2 Major Cases of Sanctions
1935–95

1 ITALY (1935–6)

The League of Nations took no decisive action when Japan invaded Manchuria in 1931 and established it as the independent state of Manchuquo. The new state was not internationally recognized, but economic sanctions were neither applied nor officially discussed. The League’s first and only major sanctioning effort came in October 1935 following Italy’s invasion of Ethiopia. Border incidents had prompted Ethiopian appeals to the League Council in January and March of that year and Italian–Ethiopian relations were set as an agenda item for the September Council meeting to which Italy submitted a document describing Ethiopia as a barbarous and uncivilized country unable to discharge its obligations under the Covenant. Such an accusation could hardly legitimize an Italian ‘civilizing mission’ against a fellow-member of the League, carried out by force. In September Ethiopia accepted and Italy rejected Council proposals which offered a basis for settlement of the dispute, and on 3 October Italian forces launched their attack. This was a technical violation of Article 12 of the Covenant which required members to wait three months after the publication of a League Council report on a dispute before taking further action.

The Council responded promptly by imposing selective measures under Article 16. The sanctions comprised an arms embargo, the restriction of financial dealings with Italy, a ban on Italian imports\(^1\) and on the export to Italy of transport animals, rubber, bauxite, aluminium and other strategic minerals, but excluding oil, coal and steel. Re-exports to Italy were also banned, but contracts in process of execution were exempt. Diplomatic relations were not severed and there was no ban on travel to Italy.

The list of banned exports was limited to items controlled by League members owing to uncertainty about the policy of the United States and other non-members. The omission of oil was certainly a mistake\(^2\) but by the time a special committee had reported on the likely effectiveness of an oil embargo, Britain and France, the leading powers,
had been revealed as less than enthusiastic about coercing Italy into abandoning its Ethiopian adventure which was the ostensible object of League sanctions. The terms of the Hoare–Laval pact, drawn up privately in Paris in December 1935 by the British Foreign Secretary and the French Prime Minister, would have required Ethiopia to cede territory to Italy in the north and accept Italian settlement in the south. Although the plan was abandoned in the wake of adverse public reaction, the damage to the sanctions cause was considerable. No further sanctions were imposed and by early May 1936 Italian forces had completed the conquest of Ethiopia using all means of modern warfare including gas. Mussolini announced its annexation two days before a League Council meeting. After a month’s delay, the British Chancellor of the Exchequer commented publicly that the continuation of sanctions would be the ‘very midsummer of madness’; the British government endorsed this position and all League members except South Africa and New Zealand agreed that sanctions should be lifted. Italy was not even expelled from the League.

The economic effects of the sanctions were limited by the failure to embargo oil and other vital raw materials or to sever communications links. The Suez Canal remained open and an air service between Italian Somaliland and Eritrea continued to enjoy landing and refuelling rights in British Somaliland throughout the crisis. There were also important non-participants in sanctions, particularly the United States, Germany and Switzerland who observed ‘neutral policies’. Embargoes were evaded through smuggling and the use of false certificates of origin. The prediction of The Economist that sanctions would be ‘highly inconvenient but not crippling’ proved correct. Politically they were counter-productive. They strengthened Mussolini’s domestic position and destroyed League credibility.

2 YUGOSLAVIA (1948–55)

The Soviet Union imposed economic sanctions on Yugoslavia in 1948 to force conformity with Communist bloc norms which required East European governments to adhere strictly to the Moscow ‘line’. Deviation was perceived as a threat to regional security and Soviet hegemony. Tito’s independent policy made Yugoslavia the first target of Soviet displeasure, others were to follow. The campaign of ostracism designed to discredit and destabilize Tito’s government included the severance of diplomatic and economic links and a full-scale propaganda