CHAPTER III

U.S. IMPOSED ECONOMIC SANCTIONS AND DOMESTIC POLITICAL CHANGE IN THE TARGET COUNTRY

The limitations of military weapons have made the nations to resort to economic pressures against one another for foreign policy purposes. As economic sanctions do not involve violence and destruction of armed forces, it has been accepted by the international community. The United States leads the world in its use of economic sanctions for foreign policy purposes.

During the decade following World War I, the United States became a party, to two multilateral treaties that provided the basis for the institution of sanctions by the American government, against violators of international law. The first of these was the Nine Power Treaty, concluded at the Washington Conference of 1921-22. The second was the Treaty for Renunciation of War popularly known as the Pact of Paris or the Kellogg-Briand Pact, signed on August 27, 1928 and proclaimed in effect on July 24, 1929.

In the Nine Power Treaty, there was no express provision for imposing economic sanctions. The subsequent interpretation of American obligations under this Pact was to
involve the nations in the application of sanctions.

3.1 Purposes of Sanctions

Since World War II, the United States has frequently employed economic sanctions to achieve modest policy goals. One important use has been trying to limit the spread of nuclear weapons, though sanctions have been occasionally successful in furthering non-proliferation policy. For example, in 1975-76, Canada and the United States threatened the imposition of financial and export sanctions, to stop South Korea from buying a reprocessing plant that could have been used to make weapons-grade nuclear material from France.¹ But the U.S. restrictions on the export of nuclear fuel and technology to South Africa, India, Argentina, Brazil and Pakistan did not persuade those countries to accept full multilateral safeguards, rather had serious diplomatic repercussions.²

¹. Canada and the United States did this by tightening their own financial terms on nuclear sales to the South Koreans and by the United States threatening to block entirely some of its sales of nuclear reactors to the South. Hufbauer and Schott, Economic Sanctions Reconsidered: History and Current Policy, pp.505-7 (1984).

². See the relevant case studies in ibid.

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3.1.1 Relatively Modest Policy Goals

The traditional American belief in 'human rights' found renewed expression in Congressional initiatives beginning in 1973 and then in strong presidential involvement during the Carter Administration in 1977-80. The Congressional actions included inserting provisions in the foreign assistance bills calling on the President, to deny economic and military aid to countries engaged in gross violations of internationally recognized human rights. The reductions in economic and military assistance to Brazil in 1977-84 by the U.S. had helped in respect for human rights there. Also, the successful U.S. trade ban of 1978-79 against Uganda was intended to improve human rights there as well as destabilize Idi Amin. Nevertheless, in many cases the cut off, of military assistance or other steps by U.S. apparently had only limited effects. These include U.S. sanctions against Poland in 1981-84, Bolivia in 1979-82, Argentina from 1977-83, El Salvador from 1977-81, Guatemala from 1977 on, Paraguay in 1977-81, Ethiopia from 1976 onwards, Uruguay in 1976-81, Kampuchea in 1975-79, Chile from 1973 on, South

3. Ibid., pp.455-60.
Korea in 1973-77; and the Soviet Union on several occasions.

Combating international terrorism has been one of the important goals of the United States in its use of economic sanctions. The U.S. reacted with a number of measures, for example, increasing security at airports and embassies, assigning more intelligence resources to the problem, and entering into international agreements to combat hijacking and other terrorist acts.

The U.S. government had also employed economic sanctions, cutting off various financial assistance programmes and imposing some export controls against countries that were designated as supporting terrorism. In reaction to Libya's apparent support of terrorists who fired on civilians at Rome and Vienna airports in December 1985, President Reagan tightened the sanctions against Libya by imposing a

comprehensive trade embargo and asset freeze.5 In April 1986, the U.S. bombed Libya after receiving further evidence of its support of terrorist activity, including the bombing of a disco in West Berlin fragmented by U.S. servicemen.

Another modest policy goal of U.S. economic sanctions has been to resolve expropriation claim. Employing sanctions in reaction to expropriation is often part of a broader U.S. policy of trying to destabilize the target government. This occurred, for example, with Allende in Chile in 1970-73, Goulart in Brazil in 1962-64 and Mossadegh in Iran in 1951-53 to cite a few. But the role of U.S. sanctions against Iran during 1979-81 in resolving an expropriation dispute and in releasing of the American hostages remained uncertain. The comprehensive sanctions, including the freeze of about $12 billion in Iranian assets presumably had some influence, particularly since Iran was attacked by Iraq and was in need of money and spare parts. It is not yet clear what finally led Ayatollah Khomeini to come to terms

with the United States. 6

3.1.2 Destabilizing Governments

The U.S. has enjoyed frequent success to destabilize foreign governments by applying economic sanctions. The U.S. suspension of $26 million in foreign assistance as well as its diplomatic manoeuvres contributed to Duvalier's downfall in Haiti, Uganda's Idi Amin (1979), Chile's Allende (1973), Dominican Republic's Trujillo in 1961.

3.1.3 Disrupting Military Adventures

Another frequent purposive employment of U.S. economic sanctions were to disrupt military adventures. Notable successes include U.S. opposition to the expansionist policies of Egypt's Nasser in Yemen, and Anglo-French invasion of Egypt in 1956.

Almost all economic sanctions are intended in general to weaken the target country. But a distinction can be made

6. See R. Carswell and R. Davis, "Crafting the Financial Settlement", in P. Kreisberg, ed., American Hostages in Iran, 1985, p.232; also H. Saunders, "Beginning of the End", in ibid., pp.290-92. Hufbauer and Schott rated the Iranian sanctions a success, giving them a score of 3 on a scale of 1 (none) to 4 (significant) that measured their contributions to the policy result. Ibid., p.635.
between those sanctions with political goals like combating proliferation or destabilizing a government and sanctions that are meant to limit the long-term military potential of the target country.

3.1.4 Impairing Military Potential

The latter usually involve competition between major countries. The U.S. has used sanctions six times with the primary purpose of impairing an opponent's military potential. The principal use has been the continuing controls that the U.S. and its Cocom allies have imposed since 1948 on the export of strategic materials, including high-technology products to the Soviet Union and its East European allies.

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7. This competition often occurs during war or when war is threatened. For example, the United States and its allies employed sanctions during World Wars I and II with positive results. See Barry Carter, *International Economic Sanctions* in Chapter 2, Section A.

8. Co Com is the abbreviation for the Consultative Group and Coordinating Committee for Multilateral Export Controls, which was created secretly in 1949. It now consists of 16 countries the fifteen NATO countries (not including Spain and Iceland) and Japan. See Barry Carter's *International Economic Sanctions*, Chapter 4, Section A.1 on imports.

9. Other uses include similar export controls against China since 1949; a trade embargo against North Korea since 1950; export limits, then a complete trade and financial boycott, against North Vietnam starting in 1954; and increased export controls on high-tech goods
3.2 Case Studies

But how far the use of economic sanctions been successful to secure concessions and deter aggression? A detailed study of some significant cases of the U.S. imposed economic sanctions been made to examine that how far this instrument of statecraft succeeded in achieving desired domestic political change in the target country.

3.2.1 Cuba, 1960

In June and July 1960, the United States fabricated such a situation in the Cuban economic field to accelerate the downfall of Castro. The American measures included the pressing advice to companies having a virtual monopoly of oil refining in Cuba to refuse to handle the crude petroleum, the Cuban government was acquiring from the Soviet Union and refusal to allow the importation of sugar unshipped from Cuba, into the United States under the American quota in effect for 1960. Also during the Spring and Summer of 1960 there was a concerted removal of key Cuban and American...Continued...

