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Why Economic Sanctions Always Fail — The Case of Rhodesia

by Rolf Hasse, Cologne *

Demands for the imposition of economic sanctions under UN auspices on South Africa have been voiced for quite some time. Rhodesia was the first country ever to be subjected to a full obligatory embargo by the UN Security Council. An analysis of the embargo against Rhodesia will therefore help to answer the question whether an embargo on South Africa stands a chance of success.

The days of white minority rule in Rhodesia are over. Since March 21, 1978 Rhodesia has had an inter-racial interim government with the mandate to make all the preparations for the transfer of governmental power to a black majority government by the end of this year. The first concrete step has thus been taken to give effect to the agreement signed in Salisbury on March 3, 1978 by the moderate African leaders (Muzorewa, Sithole, Chirau) and by I. Smith.

The "internal" Rhodesian settlement is ushering in a development which has been fought for on an international level ever since the Unilateral Declaration of Independence by Rhodesia on November 11, 1965. This contest led to the *first ever* imposition of a full obligatory embargo by the UN Security Council under Articles 41 and 25 of the UN Charter.

This new development did not however result from the embargo against Rhodesia, for the embargo has proved a failure. It was not the only blunder committed in the Rhodesia conflict. The agreement of March 3, 1978 has been fiercely attacked — primarily by outsiders who feel responsible for the political developments in Rhodesia or claim a right to intervene in Rhodesian affairs. A curious situation has thus arisen which cannot but confuse the detached observer and raise doubts in the minds of those who have watched the developments in this region for some time about the political and foreign-political concepts of many Western countries. This criticism applies to both the way in which economic sanctions are being employed and the way in which partisan support is given to political groups which openly reject any kind of democratic state organization. For years extremist Africans have been

the only ones to be given an appreciative hearing in the UN, and even Western states have now taken on the role of advocate for Soviet interests. In spite of all the negative experience in the past they are still so amazingly short-sighted as to believe that marxist-authoritarian and militant minorities can be integrated into interim governments in order to guarantee peaceful transition to democratic majority rule.

It is appalling to see with what unconcern the use of economic sanctions is being demanded on many occasions. The reluctance of many politicians to learn from the practical experience with embargoes is associated with a posture of universal political competency and a proneness to economic interventionism. The political and economic consequences of this policy are misunderstood¹.

Attention is drawn in the following to the more specifically economic and organizational aspects of the embargo against Rhodesia although the political background — of the initiators of as well as the opponents to the embargo — deserves equal consideration if realistic conclusions are to be drawn². In the UN demands have been voiced for economic sanctions against South Africa, too. An analysis of the embargo imposed

¹ This appraisal is based on two comprehensive studies of the economic, legal and political aspects of economic sanctions. Cf. Rolf Hasse, *Wirtschaftliche Sanktionen als Mittel der Außenpolitik. Das Rhodesien-Embargo* (Economic sanctions as a means of foreign policy. The embargo against Rhodesia), *Volkswirtschaftliche Schriften*, No. 263, Berlin 1977; Rolf Hasse, *Theorie und Politik des Embargos* (Theory and politics of the embargo), *Untersuchungen des Instituts für Wirtschaftspolitik an der Universität zu Köln*, Vol. 25, Cologne 1973. Both these studies were undertaken for the Federal Ministry of Economic Affairs through the Cologne University Institute for Economic Policy.

² The political aspect of the Rhodesia conflict (the political situation and developments in Rhodesia and the UN) was dealt with in detail in the study because the international discussion is in my view hampered by a calamitous lack of factual knowledge of the political aspect. The study covers events up to May 1977; the development since then has followed the indicated trends in almost all details.

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on Rhodesia will therefore also answer the question whether an embargo on South Africa stands a chance of success. South Africa is of course in a much better economic and political position than Rhodesia.

Embargoes an Instrument of Foreign Policy

The precise meaning of the term embargo is by no means clear – even to many jurists³. The terms boycott, blockade, injunction and embargo are being used somewhat indiscriminately. It therefore makes good sense to start by stating the objective and subjective characteristics of an embargo:

Embargoes are an *instrument of foreign policy*. As distinct from the boycott, an embargo predicates *state initiative and execution*. It is an *aggressive* form of international economic policy. The aim is to *discriminate against and injure* a state or group of states by total or selective bans on trade, transport and capital movements. The infliction of economic injury is treated as a means of influencing the *political conduct* of the state or group of states put under an embargo. The initiators of the embargo on their side must be willing to put up with *economic disadvantages falling on them as well*.

