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Sanctions as a Weapon of War: The European Experience

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Abstract

The Russia-Ukraine war has raged for over 10 months now, and the expectation of an easy Russian walkover over Ukraine has been belied. The war is witnessing strong and determined resistance from the Ukrainian forces, with the support of Western countries through arms and other forms of aid, and sanctions

against Russia. This report explores how sanctions are used in modern diplomacy and warfare, and their impact on the Ukraine war and the global economy.

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Introduction

Discouraging nations from breaching accepted global norms without using direct force is a difficult task. How can states that violate international agreements or threaten world peace be tackled?¹ It was once believed that the growing wealth of nations, along with technological development—while colonialism receded and empires crumbled—would also make the world more “moral”. These considerations led to the creation of the League of Nations after the devastation caused by the First World War. The outbreak of the Second World War, within two decades of the League being formed, led many to conclude that it had been a utopian enterprise that was fundamentally flawed.

However, the founders of the League did create a powerful instrument to help establish peace, which its successor, the United Nations (UN), has continued with: sanctions.² Woodrow Wilson, the US president when the League was set up, called sanctions “something more tremendous than war” and said it could lead to “an absolute isolation . . . that brings a nation to its senses just as suffocation removes from the individual all inclinations to fight.”³ He added: “Apply this economic, peaceful, silent, deadly remedy and there will be no need for force. It is a terrible remedy. It does not cost a life outside of the nation boycotted, but it brings a pressure upon that nation.”

The concept of sanctions is synonymous with that of blockades, boycotts, embargoes, quarantines, or economic coercion. All these terms gained currency during the 20th century. However, there are instances of the use of sanctions even in the 19th century, such as the Continental Blockade imposed by Napoleon Bonaparte on the British Isles, and various other tariff and trade war-related blockades. The First World War saw the imposition of sanctions against Germany and its European allies. Debates over sanctions were frequent during and after the war, with political scientist Peter Wallensteen noting that these debates occurred every 30 years or so.⁴

Sanctions are a tool of international diplomacy to coerce target governments towards a desired end. In most cases, they are used when one or more countries seek to interfere in the decision-making process of another sovereign government without the use of military force. They are a form of unilateral action taken against a state that is

violating international law, seeking to force it to conform to such law. Sanctions can include withholding diplomatic recognition, boycotting athletic or cultural events that include the targeted country, and even seizing the property of individuals belonging to that country. Perhaps the most important and effective form of sanctions are economic—those likely to impact international trade, financial flows, and the movement of people.⁵ In principle, sanctions seem an effective alternative to any fighting since they can be imposed at a lower cost than declaring war. However, they are often not as effective as expected by the countries imposing them. Sanctions may not bring about the desired behaviour change; they can also be considered unfair, as bigger economies can withstand them far better than smaller, poorer ones.⁶

“ Woodrow Wilson, US president in the 1910s, called sanctions ‘something more tremendous than war’.”

The Impact of Sanctions

The appropriateness of sanctions depends on their context. The sanctions imposed by the United States on Japan in 1917 and in 1940-1941 were intended to disrupt military aggression; as did those brought to bear by the UK and the League of Nations on Italy in 1936-1937, or those by the UK against Germany in 1914-1918. In all three cases, they failed; indeed, they were perceived as acts of war by the targeted countries.⁷ Sanctions against Italy were particularly unsuccessful since the US and Germany, not being members of the League, chose not to enforce them. Japan's trade was impacted, falling 25 percent in just 18 months; in response, Japan attacked American and European colonies in Southeast Asia to secure the raw materials needed to sustain its war machine.⁸ Sanctions on Germany too, failed to yield the expected results; economic isolation only encouraged Germany to become more combative.⁹

In contemporary times, economic sanctions have been used to address a range of issues linked to globally accepted goals such as preventing war, establishing freedom and democracy, addressing environmental concerns, promoting human and labour rights, nuclear non-proliferation, freeing imprisoned citizens, and the return of captured lands. Sanctions have become a routine policy tool of nations and international organisations aimed at influencing the behaviour of target countries. At times, they have also been used to address the internal affairs of countries.¹⁰ For example, the US had imposed targeted restriction on trade with Xinjiang. In this regard then President Donald Trump signed the Uyghur Human Rights Policy Act of 2020 to impose sanctions on Chinese officials who were deemed responsible for human rights abuses against the Uyghur ethnic Muslims in the Xinjiang province of China.¹¹

Countries such as the US have imposed sanctions repeatedly—117 times between 1970 and 1998, either as primary initiator or as part of a sanctions' coalition. It is in the more recent decades that sanctions have received increased attention. Since the end of the Cold War, the US, the UK, the European Union (EU), China, and the UN have increasingly used economic sanctions to achieve a wide range of foreign policy goals. Since the beginning of the 21st century, the US, for instance, has imposed sanctions on over 25 countries. There have also been sanctions against non-state actors including terrorists and drug traffickers.

