



THE HISTORY OF FORMATION AND DEVELOPMENT OF ECONOMIC SANCTIONS IN THE SYSTEM OF INTERNATIONAL RELATIONS

Aliyev Rauf Zeynal ogly

PhD student at the Institute of Law and Human Rights
National Academy of Sciences of Azerbaijan
Baku, Azerbaijan

ABSTRACT

The article deals with the history of formation and development of the economic sanctions in the system of international relations. The author's analysis has allowed to shed light on the history of formation and development of the economic sanctions from standpoint of world countries' experience, single out six conventional stages in the history of development of the economic sanctions and their distinctive features on the basis of analysis and generalization of respective theoretical-doctrinal conceptions and approaches. The article presents specific features of present-day sanctions, increase in activity of the UN Security Committee, setting of new tasks (war on terrorism), preference to «smart» sanctions for removing negative consequences, etc.

KEYWORDS: economic sanctions, historical approach, formation, history of development, economic sanctions of present period

1. INTRODUCTION

Methodological principles of the research.

As is known, the use of historical approach is an important method to deal with all academic sciences. Serving as legal and philosophical category, the method is defined as a means of pursuing a certain goal or or complex of means of practical or theoretical attainment of truth [1, p. 528]. A.H.Rzayev points out that the science of methodology teaches how and where to use a specific method. The methodology (*method+logos* in Greek) is a complex of methods used in science. The methodology is a philosophical teaching on methods of reality cognition. As viewed by the author, the methodology is engaged in exploring homogeneous phenomena, specifying their organizational structures, modifications, perfection, modernization and, finally, coordination and harmony of interrelations [2, p. 15].

2. MATERIAL AND METHODS

The method of historical approach is based on tracking chronological sequence of ongoing events and uncovering regularities in causes therein. When adjusted for the importance of the matter, the literature emphasizes that it'd be wrong to ignore the

necessity of this method application [3, p. 286].

It has to be kept in mind that any social institution, including the formation and development of international law institution, has its own history. This applies to the institution of economic sanctions as well.

All things considered, it is essential to thrash out the history of formation and development of economic sanctions and thereby go deep into its nature. Below-cited are probable historical stages of formation and development of economic sanctions:

1) ancient stage: .432 B.C. – first well-known period of sanctions application.

2) the Middle Ages. Sanctions were of local nature, for there were numerous trade unions and their composition regularly renewed.

3) 19 century – “period of naval blockade” .

4) 1919-1945, League of Nations activity in accordance with Article 16 of the Charter On Resolution of Conflicts Through Military Force.

5) 1945-1990, UN activity in accordance with Article 41, Chapter 7 of the Charter.

6) 1990s – “period of prosperity of the economic sanctions”.

7) modern stage [4, p. 278].

3. OBJECTIVE OF THE ARTICLE.

The main objective is to enquire into formation and development of economic sanctions in the system of international relations. The explorations found that there was need in closer definition of the historical stages of development of economic sanctions and their distinctive features on the basis of the history of formation and development of economic sanctions worldwide with due regard for theoretical-doctrinal conceptions and approaches.

4. PRESENTATION OF BASIC RESEARCH MATERIAL

When it is talked about the economic sanctions **in the ancient period**, it ought to be noted that initial reports on the application of economic sanctions in the history are found in written sources going back to 432 B. C. Thus, sanctions were applied by the so-called Athens sea union in respect of a town of Megar. Kidnapping of slaves from Athens and ploughing of sacred border areas gave occasion to the application of the economic sanctions against a town of Megar. In particular, Athens disallowed the Megar merchants to use its sea ports and markets. However, the sanctions had the reverse effect. Thus, the Megar merchants were forced to ask for military aid from their ally Sparta. As a result of the Peloponnesian war, Athens was defeated.

Nicknamed as “father of comedy”, Greek satirist Aristophanes scoffed at these sanctions that ended in the collapse for Athens.