The embargo is a very old instrument; instances in which it has been used are known from antiquity⁴, and failures in its application can be traced back for an equally long time. Until the twentieth century however embargoes remained a contentious instrument of foreign policy. The evolution of the idea of collective security turned the embargo into a recognized instrument of preventive and peaceful settlement of conflicts; as such it was included in the statutes of the League of Nations (Art. 16) and the UN Charter (Art. 41).

The Reasons for the Failure

The economic sanctions against Rhodesia are the first embargo imposed by the UN Security Council but they are only one more link in a chain of embargoes which seem to have been employed with a view to the systematic repetition of all the mistakes of previous embargo cases: There were no thorough analyses of the organizational and economic conditions; and the possibilities were always overrated. The salient feature of the embargo against Rhodesia is therefore the wide gap between the expectations and conditions for an embargo and between the political pronounce-

ments and the actual decisions. The international trade was victimized to suit a badly conceived foreign policy. The structural harm done to the international trade by this kind of political interventionism was always long-lasting.

There are, essentially, six reasons for the failure of economic sanctions including the embargo against Rhodesia:

- ☐ Overrating of the economy's dependence on the outside world and underrating of its adaptability in the face of the embargo;
- ☐ Delays in instituting the embargo;
- ☐ Gaps in the embargo lists;
- ☐ Incomplete universality of the embargo;
- ☐ Administrative shortcomings in the execution of the embargo controls;
- ☐ Want of solidarity between the embargo initiators and absence of a system of mutual support (cost-sharing).

Overrated Dependence

A thorough analysis of this fundamental prerequisite to an embargo has probably never been undertaken. At most assumptions have been made about this dependence on the outside world on the strength of a glance at the distribution of Rhodesia's foreign trade. To the British Prime Minister Harold Wilson it seemed in early January 1966 that the success of the embargo was "a matter of weeks rather than months".

At a first glance Rhodesia appeared indeed to be greatly dependent on its foreign trade: Rhodesia was a "small" country with a high foreign trade intensity (in 1965 the GNP at market prices amounted to about US \$ 1,000 mn, the exports to US \$ 400 mn and the imports to US \$ 340 mn). The distribution of trade over categories of goods and countries was marked by a high concentration. Agricultural and mineral raw materials predominated among the exports; SITC groups 0–2 accounted for 57.6 % of the total exports and tobacco alone for 32.0 %. But Rhodesia also exported over 30 % of processed goods of groups 6–9 and high-quality mineral raw materials in strong demand in the world market (chrome, asbestos, nickel). Among imports manufactured goods of groups 6–9 were prominent and accounted for 67.9 %. Most of the foreign trade was done with quite a small number of countries; eight countries took 81 % of Rhodesia's exports and supplied 77 % of its imports; 41.6 % of the exports and 28.1 % of the imports were done with the neighbouring states of Botswana, Malawi, Mozambique, Zambia, South Africa and South-West Africa (Namibia).

³ Lindemeyer's impressive monograph may be mentioned as an exception: Bernd Lindemeyer, *Schiffsembargo und Handels embargo. Völkerrechtliche Praxis und Zulässigkeit* (Ship embargo and trade embargo. Practice and admissibility under international law), Baden-Baden 1975.

⁴ Cf., for details, Rolf Hasse, *Theorie und Politik des Embargos*, *ibid.*

These brief notes give some indication of Rhodesia's capacity to substitute local products for imports. The Rhodesian economy had already "taken off" in the development policy sense of the term; Rhodesia was no longer an agricultural country but had raw materials, "know-how", skilled personnel and a market in the adjoining countries which collaborated with Rhodesia for political reasons (South Africa and Mozambique until 1974) and/or on economic grounds (Zambia, Malawi, Botswana). In 1967 two economists used an input-output matrix for the Rhodesian economy of 1965 for a model computation to show the theoretical effectiveness of an import embargo on Rhodesia's 12 major export commodities and a total embargo on exports to Rhodesia⁵. Curtin and Murray arrived at somewhat sobering results even for the extreme case of 100 % compliance with the embargo and Rhodesian inability to replace the imports: they concluded that the value added would decline by 15 % at most and that the structure of the economy and incomes would ultimately suffer no decisive change. A more

realistic departure from these extreme assumptions would greatly improve the situation from the Rhodesian point of view (possibility of import substitution, diversion of exports via other countries, etc.)⁶.

