CHAPTER VII

CONCLUSION

With the technological revolution the economic aspect of diplomacy has assumed greater importance in recent times. Today a nation's strength depends to a great extent on its economic resources. In this century, one finds a close connection between international politics and economics. As has been witnessed, economic instruments of statecraft especially economic sanctions and foreign aid, have been-widely employed both in times of war and peace. International trade and assistance have been used as convenient tools of diplomacy in times of peace whereas various economic sanctions, boycotts are used during active hostilities to coerce the adversaries.

The increased importance of international commerce led to the establishment of a new type of diplomacy known as the "Dollar Diplomacy" which meant that the United States instead of acquiring colonies outrightly and exploiting them, adopted the method of exploiting the same economically either in the garb of friendship or by imposing unequal treaties.
The idea of economic sanctions were embedded in the League Covenant, as a promising expedient for curbing aggression without military intervention. Regardless of its concrete impact on the target state, a government may consider economic coercion useful if it serves to declare its position to internal and external public or helps to win support at home or abroad. So economic sanctions have come to be widely regarded with skepticism and alarm.

The emergence of the United States as a leader in its employment of economic sanctions and its consequent success with this economic instrument of statecraft has initiated the present study. It has been observed that economic sanctions are mainly targeted to the domestic interest groups to seek policy change through them, as we see how the domestic interest groups in both the sender and the target countries played role in the implementation and imposition of economic sanctions, the glaring, for example, is that of special 301 cases (which encompass virtually any foreign government practice, unilaterally deemed objectionable by the United States) where the United States under pressure from the interest groups both inside and outside, had to rethink/relax its policies, for example, China, Japan, Pakistan now India to name a few.
Rhodesia, an apparently vulnerable target, not only benefited from South Africa (and until 1974 Portugal's) non-participation in sanctions but also from serious weaknesses in implementation of the sanctions by participants. Rhodesia displayed a surprising degree of political defiance and economic resilience and the cost of innocent states particularly Zambia, increased concern about the spillover effects of international economic penalties on this scale.\(^1\) The United States measures against the Soviet Union linked by Administrative spokesmen to events in Poland, represent a re-intensification of the controls on East-West economic relations which have existed since the late 1940s but which were progressively relaxed in the year of detente. But now the scope of these controls have become sharper and much more public of late. It is ironic that penalties should be imposed by the United States on firms or specific organizations [e.g. Indian Space Research Organization (ISRO), Glavkosmos] when blatant sanctions-breaking go unchastised in many cases as Rhodesia, South Africa, Iraq to name a few.

The fact is that the implementation of sanctions cannot

be isolated from other international and domestic issues. They may clash with other interests or be given a lower priority than other goals of the imposing states. A clear example is that of the difficulties faced by France and Britain in 1935 in imposing sanctions against Italy. Both countries wanted two incompatible things: 1) to protect Ethiopia and the League Covenant; but stil more 2) to protect themselves against Hitler.

Moreover, in spite of an OAS (organization of American states) declaration in 1962, that the Marxist-Leninist government cannot be a part of the Inter-American System\(^2\) and the diplomatic and trade sanctions imposed in 1962, Castro remains in power and internal economic problems have not prevented the Cuban troops from venturing as far a field as Africa in support of likeminded regimes. The OAS sanctions were lifted in 1975, although unilateral U.S. measures remain in force.\(^3\)

But the question arises, if they are so demonstrably

\(^2\) Meeting of Consultation of Ministers of Foreign Affairs (8th) Punta del Este, Jan. 1962, Final Act, Washington D.C., Pan American Union OEA/Ser C/II.8.

\(^3\) Dept. of State, American Foreign Policy Current Documents, 1964 at 323, 324 (1967).
inefficient and costly why are they imposed?

Presumably, the governments would feel the need to react to the behaviour of others when their own interests are directly and adversely affected and being the most powerful (militarily) the United States can define its own interests very broadly. There can also be an intention to convey to the domestic audience as well as a signal to other powers, that they cannot act with complete impunity. There may be an electoral payoff and the warning may be taken seriously by other governments. The United States has pursued these goals and achieved such results, by response to the events described, but have incurred cost in doing so. The measures presented as defending international interests are perceived as promoting particular national interest which are not shared by other states (cases of U.S. unilateral sanctions-imposition Appendix II).

