

# **US Economic Statecraft for Survival 1933–1991**

Of sanctions, embargoes and  
economic warfare

Alan P. Dobson

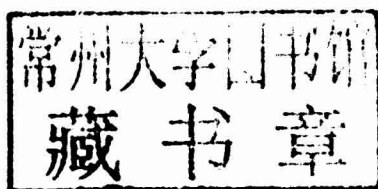
Routledge Advances in International Relations  
and Global Politics



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economic warfare

**Alan P. Dobson**



**In memory of Eric and Emma**

**And dedicated to Sue; Steve; Helen, Gary,  
Max and Jessica; Tom; and Cathy**

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# US Economic Statecraft for Survival 1933–1991

How have US economic defence policies promoted the United States' security since 1933?

*US Economic Statecraft for Survival 1933–1991* concentrates on an important and neglected facet of America's fight for survival in the latter half of the twentieth century. It explains how US policy-makers crafted and used instruments of economic statecraft against states that posed vital threats to the survival of the USA. This study situates economic defence policy within the broad context of US foreign policy and explores its response to the totalitarianism of the 1930s, the Second World War and the complex strategic and political developments of the Cold War.

Dobson charts an extraordinary change in US policy, from its defence of neutral rights to trade in wartime to its denial of trade to prospective enemies in peacetime. From his explanation of how it developed and evolved over the years there emerges a new perspective. This study emphasises the importance that economic instruments of statecraft have for symbolic, communication and political bargaining objectives. Economic instruments of statecraft are more important for what they say than what they do in an instrumental sense. Without being aware of these factors it is not possible to give a credible account of much of US economic statecraft in the post-war period.

This book reassesses the nature and character of economic instruments of statecraft in the light of the detailed narrative of, and findings about, US policy from 1933 to 1991. Among other things, it raises difficulties about how to assess the effectiveness of such instruments of statecraft, once it is appreciated that assessment by purely objective economic criteria is inappropriate. It includes details of US economic actions against Japan, Nazi Germany and the Soviet Union.

**Alan P. Dobson** teaches US government and foreign policy and has published extensively on Anglo-American relations, US foreign policy and international aviation. He was a senior research fellow at the Norwegian Nobel Institute in 1997, and since 1999 he has been Professor of Politics at the University of Dundee, from where he will launch *The Journal of Transatlantic Studies*. He is currently working on the single European aviation market and, in collaboration with Dr Steve Marsh, on Anglo-American summitry since 1941.

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This book has been a long time in coming. When I started research back in 1990, I was a lecturer in the Department of Political Theory and Government at the University of Wales, Swansea. In 1994–5, I had sabbatical leave, which allowed me to complete two other projects, and also move this one forward. In 1997 I enjoyed a Senior Research Fellowship in Oslo funded by the Norwegian Nobel Institute, which enabled me to write Chapters 5 and 6. In 1999 I received an Arts and Humanities Research Board Sabbatical Scheme Award, which gave me six months of leave funded jointly by the AHRB and the University of Dundee. This allowed me to complete the first full draft of the book. Along the way I also had grants from the British Academy, the Harry S. Truman Library and Foundation, and the Franklin D. Roosevelt Library and Foundation. Without these awards I could not have written what follows.

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*Alan Dobson  
Dundee  
August 2001*

# Abbreviations

ABM	Anti-Ballistic Missile	DEFCON	Defence Condition
AEC	Atomic Energy Commission	EAA	Export Administration Act
AFL-CIO	American Federation of Labor–Congress of Industrial Organizations	EC	European Community
BEW	Board of Economic Warfare	ECA	European Cooperation Administration
CAP	Common Agricultural Policy	ECA	Export Control Act
Carter Lib.	James E. Carter Library	ECRB	Export Control Review Board
CF	Central Files	EDAC	Economic Defence Advisory Committee
CF	Confidential Files	EDC	European Defence Community
CFEP	Council on Foreign Economic Policy	EEC	European Economic Community
CG	Consultative Group	EFTA	European Free Trade Area
CIA	Central Intelligence Agency	ERP	European Recovery Program
CIEP	Council on International Economic Policy	EWFTB	East–West Foreign Trade Board
CIEP-DM	Council on International Economic Policy Decision Memorandum	Eximbank	Export Import Bank
COCOM	Coordinating Committee	FDR Lib.	Franklin D. Roosevelt Library
CSCE	Conference on Security and Cooperation in Europe	FEA	Foreign Economic Administration
CWIHP	Cold War International History Project	FOA	Foreign Operations Administration
DDE Lib.	Dwight D. Eisenhower Library	Ford Lib.	Gerald R. Ford Library
DDR	Deutsche Demokratische Republik (East Germany)	FRUS	Foreign Relations of the United States
		GAO	General Accounting Office
		GATT	General Agreement on Tariffs and Trade
		HST Lib.	Harry S. Truman Library

