

RECENT BOOKS ON INTERNATIONAL LAW

EDITED BY JEFFREY L. DUNOFF

REVIEW ESSAY

NEUTRALITY AND GOVERNANCE IN A WEAPONIZED WORLD

By *J. Benton Heath**

How Sanctions Work: Iran and the Impact of Economic Warfare. By Narges Bajoghli, Vali Nasr, Djavad Salehi-Isfahani & Ali Vaez. Stanford, CA: Stanford University Press, 2024. Pp. 212. Index.

The Russia Sanctions: The Economic Response to Russia's Invasion of Ukraine. By Christine Abely. Cambridge, UK: Cambridge University Press, 2023. Pp. 123. Index.

Backfire: How Sanctions Reshape the World Against U.S. Interests. By Agathe Demarais. New York: Columbia University Press, 2022. Pp. 304. Index.

Underground Empire: How America Weaponized the World Economy. By Henry Farrell & Abraham Newman. New York: Henry Holt & Co., 2023. Pp. 288. Index.

Economic War: Ukraine and the Global Conflict Between Russia and the West. By Maximilian Hess. London: Hurst Publishers, 2023. Pp. 280. Index.

Bucking the Buck: US Financial Sanctions and the International Backlash Against the Dollar. By Daniel McDowell. Oxford, UK: Oxford University Press, 2023. Pp. 256. Index.

Chip War: The Fight for the World's Most Critical Technology. By Chris Miller. New York: Simon & Schuster, 2022. Pp. 464. Index.

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

About a decade ago, the neural network of the international financial system underwent an identity crisis. Since its establishment in 1973, the Society for Worldwide Interbank Financial Telecommunication (Swift) had become the world's dominant system for transmitting

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information about financial transactions, handling up to 20 million messages per day across 212 jurisdictions.¹ The Belgium-based company reached this position by providing customers with a reliable, confidential, and global system to exchange information.² “[W]e have always maintained the position that we are like the internet,” Swift chief executive officer Gottfried Leibbrandt said in an October 2012 interview, “we connect everybody and we do not listen in on the conversation.”³ In other words, to borrow a phrase from its website, “Swift is neutral.”⁴

By the time Leibbrandt made these comments, Swift’s self-asserted neutrality was under threat. Since 2001, Swift had been recruited by the United States and its European allies into an economic war, first against terrorist organizations like al-Qaeda and later against Iran.⁵ In early 2012, following a pressure campaign led by longtime U.S. foreign policy insiders,⁶ Swift cut several designated Iranian banks and financial institutions out of its network.⁷ Many observers marked this moment as a victory for EU-U.S. banking sanctions, helping pave the way for the 2015 Iran nuclear deal.⁸ But, for the finance professionals at Swift, something was amiss. Leibbrandt mused that “sanctions are by nature divisive,” whereas Swift’s “role is to serve the global community,” and he worried that the network would become the United States and Europe’s “tool of choice” for sanctions policy.⁹ Leibbrandt’s predecessor at Swift, Lázaro Campos, was even more explicit, stating of the Iran episode: “Global organizations are now a species in extinction.”¹⁰

It was a strange thing to say in 2012, but perhaps the bankers were onto something. Today, international legal institutions are “unraveling.”¹¹ It seems, just as Campos warned a decade ago, that economic warfare is weaponizing the conduits of international trade, ending a supposedly peaceful era of globalization that followed the Cold War.¹²

This Essay considers several books that, together, demonstrate how this rise of economic warfare constructs, challenges, and reshapes the global order. These books cover a range of fields and join a large and growing literature that studies the causes of economic warfare, the effectiveness of sanctions, their harmful side effects, and their comparative value to other tools of statecraft.¹³ But, as a collective, the works discussed here are more than that. As Daniel

¹ SUSAN V. SCOTT & MARKOS ZACHARIADIS, *THE SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION (SWIFT)* 1–2 (2013).

² *Id.*

³ John Beck, *Sibos: SWIFT – Q&A – Gottfried Leibbrandt*, *THE BANKER* (Oct. 2012).

⁴ Swift, *Compliance: Swift and Sanctions*, at <https://www.swift.com/about-us/legal/compliance-0/swift-and-sanctions>.

⁵ On Swift’s cooperation in anti-terrorism efforts, see Eric Lichtblau & James Risen, *Bank Data Is Sifted by U.S. in Secret to Block Terror*, *N.Y. TIMES* (June 23, 2006).

⁶ United Against Nuclear Iran, Letter to Yawar Shah, Chairman of the Board of Directors, SWIFT (Jan. 30, 2012), available at https://www.unitedagainstanucleariran.com/sites/default/files/IBR%20Correspondence/UANI_Letter_to_SWIFT_013012.pdf.

⁷ SCOTT & ZACHARIADIS, *supra* note 1, at 134–35.

⁸ See, e.g., ORDE F. KITTRIE, *LAWFARE: LAW AS A WEAPON OF WAR* 148–49 (2016).

⁹ Beck, *supra* note 3.

¹⁰ SCOTT & ZACHARIADIS, *supra* note 1, at 136.

¹¹ IS THE INTERNATIONAL LEGAL ORDER UNRAVELING? (David L. Sloss ed., 2022).

¹² For a powerful critique of this common narrative, see Jessica Whyte, *Economic Coercion and Financial War*, *J. AUSTRAL. POL. ECON.*, at 5, 7 (2022/2023).

¹³ See generally BRUCE W. JENTLESON, *SANCTIONS: WHAT EVERYONE NEEDS TO KNOW* (2022).

Drezner recently argued, it is no longer sufficient to study sanctions in isolation from broader questions about the relationship between economic coercion and the structure of the international political and economic order.¹⁴ These works open the door to addressing such structural questions.

Indeed, the growing literature on sanctions highlights an important missing piece of today's global order: agreed-upon principles of neutrality. In a world where growth and survival depend on the ability to plug into global networks of communication and exchange, neutrality enables states, firms, and individuals to do so without taking sides in major political conflicts. The public international law of neutrality once played this role during wartime. But this function is not, and need not be, served only by formal legal rules. In recent history, alternative conceptions of neutrality developed through the informal norms concerning the proper use and perceived abuse of international trading and financial systems. The works surveyed here highlight the multiplicity and malleability of neutrality beyond the formal legal doctrines of the pre-1945 era.

Carving out space for neutrality in the global order is not necessarily the same as insisting that some actors are “apolitical,” though the two concepts often run together. Neutrality does not necessarily require resurrecting the persistent myth that markets are, or ought to be, somehow separate from politics.¹⁵ Indeed, recent historical work reveals that the neoliberal economic order which arose in the late twentieth century—and that facilitated the growth of assertedly “neutral” networks like SWIFT—was a deeply political project.¹⁶ The architects of the Non-Aligned Movement and the New International Economic Order, in similar fashion, were under no illusions about the relationship between politics and markets.¹⁷ And yet, against the background of the Cold War, they elaborated norms to protect some forms of international engagement against economic coercion and East-West competition.¹⁸ For these and other worldmaking projects, the discovery that market relations are inherently political is only a preliminary—and rather trivial—point. The real question is *how* politics should structure markets, through formal legal norms or otherwise.

In responding to this question, this Essay argues, principles of neutrality may yet play a useful role. In its manifold meanings and internal contradictions, the concept of neutrality can be reconfigured to develop new strategies in response to changing circumstances.¹⁹ This is how an international legal doctrine of neutrality, developed through a series of *ad hoc* compromises, came to stand for a vision of world order based on limited war and commercial

¹⁴ Daniel W. Drezner, *Global Economic Sanctions*, 27 ANN. REV. POL. SCI. 9 (2024).

¹⁵ See, obligatorily, KARL POLANYI, THE GREAT TRANSFORMATION: THE POLITICAL AND ECONOMIC ORIGINS OF OUR TIME (1944).

¹⁶ JESSICA WHYTE, MORALS OF THE MARKET: HUMAN RIGHTS AND THE RISE OF NEOLIBERALISM (2019); QUINN SLOBODIAN, GLOBALISTS: THE END OF EMPIRE AND THE BIRTH OF NEOLIBERALISM (2018).

¹⁷ See generally BANDUNG, GLOBAL HISTORY, AND INTERNATIONAL LAW (Luis Eslava, Michael Fakhri & Vasuki Nesiiah eds., 2017); ADOM GETACHEW, WORLDMAKING AFTER EMPIRE: THE RISE AND FALL OF SELF-DETERMINATION 142–75 (2019).

¹⁸ E.g., GA Res. 3281 (XXIX), Charter on the Economic Rights and Duties of States, Arts. 4, 14, 32 (Dec. 12, 1974).

