

How Do Economic Sanctions ‘Work’? Towards a Historical-Sociological Analysis

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Abstract

The voluminous debate on international economic sanctions has focused overwhelmingly on whether they are effective in delivering their objectives. Oddly, there has been only a tiny amount of scholarship on *how* they are supposed to deliver them. Beyond vague references to ‘putting pressure’ on the target state or ‘raising the costs’ of objectionable policies, advocates of sanctions in the policymaking and non-governmental campaigning communities rarely specify the mechanisms by which they expect economic pain to translate into particular political outcomes. Notwithstanding a few exceptions, a corresponding ‘naïve theory of sanctions’, critiqued by Johan Galtung over forty years ago, still arguably obtains in much contemporary scholarship. This paper critically assesses the implicit and explicit frameworks used to analyse the impact of sanctions on domestic political dynamics in target states, defined as liberal, public choice and neo-Weberian. Finding these deficient, it offers an alternative, historical-sociological approach which explores sanctions’ impact on the constitution, resources, ideologies and strategies of socio-political forces contesting state power, illustrating this with a case study of apartheid South Africa.

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Introduction

Economic sanctions, once obscure and rarely deployed, are now a central feature of international statecraft. While only five countries were subjected to sanctions in the mid-twentieth century, by 2000, nearly 50 were (Hufbauer *et al.*, 2007: 17). Britain currently has sanctions in place against 41 countries; the EU, against 30; the UN, against 11, and the US, against at least 11. The post-Cold War explosion in the use of sanctions has spawned a voluminous academic literature, predominantly asking whether sanctions actually work. Yet, despite the volume of analysis, a more fundamental question has been overlooked: *how* are sanctions supposed to work? The general expectation is that imposing sanctions generates economic deprivation that somehow translates into the political change desired by the ‘senders’. Despite over five decades of sanctions research, however, we still have very little idea of the mechanisms by which this is meant to happen, beyond vague references to ‘putting pressure’ on governments. Neglecting this analytically prior question means that sanctions are being imposed merely in the hope that they will, in some unspecified manner, filter through into political concessions.

This paper seeks to provide an analytical framework to study the impact of economic sanctions on political dynamics within the target state. The basic argument is that understanding the mechanisms by which external economic statecraft changes political outcomes requires moving away from the large-*n*, rational choice and economistic approaches that have hitherto dominated the literature, in favour of a historical-sociological approach capable of grasping evolving state-society dynamics over time. More specifically, it requires an explicit state theory: a basic sense of how power is organised and operates in target societies is a necessary foundation for exploring the potential impact of external intervention. Indeed, arguably, all sanctions scholars necessarily operate with (often merely implicit) assumptions about state-society relations. An important goal of the paper is to make these explicit and highlight their shortcomings. Through this critique I elaborate an alternative approach, drawing on Gramscian state theory. From this perspective, state power is ultimately underpinned by specific ‘historic blocs’ or social coalitions, and states and regimes are transformed through conflict between contending blocs. Thus, exploring how sanctions work (or do not work) involves assessing their impact on the constitution, resources, ideologies and strategies of socio-political forces contesting state power.

The paper proceeds in four parts. The first describes the mainstream sanctions debate, highlighting its neglect of the question of how sanctions work and drawing out the implications of this for scholarship and policy. The second explores three existing approaches to understanding how sanctions work: liberal, public choice and neo-Weberian theories. The assumptions about target countries’ state-society relations which underpin these approaches are teased out and critically appraised. The third part develops an alternative analytical framework, drawing on Gramscian state theory. The fourth illustrates how this framework can be applied through a case study of sanctions against apartheid South Africa.

Although now quite old, the South African case remains central to academic and political debates about sanctions. It is seen, typically even by sceptics of sanctions, as an unalloyed victory, even as the ‘only’ ‘major success’ (Weiss *et al.*, 1997: 215). It is also a central case for theory testing since ‘nearly every theoretical argument about the potential impact of sanctions on a target was made with respect to South Africa’ (Crawford, 1999: 3). Most importantly of all, it is central to analogical reasoning about sanctions. That they are seen to have ‘worked’ in South Africa is often cited to reinforce demands that they be applied elsewhere. Burma, for example, was depicted as the ‘South Africa of the 1990s’, with campaigners modelling their efforts explicitly on the anti-apartheid experience and casting Aung San Suu Kyi in the role of Nelson Mandela. More recently, Israel has been declared an

'apartheid state' to bolster the case for boycotts, disinvestment and sanctions. The rationale of sanctions advocates is deceptively simple: because they 'worked' against one objectionable regime, they will work against others. The problem with this analogical reasoning is that, without a clear sense of *how* sanctions supposedly worked to bring about change in South Africa, we can have no idea about whether they could work in the same way elsewhere. The alleged *moral* equivalence of regimes like South Africa's, Burma's and Israel's tells us nothing about whether they share similar political, social and economic attributes that would enable sanctions to have comparable effects. Indeed, there may be factors specific to South Africa that enabled sanctions to work that simply do not exist elsewhere. This is precisely why exploring how sanctions work is analytically and politically prior to judging their general efficacy or arguing for their application in other contexts.

Refocusing the Sanctions Debate

Academic interest in sanctions has exploded along with their use and, consequently, mainstream debates have tacked closely to policy agendas. Scholars have focused on generating what they take to be policy-relevant knowledge about the utility of sanctions, sparking heated debates on their success rate. They have largely neglected the analytically prior question of how sanctions are meant to deliver their desired political outcomes. The field has therefore not advanced much beyond the 'naive theory' of sanctions, critiqued by Johan Galtung in the 1960s, whereby economic pain is simply assumed to translate into political concessions. Despite many scholars agreeing that the mechanisms underpinning this form of economic statecraft should be explored, only a few have attempted to do so.

A major function of the mainstream sanctions literature has been to rehabilitate a previously discredited instrument and generate policy recommendations. During the Cold War, the scholarly consensus was that sanctions were largely ineffective (Doxey, 1980; Wallensteen, 1983). However, in the mid-1980s, revisionist authors began questioning this. In the first large-scale quantitative study of sanctions, Hufbauer et al. (1985) argued that they had been successful around one-third of the time. Their dataset, despite various problems, became widely used in the field and underpinned a growing consensus on sanctions' success rate. This was challenged by Robert Pape (1997), who argued that many 'successes' had been caused by accompanying measures such as military action, and the 'real' success rate was closer to five percent. Yet, despite a heated methodological debate, most of Pape's critique was ignored and the one-third ratio reaffirmed, including in later qualitative studies (Elliot, 1998; Pape, 1998; Cortright and Lopez, 2000; Hufbauer *et al.*, 2007). While critics focused on the still-considerable, two-thirds failure rate, suggesting that sanctions were used irrationally or merely to appease domestic constituents (e.g. Preeg, 1999), supporters emphasised the utility of sanctions relative to other policy instruments, such as using force or doing nothing (Baldwin, 1999-2000). They also directed their research towards improving the efficacy of sanctions. As criticism of the collateral damage of sanctions intensified, particularly in relation to Iraq, sanctions scholars supported the shift towards 'smart' or 'targeted' sanctions, assisting in their technical design (Cortright and Lopez, 2002; Wallensteen and Staibano, 2005), and assessing their success rate (Centre on Conflict Development and Peacebuilding, 2011). Scholars also tried to discover *when* sanctions worked best, to help policymakers use them optimally (Blanchard and Ripsman, 1999; Brooks, 2002; Hovi *et al.*, 2005).

Clearly, this mainstream agenda has closely followed the perceived requirements of policymakers, who frequently ask 'do sanctions work?' Scholars have typically failed to ask

the analytically prior question of ‘*how* are they supposed to work?’ The basic logic of sanctions is ‘deceptively simple’: economic costs are imposed, either prompting the target state to revise its cost/ benefit analysis of its current policies or, indirectly, causing domestic discontent and pressure which forces the government to change course (Askari *et al.*, 2003: 69). Yet this ‘naive theory’ was criticised by Johan Galtung (1967) over forty years ago in light of the Rhodesian experience, where sanctions intensified societal support for the Smith regime. Given this, Galtung urged scholars to study the socio-political ‘transmission belt’ through which sanctions must travel to reach target governments. Since then, many scholars have essentially endorsed this call. Doxey (1980: 120-121) concurred that since the causal logic of sanctions was that they ‘encourage internal opposition to the government... and bring about a change in policy’, analysis of target states’ domestic political dynamics was needed. Two decades later, Weiss *et al.* (1997: 241) agreed that

a more sophisticated understanding is needed of the ways in which external pressures, including sanctions, influence the decision-making of leaders in target states... research needs to be conducted on precisely how sanctions affect the various political forces and dynamics within a target nation, especially the status of, or potential for, democratic opposition movements.

Yet research on ‘how sanctions alter internal political dynamics’ remained ‘minimal’ (Cortright and Lopez, 2000: 20-21). Nearly four decades after Galtung’s original critique, Elliot (2005: 3) rightly observed that ‘the mechanisms for translating “economic pain into political gain” are still not well understood’.

