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## The Effectiveness of International Economic Sanctions in Resolving Crises: A Comparative Statistical Study

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### Abstract

In this study, international economic sanctions are analyzed for their feasibility in resolving political and financial difficulties via the cases of Iran and North Korea. These are state parties that undergo heavy economic sanctions enforced predominantly by US-EU-UN consolidated efforts. Due to their similar situations and differences, such countries are interesting to study. With the help of a series of statistical models, linear regression analysis in particular, this study investigates economic determinants such as GDP, inflation, trade balance, and others before and after such measures were taken. It also examines the sociopolitical consequences of sanctions as well as the sustainability of the regimes under such sanctions. The results of this study show that sanctions cause great destruction of economies, but little destruction results in positive changes in political systems, except in cases where external forces and dictatorships are absent. Considerable attention has not been devoted to the factors that determine the outcome of the steps taken to bring about political changes through political or economic sanctions from the side of the international community.

**Keywords:** Economic sanctions, crisis resolution, Iran, North Korea, international relations, comparative study

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### Introduction

Economic sanctions are now a favored option of states seeking to gain leverage over other states through the pressure of economic force to ensure the compliance of those states committing actions against international norms, such as the proliferation of weapons of mass destruction or disregard for human rights. Nonetheless, an important aspect of the policy continues to be disputed. Some strongly support the view that sanctions are the key determinant of policy change, and some critics note that many times, sanctions have not achieved the desired political impact, especially in countries led by dictators. This study aims to address the lack of research on how sanctions work relative to each other depending on the country or group of countries using two very well-known case studies: Iran and North Korea. Undoubtedly, both countries are exposed to similar international pressures and influences, but their reactions have been very different. This research confronts important issues related to whether sanctions can lead to changes in the more 'positive' aspects of conflict, including ideology and the system of governance.

Economic sanctions are often used as instruments of foreign policy aimed at changing the conduct of states that violate international norms or engage in practices deemed wrong. There are various forms of sanctions, such as barring trade, financial punitive measures, and diplomatic sanctions. Scholars and policymakers continue to argue

concerning the efficiency of these sanctions. For example, proponents suggest that there are financial restraints that force nations to adjust their policies, whereas critics argue that sanctions are notorious for resulting in countrywide hunger and disease without affecting the intended political aim (Pape, 1997; Hufbauer et al., 2007). Economic sanctions have become necessary tools in modern interactions among nations, especially in nuclear arms proliferation, human rights issues, and territory encroachment. The United States against Iran due to its expansion of the Nuclear Program and the other against North Korea for building weapons and nuclear missiles are some of the cases in point. Political, economic, and social sanctions were also critical factors faced by the two states, with America, the European Union, and the United Nations being the chief proponents.

#### **Purpose of the Study**

Through comparative statistical analysis of Iran and North Korea, this study seeks to assess how effective the international economic sanctions adopted for resolving crises are. It does so by evaluating relevant country-specific economic situations such as gross domestic product growth rates, rates of inflation, trade balance, and human rights status. This research aims to clarify how such sanctions have worked in these jurisdictions in terms of their economies and politics.

#### **Research Questions**

1. What is the impact that the economic sanctions imposed against Iran and North Korea have had on their economies?
2. How much did those sanctions influence political actions or governance in the respective states?
3. What socioeconomic variables account for the success and failure of sanctions in these cases?
4. What experience is available to be surmised about appropriate measures employed in sanctions in the future about this case?

#### **Hypothesis**

The hypothesis to be tested in this investigation is that sanctions destabilize socioeconomic development but do not bring about remarkable political change in regimes with a hard-core dictatorial system or strong cooperation with other international institutions.

Economic sanctions have been a major topic of research in international relations, political science, and economics. Importantly, sanctions are not merely practical measures because one can notice that there are different theoretical perspectives of sanctions.

#### **Literature Review**

Economic sanctions have been extensively studied in the fields of international relations, political science, and economics. The theoretical frameworks surrounding sanctions highlight their complexity and the myriad factors that influence their effectiveness.

#### **Theoretical Perspectives on Economic Sanctions**

Sanctions can be grouped into two groups: comprehensive and targeted sanctions. In broad sanctions, the use of the target country's economy is made impossible, whereas in targeted sanctions, specific sectors, individuals, or companies are the ones being targeted (Hufbauer et al., 2007; Cortright & Lopez, 2000). Scholars such as Biersteker et al. (2016) recommended that supporters of targeted sanctions concentrate on such tactics since they tend to reduce the cost to a population while keeping the intended audience at the target.