¹⁹ See Peter Redfield, *The Impossible Problem of Neutrality*, in FORCES OF COMPASSION: HUMANITARIANISM BETWEEN ETHICS AND POLITICS 53, 53–54 (Erica Bornstein & Peter Redfield 2011) (on the “generative” nature of problematic concepts).

peace.²⁰ It is how a rival conception of “positive neutralism” emerged during decolonization as a rejection of and resistance to Cold War-era hegemonic projects.²¹ And it is how non-governmental organizations, caught in deep and longstanding debates over the value of humanitarian neutrality in the crucible of war and atrocities, developed a concept of “humanitarian space” that sought to protect their freedom to operate impartially by connecting to ancient ideas of sanctuary, asylum, and cities of refuge.²²

This latter, spatial conception of neutrality may chart a course for responding to contemporary challenges of economic and financial warfare. The books discussed here focus our attention on virtual spaces: the financial networks, supply chains, and data flows on which politics, markets, and economic sanctions all depend. These networks are, as discussed by several authors here, subject to the control of private corporations and sovereign states—actors that often cannot meaningfully be described as politically “neutral.” But the spatial metaphor helps us think of the networks, themselves, as potentially neutral ground, which must be administered in trust for the benefit of all.²³ This approach is far from the world we inhabit today. But it has the benefit of giving meaningful content to the assertion that a network like Swift “is neutral,” without insisting on the false, apolitical neutrality of markets and market actors.

Today, neutrality is having a moment.²⁴ In a counterpoint to the rapid imposition of sanctions by the United States and its allies in 2022, voices from the Global South insisted that they could condemn Russian aggression without having to join the U.S.-led economic response.²⁵ At the same time, Israel’s brutal campaign in Gaza is triggering growing calls for economic sanctions on the part of all states, lest they be held complicit in war crimes, crimes against humanity, and potentially genocide.²⁶ In each of these conflicts, the moral demand for action is powerful, and the violation of peremptory international norms self-evident. It is all the more urgent, then, to consider how and when to navigate between the fantasy of depoliticized markets and the totalizing logic of “which side are you on?”

I. A WORLD OF BELLIGERENTS

It is not every year that the Annual Meeting of the American Society of International Law devolves into finger-pointing over who is more likely to start the next world war. But in 1933 it was just another sign of the times.

²⁰ See Part I *infra*; Stephen C. Neff, *Disrupting a Delicate Balance: The Allied Blockade Policy and the Law of Maritime Neutrality during the Great War*, 29 EUR. J. INT’L L. 459, 460–63 (2018) (on *ad hoc* development).

²¹ Georges Abi-Saab, *The Newly Independent States and the Rules of International Law*, 8 HOWARD L.J. 95, 117–18 (1962).

²² See Redfield, *supra* note 19, at 62; J. CHARLES COX, *THE SANCTUARIES AND SANCTUARY SEEKERS OF MEDIAEVAL ENGLAND* 1–3 (1911).

²³ Cf. Eyal Benvenisti, *Sovereigns as Trustees of Humanity: On the Accountability of States to Foreign Stakeholders*, 107 AJIL 295 (2013).

²⁴ See, e.g., C.L. Lim & Ryan Martinez-Mitchell, *Neutral Rights and Collective Countermeasures for Erga Omnes Violations*, 72 INT’L & COMP. L. Q. 361 (2023).

²⁵ See David Adler, *The West v. Russia: Why the Global South Isn’t Taking Sides*, GUARDIAN (Mar. 28, 2022), at <https://www.theguardian.com/commentisfree/2022/mar/10/russia-ukraine-west-global-south-sanctions-war>.

²⁶ See, e.g., *Gaza: Human Rights Council Resolution Urges Arms Embargo on Israel*, UN NEWS (Apr. 5, 2024), at <https://news.un.org/en/story/2024/04/1148261#>.

The international legal community was, at the time, grappling with the fallout from Japan's invasion of China, which had provoked unrealized calls for economic sanctions.²⁷ Charles Chaney Hyde, the former U.S. State Department solicitor, noted the rise of what he called a "taking-of-sides" approach to international conflict.²⁸ On this view, states would be expected to join in an economic boycott of an aggressor state, thereby enforcing the outlawry of war and fostering international peace.²⁹ Hyde was skeptical of this emerging theory, which he called the "antithesis of the law of neutrality."³⁰ In response, Quincy Wright suggested that the outlawry of war in the 1928 Kellogg-Briand Pact may have substantially changed the background law of neutrality, and Charles Fenwick was quick to pronounce "that the idea of neutrality was pretty well dead."³¹ Rushing to Hyde's defense was an apoplectic Edwin Borchard, who lamented that this "new school" of international lawyers "wish to 'enforce' peace, so that now in the name of permanent peace we are to have perpetual war."³²

Nicholas Mulder's *The Economic Weapon* returns to the moment between 1914 and 1945 when the legality and legitimacy of economic sanctions were bound up with critical questions of international organization, world war, and lasting peace.³³ The key word in Mulder's title is *weapon*. Sanctions may seek to enforce the peace, he argues, but the economic weapon was also well-understood at the time to be "the very essence of total war."³⁴ In a rich history that spans the manganese pits of Brazil, the streets of Shanghai, the junkyards of Italy, and the conference halls of Paris and Geneva, Mulder traces how this deadly weapon became dislodged from its wartime context and consecrated as a key feature of the world order we inherit today. Throughout the work, Mulder frequently echoes voices like Borchard, suggesting that, in the name of armed peace, the architects of the post-war order have enabled perpetual economic war.

The Economic Weapon locates the origin of modern sanctions in the Allied blockades against the German, Austro-Hungarian, and Ottoman empires during World War I.³⁵ This account is a potentially controversial choice. It requires Mulder, first, to de-emphasize the precedential value of earlier instances of blockade, embargo, boycott, and other forms of economic non-intercourse. He does so by pointing to the vastly different political-economic context in which the earlier tools operated, arguing persuasively that limited economic interdependence prior to the nineteenth century made these earlier tools "qualitatively and quantitatively different from modern economic sanctions."³⁶

Second, Mulder also must set to one side the flurry of normative work done by lawyers and other participants in the turn-of-the-century arbitration movement. This work spawned a dynamic debate about the value of economic sanctions and boycotts, often expressed in

²⁷ See, e.g., 27 ASIL PROC. 1, 4 (1933).

²⁸ Charles Chaney Hyde, *The Boycott as a Sanction of International Law*, 27 ASIL PROC. 34 (1933).

²⁹ *Id.* at 37–38.

³⁰ *Id.* at 38.

³¹ General discussion, 27 ASIL PROC. 55, 55, 63–64 (1933).

³² *Id.* at 61.

³³ NICHOLAS MULDER, *THE ECONOMIC WEAPON: THE RISE OF SANCTIONS AS A TOOL OF MODERN WARFARE* (2022).

³⁴ *Id.* at 4.

³⁵ *Id.* at 27–54.

³⁶ *Id.* at 15.

fervent, even Biblical, terms.³⁷ Mulder suggests that these debates, however interesting, concerned “a tool that at the time existed only on paper.”³⁸ It would take a world war, and the innovations of the twentieth-century wartime blockade, to make the tool a reality.³⁹

Mulder presents a strong case that the blockade provided both the operational precedent and the moral imperative to devise a peacetime economic weapon. The blockade was a vast experiment in global economic governance, which spurred the Allies to innovate many of the tools we now take for granted in modern economic warfare: blacklists and special designations, licensing and permits, and the targeting and blocking of suspicious financial transfers.⁴⁰ It was also extraordinarily deadly: Mulder cites estimates that blockade-related starvation and illness killed up to 900,000 people in Central Europe and the Ottoman Empire.⁴¹

Rightly or wrongly—Mulder argues wrongly—the vast economic and human cost of the blockade came to be credited with securing the Allied victory.⁴² Once this judgment was made, it became an almost foregone conclusion that something like the blockade would be needed to enforce the peace after the war.⁴³ This transformation of the blockade into a peacetime economic weapon, Mulder shows, “shifted the boundary between war and peace, produced new ways to map and manipulate the fabric of the world economy, changed how liberalism conceived of coercion, and altered the course of international law.”⁴⁴

The shift in international law, in large part, concerns the outlawry of war and the transformation of neutrality that bedeviled the 1933 ASIL meeting.⁴⁵ This debate, which remained unresolved throughout the thirties, pitted the “neutralism” of the old order against the “sanctionists.”⁴⁶ Like today’s globalization debates, the politics of this schism could be bewildering: nationalists could sound like liberals, and liberal internationalists could echo German nationalist war planners.⁴⁷ Borchard, an anti-war American Progressive and civil libertarian, could be found making arguments quite similar to those of the Nazi jurist Carl Schmitt.⁴⁸ For self-styled old-schoolers like Borchard, Mulder notes, the law of neutrality was a “moral and legal universe of its own, one in which war was a state of hostility to be contained within space and time,” and where “society, economy, and infrastructure were insulated from state coercion as much as possible.”⁴⁹ The sanctionist vision of collective security backed by the economic weapon threatened to upend this moral universe. In an echo of the broader challenges mounted at the time against classical liberalism and the public-private distinction, the

³⁷ See, e.g., Remarks of George Hale, Lake Mohonk International Arbitration Conference, Second Annual Meeting, June 1896, at 55.

