Essays in Economic & Business History
2023, 41 (1): 208-209
Published July 17, 2023

Book Review: Mulder, Nicholas. *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War*. New Haven, CT: Yale University Press, 2022. 448 Pp.

In the twenty-first century, nations and international alliances frequently attempt to punish other nations by using economic sanctions. Most notably, Russia has been subjected to wide-ranging sanctions following its invasion of Ukraine in early 2022. But as a target of sanctions, Russia was far from alone. In the early 2020s, the US Treasury Department was participating in active sanctions programs that targeted at least two dozen nations, all around the world. Sanctions, and the threat of sanctions, have become ubiquitous.

In *The Economic Weapon*, the historian Nicholas Mulder looks back a century, to consider the origins of modern economic sanctions, during and after World War One. In that conflict, economic blockades caused shortages that contributed to the deaths of several hundreds of thousands of civilians, in Central Europe and the Middle East. At the end of the war, British and French policymakers insisted that economic sanctions should be used as a deterrent to future war-making. Sanctions were institutionalized in Article 16 of the Covenant of League of Nations, which provided that any nation that went to war against a League member would be punished with the cutting of economic relations.

In a series of chapters focused on the 1920s and 1930s, Mulder describes the successes and failures of the interwar sanctions system. Early on, there seemed to be good reason to think that sanctions worked. In 1921, the threat of economic sanctions helped to preserve the independence of Albania, which was being challenged by military advances from Yugoslavia. Similarly, sanctions were used successfully in 1925 to stop a war between Bulgaria and Greece.

During the 1930s, it became clear that the League's sanctions system was not able to prevent military aggression. This was not because sanctions were regarded as weak, Mulder argues. Rather, aggressors such as Germany, Italy, and Japan were deeply concerned about the threat of sanctions, which they sought to overcome by gaining additional territory and resources. As Mulder explains it, this was an unintended consequence of the League's sanctions policy, which ended up in a "vicious cycle" (p. 227), as aggressors pursued more autarky via military conquest. The result was World War Two.

Mulder's book is a first-class intellectual and diplomatic history. *The Economic Weapon* draws on deep research in British and French government archives and the papers of key policymakers, among other sources. The book's main characters are the British and French architects of World War One and postwar sanctions, including William Arnold-Forster, Jacques Seydoux, Léon Bourgeois, and Robert Cecil. Mulder has scoured the records of important interwar sanctions-planning organizations, such as the Advisory Committee on Trading and Blockade in Time of War, established in Britain in 1923. American policymakers and politicians, such as Herbert Hoover and the international relations scholar Raymond Buell, serve as important secondary characters.

Focused on an elite circle of sanctions experts, Mulder's book has less to say about the targets of sanctions, or other people who took the issue seriously. Mulder does offer, in one chapter, a brief overview of the "blockade phobia" that prevailed in the 1930s in Italy, Germany, and Japan. And the book occasionally pauses to consider the activities of non-governmental organizations, including anti-sanctions feminist groups, such as the Women's International League for Peace and Freedom. Still, *The Economic Weapon* is primarily a story about the designers of the sanctions weapon. This limits Mulder's ability to describe popular political struggles, at the national and global levels, or to assess the deterrent effect of the sanctions threat on potential targets.

Mulder's deep dive into the subject's diplomatic and intellectual history also leaves limited space for an inquiry using the methods that have been developed by historians of business and economics. *The Economic Weapon* is not the kind of economic history in which hypotheses are tested at length with quantitative evidence, such as data about prices, or detailed estimates of costs. Business organizations, some of which presumably had a strong interest in sanctions, are not much discussed. These limitations do not detract from Mulder's expert telling of the policymaking story, which will be of interest to many scholars of business and economic history. But they do make it harder for the book to make compelling claims about the economic effects of sanctions.

As Mulder wisely points out in the book's conclusion, given that we now live in a world that has seen the "normalization of sanctions" (p. 293), it is especially important to keep in mind "the difference between economic effects and political outcomes" (p. 295). The best sanctions policies are those that provide deterrence, creating desired political outcomes without imposing direct economic costs on innocent civilians. But often, deterrence fails; sanctions are imposed, but they then often fail to achieve their aims. The targets of sanctions may not respond to them by rationally weighing likely economic costs and benefits; or, alternatively, they may make such an assessment, but conclude that suffering is worth the price of independence. This happened in the 1930s, and it continues to occur today.

Mulder emphasizes the failures of sanctions, including unintended consequences. Thus, readers of *The Economic Weapon* are encouraged to conclude that sanctions should be used more sparingly. But if so, what might be the best alternatives? Should powerful nations and alliances resign themselves to being more tolerant of what they perceive as dangerous militarism, human rights abuses, and genocide? Or, if action is necessary but economic sanctions seem to be a poor option, does this mean that would-be sanctioners need to be prepared to more quickly deploy military force? Mulder's excellent history provides no easy answers to these persistent, troubling questions.

Mark R. Wilson, University of North Carolina, Charlotte, USA