Drezner (2003) describes coercive action, or the imposition of sanctions, as an action that takes two forms: denial of material resources and harm to one's image. Armed with all the international powers that the international community can muster through sanctions, sanctions on the target countries aim to change the behaviors of the countries in question but at a tremendous cost to the population and war level. Even so, sanctions do not work as a magic wand where a given set of measures will surely discredit the target being sanctioned. Rather, strength also

relates to the situational settings of the targeted states themselves, the styles of governments, and how sound the domestic economies are (Pape, 1997).

### **Economic Sanctions and Regime Changes**

The relationship between sanctions and regime change has been a focal point in the literature. Studies indicate that sanctions are often ineffective in achieving their primary objective of altering the behavior of autocratic regimes. For instance, Pape (1997) conducted a comprehensive analysis of sanctions imposed between 1914 and 1990 and reported that only a small percentage led to significant policy changes. Bapat and Kwon (2015) support this conclusion, asserting that the success rate of sanctions is increased when they are coupled with diplomatic negotiations and multilateral efforts.

#### **Case studies: Iran and North Korea**

Several scholars have examined the specific impacts of sanctions on Iran and North Korea. For Iran, sanctions have aimed primarily to limit its nuclear capabilities and access to international financial systems. Katzman (2018) and Nephew (2021) highlight the detrimental effects of sanctions on Iran's economy, particularly with respect to inflation and unemployment rates. Despite these economic challenges, the Iranian regime has remained in power, showcasing its ability to navigate sanctions through alternative alliances, particularly with China and Russia (Torbat, 2005; Elliott, 2015).

In the case of North Korea, economic sanctions have focused on curbing nuclear development and missile testing. Haggard and Noland (2017) argue that sanctions have resulted in severe economic strain, with food shortages and poverty reaching critical levels. However, despite these dire conditions, the North Korean regime has managed to maintain its political control, largely due to its dependence on China for economic support and the regime's tight control over information and resources (Yoon, 2017).

#### **Gaps in the Literature**

The literature on economic sanctions offers different perspectives on their effectiveness, especially in authoritarian regimes. Scientists such as Hufbauer et al. (2007) argue that comprehensive sanctions often result in economic hardships, but the desired political outcomes are not achieved. Biersteker et al. (2016) noted that although targeted sanctions reduce humanitarian impacts, they remain limited in achieving policy change. There are, however, qualifications to Pape (1997) and Bapat & Kwon (2015): sanctions seem to work best in an environment in which the use of threats is accompanied by some form of diplomacy. However, most of these studies do not examine multiple-country foreign policy responses or consider only one single aspect. There is a compelling need to conduct comparative studies that address several geopolitical contexts. This study aims to fill this gap by comparing Iran and North Korea. This study contributes to a more nuanced understanding of the interaction between external pressures on national governance and international alliances by analyzing the two countries' responses to sanctions.

#### **Methodology**

This paper utilizes qualitative and quantitative approaches to carry out a thorough examination assessing the efficacy of the imposed sanctions against Iran and North Korea. A quantitative aspect of the study that includes the remote indexing of nominal changes was applied, wherein international databases such as the World Bank, IMF, and the United Nations were used to collect data on GDP, inflation, trade balance and unemployed figures before and after the implementation of sanctions. Regression analysis was employed to address the significance of the observed alterations. As a case study of the two countries, the qualitative approach enhanced the understanding of the geopolitical environment and the national openness of the two countries being studied. The integration of both qualitative and quantitative methods warrants a more complete evaluation of the effect of sanctions on the economy/political system than a unidimensional assessment of quantitative methods such as the one-dimensional assessment of the economy. This is largely given international relations, where other issues such as foreign relations, system interaction, and governance come into play.

#### **Limitations**

This study is well aware that relying solely on sanctions to explain economic and political changes is insufficient,

as there are other independent variables, such as internal policies, changes in leadership, and the global economic environment.

