritarian aggression that threatens democracies around the world.

1 Max Fisher, “U.S. Allies Drive Much of World’s Democratic Decline, Data Shows,” *The New York Times*, November 16, 2021, last accessed January 18, 2023, <https://www.nytimes.com/2021/11/16/world/americas/democracy-decline-worldwide.html>.

2 Grant Wyeth, “How China’s Economic Coercion Is Bringing Lithuania and Australia Together,” *The Diplomat*, February 9, 2022, last accessed January 18, 2023, <https://thediplomat.com/2022/02/how-chinas-economic-coercion-is-bringing-lithuania-and-australia-together/>.

3 “West Africa Bloc ECOWAS Hits Mali with Sanctions after Poll Delay” *Al Jazeera*, January 9, 2022, last accessed January 18, 2023, <https://www.aljazeera.com/news/2022/1/9/west-africa-bloc-ecowas-hits-mali-with-sanctions-after-poll-delay>.

2. The Current State of Sanctions

2.1 A Frequently Used but Ineffective Policy Tool

According to the U.S. Congressional Research Service, sanctions are defined as “coercive economic measures taken against a target to bring about a change in behavior.”⁴ Across the pond, the EU describes sanctions as an “essential tool of the EU’s Common Foreign and Security Policy (CFSP)” that seeks to “bring about a change in the policy or conduct of those targeted.”⁵ These unambiguous public statements illustrate that economic sanctions are a policy tool intended to alter the behavior of rogue actors on the world stage. However, sanctions do serve other purposes, including deterring states from taking certain actions, and hindering nations’ abilities to wage war. These sanctions can be levied against individuals, such as Russian oligarchs, organizations, such as Hezbollah, or nations, as the cases of Iran and Cuba exemplify

Sanctions offer a range of options for policymakers to achieve their goals. Primary sanctions prevent citizens and companies of the nation levying the sanctions (hereafter referred to as the sender nation), with penalties such as fines or even jail time for offenders who engage in financial transactions with the target nation. Other frequently used options are visa bans, asset freezes, and arms embargos for conflict zones.

The most severe and impactful sanctions are secondary sanctions. These prevent any entity, domestic or foreign, from conducting financial transactions with the target nation. This is a tactic that has been primarily utilized by the U.S. due to its powerful status in the global financial market. The U.S. dollar is present in around 88 percent of all international foreign currency transactions, meaning that when a nation is cut off from the US financial market, they are essentially cut off from the global economy.⁶ These sanctions present nations with a simple choice: “Do business with the United States or with the sanctioned target, but not both.”⁷

Secondary sanctions are an extreme tool with severe consequences that have been utilized by the U.S. against nations such as Cuba, North Korea, and Iran. Notably, the EU, U.S., and allies such as the U.K. implemented secondary sanctions against Russia after its invasion of Ukraine.

By attempting to punish any actor for engaging with Russia financially, the U.S., the EU, and their allies aim to completely isolate Russia financially until it ceases its invasion.

While economic sanctions have long been available to powerful nations, they have grown in use significantly since the end of the Cold War, and again after the 9/11 terrorist attacks. The increase in the use of sanctions is stark. During the 1990s and 2000s, the use of sanctions doubled from its previous number during the time period of 1950-1985. Then during the 2010s, the use of sanctions doubled again. Yet during this time period, the effectiveness of sanctions dropped significantly. Although definitive measures of sanctions success vary, historian Nicholas Mulder, author of *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War*, has calculated that the chances of sanctions success have dropped from 35-40 percent during the period of 1985-1995, to below 20 percent in 2016.⁸

While the U.S. is indeed responsible for a significant amount of the excessive number of sanctions, it has hardly acted alone. Prior to the end of the Cold War, the UN had only levied comprehensive sanctions against two countries: Southern Rhodesia in 1966 and South Africa in 1977. Since the end of the Cold War, the UN has utilized sanctions more than 20 times, and 14 sanctions regimes are active today.⁹ The UN has persisted with increased use of sanctions despite the fact that, by their own admission, UN sanctions are incredibly ineffective. When it comes to “coercing a behavioral change,” UN sanctions are effective around 10% of the time. While UN sanctions are slightly more effective at “constraining negative behavior,” and “signaling support for international normative frameworks,” they only succeed 28% and 27% of the time, respectively.¹⁰ These statistics beg the questions – if sanctions are going to persist as a frequently used foreign policy tool, why are they so ineffective, and how can policymakers work to increase their effectiveness?

4 U.S. Library of Congress, Congressional Research Service, Economic Sanctions: Overview for the 117th Congress, by Dianne E. Rennack and Rebecca M. Nelson, IF11730 (2021), 1, last accessed January 18, 2023, <https://sgp.fas.org/crs/row/IF11730.pdf>.

5 “Sanctions: How and When the EU Adopts Restrictive Measures” Council of the EU and the European Council, October 20, 2020, last accessed January 18, 2023, <https://www.consilium.europa.eu/en/policies/sanctions/>.

6 Bertaut, Carol C., Bastian von Beschwitz, and Stephanie E. Curcuru. “The International Role of the U.S. Dollar,” FEDS Notes. Washington: Board of Governors of the Federal Reserve System (October 06, 2021), last accessed January 18, 2023, https://doi.org/10.17016/2380-7172_2998.

7 Jason Bartlett and Megan Ophel, “Sanctions by the Numbers: U.S. Secondary Sanctions,” Center for a New American Security, August 26, 2021, last accessed January 18, 2023, <https://www.cnas.org/publications/reports/sanctions-by-the-numbers-u-s-secondary-sanctions>.

8 Nicholas Mulder, “How America Learned to Love (Ineffective) Sanctions” Foreign Policy, January 30, 2022, last accessed January 18, 2023, https://foreignpolicy.com/2022/01/30/us-sanctions-reliance-results/?tpcc=recirc_latest062921.

9 Guy Martin, Charles Enderby Smith, and Khadim Al-Faraj, “UN Sanctions” Global Investigations Review, August 17, 2020, last accessed January 18, 2023, <https://globalinvestigationsreview.com/guide/the-guide-sanctions/first-edition/article/un-sanctions>.

10 “Sanctions,” Subsidiary Organs of the United Nations Security Council, February 23, 2022, 4, last accessed January 18, 2023, https://www.un.org/securitycouncil/sites/www.un.org.securitycouncil/files/subsidiary_organ_factsheets.pdf.

2.2 Current Challenges

The issues challenging the effectiveness of sanctions are numerous and diverse. As previously noted, the use of sanctions has dramatically increased over the past three decades, while their effectiveness has simultaneously dropped. The inflationary utilization of sanctions has presented numerous challenges, including inadequate enforcement and targeted nations adapting their economies to their new realities. The problem of unintended consequences harming innocent civilians while also working against the stated aims of sanctions is well-documented, but a crucial one. Sanctions cannot be effective if they are not reaching their intended targets, and are often counterproductive in these instances.