³⁸ MULDER, *supra* note 33, at 20.

³⁹ *Id.*

⁴⁰ *Id.* at 43, 53.

⁴¹ *Id.* at 5.

⁴² *Id.* at 81.

⁴³ *Id.* at 81–82.

⁴⁴ MULDER, *supra* note 33, at 2.

⁴⁵ See BENJAMIN ALLEN COATES, *LEGALIST EMPIRE: INTERNATIONAL LAW AND AMERICAN FOREIGN RELATIONS IN THE EARLY TWENTIETH CENTURY 174–75* (2016).

⁴⁶ MULDER, *supra* note 33, at 156.

⁴⁷ *Id.* at 170.

⁴⁸ See, e.g., Marvin Zalman, *Edwin Borchard's Innocence Project*, 1 *WRONGFUL CONVICTION L. REV.* 124, 125–29 (2020); Carl Schmitt, *The Turn to the Discriminating Concept of War (1937)*, in *WRITINGS ON WAR* 35 (Timothy Nunan ed. & trans., 2011).

⁴⁹ MULDER, *supra* note 33, at 169.

sanctionists attacked the notion that private economic activity could be meaningfully separated from the war program of an aggressor state.⁵⁰ Indeed, for them, it was immoral to sit idly by, and even profit, “as war ravaged the earth.”⁵¹ The sanctionists never fully won the debates of the 1930s, but by the end of World War II, their vision would prevail.⁵²

In recovering the moral commitments of the neutralists, *The Economic Weapon* makes an important contribution to ongoing debates about economic coercion and military force. One widely known history of the laws of war describes the old world order as affording a “license to kill,” and the law of neutrality as offering a convenient “excuse” for those who wished to keep on trading with both sides in an unjust war.⁵³ The outlawing of war and aggression in the UN Charter system is, to be sure, a singular achievement. But critics from Borchard to Frantz Fanon soon recognized that the rise of sanctions would permit a “ruling group” of nations to use the threat of economic ruination to bend others to their will.⁵⁴ The defenders of the system of neutrality thus saw the post-1945 order as a “tragic defeat,” bringing about a world, Mulder writes, fit only “for belligerents.”⁵⁵

II. A WORLD OF WIRES

The old system may not have survived World War II, but in the decades that followed, the United States and its allies, wittingly or not, began to construct a new set of international networks that birthed an altogether different conception of neutrality. The world became increasingly drawn together by wires, which carried electronic signals bearing financial information, communications, and eventually all kinds of data. The United States and its allies initially adopted a liberal approach to this new world of wires, premised on open access, open information flows, and the delegation of governance authority to private actors.⁵⁶ Citibank’s Walter Wriston, one of the architects of this system, imagined that these innovations would make money far more difficult to regulate, and would vindicate individual freedom over the venal politics of national governments.⁵⁷ “No matter what political leaders do or say,” Wriston imagined, “the screens will continue to light up, traders will trade, and currency values will continue to be set not by sovereign governments but by global plebiscite.”⁵⁸ Dissenting voices quickly noticed, though, that these wires ran through various central “choke points,” particularly at U.S.-based financial institutions, and the governments that controlled these points might retain, and even expand, their regulatory power—assuming they ever woke up.⁵⁹

⁵⁰ See *id.* at 170–71.

⁵¹ *Id.* at 171.

⁵² *Id.* at 288.

⁵³ OONA A. HATHAWAY & SCOTT J. SHAPIRO, *THE INTERNATIONALISTS: HOW A RADICAL PLAN TO OUTLAW WAR REMADE THE WORLD* 81–82 (2017).

⁵⁴ Edwin Borchard, *The Impracticability of “Enforcing” Peace*, 55 *YALE L.J.* 966, 971 (1946); see also FRANTZ FANON, *THE WRETCHED OF THE EARTH* n. 128 (1961) (Richard Philcox trans., 1963).

⁵⁵ MULDER, *supra* note 33, at 288.

⁵⁶ E.g., Henry Farrell & Abraham L. Newman, *The Janus Face of the Liberal International Information Order: When Global Institutions Are Self-Undermining*, 75 *INT’L ORG.* 333, 335–36 (2021).

⁵⁷ Walter B. Wriston, *The Twilight of Sovereignty*, 17 *FLETCHER F. WORLD AFF.* 117, 119–20, 126 (1993).

⁵⁸ *Id.*

⁵⁹ Eric Helleiner, *Electronic Money: A Challenge to the Sovereign State?*, 51 *J. INT’L AFF.* 387, 394–97 (1998).

Underground Empire, by political scientists Henry Farrell and Abraham Newman, tells the story of how states woke up.⁶⁰ The book begins in “Walter Wriston’s World,” in which the United States and its allies had, almost without thinking, enabled a network of underground cables and digital signals to connect offices in northern Virginia, lower Manhattan, London, Brussels, Tehran, Moscow, and Beijing.⁶¹ And, Farrell and Newman argue, the United States stumbled almost as unwittingly into transforming these networks into tools of domination.⁶² Today, the phenomenon has a name: “weaponized interdependence.”⁶³ But names purport to render a thing knowable and manageable. And, in accessible narrative prose written for a general audience, Farrell and Newman demonstrate just how much the United States, its allies, and its adversaries still do not know about how to manage the phenomenon they have unleashed.

After September 11, 2001, the authors argue, the United States haltingly set about changing how the global economy works. In targeting terrorist organizations after the 9/11 attacks, the United States “discovered its new superpower—weaponizing the dollar clearing system against its adversaries.”⁶⁴ Officials discovered they could leverage the wires that ran through Virginia and New York to supercharge anti-money laundering and financial sanctions, impose headline-grabbing evasion penalties, and demand concessions from domestic and foreign banks alike.⁶⁵ These stories are not themselves new, and Farrell and Newman duly acknowledge their debt to the writing of other scholars and former government officials.⁶⁶

Underground Empire excels, though, in communicating in plain terms how the United States’ newly discovered superpowers enabled it to cross longstanding lines and remake the world. One such line concerned so-called “U-turn” transactions—dollar-denominated transfers between non-U.S. banks.⁶⁷ The endpoints of these transactions are abroad, but they must use the dollar clearing system, which requires a brief detour through U.S. jurisdiction.⁶⁸ This detour made U-turns subject to U.S. control, but for years the government had carved such transactions out of Iran sanctions.⁶⁹ This reflected, Farrell and Newman suggest, a concession to the “central role of the U.S. dollar in global financial transactions.”⁷⁰ But beginning around 2006, the Treasury began to target these transactions aggressively when ratcheting up its campaign against Iran.⁷¹ These measures, along with subsequent restrictions on foreign correspondent banking, proved to be a game-changer, as the United States showed

⁶⁰ HENRY FARRELL & ABRAHAM L. NEWMAN, *UNDERGROUND EMPIRE: HOW AMERICA WEAPONIZED THE WORLD ECONOMY* (2023).

⁶¹ *Id.* at 17–45.

⁶² *Id.* at 5.

⁶³ Henry Farrell & Abraham L. Newman, *Weaponized Interdependence: How Global Economic Networks Shape State Coercion*, 44 *INT’L SECURITY* 42 (2019).

⁶⁴ FARRELL & NEWMAN, *supra* note 60, at 76.

⁶⁵ *Id.* at 69–72.

⁶⁶ See, e.g., PIERRE-HUGUES VERDIER, *GLOBAL BANKS ON TRIAL* (2020); JUAN C. ZARATE, *TREASURY’S WAR* (2013); Suzanne Katzenstein, *Dollar Unilateralism*, 90 *IND. L.J.* 90 (2015).

⁶⁷ FARRELL & NEWMAN, *supra* note 60, at 73.