This has serious consequences for policymaking and scholarship. Even from a policy-oriented perspective, the failure to develop ‘rigorous causal theories to explain how and why economic sanctions influence the behaviour of targeted actors’ is a ‘serious shortcoming’ since policymakers ‘must be able to accurately predict the consequences of their actions’ (Rowe, 2001: vii). Kirshner (1997: 32) argues that the fixation on ‘the question of whether economic sanctions work... is a false controversy’ that has rendered mainstream analysis irrelevant, since ‘security specialists need to know not “if they work”, but rather “how they function”’. Without a clear sense of this, policymakers impose sanctions essentially on a wish and a prayer, merely hoping that economic deprivation will have the desired outcome, without any sense of how it may (or may not) do so. Moreover, neglecting this issue leaves scholars unable to offer more than *ad hoc* and rather crude explanations of the frequent failure of sanctions, such as inadequate international enforcement or a ‘rally-around-the-flag’ effect, where nationalism inspires the target population to support the government rather than overthrow it. Such arguments, which are unlikely ever to capture the complexity of internal reactions to sanctions, reflect a disinclination to explore the messy world of domestic politics. They are not readily amendable to the economic methods often used to study sanctions, which often treat states as unitary, rational actors engaged in cost-benefit analyses, measure variables such as losses in Gross Domestic Product and deploy game-theoretical models. As Weiss *et al.* (1997: 241) observe when urging the study of ‘political forces and dynamics’, ‘rational-actor theories and unitary decision-making models undoubtedly only have limited utility’. Instead, a more sophisticated approach is required, sensitive to targets’ state-society relations.

Sanctions Scholarship as Political Theory

The neglect of how sanctions work has not been total. Most obviously, a small handful of scholars have addressed this question directly, and their work is considered below. Less obvious, however, are the *implicit* theories of how sanctions work contained in mainstream approaches. All authors arguably operate with basic assumptions about how politics operates in target societies and how economic sanctions might play into this – an implicit ‘political theory’, which can be made explicit through close reading. In the following sections, liberal, public choice and neo-Weberian approaches are analysed to identify potential analytical resources and highlight shortcomings. In its traditional variant, the largely-implicit liberal theory most closely approximates the ‘naive theory’ criticised by Galtung, assuming that ‘public opinion’ will mobilise fairly automatically in response to sanctions. In a more recent variant, which I label ‘inverted liberalism’, liberals assume the publics of target states to be inert and passive, leading to an excessive focus on state elites. Both variants are found wanting. The public choice approach, which operates with an explicit state theory, has a broader view of agency, but adopts an unrealistic view of states as neutral arbiters between domestic groups. The neo-Weberian approach, by contrast, despite its considerable sophistication, fails to consider how different groups may enjoy differential access to state power.

Clearly, this ‘political theory’ approach to the question of how sanctions work, focusing on state-society relations, is not the only possible one, but it is arguably an indispensable foundation. An alternative, taxonomical approach is pursued in Crawford and Klotz’s edited collection, *How Sanctions Work: Lessons from South Africa*, a rare attempt to address this question directly. Crawford and Klotz (1999) identify four potential mechanisms by which sanctions might influence a target. First, elite decision-makers could suffer costs that make them rationally change policies due to a revised cost-benefit analysis (‘compellance’), or, secondly, be ‘persuaded’ by the moral arguments associated with sanctions (‘normative communication’). Third, sanctions could strip governments of resources needed to sustain their objectionable behaviour (‘resource denial’). Finally, sanctions could create a legitimisation crisis, stimulating political dissent or revolution, leading to a change of government (‘political fracture’). This taxonomical approach usefully specifies how particular sanctions instruments might impact a target. Yet, because it contains no framework for analysing target states, it does not help us grasp how these mechanisms interact with domestic political dynamics to generate outcomes. This is a crucial shortcoming since the efficacy of sanctions stems not from the instrument chosen but its relationship to the target society. For example, an arms embargo may generate ‘resource denial’ in one country, yet spur resource creation in another through import-substituting industrialisation. Any analysis not firmly centred on the target society can thus only be one-sided and incomplete.

Liberal Sanctions Theory

Liberals’ understanding of state-society relations is rarely stated explicitly in the sanctions literature but can be pieced together quite clearly. The two basic types of liberal thought can be described as classical and inverted liberalism.

Classical liberalism is informed by the rational, utility-maximising *homo oeconomicus* at the heart of liberal theory. The basic logic, Mayall (1984: 634) observes, is that ‘every state had its price, just as every man had his’; consequently, ‘the denial of benefits of free commerce to any state which threatened the peace would quickly force it to comply’. Underpinning this view are three basic assumptions. First, target-state policymakers’ decisions are based on cost-benefit analyses which are highly sensitive to economic calculations, such that imposing costs will lead to a policy change. Secondly, and underpinning the first assumption, the function of states is to maximise the general welfare,

leading them to prioritise economic costs of resisting over the political costs of conceding. Thirdly, those affected by sanctions enjoy the capacity to effect political change. If the targeted government does not automatically respond on the basis of a revised cost-benefit analysis, the classical liberal view expects the target population to compel it to do so, on the basis of their own rational, cost-benefit analysis. While this logic might be thought to apply solely to democratic states (as in the democratic peace thesis), it was initially applied indiscriminately by Woodrow Wilson, who argued that arousing public opinion through sanctions ‘brings a pressure upon the [targeted] nation which, in my judgement, no modern nation could resist’ (Hufbauer *et al.*, 2007: 1 n.1).

All of these classical liberal assumptions are questionable. As Blanchard and Ripsman (2008: 376) observe, the notion that ‘economic stimuli should regularly overwhelm political preferences... is too strong and is contradicted by key events’. For example, extensive Soviet aid to Egypt in the 1970s did not prevent its defection to the US, while sanctions versus Iraq in the 1990s inflicted crippling economic damage without generating major political concessions. Clearly, not all states share the ideological bias of liberal regimes towards promoting free markets and commerce; indeed, many will pay heavy economic costs to sustain illiberal political projects. Moreover, those most affected by sanctions are frequently unable to compel political change. Most obviously, the 500,000 children who died due to sanctions in Iraq had no opportunity to change the Saddam regime’s policies. Yet, according to Weiss *et al.* (1997: 227), one UN ambassador ‘dismissed all suggestions of changes in the practice of sanctions as inimical to their basis purpose: to cause civilian suffering. To reform sanctions, he said, would be to weaken them’. This illustrates the strength of ‘naive’ classical liberal assumptions that economic pain would eventually generate political gain.

The eventual response to such pointless suffering was ‘inverted’ liberalism. Clearly, liberals needed a more sophisticated analysis of state-society relations to understand why sanctions so often generated civilian suffering without political gain. However, instead, liberals swung from one extreme to another. Cortright and Lopez (2000: 20) stated:

There is no assurance that a sanctioned population will redirect the pain of external coercion onto political leaders and force a change in policy... When civilian populations are terrorised and lack basic democratic rights, they have few means of influencing government policy... they are more likely to be victimised by sanctions, as the leadership... redirects external pressure onto isolated or repressed social groups...

Implicit in this typical assessment is an inversion of classical liberal assumptions. Rather than being active political subjects capable of serving as conduits for external economic pressure, the publics of target states are now viewed as abject ‘victims’ of the regime – and potentially sanctions – with little or no agency to exercise. Very simplistic assumptions on the nature of non-liberal states abound. Allen (2005: 118) flatly states that in ‘autocracies... popular accountability and fear of removal are minimal’. UN officials Mack and Kahn assert that ‘those who bear the brunt of sanctions have *no power* to influence policy’ (2000: 281, emphasis added). This ‘inverted liberalism’ fundamentally underpins the shift to ‘smart’ sanctions which ‘target the decisionmakers responsible for wrongdoing... while minimising adverse humanitarian impacts on vulnerable populations’ (Cortright and Lopez, 2000: 223-224, 244).

The problem with this shift, however well-intentioned it may have been, is that it substitutes a humanitarian calculus of suffering for a coherent political analysis of target regimes. It simply assumes that non-democratic states are dominated by a small handful of ‘decisionmakers’ who are entirely ‘responsible’ for objectionable policies; thus, by tweaking their individual cost-benefit analyses through asset freezes and travel bans, political change

can be effected without engaging the wider population at all. This ignores the state-society relationships that actually constitute the power of and perpetuate specific regimes. Even deeply objectionable governments rely on a significant degree of active cooperation or at least passive acquiescence from both the state apparatus and wider society, particularly from powerful social groups. When this consent is withdrawn, ruling coalitions can fragment amidst protest, unrest and even revolution (Schock, 2005). That rulers must seek to maintain their coalitions also implies broader structural limitations on their policy choices than 'inverted' liberalism suggests. Targeted sanctions may personally inconvenience leaders, but if conceding involves antagonising their socio-political base, potentially leading to their replacement or other politically unacceptable outcomes, this is likely to be endured rather than generating change. The humanitarian focus on small numbers of 'decisionmakers' thus neglects the broader social power relations that actually underpin regimes, failing to analyse the 'transmission belt' through which sanctions must eventually travel. It is both unduly pessimistic – about societal agency in developing countries – and unduly optimistic – about the apparent freedom 'decisionmakers' enjoy to select alternative policies at will. Neither version of liberal theory is thus particularly useful for analysing how sanctions work.