Sanctions do not always prove effective. While the sanctions on Tehran did work, similar sanctions have failed to destabilise the North Korean regime.¹² While the sanctions imposed on Iran did bring some compliance with the Nuclear Deal in 2015, it has since taken a turn for the worse since Trump withdrew from the agreement and Iran has continued to pursue its nuclear development programme.¹³

It is often argued that the key metric to judge the effectiveness of economic sanctions is whether the costs on the target(s) are adequately high. Another is whether the sanctions are 'smart', designed such that they impact the right people in the targeted country. A third is the extent to which sanctions blunt the likelihood of the imposer and the target engaging in future conflicts. Some also evaluate

sanctions by whether they are brought unilaterally or through a coalition.¹⁴ There is research using specific cases to show that some sanctions have not worked despite being employed for a long period of time.^{15,16,17}

Recent and more rigorous studies using systematically acquired data sets show that sanctions sometimes bring about changes in the behaviour of targeted states. Moreover, some countries alter their behaviour over fears of sanctions even before they are imposed. A 2006 study listed over 800 instances of sanctions, including the threat of use and the actual imposition, during the period 1971-2000.^{18,19} It found that in 1991, the US threat of sanctions against Israel over its proposed actions in the Palestinian occupied territories did lead to Israel backing down, at least to some extent. Following the threat of sanctions, Israel agreed to stop construction of new settlements in the occupied territories. What is unclear, though, are the reasons why Israel conceded to the threats. It may be argued that economic cost, close ties between Israel and the US, or the domestic pressure on the Bush Administration were reasons for the threat of sanctions to have succeeded in this case.²⁰

Weaponising Sanctions

There have been three primary strands of debate on sanctions: the first, in the 1930s, was on sanctions against aggression; the second emerged in the 1960s on sanctions towards decolonisation; and the third, in the 1990s, was on sanctions and new wars.²¹ US author and journalist Rosa Brooks²² notes that with globalisation, everything in the world has become weapons of war. The increased interdependence triggered by global economic networks has security implications that enable states to leverage them for coercive action. Scholar Thomas Wright²³ similarly notes that the increased level of global interdependence, combined with the continued struggle for power, has resulted in a situation where states willing to engage in direct conflict may still opt for anything short of war since the costs of waging war will be high. Economist Raghuram Rajan²⁴ also asserts that the economic weapons, made possible by global integration, can become weapons of mass destruction when fully unleashed

in the form of sanctions. Although Rajan acknowledges that the current restrictions and limitations placed on Russia may not immediately have an overwhelming impact, their long-term effects are certain to be painful.

There has been limited research so far on how sanctions impact economic networks and how they can be weaponised.²⁵ What makes sanctions “warlike”? Today, economic sanctions are generally regarded as an alternative to war, but in the inter-war years, they were seen as a form of war itself and yet continued to be used. Woodrow Wilson observed: “If thoughtful men have . . . thought, and thought truly, that war is barbarous... the boycott is an infinitely more terrible instrument of war.”²⁶

Internationalists at the time acknowledged that sanctions were a deliberate act of deprivation intended to dissuade revisionist states from breaking or challenging the Treaty of Versailles, the peace deal reached after the First World War. It was thought that the fear of being blockaded would help keep peace.²⁷

There is no doubt that the debilitating effects of sanctions are not as immediate as those of nuclear weapons or other weapons that could cause deaths of civilians and destruction of property. But they too, can lead to social collapse in the targeted countries, aggravating poverty, malnutrition, unemployment,

and hunger. Of the three anti-civilian weapons—air strikes, gas wars, and economic blockades—it is the latter that have far greater consequences and are deadlier than the other two. During the First World War, for instance, about 400,000 people died of starvation and illness due to the economic blockade in Central Europe.²⁸ Sanctions not only hurt the physical capabilities of countries by depriving them of raw materials and other resources for survival, progress and development, but also impacts their national psyche. Woodrow Wilson maintained that sanctions had the capacity to inflict maximum damage with long-lasting consequences.²⁹

“Amidst increased global interdependence, states willing to engage in direct conflict may still opt for anything short of war as the costs of waging war will be high.”

Sanctions Against Russia

The US, the UK, and several other nations have imposed numerous sanctions on Russia following its invasion of Ukraine in February 2022. Russia is now the most sanctioned country in the world. Crucially, how have these sanctions affected the European and Russian economies?