⁶⁸ See *id.*

⁶⁹ The inclusion of this carve-out in Iran sanctions implied that U-turn transactions were prohibited in other sanctions regimes, but this prohibition was not routinely enforced until the enforcement push of 2006. Paul L. Lee, *Compliance Lessons from OFAC Case Studies—Part I*, 131 *BANKING L.J.* 657, 666–67 (2012); see also VERDIER, *supra* note 66, at 127–28.

⁷⁰ FARRELL & NEWMAN, *supra* note 60, at 73.

⁷¹ *Id.*

it could effectively cut a country out of the dollar system altogether.⁷² The threat registered around the world: “where once the United States had guaranteed a kind of qualified neutrality in dollar-clearing, it now had unleashed a ‘kind of sanctions doomsday machine that could not be turned back off.’”⁷³

The scale of this transformation has created concerns not just among sanctions’ potential targets, but also among their most celebrated architects. Farrell and Newman refer to a 2016 speech by outgoing U.S. Treasury Secretary Jack Lew—one of those Beltway mic-drop moments that, in some corners of the foreign policy establishment, is ascending to a status akin to Eisenhower’s military industrial complex or Washington’s parting warning against foreign entanglements.⁷⁴ Lew stressed that the central role of the U.S. financial system, which was premised on decades of relative openness, was vital to the U.S. national interest.⁷⁵ “And the more we condition use of the dollar and our financial system on adherence to U.S. foreign policy,” he continued, “the more the risk of migration to other currencies and other financial systems in the medium-term grows.”⁷⁶

Lew’s warning invites us to consider whether weaponized interdependence could eventually upend the dominant global status of the U.S. dollar. Several of the works under review tackle this question. *Bucking the Buck*, by political scientist Daniel McDowell, is a particularly lucid and systematic exploration of the risk that U.S. sanctions pose to dollar dominance.⁷⁷ McDowell attacks his subject with humility and clarity. One of *Bucking the Buck*’s great strengths lies in its descriptive and explanatory sections, which bring systematic clarity to topics such as U.S. dollar hegemony, correspondent banking, currency swaps, and reserves—topics that, to the non-specialist, are often shrouded in jargon.⁷⁸

Taking seriously the political risk that U.S. sanctions inject into the international financial system, *Bucking the Buck* applies quantitative and experimental methods to test how this risk might spur moves away from the dollar. McDowell candidly admits his findings are mixed.⁷⁹ The data supports the intuition that states which are already subject to U.S. sanctions will go to great lengths—diversifying reserves, arranging bond issues and currency swaps with allies, innovating new payments systems, hoarding gold, and experimenting with cryptocurrency—to de-dollarize their international transactions.⁸⁰ States that are merely at risk of future U.S. sanctions might do the same, but the evidence on that point is more uneven.⁸¹ And even where states do attempt to move off the dollar, whether those moves will succeed is an entirely separate question for which *Bucking the Buck* can offer only brief hypotheses.⁸²

⁷² See *id.* at 73–77.

⁷³ *Id.* at 77 (quoting CHRISTOPHER HILL, *OUTPOST: A DIPLOMAT AT WORK* (2015)).

⁷⁴ See *id.* at 77–78.

⁷⁵ Jacob J. Lew, *The Evolution of Sanctions and Lessons for the Future*, CARNEGIE ENDOWMENT INT’L PEACE (Mar. 30, 2016), at <https://carnegieendowment.org/2016/03/30/u.s.-treasury-secretary-jacob-j.-lew-on-evolution-of-sanctions-and-lessons-for-future-event-5191>.

⁷⁶ *Id.*

⁷⁷ DANIEL MCDOWELL, *BUCKING THE BUCK: U.S. FINANCIAL SANCTIONS AND THE INTERNATIONAL BACKLASH AGAINST THE DOLLAR* (2023).

⁷⁸ See, e.g., *id.* at 19–36.

⁷⁹ See *id.* at 5–6.

⁸⁰ *Id.* at 56, 84–102, 113–14.

⁸¹ See *id.* at 5.

⁸² See *id.* Appendix A.

Limitations aside, McDowell has produced an important book. *Bucking the Buck*'s methodological approach is best suited to detecting de-dollarizing moves at the level of individual countries, rather than identifying seismic shifts in the global political economy writ large. But McDowell makes a strong argument that, for now, this is where we are most likely to see challenges to the dollar's preeminence.⁸³ The dollar simply has too many economic and political advantages, he argues, for its hegemony to erode that quickly.⁸⁴ But, as individual countries are forced to find workarounds for the dollar, "the pool of discontents" begins to grow.⁸⁵ And thus Lew's warning about the medium to long term remains a powerful one.⁸⁶

Imagining that long term requires a more speculative approach that is less well-suited to the demands of quantitative political science. It is a good thing then that *Backfire*, by former French Treasury adviser Agathe Demarais, is bound by no such methodological limitations.⁸⁷ While Demarais insists that the book "is not for or against sanctions,"⁸⁸ *Backfire* pulls few punches. After a brief overview of its subject matter, the book is organized as a chapter-by-chapter parade of horrors that sanctions inflict: they devastate economies and kill innocent people; they impose legal and compliance costs that impair business; they generate ripple effects that can disrupt global commodities markets; they undermine trust between allies; and they risk broader systemic consequences for global supply chains, innovation, currency markets, and high-stakes politics.⁸⁹ The book is at its best when providing a readable, journalistic window into one European perspective on U.S. sanctions, reflecting the frustration in Brussels, Paris, and Berlin with their hegemonic and increasingly unpredictable ally.⁹⁰

But Demarais also wants to tell a bigger story about sanctions and the shape of things to come, and here she also engages with threats to dollar dominance. *Backfire* covers a range of political-economic developments, digital innovations, and technological fads that might one day grow to threaten the dollar's hegemonic status. The book flirts briefly with cryptocurrencies like Bitcoin and Ethereum, before admitting that these technologies "are not the panacea that Tehran, Pyongyang, and Moscow are hoping for."⁹¹ Demarais has more interest in state-backed digital currencies, particularly in China, where the government has already experimented with their use in settling international trade transactions.⁹²

Perhaps the most readily available alternatives, though, are just hard currencies. From a sanctions perspective, the euro may seem an attractive competitor, especially given the EU's historic allergy to far-reaching secondary sanctions.⁹³ And forces within China are pushing for internationalization of the renminbi, often with specific reference to U.S. sanctions.⁹⁴ But each of these currencies faces a hard road ahead. While China would seem to have a strong

⁸³ See *id.* at 128.

⁸⁴ *Id.* at 6.

⁸⁵ *Id.*

⁸⁶ *Id.* at 7.

⁸⁷ AGATHE DEMARAIS, *BACKFIRE: HOW SANCTIONS RESHAPE THE WORLD AGAINST U.S. INTERESTS* (2022).

⁸⁸ *Id.* at xii.

⁸⁹ *Id.* at 54–196.

⁹⁰ See, e.g., *id.* at 119.

⁹¹ *Id.* at 141–42, 145.

⁹² *Id.* at 143–46.

⁹³ *Id.* at 148.

⁹⁴ *Id.* at 146–47; MCDOWELL, *supra* note 77, at 134–39.

incentive to challenge the U.S. for currency supremacy, the matter is complicated: such a shift would require complex policy reforms within China, about which there remain substantial disputes among elites.⁹⁵ The euro's future as a dominant global currency is also fraught.⁹⁶ And, when it comes to sanctions, Europe's recent willingness to push the boundaries of extra-territoriality suggest that the euro may no longer be as secondary-sanctions-proof as it was even a few years ago.⁹⁷ Although *Backfire* at times acknowledges that the road toward euro dominance and renminbi internationalization is not straightforward, these limitations are backgrounded in order to advance the book's argument that sanctions pose a long-term threat to the U.S.-led world order.

And indeed, despite the dollar's persistence, the authors discussed here agree that things are shifting, and that aggressive sanctions are part of the story.⁹⁸ U.S. dollar hegemony was always political.⁹⁹ But for a time, the United States operated this system with a dose of putative neutrality, enabling even some of its strongest adversaries to plug into the financial order so long as they did not become too entangled with U.S. persons and institutions.¹⁰⁰ Today, the United States can no longer claim, even to its longtime allies, to guarantee a neutral playing field. And, while the dollar is not readily replaceable, Demarais is broadly correct to perceive that many actors would welcome a shift away from its dominance, and that such a shift would lead to a "fragmenting" global financial system, in which multiple quasi-dominant currencies coexist.¹⁰¹

That new world would limit the reach of U.S. sanctions, while expanding the power of other polities, like China and the EU. And, as several of the works discussed here point out, both China and the EU are also experimenting with weaponizing economic relations.¹⁰² There is thus no reason to expect that, in a fragmenting monetary order, any currency would emerge as even a purportedly neutral medium of exchange. The more likely result is that, in the ruins of Walter Wriston's world, we will see no neutral spaces but only a kind of political-economic arbitrage, as individuals, firms, and governments seek to maximize their reach while minimizing their political risk.