A Foreign Policy of Higher Principles?

Before the Second World War, the United States was an expansionist not an imperialist nation. With the exception of Wilson's policies in Mexico, American behaviour can be understood in terms of interests, i.e., specific economic
aims or the preservation of territorial and political integrity (the core goal of any state). The United States policy after the Second World War must be understood in terms of ideology. Leaders were driven by a vision of what global order should be like. Covert or overt force was used only when policy makers saw their vision threatened.

Although the United States has justified its imposition of sanctions on various grounds as 1) to promote democracy, 2) to ensure international peace and stability, 3) to protect human rights, 4) to stop aggression, 5) to enforce international law and order, but in reality to achieve its own interest. For how much the U.S. policy makers proclaim to promote democracy, there is little sign of reform in Kuwait, American troops have fought to make Middle East safe for a monarchy that has so far deprived its population from freedom. Then the Export-Import Bank created in 1934 to underwrite private exports to the USSR ruled by a dictator, this same institution funded Nicolae Ceausiscu of Romania and continues to subsidize virtually every authoritarian regime to come along.

**Weighing Costs:**

Even more important than the question of Washington's
realism in promoting higher principles in its foreign policy is the question of cost. How many American lives did American policy-makers think Kuwait's liberation, would have been worth? Why did Iraq's earlier brutal assaults on Kurdish minority not warrant war? China's swallowing up of Tibet? Or Pol Pot's mass murder in Cambodia? If the answer is that the cost would have been too great, then those who attempt to make moral distinctions between sacrificing 58,000 Americans for Vietnam but not to offer up some unspecified larger number to free more than one billion Chinese need to explain the methodology.

In Gulf War, humanitarian concerns may have eventually come to dominate President Bush's thinking but after all, the United States was prepared to leave Saddam Hussein's military strength intact had he chosen to withdraw from Kuwait by January 15, 1991. Washington's real vital interest in the Gulf was to ensure allied access to oil. Similarly, past aid to President Mobutu of Zaire can be explained only as an attempt to buy influence with a dictator who controls important natural resources. The presence of troops in South Korea is often justified by the United States officials as giving it an advanced outpost to be used
in the event of a war against the Soviet Union. The provision of Super 301 (to protect intellectual property right) is nothing but to protect the interest of the American Corporations abroad.

Consequently, one can say, promotion of national interest and security - the only justification for U.S. imposition of sanctions in different countries. The benefits are more or less balanced with the cost involved.

**Considering Alternatives:**

Then in formulating such a foreign policy to serve the interests of U.S. society and people, the role is not of a glorious utopian crusader around the globe. There is little that the U.S. can do to make Serbia a free country. So there is need to assess whether there are alternative means of achieving the goal. The Soviet threat has waned, the Communist regimes in Eastern Europe has collapsed, South Korea has vastly become stronger than North Korea in every respect except current military strength.⁴

Consequently, with the remarkable events in the last

---

⁴ Dong Bandow, "Leaving Korea", *Foreign Policy*, Winter 1989-90, pp.77-93.
few years, the contemporary international system has under­
gone a fundamental transformation where the higher degree of
economic interdependence has created a new situation where
force has a declining utility, the possibilities of non­
violent changes are greater and a actual probability of a
new world order based on international law, UN Charter and
American power and influence.

But as economic power gains importance, the basis for
influence shifts from the domain of military force, where
America remains strong to economies where its position is
comparatively weak. Because American economy is no longer
disproportionately large or distinctively structural around
advanced production and technology, that it structures
global economy or security. Industrial innovation, too, is
no longer the preserve of the United States. Financial
power increasingly rests in institutions outside the U.S.
though the system is organized around the dollar and America
is dominating the international institutions. Over the last
two generations, America has been using its economic re­
sources for foreign policy purposes. Instead of using
access to the U.S. markets for foreign policy ends, the
United States has begun to use security influence to force
its allies to make changes that favoured its companies.
Thus, trade and resource issues are increasingly coming to the fore, in the international system, replacing many of the security and military problems. Trade wars, economic retaliation, boycotts fill newspaper headlines. Though experiences sometimes suggest that little can be gained from the use of these but many governments still prefer this non-violent method to seek compliance of the violator.