IBRD	International Bank for Reconstruction and Development	NSRB	National Security Resources Board
ICBM	Inter-Continental Ballistic Missile	OECD	Organisation for Economic Cooperation and Development
IEEPA	International Economic Emergency Powers Act	OEEC	Organisation for European Economic Cooperation
IMF	International Monetary Fund	OSS	Office of Strategic Services
ITO	International Trade Organisation	OPEC	Organisation of Petroleum Exporting Countries
JCS	Joint Chiefs of Staff	PD	Presidential Directive
JFK Lib.	John F. Kennedy Library	PPS	Policy Planning Staff
LBJ Lib.	Lyndon B. Johnson Library	PRC	People's Republic of China
LDC	Lesser Developed Country	PRO	Public Record Office (London)
MDAP	Mutual Defence Assistance Program	PSF	President's Secretary's File
MEW	Ministry of Economic Warfare	SALT	Strategic Arms Limitation Talks
MFN	Most Favored Nation	SDI	Strategic Defence Initiative
MIRV	Multiple Independent Re-entry Vehicle	SLBM	Submarine-Launched Ballistic Missile
MIT	Massachusetts Institute of Technology	START	Strategic Arms Reduction Treaty
MNC	Multinational Corporation	TEA	Trade Expansion Act
NA	National Archives (USA)	UK	United Kingdom
NATO	North Atlantic Treaty Organisation	UN	United Nations
NIEO	New International Economic Order	UNRRA	United Nations Relief and Rehabilitation Agency
NME	Non-Market Economies	US	United States
NSA	National Security Adviser	USA	United States of America
NSAM	National Security Action Memorandum	USDA	United States Department of Agriculture
NSC	National Security Council	USSR	Union of Soviet Socialist Republics
NSDD	National Security Decision Directive	VE-Day	Victory Europe Day
NSDM	National Security Decision Memorandum	VJ-Day	Victory Japan Day
NSF	National Security Files	WHCF	White House Central Files
		WHSF	White House Secretaries' File
		WPB	War Production Board



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# 1 Economic statecraft

The strength of a war waged without monetary reserves is as fleeting as a breath.  
Money is the sinews of battle.

François Rabelais, *c.* 1492–1553

Irony provides an enduring fascination for the historian. It emerged in the early stages of research for the present work, when sanctions and embargoes often appeared more costly for those that sanctioned than for those who were sanctioned. The idea that one state should make another pay for unacceptable behaviour by imposing greater economic costs on itself than those endured by the target state does indeed appear ironic. But, as the investigation into US policies proceeded, it became apparent that this involved more of a semblance of irony than a reality. Once costs and benefits are calculated broadly, and not simply in crude economic terms, the balance between gains and losses shifts. As this study demonstrates, there are important non-economic dimensions to economic statecraft that need to be drawn into the calculation of costs and benefits.

The heart of this enquiry is concerned with how the USA crafted policies of economic statecraft that were an integral part of its foreign and strategic policy, geared towards ensuring the survival of the USA in the face of vital threats to its security. The way American officials thought about such policies was partly the outcome of long-established traditions of practice and styles of policy-making, and partly the result of the contemporary context set by the character of US domestic politics, the international system, and the economic instruments of statecraft available to twentieth-century practitioners. However, these factors alone only set the parameters of the possible, they cannot explain radical changes in American thinking. For example, to explain how the USA moved from defending its traditional neutral rights to trade in wartime to arrive at a position of waging a kind of economic warfare against the Soviet Union in peacetime, the ideas and moral positions of individual policy-makers need to be factored in.