III. A WORLD AFLAME

In a world of weaponized wires, change moves at the speed of light. Many of the books under discussion here were conceived and mostly written in the late 2010s, following a renewed interest in sanctions triggered by the U.S. withdrawal from the Iran nuclear deal and rising geoeconomic tensions with China. Russia's 2022 invasion of Ukraine, and the

⁹⁵ These are discussed in McDOWELL, *supra* note 77, at 135–39, 145–46.

⁹⁶ See, e.g., Martin Mühleisen, *The International Role of the Euro and the Dollar: Forever in the Lead?*, ATLANTIC COUNCIL GEOECONOMICS CTR., at 7–9 (2022), at <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/the-international-role-of-the-euro-and-the-dollar-forever-in-the-lead>.

⁹⁷ See, e.g., Alexandra Hofer, *The EU's "Massive and Targeted" Sanctions in Response to Russian Aggression, a Contradiction in Terms*, 2023 C.A.M.B. Y.B. EUR. LEGAL STUDS. 1, 18–21.

⁹⁸ DEMARAIS, *supra* note 87, at 153; McDOWELL, *supra* note 77, at 7.

⁹⁹ See, e.g., Mona Ali, *Regime Change?: The Evolution and Weaponization of the World Dollar*, PHENOMENAL WORLD (Apr. 27, 2022), at <https://www.phenomenalworld.org/analysis/regime-change>.

¹⁰⁰ See Katzenstein, *supra* note 66, at 306–12.

¹⁰¹ DEMARAIS, *supra* note 87, at 152, 154.

¹⁰² *Id.* at 155; FARRELL & NEWMAN, *supra* note 60, at 139–40.

sheer scale of the response, changed the narrative on sanctions once again.¹⁰³ The speed of sanctions outpaced the speed of publication schedules, and many authors openly struggled to keep up.¹⁰⁴ But several of the books discussed in this Essay arrive with the express purpose of understanding economic warfare's "hot zones," and to make sense of the world that is changing around us.

A. *Russia*

Two new books, developed and released after the 2022 invasion, seek to understand how the Russia-Ukraine conflict has reshaped geoeconomic relations. *Economic War*, by London-based political risk consultant Maximilian Hess, frames the invasion as a hinge point in a geopolitical and economic conflict that had in fact been under way since before the invasion of Crimea in 2014.¹⁰⁵ Hess's thesis is perhaps best articulated by the map that appears on book's endpaper. Rather than a detailed rendering of Ukraine's Eastern frontier, the 2022 map by Arnold Platon portrays the battlefield as the entire globe, marking oil refineries, shipping lanes, and pipelines servicing Russia and China.¹⁰⁶ Hess wants to expand our vision of the theater of war, and the book unfolds as a bewildering parade of colorful characters, speculative ventures, and hard political and economic choices, with scenes in Mozambique, Venezuela, India, China, and Iraq.¹⁰⁷ And, if this is economic war, then Hess also wants us to choose sides. As *Economic War* unfolds, it speaks to the emerging cracks in the European and American front against Russia, and the book issues repeated calls for "greater unity" within Europe and among the Western powers and their allies to challenge the Russian threat.¹⁰⁸

The Russia Sanctions, by law professor Christine Abely, is the only law book among those reviewed here, and takes a suitably technical approach to its subject matter.¹⁰⁹ Whereas Hess's book presents an overflowing *dramatis personae* of oligarchs and politicians, Abely's main characters are legal instruments: sanctions legislation, executive orders, general licenses, lists of designated nationals, and enforcement actions. The book is an excellent reference, offering a succinct overview of the history of U.S. and European sanctions and a concise guide to the relevant legislation from several jurisdictions.¹¹⁰ Its thematic organization emphasizes the challenges of implementing sanctions on an economy as sizable as Russia, with chapters focusing on the energy sector, food insecurity, and the impact on the global financial system.¹¹¹

The Nord Stream 2 saga serves as an inkblot test for how each author might understand the implications of the Russia episode for our new world of weaponized economic relations. The

¹⁰³ E.g., Elena Chachko & J. Benton Heath, *A Watershed Moment for Sanctions? Russia, Ukraine, and the Economic Battlefield*, 116 AJIL UNBOUND 135 (2022).

¹⁰⁴ See, e.g., DEMARIS, *supra* note 87, at 197; MCDOWELL, *supra* note 77, at xv.

¹⁰⁵ MAXIMILIAN HESS, *ECONOMIC WAR: UKRAINE AND THE GLOBAL CONFLICT BETWEEN RUSSIA AND THE WEST 2* (2023).

¹⁰⁶ See *id.*

¹⁰⁷ *Id.* at 91–130.

¹⁰⁸ See, e.g., *id.* at 181.

¹⁰⁹ CHRISTINE ABELY, *THE RUSSIA SANCTIONS: THE ECONOMIC RESPONSE TO RUSSIA'S INVASION OF UKRAINE* (2023).

¹¹⁰ See *id.* at 5–6.

¹¹¹ *Id.* at 27–87.

pipelines had long been in the political crosshairs. For some hawkish U.S. policymakers, the Nord Stream 2 project—financed by a consortium of European investors and owned by the Russian state-owned Gazprom—recalled earlier Cold War-era fights over European energy dependence on Russia.¹¹² On the other hand, former German Chancellor Angela Merkel insisted that the pipelines were just a “commercial project.”¹¹³ Despite U.S. pressure, Nord Stream 2 project was completed in 2021. But it would never open, having been finally halted by Germany hours after Russian troops crossed into Ukraine.¹¹⁴

The pipelines’ troubled history offers a lesson for every perspective. Hess is deeply critical of Germany’s past efforts to tie its energy supplies so closely to Russia, treating Berlin’s policies as an outgrowth of a distinctly European faith in the idea that economic interdependence leads to peace.¹¹⁵ A more “healthy” energy matrix, Hess suggests, demands some degree of independence, and could require reversing Germany’s aversion to nuclear power.¹¹⁶ *Backfire*, by contrast, portrays the overreaching United States as the villain of the story.¹¹⁷ Demarais argues that U.S. sanctions and threats helped galvanize hostility to sanctions even among some pipeline opponents in Europe, undermining transatlantic trust on the eve of the 2022 invasion.¹¹⁸ She also suggests, with considerable spin, that Germany’s eleventh-hour decision to halt the pipeline confirms “that the fate of the pipeline was only ever going to be determined by Berlin.”¹¹⁹ Abely, though an advocate of strong Russia sanctions elsewhere, is more willing to hedge here, pointing to the difficult and sometimes tragic short-term choices facing Europe: juxtaposing interdependence and vulnerability to Russia, on the one hand, to sanctions plus forms of energy that are anathema to a non-nuclear green transition, on the other.¹²⁰

And perhaps the only lessons are tragic ones. For Farrell and Newman, the Nord Stream controversy is an exemplar of the bumbling way the world discovered weaponized interdependence: through a series of moves and countermoves in which Russia weaponizes gas supplies, Ukraine urges American allies to target engineering and shipping interests, Germany hedges and hesitates, the rivals play American and German political parties against each other, no policy is without substantial cost, and no one emerges crowned in glory.¹²¹ But it is equally clear that Europe cannot go back. “Once upon a time, Europe had dreamed it could enjoy the friendship of its protector [the United States] and trade with everyone else, all at once, while staying blessedly protected from harm,” Farrell and Newman write.¹²² But, in early 2022, Europe “had finally awoken, cold and alone.”¹²³

¹¹² DEMARAIS, *supra* note 87, at 101–10.

¹¹³ FARRELL & NEWMAN, *supra* note 60, at 131.

¹¹⁴ *Id.* at 135.

¹¹⁵ HESS, *supra* note 105, at 50, 180.

¹¹⁶ *See id.* at 173–74 (comparing Germany with France).

¹¹⁷ DEMARAIS, *supra* note 87, at 110–11.

¹¹⁸ *Id.* at 119.

¹¹⁹ *Id.* at 115.

¹²⁰ ABELY, *supra* note 109, at 63–65.

¹²¹ FARRELL & NEWMAN, *supra* note 60, at 129–37.

¹²² *Id.* at 144.