...Continued...

and other sanctions against Soviet Union over Afghanistan in 1980 and then over Poland in 1981. Hufbauer and Schott, supra note 1 at 45, 54-5, 68, 80 and relevant case studies.
personnel from American companies in Cuba, this was supposed to hamper the functioning of important units of the island economy.

On July 16, President Eisenhower announced that the balance of Cuba's quota for the supply of sugar for the year 1960 to the United States was suspended. In his proclamation the President explained the suspension of the quota in terms of necessity of insuring the American people's supply of sugar which was endangered by threats resulting from conditions in Cuba under Castro.  

The immediate loss to Cuba as a result of the President's action was the seven hundred thousand short tons remaining unshipped from Cuba's initial quota for 1960 (about one-quarter of the total quota) plus another two hundred thousand tons representing the probable reallocation of Cuba of deficits in the production of other areas having quotas in the American market. The value of this sugar was  

10. Proclamation dated July 6, 1960. According to events in United States-Cuban Relations, the grounds for the action were that "Cuban commitments to pay for Soviet goods within Cuban sugar have raised serious doubts as to whether the United States can depend on Cuba as a source of sugar." The full text may be found in U.S. Dept. of State Bulletin, July 25, 1960 and in contemporary press reports.
in excess of ninety million dollars, had the Russians not come to the rescue, its loss would have been a serious blow to Cuba.

It was possible this damage to Kennedy's and to America's prestige encouraged the Soviet Union to respond to Castro's urgent requests for Soviet weapons on Cuban soil. Accordingly, after secret negotiations, the Russians began to construct a series of missiles sites on the island to receive Soviet nuclear missiles.

American intelligence sources assisted by aerial reconnaissance, noted the sites and by the summer of 1962, there was unmistakable evidence, that the construction of the missile launching pads was proceeding with great speed. The purpose of these bases could be none other than to provide a nuclear strike capability against the Western hemisphere.

The characteristics of these new missiles sites indicated two distinct types of installations. Several of them included Medium Range Ballistic Missiles (MRBMs) capable of carrying a nuclear warhead for a distance of more than 1,000 nautical miles. Each of these missiles was capable of striking Washington D.C., the Panama Canal, Mexico city or any other city in the Eastern part of the United States, in
Central America or in the Caribbean area. The other sites designed for intermediate-range ballistic missiles (IRBMs) capable of travelling more than twice as far and thus capable of striking most of the major cities in the Western hemisphere, ranging as far North as Hudson bay, Canada, and as far South as Lima, Peru.

Public opinion in the United States would never tolerate nuclear missiles pointing at the heartland of America from the small island just south of Florida. Consequently, prompt and effective action was vital.

Thus, to halt this offensive build-up, a strict quarantine on all offensive military equipment under shipment to Cuba, was initiated. All ships of any kind bound for Cuba from whatever nation or front, if found to contain cargoes of offensive weapons, were turned back. This quarantine was extended to other types of cargo and carriers.

Secondly, the President directed the continued and increased closed surveillance of Cuba and its military build-up.

Thirdly, the United States decided its policy to regard any nuclear missile launched from Cuba, against any nation
in the Western hemisphere, as an attack by the Soviet Union on the United States, requiring a full retaliatory response from the United States.

Fourthly, the United States reinforced its base at Guantanamo and the President ordered additional military units to be on a stand-by alert basis.

Fifth, called for an immediate meeting of the Organ of Consultation under the Organization of American States, to consider this threat to hemispheric security and to invoke Articles 6 and 8 of the Rio Treaty in support of all necessary action and also alerted its allies around the world.

Sixth, emergency meeting of the Security Council was invoked to take action against this latest Soviet threat to world peace, and passed a resolution that called for prompt dismantling and withdrawal of all offensive weapons in Cuba.

The United States motive behind the imposition of economic sanctions was a mixed one: (1) to settle expropriation claims; (2) to destabilize Castro government; (3) to discourage Cuba from foreign military adventures.
3.2.2 The Dominican Republic 1961-62

Since the period of U.S. imperialism in the early 20th century, the United States policy towards this Latin American state represented the most massive and sustained intervention, in the internal affairs of the latter by the former. The United States used a wide variety of the instruments of power and influence including multilateral diplomacy and political pressure, economic rewards and sanctions and most important, threats of and the actual use of military force, to shape the internal politics of the Dominican Republic.

The United States maintained close relations with Trujillo, which could be typified as a general marriage of convenience between the U.S. and the rightist Latin American dictators, who were assured of U.S. support as long as they repressed their local communists and supported the U.S. foreign policies. Toward the end of 1950s, the U.S. attitude towards his regime began to shift, partially be-

11. In 1945-47, however, Assistant Secretary for Latin American Affairs, Sprville Braden did attempt to use U.S. diplomatic and economic leverage on behalf of democracy. The failure of the Braden efforts, especially in Argentina, led to the abandonment of such efforts.
cause of domestic anger at Trujillo's efforts to silence his critics even in the United States, partially as a result of growing Latin American bitterness at Washington's support of repressive regime.

Initially, the primary vehicle for U.S. strategy was the collective break in diplomatic relations and the economic sanctions imposed by the Organization of American States. This occurred in 1960s after Trujillo attempted to arrange the assassination of the Venezuelan President Romulo Betancourt, one of the most outspoken anti-Trujillo leaders in Latin America. In the last year of his rule, Trujillo had retaliated against the U.S. sanctions by allowing increased communist activity in the Dominican Republic and a Castroite group.

The U.S. CIA worked actively with dissidents groups in the Dominican Republic, plotting against Trujillo's life and shipped small arms to some of these groups. On May 31, 1960, Trujillo was assassinated.

The primary instruments of U.S. policy were the economic leverage provided by the OAS sanctions and the reduction of U.S. sugar imports, backed by a show of military force. Responding to U.S. recommendations, the OAS agreed to maintain the economic sanctions until there was substantial evidence of progress toward democracy.

In the ensuing months, the Balaguer regime took some small steps toward liberalization. At the end of the Summer, it requested the OAS to end the embargo and the U.S. to resume its sugar purchases. In early September, the OAS sent a committee that argued, that the reforms had been a sham and that the existing regime was nothing more than a continuation of Trujillism. The OAS decided to maintain the sanctions and the Kennedy Administration resolved to continue the sugar embargo and increase diplomatic pressures on Balaguer and Ramfis to reach an agreement with the opposition. A turning point in the movement toward democracy was apparently reached in mid-November when most of the Trujillo family, bowed to the pressures and left the country. In response to this, and to other indications of progress on November 14, the U.S. proposed in the OAS a partial lifting
of the economic sanctions.13

The next two months, the U.S. government stepped up its pressures for further democratization in the Dominican Republic. It backed its diplomatic efforts with the economic sanctions still in force and the continuing presence of the U.S. fleet off the coast.

In late January, the fleet was withdrawn, the OAS sanctions were lifted and the U.S. resumed its sugar purchases.

The economic pressures undoubtedly helped. The undoubted immediate success of U.S. policies, subsequent developments in the Dominican Republic cast considerable doubt on their longer term success.

The U.S. policy in the Dominican Republic was designed to achieve three objectives: (1) to prevent the establishment of a radical, Castroite regime in the aftermath of Trujillo era; (2) to establish a stable, democratic, moderately progressive but strongly anti-Communist regime; (3) to

set the precedent and create the machinery for collective inter-American action against dictatorship in general.

