
Silent Fury: U.S. Sanctions & Iran's Economic Landscape

ANAÏS ACREE
GEORGIA TECH

The economic effects of U.S. sanctions concerning trade and investment on Iran since the days of the Iranian Hostage Crisis of 1979 have been significant, primarily impacting domestic production, altering trade relationships, and reducing foreign investment. The major research question is: What are the economic impacts of United States sanctions on Iran, and how did they change domestic production, trade, and foreign investment? The investigative method used a combination of quantitative analysis using macroeconomic trends and qualitative research from policy documents and stakeholder interviews. Results indicate that United States sanctions spurred the economic decline in Iran in the short run; rising inflation, reduced foreign investment, and alteration of trade partners. However, Iran weathered the adverse effects by cultivating domestic industries and establishing new international ties. The study suggests that sanctions can maintain viable impacts on the economy of the target in the short term; however, the longevity of those impacts is dependent on the ability of the target to resist. These results may have major implications for policymakers attempting to use economic sanctions as a tool of statecraft.

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Introduction

Sanctions are vital tools of foreign policy used to influence the behavior of a given target country. They must be used strategically – at the right place and at the right time in order to be fully effective. When imposed, their effects can create lasting change and often alter the trajectory of relations between the imposing and recipient states for significant lengths of time. Depending on the nature of the sanction and the parties involved, it may create a certain precedent, whereby allied countries apply similar sanctions in an act of solidarity. In today's inexplicably complex world, where the United States acts as the leading hegemon, explicit examples abound of sanctions of all types. In this paper, we will discuss American sanctions against the Iranian regime since the 1979 Iranian Hostage Crisis, where 53 American diplomats and citizens were held in Iran until January 20, 1981 [1]. This event, which saw the strict Islamic theocratic regime replace the monarchical dictatorship of the Shah, has often been cited as the turning point in Iranian-American relations and, importantly, the global community's reliance on American foreign policy when dealing with the Iranian regime.

What are the economic ramifications of United States sanctions on Iran, and how have these measures influenced domestic production, trade, and foreign investment in Iran? These are factors by which we can measure Iran's economic failure or success. Domestic Production shows how quickly Iran's firms adapted by

developing manufacturing industries post U.S. sanctions. Trade highlights their changes in trading partners and whether they lost important deals with previous partners or secured partnerships with other countries. Foreign investment demonstrates whether or not Iran was able to forge new strategic alliances with other countries. This enables Iran to recover the necessary exports and imports that were lost by enterprises. Through foreign capital and technology, it can also develop new domestic expertise and gain a comparative advantage by operating corporations inside Iran. It is necessary to examine multiple economic factors to analyze the changes in these measures on Iran's economy due to the United States sanctions. Multiple sanctions have been imposed on Iran by the U.S., different European countries, and even the United Nations Security Council [2]. The United States typically leads the way by putting sanctions on Iran. As a hegemon, they are then followed by other countries and the UN Security Council. The U.S. and Iran have had antagonistic relations since the Hostage Crisis, which forced the start of the sanctions. While they go through relative cyclical periods of cooling and thawing, relations have never returned to the height of pre-1979 levels, and sanctions have been used by the U.S. to influence Iran's behavior [3]. Understanding Iran's successes and failures in light of American sanctions will allow us to determine their overall effectiveness and utility as a tool in a given country's foreign policy.

Background

U.S. sanctions have had multiple determining effects on Iran's economy since 1979. From various sources, two main arguments emerge as having the most impact on Iran's economy, sparking debate between two camps of scholars offering different perspectives on the use of sanctions. The first camp argues that U.S. sanctions have worked by worsening Iran's economy, leading to inflation, shortages, and restricted access to vital imports [4]. The second camp argues that U.S. sanctions have gradually lost their effectiveness over time and have prompted economic progress in Iran by fostering self-sufficiency and forging new global alliances with countries such as Russia and China [5].

The first school of thought is based on the argument that the United States sanctions have worsened the economy in Iran. Inflation and shortages of essential goods have decreased the availability of products drastically due to restricted access to international markets and decreased financial transactions. One such source highlights the negative impact U.S. sanctions have had on the Iranian economy, including the increased inflation after they were put in place and the limited access to vital imports [4]. The shortages include essential drugs and supplies for medical facilities due to difficulties in processing financial transactions and shipping internationally, which resulted in not only higher prices but even increased deaths, especially during the Covid pandemic [6].