An Aimless Weapon

The spike in sanctions use over the past four decades has had a significant negative impact on their effectiveness. Through this process of oversaturation, targeted nations have learned to cope with the impacts of sanctions, while also presenting new challenges for the sender nations. As the case of the U.S. portrays, there are simply too many sanctions active for the sender nation to effectively monitor and enforce, which provides further opportunity for actors to undermine sanctions and avoid their full economic impact.

Under the Trump administration, the U.S. implemented new sanctions at an unprecedented rate, with no real measure of success. In fact, even as this administration levied nearly double the amount of sanctions that the Obama administration did, this resulted in a twenty percent decline in “enforcement actions.”¹¹ Enforcing sanctions takes a significant amount of administrative capability and government resources, of which there are finite amounts. Thus, by consistently adding more sanctions to an already bloated list, governments are undermining their own ability to enforce already existing sanctions.

This difficulty in enforcing sanctions is a crucial weakness that undermines the potential efficacy of sanctions. When sanctions cannot be effectively enforced, this opens the possibility for targeted nations to avoid the consequences of sanctions, decreasing the incentive for these states to offer concessions. Sanctioned nations cannot avoid the intended impacts of sanctions without partners, and there are several motivations for third-party actors to assist sanctioned nations in these endeavors.

This is of course a natural weakness for sanctions – targeted nations will always seek to undermine the impacts of sanctions, and there will always be a supply of actors willing to do business with these nations. Particularly in the case of multina-

tional corporations, “the stakes are often high enough to make the risks and potential costs of illegally violating sanctions an attractive option for at least some parties.”¹² Apart from these intentional violators, many corporations and other actors may violate sanctions without knowing they are doing so. This is exacerbated when sanctions are implemented so frequently, and without clear communication from sender nations.

Learning to Adapt

Once countries have been sanctioned, they often seek out willing actors to undermine sanctions, rather than offering concessions. Even countries under the most intense sanctions can adapt and survive for decades. Cuba in particular has become a symbol of the failure of sanctions to effect meaningful policy concessions, having survived more than five decades of the strictest U.S. sanctions conceivable. That Cuba, a small island nation, has managed to survive as an isolated communist nation in the face of economic warfare from a global superpower is quite a feat.

By any measure of success, the U.S. sanctions against Cuba have been a failure. How exactly, has Cuba managed to adapt to some of the most devastating sanctions the U.S. has ever levied? During the Cold War, Cuba’s initial response was simple – turn to the Soviet Union for economic and material support. In 1960, the Soviet Union accounted for 2 percent of Cuban trade.¹³ Throughout the rest of the Cold War, the Soviet Union made up around 80 percent of all Cuban trade. This move fits a familiar trend. Once sanctioned nations are cut off from Western markets, they will inevitably turn towards alternative trading partners, such as the Soviet Union, or Russia and China in contemporary times.

Cuba has also utilized strategies such as “medical diplomacy” to garner international support. Cuba’s healthcare system is renowned among the Global South, and produced several COVID-19 vaccines, making it the first country in Latin America and the Caribbean to accomplish this feat.¹⁴ After fully vaccinating 87% of its population, Cuba has begun to export its vaccine to both regional and global allies.¹⁵ While many developing and even some developed countries have struggled with vaccinating their populations, Cuba is exporting its vaccines to countries such as Vietnam, Iran, Venezuela, Mexico, and Nicaragua.¹⁶

This move is the most recent in a history of Cuba’s medical diplomacy, which has allowed it to avoid complete isolation. As part of this strategy, Cuba has negotiated special bilateral agreements with 77 other nations, and over 37,000 of Cuba’s 73,000 certified physicians are working outside of Cuba. These moves have garnered substantial support for Cuba in

11 Bryan Early and Keith Preble, “The Past, Present, and Future of U.S. Sanctions Enforcement,” *War on the Rocks*, Metamorphic Media, February 25, 2021, last accessed January 18, 2023, <https://warontherocks.com/2021/02/the-past-present-and-future-of-u-s-sanctions-enforcement/>.

12 Bryan R. Early, “Confronting the Implementation and Enforcement Challenges Involved in Imposing Economic Sanctions,” in *Coercive Diplomacy, Sanctions and International Law*, (Leiden, The Netherlands: Brill | Nijhoff, 2016), 47, doi: https://doi.org/10.1163/9789004299894_004.

13 Mediel Hove, Enock Ndawana, and Munetsi Anthony Nhemachena, “How Cuba Survived Sanctions and the Lessons for Zimbabwe,” *Jadavpur Journal of International Relations* 24, no. 2 (December 2020): 178-79, <https://doi.org/10.1177/0973598420911856>.

14 Luke Taylor, “Why Cuba Developed its Own COVID Vaccine—and What Happened Next,” *BMJ* 2021; 374:n1912, <https://doi.org/10.1136/bmj.n1912>.

15 Vaccination rate according to the Reuters COVID-19 Vaccination tracker, as of 4/21/2022, <https://graphics.reuters.com/world-coronavirus-tracker-and-maps/vaccination-rollout-and-access/>.

16 Jason Beaubien, “A Small Island Nation Has Cooked up Not 1, Not 2 but 5 Covid Vaccines. It’s Cuba!,” *National Public Radio*, February 2, 2022, last accessed January 18, 2023, <https://www.npr.org/sections/goatsandsoda/2022/02/01/1056952488/a-small-island-nation-has-cooked-up-not-1-not-2-but-5-covid-vaccines-its-cuba>.

international affairs, and particularly within the U.N. General Assembly. Cuba has leveraged this support effectively, as every General Assembly resolution since 1991 opposing the U.S. economic embargo has been approved.¹⁷ Through these various means, Cuba is a key example of how nations under economic sanctions can adapt and survive, ultimately resulting in the sanctions failing at their intended goal of regime change.

Much like Cuba, Iran has resorted to unconventional means in order to survive under strict sanctions. Unlike Cuba, Iran has also had to deal with sanctions from the EU, which has complicated their efforts to lessen the full brunt of these sanctions. Leading up to the signing of the Iran Nuclear Deal, also known as the Joint Comprehensive Plan of Action (JCPOA), both the U.S. and the EU implemented stricter sanctions in the hopes of bringing Iran to the negotiating table. As a result, Iran's yearly trade dropped by 55% to \$79.7 billion from 2010 to 2015.¹⁸ Under economic siege, Iran's regime had no other choice but to seek alternative methods to bolster its economy, especially after the U.S. pulled out of the JCPOA in 2018.