¹²³ *Id.*

B. China

In April 2024, one of the most notable aftershocks to Taiwan's biggest earthquake in twenty-five years would be felt 7,000 miles away in Arizona. The quake, though deadly, killed very few people, owing to decades of disaster preparedness on the island.¹²⁴ But it briefly disrupted the normal twenty-four-hour work cycle in the nation's semiconductor industry, which is led by chip giant Taiwan Semiconductor Manufacturing Corp. (TSMC).¹²⁵ TSMC holds almost 90 percent of the market share for the world's smallest and most advanced chips.¹²⁶ For observers abroad, the short disruption highlighted the damage to global supply chains that could follow a more devastating disaster.¹²⁷ Or, worse, what might happen in a military confrontation with Taiwan's neighbor across the strait?¹²⁸ All this was in the background when, days later, the Biden administration announced a \$6.6 billion grant for TSMC to build an advanced, next-generation chipmaking facility in Phoenix, Arizona.¹²⁹

Chip War, by historian Chris Miller, is an essential guide to how these silicon wafers came to shape the global political economy and how they may yet shape the conflicts to come.¹³⁰ In bite-sized chapters optimized for partial reads by Beltway insiders, Miller shows how the modern semiconductor was born, and how the supply chain for these tiny silicon wafers stretched across the world, connecting California's Silicon Valley, the Dallas-Fort Worth metroplex, and manufacturing hubs in Taiwan, Japan, Korea, Israel, and the Netherlands.

One of the key takeaways from Miller's book is that, like Wriston's beloved financial system, the semiconductor supply chain is global, but not globally redundant or resilient. The whole world now depends on TSMC in Taiwan for advanced chips.¹³¹ The lithography machines required to make those chips are produced by a single Dutch company, ASML.¹³² The patents for other essential tools in the manufacturing process are held by a "small oligopoly" of companies in the United States and Japan.¹³³ Almost all chips use software from one of three U.S.-based companies.¹³⁴ And so on.

These nodes in the network are all, to use Farrell and Newman's terminology, chokepoints. And the final chapters of *Chip War* show how the United States, in particular, learned to

¹²⁴ Chris Buckley, Meghan Tobin & Siyi Zhao, *Why Taiwan Was So Prepared for a Powerful Earthquake*, N.Y. TIMES (Apr. 4, 2024).

¹²⁵ Cheng Ting-Fang, Lauly Li & Ryohtaroh Satoh, *Taiwan Quake Highlights Risks and Readiness of Asia's Chip Sector*, NIKKEI ASIA (Apr. 5, 2024), at <https://asia.nikkei.com/Business/Technology/Taiwan-quake-highlights-risks-and-readiness-of-Asia-s-chip-sector>.

¹²⁶ Kathrin Hille, *TSMC: How a Taiwanese Chipmaker Became a Linchpin of the Global Economy*, FIN. TIMES (Mar. 24, 2021), at <https://www.ft.com/content/05206915-fd73-4a3a-92a5-6760ce965bd9>.

¹²⁷ Ting-Feng, Li & Satoh, *supra* note 125.

¹²⁸ E.g., Rishi Iyengar, *The Chipmaking World Hedges Its Taiwan Bets*, FOR. POL'Y (Apr. 11, 2024), at <https://foreignpolicy.com/2024/04/11/semiconductor-chips-taiwan-earthquake-tsmc-choke-point>.

¹²⁹ Christine Mui, *Biden Deploys \$6.6B to Boost Global Chipmaker in Key Swing State*, POLITICO (Apr. 8, 2024), at <https://www.politico.com/news/2024/04/08/biden-funding-taiwan-chipmaker-arizona-00150991>.

¹³⁰ CHRIS MILLER, *CHIP WAR: THE FIGHT FOR THE WORLD'S MOST CRITICAL TECHNOLOGY* (2022).

¹³¹ *Id.* at 331.

¹³² *Id.* at xxv.

¹³³ *Id.* at 309.

¹³⁴ *Id.* at 315.

weaponize them.¹³⁵ Wielding export controls, the United States was able to restrict the national champion Huawei from obtaining U.S.-produced inputs, including not just goods but also technology and software.¹³⁶ In 2020, the Trump administration leveraged a long-dormant provision called the “Foreign Direct Product Rule” to prevent Huawei from also obtaining any product that was built using U.S. products or intellectual property.¹³⁷ In supply chains where many links were held by oligopolies or single firms, this made it extraordinarily difficult for the company to buy the most advanced chips.¹³⁸ The United States also prevailed on the Netherlands to ensure that ASML would not sell its most advanced lithography machines to Chinese companies.¹³⁹ The Biden administration has continued and even advanced these policies.¹⁴⁰ China, meanwhile, is looking to adapt, as are other countries caught in the crossfire.¹⁴¹

This is a precarious world, as the position of TSMC reflects. The semiconductor giant spans geopolitical lines, with fabrication centers existing or coming online in Nanjing, Kumamoto, Dresden, and Phoenix.¹⁴² But this dominance also makes it, and its national patron, vulnerable. Policymakers in Taipei have long understood that building semiconductor dominance on the island would strengthen ties with the United States and help secure it from encroachments from the mainland.¹⁴³ And so, even as the company expanded its overseas footprint, it kept its most advanced facilities at home, seemingly clinging to its so-called “silicon shield.”¹⁴⁴

The news from Phoenix last April, however, changes the picture. If the deal with the United States comes to fruition, TSMC will no longer be producing the world’s most advanced chips only inside Taiwan.¹⁴⁵ It might seem a win for a foreign firm to obtain such a sizable subsidy from the U.S. government. But the grant comes after years of speculation in Washington about how TSMC might be “pressure[d],” through export controls and other means, to diversify its operations.¹⁴⁶ Meanwhile, voices in Taiwan are wondering whether diversification would undermine the island’s security.¹⁴⁷ Miller’s book ends with a slew of terrifying scenarios for military confrontation between China, Taiwan, and the United States, which we can hope will never come to pass.¹⁴⁸ Meanwhile, for Morris Chang, the U.S.-trained founder of TSMC and now a trade envoy for Taiwan, the lesson

¹³⁵ See especially *id.* at 315–17.

¹³⁶ *Id.*

¹³⁷ FARRELL & NEWMAN, *supra* note 60, at 102–03.

¹³⁸ *Id.*

¹³⁹ MILLER, *supra* note 130, at 316–17.

¹⁴⁰ See, e.g., Brian Egan, *New US Semiconductor Export Controls Signify Dramatic Shift in Tech Relations with China*, JUST SECURITY (Oct. 24, 2022), at <https://www.justsecurity.org/83744/new-us-semiconductor-export-controls-signify-dramatic-shift-in-tech-relations-with-china>.

¹⁴¹ E.g., MILLER, *supra* note 130, at 319–25.

¹⁴² TSMC, *About TSMC*, at <https://www.tsmc.com/english/aboutTSMC>.

¹⁴³ MILLER, *supra* note 130, at 65.

¹⁴⁴ See *id.* at 331, 341.

¹⁴⁵ Mui, *supra* note 129.

¹⁴⁶ MILLER, *supra* note 130, at 334.

¹⁴⁷ Aidan Powers-Riggs, *Taipei Fears Washington Is Weakening Its Silicon Shield*, FOR. POL’Y (Feb. 17, 2023), at <https://foreignpolicy.com/2023/02/17/united-states-taiwan-china-semiconductors-silicon-shield-chips-act-biden>.