Conversely, the second school of thought is centered on how the United States sanctions have helped progress Iran's economy. This group argues that U.S. sanctions have prompted economic progress in Iran by fostering self-sufficiency and new global allies [5]. Out of necessity, Iran was forced to form alliances with different nations beyond the United States and Western Europe, now including Russia, Asia, and other Pacific Rim countries. [7] argues that U.S. sanctions prompted Iran to seek opportunities for economic advancement by creating domestic firms to gain self-reliance and reducing its dependency on imports by finding new avenues for trade and investment. Many corporations that had previously traded with Iran stopped exporting goods to them, forcing Iran to learn to develop and produce on its own. Policymakers [8] discuss how Iran aimed to protect and incubate infant industries and expand their technology despite the inferior quality of their products.

Research Design

Referencing multiple journal articles, the findings in this paper have used a mixed-method approach that integrates both quantitative and qualitative analyses to examine the economic repercussions of the United States sanctions on Iran. Using the evolution of U.S. Foreign policy towards Iran as a case study and the analysis of trends from different periods, this study examines U.S. sanctions between 1979 and 2024, and how these events impacted Iran's economy.

The quantitative analysis uncovers several economic trends that impact Iran's domestic production, trade, and foreign investment. The sources of data are from the literature annotated, including international organizations, and governmental bodies such as Iran's Central Bank and statistical agencies. The analysis will include multiple economic indicators to provide evidence for the measures in my research question. A comparative analysis will be the most useful to enable empirical comparison over time to analyze the impact of sanctions on Iran's economy across different periods and

policy contexts. These sources include official statistics on important topics, including GDP, inflation, trade, and sectoral economic performance. These relevant indicators are used to understand and explain the broad economic impact of U.S. sanctions. GDP is an important bellwether indicator of economic growth and reflects Iran's stability in the presence of external pressure, while inflation shows the most immediate and direct effects of sanctions on prices and the purchasing power of citizens. Trade patterns reveal changes in international alliances and the level of economic isolation Iran is experiencing, with foreign investment showing the confidence of other countries to put their money on the line in the presence of risk. Domestic production levels are relevant indicators of Iran's ability to become less dependent and acclimate to an environment with fewer imports.

Qualitative analysis from interviews, policy documents, and scholarly literature provides more detail on the impact of U.S. sanctions on Iran. Interviews that have been conducted with Iranian citizens, stakeholders, and policymakers help document the perceptions and experiences of those impacted by the sanctions. Policy documents and scholarly literature, including reports, journals, empirical studies, NGOs, and International Organizations, explain policy responses and strategies of U.S. sanctions on Iran. Categorical analysis identifies repeating patterns to help extract and advance conceptual economic arguments. These sources were chosen based on their relevance, reliability, and capacity to provide a backdrop to support the quantitative trends.

By integrating these quantitative and qualitative sources, this research employs a mixed-methods approach that juxtaposes numerical trends against more social lived experiences and policy responses, allowing for a comprehensive understanding of the multifaceted impact of U.S. sanctions on Iran.

Turning Points: U.S. Sanctions Reshaping Iran's Trajectory	Year(s)
Iran Hostage Crisis	(1979-1981)
Designation of Iran as a State Sponsor of Terrorism	(1984)
The Iran-Iraq War	(1980-1988)
Iran's Nuclear Program and Sanctions Escalation	(2000s-2010s)
Negotiations and the JCPOA	(2015)
Withdrawal from the JCPOA and Reimposition of Sanctions	(2018)

Figure 1. U.S. Sanctions on Iran Case Studies Case Studies

Case Studies

These cases serve as a chronological record of events related to the imposition and re-imposition of the relevant U.S. sanctions, including the Joint Comprehension Plan of Action (JCPOA) a 2015 Nuclear Agreement between Iran and the P5+1 countries (USA, UK, France, China, Russia, and Germany) to limit Iran's nuclear program for sanctions relief. Negotiated and enacted during the Obama administration, the US unilaterally withdrew from the JCPOA during the Trump administration. Analysis of various sectors of Iran's economy, from energy and finance to healthcare and manufacturing, helps explain the breadth of their effects. The events include the Iranian Revolution (1979), the Iran-Iraq War (1980-88), the Designation of Iran as a State Sponsor of Terrorism (1984), Iran's Nuclear Program and Sanction Escalation (2000s-2010s),

Negotiations and the JCPOA (2015), and the U.S. Withdrawal from the JCPOA and Reimposition of Sanctions (2018). These events represent key moments of U.S. sanctions against Iran, which reflect shifts in economic measures to address Iran’s nuclear program and regional activities [9].