With decades of experience, Iranians have sharpened their tools to navigate economic sanctions. In Iran, "traders have developed sophisticated strategies for finding trade partners that they can exploit in circumventing sanctions and developed complicated schemes for avoiding detection."¹⁹ Iran has managed to find numerous willing partners in this goal, most notably the United Arab Emirates (UAE). Three percent of all UAE exports are shipped to Iran, and UAE banks hold billions of Iranian dollars' worth of assets. The UAE has also assisted with more illicit schemes, as Iran sold an estimated \$13 billion worth of crude oil to China through the UAE during the first nine months of 2021.²⁰

In addition to this trade, Iran has also developed a complex, illicit financial system that handles tens of billions of dollars in trade annually that is subject to U.S. sanctions. This financial system "comprises accounts in foreign commercial banks, proxy companies registered outside the country, firms that coordinate the banned trade, and a transaction clearinghouse within Iran."²¹ To facilitate this trade, Iran has utilized 28 foreign banks in countries including China, Hong Kong, Singapore, Turkey, and the UAE. This covert financial system has enabled Iran to avoid the full brunt of the U.S. sanctions fairly successfully, with a high-ranking Iranian official bragging in January 2021 that this system facilitates up to \$80 billion in trade annually.²²

As a result of Russia's invasion of Ukraine in February 2022, the U.S., the EU, and allies including Japan and South Korea implemented unprecedented sanctions on the Russian economy. Russia differs from Cuba and Iran in several ways, most notably in that the Russian economy is far more integrated with the global economy. Additionally, Russia spent several years building up its capacity to withstand sanctions following its 2014 annexation of Crimea, which led to numerous sanctions from the U.S. and European allies.

Since 2014, Russia undertook several measures to "sanctions-proof" its economy. One key move was both increasing and dramatically altering the composition of Russia's foreign currency reserves. As of February 2021, Russia had around \$631 billion in foreign currency reserves, which was the fourth largest reserve globally.²³ More importantly, Russia also initiated the unusual move of replacing their U.S. dollar reserves with alternative currencies. This strategy was noteworthy because the U.S. dollar is regarded as one of the most stable assets worldwide, and as of 2021, "the dollar comprised 60 percent of globally disclosed official foreign reserves."²⁴

Yet Russia defied conventional economic wisdom and took a deliberate path to decrease its dependence on the U.S. dollar. In 2017 the U.S. dollar comprised more than 40 percent of Russia's foreign currency reserves – by 2021 this number had dropped to 16 percent.²⁵ In June of 2021, Russia also took the additional step of removing all U.S. dollars from its National Wealth Fund, which had comprised 35 percent of the total, and instead increased its holdings of euros, Chinese yuan, and gold.²⁶

For a time, Russia's unorthodox financial moves appeared as if they had stabilized the Russian economy, despite the existence of numerous Western sanctions still in place in the years after 2014. Russia coordinated the "dedollarization" of its economy with several notable measures meant to strengthen its economic independence. For one, Russia cut public spending and demanded its major banks and companies reduce their debt as well. The Russian government also spent "trillions of roubles on programmes to create domestic substitutes for imported goods," while also banning food imports from the EU.²⁷ Finally, Russia significantly altered how it invested its income from energy sales, with income above a certain amount going directly into its National Wealth Fund.²⁸ Russia had become so adept at dealing with these sanctions that a senior advisor to the Russian central bank told the *Fi-*

17 Hove, Ndawana, and Nhemachena, "How Cuba Survived Sanctions and the Lessons for Zimbabwe," 189-90.

18 Ian Talley, "Clandestine Finance System Helped Iran Withstand Sanctions Crush, Documents Show," *The Wall Street Journal*, March 21, 2022, last accessed January 18, 2023, <https://www.wsj.com/articles/ clandestine-finance-system-helped-iran-withstand-sanctions-crush-documents-show-11647609741>.

19 Early, "Confronting the Implementation and Enforcement Challenges Involved in Imposing Economic Sanctions," 57.

20 "The Gulf States Are an Economic Lifeline for Iran," *The Economist*, March 17, 2022, last accessed January 18, 2023, <https://www.economist.com/middle-east-and-africa/2022/03/17/the-gulf-states-are-an-economic-lifeline-for-iran>.

21 Talley, "Clandestine Finance System Helped Iran Withstand Sanctions Crush, Documents Show."

22 Ibid.

23 Max Fisher, "Putin, Facing Sanction Threats, Has Been Saving for This Day," *The New York Times*, February 3, 2022, last accessed January 18, 2023, <https://www.nytimes.com/2022/02/03/world/europe/putin-sanctions-proofing.html>.

24 Bertaut, von Beschwitz, and Curcucu, "The International Role of the U.S. Dollar."

25 Payne Lubbers, Sydney Maki, and SelcU.K. Gokoluk, "Russia's Yearslong Quest to Quit Dollar Eases Impact of Sanctions," *Bloomberg*, February 24, 2022, last accessed January 18, 2023, <https://www.bloomberg.com/news/articles/2022-02-24/russia-s-years-long-quest-to-quit-dollar-is-blunting-sanctions>.

26 Darya Korsunskaya and Alexander Marrow, "Russian Rainy Day Fund to Get out of All U.S. Dollar Assets," *Reuters*, June 3, 2021, last accessed January 18, 2023, <https://www.reuters.com/article/us-russia-reserves/russian-rainy-day-fund-to-get-out-of-all-u-s-dollar-assets-idUSKCN2DF1R9>.

27 Henry Foy, "Russia: Adapting to Sanctions Leaves Economy in Robust Health," *Financial Times*, January 29, 2020, last accessed January 18, 2023, <https://www.ft.com/content/a9b982e6-169a-11ea-b869-0971bfffac109>.

28 Ibid.

29 Ibid.

nancial Times in 2020 that “the single biggest danger to the Russian economy would be if the U.S. woke up one day and lifted all the sanctions.”²⁹

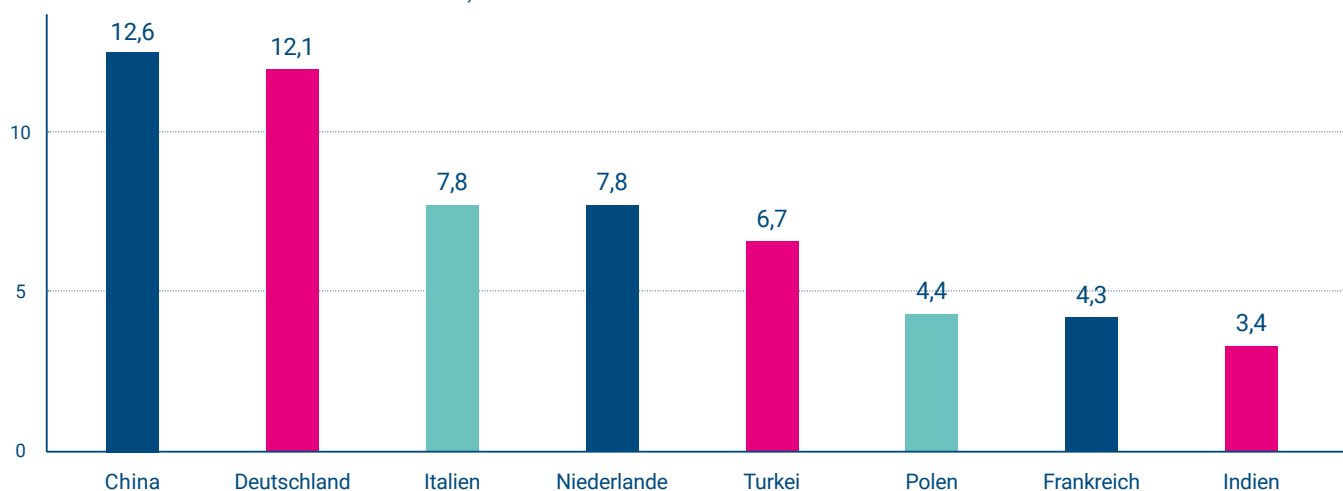
Russia’s invasion of Ukraine in February 2022 completely changed the equation however. In the wake of the invasion, the Russian economy was hit with far-reaching sanctions that were unprecedented, and in all likelihood exceeded President Vladimir Putin’s expectations. The decision to sanction the Central Bank of Russia signaled that the U.S. and EU were “effectively declaring financial war on Russia.”³⁰ While countries such as Venezuela and Iran have had their central banks sanctioned by the U.S. previously, this marked the first instance of a G20 central bank incurring sanctions of this magnitude.³¹ This also marked the first utilization of such sanctions against a nuclear power in the midst of an armed conflict.³²