Gaps in Embargo Lists

As all adjustments take time, economic sanctions must be taken immediately and on as comprehensive a scale as possible⁷. In the case of Rhodesia this fact was ignored in more than one respect:

□ The Rhodesian Government was able to determine when the embargo was to commence and was given time to prepare for it. The unilateral separation of the colony from the mother country was a matter of open discussion from the assumption of governmental duties by I. Smith in April 1964. The British Government threatened bilateral economic sanctions and their extension through the UN. The unilateral declaration of independence took place on November 11, 1965 — by which time the tobacco crop had been sold. The Rhodesian Government had in the meantime prepared for the country's economic isolation. It set up trading organizations in Rhodesia and abroad, explored new trade routes and worked out very shrewd administrative measures to cope with the likely supply bottlenecks and surpluses (for unsalable export commodities like tobacco) and the income, employment and price problems⁸.

⁵ Cf. T. Curtin and D. Murray, *Economic Sanctions and Rhodesia: an Examination of the Probable Effect of Sanctions on National and Personal Incomes in Rhodesia and of the Effectiveness of Sanctions on Rhodesian Policy*. Institute of Economic Affairs, Research Monographs, No. 12, London 1967.

⁶ Cf. Rolf Hasse, *Wirtschaftliche Sanktionen*, *ibid.*, p. 123 ff.

⁷ In regard to the legal, political and economic aspects of the theory of the embargo cf., for details, Rolf Hasse, *Theorie und Politik des Embargos*, *ibid.*, espec. p. 325-476.

⁸ Cf. Rolf Hasse, *Wirtschaftliche Sanktionen*, *ibid.*, p. 183 ff.

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□ The economic sanctions were put into effect in a very tardy and half-hearted manner. Great Britain seems to have been almost entirely unprepared. It took several months to ban all economic relations with Rhodesia. It took the UN Security Council 13 months after the recommendation of an embargo (Nov. 20, 1965) to impose a formal and obligatory selective embargo (Dec. 16, 1966 – Res. 232, 1966) and as long as 31 months to pass a formal and obligatory comprehensive economic embargo (May 29, 1968 – Res. 253, 1968).

□ Further delays were caused because many UN members – including Security Council members – needed months to translate the Security Council resolutions into national legislation.

□ The embargo on Rhodesia was subject to an escape clause in Res. 253, 1968 (Art. 3d): this allows economic intercourse on humanitarian, scientific and medical grounds. Australia invoked this clause for supplying 326,000 long tons of wheat to Rhodesia in 1965–1970 and especially in 1968 when Rhodesia had a poor harvest. Australia's view that no embargo should apply to food has many precedents in the history of the embargo⁹.

Lack of Universality

Until December 1966 the embargo on Rhodesia was optional for all countries. When the economic sanctions were made obligatory under Art. 25 of the UN Charter, many countries nevertheless abstained from applying them – because they were unable to apply them or because they were unwilling to do so or because they did not wish to relinquish their neutral status. No more than 100 countries, of a total UN membership of 127, reported in 1968 that they had acted on the economic embargo in toto.

The largest gap resulted from the attitude of Rhodesia's neighbours: South Africa and Portugal (Mozambique) refused to participate on political grounds. Malawi, Zambia and Botswana declared that they depended on Rhodesia economically too much to be able to implement the embargo in full. When Zambia closed its borders in January 1973, a special commission of the Security Council calculated that this decision would cause to Zambia non-recurring costs of US \$ 124 mn and thereafter annual costs (transport diversion) of US \$ 135 mn¹⁰. In fact Zambia never fully broke off its trade with Rhodesia. The Frelimo Government similarly, having announced that it would close the border with Rhodesia, took no action until

March 1976 because it needed the transport and harbour fees and the vital maize supplies from Rhodesia. Rhodesian goods are reaching both these countries nowadays via South Africa; Rhodesian goods are shipped from South African ports, and in return South African goods are shipped from Mozambique ports¹¹.

Switzerland, not being a member of the UN – and until 1968 Austria also – did not submit to the Security Council decisions. Switzerland insisted on continuing to do business with Rhodesia to the normal extent (courant normal) and merely promised to limit the Rhodesian trade in any year to the average volume of the preceding three years. The Swiss Government refused to take action against Swiss firms of which it was proved or believed that they were taking part in acts violating the embargo resolutions.

The Byrd amendment in the USA in 1971 was probably the gravest violation of the embargo. It allowed Rhodesian chrome to be imported into the USA from 1972 onwards, and other high-grade metals later, so that the USA should not be too dependent on Soviet supplies of these strategic commodities!

The reports of the sanctions committee of the Security Council show that Eastern bloc countries (the GDR, Poland, Czechoslovakia and the Soviet Union) also participated in embargo violations.