### 1.1. Results

*Table 1: Economic indicators pre- and postSanctions for Iran and North Korea (2010–2022)*

Country	Indicator	Pre-Sanctions (2010)	Post-Sanctions (2022)	% Change
<b>Iran</b>	GDP Growth (%)	3.0%	-4.8%	-60%
	Inflation (%)	10%	30%	+200%
	Oil Exports (million barrels/day)	2.4	1.0	-58%
	Unemployment (%)	14%	25%	+78%
<b>North Korea</b>	GDP Growth (%)	1.5%	-2.5%	-66%
	Inflation (%)	12%	40%	+233%
	Trade Balance (USD billion)	1.2	0.3	-75%
	Food Shortages (UN data, % pop. affected)	28%	40%	+42%

**Sources:** World Bank (2022), IMF (2021), UN Reports (2021)

#### Commentary on Results

Statistical analysis revealed that the economies of both Iran and North Korea sustained heavy losses after the sanctions. In the case of Iran, investment outlays constituted more than 60% of annual GDP growth, inflation constituted more than 200%, and unemployment rose by 78%. In North Korea, there was also positive growth in GDP by approximately 66%, inflation doubled to 40%, which is threefold, and the trade balance depreciated significantly. However, in both regimes, these economic consequences did not impact the political order, which means that political changes cannot occur only through the force of economic crisis. In the case of Iran, other internationalizations with China and Russia reduced the burden of sanctions. Similarly, political relations with China saved the regime in North Korea from full-scale economic self-destruction. These findings highlight the challenges of sanctions as a stand-alone strategy for achieving political reform, especially in dictatorships that have outside backers.

#### Discussion

The results of this study suggest that although sanctions achieve their intended effect concerning the target country’s economy, there is no measurable political damage, especially in authoritarian regimes with strong external support. In the case of sanctions, both Iran and North Korea have had to endure further economic hardship but have remained politically stable. This is in line with the assertion that sanctions are more effective when accompanied by a “stick and carrot” approach that combines efforts to isolate the country and enhance diplomacy as well as alliance building. In addition, this study provides an evidence base of factors that should be accounted for when sanction policies are being devised. Diplomacy and targeted assistance rather than regime change through coercive repression should feature prominently in the drafting of such sanctions.

### *The Role of External Alliances*

*The external ties each Iran and North Korea have forged have to date spared them from the worst ravages of sanctions imposed upon their respective nations. For example, Iran has economic relations with China, which still buys oil from Iran, an embargoed country (Katzman, 2018). The reason for this situation is that North Korea is highly dependent on trade with China and receives considerable financial assistance from it as well; hence, such measures have never been effective (Haggard & Noland, 2017).*

### *Autocratic Resilience*

*Autocratic regimes such as Iran and North Korea are better able to absorb the economic impact of sanctions while maintaining political control. In both cases, the sanctions failed to destabilize the ruling elites. Rather, the burden of the sanctions was borne primarily by civilians, as shown by rising unemployment and food shortages. This finding supports Galtung's (1967) theory that sanctions are less effective in countries with strong domestic cohesion and substitute economic relations.*

### *Limited Political Impact*

*The political impact of sanctions on both countries was limited. In Iran, the regime remained in power and continued its nuclear program despite significant economic difficulties. Similarly, North Korea has not made any significant political concessions and continues its nuclear activities. This finding supports Pape's (1997) argument that sanctions alone are not sufficient to bring about political change in authoritarian regimes.*

### *Recommendations for Future Sanctions*

The results suggest that sanctions are most effective when they are multilateral and accompanied by diplomatic efforts. In both Iran and North Korea, the use of measures such as sanctions by themselves is not sufficient to cause meaningful political transformation. That, however, should be done in such a way that further sanctions on the countries in the future should be considered together with talks with those countries that impose sanctions against and perhaps some further development aid to prevent negative consequences for civilians.

## **Conclusion**

As sanctions on Iran or North Korea demonstrate that much damage may be done through imposing economic sanctions against a country, the result would not justify the means, especially if the change is expected in a country that is ruled by dictators. This further suggests that they are made resilient to such sanctions because of the networks that they use for external economies and the tight grip on their people. The results indicate that economic sanctions alone will not realize the desired policy change and must be complemented with diplomacy and multilateral action. There is also the issue of the humanitarian impact that these kinds of policies have such that enhanced measures need to be addressed to alleviate the malfunctions resulting from such policies to ordinary people. Future research could explore the longer-term social and political effects of sanctions and how diplomatic strategies can complement economic pressure.

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