With the introduction of these sanctions, the world and Russia entered uncharted territory. Although these sanctions had severe initial impacts on the Russian economy, Russia has continued to take measures to blunt the impact of these sanctions. The sanctions on Russia’s central bank effectively froze about \$300 billion of the previously mentioned \$630 billion foreign currency war chest, and the ruble dropped significantly in the immediate aftermath of these sanctions. In response, Russia more than doubled interest rates to 20 per-

cent shortly after the central bank sanctions were announced, before dropping them to 17 percent on April 8.³³ On March 23 President Putin also announced that purchases of natural gas must be conducted in rubles, yet there was a crucial loophole – gas importers could pay the Russian banks in euros or dollars, and that bank would then convert the purchases into rubles.³⁴

It is through these energy sales that Russia has managed to stave off the complete collapse of its economy. Russia has effectively tied its economy to the rest of Europe, and remained Europe’s largest gas supplier until Norway surpassed Russia in September 2022.³⁵ Germany likewise heavily relied on Russia for a third of its total energy consumption and in 2020 received 58 percent of its gas from Russia. Yet Germany was hardly an outlier in Europe, as Italy also received 40 percent of its gas from Russia in 2020.³⁶ These energy purchases initially continued even as Russia escalated its attacks on Ukraine, despite continued debate among European politicians. These purchases are significant. EU foreign policy chief Josep Borrell admitted in early April 2022 that Europe as a whole was spending nearly 1 billion euros a day on Russian energy.³⁷ In fact, Russian exports of oil actually increased from 3.3 million barrels a day in March to 3.6 million in April, boosted by Europe’s continued purchases and increases from other countries, including Turkey and India.³⁸

Chart 1 | Overview of Russian oil imports
(in Billions of US Dollar from 24.02. - 03.06.2022)



Source: „Financing Putin’s War: Fossil Fuel Imports from Russia in the First 100 Days of the Invasion.”³⁹

30 Valentina Pop, Sam Fleming, and James Politi, “Weaponisation of Finance: How the West Unleashed ‘Shock and Awe’ on Russia,” *Financial Times*, April 6, 2022, last accessed January 18, 2023, <https://www.ft.com/content/5b397d6b-bde4-4a8c-b9a4-080485d6c64a>.

31 Demetri Sevastopulo, Colby Smith, and Sam Fleming, “West to Impose Sanctions on Russian Central Bank and Cut Some Lenders from Swift,” *Financial Times*, February 27, 2022, last accessed January 18, 2023, <https://www.ft.com/content/073a37d5-4daf-49ed-b5bc-a4682ef1aa88>.

32 Pop, Fleming, and Politi, “Weaponisation of Finance: How the West Unleashed ‘Shock and Awe’ on Russia.”

33 “Russia Flags Further Rate Cut, More Budget Spending,” *Reuters*, April 18, 2022, last accessed January 18, 2023, <https://www.reuters.com/business/finance/russia-faces-economic-upheaval-two-years-return-inflation-target-nabiullina-2022-04-18/>.

34 Patrick Honohan, “Russia’s Ruble Actions Are Monetary Theater of the Absurd,” *Peterson Institute for International Economics*, April 6, 2022, last accessed January 18, 2023, <https://www.piie.com/blogs/realtime-economic-issues-watch/russias-ruble-actions-are-monetary-theater-absurd>.

35 Lisa Jucca, “Norway Gas Lifeline for Europe is the Smart Move,” *Reuters*, September 9, 2022, last accessed February 17, 2023, <https://www.reuters.com/breakingviews/norway-gas-lifeline-europe-is-smart-move-2022-09-09/>.

36 Martin Wolf, “It Is Time to Curb Imports of Russia’s Gas,” *Financial Times*, April 5, 2022, last accessed January 18, 2023, <https://www.ft.com/content/2a814b44-86a5-46f4-9386-eb3747760db5>.

37 Jennifer Rankin, “€1bn For Ukraine, €35bn for Russian Energy: Top EU Diplomat Calls out Funding Gap,” *The Guardian*, April 6, 2022, last accessed January 18, 2023, <https://www.theguardian.com/world/2022/apr/06/1bn-for-ukraine-35bn-for-russian-energy-eu-chief-calls-out-funding-gap>.

38 Michael Hirsh, “Why Russia’s Economy Is Holding On,” *Foreign Policy*, April 22, 2022, last accessed January 18, 2023, https://foreignpolicy.com/2022/04/22/russia-war-economy-sanctions-ruble/?utm_source=PostUp&utm_medium=email&utm_campaign=FP+This+Week&utm_term=41863&tpcc=FP+This+Week.

39 Lauri Myllyvirta, Hubert Thieriot, Andrei Ilias, “Financing Putin’s War: Fossil Fuel Imports from Russia in the First 100 Days of the Invasion,” *Centre for Research on Energy and Clean Air*, June 12, 2022, last accessed January 18, 2023, <https://energyandcleanair.org/publication/russian-fossil-exports-first-100-days>.

Yet even as European powers publicly announced intentions to divest from Russian energy, Russia continued to export massive amounts of fossil fuels. Over the first 100 days of the invasion, Russia sold 93 billion euros worth of fossil fuel exports. While Germany's slight reduction in Russian purchases pushed China into the top importer of Russian energy, Germany remained the second-largest importer, with Italy and the Netherlands not far behind.⁴⁰ Only in August 2022 did Germany's become independent from Russia as a gas supplier, around six months after Russia's invasion of Ukraine in February 2022.⁴¹

Europe's reliance on Russian energy revealed a major contradiction in maintaining dependency upon authoritarian states for fossil fuels. Even as Europe sent massive amounts of humanitarian and military aid to Ukraine, they continued to fund the Russian war effort simultaneously. The case of sanctions against Russia is certainly a complex one that is constantly evolving. Yet this experience underscores the importance of accelerating the transition to renewable energies, while also highlighting how nations with large economies that are deeply intertwined with the global economy can utilize an array of strategies to undermine sanctions.

