

# Economic Impact of the U.S. and U.N. Sanctions

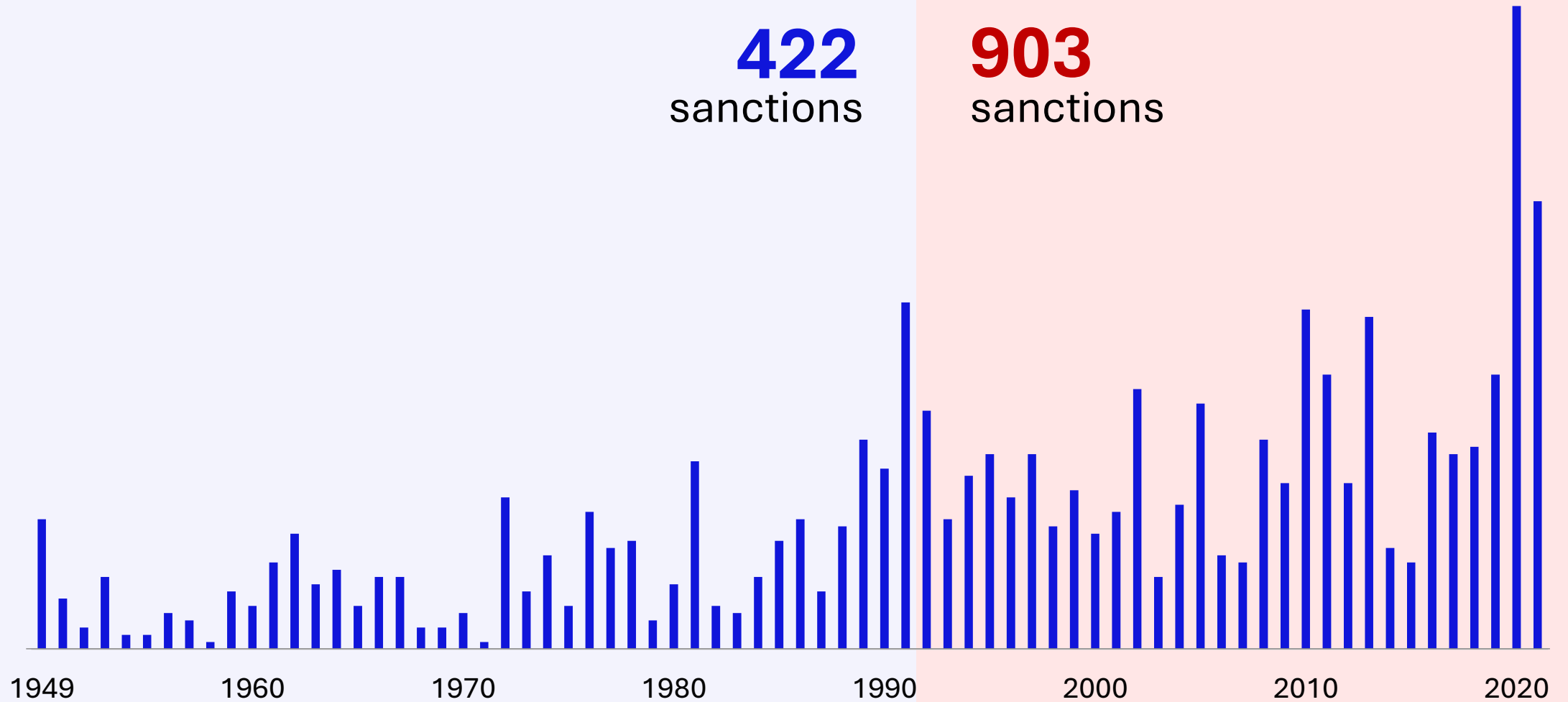
Maksim Likho

# Sanction count

Syropoulos et al., 2022

**422**  
sanctions

**903**  
sanctions



Do sanctions always lead  
to the desired **policy changes**?



Morgan et al., 2014

sanctions



- **reduced access to medicine** and healthcare services
- **increased infant mortality** and child deaths
- **limited access to education**
- **increased number of human rights violations** in the target states
- **deteriorated political stability** and degraded regime characteristics

sanctions



diplomatic revisions  
social outcomes  
**economic impact**  
humanitarian effects  
cultural influence



policy  
changes

# economic impact

- single dummy variable regressions
- individual country studies

⊗ **specific sanction types'**  
effectiveness

(financial, military, trade,  
travel, arms, etc.)