Figure 2. Iranian Inflation

Inflation

These case studies are correlated with short-term negative impacts on Iran’s economy. For example, when the U.S. designated Iran as a state sponsor of terrorism in 1984 (in addition to imposing many new sanctions), there was a rise of over 20% in inflation in the two years that followed (10). More importantly, we see that when sanctions are not implemented, there is a substantial decrease in inflation. After the Iran-Iraq war ended in 1988, inflation decreased by approximately 20% in two years. After the JCPOA deal in 2015, which included sanction relief for Iran, inflation dropped by approximately 25%, and only began to rise after the Trump Administration reimposed them in 2018 [11]. From this data, it is apparent that U.S. sanctions sparked an immediate economic decline in Iran [12]. However, despite this, the “rogue state” has learned to adapt and has experienced long-term economic growth. Thus, the U.S.-imposed sanctions are strongly correlated with short-term inflation in Iran and are a contributing factor to Iranian inflation rates.

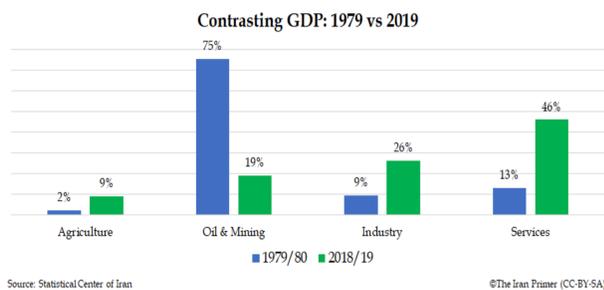


Figure 3. Contrasting GDP: 1979 vs. 2019 Domestic Production

Domestic Production

Regarding Iran’s domestic production, after forty years’ worth of sanctions, all of Iran’s critical sectors have grown, with the exception of oil and mining, which have experienced a significant drop. This

exception can largely be attributed to high oil prices during the Shah’s reign and the blow to oil demand as a result of a surplus in supply. However, regarding the remaining major sectors, we see a substantial shift in GDP makeup [13]. Services and Industry, previously accounting for a combined 22% of Iran’s GDP, now make up roughly three-quarters of it [11]. As a result of the various sanctions imposed, Iran has spent the last 40 years adapting its economy and has become increasingly self-reliant, particularly in the services sector, including education, healthcare, banking, insurance, and communications.

Foreign Investment

Yet Iran does not totally rely on foreign investment. U.S. sanctions have scared away companies across the globe from doing business with Iran. It was not until the JCPOA that an increased number of European and Asian companies viewed Iran as a potential investment opportunity. This all quickly subsided in 2018, as the U.S. withdrew from the JCPOA (much to the chagrin of its global partners). Despite the pushback from allied countries globally, the weight of American sanctions was simply too much for businesses across all sectors to overcome. As a result, companies ceased doing any business with Iran [14]. For example, Maersk (a renowned shipping company) halted all shipments of Iranian oil. Its CEO detailed the move as a prioritization of pursuing its business interests with the United States. Likewise, Peugeot, a prominent French automobile manufacturer, reneged after signing agreements with Iran’s Khadro Industrial Group to manufacture vehicles in Iran. Iran responded with the development of its Import Substitution Industrialization plan, which further reduced its reliance on imports to advance its industrialization [15]. Having faced decades of sanctions has not stopped Iran from indulging in some of the most famous Western consumer items. The most prominent example of this is the world-renowned Atlanta-based product Coca-Cola, which previously sold its concentrated syrups to Iran. With sanctions in place, Iran no longer has access to the sugar delight, and began to develop their off-brand version “Zam-Zam”. The knockoff soft drink is produced by local firms such as Khoshgovar Mashad Co., which is tied to a conglomerate of Iran’s Shiite theocracy. The copying does not end with Coke, as duplicates run far and wide with knockoff versions of Heinz Ketchup, Oral-B mouthwash, Levi Jeans, and even Tabasco Hot Sauce being widely used. After these companies divested from Iran to comply with U.S. policy, similar versions of these products were recreated and have become available from local Iranian distributors [16]. American and Western culture continues to persist in Iran despite opposition to all things “Western”, as young Iranians embrace U.S. products and copies thereof. Iran has become self-sufficient in creating and producing makeshift replicas of these goods that they can no longer import, which has grown their industry and services sector.