Public Choice Theory (PCT)

PCT has been particularly influential in the study of economic sanctions' domestic impact and, unusually, offers an explicit political theory to explain how sanctions might 'work'. It is a useful corrective to 'inverted' liberalism in that it theorises political outcomes not as the result of leaders' personal preferences but of struggles between different interest groups. However, its utility is limited by its unacceptably thin notion of the state and how interest groups might influence it.

Public choice approaches essentially theorise politics as a marketplace and model the impact of sanctions as an external 'shock'. They see policy outcomes as 'artefacts of collective choice processes driven by individual rational [utility-]maximising behaviour' (Kaempfer and Lowenberg, 1992: 6). Because different policies deliver utility unevenly to interest groups, they have different 'demand curves' for any given policy. For example, white workers 'demand' apartheid because it drives up their wages, while black workers' utility is harmed, leading them to demand alternative policies. If those groups 'demanding' a policy are 'more effective at producing political influence' than their opponents, the 'market-clearing mechanism' results in an 'equilibrium' at which this policy is supplied by the state. If sanctions then create a 'large negative income effect' for a group, this 'will cause a large downward shift of [their demand] curves', resulting in a lower 'equilibrium' and thus a lower 'supply' of the policy. Sanctions may also increase opponents' demand for alternative policies by 'reduc[ing] their incentive to free-ride in the collective production of political pressure', also resulting in an equilibrium shift that lowers the 'supply' of the objectionable policy (Kaempfer and Lowenberg, 1988: 790-792).

Despite usefully refocusing attention on how sanctions are mediated through society, PCT's utility is limited by its unconvincing analysis of the role of the state. Public choice theorists essentially adopt a pluralist view of the state as 'an impartial broker of wealth transfers between suppliers and demanders of policies'; the state merely 'clear[s] the market' by 'supplying' policies at the equilibrium level of demand (Kaempfer and Lowenberg, 1992: 30, 1988: 788). There are two basic problems with this view. First, how should state officials' interests be considered? The wider public choice literature frequently sees state employees as rent-seeking groups lobbying to maximise their budgets. Kaempfer and Lowenberg (1992: 32) admit, yet simply skirt past, this possibility. Morgan (1995) includes bureaucrats and the military as interest groups in his public choice analysis of sanctions

against China. Yet the state cannot *both* be populated by self-interested groups *and* serve as a neutral broker among interest groups. If state officials are simply out to feather their own nests, who is left to 'clear the political market'? Secondly and more importantly, much research suggests that states are not neutral among social groups but instead exhibit inherent 'strategic selectivity': their institutional structures create 'unequal and asymmetrical effects on the ability of different social forces to realise their interests through political action' (Jessop, 1990: 224). In corporatist state forms, for example, the interests of leading business interests and moderate trade unions are incorporated directly into policymaking, a privilege denied to other groups. Political influence is not, therefore, simply a function of groups' ability to overcome collective action problems.

PCT usefully reminds us, then, that the policies of a target state are differentially supported by different social groups, and focus analysis on how sanctions may prompt these groups to push for a change in policies. However, we also need to know whether the state is accessible to these groups. If groups harmed by sanctions lack access to the state, altering their 'demand' for an objectionable policy is unlikely to generate significant political effects. The pluralist state theory relied upon by PCT offers no guidance here.

Neo-Weberian Theory

Arguably the most sophisticated theorisation of state-society relations in the sanctions literature is the neo-Weberian approach pioneered by Blanchard and Ripsman. This perspective overcomes some of the limitations of both inverted liberalism and PCT. However, unfortunately, neo-Weberians measure this capacity in general terms, rather than exploring how state autonomy varies in relation to different groups, limiting the efficacy of their approach.

Neo-Weberians emphasise that sanctions are most powerfully mediated through domestic state-society relations rather than impacting on states or elites directly. In contrast to inverted liberalism, they rightly observe that all elites 'must keep key domestic groups happy to keep them from overthrowing the government'. Leaders consequently assess sanctions in terms of their *political* not economic costs, 'focus[ing] on how decisions about compliance [with sanctions] will affect their re-election chances, their support among key constituencies, or the power of opposition groups'. In contrast to PCT, neo-Weberians do not depict the state as neutral, however. Sanctions may affect group interests, but we also 'need to know whether the mobilised interest groups have access to the state, or whether the state can ignore their interests', which 'will depend on the nature of the target state and its domestic political institutions'. Specifically this involves assessing 'stateness', understood as state elites' decision-making autonomy when confronted with domestic opposition; the resources available to coerce or co-opt key social groups; and the state's legitimacy (Blanchard and Ripsman, 2008: 377-379). Neo-Weberians expect targets with a high degree of stateness to be able to ride out domestic pressures generated by sanctions and vice-versa.

The problems with this approach stem from its origins: it was developed to ask *when* sanctions work, not *how* (Blanchard and Ripsman, 1999). The goal is to discover and measure a variable, 'stateness', which could explain variance in success across many cases. Blanchard and Ripsman measure 'stateness' using proxies like institutional arrangements and procedures (decision-making autonomy), financial, bureaucratic and coercive resources (state capacity) and the extent of popular acquiescence (legitimacy), generating a single 'stateness' score for each country in order to compare cases. This neglects the possibility that crucial aspects of 'stateness' vary *within* cases. The 'structural autonomy' state elites enjoy is not *general*, applying equally to all social groups, but *specific*: given the 'strategic selectivity' of its institutions, the state could ignore some groups yet remain highly sensitive to others. This

potentially explains why even threatened or weak sanctions may work: by threatening societal interests enjoying privileged access to state power. For instance, Singapore is often seen as an archetypal Weberian state, dominated by an autonomous, politico-bureaucratic elite which regimented society to a remarkable extent. However, the state is in fact interpenetrated with, and most responsive to, the interests of international capital. Representatives of the US, German and Japanese chambers of commerce sit on the National Wages Council, for example, and the city-state's economy is highly dependent on international investment and trade. This may explain why Singapore was so responsive to US threats of banking sanctions over Singaporean institutions' alleged money-laundering for the Burmese junta in 2007.

Measuring whether there is 'more' or 'less' state is also arguably less important than exploring the specific state-society relationships involved in *constituting* state capacities and how these may potentially be transformed by sanctions, leading to significant political outcomes. As Rowe (2001) shows, social groups harmed by sanctions may enter into new alliances and demand the creation of new state institutions to offset their losses. Cases like Rhodesia and South Africa show how states may be compelled to assume new developmental functions such as import-substituting industrialisation (ISI), forging new state-capital compacts that come to dominate their political economies and perpetuate objectionable regimes. Conversely, as the Iraq case shows, target states' developmental apparatuses may wither yet new functions can emerge as the state fosters sanctions-busting networks, promotes agriculture to achieve self-sufficiency in food, and shifts from secular to religious legitimisation strategies, reflecting new alliances between political elites, criminals, agribusiness and tribal elites (Bunton, 2008). Net 'stateness' may change or even remain static yet, behind this, the social basis and ideological composition of state power may have changed considerably, creating new sources of internal unrest or external leverage. In South Africa, ISI generated both a black working class that became a leading anti-apartheid force and a state-linked business elite which acted as a transmission belt for international pressure in the 1980s.

An alternative political theory of how sanctions work thus needs to correct for key shortcomings in the existing literature. It needs to grasp the socio-political underpinnings of target regimes, rather than reducing them to a few 'decisionmakers'. It should be sensitive to the differential impact on interest groups, but also to their differential access to state power and how this mediates the influence of sanctions. And it needs to be sensitive to transformations in state-society relations over time.

Towards a Historical Sociology of Sanctions Episodes

The alternative, historical sociological approach developed here draws on state theory developed by Gramsci (1971) and further refined by Poulantzas (1976) and Jessop (1990). This approach sees states not merely as sets of institutions but as an expression of the relationships among social forces whose agency constitutes state power. From this perspective, sanctions should be analysed in terms of their impact on the interests, resources and strategies of the social forces struggling for power and control, and how this in turn leads to the transformation of state or regimes. The sections below delineate the state theory used and the method of analysis involved in applying this approach to concrete cases.