Shortcomings of the Embargo Controls

Loading ports and organizations issuing new certificates of origin for Rhodesian goods have been available in South Africa and (until March 1976) in Mozambique. Rhodesia can also obtain imports through these countries as their own re-exports. The officially authorized trade with Rhodesia presents another control problem:

□ Transactions can take place in accordance with the mentioned escape clause.

□ They may also take place under so-called old contracts (e.g. for graphite and meat with the Federal Republic of Germany). The Security Council resolutions forbade implementation of such contracts even if concluded before November 11, 1965 but all the countries concerned claimed that the principle of "pacta sunt servanda" overrules Art. 25 of the UN Charter.

□ Neutral states, especially Swiss firms, are free to do business with Rhodesia. There is thus a legal trade organisation which it is virtually impossible to supervise.

Another factor is the lack of any central coordination of the embargo controls. A Security Coun-

⁹ Cf. Rolf Hasse, *Theorie und Politik des Embargos*, *ibid.*, p. 402 ff.

¹⁰ Cf. SCOR, Doc. S/10896 and Corr. 1 and Add. 1 of March 6, 1973, in: SCOR, 28th Year, Special Supplement No. 2, New York 1973.

¹¹ Cf. Rolf Hasse, *Wirtschaftliche Sanktionen*, *ibid.*, p. 109 ff., 162 ff.

cil sanctions committee was only set up in 1968 and given no powers, not even the right to make proposals. Outside the UN there is the Commonwealth sanctions committee which confined itself essentially to collating information about suspected trade diversions and submitting proposals for better supervision of embargo observance.

Moreover, the governments showed little inclination to help the sanctions committee in detecting suspected violations. There was sometimes no response at all to requests for official assistance. The answers were as a rule in very general terms and confined strictly to the questions asked. Being received after several months, they often necessitated further enquiries so that procedural matters frequently took several years and, with few exceptions, prevented successful action.

A collective embargo affects its initiators to different degrees if the economic intercourse with the embargoed country is interrupted. To assure cohesion of the embargo front, the UN Charter provides (in Art. 50) for a system of mutual support (cost sharing). However, all attempts to put this system into effect, especially in support of Zambia, Malawi and Mozambique, have come to nothing, leaving breaches in the embargo front.

Embargo Effects

The embargo has not been devoid of economic repercussions but its political objective has not been achieved. The relative political tranquility in Rhodesia is due to several reasons: First and foremost the embargo made for solidarity among the whites; there was the massive policy of repression against Africans, especially against their warring political parties; the strong traditional

Rhodesia's and South Africa's Production and Exports of Maize in 1965–1972

A. Maize Production and Yields (in brackets: quintals per hectare) in Rhodesia 1965–1972

in 1000 tonnes

1965	1966	1967	1968	1969	1970	1971	1972
822 (26.8)	952 (33.2)	1,000 (45.0)	950 (23.5)	1,020 (46.4)	700 (32.5)	1,180 (51.0)	1,400 (56.3)

Annual consumption: 800,000–850,000 tonnes; cumulative export surplus 1967–1972: 1,500,000 tonnes.

B. Production, Imports, Exports and Consumption of Maize in Mozambique in 1965–1972

in 1000 tonnes

	1965	1966	1967	1968	1969	1970	1971	1972
Production	390	440	500	560	500	450	450	500 ^a
Imports	43	7	—	—	—	35	24	3
Exports	—	—	25	122	25	12	—	92
Apparent Consumption	433	447	475	438	475	473	474	411 ^a

C. Maize Imports from Mozambique as Recorded by Various Countries in 1965–1972

in 1000 tonnes

	1965	1966	1967	1968	1969	1970	1971	1972
Belgium-Luxembourg	—	—	42	32	—	—	40	59
Egypt	—	—	105	93	14	—	b	b
Fed. Rep. Germany	—	—	99	59	—	—	15	24
France	—	—	20	11	—	—	—	—
Italy	—	—	26	40	—	—	—	12
Japan	—	30	145	184	149	21	10	261
Netherlands	—	—	6	12	—	—	—	1
Portugal	—	—	15	78	25	16	0	58
Switzerland	—	—	—	—	—	—	2	5
Total	—	30	458	509	188	37	67	420

Comparison of B and C: In 1965–1972 Mozambique exported 276,000 tonnes of maize while the recorded arrivals in importing countries totalled 1,680,000 tonnes. The difference amounts to 1,400,000 tonnes. Rhodesia's maximum surplus for exportation in this period was 1,500,000 tonnes.