Explaining how and why that journey was made is one of the early tasks of this book. However, a more abiding concern and a more important claim is to do with the value US policy-makers ascribed to the ability of economic instruments of statecraft to act as a means of communication: to project symbolic meaning in ways that were vital for the more political and strategic goals of the USA, and to

provide a means of bargaining in the broad panoply of diplomatic negotiations. The importance of those qualities and tactics has been seriously underestimated in previous attempts to explain US policy. Understanding the importance of the power of symbolism and communication with which US policy-makers came to imbue economic instruments of statecraft casts new light on important lines of reasoning within the American official mind, and helps to explain many of the contours of, and directions taken by, US policies. This, in turn, helps one to understand why the USA continued to shoulder the costs of a wide-ranging strategic embargo during the Cold War, even after most officials came to believe that it was ineffective in terms of slowing down either economic or weapons development in the Soviet Union. It was not, as some were to claim, a case of fossilisation of policy and 'the inability or refusal to re-evaluate the "optimality" of these policies once the assumptions underlying them proved to be erroneous'.<sup>1</sup> While bureaucratic inertia played a part in maintaining the stringency of the US embargo, much more significant were lines of argument to do with the importance of symbolism and communication. These led to positive and conscious decisions to sustain the embargo, even when calculation of economic losses and gains no longer justified it. The assumptions that underpinned the US strategic embargo in the 1940s no longer did so in the 1960s, but new ones did, and they provided the justification in American minds for continuing with an expansive embargo against communist states. It did not become a policy by default.

Part of the reason why the importance of symbolism has been so seriously understated in previous works is a strong tendency to look for quantifiable and observable economic results from sanctions, strategic embargos and economic warfare. There is no denying that such instrumental economic effects were looked for by practitioners and often used to justify US policies. However, more commonly, practitioners used instruments of economic statecraft for symbolic or communication reasons, or for bargaining purposes. In a rather crude categorisation, one might say that during 1933–41 the USA looked for a mixture of economic instrumental and symbolic effects from its embargo against Japan. It looked overwhelmingly for economic instrumental effects from its economic warfare during the period 1941–5 and from its early Cold War embargo aimed at the Soviet Union, from 1947 to the early 1960s. Thereafter, in the early 1960s (but beginning in the mid-1950s), the emphasis shifted in Washington, and the USA looked to the symbolic, communication and bargaining aspects of the strategic embargo. Such objectives reached their apogee of importance in the period of *détente* from 1969 to 1979. Finally, during the Second Cold War, the Reagan Administration was ideologically riven into two factions in a way no previous administration had been on policies of economic statecraft. One faction looked for economic instrumental effects, the other for symbolic and communication effects and advantages for the US bargaining position. For a while, these factions, although they had different motives, were agreed upon a hard-line policy, but beginning in 1983–4 their policy preferences began to diverge.

Not only have there been failures to give due prominence to these changing

features of US objectives, but a closer look at the way they were pursued casts new light on the kind of lessons that American policy-makers drew from their experiences and provides a sharper perspective on the limitations of US power within the Western Alliance. The lessons drawn from 1933–41 and from 1941–5 were highly influential in US Cold War policies. While economic sanctions failed to deter Japan, economic warfare during 1941–5 was seen as highly effective. Furthermore, the clearest policy imperative to emerge from the pre-war period was that appeasement did not work and had given the wrong message to the totalitarian regimes. But, while appeasement was now seen as the worst possible kind of folly, and effective communication of US resolve was deemed to be of paramount foreign-policy importance, how was the USA to convey that effectively and safely to its potential adversaries in a nuclear-perilous world? Especially after the Soviet Union acquired its own nuclear capability, the answer to that was increasingly seen to lie in the use of economic instruments of statecraft, such as sanctions and a strategic embargo.

A corollary of US determination to avoid appeasement involved vigorous leadership of the Western Alliance, but the suggestion made by many that this was hegemonic in character is brought into question by a close examination of America's experience in the field of economic statecraft. While some scholars declare outright that the USA was hegemonic in the Western Alliance, others nuance their interpretation by suggesting that US prudence, made manifest in numerous occasions of self-restraint, disguised the real extent of its hegemonic dominance. Both these views are significantly modified by the present work, which shows that US policy-makers believed that, had the USA tried to flex its muscles more vigorously, the alliance would have suffered serious ruptures, and that American power would have diminished not expanded. Although the idea of hegemony is brought into severe question by these arguments, ironically there were leadership costs that had to be shouldered by the USA of a kind similar to those predicted by hegemony theory.<sup>2</sup>

The USA, throughout the Cold War, maintained a more extensive national embargo list than that imposed multilaterally by the Western Alliance through the Co-ordinating Committee (COCOM, of which more shortly). The USA maintained a very substantial differential between itself and its allies on trade with the People's Republic of China (PRC), and always took the lead in imposing sanctions in response to crises such as the Soviet invasion of Afghanistan in 1979. Part of the reason behind all this was a US sense of leadership responsibility. But why did the allies not dutifully follow suit? Was the US inability to achieve such action from its allies a major failing of persuasion? Did the West Europeans and the Japanese cynically free ride and exploit the US leadership dilemma for their own interests? Alternatively, did the allies genuinely disagree with the USA on the best tactics for waging the Cold War and see benefits for overall Western strategy from the USA playing hard-ball and getting the right deterrent message across to the communists, while the Europeans and the Japanese pursued a softer line to seduce the opposition with trade, communications and cultural exchanges?