Social Conflict and State Power

From a Gramscian perspective, politics and state (trans)formation is seen as animated by conflicts between contending coalitions of social forces as they struggle for power and control over resources. Social forces are understood as being rooted in the political economy, particularly as classes and class fractions, but also politically-relevant ethnic, religious and other groups. Leading forces seek to create coalitions capable of attaining state power, which can then be used in their interests. To do this, they distribute material concessions and pursue ideological projects in order to cultivate popular consent. For coalitions controlling state power, these strategies are also ‘armoured by coercion’ as the state’s coercive apparatuses may be directed against rival groups (Gramsci, 1971: 263). Political order therefore depends not merely on coercion but also the political strategies, ideologies and resources available to forces vying to construct or maintain alliances in their struggles for power and control. Success here is partly determined by whether the economic accumulation strategy being pursued generates sufficient resources to maintain flows of concessions and fits with the politico-ideological project. When a hegemonic political strategy is married with an appropriate economic strategy, a powerful and relatively stable ‘historic bloc’ may underpin state power (Jessop, 1990: 198-201, 207-210).

The forces contesting state power, their strategies and opportunities of success are in turn all conditioned by broader economic and geopolitical relationships. ‘Domestic’ social conflicts are not hermetically sealed but are always articulated within economic and political relationships beyond state borders. This avoidance of methodological nationalism makes this approach particularly useful for analysing the impact of ‘external’ forces on ‘internal’ political developments. One of Gramsci’s own concerns was to show how Italian state formation was conditioned by developments elsewhere in Europe, including periodic foreign invasions and the intervention of Anglo-American finance capital (Morton, 2007: 71-72). Similarly, Hameiri (2010) shows how the forces contesting and shaping the use of state power can include forces located outside a state’s physical territory, including transnational capital and agents of international institutions. The composition, position and power of social groups, particularly class forces, are also heavily conditioned by developments in the wider international political economy. High growth and investment, for example, may boost the position of and resources available to some groups while harming others; similarly, particular geopolitical configurations will favour some strategies over others.

This analysis differs from liberal or public choice accounts of coalitional politics because of its attention to structural dynamics and how these condition the use of the state apparatus. The state here is not seen merely as a set of neutral institutions standing above society but as an expression of wider societal power relations. An important aspect of socio-political conflict is the attempt to mould state apparatuses to suit specific interests: certain institutions and capacities are created that advance particular interests while excluding others. The extent to which social forces manage to transform the state depends on the outcome of struggles between them. The institutional form the state takes therefore reflects an accommodation or compromise struck between these forces, as well as the legacy of past conflicts. This produces the ‘strategic selectivity’ of the state, which is always more open and amenable to some groups pursuing certain strategies and agendas than to others. Moreover, social power relations condition how formal state apparatuses are actually used in practice, with socially and economically powerful groups often able to resist or subvert state functions deleterious to their interests.

We can concretise this abstract framework by considering the example of corporatism. Why did many European states assume this form in the immediate post-World War II decades, and why is it now uncommon? Corporatism emerged as an attempt to accommodate the interests of both capital and organised labour and stabilise class conflict by incorporating their representatives directly into the policymaking apparatus, alongside state

managers. Dominant forces saw this compromise as necessary to avoid repeating the destructive, open class conflict of the pre-war decades, and to counter the threat of Soviet communism. Corporatism formed part of a broader Fordist pact where labour eschewed industrial unrest in exchange for access to political power and rising living standards. It was underpinned by the international gold standard and the Keynesian regulation of markets which favoured nationally-based growth strategies. For several decades these arrangements produced remarkable socio-political stability in Western Europe. However, in the 1970s, thanks in part to the dismantling of the gold standard and the 1973 oil crisis, a profit squeeze emerged, creating a contradiction between labour unions' demands for higher wages and capitalists' desire to cut costs. This plunged corporatism into social, economic and political crisis. The social coalition underpinning corporatism unravelled, and the dominant bourgeoisie, particularly finance capitalists, promoted a monetarist strategy to resolve the crisis in their favour, epitomised by Britain's Thatcher government. State managers promoted market deregulation to curb the power of unions and enable investors to move abroad, beyond their reach. They also transformed the state so as to reduce the power of organised labour, through privatisation of state-owned enterprises and the dismantling of corporatist apparatuses. Meanwhile, business interests retained privileged state access through policy networks, oversight committees, and advisory panels (Jessop, 1992).

Analysing the Impact of Sanctions

From this perspective, economic sanctions may influence political outcomes in target states in at least three ways. First, they may affect the basic position and composition of particular forces by, for example, destroying certain economic sectors while giving rise to others. Second, they may condition the strategies pursued by particular forces. A threatened sector is unlikely to suffer in silence but will instead seek to form new alliances and institutions to offset their losses. Their capacity to do this will depend, in part, on the strategic selectivity of the existing state apparatus, and on their social and economic power. Thirdly, sanctions may affect the conditions necessary for coalitions' strategies to succeed. They could, for example, provide opportunities for import-substituting industrialisation, creating a flow of resources that stabilises a ruling coalition; or they could so inhibit growth and employment that key social groups withdraw from or rebel against the coalition.

Methodologically, the first step is to identify the forces at work. What are the main coalitions contesting state power? What are the politico-ideological and economic projects being used to sustain these coalitions? How are these forces and their projects articulated within broader economic and geopolitical patterns? Here it is crucial to undertake concrete analysis of the target's society and political economy, rather than making unsupported *a priori* assumptions about the orientation of particular forces. For example, the sanctions literature often bemoans the negative impact of sanctions on the 'middle class', assuming that this social strata is the natural standard-bearer for liberal democracy. In many cases, however, capitalists are happy to collaborate with illiberal regimes while urban professionals may be dependent on the economic opportunities provided by state-led development – South Africa and Iraq being two cases in point.

The second step is to analyse the impact of sanctions on specific social groups and then trace out historically how this affects social and political conflict in the target state. A basic guide to how particular sanctions may affect different social groups may be adapted from the work of Jonathan Kirshner (2002: 46-49):

Type	Groups Affected
Trade	<ul style="list-style-type: none"> • May harm state apparatuses and corporations involved in trading

	<p>and/or depending significantly on revenues from trade taxes; indirect impact if trade restrictions depress economic growth and thereby tax revenues</p> <ul style="list-style-type: none"> • Some producers may benefit from the reconstitution of trade and production, giving rise to domestic rents, in which case, consumers will suffer • Import sanctions will harm consumer classes (e.g., urban middle class) and sectors reliant on imported goods, with possible multiplier effects • Export sanctions will harm producer classes in tradable sectors, with possible multiplier effects in intermediate sectors • Could produce balance of payments deficit, necessitating state intervention carrying further consequences • Sanctions on particularly crucial commodities, e.g. oil, likely to have wide economic impact in modern economies, depressing incomes for virtually all classes and sectors • Potential windfall gains for smugglers
Investment	<ul style="list-style-type: none"> • May impact state apparatuses directly if investment is an important source of foreign exchange and indirectly if tax revenues decline with economic growth • Impact depends on sectoral dependence on foreign investment • In the short-term, benefits may accrue to local capitalists as capital scarcity increases, boosting their returns, and/or enabling asset purchases at fire-sale prices • Long-term decline in transfer of technology and expertise likely to harm productivity, depressing profits and economic growth, with multiplier effects throughout the economy • Capital scarcity constrains employment growth; multiplier effects likely. Inability to mechanise production likely to depress opportunities for skilled labour while increasing reliance on unskilled labour.
Aid	<ul style="list-style-type: none"> • Direct impact on state apparatuses reliant on foreign aid • Broader impact depends on importance of aid in maintaining the support of core groups and its proportion to government revenue
Finance	<ul style="list-style-type: none"> • Direct impact on state apparatuses reliant on external borrowing • Broader impact depends on importance of finance in maintaining the support of core groups and its proportion to government revenue • Also harms groups independently reliant on external finance, e.g., primary producers with dramatic seasonal fluctuations in earnings, financial sector and sectors reliant on it for investment capital; multiplier effects on wider economy
Assets	<ul style="list-style-type: none"> • Impact is similar to Finance, but will depend on which specific individuals are targeted, their political centrality and relationship to broader forces
Monetary (currency manipulation)	<ul style="list-style-type: none"> • Those groups worst-hit by Financial and Asset sanctions will also be worst affected by fluctuations in the national currency • Importers, exporters and consumers suffer from price volatility • Individuals with value stored in local currency will be harmed • State apparatus will suffer from diminished buying power • Incumbent government may suffer ideological blow if national currency has ideological resonance • Non-tradable or subsistence sectors will be less affected
Arms	<ul style="list-style-type: none"> • May constrain state's capacity for war or domestic coercion • Potential windfall gains for domestic producers and smugglers

Table 1: Immediate Likely Impacts of Sanctions Instruments

However, one cannot simply end the analysis here, as Kirshner suggests when simply recommending targeting sanctions at the groups supporting the government. That a group is

harmed by sanctions tells us little: depending on its ideological orientation, relationship to other forces and access to state power, it might passively resign itself to its loss, work with the state to offset its losses, or seek the overthrow of the government. There is no *a priori* way of knowing, in the abstract, how a harmed group might react. This can only be grasped concretely in specific cases, which is why our analysis must be grounded historically and sociologically.