Russian President Vladimir Putin has become increasingly aggressive in the neighbourhood since the Russo-Georgia war in 2008. The EU had responded to the attack on Georgia with statements expressing concern. However, the semi-annual EU-Russia Summits, mandated under the partnership and cooperation agreement that came into force in 1997, were halted in the aftermath of Russia's annexation of Crimea from Ukraine in 2014. This incident also marked the beginning of EU sanctions on Russia. The sanctions targeted members of the Russian elite, froze Russian assets, and imposed visa

bans. Subsequent sanctions were related to arms trade, energy, and financial cooperation.³⁰

Following the Russian invasion of Ukraine in February 2022, the EU has imposed several rounds of punitive sanctions intended to cripple Russia's ability to finance the war, further crush its elites, and diminish its economic base. These were swiftly agreed upon despite the EU's reliance on energy, trade, and investment from Russia. The sanctions, however, have presented many challenges for the EU, including energy shortages, inflation, and lower growth rates. These challenges have appeared since Europe shares close trade and financial ties with Russia.³¹

The allied^a trade embargo on Russia has four components: an embargo on imports from Russia; a ban on exports to Russia; a partial withdrawal or suspension of foreign direct investment (FDI) in Russia by companies headquartered in any of the allied countries; and increased costs of trade between Russia (and its supporters, such as Belarus) and the allied countries. One study³² estimates that the trade embargo on Russia could result in a 14.80-percent real GDP loss for the country in the short to medium term, primarily due to the withdrawal of the allied countries' FDI. Russia is also expected to suffer import losses of 50.7 percent, while export volumes could decrease by 20.6 percent due to the embargo. The allied countries will also be affected—their real GDP could fall by about 0.52 percent, with a 0.21-percent loss in import volumes and a 0.28-percent loss in export volumes. Losses will be unevenly distributed, with the Netherlands and Germany losing over 1 percent of their GDP, and Canada and the US, 0.001 percent.³³

One of the crucial ways of sanctioning Russia has been to limit its access to hard international currency. However, Russia, as the world's second largest exporter of gas and oil as of December 2021, appears to have an advantage in this respect. Its energy revenues through crude and refined oil according to current prices amount to US\$700 million per day.³⁴ It also exports natural gas worth around US\$400 million per day to EU countries via pipelines. The revenue from these exports is about half the size of the Russian federal budget. As the war in Ukraine continues, countries are being pressured to reduce their imports of Russian gas and oil. The US and Canada have said that they will ban or phase down Russian energy exports by the end of 2022. However, the EU, whose members import about 40 percent of their natural gas and 25 percent of their oil from Russia, cannot do so as easily. Instead, the union has set out a new strategy, 'REPowerEU', to reduce Russian energy imports by about two-thirds by the end of 2022.³⁵

^a Countries that have imposed sanctions against Russia include, Canada, the European Union (27 countries), Japan, New Zealand, Australia, Japan, Taiwan, the UK, and the US.

RePowerEU is not an economic sanction against Russia but a political decision to reduce overdependency on Russian energy imports. Since an immediate sanction on energy imports from Russia would have significant negative impacts, it is more feasible to gradually scale down the reliance on Russian energy. Russia cannot sell its oil and gas easily in other countries or regions such as China and India or non-OECD countries as there are bottlenecks in terms of domestic and export infrastructure. Russia's inability to export oil to countries other than the European region in its full capacity will result in the filling up of oil storage facilities, subsequently resulting in the closure of refineries, in turn hurting Russia's medium-term oil export capacity.³⁶

The International Monetary Fund has projected that Russia's economy will shrink by 8.5 percent while inflation will go up 14 percent.³⁷ Sanctions have already disrupted Russia's real economy in terms of production, purchase, and the flow of goods. Apart from the sanctions, over 750 international companies have pulled out of Russia or limited their businesses since the war began, fearing possible future sanctions that could cause them reputational costs if they continued doing business with Russia, or the possible seizure of their assets by Russia.³⁸

While most countries in Europe, many Asian states, and the US have closed ranks in sanctioning Russia, China and India have refused to do so. They have instead increased their purchases of Russian oil and gas, which has helped Russia mitigate the impact of sanctions to a certain extent.³⁹ India and China have also abstained from voting on UN resolutions censuring Russia for its Ukraine invasion.⁴⁰ India's lack of support for the Western sanctions on Russia can be attributed to its longstanding foreign policy of non-alignment. Meanwhile, China's rising bonhomie with Russia could be due to its Taiwan problem, which puts it at odds with the West, especially the US.

The sanctions against Russia are unlikely to bring Russia to the negotiating table despite recent reports that Putin has been willing to negotiate with Ukraine. However, Ukraine, along with the US and its allies have demanded withdrawal of Russian troops as a prerequisite for talks. It will certainly seek alternatives to the existing structures from which it has been barred. For example, Russia has been excluded from the SWIFT payments system, which could shrink its economy by five percent.⁴¹ However, countries dealing with it can build their own versions of SWIFT. China already has the Cross Border Interbank Payment System, and India has the RuPay system as alternatives.⁴² This shows that despite being a viable coercive tool in times of conflict, sanctions can also be circumvented.

