shortage of foreign exchange prevented capital renewal.[26] In 1980, following the agreement of the Smith regime to constitutional reconstruction, The Economist concluded that: "It was Rhodesia's inability to raise long-term credit on the international capital market that put the biggest economic strain on its resources and this, together with the civil war, brought its recalcitrant politicians to the negotiating table."[27]

Revenues earned from exports was also a principal focus of the sanctions directed against Iraq during the Kuwait crisis. The oil pipelines running through Turkey and Saudi Arabia were shut down, and the tanker terminals in Iraq and Kuwait were blockaded. Judge Webster made the observation in his 1991 Senate briefing that control of Iraqi exports during the Kuwait crisis, by creating a fiscal crisis for Bagdad, appeared to be having a greater effect than was the high profile control on food imports. However, it appears that Bagdad had access to a great deal more money than it had been thought to control, possibly as a result of lifting all monetary controls on its citizens who thereby became free to use the black economy to arrange private imports. Import controls on food were rescinded immediately after the liberation of Kuwait, but Iraqi exports continued to be blocked pending full implementation of Security Council Resolution 687 which laid down conditions for the ceasefire. These included the payment of reparations. Iraq's refusal to do so, however, may be regarded as effectively disposing of any argument that Iraq could be constrained by fiscal pressure, and the refusal to take advantage of Resolution 706 partly lifting the control of exports to pay for food imports adds to that impression.

Complementary to action against exports is a ban on investment in the target state, and against credits for imports. In 1964, for instance, the Japanese government forbade its nationals and corporations making direct investment in the Republic of South Africa. United States sanctions on Poland in 1981 following the imposition of martial law included a ban on export credit insurance and a stop to further governmental credits, and European Community nations banned governmental loans to Poland. It has been difficult, however, to persuade nations which must export to maintain their standard of living to

[26] It had been recognized as long ago as 1934, by Admiral Sir Herbert Richmond, that states are much more vulnerable to economic warfare if they were obliged to support the cost of active military operations. "The financial needs and demands of the nations increase vastly", in Sea Power in the Modern World, (London, 1934), pp. 71-2.

[27] 19 July 1980, p. 16. See also Robin Renwick, *op. cit.*, pp. 25-58.