The key question, then, is how groups *respond* to sanctions *strategically*, how this may shift the coalitions underpinning state power, and how this may translate into political outcomes. Crucially, these strategies will be constrained by prevailing social power relations rather than simply being a free choice for ‘decision-makers’ or ‘autonomous’ state managers. Consider, for example, the case of Rhodesia. Here, tobacco farmers were badly hit by the British embargo, and as a numerically significant part of the ruling Rhodesian Front’s base, they pressed for government aid through the creation of new, monopsonistic institutions. However, only short-term assistance was provided. For Rowe, a Weberian scholar, this demonstrates the state’s capacity to neutralise all social demands – its ‘structural autonomy’. Yet, as Rowe himself observes, the degree and type of support for farmers was actually constrained by the unwillingness of Rhodesian capitalists, particularly in the financial sector, to keep financing agriculture, and by mercantile resistance to the destruction of tobacco stockpiles (Rowe, 2001: 91, 109-111). Unsurprisingly, given the structural domination of industry, commerce and banking in the colony, the state instead forged a closer compact with them, generating a developmentalist response to sanctions that largely benefited them, not farmers.

Where sanctions have a strong economic impact, they too may help determine which strategies are feasible, which could compel dominant forces to change course. In Iraq, sanctions deprived the government of the resources used to promote state-led development, through which the Ba’ath party had fostered and co-opted the large, urban middle class. The party responded by cultivating a new, rural support base by dispensing land and machinery to agribusinesses and co-opting tribal chiefs into local government. Thus, while sanctions did not topple Saddam from power, they nonetheless transformed the regime in a fundamental way. The crucial task here is to analyse what sanctions actually *do* – how they ‘work’ to create political effects – rather than what they do *not* do, by simplistically branding them a ‘failure’ or ‘success’ against their stated goals.

The ‘success’ of sanctions is likely to turn on whether they constrain or enable the strategies being pursued by the forces leading the incumbent coalition or those of the opposition forces. By the time sanctions are imposed, the target state is already likely to be in the midst of a serious political crisis, with different coalitions pursuing divergent strategies for resolving it. As Gelb (1988: 74) suggests, sanctions should be evaluated in relation to each coalition’s “‘theory of transition” – the broad strategic perspective defining the primary means of transforming the state’, thereby ‘locat[ing] sanctions as one aspect of the wider struggle’. Sanctions will be ‘successful’ to the extent that they favour the counter-hegemonic strategy. This strategic analysis is fundamentally different to the perspective of pro-sanctions activists who ‘approach sanctions campaigns as moral crusades, rather than as *political* processes’ (Gelb, 1988: 71).

A Gramscian analysis of sanctions thus focuses on their constitutive impact on target states’ socio-political conflicts. Beginning with an analysis of the coalitions contesting state power, it asks how sanctions may affect the composition, position, resources, ideology and strategy of the various forces contesting state power. It focuses on how sanctions constrain and enable the ‘transition strategies’ of competing coalitions, both politically and economically. The

final part of the paper now deploys this approach to analyse the case of apartheid South Africa.

Sanctioning Apartheid

The South African case illustrates very clearly the importance of a historical sociological analysis of the impact of sanctions (see table two for the main measures imposed). Different sanctions carried highly variable consequences at different moments of South Africa's historical development, and their effects can only be understood in relation to the interests and ideologies of dominant and counter-hegemonic groups and the balance of forces at the time. The basic argument advanced below is that the earlier economic sanctions – particularly on oil and arms – actually helped consolidate and broaden the ruling bloc rather than undermining it. It was not until the 1980s, when South Africa had undergone extensive social transformation and entered into a period of sustained political, economic and social crisis – largely unrelated to sanctions – that sanctions combined with a debt crisis and balance of payments problems to begin to fragment the ruling coalition. Crucially, even this would not have happened without sustained, mass anti-apartheid mobilisation. The sections below develop an analysis of the coalitions contesting state power in South Africa, then explore the impact of earlier and later sanctions.

November 1963	UN General Assembly urges all states to stop supplying petroleum to South Africa. Embargoes are imposed by the Organisation of African Unity (1964), the Organisation of Arab Petroleum Exporting Countries (1973) and Iran, Norway and Britain (1979)
November 1977	UN Security Council imposes a mandatory arms embargo.
June 1985	UN Security Council calls on all states to adopt voluntary embargoes on new investment, transport links, gold coin sales, and sporting and cultural relations. Many states impose some sanctions.
October 1985	British Commonwealth, minus Britain, adopts wide-ranging trade, investment and tourism bans.
September 1986	EEC bans imports of South African coal, steel and gold coins, and bans new investments.
September 1986	Japan bans imports of South African iron and steel.
October 1986	US Comprehensive Anti-Apartheid Act bans new investments in South Africa; bars imports of South African parastatals' products, uranium, coal, textiles, agricultural products, iron, steel, sugar; suspends air links with South Africa.
October – November 1986	Climax of grassroots disinvestment campaigns sees major firms like IBM, General Motors and Barclays withdraw from South Africa.

Table 2: Major Sanctions Imposed on South Africa

Coalitional Struggles under Apartheid

Early Apartheid: 1940s-1960s When the National Party (NP) seized power in 1948 in a predominantly white election, South Africa was highly complex and variegated, bearing the impact of centuries of colonialism. The white, English-speaking population was economically dominant, monopolising the vital mining sector and controlling much local industry. This was

much to the resentment of the white Afrikaans-speaking population, descended from Dutch colonists, who were predominantly small-scale farmers and increasingly-urbanised workers. Black Africans comprised the majority of the population and were hyper-exploited as workers in mining, farming and, increasingly, urban industry, where they began to out-compete Afrikaners. They were already subjected to racial restrictions by 1948, as were South Africa's other non-whites, including the 'Indians' – professionals and merchants descended from South Asian migrants – and 'Coloureds' – mixed-race people living mostly in the Western Cape.

After 1948, the NP coalition's strategy involved exacerbating these restrictions in order to benefit principally Afrikaners. They adopted a strategy of *volkskapitalisme*, seeking to use the state to secure an expanded share of the economy for Afrikaners – particularly the petit-bourgeoisie who bankrolled the NP – while protecting Afrikaners culturally and economically against other groups (O'Meara, 1983). However, the overwhelmingly English domination of the economy constrained their strategy. Despite early threats of nationalisation, an accommodation was swiftly reached: the English retained their businesses, but accepted their political marginalisation and permitted the state to promote Afrikaner interests through state contracts, subsidised agriculture and infrastructure, and the facilitation of joint ventures with English interests (Fine and Rustomjee, 1996). Higher wages and profits for whites were achieved through intensified economic exploitation of non-whites. Farms and mines were kept supplied with pliant migrant labour at below-subsistence rates whilst urban blacks were forcibly relocated to 'their' tribal 'homelands'. In another compromise with industrialists, who needed a settled labour force, some blacks were permitted to remain but were confined to peri-urban townships and controlled by an infamous pass system. This system was justified ideologically on the basis that racial groups were incompatible and apartheid (apartness; later rebranded 'separate development') was the only possible solution. Aided by the global post-war shift towards interventionist Keynesianism and World Bank funding for infrastructural development, the NP presided over a sustained economic boom, generating a flow of resources to a widening base of supporters.

The situation for oppositional forces was bleak. The NP systematically restructured the state to support its strategies, purging the English civil service and stacking the apparatus with their own supporters, gerrymandering to cement the defeat of English liberal parties, and stripping all non-whites of the franchise – thus excluding all opponents from access to state power. Despite the liberal sympathies of some English citizens, leading business figures had been cut out of policymaking circles, and the white parliamentary opposition was unable to offer coherent resistance. The black opposition, meanwhile, was divided between rural and urban sectors and between radical and moderate elements. Although civil resistance peaked in 1960 with a rural revolt in Pondoland and a wave of strikes and demonstrations culminating in the Sharpeville massacre, the NP was able to forcibly pacify the population. Anti-apartheid parties including the African National Congress (ANC) and the South African Communist Party were banned, their leaders imprisoned or forced into exile.

Reform Apartheid: 1970s-1990s By the 1970s, strong economic growth had changed South African society considerably, altering group interests and coalitional dynamics. The state had successfully fostered a large-scale Afrikaner bourgeoisie, increasingly interpenetrated with and sharing interests with English business concerns. By the late 1960s, commerce, finance and industry was increasingly chafing against apartheid restrictions, decrying growing skills shortages, rising labour costs and falling competitiveness (Lipton, 1986: 85-254). Business organisations, including for the first time Afrikaner groups, began demanding reforms. Signs that the state-fostered Afrikaner bourgeoisie was outgrowing its cocoon included leading businessman Andreas Wassenaar's startling book, *An Assault on*

Private Enterprise (1973) which attacked political restrictions on market forces, mirroring big business's global demand for deregulation. A further social basis for reform emerged with the state-fostered Afrikaner middle class, which adopted more *verligte* ('enlightened') ideas compared to their blue-collar counterparts. These forces became increasingly dominant within the NP, with conservative (*verkrampte*) elements being expelled in 1969 and others leaving in 1982. As its traditional base among Afrikaner workers and farmers was abandoned, the NP transformed 'from a populist movement to a party of the bourgeoisie' (Saul and Gelb, 1986: 88).