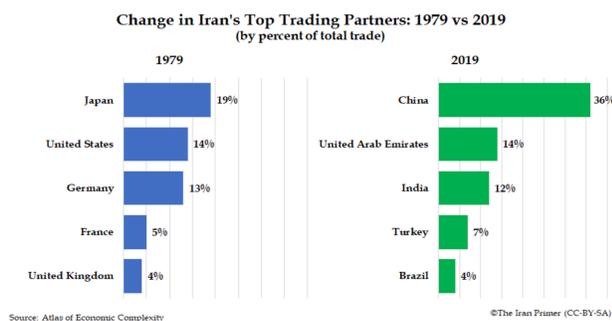


Figure 4: Change in Iran's Top Trading Partners: 1979 vs 2019 Trade

Trade

In Trade, Iran has made drastic changes concerning its choice of trading partners. Prior to the change in regime, Iran maintained transcontinental partnerships with many different Westernized nations. The top five countries accounted for 55% of its total trade. Now, the picture is much different. In 1979, Iran's top trading partners were Japan (19%), United States (14%), Germany (13%), France (5%), and the United Kingdom (4%). These 5 countries accounted for 55% of its trade, and Iran was extremely diversified, exchanging 45% of its goods with other countries. Now Iran relies on new trading partners who are less allied to the United States and not as much by the whims of the United States. While Iran has expanded domestic manufacturing of many products, the trade needed to receive other necessary goods now occurs between fewer countries. China has taken the number one spot, accounting for a rather significant 36% of total trade. In 2019, Iran's top trading partners were China (36%), the UAE (14%), India (12%), Turkey (7%), and Brazil (4%). These countries all account for 73% of Iran's trade which is quite remarkable considering none of them accounted for even 4% back in 1979 [11]. Most striking is that none of the top 5 trading partners with Iran remained top trading partners in 2019. In 2024, Iran has advanced relations with Russia, which now carries over 6% of its trade; this is largely due to Russia's war with Ukraine, and once again highlights Iran's relative resilience in combating sanctions [17]. Clearly, Iran has learned to adapt after losing trading partners and has forged new allies to recover trade losses. Not only have the partners changed, but also the types of goods. During the Shah's time, luxury goods, including color televisions, stereos, and household electronics, dominated the list of imports. The more modest Islamic Republic focused more on bare necessities such as basic food items. They could no longer rely on Westernized countries for machinery to process domestic agricultural products like cereals. For example, wheat product imports increased from just 426,000 tons in 1978/1979 to 2,000,000 tons in 1980/1981 [18].

Economic Impact of Sanctions

JCPOA negotiations were put in place under President Obama's administration with China, France, Germany, Russia, the EU, and Iran, ending a multitude of sanctions in return for reduced nuclear activity in 2015. Just three years later, the Trump Administration withdrew from the deal, which worsened Iran's economy. Iranian

economist Masoud Nilli discusses how the U.S. sanctions create a serious and unstable environment. He shares that if the U.S. did not withdraw from the JCPOA deal, the Iranian rial would be trading at 100,000 rial against the U.S. dollar, but currently it is over 600,000 and counting [17]. He has based this estimate on trends since the early 2000s and concluded that while the rial would have naturally lost value over the past 5 years, the pace would be more manageable. Iran's currency traded at 70 to the dollar before the 1979 revolution, but through the decades following, the rial value has steadily declined and has experienced about a 10,000-fold fall in value. In the trends for more than two decades, he argues that the average annual inflation rate remained around 16 percent, except for the 5 years after the withdrawal from JCPOA. For January 2023, the inflation rate was drastically higher at more than 50 percent [17]. The economist argues that the wide difference is due to the sanctions that the United States imposed. However, the Biden administration has criticized the withdrawal from the JCPOA deal, emphasizing that the U.S. sanctions have been ineffective in the most important topic of impeding Tehran from expanding its nuclear program [19].