These preliminary observations give some hint of the importance of economic statecraft in general and of US policy in particular, and yet, rather puzzlingly, for many years study in this area was neglected. Rabelais' view that state power and money were directly related was part of the conventional wisdom of the age of mercantilism, but, beginning in the eighteenth century, the laws of supply and demand seemed to create an independent economic realm, which challenged that conviction. At the very point in history when the industrial revolution began to produce unprecedented wealth and undreamt-of military capabilities, there was a tendency to see economics as separate from the study of political power and strategic relationships. Vestiges of that perception remained influential, well into the latter half of the twentieth century, until the revival of political economy. Economics then rejoined high politics as a focus of study in diplomacy and international relations, and there was thus a return to something not dissimilar to mercantilist perceptions of power and the importance of wealth. In contemporary parlance, such views often find their expression in the language of realism.<sup>3</sup> As a result of this revival of interest in economic statecraft, there has been a growing scholarly preoccupation both to try to identify the nature of economic power and the manner in which it operates in, or impacts on, the political and strategic domains.

There are plenty of works on US foreign policy conceived of primarily in political and strategic terms. By comparison, economic instruments of foreign policy and economic issues as the subject of policy-making are generally only of peripheral or passing concern, or are seen as technically separate from other aspects of foreign policy. Banishment to the periphery and the segregation of the economic from the political and the strategic are regrettable. Deterrence and attempts at deterrence in the 1930s and in the Cold War went deeper and spread broader than can be captured simply by focusing on the purely political and the purely strategic. The political, the strategic and the economic are all inextricably intertwined strands of foreign policy. A brief excursion into the 1930s will demonstrate the pertinence of this judgement.

In 1935, with the Western democracies in disarray over how to deal with the threats of militarism and totalitarianism, the Italian fascist dictator Benito Mussolini deemed it an opportune time to embark on a mission. He wanted to recreate the Roman Empire by invading Abyssinia. Britain and France were in a dilemma: they wanted Italy to help balance the threat from Hitler in Europe, but could not countenance the moral outcry against Mussolini's naked act of aggression. They decided to impose economic sanctions through the League of Nations, but excluded oil from them, which was the one key commodity that would have hit Italy hard. At the same time French Foreign Minister Laval and British Foreign Secretary Hoare sought a compromise deal whereby Italy could have part, but not all, of Abyssinia. In the end both policies failed, and Mussolini seized the whole country. Henry Kissinger has aptly noted the folly of Anglo-French policy, the two countries' failure of resolve and their inability to convey the right messages to Mussolini. He has also commented: 'Prime Minister Baldwin [of Britain] was to say somewhat wistfully that any sanctions that were

likely to have worked would also have been likely to lead to war. So much, at any rate for the notion that economic sanctions provide an alternative to force in resisting aggression<sup>4</sup> Kissinger was only partly right. If a state is bent on aggression and convinced that its potential enemies cannot withstand its force of arms, then war does indeed seem inevitable. But in the Abyssinian case Baldwin's timid attitude was not universally subscribed to. Winston Churchill thought 'Mussolini would never have dared to come to grips with a resolute British Government'.<sup>5</sup> Italy could not have prevailed against France and Britain, or either of them separately, but the danger of retribution had to be conveyed effectively. If economic sanctions had been imposed in a different way, had included oil, and had been made to appear as a clear preliminary to the use of force by France and Britain, then the story might have been very different. Economic sanctions might have 'worked'. But they would not have worked as an instrument of economic statecraft unrelated to other aspects of statecraft. They would have worked as part of a wider strategy that used economic sanctions as a means of conveying a determination to use force as the next step, if that were necessary.<sup>6</sup> In other words, much will be conveyed to the target state and to other constituencies by the way sanctions are imposed, upheld and withdrawn, and those messages may often be a vital part of the political and strategic policies of the state imposing them.