Economic growth also affected the non-white population. Despite apartheid ideology and laws, economic growth drew large numbers of blacks into the cities, creating a new urban basis of resistance. It fostered a large, urbanised, black working class, whose trade unions won legal recognition after 1973 as business leaders demanded institutionalised negotiating partners. Economic imperatives also drove the expansion of black schooling, producing a generation of educated black youths. They were increasingly radicalised by their appalling living conditions, liberationist ideology (Garveyism, communism and black consciousness), and the success of African-Marxist liberation movements in neighbouring countries like Angola and Mozambique. Youths spearheaded massive township unrest in the mid-1970s, which was only terminated by massive state coercion, culminating in the 1976 Soweto massacre. By 1984, however, massive township unrest had returned and anti-apartheid forces formed their broadest coalitions yet: the United Democratic Front (UDF), uniting – for the first time – rural and urban civic, religious and other associations, and the Congress of South African Trades Unions (COSATU), uniting most black unions. By 1984-85, township unrest reached unprecedented levels.

The mounting social crisis was also accompanied by a serious economic crisis. The global conditions that had facilitated the economic boom of the 1940s-1960s crumbled with the dismantling of the gold standard in 1971 and the 1973 oil crisis. Combined, these phenomena created severe balance of payments difficulties leading to a structural break in South Africa's economic performance. The average economic growth rate declined from 4.9 percent (1947-1974) to just 1.8 percent (1975-1992). Its terms of trade fell by two thirds by the 1990s; inflation climbed to 10 per cent and remained persistently high; investment slumped; and annual job creation fell by two-thirds (Levy, 1999: 416; Lowenberg, 1997: 68; Gelb, 1991: 6). To cover its balance of payments deficits, South Africa became increasingly reliant on foreign capital, which already comprised almost one-quarter of total investment by 1975. Investors reacted to growing unrest by shifting from direct to portfolio investment, and shortening the length of their loans. By 1985, 66 percent of South Africa's overseas debt was short-term, leaving the country badly exposed should foreign banks refuse to 'roll over' their loans – as happened in mid-1985 (Carim *et al.*, 1999: 163).

The NP's 'transition strategy' to respond to these changing socio-economic conditions was 'reform apartheid', the basic goal of which was to maintain white dominance and pursue partial economic liberalisation by relaxing apartheid strictures and increasing material and ideological concessions to parts of the non-white population. Particularly under Prime Minister PW Botha – who famously instructed his countrymen to 'adapt or die' – the NP courted big business, granting privileged access to state power through policy commissions and cabinet subcommittees and cultivating a reformist technocracy to gradually liberalise apartheid in the name of 'economic rationality' (Mann, 1988: 55, 62-63, 78-79). The state was also transformed to cultivate support from non-white elites. From 1976 onwards, various black 'homelands' were turned into 'independent' states ('Bantustans') run by collaborationist black leaders, creating opportunities for black professionals and entrepreneurs. Black urban businesses were legalised to help cultivate a black middle class as a bulwark against radical forces. In 1983, a tricameral parliament was also created to permit

the (firmly subordinate) political representation of Indians and Coloureds. Local councils were also established in black townships, staffed largely by small-scale black businessmen. While co-opting some middle-class elements, these institutions provoked widespread mass unrest. Realising the urgent need to increase material concessions to subordinated groups, the government pursued a counterinsurgency approach, combing military and police coercion to restore order with increased welfare spending to address black grievances over poor housing, healthcare and services. This was combined with military pressure on neighbouring states harbouring ANC bases. Thus, through a mixture of coercion and consent, the NP hoped to forge a more 'incorporationist' version of apartheid (Hackland, 1987).

The opposition bloc's principal 'transition strategy' was to foil all such attempts and, by rendering the country 'ungovernable', force the regime to negotiate a new, democratic, multiracial dispensation. The UDF organised successful boycotts of the elections to the tricameral parliament and local councils, and subsequent rent and service-payment boycotts rendered local councils defunct. Labour strikes escalated and rolling demonstrations crippled local administrations. By early 1985, the township councils had mostly collapsed and UDF street committees were in control of some areas, provoking the government to declare a nationwide state of emergency and implement martial law. In response, foreign banks recalled their loans, plunging the country into financial crisis.

It was in this context that the ANC and UDF intensified their demands for international sanctions. The ANC had always seen sanctions not as a dominant mechanism but as one 'pillar' of the liberation movement, alongside mass mobilisation and armed struggle. ANC President Oliver Tambo hoped that severing the external props of foreign trade, investment, technology and weaponry would 'weaken the system and make it less capable of resisting our struggle and encourage an early resolution of the problem', avoiding the need for all-out revolution (Orkin, 1989: 26). Thabo Mbeki argued that sanctions – in combination with other forms of struggle – aimed at 'breaking up the power structure' by encouraging key forces to break from the regime. 'Out of this you will get a realignment of forces' (Lodge, 1988: 250-251). ANC strategist Mac Maharaj (2011) summarises the hoped-for effects of sanctions as 'restraining the regime's capacity, dividing the alliance of forces behind the apartheid state, [and] uniting and broadening the anti-apartheid support base'.

Having outlined the main coalitions contesting state power and their 'theories of transition', we can now explore how sanctions conditioned the struggle over apartheid.

The Effects of Sanctions I: Oil and Arms

The early sanctions against apartheid were largely counterproductive in their short- to medium-term effects. South Africa was seen as peculiarly vulnerable to oil and arms embargoes given its near-total reliance on imports. Yet, rather than 'breaking up the power structure', in the short- to medium-term at least, these embargoes helped reinforce it, playing into the NP's strategy of broadening its base through state-led development and drawing business closer to the regime. In the longer term, however, these sanctions became inimical to the regime's strategy of 'reform apartheid' in a period of economic crisis. This underscores the importance of assessing sanctions relative to dynamic, historically-evolving processes of social conflict rather than simply reading 'vulnerabilities' off raw economic data.

The NP government pre-empted both embargoes with an ambitious import-substitution drive. Vast oil-from-coal plants were constructed by the state-owned oil company, Sasol, reducing South Africa's import dependency to around 40 percent by the 1980s (IRRC, 1990: 17). The shortfall was covered by extensive smuggling operations and large reserves were accumulated. A state-owned arms company, Armscor, was also established. By the 1980s, Armscor provided three-quarters of South Africa's arms

requirements, was one of the country's largest enterprises, subcontracting to 6,000 firms employing 135,000 workers, turning South Africa into a major arms *exporter* (Saul and Gelb, 1986: 142; Evans and Phillips, 1988: 122). Sanctions-busting networks supplied whatever could not be produced domestically. The state's capacity for internal coercion was never dented.¹

In the short term, the embargoes supported the NP's basic strategy for broadening and solidifying the early apartheid ruling coalition via import-substitution industrialisation. Sasol created employment for white managers and engineers, boosted the coal-mining industry and, as the top executive of a major engineering firm observed, such mega-projects 'created opportunities for business', including English-owned enterprises. This enhanced their stake in the system and 'caused the business community and the government to get closer together' (Brink, 2011). Private businesses such as banks were also drawn into the criminal, sanctions-busting networks that emerged (Crawford-Browne, 2011). They were also incorporated into state apparatuses, reflecting the emerging technocrat-capitalist alliance underpinning PW Botha's 'reform apartheid'. In response to ANC attacks on Sasol plants, the 1980 National Key Points Act required private firms to establish militias that were integrated into regional defence plans. Armscor similarly reinforced the emerging military-industrial complex, providing patronage opportunities for Afrikaner and English owned conglomerates alike. Business leaders sat alongside leading military and government officials on bodies like the Defence Advisory Council, the Defence Manpower Liaison Committee, and local Joint Management Committees established to counter civil unrest (Evans and Phillips, 1988: 122; Alden, 1998: 73-79). The response to the arms embargo also perversely strengthened the military's influence. For army chief Magnus Malan (2006: 226), self-sufficiency translated into autonomy, 'negat[ing] any coercion' by external powers. The military secured vast, secret funds to pursue nuclear, chemical and biological weapons and forged extensive links with criminal networks, criminalising the state and reducing the security services' political accountability (TRC, 1998: vol. 2; Gould and Folb, 2002).