3.2.3 Peru, 1963-73

From the early 1960s through the mid-1970s, the American government was involved in an extended dispute with Peru over the treatment of nationalized American firms.

The concern about foreign investments in Peru initially focussed on one company - the International Petroleum Company (IPC), a subsidiary of Exxon.14 It was a dispute that went back to 1914, a year after Jersey assumed control of the La Brea Y Parinas concession from British interests.

The La Brea controversy became prominent again in the late 1950s and by the 1960s had become a central political concern in Peru.

In 1963, the IPC dispute fell into the lap of the newly elected President, Fernando Belaunde Terry.15 In 1967, Peru

14. More precisely, IPC was a subsidiary of Exxon's wholly owned Canadian subsidiary.

15. These elections were held under the watchful eye of the military which had taken over in 1962, to prevent APRA party from winning control of the government.
took nominal control of the subsoil rights of the La Brea field, which by that date, accounted for about 30% of IPC's output. In November, the Peruvian Tax Commissioner ruled that the company owed $144 million in back taxes. In August of the following year, a settlement was apparently reached. IPC ceded its subsoil rights in exchange for Peru's cancellation of the tax bill.16

In early September 1968, the head of the State Oil Company, accused the IPC of suppressing the last page of an ancillary contract governing crude oil sales. The military seized the La Brea concessions and IPC's Talara refinery and declared October 9 a "Day of National Dignity".

In February 1969, Peru announced that the IPC owed $690 million in back taxes and seized the rest of the company's holdings, its distribution network and the Lima oil field. The company appealed this decision through the Peruvian Courts, but to no avail. The company had valued the nationalised

nalized property at $120 million.

In 1968, Peru took Cerro's landholdings. Cerro was nationalized in January 1974. In July 1975, another large American company Marcona, which mined and shipped iron-ore, was expropriated. During the early 1970s, a number of other U.S. operations ranging from construction to fish meal were also nationalized. Thus, by 1975 almost all large American companies had been taken over by Peru.

U.S. policy moved from economic pressures in the mid-1960s to accommodation in the 1970s, as policy makers came to realize that strong nationalist sentiments made it impossible for any Peruvian regime to accept a dominant role for foreign investors. Divisions within the American business


18. The most important exception was the development of the $600+million canyone copper mine by a consortium of mining companies led by Asarco. Also Marcona retained control over the marketing and shipping of Peruvian iron ore and Belco continued to develop petroleum resources. In August 1975 Juan Velasco Alvarado was replaced by a more conservative group of officers. By this time, the Peruvian economy was in bad shape. Foreign debt has risen sharply. Although the new regime adopted a more conciliatory attitude toward foreign investment. U.S. firms were not anxious to commit new resources to Peru. See Wall Street Journal, January 31, 1977, 6:1.
community, made it easier for decision makers to take an active role in negotiating final settlements between Peru and a number of U.S. investors. Given the dissatisfaction of some private investors and legal obligation of the Hickenlooper Amendment to impose economic sanctions on countries that nationalized without compensation. U.S. leaders were able to implement their preferences only because they exercised adroit leadership toward private firms and could take advantage of divisions within the business community.

When Nixon took office several months after the Jalara refinery and La Brea field had been nationalized, he continued the earlier policy of economic pressure. The IPC case was placed on the National Security Council's agenda. In February 1969, the U.S. threatened to cut $25 million in aid and $65 million in sugar quotas. At a March news conference, President Nixon stated that the U.S. would have to impose economic sanctions if the IPC dispute were not settled. The aid cut off which the Belaunde regime had suffered during its last years in office, continued through most of 1970 and included not only a reduction in American assistance but also a dramatic fall in loans from the Inter-American Development Bank and the World Bank. Although the Export-Import Bank did grant some loans in fiscal year 1969,
aid to Peru from all sources fell to $9 million in 1969.19

Tersey supported a strong stand by the American government and urged that economic sanctions be used to force a settlement acceptable to the Corporation. There were extensive contacts between company officials and State Department personnel in Washington and Lima. No American company protested against economic sanctions before 1969.20

The absence of strong sentiments about the utility of economic sanctions by the late 1960s was revealed in the response of an Exxon official to a query from Senator Church about the Hickenlooper Amendment, during hearings before the Foreign Relations Committee in 1969.

Once the IPC was actually nationalized, a number of other American investors expressed their opposition to economic sanctions. They regarded IPC as a separate case


20. Levinson and de Onus, op. cit., pp.149-50; Goodsell, op. cit., p.131; Einhorn, op. cit., p.42.
because of its long and controversial history and feared that formal sanctions would jeopardize their own position.

Each new failure of sanctions made U.S. decision makers more aware of the strength of economic nationalism within the Peruvian polity. Since force was not seriously considered, and economic sanctions did not work, accommodation proved best alternative. Once it became apparent that economic sanctions were counter-productive, public officials were unwilling to escalate their pressure against a regime that showed no indication of changing its basic ideological or economic allegiance. Peru was not seen as another Cuba.\textsuperscript{21}

The Peruvian case suggests, that the American response was one of gradual accommodation rather than stubborn resistance. American officials were reluctant to risk aggravating relations with Peru purely to protect corporate prerogatives.

\textsuperscript{21} For a counter argument see Charles H. Lipson, "Corporate Preferences and Public Policies: Foreign Aid Sanctions and Investment Protection", \textit{World Politics}, 28 April 1976.
3.2.4 Chile, 1970-73

During the 1960s, the fundamental objectives of America's policy toward Chile was to prevent Allende, the leader of the socialist party, from coming to power. In 1970 this effort failed. Salvador Allende won a bare plurality in a three-man race; but in accordance with practice, he was elected President by the Chilean Congress in the fall of 1970.

Allende's platform had called for internal reforms and expanded relations with the Communist Bloc. During the campaign, he had also announced his intention to fully nationalize the copper industry which was, next to oil in Venezuela, the largest single U.S. investments in the hemisphere. Once in power, Allende quickly moved to carry out his promises. In December 1970, the new government introduced a constitutional amendment providing for full state control of the copper industry. This measure also took determination of the compensation to be paid to the companies of the Chilean judicial system and placed it, in effect, in the hands of the President. It was unanimously passed by the Chilean Congress in July 1971, a body in which the socialists held less than half the seats. Kennecott and
Anaconda were nationalized in September, other major U.S. holdings were also taken. The largest of these was a $153 million investment that the International Telephone and Telegraph Company (ITT) held in Chitel Co., Chile's telephone company. Other nationalizations involved Bethlehem Steel, several American banks and the Ralston Purina Company.22

The reaction of the cooperations to Allende's nationalizations varied with their stakes and success in securing compensation. Most were conciliatory. The banks, Cerro, Bethlehem Steel, Ralston Purina and others were not anxious to have sanctions imposed on Chile, and they did make satisfactory settlements.23

The U.S. did virtually all that it could, short of military intervention, first to prevent Allende from coming to office and then to foster his downfall. This effort involved both overt and covert economic and political pressure.