Between the Marxist idea of the state in capitalist society and the liberal conception of *laissez faire* falls the actual role of economics in the life of both the state and the international realm. Economics does not necessarily dictate to politics, but neither is political life immune from economic influences. The liberal conviction that social and political values should not interfere with the economic laws of the marketplace created an unfortunate tendency to approach the study of the 'high policy' of states through a preoccupation with political, diplomatic and military matters, to the neglect of economic considerations. This was, of course, with the exception of Marxists, who asserted the truth of their doctrine and consequently that politics was a mere epiphenomenon conjured up by economic realities. Between these two incompatible extremes little intruded for many years, and the result was what is now widely recognised as a neglect of economic statecraft.<sup>7</sup> Economic theory may have flourished, but explaining both why economic policies came about and how they interacted with the political and the strategic did not. The key issue here is not so much to do with the abstract complexity of economic theory, but the understanding of it by policy-makers. If one draws the distinction between economic theory, on the one hand, and how politicians understand it on the other, then inhibitions about marrying the political with the economic can fall away even for the semi-numerate, providing that they are not enmeshed in the ideological straightjackets of market liberalism or Marxism. The distinction between economic theory and the understanding of economic policy by decision-makers is one that it is important to draw. And, although this may seem a rather obscure point, it is a highly relevant one, because it helps to differentiate the narrative and analysis contained in this book, which concentrates on explaining specific US practice and understanding

of it by the agents involved, from the kind of work produced by scholars such as David Baldwin, Philip Hanson, Per Lundborg, Michael Mastanduno,<sup>8</sup> and others, whose main, but not exclusive, concerns are to produce frameworks for policy evaluation and strategic guidance for future practice.

Not everyone avoided economic statecraft. Some pointed out the interaction of political and economic forces in the US Marshall Plan and the drive for European integration, in Western policies of economic denial directed at the Soviet Union and other communist states, and in Western policies embodied in the Bretton Woods international monetary system and the General Agreement on Tariffs and Trade (GATT).<sup>9</sup> Such scholars were still in a minority, however. But with the oil price traumas and behaviour of the Organisation of Petroleum Exporting Countries (OPEC) in the 1970s, economic matters became such an obvious and integral part of the international political system that the prejudice against the study of economic statecraft began to break down.<sup>10</sup> Both social scientists and historians took corrective action, but economic affairs still often sit uneasily beside political, diplomatic and military matters.<sup>11</sup> This book is an attempt, among other things, to make them sit together more comfortably.

One of the problems of writing this kind of book is the contested meaning of some key terms and concepts. In Chapter 11 we shall look in some detail at these issues in the light of the explanation offered here of US policies of economic statecraft and argue that definitions of practice cannot be imposed *a priori*, but only derived from an explanation of practice. For the purpose of clarity in the narrative that follows it simply needs to be declared that the terms 'sanctions', 'strategic embargo', and 'economic warfare' all have rather elastic meanings that overlap in terms of the kinds of practice that they attempt to identify, and the meaning of these terms will become clear from the context in which they appear. However – rather ironically, given claims made here that much of the literature in this field has been too *a priori* and procrustean in its definitions – it emerges that an important distinction is often not drawn by scholars, namely that between economic warfare and cold economic warfare.<sup>12</sup> The former can involve military action such as blockades and strategic bombing, and is thus only possible in wartime, whereas cold economic warfare, which shares similar objectives, is conducted in conditions of formal peace.<sup>13</sup>

Similarly, notwithstanding all the ink that has been spilt on the subject, it is not clear that previous scholars have given sufficient weight to the effects that the change from conventional total war to nuclear war has had on what is technically known as fungibility. The term 'fungibility' attempts to capture the sense in which a seemingly non-strategic good can prove to be of more strategic value than weapons. In other words, there is no such thing as an intrinsically strategic good; all is relative. Those who think otherwise fall into what Wu has called the strategic materials fallacy.<sup>14</sup> Everything depends on the context, the nature of the conflict and the state of technology. In modern warfare, and particularly in conditions of conventional total war, fungibility is of immense importance – providing, of course, that it has time to take effect. This is a problem. For example, it takes time for personal computers to raise the industrial productivity