Unintentional Consequences Proving Counterproductive

While there is a wealth of literature on the devastating impact that economic sanctions can have on civilians, much of that falls outside the scope of this paper. Yet there is an aspect of civilian harm worth discussing that is quite relevant. Not only do sanctions often harm innocent civilians, these impacts often significantly undermine the stated aims of these sanctions, rendering them impotent and ineffective.

Following the beginning of Syria's civil war, many Western democracies implemented harsh sanctions on Bashar al-Assad's regime after it had committed numerous human rights atrocities. While the U.S. had maintained some form of sanctions on Syria since 1979, American sanctions against Syria in 2011 dramatically escalated. These new sanctions restricted most trade with Syria, with trade equaling \$900 million in 2010 dropping to below \$60 million annually after 2012.⁴² The EU also implemented their own unilateral sanctions in 2011, although these are more targeted in nature than the American sanctions.

These sanctions have the intended goal of holding the Assad regime and its enablers accountable for well-documented

human rights abuses, but they have also had a devastating impact on the Syrian economy and civilians. This result directly contradicts the explicitly stated aims of the State Department, which claims that the sanctions implemented by 2019 Caesar Act "are not intended to harm the Syrian people, but rather to promote accountability for the Assad regime's violence and destruction."⁴³

Yet these sanctions are indeed harming Syrian civilians, and in the process hindering the prospects of truly holding the Assad regime accountable. By restricting trade of crucial and necessary goods into Syria, the sanctions increased the "transaction costs" for importing goods, which increased prices in the domestic market. These increased transaction costs also provided a lucrative market for smugglers, which in turn profited numerous armed groups operating in Syria – some of which included armed terrorist and jihadist groups that controlled border crossings, as well as forces supporting the Syrian government. These increased costs were then pushed onto the civilian population, which ultimately diminished their "capacity of resistance to oppression."⁴⁴ Meanwhile, instead of inflicting punishment on the Assad regime, the Syrian government looks more stable now than at any point in the last decade, with numerous Arab governments seeking to normalize ties with Syria.⁴⁵

Syria is far from an isolated incident. In Colombia, after endorsing and expending hundreds of millions of dollars supporting negotiations between the Revolutionary Armed Forces of Colombia (FARC) and the Colombian government, the U.S. continued to maintain sanctions against former FARC members until late 2021. These sanctions proved problematic for several reasons. Take the case of Pablo Catatumbo, who "accepted responsibility for kidnappings and killings by his guerrillas, apologized to the victims, became a member of a legal political party and was elected a senator in the country's Congress," yet was still designated a terrorist by the U.S. as of October 2021.⁴⁶

The U.S. sanctions had severe consequences on Catatumbo and his fellow former combatants. Catatumbo was forced to resign as a legal representative of his political party and from his coffee start-up that assists former combatants in rejoining Colombian society. U.S. officials were barred from working with former FARC combatants and could not fund programs "aimed at advancing the peace accords in which former combatants participate or benefit."⁴⁷ Although the U.S. holds a vested interest in the success of the Colombian peace process, it maintained sanctions against former

40 Ibid.

41 Mirela Petkova, "Weekly Data: Norway is Now Germany's Top Gas Supplier," Energy Monitor, January 30, 2023, last accessed February 17, 2023,

[https://www.energymonitor.ai/policy/norway-becomes-germanys-top-gas-supplier/#:~:text=In%20the%20wake%20of%20Russia's.and%20Water%20Industries%20\(BDEFU\).](https://www.energymonitor.ai/policy/norway-becomes-germanys-top-gas-supplier/#:~:text=In%20the%20wake%20of%20Russia's.and%20Water%20Industries%20(BDEFU).)

42 U.S. and European Sanctions on Syria, The Carter Center (September 2020), 7,

https://www.cartercenter.org/resources/pdfs/peace/conflict_resolution/syria-conflict/us-and-european-sanctions-on-syria-091620.pdf.

43 "Caesar Syria Civilian Protection Act - United States Department of State," U.S. Department of State, December 1, 2020, last accessed January 18, 2023,

<https://2017-2021.state.gov/caesar-syria-civilian-protection-act/index.html>.

44 Samir Aita, The Unintended Consequences of U.S. and European Unilateral Measures on Syria's Economy and Its Small and Medium Enterprises,

The Carter Center (December 2020), 18-20, https://www.cartercenter.org/resources/pdfs/peace/conflict_resolution/syria-conflict/syria-unintended-consequences-aita-12-20.pdf.

45 Ruth Sherlock, "Arab Nations That Opposed Assad's Regime Have Begun Rebuilding Ties with Syria," NPR, July 14, 2021, last accessed January 18, 2023,

<https://www.npr.org/2021/07/14/1009582085/arab-nations-that-opposed-assads-regime-have-begun-rebuilding-ties-with-syria>.

46 Samantha Schmidt and Diana Durán, "How the U.S. Terrorist List Is Getting in the Way of Peace in Colombia," The Washington Post, October 23, 2021, last accessed January 18, 2023,

<https://www.washingtonpost.com/world/2021/10/23/colombia-farc-peace-process/>.

47 Ibid.

FARC members until November 2021 that severely hindered the peace process in its early phase.⁴⁸

These unintended consequences are a natural development in cases where sanctions are utilized without proper planning, analysis, and monitoring. Whether in Syria, Cuba, or Russia, the implementation of sanctions will always carry the risk

of such consequences undermining the stated aims of said sanctions. In these instances, sanctions are not only harming innocent civilians, but also the national interests of the sender nations. However, with the proper reforms, these unintended consequences can be mitigated, which will avoid both unnecessary suffering and counterproductive measures that undermine the interests of liberal democracies.

3. Looking Forward

3.1 Fighting the Inflationary Use of Sanctions

Like a once-favored kitchen knife that is rusty and dull from overuse, sanctions as a policy tool are growing increasingly ineffective. This is compounded by the fact that once sanctions are implemented, they are incredibly difficult to revoke. While taking the following steps to curb the excessive utilization of sanctions will not be a simple task, if democracies intend to continue utilizing sanctions to combat authoritarianism, these steps are indeed necessary.

Limiting the Sanctions Urge

While this recommendation may seem elementary, simply restricting the future use of sanctions would go a long way toward addressing this issue. More specifically, ensuring that sanctions fit the intended goals of sender nations, rather than sanctioning first and asking questions later, would be a drastic improvement. Not all authoritarian regimes are alike, and tailoring sanctions to these individual nations, while also implementing regular monitoring and evaluation, can help sender nations ensure maximum effectiveness of sanctions. Economic sanctions are not a panacea that will immediately hold bad actors accountable – understanding the limits of sanctions are crucial to increasing their efficiency as well.