Another reference to the application of the economic sanctions in the ancient period is found in 232-225 B. C. when Rome imposed a ban on trade in gold and silver with Gallia [5, p. 8].

It must be acknowledged that the economic sanctions were widely spread **in the Middle Ages** due to regular alterations of the composition of war and trade alliances.

Later 12 century, the Pope Alexander III convened the Third Lutheran Assembly. The Assembly passed a decision on imposing a ban on trading with «Moslems, Hebrews, heretics and lepers». Note that this decision was approved by the next Popes as well.

It is characteristic that trade blockades were applied in Europe during periods of religious wars with a view of protecting interests of certain religious groups. Thus, in 1531 a number of Swiss cantons, adherents of Protestantism, led by Zurich entered into a treaty with Holy Roman Empire and declared imposing a trade blockade on five Catholic cantons. The ban on trading with flour, salt, iron and wines led to a new stage of religious wars in Switzerland [6, p. 8-9]. Commencing from the 17 century, previous religious internecine wars changed in Europe into purely commerce-caused wars. An eloquent testimony to this are wars between Great Britain and the Netherlands in 1652-1654 and 1657-1659. Note that in the reviewed period Britain adopted a law «On Navigation» that imposed restrictions on British-

Holland trade relations [7, p. 415].

It is worth reminding that **in the 19 century** the economic sanctions assumed a form of naval blockade. Note that in the period under consideration Great Britain applied naval blockades 12 times; France - 11 times; Germany and Italy - 3 times; Russia and Austria - 2 times and Chile - 1 time [8, p.16].

In the course of naval blockade each country or a group of countries deployed their fleet on a territory of countries not at martial law to thus discontinue the sea trade and capture separate ports or blockade the littoral. However, most blockades were carried out at the start of combat operations.

It should be recognized that sometimes the blockade was applied without declaration of war. Of interest is that a term «naval blockade» had been used in 1850 to denote the trade blockade. As a rule, the blockade was applied by militarily and economically powerful states. The first naval blockade was applied in 1827. In the period under consideration the Greeks were eager to get rid of the Turkish dependence, and with that end in view Great Britain, France and Russia deployed their navies on the seaboard of Greece to thus cut off supplies of the Turkish army on continental part of the country [9, p. 336].

It'd be appropriate to note that application of the economic sanctions in the epoch of empires pursued an aim to take control over the international trade and thus replenish the state treasury.

In a war against Great Britain French Emperor Napoleon Bonapart applied «a continental blockade» by imposing a ban on purchase of British goods by France-dependent countries. Added to this can be that on November 21, 1806 under a Napoleon signed a Berlin decree that stipulated a continental blockade on United Kingdom. Along with a ban on trade with Britain, the decree provided the arrest of British citizens, discontinuation of postal communication, confiscation of Britain-owned property and commodities.

It should be remembered that the blockade of sea ports during the civil war in the United States (1861-1865) incurred a serious damage to the economy of the country's south. On April 19, 1861 President A. Lincoln signed a proclamation on the blockade of southern ports. In accordance with the document, the country's coastal guard conducted inspection of the ports to thereby prevent cotton export, manufactured products and arms deliveries to the Confederation [10, p. 18].

Note that the naval blockade was applied in 1898 in the course of the Spanish-American war. In the reviewed period the American authorities supported Spanish colonies struggling for freedom against their parent-state.

In the 20 century, the economic sanctions began widely applied in terms of impetuous development of international trade relations.

In the first half of the 20 century, there widely formed an idea that the economic sanctions

could replace combat operations and that sanctions might serve foreign political purposes in peace-time.