of a country, thus providing the potential to make it militarily more powerful. In a cold-war nuclear world fungibility becomes even more problematical. If nuclear war were to break out there would be no time for fungibility to take effect, but in the peaceful meantime strategic decisions need to be taken on the basis that fungibility might have time to impact on the potential enemy's war-making capabilities. Contrary to what some scholars have claimed, US policy-makers were either directly or intuitively aware of the significance of fungibility, and that influenced both their assessments of what were and were not strategic goods and their relative economic and strategic values. The narrative will demonstrate that these kinds of calculation went on, and that they were not conducted in a vacuum. Political factors within the domestic realm, alliance politics, and assessment of whether or not the target state might overreact often modified what might have been determined, in the abstract, as the most economically cost-effective line of action to take. Such calculations were also further complicated by the need to assess future developments, not solely in relation to the results of action to be taken in the realm of economic statecraft, but also in relation to possible moves in world politics and international strategic changes. For changes in the broad international situation might determine whether fungibility would have time to operate, or whether a crisis might arise in which items of less strategic value in the long term might have a critical impact on the not-so-distant here and now.

Many of these considerations, particularly domestic political pressures for expanding trade, raise the issue of the autonomy of the executive branch of the USA – and particularly with regard to the office of the President and the State Department where one would normally choose to look first of all for policy development and implementation in the foreign field. Just how autonomous the foreign-policy executive was during this period will be considered in the next chapter, but the balance between autonomy and external influence will only become fully apparent in the detail of the later narrative. However, it is also important not to forget the general pluralist condition of the free market in which decisions had to be made and policy carried out. From time to time, and particularly after *détente* demonstrated the potential for US trade with the Soviets, and US corporations established vested interests in continuing and expanding such trade, the Congress and US corporations had more important input into US economic statecraft. Those inputs often complicated policy-making and sometimes forced matters in ways that were not agreeable to the executive branch. In contrast, the Japanese in the 1930s, and the Nazis, and the Soviets, did not suffer from such complications.

Thus economic statecraft emerges as a focus of concern for scholars within the broader field of foreign policy. In this study, activity falls within the scope of economic statecraft not only when economic instruments are used as means for conducting statecraft, but also when non-economic instruments are used against specific economic targets in wartime. In examining the different categories of economic instruments of statecraft, it is clear that sharp theoretical distinctions drawn between sanctions, strategic embargoes, cold economic warfare and



economic warfare cannot be sustained when trying to explain practice. We come to understand things by experiencing change and rendering it into an explanatory form via an appropriate theoretical framework. Practice is too complicated to be captured by preconceived rigid definitions that make no allowance for change. In simple terms, trying to define sanctions in the abstract has severe limitations. However, using the term sanction in a particular context can make sense, even when it overlaps with other tactics or strategies of economic statecraft, and when it has both instrumental and expressive effects. Actors often have several motives and several objectives in mind when they impose trade controls. Both intent and effect might simultaneously involve restricting and weakening the military and economic strength of a target state, economically strengthening satellites of the main target state in order to create tensions and jealousies, enhancing a bargaining position, allowing trade with the specific aim of trying to seduce mass opinion in the opponent state, attempting to persuade it to change policy, making a moral statement, and sending complicated and different messages to the target, neutral states, allies and the sender's own domestic constituency. In these kinds of situations a single action is a sanction, a strategic embargo, a message-sender, and an instance of cold economic warfare or economic warfare. In situations where trade is allowed or promoted and looks like normal trade from the outside, it is only by addressing intention that we can see that more is at stake than just profit and loss. If the intent is to change attitudes in the target state, then this distinguishes the trade from normal commercial transactions. However, it is not just in cases where trade is allowed or promoted that we need to be sensitive to the expressive as well as the instrumental effects of trade controls. They all make statements. Sometimes they speak to a target state in a way that was not intended by the sender, but they always say something. Particularly in times of heightened tension short of war, and especially in the Cold War, the ability of economic instruments of statecraft to send messages was of great significance to American policy-makers. For much of the Cold War it was more important than the instrumental effects of trade controls.<sup>15</sup>

The actions and policies of the USA of interest here are those, which use economic means, or non-economic instruments directed at economic activities, for political, military or strategic reasons. The intention of such actions is to damage another state or states in some way; to bring about changes of policy; to enhance the power, influence and status of the USA, or its bargaining position – either in a tangible way, by keeping important resources for itself and/or by denying them to others, or, in an intangible way, by conveying messages to the targeted state, to non-aligned states, to allies, or to its own domestic constituency. How the USA fared in such policies will be examined shortly, but first some general foreign-policy context is needed.

The impact and importance of economic issues in both the study and practice of international relations have clearly changed over time, and states have crafted their policies in response to those developments. There are some common characteristics in the economic statecraft practiced by individual coun-