Understanding, and more importantly, clearly communicating, the sender nation's goals when levying sanctions against other nations is a crucial first step. Are these sanctions seeking regime change, to penalize bad actors, or policy concessions? Each scenario will require a different strategy in order to maximize the potential of achieving these aims. For example, sanctions aimed at preventing regimes from acquiring nuclear weapons will have a different impact than sanctions designed to initiate democratization in authoritarian states.

While some have argued that sanctions can increase authoritarian repression, there is in fact evidence that democratic sanctions can have a positive impact. Utilizing data from UN, EU, and U.S. sanctions, Christian von Soest and Michael Wahman found a “significant positive relationship” between democratic sanctions and the probability of authoritarian rulers losing power.⁴⁹ However, the authors cautioned that democratic sanctions “rarely manage to instantly create liberal democracies,” but rather often immediately lead to “some form of electoral authoritarianism.”⁵⁰ This increased chance of democratization normally occurred in two forms – that of elite supporters turning on the ruling party and forcing a ruler exit, or the regime offering democratic concessions and remaining in power.⁵¹

Delving further into how sanctions can impact authoritarian regimes, the type of authoritarian regime under sanctions is a key component to success. Abel Escribà-Folch and Joseph Wright found that authoritarian regimes with personalist rulers are more susceptible to sanctions, while nations with strong institutions, such as one-party regimes or military regimes, are better able to consolidate power. This conclusion is due to several factors, including that personalist regimes often feature weak institutions, which means that these rulers are less able to effectively pay off their key constituents after experiencing a massive reduction in revenue. As for military and one-party regimes, they can even increase their revenue by “shifting fiscal pressure from one stream to an alternative one,” usually taxing goods and services at a higher rate, effectively shifting the sanctions burden onto civilians, while also increasing repression to counter any rising domestic opposition.⁵²

Tailoring sanctions to fit varying types of authoritarian regimes is crucial for sender nations, as these sanctions can often have counterproductive results. Sanctions against personalist regimes more than doubled the likelihood that the ruler would be removed from power. In contrast, sanctions

48 “Revocation of the Terrorist Designations of the Revolutionary Armed Forces of Colombia (FARC) and Additional Terrorist Designations,” U.S. Department of State, November 30, 2021, last accessed January 18, 2023, <https://www.state.gov/revocation-of-the-terrorist-designations-of-the-revolutionary-armed-forces-of-colombia-farc-and-additional-terrorist-designations/>.

49 Christian von Soest and Michael Wahman, “The Underestimated Effect of Democratic Sanctions,” *E-International Relations*, April 26, 2014, <https://www.e-ir.info/2014/04/26/the-underestimated-effect-of-democratic-sanctions/>.

50 *Ibid.*

51 *Ibid.*

52 Abel Escribà-Folch, and Joseph Wright, “Dealing with Tyranny: International Sanctions and the Survival of Authoritarian Rulers,” *International Studies Quarterly* 54, no. 2 (2010): 355, <http://www.jstor.org/stable/40664170>.

against military regimes actually decreased the likelihood of a change in power by 7-13%. Further, Escribà-Folch and Wright found that nations with significant oil revenues are better able to withstand sanctions.⁵³ The current case of Russian sanctions will be a fascinating test of these findings, as Russia is a state with both a personalist ruler and weak institutions, but also with massive energy reserves that President Putin has effectively weaponized to maintain his country's economy.

In addition to considering what types of regime to sanction, sender nations should also seek to attach clear policy objectives to each sanction, and communicate these clearly with the targeted nation. As sanctions expert Daniel Drezner argues, "Economic coercion works best when the state imposing the sanctions is unambiguous about the conditions under which they will be threatened, enacted, and lifted."⁵⁴ This means setting clear parameters for when sanctions will be implemented, and what steps that sanctioned nations can take to have the sanctions removed. If sanctions are in place for decades with no end in sight, there can hardly be any realistic hope that policy changes will bring sanctions relief. Instead, nations will seek to adapt and undermine sanctions.

One of the accompanying issues is that sanctions have proven to be incredibly difficult to remove in some democracies. In the U.S. for example, removing sanctions can be seen as a sign of weakness, which can make removing them a convoluted process. One solution to this problem is to enact built-in expiration dates on sanctions that can be renewed automatically if necessary. This could also work in reverse, with time-limited sanctions relief offered in response to policy concessions. In this way, governments will have "designed a built-in process for retaining leverage" over nations they are sanctioning.⁵⁵ There is precedent for both of these measures, as the U.S. provided an initial 6 months of sanctions relief that became 18 months after Belarus released political prisoners and held elections in 2015.⁵⁶ Similarly, EU sanctions on Syria require an annual renewal or else they will expire.⁵⁷

While ensuring sanctions have clear policy objectives and do not become perpetual punishments may seem like common sense, this is not currently the case. The U.S. admitted as much in its October 2021 sanctions review conducted by the Treasury Department. In the review's recommendations for the future, "adopting a structured policy framework that links sanctions to a clear policy objective," was listed as the first recommendation, implying that this was not already a guideline for sanctions implementation.⁵⁸ While this begs the question what exactly U.S. government officials were previously taking into consideration when levying sanctions, the fact this weakness has been recognized is a sign for optimism.

Ultimately, the universal logic that flexibility and communication are crucial to success also applies to sanctions. Communicating the reasoning and purpose behind sanctions will provide the targeted nations with guidelines for why they are sanctioned, and what steps they can take to achieve sanctions relief. Ensuring sanctions have clear strategic goals will not only limit the inflationary use of sanctions that has dulled their impact, but will also increase the likelihood that sanctioned nations will offer concessions to improve their economic performance.

These steps will have the added benefit of dramatically improving the efficiency of enforcing sanctions. Clear communication of the purpose of sanctions will help ensure that actors do not inadvertently violate sanctions, and also help solve the problem of "overcompliance" from banks and firms wishing to operate in sanctioned markets. If private sector actors are aware of what sanctioned nations must do to have sanctions removed, they will have less reservations about reentering these markets after sanctions have been lifted. This will not only provide more economic markets for the sending nations, but will also provide an increased economic boom for the sanctioned nations, vindicating their decisions to acquiesce to the sanctions. If implemented correctly, these reforms will not only reduce the bloated list of economic sanctions implemented by liberal democracies, but also increase the efficiency of sanctions.

3.2 Avoiding Counterproductive Consequences

As previously discussed, unintended consequences are a serious barrier to success when implementing sanctions. Not only do these unintended consequences often result in harming innocent civilians rather than the intended targets, they also undermine and work counter to the stated aims of sanctions. In a more recent example, Russian expats living in the U.K. attempting to send money to Ukrainian refugees were blocked by the Western sanctions against Russia.⁵⁹ Limiting impacts like these would severely enhance the effectiveness of sanctions, with the added benefit of sparing innocent civilians around the world from punishment for their leaders' actions.