¹⁴⁸ MILLER, *supra* note 130, at 335–43.

learned from these rising tensions seems clear enough: “Globalization is almost dead and free trade is almost dead,” he said in 2022 at an event in Phoenix, echoing Campos, the former Swift chief executive. “A lot of people still wish they would come back, but I don’t think they will be back.”¹⁴⁹

C. Iran

Many of the books discussed here treat weaponized interdependence as something that was only recently discovered, but in some places the phenomenon has been a lived reality for generations. So-called “pariah states,” like Iran and North Korea, have long been testing grounds for the United States and its allies to experiment with tools of economic coercion before moving on to more high-profile targets like Russia and China. Although the insight may not sell as many books in the Beltway, it is a relatively straightforward and uncontested observation among post-colonial scholars and Third World Approaches to International Law that countries like Iran are proving grounds for new techniques of financial and economic imperialism.¹⁵⁰

How Sanctions Work, by an interdisciplinary team of scholars and professionals, turns the focus to how sanctions work inside Iran.¹⁵¹ The authors deploy a range of methods, including original fieldwork in Iran, to show how U.S.-led sanctions against the country have reshaped Iranian society and political economy.¹⁵² The authors cover the long history of sanctions and U.S.-Iran relations, but their focus is on the “maximum pressure” campaign, which was initiated by the Trump administration upon its withdrawal from the Iran nuclear deal and largely continues under Biden.¹⁵³ Much of this work, following Joy Gordon’s landmark study of Iraq sanctions, focuses on the toll that the “invisible war” takes on ordinary citizens, pushing millions of middle class individuals to the knife’s edge of poverty, driving food insecurity, and corroding infrastructure.¹⁵⁴ But the authors also show how Iranians manage to work around sanctions by building networks of mutual aid and informal charity, as well as small-business innovations born from “isolation and a desire for autarky.”¹⁵⁵

Making causal claims about sanctions is always tricky, and Iran is no exception. A complex array of international and domestic factors can drive economic decline or political repression, and the authors of *How Sanctions Work* admit that it is often difficult to isolate the effects of U.S. sanctions alone.¹⁵⁶ Even if we set aside the effect of domestic and regional politics, the

¹⁴⁹ Cheng Ting-Fang, *TSMC Founder Morris Chang Says Globalization “Almost Dead,”* NIKKEI ASIA (Dec. 8, 2022), at <https://asia.nikkei.com/Spotlight/Most-read-in-2022/TSMC-founder-Morris-Chang-says-globalization-almost-dead>.

¹⁵⁰ This is the focus of a recent and valuable symposium. See, e.g., Michael Fakhri, *Situating Unilateral Coercive Measures Within a Broader Understanding of Systemic Violence*, YALE J. INT’L L. ONLINE (June 23, 2023), at <https://www.yjil.yale.edu/situating-unilateral-coercive-measures-within-a-broader-understanding-of-systemic-violence>; Maryam Jamshidi, *Sanctions’ New Colonizers*, YALE J. INT’L L. ONLINE (June 22, 2023), at <https://www.yjil.yale.edu/sanctions-new-colonizers/>.

¹⁵¹ NARGES BAJOGHLI, VALI NASR, DJAVAD SALEHI-ISFAHANI & ALI VAEZ, *HOW SANCTIONS WORK: IRAN AND THE IMPACT OF ECONOMIC WARFARE* (2024).

¹⁵² *Id.* at 8.

¹⁵³ See *id.* at 11.

¹⁵⁴ See *id.* at 1, 14–19; JOY GORDON, *INVISIBLE WAR: THE UNITED STATES AND THE IRAQ SANCTIONS* (2010).

¹⁵⁵ BAJOGHLI, NASR, SALEHI-ISFAHANI & VAEZ, *supra* note 151, at 21–25.

¹⁵⁶ E.g., *id.* at 18, 77–80.

United States’ pressure campaign against Iran is not limited to sanctions. For example, although the authors argue that sanctions have distorted Iranian domestic politics and public discourse, one of their interviewees describes the United States’ ill-considered and unlawful assassination in 2020 of General Qasem Soleimani, not the sanctions themselves, as the key turning point where conservative voices seem to have obtained the upper hand in Iranian politics.¹⁵⁷ Still, the authors emphasize that “without US sanctions and pressure, Iran might truly have charted a different path” over the past decade.¹⁵⁸

The path that Iran has pursued, *How Sanctions Work* argues, is one of shrinking political and economic space for domestic critics of the regime. In the authors’ interviews, Iranian internal politics comes to resemble a mirror-image of the weaponized world outside. For instance, sanctions have fueled efforts by Iranian officials to develop a “resistance economy” of local industry, which is dominated by regime loyalists.¹⁵⁹ At the same time, wealthy private business owners—whose politics lean toward reform—complain that they are being “wiped out” by sanctions pressure: “Our traditional business partners outside the country are afraid to do business with us. . . . [T]hese businesses run by those with the Revolutionary Guard can take risks and break sanctions that we just don’t have enough capital or political clout to do so.”¹⁶⁰ Activist sources, meanwhile, describe how Iranian politics, once vibrant with reformist energy, have become “securitized” since the collapse of the nuclear deal.¹⁶¹ With no space to safely conduct their work, artists and activists describe turning inward:

I’ve given up the urge to organize for change in formal ways in this system. The atmosphere is so tense and securitized. . . . So, we’ll do like our parents taught us in the 1980s: we cultivate[,] . . . we plant seeds of beauty and culture, we push the confines of this state every day with our presence, and when the situation gets better and it’s not as dangerous to organize again, then we’ll reemerge. . . .¹⁶²

IV. A WORLD WITHOUT GOVERNORS

The books surveyed here describe a weaponized and increasingly precarious world, which cries out for multilateral governance. Demarais ends her book with a call for the United States to “push for the creation of an international institution overseeing sanctions.”¹⁶³ Of course, that has been done—at least twice. The League of Nations was premised on the idea that multilateral sanctions could secure the peace and deter aggression.¹⁶⁴ And the framers of the United Nations Charter endowed the Security Council with capacious sanctioning power, though the full extent of that power would only be realized decades later following the end of the Cold War.¹⁶⁵

¹⁵⁷ *Id.* at 48. This essay was substantially completed before the results of the 2024 presidential election in Iran.

¹⁵⁸ *Id.* at 32.

¹⁵⁹ *Id.* at 50–51.

¹⁶⁰ *Id.*

¹⁶¹ *Id.* at 42–49.

¹⁶² *Id.* at 28.

¹⁶³ DEMARAIS, *supra* note 87, at 199–200.

¹⁶⁴ MULDER, *supra* note 33, at 82–87.

¹⁶⁵ DAVID CORTRIGHT & GEORGE A. LOPEZ, *THE SANCTIONS DECADE: ASSESSING U.N. STRATEGIES IN THE 1990S* (2000).

But, in a sense, Demarais is right to suggest that true global sanctions governance has never been tried. The international community has never developed a multilateral institution capable of monopolizing the legitimate use of economic coercion at the supranational level.¹⁶⁶ Woodrow Wilson once imagined that the League of Nations would do this.¹⁶⁷ But neither the League nor the United Nations ever lived up to the ambitions of their most internationalist proponents. Even when these organizations were functioning, states found they could much more easily leverage sanctions against their preferred targets unilaterally or in small groups than through truly global cooperation.¹⁶⁸ And no agreed-upon set of legal rules has prevented states from doing so.¹⁶⁹

Most of the authors discussed here, bereft of any meaningful opportunity for centralized international governance, are left pleading for the economic warriors to govern themselves. McDowell, for instance, urges Washington to save sanctions for cases where “core” U.S. interests are threatened, to consider their targets’ ability to respond with alternatives to the dollar system, and to coordinate with allies whenever possible.¹⁷⁰ Farrell and Newman hope that economic statecraft could be less focused on chasing dominance and stoking mutual fear, and instead on redressing common problems.¹⁷¹ These are all worthy goals. But, given past practice, such recommendations can easily shade into a plea for the United States, Europe, and China to act as kinder, gentler empires. “No one likes or trusts a bully,” Farrell and Newman write, in a sentence that is not likely to make anyone feel safe, “but people are willing to accept power if it’s used benevolently.”¹⁷²

In a world without centralized governance, perhaps it is appropriate to return once again to neutrality. The old law of neutrality, as two scholars have recently argued, was a “hard-won institution that reflected principles of . . . equality and autonomy” in a horizontal legal order.¹⁷³ It purported to limit the spill-over effects of conflict, and offered the newly decolonized states protection from external intervention.¹⁷⁴ In a world where war was simply politics by other means, neutrality purported to keep its destructive force within spatial and conceptual boundaries, allowing economic life to continue with minimal interference.¹⁷⁵ The neutrality of Swift and Walter Wriston’s World, likewise, sought to insulate essential global networks from the demands of interstate politics. These visions of neutrality were not perfect, or even particularly just. They relied on untenable distinctions between the political and the economic, and they permitted the banks and the arms dealers to profit handsomely.

And yet, in the effort to chart spaces beyond the reach of economic warfare, ideas of neutrality may yet hold promise. One recent suggestion would turn to the law of armed conflict

¹⁶⁶ See generally J. Benton Heath, *Economic Sanctions as Legal Ordering*, MICH. INT’L L.J. (forthcoming 2025), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4531489.

¹⁶⁷ See Woodrow Wilson, *The Principles of Peace*, Address at the Metropolitan Opera House, N.Y.C., Sept. 27, 1918, reprinted in 80 THE ADVOCATE OF PEACE 267, 268 (1918).

¹⁶⁸ See, e.g., MULDER, *supra* note 33, at 133, 291–95.