Following the JCPOA deal, Iran experienced immediate growth in its economy. Its GDP increased (adjusted for inflation) at a growth rate of 8.8 percent from USD 408 billion in 2015 to USD 444 billion in 2016 [20]. This growth rate is higher compared to rates of its regional neighboring countries: Egypt (4%), Turkey (3.3%), Saudi Arabia (1.67%), Pakistan (5.5%), and Nigeria (-1.61%). This temporary period of economic growth was shattered by implementing the 'maximum economic pressure' ordered by the Trump Administration. Through this policy, Iran's GDP growth rate dropped significantly after the reimposition of sanctions at -2.25% in 2018 and -2.65% in 2019. In 2018, the largest decline was in the industry sector, -9.1% compared to 2017, following -2.4% in agriculture, and an insignificant impact of -0.05% in the services industry. In 2019, the industry sector declined by -9.7% compared to 2018, -0.18% in services, and an increase in agriculture by +9.2%, and manufacturing by +4%. The pivotal driver in Iran's overall decline in GDP from 2018 to 2019 was the fall in their industrial production due to the oil embargo set by the United States. Iran has learned to remain stagnant and resistant to U.S. sanctions, demonstrating their steadiness in the services and agriculture sectors, which serve Iran's domestic market.

According to the head of Iran's Food and Drug Organization, Iran produces 97 percent of the medicine consumed in its country [21]. In 2018, all food groups in Iran increased a year after the re-imposition of sanctions with the highest inflation rate observed in the vegetable, meat, and fruit groups. Food insecurity in urban households increased from 2017 to 2019 from 8.84% to 11.2%, and increased in rural households from 25.17% to 29.2% before the Covid-19 pandemic hit [22]. The average cost annually of a healthy diet for an average Iranian family household of 3.3 people based on current prices is 341,866,008 IRR (\$2849 US). This increased over 3.6 times compared to the average amount Iranian families spent the previous year at 94,505,000 IRR (\$788) [22]. From this data, it is apparent that U.S. sanctions hurt Iran's economy during this period in the short term.

The Covid-19 pandemic hit Iranians harder than other countries in the region, but its economy didn't worsen as much as theirs. In August 2021, only 3% of Iran was vaccinated compared to 12% worldwide, 70% in the UAE, 50% in the EU, and 32% in Turkey

[20]. The cumulative confirmed death rate from COVID-19 in Iran rested at 1,061 per million people compared to 541 per million globally. Even though there was significant human loss in Iran during the pandemic due to the lack of access to vaccines, the economic impact of COVID-19 was less significant than in other countries. Iran had annual growth rates of GDP (adjusted for inflation) from 3.3% in 2020 to 4.7% in 2021. Iran was able to react strongly to the COVID-19 restrictions due to its adaptation to sanctions and becoming more self-sufficient. This is partially due to the fact that Iran had a lower dependency on sectors that were highly affected by Covid, such as tourism, and had already experienced a lower economic baseline following the economic contraction from U.S. sanctions [23].

Impact on Iranian Citizens

Social implications are impacted by access and availability of healthcare and drugs, particularly during the Covid-19 pandemic. Shortages and restrictions on financial transactions disrupt the supply chain of essential goods, increasing hardships on the population. Policy responses are used to mitigate these disruptions by fostering resilience. These are achieved by diversifying trade partners, investing in domestic industries, creating social welfare programs, and pursuing diplomatic engagement. After the withdrawal from the JCPOA deal, ordinary Iranian citizens have suffered the most from the U.S. sanctions which deter international banks and firms from engaging in financial transactions with Iran [21]. As a result, this is hurting Iran's access to medicine and treatment options, and basic healthcare needs. The sanctions cause suffering to the Iranians afflicted with a range of diseases and medical conditions, the worst including patients with rare diseases requiring specialized and advanced treatment for conditions such as leukemia, epilepsy, and chronic eye injuries, and other permanent injuries from the Iran-Iraq War. With epilepsy, there is less access to foreign-made medicines, which can prevent uncontrolled seizures and permanent brain damage. An Iranian journalist shares how a Caesarean section procedure uses a "non-standard" anesthesia medication because of the lack of access to a higher quality medication provided in the Western world [21]. Human Rights Watch interviewed Iranian patients who described worsened side effects from lower-quality medications compared to what was used before sanctions. From a medical standpoint, the lack of access to drugs and medicine has hurt Iran, increasing the number of deaths compared to years in which sanctions were temporarily eased. Access to modern medicine and treatments has had a large impact on Iran's healthcare system, hurting the Iranian people who need it the most. Food insecurity is yet another issue facing the Iranian people, who have less access to nutrition due to unsustainable domestic production and insufficient imports.

