Why Economic Weapons of Mass Destruction need Arms Control

What is the issue?

In addition to supplying Ukraine with military weapons, governments around the world have deployed economic weapons against Russia.

What about the economic sanctions against Russia?

- Strict measures on Russia's central bank have already contributed to the Rouble's collapse.
- Limitations on cross-border payments and financing have had a weakening confidence in Russian banks.
- Trade sanctions also include restricting exports of key inputs such as aeroplane parts to Russia as well as purchases from it.
- Equally worrisome is the growing public pressure on corporations to stop doing business in certain countries.

To know about the Cost of Russian Invasion, click here

What will be the impact of economic sanctions?

- **Growth and employment**- Economic sanctions will reduce economic growth and increase unemployment over time.
- **Standard of living**- It will eventually translate into lower living standards, poorer health, and more deaths in Russia.
- **International order-** Equally problematic is the breakdown of the international order.
- The United Nations Security Council cannot legitimately act against any of its permanent veto-wielding members (China, France, Russia, the UK and US).
- Moreover, even if the UN could approve a military response, the will to confront a nuclear power militarily would probably be lacking.

What are the concerns?

- **Global governance**- Economic weapons, enabled by global integration, offer a way to bypass a paralysed global governance system.
- **Globalisation**- If they are used too widely, they could reverse the process of globalization that has allowed the modern world to prosper.
- **Overuse of sanctions**- The seemingly bloodless nature of economic weapons, and the lack of norms governing them, could result in their overuse.
- It is not impossible to imagine a country being subjected to economic warfare because of its government's position on climate change, etc.
- **Freezing of assets**- Following the action taken against Russia's central bank, China, India and others may worry that their own foreign-exchange holdings may prove unusable if a few

countries decide to freeze their assets.

- **Global payment**- More countries might start exploring collective alternatives to the Swift bank messaging network, potentially leading to fragmentation of the global payments system.
- **Counter measures**- There could also be more zero-sum strategic behaviour, with countries developing new counter-measures to economic weapons.

What is the way forward?

- There should be a gradation of weapon use.
- Moves against the assets of aggressor-country elites should have the highest priority and lowest consensus requirements.
- Advanced economies should recognize that a balkanized global economy would hurt everyone.
- Holding talks on economic 'arms control' could be a step towards fixing a broken global order.

Reference

1. https://www.livemint.com/opinion/online-views/why-economic-weapons-of-mass-destruction-need-arms-control-11647883114166.html

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