Conclusion

Sanctions have been an effective tool to force aggressor states into compliance. The sanctions against Russia have indeed slowed its progress in the Ukraine war, causing it significant losses and forcing it to withdraw from key Ukrainian cities that it had captured in the initial days of the fighting. Yet, it is too early to conclude that the sanctions have been an effective tool.

There have been extensive debates on the utility and effectiveness of sanctions over the past decades. Will the sanctions against Russia over its actions in Ukraine lead to another round of debate? The conflict between Russia and Ukraine demonstrates that authoritarian regimes which are inimical to world peace are still in existence. The question is whether democracy and liberal values can emerge triumphant over these authoritarian and non-democratic states.  ORF

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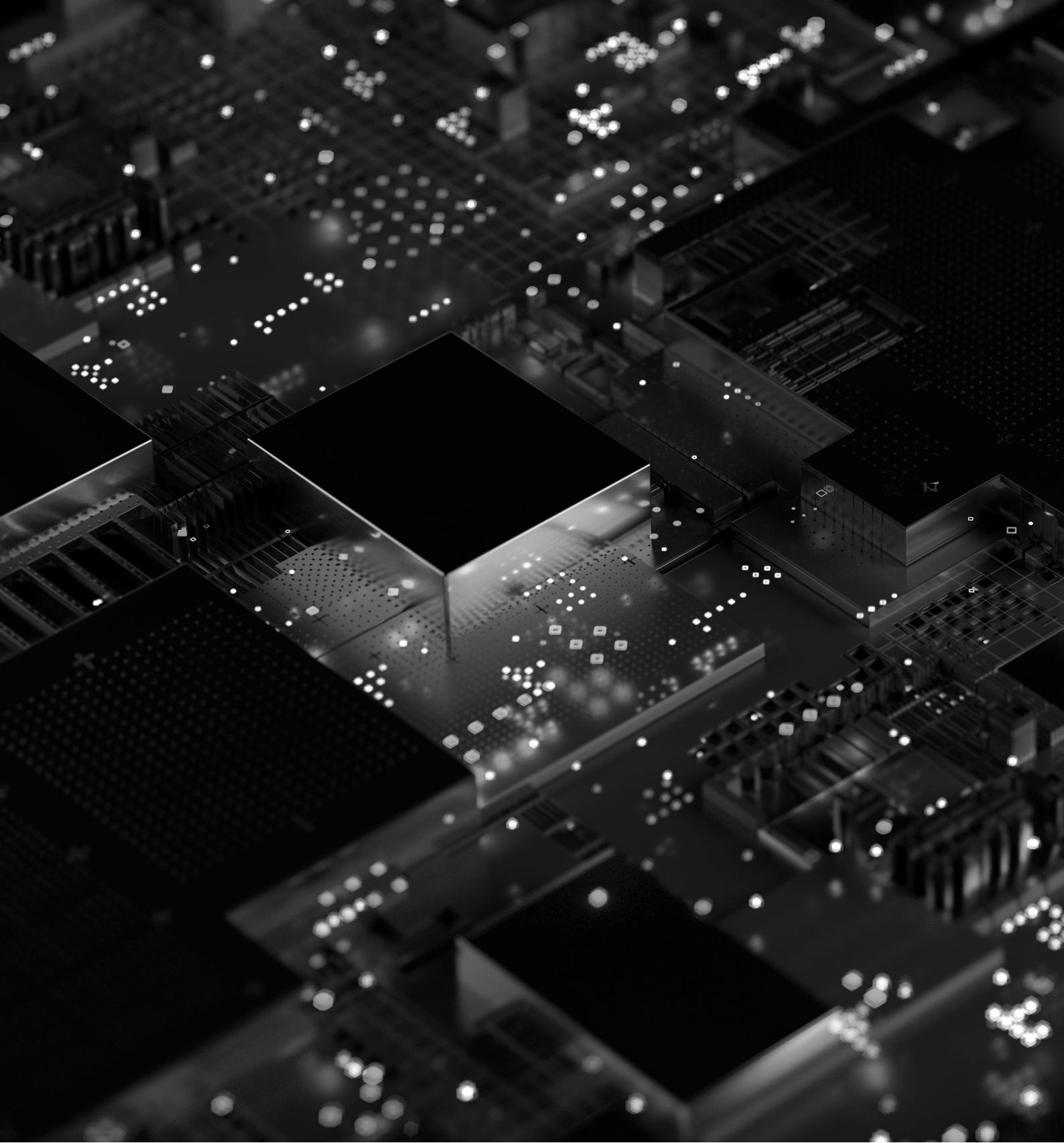
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