¹⁶⁹ BAJOGHLI, NASR, SALEHI-ISFAHANI & VAEZ, *supra* note 151, at 147. On the international and domestic legal frameworks, see Elena Chachko, *Virtue Sanctioning*, 84 OHIO ST. L.J. 1435, 1447–54 (2024).

¹⁷⁰ MCDOWELL, *supra* note 77, at 159–61.

¹⁷¹ FARRELL & NEWMAN, *supra* note 60, at 205–13.

¹⁷² *Id.* at 15.

¹⁷³ Lim & Martínez-Mitchell, *supra* note 25, 368–69.

¹⁷⁴ *Id.* at 391.

¹⁷⁵ See MULDER, *supra* note 33, at 16–17.

for guidance.¹⁷⁶ These authors, provocatively, would borrow the protection afforded by international humanitarian law to “objects indispensable to the survival of the civilian population,” and apply that protection to global financial networks or food supply chains.¹⁷⁷ Notably, their work draws on earlier policy proposals within the European Union to secure the “independence and political neutrality” of Swift against U.S. sanctions.¹⁷⁸

This proposal subtly shifts our thinking from focusing on neutral actors to neutral spaces. It conceives these critical global networks as a kind of neutral ground, in principle open to all, as objects indispensable to the survival of civilian populations. The private companies and sovereign states that control these networks are not neutral actors in their own right, but rather could be considered as fiduciaries obligated to operate these networks in trust for the benefit of humanity. This could entail obligations to provide access on an impartial basis, to give due respect and concern to affected parties, and to ensure the provision of basic necessities to a greater degree than the current, often frustrating system of humanitarian exceptions and licenses.¹⁷⁹ Any such reforms, to be sure, are a long way off. But they provide a conceptual and legal hook for the hope, shared by many authors here, that the United States and other would-be hegemony might be made to leverage their power “to serve the global as well as the national interest.”¹⁸⁰

V. A WORLD WITHOUT REFUGE

Some days change moves at the speed of light, and on others it will not move at all. Israel’s relentless attacks on Gaza in retaliation for the Hamas-led atrocities of October 7 have, at the time of this writing, killed more than 30,000 people.¹⁸¹ Israel’s operation has been characterized from the beginning by widespread reports of war crimes, arbitrary restrictions on humanitarian assistance, repeated mass displacement, and terrifying, even genocidal, statements from many government leaders.¹⁸² The situation is untenable, and the images from Gaza unbearable. “It’s time for sanctions,” said Michael Fakhri, the UN Special Rapporteur on the Right to Food, in Geneva in March 2024. “Real action. Real pressure. That’s what ended apartheid in South Africa.”¹⁸³

But this time we have not seen the lightning-quick response from the West that followed Russia’s 2022 invasion. Western states have largely maintained their political and military relationships with Israel, while other institutions have responded to divestment campaigns with claims of “institutional neutrality.”¹⁸⁴ In reaction, some critics seem ready to jettison the whole idea of neutrality, with one commentator writing that “Gaza has exposed these

¹⁷⁶ Nathanael Tilahun & Obiora Okafor, *Economic Sanctions and Humanitarian Principles: Lessons from International Humanitarian Law*, YALE J. INT’L L. (June 26, 2023), at <https://yjil.yale.edu/economic-sanctions-and-humanitarian-principles-lessons-from-international-humanitarian-law>.

¹⁷⁷ *Id.*

¹⁷⁸ *Id.*

¹⁷⁹ See, e.g., Desirée LeClercq, *Rights-Based Sanctions Procedures*, 75 ADMIN. L. REV. 105 (2023).

¹⁸⁰ FARRELL & NEWMAN, *supra* note 60, at 211.

¹⁸¹ Victoria Kim, *Death Toll in Gaza Passes 30,000*, N.Y. TIMES (Feb. 29, 2024), at <https://www.nytimes.com/2024/02/29/world/middleeast/gaza-death-toll-war.html>.

¹⁸² See, e.g., Human Rights Watch, *Israel Not Complying with World Court Order in Genocide Case* (Feb. 26, 2024), at <https://www.hrw.org/news/2024/02/26/israel-not-complying-world-court-order-genocide-case>.

¹⁸³ Middle East Monitor (@MiddleEastMnt), X, at 1:51/2:19 (Mar. 20, 2024, 3:49 p.m.), at <https://twitter.com/MiddleEastMnt/status/1770538209535258983>.

¹⁸⁴ See, e.g., Alison Winters, Josh Rehders & Parker Smith, *Debrief with Diermeier: Principled Neutrality and Campus Activism*, VANDERBILT HUSTLER (Mar. 22, 2024), at <https://vanderbilthustler.com/2024/03/22/debrief-with-diermeier-principled-neutrality-amid-campus-activism>.

high-minded appeals to ‘political independence’ and ‘neutrality’ as morally vacuous conflict-avoidance.”¹⁸⁵

But the atrocities in Gaza and southern Israel also expose what neutrality might get right, as well as where it goes wrong. The Palestinian territories have long been a flashpoint for debate among humanitarians over whether it is possible to adopt a politically neutral stance without thereby legitimizing the occupation.¹⁸⁶ A powerful line of critique contends that, by taking a neutral stance, aid organizations avoid openly criticizing Israel’s own failures as an occupying power, and thereby help to “subsidize” the occupation.¹⁸⁷ But, at the same time, the truism that “everything is political” is carried to brutal, absurd extremes in wartime, as witnessed today by the recurrent killing of humanitarian workers, the politically motivated frustration of aid deliveries, and the strategic interruption of basic services. The situation only underscores the need to reestablish humanitarian space for the distribution of aid without political favor.¹⁸⁸ In these conflict-ridden situations, in which claims to be a neutral actor are specious at best, the need for neutral space—for respite and refuge—is all the more pressing.

This insight, too, can be transposed back to the economic theater of war. Our current moment illustrates how the neutrality of global markets, like that of humanitarian space, was “a fragile fiction, easily disrupted by state strategy or violence.”¹⁸⁹ Economic warfare is quieter than its kinetic variant, but, to borrow from Woodrow Wilson, it can be equally deadly and terrible.¹⁹⁰ Economic war stalks us at home, at work, in the market, and even in the hospital.¹⁹¹ This new economic security state is not likely to retreat, nor to be brought under the control of a centralized international institution, anytime soon. In the meantime, the need for better international regulation of economic warfare remains.¹⁹² Neutrality is a fraught and complex concept, and its application to economic conflict would require considerable efforts at line-drawing, which scholars have only begun to think through.¹⁹³ But, the works discussed here collectively suggest, this troubled concept also holds out a fragile promise of sanctuary in a world of nonstop economic warfare.

¹⁸⁵ Adam Johnson, *Gaza Has Exposed Journalistic and Academic “Neutrality” as the Conservative Deflection It Always Was*, IN THESE TIMES (June 3, 2024), at <https://inthesetimes.com/article/gaza-israel-russia-ukraine-press-journalism-pen-america>.

¹⁸⁶ See, e.g., Laura Hammond, *Neutrality and Impartiality*, in THE ROUTLEDGE COMPANION TO HUMANITARIAN ACTION 87, 93 (Roger Mac Ginty & Jenny H. Peterson eds. 2015).

¹⁸⁷ Elise Reslinger & Joan Deas, *Humanitarian Aid in Palestine: Reconsidering Neutrality Through Child Protection*, ALTERNATIVES HUMANITAIRES (Nov. 17, 2017), at <https://www.alternatives-humanitaires.org/en/2017/11/17/humanitarian-aid-in-palestine-reconsidering-neutrality-through-child-protection>.

¹⁸⁸ Médecins Sans Frontières, *Attacks on Humanitarian Workers in Gaza Make Vital Assistance Nearly Impossible* (Feb. 27, 2024), at <https://www.msf.org/attacks-humanitarian-workers-gaza-make-vital-assistance-nearly-impossible>.

¹⁸⁹ Redfield, *supra* note 19, at 62.

¹⁹⁰ MULDER, *supra* note 33, at 2.

¹⁹¹ See Perry S. Bechky, *Sanctions and the Blurred Boundaries of International Economic Law*, 83 MO. L. REV. 1, 30 (2018).

¹⁹² Chachko, *supra* note 169, at 1439.

¹⁹³ Cf. Jeena Shah, *Decolonizing Sanctions: The Emancipatory Potential of Sanctions in “Boycott, Divestment, and Sanctions” (BDS) Movements*, COLUMBIA HUM. RTS. REV. (forthcoming 2024), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4815810 (applying concepts of independence, anti-colonialism, and non-domination to draw lines between legitimate and illegitimate sanctions).