A wide variety of economic pressures were brought against Chile. Bilateral assistance was virtually stopped. Aid grants dropped from $35 million in 1969 to $1.5 million in 1971, although funds already in the pipeline were allowed to go through. Export-Import Bank credits which were $234 million in 1967 and $29 million in 1969 fell to nothing in 1971. The U.S. also opposed loans to Chile from international lending organizations, credits from the Inter-American Development Bank went from $46 million in 1970 to $2 million in 1971; the World Bank provided no new loans to Chile between 1970 and 1973. The only significant source of public external finance was the IMF which extended some 90 million dollars through its special facility for compensating countries for fluctuations in their export earnings. Financing from private sources dried up too; short-term U.S. commercial credits dropped from about $300 million under Fric to $30 million while Allende was in office. The U.S. also made sales from its copper stockpile which contributed to depressed international prices lowering Chile's foreign
exchange earnings.24

These economic sanctions were telling. Chile was heavily in debt. It needed foreign capital, to meet its import needs. No matter how judiciously Allende's socialist reforms had been implemented, there would invariably have been some economic disruption. The price of copper, Chile's major export, was falling. The loss of commercial credits was particularly painful, because much of Chile's capital stock was American and spare were most easily obtainable from the U.S. The lack of spare parts may have contributed to the truckers' strike, which touched off the chain of events, that led to the military overthrow of Allende in 1973.25

American policy-makers did not limit pressure to economic measures. An extensive covert political programme was also carried out. Between 1970 and Allende's overthrow in September 1973, CIA spent some $8 million. It also maintained covert contacts with members of the Chilean army.

24. U.S. Senate, Covert Action in Chile, pp.27, 32, 33; Washington Post, January 30, 1974, A19:1; Elizabeth Farnsworth, "Chile: What was the U.S. Role: More Than Admitted", Foreign Policy 16, Fall 1974.

25. Farnsworth, p.137.
Even under Allende, aid to the armed forces was continued.\textsuperscript{26}

These efforts had some impact, although domestic factors were probably important. After internal turmoil, including a crippling truckers' strike, Allende was overthrown, in a bloody military insurrection in 1973. The CIA was aware of military plotting although it did not directly participate in the coup.\textsuperscript{27}

3.2.5 Uganda, 1977-79

There is no comparable interdependence in the case of Uganda, but a simple and direct dependence. Uganda depends on the West to provide a market for the Ugandan coffee crop which is the country's only export of any significance. A decade or so Uganda exported substantial amounts of both cotton and copper but under Idi Amin, its economy was thrown into such chaos that cotton growing and copper production had virtually ceased. During 1977, Uganda benefitted substantially from the rise in the world coffee prices

\textsuperscript{26} U.S. Senate, \textit{Covert Action in Chile}, pp.1, 2, 6, 10; \textit{New York Times}, January 16, 1974, 34:2.

brought about by the frosts in Brazil. No less than one-third of that coffee went to the United States.

Uganda's coffee is grown almost entirely by peasant small holders not on plantations. Growers are required to sell their beans to the State Marketing Board and are paid, at a price set by the board in vouchers redeemable only in nearly worthless Ugandan schillings. Sometimes they were not even paid at all. Thus Amin's regime received all the foreign exchange. Amin used it to pay off loans from Libya and other Arab countries to buy weapons and to supply his army, police and civil service with luxury goods.

Thus there was a direct relationship between foreign purchases of Uganda's coffee and Amin's murderous regime. Whether he would fall from power if these purchases ceased was a question. There was no doubt that the impact of boycott would be felt hard.

Economic sanctions cannot be 'fine tuned' to impinge only upon those persons whose actions deserve censure. Consequently, as the vast majority of Uganda's population depend in large measure upon subsistence agriculture for the necessities of life and participate only marginally in the cash economy, an effective boycott of Uganda's coffee thus
seriously curtailed the livelihood of the country's small urban sector, including Amin's army and police.

The certainty that the Amin's regime would be hurt by a boycott and the considerable chance that he might even fall from power, had motivated democratic Congressmen Don J. Pease of Chio, to introduce legislation to cut off all American trade with Uganda. Mr. Pease favoured an unilateral boycott by the United States as Uganda's largest export market and supplier of foreign exchange. In any case, denial only of the Aminean market would crump Uganda's foreign exchange supply. Even that was enough to precipitate defections from the ranks of Amin's lieutenants.

The Carter Administration pronounced opposition to unilateral boycott. Doughlas J. Bennet, Jr. Assistant Secretary of State for Congressional relations stated in September in September 1971, "Boycott actions are not consistent with the principles of the General Agreements on Tariffs and Trade (GATT) to which the United States in committed as the basis for international commercial relations whenever these principles are set aside their overall authority as a protection for our own international trade interests is undermined. Therefore, as a general matter, we
are extremely reluctant to take actions which contradict these principles."

This argument was the nineteenth century American thinking about international economic relations.

But human rights violation falls within the political realm and thus should be countered by political measures as denunciation, ostracism and ultimately military force unless economic sanctions are mandated by an international organization like the United Nations.

The requirement of great power unanimity in the United Nations Security Council assured that economic measures will not be taken unilaterally or even more important, without American consent.

But American practice has departed considerably from this ideal. To cite but a few examples in 1960, the United States unilaterally imposed trade embargo against Cuba in retaliation for Castro regime's uncompensated expropriation of American property. Here, perhaps was a economic response to an economic action but the motivation for both sides - was unabashedly political. That same year Organization of American States (OAS) employed economic sanctions against
Dominican Republic government of Rafael Trujillo for his attempted intervention in Venezuela. Similarly, sometimes unilaterally, at times through the medium of the so-called Coordinating Committee (COCOM) within North Atlantic Treaty Organization (NATO) the United States has restricted the sale of important equipments and sensitive technology to communist countries. Finally, the Carter Administration had taken limited punitive economic measures - a cut off of economic aid and credits, suspension of arms sales against several governments, Uganda's too, for their flagrant violations of human rights.

There was, it should be noted one respect in which the asymmetries to Uganda's international relations place leverage in the hands of Idi Amin - the vulnerability of the three hundred or so Britishers, two hundred or so Americans, and lesser number of other westerners who still resided in Uganda. Amin had threatened them before. The Western governments, acknowledged possible dangers of their citizens long ago by warning them to leave Uganda. The United States issued such a warning in 1973 when it closed its embassy in Kampala and it had frequently been repeated.

But only in the most serious instances should Washing-
ton resort to measures as drastic as sweeping economic sanctions whose ultimate objective is to bring about either a total change in a government's domestic policies or else its downfall.

But these are measures which fall short of war. Automatically, the question may arise: why not United States used force to do it? Because Congress did not wish to expand American lives in order to save the Ugandans.

Just as some states are more potent yielders of economic pressure, so some are more vulnerable targets. Uganda by virtue of its dependence on a few buyers of a single crop, was peculiarly vulnerable. The international economy contains strong incentives that in nearly all cases constrain a giant trading and investing power like the United States to play by the "two track" GATT rules it was so instrumental in writing.

3.2.6 Nicaragua, 1978-81

Nationalism in contemporary Nicaragua is an outgrowth of that country's lack of control over its internal as well as external affairs since its nominal independence from Spain in 1821. Though theoretically Nicaragua was sovereign
but practically it was dominated by Britain, private individuals and the U.S. until the Sandanista Revolution of 1979.

The opposition forces were led by Augusto Cesar Sandino, a privileged Nicaraguan whose experiences with U.S. companies and growing feelings of nationalism strongly influenced anti-Americanism and his self-perception as an instrument for creating a Nicaragua free of U.S. influences.

