Angola. The embargoes on arms sales have been made more effective by the general attack on the economy of the target state. The sanctions imposed on Iraq over the span of three and more years have virtually destroyed its economy, and hence its capacity to conduct aggressive warfare. The key element has been the ban on the sale of weapons to Iraq, but the assault on Iraq's finances through blocking its export trade has ensured that potential leakages in the arms embargo could not be exploited. The Soviet Union demonstrated a capacity to by-pass controls on technology transfer, but ultimately its demise was hastened by its evident economic weakness. Although a very blunt instrument, the capacity of sanctions to undermine the military potential of aggressive governments is certainly valuable to the international community.

4. The Concept of Pro-Active Sanctions

Relegation of sanctions to punishment for past transgressions, with the hope that the example will prove salutary, and the use of sanctions as a means of disabling aggressive governments militarily, may be realistic given the evident limitations of the coercive model. However, study of the history of economic warfare suggests that there could be a middle ground where new forms of sanctions could play a useful role in international affairs as pro-active forces with political and economic mechanisms which do not depend inherently upon coercion for their consummation.

It is appropriate to question the underlying strategic assumption that impoverishment of the target state is an important means to the end of obtaining redress to the damage it has inflicted on the international community. Prior to the industrial revolution, and as late as the Napoleonic War, the dominant concept of economic warfare was one based on the idea of monopolizing trade, for the purpose of multiplying the wealth of the belligerent. Instead of concentrating on impoverishing the enemy, the objective was to channel wealth into the war chest of the belligerent. Eli Heckscher has shown that mercantilism was essentially conceived as a system of power. It was the ultimate expression of sophisticated rapacity which sought the impoverishment of the enemy only insofar as it contributed to the increase of the belligerent's own wealth, which in turn multiplied the belligerent's power. The mercantilist idea was discredited by 18th century economists such as Joseph Tucker and Adam Smith, but Smith excluded from his strictures those aspects of Britain's mercantilist legislation, the so called "navigation acts," which were most important for the support of the British navy. Mercantilism

Policy Staff Paper Page 23

⁴⁹ George Crown, "Success of the Arms Embargo", in Hanlon, <u>South Africa The Sanctions Report,</u> pp. 168-73.

⁵⁰ Eli F. Heckscher, Mercantilism, trans. by M. Shapiro, 2 vols., (London, 1931), vol. II, p. 29.