

Mini Simulation

Economic Sanctions

Last Updated:
February 07, 2022

Overview

[Sanctions](#) are economic measures intended to either pressure or punish bad actors—whether individuals, groups, or countries—that violate international [norms](#) or threaten national interests. Sanctions offer governments a way to pressure or punish others with little cost or risk to themselves. However, they can cause collateral damage and are rarely successful in changing their target's behavior. In this hypothetical scenario, the United States needs to decide how best to apply sanctions to influence a crisis abroad.

The Situation

First, cover the fundamentals of this foreign policy tool with the CFR Education resource, [What Are Economic Sanctions?](#) Then, put these principles into practice with this simulation's hypothetical decision point below.

Decision Point

Borealia has been locked in a stagnant territorial dispute with its neighbor Yuzhnia for decades. This week, reports emerged that Borealia has just begun a large-scale offensive to seize the disputed territory. Borealia is far larger than Yuzhnia and has a sizable and advanced military. With international condemnations going ignored and any form of military intervention posing immense risk, the U.S. president has convened the National Security Council (NSC) to discuss the possibility of enacting [sanctions](#) on Borealia.

NSC members should consider the following policy options:

- *Enact broad sanctions on large portions of Borealia's economy.* This option would have the greatest effect on Borealia's economy, putting strong pressure on the government, but it also risks harming the Borealian population. The sanctions could, moreover, hurt U.S. businesses and drive Borealia to seek alternative trading partners, potentially including U.S. adversaries.
- *Enact targeted sanctions* on individuals in the Borealian government or military. These would have the least risk of unintentionally harming the Borealian population and could still forcefully convey U.S. opposition to Borealia's aggression. However, these sanctions would be unlikely to change the state of the conflict.
- *Enact no sanctions.* The State Department could issue a strong condemnation of the conflict but not enact sanctions. This would be the best option for U.S. businesses and avoid the risks of collateral damage to Borealia's population that sanctions entail. Still, it would likely have no effect on the situation.

Photo: A barbed-wire fence in front of containers on a cargo ship at a port in Tokyo, Japan on November 12, 2012.
Source: Yuriko Nakao/Reuters

[What Are Economic Sanctions?](#) Council on Foreign Relations

[What Are Economic Sanctions, and How Did They Become Washington's Foreign Polic...](#) Washington Post
[Economic Sanctions: Too Much of a Bad Thing](#) Brookings

