

Economic Sanctions

Prelims: Current events of national and international importance | Economy

Why in News?

Economic sanctions are frequently in the headlines because they remain a key tool of foreign policy in current global conflicts.

- **Economic sanctions** - These are measures imposed on a country, group, or individual to change their attitude or behaviour.
 - Sanctions cut off a country's resources, money, and trade to pressure its leaders to change policies and to comply with specific demands.
- **Different means of imposing sanctions** -
 - Restriction of trade (banning imports and exports) & investments,
 - Freezing financial assets,
 - Limiting access to international banking systems,
 - Travel bans, or other measures that restrict economic activity.
- **Common in international relations** - Economic sanctions have been employed by states & international organisations such as the United Nations (UN) -
 - To address issues like human rights abuses, territorial disputes, or nuclear proliferation.
 - To create external pressure on countries having **riotous internal affairs**. Example: Cuban Revolution
- **US sanctions on Cuba** - In **1958**, the USA imposed sanctions on Cuba during the overthrow of dictator Fulgencio Batista by Fidel Castro.
- Initially started as an **arms-only prohibition, it later spread to other products**.
- **Reason** - To ensure the granting of improved human rights and freedoms by Cuba's current government.
- **Impacts**
- **Economic sanction** - It is the **primary method** through which sanctions exert pressure is by causing economic pain.
 - **Example** - Trade restrictions can cause a shortage of goods and

services, higher prices, and inflation, leaving even the wealthy without resources.

- **Diplomatic isolation** - By reducing a country's ability to form alliances or limit its influence in global affairs
 - This weakens its power internationally and blocks access to capital markets, limiting its ability to fund government projects.
- **Dual Purpose of Sanctions**
 - **Direct impact** - Impose economic pain to force behavioral change.
 - **Symbolic message** - Signal disapproval and reinforce international norms, even if practical effects are limited.
- **Criticisms -**
 - **Ethical concerns** - Civilians often suffer more than elites.
 - **Humanitarian crises** - Shortages of food, medicine, and essential services.
 - **Unintended consequences** - Targets may turn to adversarial nations (e.g., China or Russia) for support.
 - **Strengthening regimes** - May lead to the rallying of internal power to hold onto their administration.
 - For example, in North Korea, sanctions have helped to consolidate state power rather than weaken it.

Reference

[The Hindu | Economic Sanctions](#)