With the ongoing 2023 conflict between Israel and Hamas, the U.S. has decided to impose economic sanctions on Iran's drone production as an economic, rather than military, response. This decision potentially reflects a political consideration in light of the upcoming election year. The co-founder of Energy Aspects shares, "All sanctions are sanctions on paper with anything that remotely causes all prices to go up. I just don't see myself believing that they will enforce it strongly" [24]. This regularly occurs during election years as administrations try to resonate with certain voter demographics concerned about security and international relations

to bolster support for their reelection campaign. However, the 12-Day war between Iran and Israel in 2025 escalated with the U.S. involvement in Operation Midnight Hammer. The U.S. struck three nuclear facilities in Iran with B-2 bombers and Tomahawk missiles to further set back Iran's nuclear program. Post-war, the Iranian government took priority in reconstruction and defense spending over investments in public services, leading to the economic decline and food shortages for Iranians [25]. In November 2025, Iranians spent 50% more on food than they did exactly a year prior [26]. Protein and dairy have now become out of reach for the average Iranian, with food affordability worsening and malnutrition rising to unsustainable levels.

Results

In both the quantitative and qualitative analyses, the results varied but drew similar conclusions. The utility of U.S. sanctions on Iran's economy has sparked debate among scholars. While some argue that sanctions have worsened Iran's economy (as a result of persistent inflation, shortages, and restricted access to vital imports), others suggest that sanctions have promoted economic growth by fostering self-sufficiency and forging new alliances. The truth is largely dependent upon the period that is being discussed. Despite facing short-term economic challenges, Iran has made great strides in bolstering domestic production across sectors.

The social implications of U.S. sanctions with regard to food security and healthcare access have only exacerbated the challenges ordinary Iranians face every day. The limited access to these goods further marginalizes vulnerable groups that are most in need of these types of products, including women, children, the elderly, and the impoverished. Reduced revenues, budget constraints, and limited access to financial resources have hindered the government's ability to address humanitarian efforts and economic challenges, widening social disparities. The impact on healthcare access has been the most prominent effect of U.S. sanctions and has underscored the humanitarian consequences that these sanctions have had, highlighting the need for policymakers to consider the broader implications and effects of these types of measures.

The United States, with its immense degree of influence, has all but forced its foreign partners to impose sanctions in the wake of its own. While it may not always be the case, American influence remains ever-present as a major economy, and multinational corporations interested in doing business in America must comply with its laws, both domestic and extraterritorial. Thus, in practice, the United States continues to have tremendous influence over Iran, whether or not there is true agreement in the global community.

The research conducted suggests that U.S. sanctions do, initially, exacerbate economic challenges in Iran. Sanctions from the majority of the rest of the international community, who often follow the U.S.'s lead, have created additional challenges for Iran, and the collective effort has deteriorated Iran's economic conditions, forcing major disruptions across various sectors. Because of the U.S., Iran has faced headwinds in attracting foreign investment, developing domestic production capacities, and creating a robust supply chain network. Overall, the country is handcuffed in a way that has hindered its ability to thrive on a global scale. This research shows that there is indeed a strong correlation between U.S. sanctions and key economic indicators such as GDP and inflation.

Sanctions directly diminish GDP and heighten inflation rates, which impact Iran's trade, foreign investment, and domestic production decisions. However, despite these initial adverse (and intentional) effects, Iran's economy has recovered time and again: when one door closes, another one opens. The nuanced interplay of intended and unintended consequences continues to raise the question of the true utility of the widely used foreign policy tool: sanctions. Looking forward, the U.S. must be careful when imposing new sanctions, as they may create a more self-reliant foe in the long term instead.

Policy Recommendations

With Iran as an example, this research creates claims that economic sanctions can achieve specific foreign policy goals but often have unintended consequences. Governments implement economic sanctions to harm their adversaries and to force them to open the door to new negotiations. When deciding to enforce sanctions, there are multiple results to consider in terms of their effectiveness.

These findings present three questions for further research. First, when economic sanctions are ineffective, why does the United States still enforce them? Second, when economic sanctions do not achieve their purpose, are there situations that can make them more effective in the future? Third, to what extent do the true effects of sanctions challenge traditional notions of diplomacy, statecraft, and conflict resolution, and their alternatives to emerge in response to their limitations and unintended consequences?