U.S. soon found a solution of controlling the country by creating the National Guard led by the pro-American General Anastasio Somoza. Somoza shortly after ordering Sandino's assassination, seized power in 1936. Economic dimensions of U.S. power was overwhelmingly to Nicaraguans that they viewed Washington as having unlimited power to arrange their political life. Somoza's strong anti-Communist position earned him continued U.S. assistance until his assassination in 1956. His sons, Luis (1956-57) and Anastasio (1967-79) inherited control of Nicaragua and American backing by skillfully manipulating Washington's fear of Communism, Somoza ultimately succeeded in undermining U.S. interests in Nicaragua and paradoxically assisted in his own demise and the emergence of Sandanistas, who once
in power would turn to Moscow and Havana to protect their revolution from the perceived threats of U.S. intervention.

The Sandanistas who took their name from the anti-American revolutionary, Sandino, were so ineffectual and non-threatening that Washington paid virtually no attention to them, believing that the 5000-man national guard could eradicate them.

Although divided the sandanistas were emerging as a major challenge to Somoza. One faction favoured a protracted guerrilla war of attrition and another, the Proletarios, advocated mass insurrection in the urban centres. The third group, the Terceristas, under the leadership of Victor Manual Lopez and the Ortega brothers, Daniel and Humberto, favoured a more moderate course of action and joined forces with many of Managua's businessmen. Somoza imposed martial law in 1975 and ordered to a National Guard offensive into the countryside where sandanistas fighters had been operating.

Chamorro's assassination was the catalyst for Somoza's demise. Anti-Somoza uprisings were spontaneous and supported by Mexico, Cuba, Costa Rica, Venezuela and Panama. In
May 1979 they launched their final offensive and Somoza fled from Nicaragua on 17 July, 1979, for Florida. The sandanistas faced with the challenge of putting together a coalition government. In January 1979 a national directorate had been created.

When the sandanistas actually seized power they appointed prominent Nicaraguans from different classes in society to severe in the five-member Junta of National Reconstruction. But sandanista anti-imperialistic rhetoric and President Reagan's hostile, inconsistent policies affected Nicaragua's internal as well as international politics.

When Congress rejected military aid to the Contras, Ortega unwisely visited Moscow. Reagan decided to impose an economic embargo against Nicaragua.

Prior to the 1985 embargo President Reagan had ended aid to Nicaragua in 1981, refused to disburse a $8.9 million food credit for purchasing wheat and reduced by 90% the amount of Nicaraguan sugar it bought at subsidized prices. By 1984, Nicaraguan dependence on U.S. markets was decreasing down from $250 million in exports or 40% of the total exports in 1978 to $57 million or 17% of exports in 1984.
The new sanctions denied the National Airline (Nicaraguan) Aerorica, landing rights in the U.S. and closed the markets for spare parts for much of Nicaragua's machinery. Nicaraguan agricultural products, beef, and shell-fish were barred from entering the U.S. but markets were found in Europe, Canada, Japan and Latin America. Countries criticizing the embargo included Mexico, Columbia, Venezuela, Ecuador, Bolivia, Argentina, Uruguay, Cuba, Britain and Eastern bloc countries. Reagan's actions had clearly isolated the U.S., produced tensions in the Western Alliance, and generated additional support for the sandanistas. A confrontational policy against Nicaragua leaned solely on Soviet-American rivalry, ignored regional political realities and the interests of principal actors such as Mexico and Venezuela.

Self-interest is the motivating force behind the Mexican and Venezuelan policies toward Nicaragua and their reluctance to have the U.S. or Cuba play a dominant role in a region, they consider to be within their sphere of influence.

The Contradora Group, composed of Mexico, Venezuela, Columbia and Panama, was formed in January 1983, to find a peaceful solution to the crisis in Central America.
The crucial misunderstanding between the U.S. and Contradora Group was the fact that the latter feared U.S. intervention in the region and worried about Reagan's designation of Central America as a battle ground in the global confrontation between the Soviet Union and the U.S. By 1987, there was clear evidence that Reagan Administration had used a variety of tactics including military and economic aid to pressure Central American countries to support the Contras, despite the fact that Congress had declared such a linkage illegal. The draft of a treaty proposed by the Contradora Group protected the U.S. interests by including provisions for the mutual reductions in arms, troops, foreign advisers and the prohibition against the military bases. It also called for the establishment of fair judicial systems, respect for human rights, free elections, and the cessation of aid to guerrillas trying to overthrow established governments. Washington declined to agree to the treaty, claiming that it lacked verification mechanisms to guarantee Nicaraguan compliance. It was obvious that only direct U.S. military intervention to remove the sandanistas would satisfy Reagan. Diplomacy was never really given a chance to succeed.
The main objectives of the U.S. in Nicaragua were to end support for El Salvador rebels and to destabilize sandanista government.

3.2.7 Afghanistan, 1979-81

Afghanistan demonstrated the fact that even the superpowers must recognize the limitations of power and should search for an alternative to military force to achieve their objectives. President Carter's action actually was partly designed to disprove domestic critics who viewed him as indecisive and soft on Communism. Given the lack of any major U.S. commitments to the Afghan guerrillas, the Soviets did not perceive the U.S., as serious about Afghanistan, until when the stinger missiles were given in 1986. Not only did President Reagan lift the grain embargo imposed by Carter but he shifted the attention away from the brutality in Afghanistan by highlighting what he perceived as Communist threat in Central America. Reagan's argument for U.S. involvement in El Salvador and Nicaragua gave Soviets the opportunity to justify their occupation of Afghanistan on the grounds that as they share a 1,000 mile common border with Afghanistan face more immediate threats to their security than did the U.S. from relatively distant Central
American turmoil. Consequently, to condemn the Soviets for their action in Afghanistan while stressing U.S. commitment to the restoration of democratic regimes friendly to the U.S. appeared hypocritical. The invasion of Grenada, further reduced U.S. leverage vis-a-vis the Soviet Union and focused world public opinion away from Afghanistan to American militarism at least for a short time.

Because of its shared border, the Kremlin viewed a stable friendly regime to Moscow as highly desirable as it would eliminate the possible emergence of a hostile Afghan government allied with China or the West, provide a buffer against U.S. supported Pakistan, and provide the USSR with opportunities for influencing Iran and Pakistan.

The invasion of Afghanistan came at a time when the U.S. was preoccupied with the hostage crisis in Iran, provided the Soviets with a base approximately 200 miles closer to the strategic straits of Hormuz, the entrance to the Persian Gulf, through which most of the Western World's oil supplies pass, thereby threatening Western security interests.

Following the invasion, President Carter announced
specific American action that would be taken against the Soviets. Some of them were counter-productive or far more detrimental to the U.S. than to Moscow although the Soviets did lose more than they gained. Carter called for a boycott of summer Olympics in 1980; the Soviets responded by boycotting the Olympics in 1984. In March 1980, he prohibited exports of any goods or technology in connection with the Olympic Games to the Soviet Union. Carter then went a step further and prohibited any payments or transactions that could provide financial support for the games. An embargo was imposed on 17 million tons of grain originally destined for the Soviet Union. This seemed to have caused greater hardships for the American farmers than the Soviet consumers because other countries such as Argentina supplied grain but at higher prices. A year later, President Reagan lifted the embargo as the Soviets consolidated their grip on Afghanistan. Other responses included delaying the ratification of SALT II, severe restrictions on trade, curtailment of Soviet fishing privileges on U.S. waters, postponing new cultural and economic exchanges between the two countries and delaying the opening of new consular facilities in Kiev and New York city. The deferment of cultural exchanges proved more damaging to American scholars than to the Soviets because
many Soviet researchers had access to outstanding U.S. technological institutes and universities and scientific meetings. In a national television speech on January 4, Carter announced an embargo on agricultural sales to the Soviet Union. He also announced an indefinite ban on the sale of high technology items, such as large computers, advanced machine tools and certain oil and gas production equipment, to the Soviet Union.