Increasing Transparency and Simplifying Procedures

This recommendation goes in tandem with the previously stated goal of increased communication. Sanctions are often an

53 Ibid, 348.

54 Daniel W. Drezner, "The United States of Sanctions," *Foreign Affairs*, September/October 2021, last accessed January 20, 2023, https://www.foreignaffairs.com/articles/united-states/2021-08-24/united-states-sanctions?utm_medium=newsletters&utm_source=press_release&utm_campaign=&utm_content=20210824&utm_term=PressFA%2C%20Members%2C%20and%20Staff.

55 Edward Fishman, "How to Fix America's Failing Sanctions Policy," *Lawfare*, June 4, 2020, last accessed January 20, 2023, <https://www.lawfareblog.com/how-fix-americas-failing-sanctions-policy>.

56 Ibid.

57 U.S. and European Sanctions on Syria, 11.

58 U.S. Department of the Treasury, *The Treasury 2021 Sanctions Review* (2021), 4, last accessed January 20, 2023, <https://home.treasury.gov/system/files/136/Treasury-2021-sanctions-review.pdf>.

59 Kirstin Ridley, Brenna Hughes Neghaiwi, and Danielle Kaye, "Sanctioned or Not, Russians Abroad Find Their Money Is 'Toxic'," *Reuters*, March 30, 2022, last accessed January 20, 2023, https://www.reuters.com/world/europe/sanctioned-or-not-russians-abroad-find-their-money-is-toxic-2022-03-30/?utm_source=Sailthru&utm_medium=newsletter&utm_campaign=daily-briefing.

opaque and complex abstract, even for experts with years of experience. In the U.S., sanctions can be implemented from either Congress, the Treasury, State Department, or a combination of the three. Navigating these avenues of power and bureaucracy can prove nearly impossible, especially for smaller NGOs working in conflict zones that feature sanctioned nations or groups. With the penalties for violating sanctions often in the hundreds of thousands of dollars, if not more, these NGOs are often forced to leave these zones entirely, which has severe consequences for civilians.

There are concrete steps that sender nations can take to improve transparency and make this process smoother and less complex, however. Simply put, nations levying sanctions can be more proactive in publishing clear guidelines on who is sanctioned, why the sanctions are in place, and what is allowed under these sanctions. One of the most impactful and straightforward steps is creating a contact or office solely responsible for handling humanitarian requests. While the EU does have a “contact point for humanitarian aid,” a similar office is sorely lacking in the U.S.⁶⁰ Further, this EU contact website only offers an email address for humanitarian organizations to contact. The situations on the ground in conflict zones are often quick-moving, requiring flexibility and swift responses to save lives. Implementing a fully-functioning, rapid-response office dedicated to coordinating with humanitarian organizations would address this issue and prevent unnecessary suffering.⁶¹

Increasing access for NGOs and civil society organizations will not only benefit civilians, but can also help put pressure on the government and elite members of society that are usually the intended targets of sanctions. Utilizing international aid data and V-Dem democracy scores, Paulina Pospieszna and Patrick M. Weber found that “when aid channeled through NGOs and the civil society is combined with democratic sanctions, there is a significantly positive effect on the level of democratization.”⁶² Analysis of data from 199 countries from 1989 to 2015 found that when combined with sanctions “aid channeled through the public sector has a negative effect on changes in the V-Dem democracy score.”⁶³ Conversely, “the coefficient of the interaction between sanctions and aid channeled through NGOs and the civil society is positive.”⁶⁴ Through a combination of sanctions and aid effectively funneled to NGOs and civil society, liberal democracies can exert pressure from above and below on authoritarian regimes, contributing to a higher chance of success for democratization.

As for other simplifying measures, ensuring that remittances from family members can reach sanctioned nations would provide a big boost to civilians. As discussed in the case of Syria, when sanctions gut a nation’s middle class, these civilians are pushed into poverty, resulting in their reliance upon the state for basic needs. The inevitable result is that the vast majority of citizens in these nations are barely surviving and hardly in a position to protest for change. Even if remittances are technically exempt from sanctions, “Banks and other financial institutions operating in sanctioned countries often lose their ability, or will, to facilitate remittances due to fear of violating” sanctions.⁶⁵ Issuing clear guidance and facilitating these remittances would help decrease the chances of sanctions leading to humanitarian disasters, and increase the chances for the population to pressure the government from below.

Improving Cross-Border Coordination

While the quick and united methods in which Western democracies and their allies imposed sanctions on Russia in early 2022 was impressive, this is not always the case. Sanctions have often been levied in uneven and uncoordinated methods, resulting in gaps in enforcement and confusion among the private sector over what is actually allowed in sanctioned nations.

In this regard, the U.S. is often the culprit, acting unilaterally to levy sanctions, which has often resulted in friction with its European allies. The decisions to pull out of the JCPOA and sanction Venezuela during the Trump years created a major strategic gap between traditional allies, costing European firms millions of dollars. These unilateral moves were so damaging that European countries attempted to create a workaround to the Iranian sanctions called the Instrument in Support of Trade Exchanges, or INSTEX, to facilitate trade with Iran.⁶⁶ While this effort was ultimately unsuccessful, the tensions between the EU and US reached such heights that in December 2020 EU Foreign Policy Chief Josep Borrell Fontelles openly questioned the future of the U.S. dollar, saying that “we need to develop the international role of the euro, to avoid being forced to break our own laws under the weight of secondary sanctions.”⁶⁷

Fortunately these issues should be easily resolved. While there is always the threat of future politicians seeking to undermine the transatlantic relationship, the response to Russia underscores that the U.S., EU, and their fellow democratic allies such as Japan, Australia, and South Korea can act in a coordinated and swift manner when necessary.

60 “Humanitarian Assistance in Environments Subject to EU Sanctions,” European Commission, last accessed January 20, 2023,

https://finance.ec.europa.eu/eu-and-world/sanctions-restrictive-measures/humanitarian-assistance-environments-subject-eu-sanctions_en#contact-point.

61 Jason Bartlett, “Five Ways to Improve Sanctions Coordination between the U.S. Government and Humanitarian Aid Groups,” *Lawfare*, February 15, 2022, last accessed January 20, 2023, <https://www.lawfareblog.com/five-ways-improve-sanctions-coordination-between-us-government-and-humanitarian-aid-groups>.

62 Paulina Pospieszna & Patrick M. Weber, “Amplifying and Nullifying the Impact of Democratic Sanctions through Aid to Civil Society,” *International Interactions*, 46:5 (2020):3 DOI: 10.1080/03050629.2020.1791108.

63 *Ibid.*, 17.

64 *Ibid.*, 17.

65 Bartlett, “Five Ways to Improve Sanctions Coordination between the U.S. Government and Humanitarian Aid Groups.”

66 Frank Jordans, Jon Gambrell, and Matthew Lee, “European Nations Create Workaround to US Iran Sanctions,” *Associated Press*, January 31, 2019,

last accessed January 20, 2023, <https://apnews.com/article/donald-trump-global-trade-germany-france-international-news-b7fbb9c4b97b41c98d625cea0529386b>.