The oil and arms embargoes only created serious problems for South Africa's ruling coalition in the context of mass unrest and economic crisis in the mid-1980s. Sanctions-busting was a costly business. Evading the oil sanctions cost an estimated \$34.6bn (Hengeveld and Rodenburg, 1995: 199). Establishing the cost of the arms embargo is difficult, but the Special Defence Account used to finance sanctions-busting cost R49.7bn (c.\$16.3bn) alone (TRC, 1998: vol. 2, 540). Hitherto, these costs were borne as the price of Afrikaner upliftment. By the 1980s, however, they were increasingly seen as a threat to capitalist interests and social stability. Anti-*dirigiste* forces had now emerged in the business community and economic planning bureaucracy which saw Sasol and Armscor as prime examples of excessive government involvement in the economy. By 1987, Finance Minister Du Plessis was denouncing the billions 'squandered on building up the country's strategic reserves of oil' while the business press criticised plans for further sanctions-busting as tantamount to 'imposing sanctions on ourselves', prompting the scheme's curtailment (Hengeveld and Rodenburg, 1995: 200; Lipton, 1990: 22-23). Moreover, the rising cost of sanctions was seen as disabling the strategy of 'reform apartheid' by constraining the funds available to spend on black welfare. Du Plessis (2011) recalls that 'the price of countering

¹ Whether its capacity for external aggression was affected is also dubious. Many authors assert, without citing much evidence, that sanctions eroded South Africa's technological superiority, particularly in aeronautics, leading to its 'defeat' by Cuban-Angolan forces at Cuito Cuanavale in 1988. The battle's historiography is, however, hotly contested, with some historians describing a victory for South Africa or an indecisive outcome. Even if South Africa had been defeated, this was arguably more of a function of Soviet-backed Cuban intervention – 25,000 Cuban troops confronted South Africa's 3,000-strong expeditionary force – than the arms embargo.

sanctions... [was] cancelling out our ability to invest politically and socially in our solution to our internal problems'. As the fiscus was squeezed, the government prioritised the military to contain the township unrest, but another minister warned PW Botha that 'the money you're about to spend, to take from the welfare departments and give to the military, will cost you dearly in the long run' (Wessels, 2011). Du Plessis (2011) explains, 'we foresaw a revolutionary type of situation developing, where we would not [even] have been able to deal with conflict control... Sanctions would diminish that [capacity further], and it would undoubtedly result in an eruption'.

Clearly, the important thing about the oil and arms embargoes was not the mere infliction of costs *per se*, but how these costs interfaced with the interests and strategies of social forces. In the short term, then, the oil and arms embargoes played into the hands of dominant forces' *dirigiste* strategies. But in the longer term, these strategies had to change in response to changing international and domestic economic, social and political transformations, and sanctions now constrained, rather than enabling ruling forces' strategies. The same was true of the sanctions imposed in the 1980s.

The Effects of Sanctions II: Disinvestment, Trade and Finance

The disinvestment, trade and financial sanctions imposed from 1985 onwards were implemented in an environment of massive social unrest and deep economic crisis. Most crucially, they followed (rather than having provoked) the UDF-led uprisings and the refusal of foreign lenders to roll over their loans to South Africa. In this context, sanctions increased the leverage of anti-apartheid forces while encouraging defections from the ruling bloc. This was an explicit goal of opposition groups. Leading COSATU official Alec Erwin (2011) argues that 'the real target [of sanctions] was internal capital... you were looking for them to break their links with the NP regime... even try to get them to [engage in] forms of civil disobedience... that worked: it was national capital that began to break ranks'.

Disinvestment, despite benefiting some local businesses, was overall viewed negatively by South African capitalists. It generated windfall gains for local businesses which purchased the assets of departing foreign companies at fire-sale prices. Had this occurred in earlier decades, this might have reinforced or broadened the ruling bloc, and indeed some businesses doubtless enjoyed their short-term gains. However, in the context of the mid-1980s, more far-sighted and internationally-oriented business leaders understood that even those benefiting would never realise long-term profits in an increasing restive environment. South Africa's leading conglomerate, Anglo-American, purchased a number of disinvesting firms, including Barclays Bank, increasingly its ownership of shares on the Johannesburg Stock Exchange to 60 percent (Innes, 1989: 234). Yet its chairman warned of the deleterious impact on managerial and technological links with the West and South Africa's long-term competitiveness, calling for 'apartheid to be expelled from the bowels of our country' (Murray, 1986: 24, 26). Rather than consolidating the ruling bloc, therefore, disinvestment heightened business elites' concerns about South Africa's future prospects.

Disinvestment also enhanced the leverage of anti-apartheid forces, particularly black trade unions, which was used to further fragment the dominant coalition. Many critics argued that disinvestment was 'fake', involving only the superficial transfer of ownership to local managers, while business continued as usual or even worsened the conditions for black workers. However, according to Erwin, the very fakery of disinvestment created significant 'pullout leverage' for unions which 'dramatically increase[d] our bargaining power'. Foreign firms were reluctant to actually withdraw from South Africa but to stay they had to strike deals with workers to appease hostile activists back home. Many firms reduced layoffs, increased pay, agreed to press the government to negotiate with the opposition, and

recognised black unions, helping COSATU to enhance its 'organisational base' and survive the government crackdown (Erwin, 2011). Leading firms like Shell introduced corporate social responsibility programmes, made employees shareholders, and spoke publicly of the need for political reform. COSATU's then assistant general-secretary recalls: 'employers joined our side and said, "We don't want to disinvest, but we want this government to know we don't support its programme of repression"... They were beginning to take a stance which weaken[ed] the resolve of the other side to maintain the status quo... fragmenting the ruling bloc' (Mufamadi, 2011).

Similar effects stemmed from the reaction to trade and investment sanctions, despite their direct economic impact being relatively modest. The sectors targeted – notably iron, steel, coal, uranium and fruit exports – took non-trivial hits. For example, in 1987, iron and steel exports fell 27 per cent, while coal exports fell by 3m tons despite discount prices, costing the industry R900m (Lipton, 1990: 16; Commonwealth Secretariat, 1989: 51-52, 78). Ironically, however, the massive capital flight provoked by the township unrest and state of emergency led to a massive collapse in the Rand, increasing the competitiveness of South African exports. In combination with reorienting trade to non-sanctioning states (especially East Asia) and sanctions-busting, this actually boosted exports by 26 percent from 1985-1989, yielding considerable trade surpluses that were used to repay South Africa's foreign creditors (Lipton, 1989: 14). Official restrictions on new investment in South Africa also had a limited impact since they followed, rather than producing, the aforementioned capital flight. Their main effect was to lock out the investment already withdrawn, thereby underscoring that access to foreign capital would remain limited until the country's political crisis was resolved. Again, the political consequences of these sanctions stemmed not from their immediate economic effects but how they played into struggles over state power and its use. Three effects can be discerned.

First, sanctions sparked a struggle over how to respond in which reformist forces emerged the victors, cementing the power of reformist technocrats and big business. Anti-reformers like the *verkrampte* Conservative Party advocated adopting a 'siege economy', renouncing South Africa's debts and pursuing import substitution. This was supported by some domestically-oriented businesses hoping for an 'autarchy boom' and some military officials who favoured a defiant approach. However, reformist groups including big business and the economic planning bureaucracy, which enjoyed privileged access to state power in the era of 'reform apartheid', vociferously opposed this. Importantly, this now included Afrikaner big businessmen whose interests were broadly aligned with those of leading English conglomerates like Anglo-American. Henri de Villiers, chairman of Standard Bank Investment Corporation, for example, stated flatly that 'in this day and age there is no such thing as economic self-sufficiency... South Africa needs the world. It needs markets... skills... technology and above all it needs capital... It is imperative that we do not adopt poses of defiance and bluster' (Davis, 1991: 78). These views were echoed by the Reserve Bank governor and finance minister, who together used the opportunity of financial sanctions to promote South Africa's structural adjustment towards export-orientated development, in line with prevailing neoliberal wisdom (Lipton, 1990: 31). Big business was invited to a major conference in November 1986 to discuss and endorse this approach. The day-to-day response to sanctions was also coordinated by a cabinet subcommittee chaired by the deputy finance minister, a self-proclaimed liberal with close ties to big business. He and his officials warned that evading sanctions could only be 'a holding operation'; ultimately a 'political answer' to the crisis must be found (Durr, 2011). This view was echoed by big business. In January 1986, the Federated Chamber of Industry issued its *Business Charter of Social, Economic and Political Rights*, the most ambitious and liberal proposals for political reform produced by the business community, later endorsed by organisations representing three-quarters of

South African employers. Reformers' struggle to control the response to sanctions strengthened their access to state power and reinforced an emerging thrust towards meaningful political change.