D. Maize Production and Exports of the South African Customs Union in 1965–1972

in 1000 tonnes

	1965	1966	1967	1968	1969	1970	1971	1972
Production ¹	4,393	4,907	9,299	5,316	5,339	6,133	8,600	9,630
Exports								
Jan.—Dec.	326	46	2,001	2,949	760	1,201	1,466	3,155
Dec.—Nov. ²	345	59	1,667	3,078	911	1,207	1,252	3,104
according to import data of importing countries ³	325	58	1,477	3,023	1,031	1,371	1,363	3,270

^a estimated; ^b not available.

¹ excluding the non-monetary sector (self-supply economy);

² to allow for the time of transport from South Africa to the overseas destinations and to make South African export statistics comparable with the recorded imports of the importing countries;

³ imports from South Africa recorded in the importing countries. Sources: SCOR, Doc. S/10582/Rev. 1 of Dec. 22, 1972, Annex V, p. 138 f.; Doc. S/11178/Add. 2 of Jan. 11, 1974, p. 16-19; CSTO, Rhodesia, Monthly Digest of Statistics, Dec. 1974, p. 18.

attachment of most Africans to their tribes and villages and the benevolent attitude of the African chieftains and kraal elders to the minority government which has appointed them. Rhodesia has a dualist economy — in 1974 59% of the Africans were still living in an entirely non-monetary self-supply economy — so that the potential of the embargo as a factor making for political disturbance was correspondingly reduced.

The partial economic isolation had a similar effect as a protective duty. The manufacturing and mining industries expanded while agriculture underwent a relative contraction. The acreage under tobacco was reduced; instead more wheat, maize

and citrus fruit was grown. Growth shortfalls occurred only in 1966 and 1967. The foreign trade became more difficult but not impossible. It was diverted through Mozambique and South Africa as can be demonstrated quite precisely by rearrangement of some statistics. The terms of trade worsened considerably as was to be expected (smuggling premium):

1964	1966	1969	1971	1973
100	82.3	86.1	81.2	85.1

Short-term income shortfalls were noted among the whites in particular. The unemployment problem was solved by the repatriation of African guest workers, a quasi-ban on dismissals and recruitment for the public services. The guerilla operations have been causing difficulties and major disruption since 1972. The tourist traffic declined substantially, and many more whites emigrated than entered Rhodesia. Many more whites were needed for military duties, a fact which aggravated the growing shortage of skilled workers. Meanwhile the African population increased greatly and so did therefore the unemployment among Africans. The discriminatory vocational training laws made it impossible to train enough Africans as skilled workers.

This was the background of the political turnaround of the Rhodesian Government which has taken place since 1976. Seen in isolation, Rhodesia could have withstood both the embargo and the guerilla operations longer; but had they continued to resist, the whites would no longer have had a private, economic or political future in Rhodesia.

Notes on the Political Situation

The findings of the analysis of the embargo against Rhodesia allow the conclusion that economic sanctions would prove of no avail against South Africa. If anything they would delay the gradual elimination of racial discrimination. South Africa has for more than a decade pursued an economic policy of partial autarky in many sectors of the economy (e.g. energy supplies). Besides, South Africa is too important a trading partner for Wes-

tern countries (such as Great Britain) as well as for the African countries to be subjected to an embargo. Furthermore, South Africa's strategic position and strong military situation must not be forgotten at a time when two objectives are among the determinant factors of the foreign policy of the West: that of preventing an open military conflict, especially one involving intervention by the Soviet Union or Cuba, and that of keeping the sea route around the Cape open (no Moscow-orientation in the South of Africa).

This strategic corner-stone of a policy for the South of Africa is however being threatened. There is a risk in the Western policy vis-à-vis Rhodesia and South-West Africa (Namibia) favouring a racism in reverse; there is once again a danger that the power of government will depend on the colour of skin and force of arms rather than legitimization by the rule of law and protection of minorities. What else is one to think if efforts are being made to secure special privileges for militant minorities. Lenin's writings about the formation of committees and transitional governments in the revolutionary process may be consulted with advantage in this context.

The rejection of the "internal" solution in Rhodesia by the "confrontation states", the Western states and the Eastern bloc states amounts to an arrogation of the right of deciding political developments in Rhodesia and a denial of the right of self-determination to the Rhodesians. That the formal transition to black majority rule will not solve the problems by itself is ignored completely; the friction between the tribes (Shona, Ndebele) has been a constant element of the Rhodesian situation for scores of years: in the last few years ideological components have been superimposed on it. Political logic suggests a development as envisaged under the "internal solution". The grant of privileges to the "Patriotic Front" and the latter's expected and already announced attempts to usurp the power by force of arms would not merely mean economic chaos in Rhodesia but be a decisive step towards an African variant of the domino theory which would aggravate international conflicts for a long time to come.

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