It was the First World War that reanimated the spirit of isolationism. As viewed by American researcher John Smith, one of the main reasons of the First and Second World Wars proved to be trade conflicts between rich and powerful countries worldwide. Thus, politicians of the reviewed period motivated Great Britain and France's involvement in the war against Germany in 1914 by «the necessity of protection of their countries' national trade interests against the German expansion». It was world economic crises of 1920 and particularly 1930 that led to rise in customs tariffs and fall in quotas for imported goods in many countries. This circumstance proved to be one of major reasons that gave impetus to the Second World War. For example, Japan joined the Second World War in the period that followed trade conflicts with European countries. Of interest is the fact that after Japan started its combat operations the United States as non-belligerent country at that moment had applied sanctions on deliveries of petroleum products to Japan [11].

During the First World War the Great Britain applied sanctions against Germany that imposed restrictions on neutral countries trading with Germany as well.

Earlier First World War the United States opposed the British economic sanctions against Germany. However, after it joined the Entente the situation changed, and the US government coordinated its actions with the allies in an attempt to isolate Germany economically. In 1917, the US Congress passed a law on trade with the enemy. Pursuant to this law, the American President was invested with authorities in the war period to exercise control over trade relations with hostile states, impose restrictions or even suspend any relations therewith.

It should be remembered that in 1918 the former Entente allies applied economic sanctions against Soviet Russia. On January 16, 1920, under a special resolution of the Entente's Supreme Council, these sanctions being annulled notwithstanding, some countries prolonged the validity of these sanctions till 1921 [12, p. 165-183].

In 1919, the then US President, Woodrow Wilson declared: "The sanctions countries are very close to capitulation. Deal out soft, tranquil economic "deadly" blows. There'll be no need in putting on armed forces. Blows at this country's economy is an utterly radical "medicine" without human victims. To my thinking, our pressures are so great that no contemporary country worldwide is capable of withstanding it".

The point to be emphasized is that economic sanctions applied in the period before the First World War had usually been accompanied by wars. After the end of the First World War there prevailed an idea that the economic sanctions could fairly replace combat operations [13]. Researcher T.M.Negmatova offered her view on the subject as saying that over the span

of history the coercive economic and political measures had always gone along with mankind. While the application of coercive measures was accessorial method of warfare, the development of economy and international trade in the 20 century accounted for their evolution.

In the first turn, sanctions turned into widely spread instrument of attaining foreign political purposes in peace period; then into an element of international coercive mechanism of the international community as response to violation of international obligations [10, p. 18].

In the reviewed period the League of Nations gave its consent to the application of collective sanctions in four cases:

- against Yugoslavia in 1921;
- against Greece in 1925;
- against Bolivia and Paraguay in 1932-1935;
- against Italy by Great Britain in 1935-1936.

Note that the economic sanctions had been applied in the history of the USSR as well. Thus, in 1923 in response to the assassination of a Soviet diplomat the USSR imposed embargo on import of Swedish goods to last till 1923.

It ought to be noted that the end of the Second World War did not mean automatic lifting of all existing sanctions. Suffice it to say that all import restrictions imposed by the United States on the Hitler coalition began extending to the Soviet Union. Note that mechanisms developed by western allies in the course of the war and applied to withdraw rivals from the socialist camp through the use of economic levers, had later turned into supra-national institutions in the cold war period [14, p. 11].

In 1947, functions of OFFC were delegated to the International Finance Office and later on to the Foreign Property Department, and after the beginning of the Korean war back to the US Treasury.

In 1949, a Coordination Center for Import Control was set up. In 1952, on the initiative of the United States a Special Committee for China was set up. A primary goal of the Coordination Center for Import Control and the Special Committee for China was to strengthen control over export in its relations with a bloc of eastern countries and thus prevent deliveries of arms, soldiers, military equipment and double-purpose technologies to the eastern countries.

Following the deepening of globalization and economic integration processes in the second half of the 20 century, international economic sanctions assumed the form of boomerang. From now on, suffering from the economic sanctions were not only countries exposed to them but also those (even neutral) having applied these sanctions. Those adopting the importance of the principle of the freedom of trade in the development of the world economy in our days have to admit that the experience of application of the economic sanctions paradoxically tends to expand and develop even despite their obstructionist character for the freedom of trade. In our view, this (leading to no human losses

and devastation) may be explained as being due to more humanistic alternative of the economic sanctions towards the war (instrument of silken pressure and coercion) and a greater emphasis of states on their own national-political interests than on economic ones.