Secondly, sanctions undermined the apartheid regime's transition strategy of 'reform apartheid' by depriving it of necessary resources and increasing societal opposition, making it more likely to fail. The refusal of foreign banks to rollover their loans and reformers' determination not to renege on the debts translated into a very tough repayment schedule which tightly constrained the fiscus. According to Finance Minister Du Plessis (1991), these 'financial sanctions' prevented the government spending R6bn on urban upliftment in 1991 alone. Moreover, sanctions further constrained employment growth in an already-ailing economy. By the mid-1980s it was estimated that annual GDP growth of 4.5 percent was necessary merely to prevent black unemployment – already as high as three million – from rising further. Business organisations projected job losses from sanctions at anything from 200,000 to 1.4m over five years (Meth, 1989). These arguments were used to oppose sanctions, arguing they would harm black workers. However, in the context of a highly mobilised, radicalised and organised black population, the effect of rising unemployment was to intensify resentment of apartheid: despite the economic crisis and rising layoffs, labour militancy actually rose to unprecedented levels. As one cabinet minister observed, without rapid growth, 'we've got no hope because then the whole atmosphere will be conducive of revolutions' (Delpont, 1991). By depriving the regime of the resources and employment opportunities needed to cultivate wider popular acquiescence, sanctions thus undermined the strategy of reform apartheid and underscored the need for an alternative. By 1988, the strategy had run aground as even 'moderate' black leaders, faced with simmering popular anger, refused to participate in 'reform apartheid' institutions. In a rather indirect fashion, therefore, sanctions helped to stiffen the anti-apartheid bloc.

Thirdly, sanctions stimulated big business to search precisely for some sort of alternative. There was no sudden break here from the apartheid ruling bloc. Even reform-minded businessmen were alarmed by the widespread social unrest and mistrustful of the 'communist' ANC. However, through various activities the business community pushed the NP government to accelerate reform, distanced themselves from the government, and began reaching out to the opposition. According to one English-speaking businessman, 'sanctions created an environment whereby government had to start listening to business... [particularly] English-speaking businessmen, which previously they weren't interested too much in doing' (Brink, 2011). Business leaders from both Afrikaner and English communities increasingly used their access to NP ministers to lobby for intensified reform, tying their campaign donations to benchmarks of progress, and financing Finance Minister Du Plessis's bid to replace PW Botha as state president in 1989 (Brink, 2011; Lipton, 1990: 36; Fourie, 2011; Du Plessis, 2011). Meanwhile, some business leaders pursued detente with the opposition. In September 1985, Anglo-American sent a delegation to Lusaka to meet the ANC's exiled leaders, followed by a dozen other white civil society groups. Consolidated Goldfields, a British mining company, also initiated secret talks between ANC representatives and state-linked Afrikaner intellectuals. A similar process occurred internally through the Consultative Business Movement, which organised 'encounters' between business and opposition leaders, later broadening to include ministers and government officials. These contacts, particularly given declining Soviet support for the ANC from 1986 onwards, helped business leaders realise that opposition leaders were not diehard Marxists and that their interests could be secured under majority rule (Coleman, 2011). They increasingly distanced themselves from 'reform apartheid' and supported the *de facto* opposition strategy of a negotiated transition to democracy. They also helped cultivate broader support for this idea by, for example, financing high-profile 'scenario planning' exercises which popularised the notion of a 'high

road' of negotiations, leading to sanctions being lifted, rapid economic growth and social peace, versus a 'low road' of no negotiations, leading to escalating sanctions, economic stagnation, and civil unrest producing a 'wasteland' (Sunter, 1987). This strategy eventually succeeded when, in February 1990, FW De Klerk announced he would negotiate a new, democratic constitution with opposition forces.

In combination with highly specific economic, social and political conditions, then, notably the structural economic crisis and growing popular resistance, the sanctions imposed on South Africa in the 1980s did hasten the demise of apartheid. They undermined the ruling bloc and its strategy by encouraging reformist forces to intensify their push for meaningful change and by undermining the resources available to make 'reform apartheid' succeed. Conversely, they strengthened the opposition bloc by enhancing the leverage of some social groups, particularly labour unions, and by encouraging business leaders to abandon 'reform apartheid' and support opposition calls for a negotiated transition to democracy.

Viewing sanctions from the perspective of their impact on social conflict, however, highlights the highly contingent nature of their influence. Sanctions had very different consequences at particular historical junctures, reflecting broad changes in the socio-political and economic context of the target state. Three particular changes stand out: the emergence of cross-communal, anti-*dirigiste*, large-scale business interests with access to state power; the rise of sustained, popular, anti-apartheid resistance; and the mid-1980s economic crisis.

Prior to the first change, sanctions tended to broaden and consolidate the ruling bloc rather than undermining it, by providing lucrative opportunities that drew business and the state closer together. Had the 1980s sanctions been imposed in the 1960s, this dynamic would arguably have been reinforced. However, by the 1980s, increasingly powerful conglomerates – especially Afrikaner business groups – had outgrown state patronage, become more internationally oriented, were chafing against the *dirigiste* restrictions of apartheid. Sanctions now comprised a greater threat to capitalist interests, spurring the cause of reform. Thanks to their enhanced access to state power from the late 1970s onwards, they also had more avenues through which to promote change and, thanks to wider social changes, a more receptive wider audience for their demands.

Without popular resistance, however, reformist forces' need to seek serious alternatives to apartheid would have been absent. It was only when coercion – successful in repressing earlier waves of unrest – faltered in the mid-1980s that apartheid appeared unsustainable. Moreover, popular resistance powerfully shaped the political effects of sanctions by making it impossible for the regime to simply displace their effects onto the oppressed majority, since doing so only escalated unrest, undermining the strategy of 'reform apartheid'. Had the non-white masses been disorganised and passive, this approach could conceivably have tempted sufficient numbers of the emergent black middle class, homeland leaders and others to participate in PW Botha's neo-apartheid structures. Their refusal to do so stemmed only from decades of grassroots organising.

The mid-1980s crisis also powerfully shaped the reaction to sanctions. The cost of countering early sanctions had been borne as the price of Afrikaner upliftment. By the 1980s, much of that upliftment had been achieved and apartheid's *dirigiste* structures were increasingly seen as threats to Afrikaner prosperity and security. Moreover, the mid-1980s debt crisis, though exacerbated by sanctions, was not caused by them; it reflected structural economic conditions common to many developing countries. Without this crisis, the relatively modest sanctions imposed would arguably have had a far smaller effect.

Conclusions

This paper has argued that the dominant debate on sanctions – ‘do they work?’ – is misguided and needs to be replaced by focus on *how* sanctions work, an exploration of the societal ‘transmission belt’ through which economic deprivation may lead to political change. It reviewed existing approaches to this question, both implicit and explicit, finding them overly simplistic in their rendering of state-society relations in target countries. A historical-sociological approach was advocated as an alternative, which analyses sanctions through their impact on socio-political conflict. Sanctions can be understood as conditioning the resources, ideology, alliances and strategies of social forces contesting state power in target countries, which are always articulated within and shaped by broader economic and geopolitical relationships. They ‘work’ not directly, therefore, but as mediated by the struggles of agents on the ground, who enjoy differential access to state power.

The case study of South Africa illustrated this approach, showing how sanctions strengthened or weakened dominant forces and enabled or constrained their strategies at different moments, depending very heavily on specific contextual factors. The effects of sanctions against apartheid stemmed not from any intrinsic quality of the measures themselves, such as their scope, intensity or degree of enforcement, but rather from their interaction with socio-political struggles and the wider economic and geopolitical context. They ‘worked’ insofar as they reinforced pressures for change emanating principally from within South African society itself.

It is obviously impossible to deduce from a single case study the factors that make a target vulnerable to sanctions; these can only be discovered, if at all, through considering multiple cases. Factors worth exploring in further research would include the following. First, the importance of the presence of powerful forces (a) with access to, yet relatively autonomous from, state power that both (b) favour change and (c) are harmed, directly or indirectly, by sanctions. Without (c), sanctions do not create incentives for change; without (b), they may stiffen resistance to it; and without (a) even harmed, pro-reform forces will struggle to effect political change as, for example, the middle class found in Serbia. Second, the importance of the presence of well-organised, extensive opposition forces, creating competition for scarce resources and complicating dominant forces’ transition strategies. Where oppositions are weak, as in cases like Iraq and Myanmar, incumbent elites may enjoy greater freedom to displace the costs of sanctions onto opponents and to use resources to co-opt new allies.

What an analysis of the important South African case does highlight, however, is the danger of reasoning by analogy in relation to sanctions. As noted earlier, calls for sanctions to be applied in other cases, from Myanmar to Israel, are justified by claims that since they worked in South Africa, they will work elsewhere. The analysis of sanctions against apartheid suggests that, to the extent that they worked, they did so in interaction with historically and societally specific dynamics. To the extent that other target states lack these pressures and offer very different contexts, we cannot logically expect even identically-designed sanctions to have the same effect elsewhere. If sanctions are actually desired to effect political change in the target country, rather than merely expressing senders’ moral outrage, reasoning by analogy on the basis of the alleged *moral* similarity of targets is totally insufficient. Instead, sanctions advocates need to perform a *political and strategic* analysis, identifying the key forces at work and assessing the likely impact of external economic coercion on struggles for state power. They must at least be able to tell a plausible ‘story’ about *how* sanctions are supposed to be mediated into political outcomes, beyond vague blandishments about ‘putting pressure on the regime’. Failure to think this through before imposing sanctions amounts to irresponsibly wishing and hoping for a desired outcome without any sense of how it is to be produced.

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