The case of Iran offers insights into the strengths and limits of the use of sanctions as a tool of statecraft, which underscores the need for careful consideration and calculation when enforcing foreign policy. The examination of United States sanctions towards Iran underscores the interconnectedness of worldwide politics, economics, and security in pursuits to shape global affairs. From shifts in exchange patterns and economic resilience to humanitarian issues and diplomatic tensions, the ripple effect of sanctions reverberates across borders and leaves a long-lasting effect on the geopolitical panorama. In light of those complexities, sanctions constitute a project and opportunity for policymakers and students. While they will exert strain and coercion to pursue strategic goals, they also raise profound moral and legal questions about their efficacy, legitimacy, and accidental effects. By deepening our knowledge of the complex dynamics at play, we can create more powerful and sustainable strategies to cope with global worrying situations and improve the motive of peace, protection, and justice within the global world.

In terms of effectiveness, sanctions are limited by international support and the general agreement of the international community. A sanction can be ineffective due to differing opinions between various countries and administrations, as well as black markets that circumvent the restriction. Sanctions are also meant to induce uprisings among the target population to pressure changes in the behavior of their government/ruling establishment or to weaken its power. However, after four decades, the opposite is displayed in Iran with sanctions strengthening the state, impoverishing ordinary Iranian citizens, increasing state repression, and surging Iran's military position toward the U.S. and its allies. Since Iranian leaders rule the country with an iron fist, grassroots protests and demonstrations are quickly squashed and have negligible impact.

"Rather than hurting the Iranian regime leaders, sanctions have strengthened the Iranian state and military, and ended up

hurting the exact people they're supposed to help—the middle class," Vali Nasr said (Professor of International Affairs and Middle East Studies at the Johns Hopkins SAIS) [27]. According to the World Bank, more than 20% of the middle class has fallen below the poverty line, with 80% of citizens now relying on government handouts [28].

For sanctions to be effective in non-Democratic countries, they should be enacted in smaller doses to achieve the desired effect. Over-sanctioning the target country often proves ineffective because their leaders would have to bow to the U.S. and lose credibility with their population by appearing weak - not something an authoritarian is willing to do. Maximum sanctions would also only further isolate the target country, forcing it to seek new trade partners and close diplomatic ties with the United States, shutting the door to direct negotiations.

Soft power is a tool that the U.S. can wield over countries to achieve desired results. A key component of this is having them dependent on trade agreements and preventing their ability to exchange goods in the free market. However, by imposing full sanctions, this leverage is lost. By imposing sanctions incrementally, the target country can feel the pain, like a band-aid being pulled off slowly, and through this, the target country can be lured back onto the negotiation table. By applying full sanctions, the band-aid would be removed too quickly, and with the risk of no more pain, they will seek alternative solutions because they will have nothing to lose. Thus, the fear of additional sanctions can be a powerful deterrent. However, if sanctions are already applied to the extreme, the imposing power runs out of legitimacy for this type of coercion.

When a country decides how and when to apply sanctions, it is important for it not to lose track of its primary objectives. In the case of Iran, the U.S. had two clear primary goals: to limit its nuclear capability and maintain stability in the region. With full sanctions in place and no dependence on the U.S., Iran has no incentive to strive for either, especially Middle East stability, as demonstrated by the 2024 missile and drone attack against Israel. A secondary objective of the U.S. was not to harm ordinary everyday people, but rather to apply pressure on the government. Unfortunately, this has not been achieved either.

Perhaps the biggest policy lesson the U.S. has learned by engaging with Iran is that when they ask them to exercise restraint in their activities, the U.S. should likewise show restraint from imposing excessive sanctions, to keep diplomatic channels open, and to retain some level of influence. When sanctions are applied to the extreme with the hope that their leadership takes corrective measures, they should likewise consider reducing sanctions, for example, reengaging the JCPOA, so when Iran considers rogue actions, they will consider what they have to lose. These lessons can be applied to other countries as well, especially to those without free elections and thus no opportunity for their citizens to democratically make course corrections away from despotic leadership. The silent fury of U.S. sanctions will continue to influence the target country's economic landscape, reminding policymakers and scholars of the pivotal role that calibrated coercion plays in tactical and strategic international relations.

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