67 Steven Erlanger, “Europe Struggles to Defend Itself against a Weaponized Dollar,” *The New York Times*, March 12, 2021, last accessed January 20, 2023, <https://www.nytimes.com/2021/03/12/world/europe/europe-us-sanctions.html>.

However, the EU has come under considerable criticism for its disjointed response to Russia, issuing dozens of sanctions yet continuing to purchase massive amounts of Russian energy. In the future, nations should work to coordinate with allies before implementing sanctions to ensure maximum impact of sanctions, and to prevent confusion for private sector firms and NGOs operating in the sanctioned nations.

3.3 Addressing Domestic Vulnerabilities

While the previous recommendations should improve sanctions efficiency, sanctions alone will not suffice to counter the growing wave of authoritarianism present on the global stage. To truly combat this threat, liberal democracies must lead by example and address domestic failings. Not only will this improve home governance, but these changes will serve as models for nations around the world seeking to implement similar reforms.

Fighting Dirty Money and Corruption at Home and Abroad

One of the unpleasant truths that the sanctions against Russia uncovered was how complicit Western democracies have been in assisting Russian oligarchs at hiding their money. Switzerland, the U.K., and the U.S. have all been exposed as safe havens for the world's elite seeking to conceal their wealth. While many leaders have been keen to play a blind eye in the past, the Russian invasion of Ukraine has illuminated this issue, highlighting the urgent need for change.

The ease with which Russian, and other, wealthy global elite have managed to hide their wealth in Western democracies should be a major concern. In the U.K. alone, there is an estimated "£1.5 billion worth of U.K. property owned by Russians accused of financial crime or with links to the Kremlin."⁶⁸ In the U.S., states including Delaware and South Dakota have been exposed as willing tax shelters for those seeking to hide money. According to the Pandora Papers, South Dakota alone is home to some \$367 billion in assets stored in blind trusts.⁶⁹ As described by the Tax Justice Network, these trusts "involve a legal structure where a person (called the settlor) transfers assets to a trustee, who will hold the (trusted) assets under their name and manage them according to the settlor's directions in favour of the beneficiaries appointed by the settlor."⁷⁰

Allowing corruption of this nature to take place in one's borders is a massive security risk, and a practice that should

be stopped immediately. Taking steps to ensure that the owners of these trusts are publicly known and requiring financial firms to conduct due diligence on investors are simple and crucial steps to fighting this vulnerability. By cutting off this particular avenue, tax-evaders and bad actors such as Russian oligarchs will be less likely to successfully evade sanctions.

Accelerating the Transition to Renewable Energy

In addition to the prevalence of corruption undermining democracies, the extent to which these democracies rely upon oil-rich authoritarian states has been brutally exposed in the course of the Russia-Ukraine war. Europe's dependence upon Russian energy has severely undercut the potential for sanctions to fully impact the Russian economy, and Europe is in a sense funding the Russian war machine while arming the Ukrainian one.

Yet Russia is not the only state that democracies rely upon. Saudi Arabia, the world's largest oil exporter, wields massive influence over oil prices, and is also notorious for its human rights abuses.⁷¹ Outside its own borders, Saudi Arabia has been waging a violent war in Yemen, which the UN describes as the "world's largest humanitarian crisis."⁷² Continuing to rely on fossil fuels means inevitably relying on authoritarian nations such as Russia and Saudi Arabia for energy needs. Even for net-exporting nations such as the U.S., Saudi Arabia's influence over oil production and prices means that the U.S. is inherently dependent upon Saudi Arabia. This weakness was publicly exploited when Saudi Arabia led OPEC+ to cut oil production in October 2022, despite public calls from the U.S. for just the opposite action. That this came mere months after President Biden's well-publicized trip to Saudi Arabia only added salt to the wounds.⁷³

If the looming climate crisis was not reason enough, the Russian invasion should be a catalyst for change for all liberal democracies. The geopolitical implications of the transition to renewable energies are now obvious and must become a priority. Achieving energy independence is not only a smart domestic policy, but achieving this energy through renewable energies is crucial to ensuring a livable planet for future generations. While this transition will not be an easy undertaking, delaying the inevitable has gone on long enough. Investing properly in solar, wind, and other renewable energies while ending government subsidies for fossil fuel industries are just some of the first steps governments should take. There is a long way to go, but this endeavor is one of the most crucial reforms that must be undertaken.

68 "Transparency Measures Must Be Fast-Tracked to Kick-Start Dirty Money Crackdown," Transparency International UK, February 22, 2022, last accessed January 20, 2023, <https://www.transparency.org.uk/russia-sanctions-UK-latest-news-property-dirty-money-suspect-wealth>.

69 David Pegg and Dominic Rushe, "Pandora Papers Reveal South Dakota's Role as \$367bn Tax Haven," The Guardian, October 4, 2021, last accessed January 20, 2023, <https://www.theguardian.com/news/2021/oct/04/pandora-papers-reveal-south-dakotas-role-as-367bn-tax-haven>.

70 Andres Knobel, "Pandora Papers and (South Dakota) Trusts: Why Do Criminals and the Rich like Them so Much?," Tax Justice Network, October 8, 2021, last accessed January 20, 2023, <https://taxjustice.net/2021/10/08/pandora-papers-and-south-dakota-trusts-why-do-criminals-and-the-rich-like-them-so-much/>.

71 "U.S. Energy Information Administration - EIA - Independent Statistics and Analysis - Saudi Arabia," U.S. Energy Information Administration (EIA), December 2, 2021, last accessed January 20, 2023, <https://www.eia.gov/international/overview/country/SAU>.

72 "Yemen: The World's Largest Humanitarian Crisis," United Nations Population Fund, November 1, 2021, last accessed January 20, 2023, <https://www.unfpa.org/yemen#:~:text=You%20might%20not%20know%20it%20need%20humanitarian%20assistance%20in%202021.>

73 Karen DeYoung and Kareem Fahim, "U.S., Saudi Arabia Spar over Decision to Cut Oil Production," Washington Post, October 13, 2022, last visited January 20, 2023, <https://www.washingtonpost.com/world/2022/10/13/saudi-opec-oil-production-biden/>.

4. Conclusion

For all their flaws, sanctions are capable of affecting change on the global stage. When implemented correctly, they have the capacity to combat authoritarianism through inducing policy concessions and punishing bad actors. Decades of misuse and overuse have severely impacted the efficiency of sanctions, but this cycle does not have to continue.

With the proper reforms in both domestic and foreign policy, liberal democracies can utilize sanctions to counter the growing wave of authoritarianism. Limiting the use of sanctions and attaching clear strategic goals will facilitate the removal of sanctions when conditions have been met, and make sanctioned nations more likely to negotiate in good faith.

Communicating and working with NGOs can prevent unnecessary human suffering and also apply more pressure on sanctioned governments. Finally, undertaking long-overdue domestic reforms, such as fighting corruption and transitioning to renewable energies will not only improve governance at home, but serve as leading examples for the world. These reforms will not be easy, but nothing worth doing is.