In the case of Somalia and Haiti, the U.S. administration has engaged its military prestige on issues of little or no importance to U.S. interests. But Bosnia, is the toughest case of all because it did affect larger U.S. interests in European stability and the inaction that began with the Bush administration has broader consequences. 5

A successful foreign policy depends not only upon a clear definition of national interests but also on clear understanding of how to pursue these interests. It is conceivable that nations may on occasion subordinate their national interests to initially derive aims where there are no significant conflicts involved (as in purely humanitarian

missions) and where minimum effort is called for. In such cases as the Gulf crisis, Washington needs to shape a consensus that supports American interests consistent with fundamental international principles - as it failed to do so in Bosnia and prepared to act with only those partners that share its purposes. In fact, the U.S. determination to act independently and its ability to do so will increase the chances of creating that consensus it desires.

In any serious crisis, where critical U.S. interests are involved, the President will have to articulate an effective case for the national interests that are at stake. He must persuade leaders of other countries that he is determined to act and not merely polling them for their views and he must demonstrate that he and his team can handle a crisis involving the risk of force.

**America's National Interests Vs. Global Interests:**

American national interests remain to protect the United States and Americans abroad, to safeguard its political freedom, to promote economic prosperity and toward these ends, to foster friendly relations with other countries. In an increasingly integrated world, protecting these traditional interests requires an increasingly global perspec-
More than ever before, now America is worried about political and economic conditions in other countries. Regions and nations such as Europe, Japan, Israel and increasingly South Korea and Taiwan share so much with the United States economically, politically and culturally that their security, considered intimately bound up with America's own. Still others are important because of their potential military threat (Russia), their control of vital resources (the Persian Gulf), the sheer size of their markets (China, India, Indonesia, Brazil, Mexico and Russia), the threat they pose to the security of America's allies (Iran, Iraq, North Korea), their proximity to U.S. borders (Haiti, Cuba, Mexico) because of the Americans living and doing business there. Consequently U.S. national interests conflict with its own moral or idealistic interests in democracy and human rights.

The end of the Cold War has given rise to new challenges and new areas of conflict are coming to the fore. Overtly declared wars have given place to undeclared wars and interventions. International economic sanctions to control and regulate such events and related policies are also becoming common.
The end of Cold War has seen frequent resort to economic sanctions by the United States. Consequently Haiti, North Korea, Japan, China, Pakistan, India have been subjected to economic sanctions.

The United States imposed international fuel and arms embargo, revoked the visas on all Haitian army officers and frozeed their assets in the United States, to pressurize the Haitian military to return exiled President Jean-Bertrand Aristide to power. The international fuel embargo was imposed to force the army to restore democracy. Haiti was a case, where multilateral armed intervention would have been justified to remove the military almost devoid of support of its population.

Then North Korea too was under potential threat of United States economic sanctions for blocking the international Atomic Energy Agency from inspecting its nuclear plants.

On May 1992, the United States imposed a two-year embargo on Indian Space Research Organization which was dictated by commercial compulsions and to there thwart India from growing into an economic entity in the inter-
national space market. This was imposed under the Missile Technology Control Regime regulations.

The United States pressurized Russia's Glavkosmos to stall the cryogenic rocket deal with India inorder to cripple India's space programme.

The United States imposed sanctions on both China Pakistan for the transfer of the MII missiles by China to Pakistan.

The United States Trade Representative involved the Special 301 provision of the United States Trade Legislation naming Japan, China, India as priority countries.

The United States warned Japan on software copyrights as decompilation would allow anyone to look at the code of a computer programme without being prosecuted for a copyright violation and the United States indicated the imposition of economic sanctions on Japan if the necessary corrective action was not taken by the Japanese government.

India was designated under Special 301 of the United States Trade Legislation on grounds of perceived deficiencies in India's patent law, trade mark, copyright and enforcement of intellectual property right.
Similarly in the case of China, the Most-Favoured Nation treatment to it in trade relations with the United States was linked to human rights record of the Chinese government. But there was strong business pressure in the United States which compelled a milder approach and ultimately the United States compromised the human rights issue to keep up the level of trade relations with China.

Consequently, in a period of major changes like this, future trends are not easy to predict, so economic sanctions would be a common instrument of policy of the United States in the conduct of international political relations. But as this study shows, the success of this instrument in attaining its declared objectives is not encouraging.