Added to this can be that the development of the present-day economic regulations falls on the Second World War. On August 14, 1941 an Atlantic Charter was signed between the United States and Great Britain. Later on, other countries, including those from the anti-Hitler coalition, particularly the USSR, joined the Charter as well. Thus, it is not astonishing that the contemporary economic order has come as a manifestation of criteria of the liberal-democratic order of the United States and Great Britain on international arena. Hence, it is natural that individual approaches were applied in line with new international economic regulations.

It should be reckoned that the sanctions of the **modern period** are characterized by some specific features. The literature calls attention to some changes in the modern sanctions that are explained as being due to alterations in the sanction policy of 1990-2000. These alterations came from affect of decisive factors as follows: end of the cold war; new armed conflicts (especially in Africa and the Balkans); influence of globalization on sanction instruments [15, p. 125-143].

As a matter of fact, there are certain distinctions that account for the sanctions of modern times. These include increase in activity of the UN Security Committee; new tasks (for instance, wear on terrorism) arising from sanction application; preference to "smart" sanctions for neutralization of their negative humanitarian consequences; extending sanction application in respect of non-governmental subjects, etc.

It is worth reminding that in 2012 the Russian Federation joined the World Trade Organization. This circumstance could have a negative effect on the US business interests at the Russian market in terms of Jackson-Vanik amendment against the Russian Federation. Note that the RF could have declined from granting more advantageous status to the United States. In this case, the American companies risked losing free trade privileges within the framework of the WTO. To prevent undesirable developments, the Obama administration advanced a move to the US Congress about granting a status of "normal trade relations" to the Russian Federation and annul the Jackson-Vanik amendment. The suggested draft law caused stormy debates at the Congress to end in compromise decision between the administration and Congressmen. Thus, the Jackson-Vanik amendment annulment was contingent on the system of economic sanctions for punishment of top officials guilty of violation of human rights. This provision was later fixed in the famous draft - the Magnitsky Act [16].

5. CONCLUSIONS

Thus, observations set forth above may be summed up as follows:

5.1. *When adjusted for the history of formation and development of the economic sanctions in the global practice, as well the analysis of theoretical-doctrinal concepts and approaches and their generalization make it possible to single out stages in the history of development as follows: 1. Ancient period; 2. Middle Ages period; 3. Naval blockade period; 4. First half of the 20 century (till 1945); 5. Second half of the 20 century (till 1991); 6. Modern period.*

In the Middle Ages, economic sanctions were not widely spread due to regular changes in the composition of war and trade associations. Note that during religious wars in Europe trade blockades were applied to protect interests of certain religious groupings.

In the 19 century, the economic sanctions took the form of naval blockades.

In the 20 century, the economic sanctions obtained a wide circulation in terms of impetuous development of international trade relations.

In the first half of the 20 century, an idea spread that the economic sanctions could substitute for war operations, so the economic sanctions became a wide spread instrument for attaining foreign political goals in times of peace.

In the second half of the 20 century, the international economic sanctions were akin to boomerang due to deepening of globalization and integration processes. From now on, not only did economic sanction-affected countries (objects) but countries-initiators (even neutral) applying the regime of economic sanctions suffered therefrom.

There are specific features characterizing the nature of the sanctions of the modern period. Below-cited are some of them:

- increase in activity of the UN Security Committee;
- appearance of new goals (for example, war on terrorism) calling for application of sanctions;
- preference of "smart" sanctions to somewhat neutralize negative humanitarian consequences;
- extending sanctions in respect of non-governmental subjects, etc.

5.2. *Where, at the initial stage, EU sanctions were adjusted to the implementation largely of UN Security Committee sanctions regime, subsequently an independent sanction policy of EU has shaped together with documents regulating its provisions and procedures.*

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