Carter admitted that he did not expect sanctions to cause USSR to withdraw from Afghanistan, but were intended primarily, to make the Soviets pay a price for aggression and to deter USSR from aggression. The Congressional Research Service on April 1981 stated, "The United States acted to inflict economic costs on the Soviet Union in order to reduce the prospects for the USSR sponsored regime in Kabul and to deter Soviet leaders from using the Afghanistan invasion as a prototype for other such extensions of power by inflicting "punishment".


29. Hufbauer and Schott, supra note 1 at p.658.

30. Ibid., p.658.
The grain embargo was intended to inflict damage on the Soviet food and grainline stock complex. The President did state that the intent was not to starve Soviet citizens but to deny them a planned improvement in their debt.

Although foreign policy considerations may have provided the main impetus for the sanctions, domestic political pressure was also important. In the United States, the invasion of Afghanistan occurred at the beginning of the primary campaign for the 1980 Presidential election. Carter's popularity was low and public opinion polls revealed a lack of confidence in his leadership abilities.

The post-Afghanistan sanctions, provided a pretext for the American government to take steps which had been advocated for the reasons. For a number of years, before the invasion there had been growing pressure within the U.S. government to impose tighter restrictions on high technology exports to Soviet Union.

President Carter deserved support in his effort to curb industrial exports to the Soviet Union, to avenge the occupation of Afghanistan. The policy did some damage to the U.S. balance of trade and deprive a few U.S. companies of
one large market. Such losses are unavoidable in any demonstration, that America will not put trade above security.

Afghanistan was critical precisely because of the global shortage of energy and the West's dependence on gulf oil. The greater the claims on that oil, the greater the peril to the West.

The Soviet Union then exported about 1 million barrels of oil a day, to Western Europe while meeting the liquid fuel needs of Eastern Europe, Cuba and Vietnam. It was entirely possible that the Soviet Union will be importing 2 to 4 million barrels a day within the decade effectively removing 3 to 5 million barrels from the world's markets. Such a shift would be the equivalent of losing all of Iran's production threatening U.S. security as well as economy. It would play into the hands of OPEC, putting enormous pressure on world prices and turning the oil importing nations of the West into frantic competitors. It would also give the Soviet Union a more direct incentive for political or actual control over the oil nations in the Gulf. Trade restrictions made some sense to the degree that they deterred the Soviet Union from aggression. They did not make sense if they undermined U.S. security and increased the risks of
Conflicts. A policy that would reduce Soviet energy supplies would add to the danger in the Middle East.

Embargoes and boycotts were the only response which would have injured the Russians provided they were widely supported. Argentina and Brazil sold the Soviet Union wheat and soyabean respectively and Western Europe and Japan continued to supply high technology items for which there were not much of a sting.

The main U.S. objectives behind imposition of economic sanctions on USSR following the invasion of Afghanistan were first to withdraw Soviet troops from Afghanistan and secondly, to impair Soviet military potential.

3.2.8 Poland, 1981-84

In 1981, Poland received massive shipments of food from the West as well as an infusion of more than $9 billion in order to meet Poland's immediate economic needs. In July 1981, the first Secretary of the Polish Communist Party, Stanislaw Kania was ousted and replaced by the Premier and Defence Minister Wojciech Jaruzelski. Jaruzelski's appointment symbolized the decay of the Polish Communist Party as an effective force capable in itself of reversing the re-
formist tide without Soviet military intervention.

In a move that was not widely anticipated either in the U.S. or Western Europe, on December 13, 1981, Jaruzelski declared martial law and made massive arrests that included nearly all members of the solidarity leadership with the Polish security forces and the army assuming the effective powers of control held in other Communist States by the party. The Soviet had achieved the goal that it desperately sought - the reversal of the political reform in Poland through the action of an indigenous Polish force in the form of the crackdown by the Jaruzelski regime without the damage to Moscow's broader international interests, especially relations with Western European countries that would have resulted from a direct Soviet military intervention.

In the Polish crisis, the Reagan administration had essentially two objectives: to prevent a Soviet invasion and to preserve intact the reforms achieved by the solidarity.

The course of action thus chosen by the Administration was the imposition of a series of economic sanctions that included a trade embargo. The problem was further complicated not only by the fact that it would hurt the
transgressors more than the West but the Polish people who had supported or at least sympathized with the goals of the solidarity. The Reagan Administration faced the problem of achieving consensus among the members of the Atlantic Alliance, for the contemplated trade embargo against the Soviet Union and Poland, would need to have the support of the countries capable of supporting embargoed items. The detente legacy of the previous decade, negative for the U.S. had yielded gains for Western Europe especially Federal Republic of Germany which gained in trade and the inter-German normalization that Bonn and its Western neighbours were reluctant to sacrifice.

The sanctions prohibited American companies their foreign subsidiaries and foreign companies using U.S. licenses from selling to the Soviet Union equipment or technology for the transmission or refining of oil and natural gas. One goal of the sanctions was to prevent the Soviets from using U.S. technology to build a 2,600 mile natural gas pipeline from Siberia to Western Europe.

President Reagan in 1982 maintained and expanded similar economic sanctions. He had imposed directly on Poland on October 29, three weeks after the Polish government
disbanded the solidarity trade union. Reagan suspended indefinitely Poland's most favoured nation trading status. Poland held the trade status for 22 years, it guaranteed that tariffs on Polish imports into the United States would be no higher than those levied on imports of any other nation.

To justify his suspension of the trading status, Reagan declared that Poland had failed since 1978 to meet its obligations under GATT to increase the total value of imports from other GATT member nations by at least 7% per year. GATT governed the general terms of trade among most nations.

In addition to these were, suspension of services to the United States by Aeroflot, the Soviet Airline; imposition of a new series of controls on access to U.S. ports by all Soviet ships, closing the Soviet Purchasing Commission office in New York city and postponement of negotiations for a new U.S.-Soviet maritime agreement. Reagan levied similar sanctions against Poland and they also remained in effect.

The main objectives behind imposition of sanctions against Poland were: to lift martial law; free dissidents and finally to resume talks with solidarity, and against
Soviet Union were: to lift martial law in Poland; to cancel USSR-Europe pipeline project and lastly to impair Soviet economic/military potential.

3.2.9 South Africa, 1986-88

International efforts to effect South Africa's internal situation and international concern with the distribution of power within that country began almost literally with the birth of the United Nations. Racial policies and practices of South Africa have engaged the attention of the international community. In September 1952, thirteen countries requested the inclusion of an item in the agenda of the General Assembly entitled "...the question of race conflict in South Africa resulting from the policies of apartheid of the Government of the Union of South Africa" and these countries alleged that the policies and practices of the Government were creating a dangerous and explosive situation which constitutes both a threat to international peace and a flagrant violation of the basic principles of human rights and fundamental freedom which are enshrined in the Charter.

The international community had unanimously felt the need to impose economic sanctions (although in varying
degrees) in order to compel the Pretoria regime to abandon its policy of apartheid.

Consequently, South Africa had been subjected to a wide range of international sanctions which were diverse in nature - economic, communications, cultural and sporting imposed by United Nations, individual states, regional and specialized agencies.

Most of the Western countries were opposed to the idea of imposition of comprehensive mandatory economic sanctions because its impact on the Western economies would be sustained by creating unemployment in certain sectors of the industry, by denial of critical minerals to the West, compelling them to look for an alternative source, i.e., Soviet Union, endangering not only their economies but security structures too.