⊗ **temporal** dynamics

⊗ **global** perspective

- ✓ **global perspective on**
- ✓ **specific sanction types' effectiveness &**
- ✓ **temporal dynamics**

# data

- |  |                             |
|--|-----------------------------|
| ▪ <b>real GDP growth</b>                 | International Monetary Fund |
| ▪ <b>real GDP (in 2015 U.S. dollars)</b> | International Monetary Fund |
| ▪ <b>population</b>                      | International Monetary Fund |
| ▪ <b>inflation</b>                       | World Bank                  |
| ▪ <b>degrees of openness</b>             | World Bank                  |
| ▪ exports                                | World Bank                  |
| ▪ imports                                | World Bank                  |



# hypotheses

- The U.S. and the U.N. sanctions have an **adverse effect on the target country's real GDP growth** with the U.N. multilateral restrictions having a stronger negative effect than the U.S. unilateral sanctions
- The **negative impact of sanctions** (both by the U.S. and the U.N.) on the real GDP growth **becomes less significant over time**
- The **U.S. financial sanctions have the largest negative impact** on the real GDP growth compared to other types of the U.S. sanctions

$$y_{i,t} = \beta_0 + \alpha_i + \gamma_t + \beta_1 \text{sanctions}_{i,t} + \beta_2 X_{i,t} + \varepsilon_{i,t}$$

$y_{i,t}$	an annual real GDP growth rate for a country $i$ in a year $t$
$\text{sanctions}_{i,t}$	a set of dummy variables unique to each model specification
$X_{i,t}$	a vector of standard control variables that are used in economic performance modeling: real GDP (constant 2015 U.S. dollars), population, the degrees of openness, and inflation (lagged)
$\alpha_i, \gamma_t$	individual heterogeneity due to unobserved country- and time-invariant factors
$\varepsilon_{i,t}$	individual error

- The U.S. and the U.N. sanctions have an **adverse effect on the target country's real GDP growth** with the U.N. multilateral restrictions having a stronger negative effect than the U.S. unilateral sanctions

	(1)	(2)
Real GDP <sub>t-1</sub>	- 0.0283365 *	- 0.0276608 *
Population <sub>t-1</sub>	0.3226125	0.2917154
Degrees of Openness <sub>t-1</sub>	0.1066025 *	
Inflation <sub>t-1</sub>	- 0.0544049 ***	- 0.0543131 ***
U.S. sanctions <sub>t</sub>	- 1.2298573 ***	- 1.2083580 ***
U.N. sanctions <sub>t</sub>	- 2.6729779 **	- 2.6673192 **

- The **negative impact of sanctions** (both by the U.S. and the U.N.) on the real GDP growth **becomes less significant over time.**

	(3)	(4)
<hr/>		
U.S. sanctions <sub>t</sub>		
1 <sup>st</sup> year	- 1.1927455 ***	- 1.1694838 **
2 <sup>nd</sup> year	0.5493651	- 0.5512963
3 <sup>rd</sup> + year	0.1374203	0.1657084
U.N. sanctions <sub>t</sub>		
1 <sup>st</sup> year	- 3.1947725 ***	- 3.1910218 ***
2 <sup>nd</sup> year	2.6428191 **	2.6086782 **
3 <sup>rd</sup> + year	- 0.5048730	- 0.5570651
<hr/>		

- The **U.S. financial sanctions have the largest negative impact** on the real GDP growth compared to other types of the U.S. sanctions.

	(5)	(6)
Real GDP <sub>t-1</sub>	-0.0285911 *	-0.0279240 *
Population <sub>t-1</sub>	0.3281805	0.2979593
Degrees of Openness <sub>t-1</sub>	0.1053146 *	
Inflation <sub>t-1</sub>	-0.0530427 ***	-0.0529314 ***
U.S. sanctions <sub>t</sub>		
Military	-0.4633025	-0.3982325
Trade	-0.7908278	-0.7797005
Financial	-1.5149446 **	-1.5188970 **
Travel	0.2672064	0.3015731
Arms	1.3605356	1.3939159

sanctions



diplomatic revisions  
social outcomes  
**economic impact**  
humanitarian effects  
cultural influence



policy  
changes