Despite this Western reluctance, the active enthusiasm and continuous endeavour of the Non-aligned countries had achieved an attitudinal change in the Western policies. They, too, had favoured the imposition of sanctions of some selected items against South Africa: Termination of landing rights for South African Airways; Ban on bank loans except for black upliftment; Ban on imports of coal, iron; steel,
uranium and gold coins; Arms embargo; Ban on South African agricultural products including food and sugar; Oil embargo; Ban on new investment; Ban on sale of computer and high tech goods to military and police; Ban on nuclear collaboration.

One important provision of the Senate-passed bill was a ban on new bank loans to South Africa and on investments by Americans in businesses there. Although that ban largely reaffirmed what already was happening in the marketplace because of instability of South Africa, the ban was seen as significant because it could help deprive Pretoria for years of much needed foreign exchange.

The view, that South Africa is uniquely vulnerable to economic sanctions rested on a number of related arguments. In past cases of sanctions, one or two countries have led the campaign with more or less support from their allies, and opposition from the rest, but sanctions against South Africa had unanimous support because South Africa's racist policies had made it a pariah state, condemned by the whole international community. It was also argued that, although there would have been substantial rewards in sanctions-breaking, there was no easy route through which that could be done on a large-scale, as there was for Rhodesia, when
South Africa itself provided the loophole. South Africa could have been blockaded effectively. Moreover, the complexity and advanced nature of the South African economy, which is more developed than any economy previously subjected to sanctions, made it more dependent on international cooperation and interaction and therefore more vulnerable. William Gutteridge wrote in 1964, "the self-sufficient largely agricultural economy of South Africa years ago have survived in isolation for a long period. The industrialized state of today, in which a substantial proportional of the African population is involved, could not long withstand the shock of shortages. In addition, South Africa has no oil, and although it had been stockpiling and developing its capacity to produce oil from coal, still very dependent on imports. If their access to this one commodity could be blocked over a period, South Africans would have been forced to accept terms imposed upon them.

South Africa with a modern industrialized, energy-consumptive economy is vulnerable to economic pressure, although the necessary measures would be much more costly to the states yielding pressure.

The cumulative effect of economic sanctions resulted in
the reduction of exchange value of the rand by about 50%.
In the case of United States, the Congress overruled a
Presidential veto to force the Reagan Administration to
impose a more stringent form of sanctions. This was the
atmosphere when some fifty American companies withdrew from
their South African operations in 1986. The most important
among these companies were Exxon, General Motors, IBM and
Coca Cola. They announced that they were pulling out of the
Republic, citing poor economic performance, the failure of
the Government to address the fundamental issue of political
change. These punitive sanctions against South Africa by
the international community were more or less because of
P.W. Botha's decision to reject negotiation and take a
hardline in May 1986.

3.2.10 Panama, 1989

Just when the confrontation between power blocs was
withering away and global interdependence was becoming a
reality, in December 1989, U.S. invasion of Panama, that
aimed at overthrowing the corrupt and undemocratic regime of
General Manual Antonio Noriega, that had violated U.S.
treaty commitments and the very tenets of international law,
the rule of law received another body blow.
The U.S. campaign to topple the Panamanian government dominated by Noriega in his capacity as Commander of the Panama Defence Force (PDF) began in February, 1988. As late as 1986, Noriega was a valued ally of the U.S. Army's southern command, an undercover collaborator of the U.S. Drug Enforcement Administration (DEA) and a long-standing 'asset' of the CIA.

It was the U.S. and its campaign of economic warfare that brought Panama to its knees - as clearcut an instance of direct or indirect intervention and coercive measures of an economic character as can be imagined.

Between March 1988 and December 1989, the U.S. brought every kind of political pressure to bear on Panama and other Latin American states to force Noriega's departure.

By the end of 1989, Noriega's open play of dictatorial power and outspoken defiance of the U.S. had put the prestige of President Bush on the line.

What brought the crisis to a head was that under the treaty, the top executive job of the Panama Canal Commission, the administrator, was scheduled to pass from an
American to a nominee of the Panamanian government on January 1, 1990. Even though the Canal Commission would retain its overall authority, the U.S. was faced with either having a Noriega nominee in-charge of day-to-day canal operations or having a vacuum in canal's top management. It presented the Bush Administration and the Congress with the embarassing dilemma of how to deal with the nominee of a government that Washington refused to recognize.

Fortunately, for the Bush Administration, Noriega's growing megalomania provided an escape route. In September 1989, when the terms of the Salis Palma government and the National Assembly expired, a new National Assembly of district leaders took over and appointed a new President Francisco Roderigue. On October 3, members of Noriega security guard staged an abortive coup attempt. On December 15, the National Assembly proclaimed Noriega "maximum leader" of the Panamanian government and announced the existence of a "state of war" between Panama and the U.S. - an announcement apparently intended to dramatize the economic warfare being waged by the U.S. government.

President Bush cited four reasons to justify invasion - (i) to safeguard the lives of American citizens; (ii) to
defend democracy in Panama; (iii) to apprehend Noriega and bring him to trial; and (iv) to ensure the integrity of the Panama Canal Treaties.

The U.S. action in Panama did not violate Article 2(4) of the U.N. Charter. The United States acted only after Noriega's regime had begun to kill U.S. citizens and had declared its intention to deprive the U.S. of its rights regarding the canal. All measures short of the use of force as available forms of diplomatic and economic sanctions had been involved without success.

But the argument that the U.S. had a right to invade a country in order to 'defend democracy' is a political and not a legal one. There is no basis in international law for dropping paratroops into another country in order to change its government and the Organization of American States Charter expressly prohibits it.

The assertion that Noriega's apprehension for violation of U.S. anti-narcotics statutes can justify an armed attack on his country is even more astonishing.

The invasion of Panama violated on both letter and spirit the U.N. Charter and the Inter-American treaties.
3.2.11 Iraq, 1990

The international community had sought with unprecedented unity to reverse Iraq's brutal and unprovoked aggression against Kuwait. The United States and the vast majority of governments of the world, worked together through the United Nations to compel Iraq's withdrawal from Kuwait and in their strong preference for doing so through peaceful means. Since August 2, 1990, all had sought to build maximum diplomatic and economic pressure against Iraq. Regrettably, Iraq had given no sign whatever that it intended to comply with the will of the international community, or any indication that diplomatic and economic means alone would ever compel Iraq to do so.

From the beginning of the Gulf crisis, the United States had consistently pursued four basic objectives: first the immediate, complete and unconditional Iraqi withdrawal from Kuwait, (ii) the restoration of the legitimate government of Kuwait, (iii) the protection of U.S. citizens abroad and (iv) the security and stability of a region vital to U.S. national security. In pursuit of these objectives, the U.S. had sought and obtained action by the U.N. Security Council, resulting in twelve separate resolutions that were
fully consistent with U.S. objectives.

The last of these resolutions, 678 of November 29, 1990 authorized U.N. member states to use "all necessary means" to implement resolution 660 and all subsequent relevant resolutions of the Security Council to restore international peace and security in the area, unless Iraq fully implemented those resolutions on or before January 15, 1991.

But Iraq had not taken any steps to fulfill those requirements rather it had forcefully stated that it considered the Security Council's resolutions invalid and had no intention to comply with them at any time. Iraqi forces remained in occupation of Kuwait and Iraq had strongly and repeatedly reiterated its annexation of Kuwait and stated its determination that Kuwait would remain permanently a part of Iraq.

The exclusive diplomatic and political efforts undertaken by the U.S., other countries, regional organizations including the Arab League and the European Community and the United Nations to persuade or compel Iraq to withdraw from Kuwait had not succeeded. The U.N. Security Council and the General Assembly had overwhelmingly and
repeatedly condemned the Iraqi withdrawal from Kuwait. The Security Council had invoked its extraordinary authority under Chapter VII of the U.N. Charter not only to order comprehensive economic sanctions, but to authorize force. The Security Council had directed other U.N. organizations (e.g. the International Atomic Energy Agency) to take appropriate actions toward the same and within their areas of competence and they had done so accordingly.

The President, the Secretary of State and other U.S. officials had engaged in an exhaustive process of consultation with other governments and international organizations. The Secretary of State alone had since August 2, 1990, held more than 250 meetings with foreign heads of state, foreign ministers and other high foreign officials. While this extensive diplomacy had been very successful in maintaining international solidarity in support of U.S. objectives, it had not caused the government of Iraq to withdraw from Kuwait.

On January 9, the Secretary of State met at length in Geneva with the Iraqi Foreign Minister, who in six and one-half hours of talks demonstrated no readiness whatever to implement the U.N. Security Council resolutions. The Iraqi
Foreign Minister even refused to receive a diplomatic communication from the President intended for Saddam Hussein. On January 13, the U.N. Secretary-General was rebuffed by Iraq for a second time, in this case in a direct attempt to persuade Saddam Hussein to withdraw from Kuwait peacefully. Many other Heads of state, foreign ministers and private persons had made similar attempts.

These exhaustive efforts had produced not the slightest indication of any intention by Saddam Hussein to meet the demands of the international community for immediate and unconditional withdrawal from Kuwait.

Since August 2, 1990 (in the case of the United States) and August 9 (in the case of the Security Council and the other U.N. member states) comprehensive economic sanctions had been imposed on Iraq prohibiting all trade and financial transactions with Iraq. These sanctions were backed by an extensive maritime interception effort involving warships of many states and since September 25 by rigorous controls on air traffic to and from Iraq. The United States had engaged in tireless efforts during that period to uncover and defeat attempted evasions of these sanctions around the world, whether by direct attempts to pass through the allied
interception cordon or by the use of financial and trade intermediaries.

This effort had resulted in a very substantial reduction of the volume of trade to and from Iraq, and significant shortages in Iraq's financial resources. The most serious impact on Iraq thus far had been on the financial sector, where hard currency shortages had led Baghdad to take a variety of unusual steps to conserve or obtain foreign exchange. The sanctions had shut off 97% of Iraq's exports and more than 90% of its imports and had prevented Baghdad from reaping the proceeds of higher oil prices or its seizure of Kuwaiti oil fields. The departure of foreign workers and the cut off of imported industrial inputs, had caused problems for a variety of industries.

Despite, economic hardships alone was unlikely to compel Saddam to retreat from Kuwait, or cause regime-threatening popular discontent in Iraq. Due to a reduction of domestic consumption, smuggling and use of existing stockpiles, the most vital Iraqi industries do not appear to be threatened. The price of foodstuffs for the Iraqi population, had sharply increased and rations had been reduced. But there was still access to sufficient staple foods and
new supplies were injected from the fall harvest and smuggling.

While U.S. might have succeeded in substantially reducing the overall Iraqi supply of food and other essential commodities, Saddam Hussein had made clear his willingness to divert such supplies to his military forces, even at the cost of severe deprivation of his civilian population. Even if the international community were prepared to deprive the Iraqi civilian population of food, there was no reason to believe that this would change Saddam Hussein's policies.

The ability of Iraqi armed forces, to defend Kuwait and Southern Iraq, was unlikely to be eroded substantially even if effective sanctions could be maintained. But Iraq had large stocks of spare parts and other supplies that would ameliorate this effect. Iraqi air forces and air defenses would likely be hit far more severely, by continued effective sanctions but in any case, Iraqi air defense and air forces would play a limited role - in relation to the ground forces, with respect to Iraq's ability to hold Kuwait.

In short, while sanctions degraded to some extent the operational readiness of some portion of the Iraqi armed forces, it was clear that, Iraq would still retain very
large and powerful land and air forces, as well as substantial capability to replace ammunition and other essential replacement items. Delay would also have important military consequences that might make any eventual military action more costly and increase significantly its ability to resist coalition efforts to restore that country's sovereignty and to increase further, its already formidable military capability. Iraq had increased the size of its armed forces by mobilizing many thousands of combat veterans. The additional time had permitted Iraqis to extend and reinforce their fortifications along the Saudi border, more time would only make these defenses more formidable. Delay would have also given the Iraqis more time to further develop, produce and weaponize weapons of mass destruction, thus making an eventual conflict more destructive and strengthening Iraq's ability to coerce other nations with the threat of mass destruction. Delay would also degrade the readiness of coalition forces. Further the longer the sanctions continued, the more likely it would have been that leakages in the sanctions enforcement system will develop, that intermediaries will devise ways of using its own resources to fill critical shortfalls. Even more important was that if the coalition failed to carry them through the U.N. Security
Council demands for immediate withdrawal of Iraq from Kuwait there would have been strong pressures and temptations on various countries to ease their enforcement of sanctions and to compromise on demands that Iraq met existing objectives fully and unconditionally.

It may thus be concluded that, the advocate of an interventionist foreign policy have always advanced many justifications for their policy for example, to promonte democracy, to ensure stability, to stop aggression, to protect human rights, to enforce international law and order. But, recourse to such justifications is, often simply a rationalization for pursuing strategic or political ends.

Despite its professed ideals, the United States had used its troops to prop up authoritarian regimes in Korea and Vietnam. In two world wars it cultivated grand alliances with respectively an authoritarian Russia (although, admittedly, by the time U.S. declared war the Tsar had been overthrown) and a totalitarian USSR. It has viewed its basis in, and defuse treaty with the Philippines as equally important during the Presidencies of Marcos and Aquino.
Most important is the cost involved, than the realism of promoting higher principle in U.S. foreign policy, for which Iraq's earlier brutal assaults on its Kurdish minority did not warrant war or Pol Pot's mass murder in Cambodia or China's swallowing of Tibet. In fact, the U.S. did not intervene because of its catastrophic costs that such actions surely would have entailed.

In the case of Gulf War, humanitarian concerns may have eventually come to dominate President Bush's thinking. Concerns about the regional balance of power and Iraq's growing arsenal of weapons of mass destruction were also real, but secondary. After all, the U.S. was prepared to leave Saddam Hussein's military strength intact had he chosen to withdraw from Kuwait by January 15, 1991. Despite President Bush's rhetoric, Washington's real vital interest in the Gulf was to ensure allied access to oil.

The U.S. enjoys many advantages that provide it with the luxury of remaining aloof from geographical conflicts that engulf other countries. The U.S. benefits from relative geographic isolation and has the world's largest single economic market which reduces the impact of the loss of one or more trading partners.
The world is changing faster. Consequently, the U.S. has no choice but to refashion its foreign policy. Non-intervention in all its forms is now an established norm of international conduct and is vigorously supported by the U.S. in every part of the globe except in its own backyard. The U.S. economic sanctions had greatly diminished criticism in the United Nations and Organization of American States. But with the cold war at an end, it is high time for the U.S. to reassess its priorities taking into account international responses which is dealt with in the next chapter.