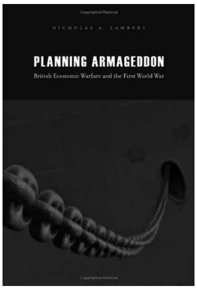
Zarate's history clearly conveys the intent of Treasury's approach. As such, *Treasury's War* should be required reading for policy makers. However, with a decade of on-the-ground policy implementation, *Treasury's War* should be more than a triumphal recitation. Mr. Zarate's assessments of the efficiency, efficacy, coherence and limitations of Treasury's policy would have strengthened the book. The most serious, yet unspoken, limitation of Treasury's approach is that it does not project power. It works by reduction, isolating US finance from designated entities and their associates. The logical endpoint of any such system is US self-isolation, not power projection. Secondly, created and administered by lawyers and prosecutors, Treasury's approach maintains the petite fiction of domestic legality when, in fact, the policy was designed to operate beyond US legal jurisdiction where informal American diplomatic influence has failed. Additionally, much of *Treasury's War* operates on an administrative basis, not a legal basis. The US government can designate entities administratively and is not required to demonstrate whether target has either specific knowledge or intent beforehand. Regardless of the legal terminology, framework, or perspective of the participants and their talk of pursuing international scofflaws, it is an exercise in US power projection not criminal enforcement. Lastly, the book leaves one Rubicon uncrossed. *Treasury's War* describes systemic manipulation of the global financial system for US objectives. Systems are dynamic, adaptive, and adopt new equilibria as a result of interventions or shocks; otherwise they do not survive. The balance between specific intervention versus system regulation remains an open question.

The book's last chapter, "The Coming Financial Wars," looks at some emerging challenges to Treasury's war and serves as the basis for Zarate's *Parameters* article (Winter 2013-14). The author approaches the finite future of both the dollar as world reserve currency and American as financial hegemon with a touch of melancholy. This approach leaves unanswered the question of how the United States will continue to harness international financial self-interest to its national policy aims. He approaches networked asset creation—companies such as Facebook, Google, and Bitcoin, which create value by their network and network position and not of themselves—as problems to solve not horses to harness. It is a decidedly twentieth century perspective. To give Zarate his due, the epilogue of *Treasury's War* contains nuanced musings on the role and limits of national power projection through financial means. Those questions and his answers deserve expansion into another book.



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Planning Armageddon: British Economic Warfare and the First World War

By Nicholas A. Lambert

Reviewed by Sarandis Papadopoulos, Ph.D., principal co-author Pentagon 9/11 and Secretariat Historian, Department of the Navy

Naval power in the First World War seemingly served only defensive purposes. Fleets protected Entente trade, while German U-boats tried to stifle delivery of supplies. The Dardanelles campaign, the failed naval attempt to bypass deadlock in France and Flanders, sought to buttress Russia with equipment and keep it in the war. During the conflict, this argument goes, blockade predictably weakened Germany slowly, but only four years of land warfare clinched victory.

Nicholas Lambert now convincingly argues the Royal Navy instead perceived "economic warfare" as a way to trigger quick collapse. Drawing from his 1998 *Sir John Fisher's Naval Revolution*, Lambert traces the service's understanding that a "close" blockade of German ports would be hopeless in the face of new mine, torpedo and submarine threats, but then sought other measures. After evaluating British vulnerability during the 1905 Moroccan Crisis, the Navy recognized economic warfare's potential to deprive Germany of materiel and financing. Exploiting Britain's central position at the world's shipping, communications (telegraph cables), insurance (Lloyd's) and banking systems offered to deter the *Kaisereich* or quickly defeat it. By 1912 the Cabinet-level Committee on Imperial Defence had "pre-delegated" authority to embargo trade and credit to Germany, allowing initiation of sanctions the day war started on 5 August 1914 (178).

Once the world war began, however, market panic worked too well alongside these measures. The July war scare, with August's tight wartime British controls, froze credit worldwide with investors buying gold or Sterling; every stock exchange closed (187). The plunging US dollar forced Treasury Secretary William McAdoo to shutter Wall Street for four months as the market for American cotton collapsed weeks before mid-term Congressional elections. Despite government guarantees for London banks' payment instruments, "bills of exchange," international commerce halted and employers laid-off workers, raising the specter of domestic revolution in many countries.

Economic warfare had run off the rails and the British pulled back to mitigate its consequences. The period to February 1916 saw arguments on limited blockade. For Lambert, the adversaries were the Admiralty on one side (albeit with differing views within the service), with the Foreign Office, War Office (Army) and Board of Trade (the economics and merchant shipping ministry) generally on the other. Each agency played a role in counting or controlling trade flow into Germany's neutral neighbors, but faced difficulties in so doing. All leaders ultimately realized the lure of wartime profit was not limited to Swedish, Danish or Dutch re-export businesses, nor to American oil firms, but to British shipping companies as well. Economic warfare, a key ingredient of an "off-shore balancing" strategy some describe today, needed stringency to function, a non-existent commodity until 1916.

To be fair, politics compelled behavior contradictory to waging war. Merchant firms, and the Board of Trade, fiercely rejected government meddling in the free market even to prevent shipments to the enemy. Despite repeated reports of goods being re-exported to Germany, the Foreign Office sought to appease neutrals, hoping they would voluntarily stop trade with the Central Powers through quotas on cargoes. The War Office needed to mobilize arms and food, as well as conscript personnel, which threatened domestic British political stability (332). The Royal Navy intercepted blockade runners, only to see British Prize Courts refuse to "condemn" cargoes because ownership could not be proven, allowing the merchant vessels to resume passage even when carrying supplies the *Kaisereich* needed. Atop it all, Asquith's parliamentary coalition could collapse if any these constituencies withdrew support.

Only continued failure on the battlefield and the 1916 conscription crisis created the circumstances needed for economic warfare to begin in earnest.

Researched to the limits of remaining sources, *Planning Armageddon* is complex. It needs a close reading to master its myriad issues and many characters, civilian and military, whose roles changed over a decade. Cruiser operations for sanction enforcement are tangential here, more the backdrop to Cabinet debate and international diplomacy. But the book profitably uncovers key elements. Despite war's public approval in 1914, British firms traded across the North Sea for eighteen months. Britain attacked the Dardanelles in 1915 not simply to equip the Czar's armies, but to allow export of Russian wheat to stabilize domestic grain prices (320). Most centrally, in 1912 the British government authorized the Royal Navy to win a war quickly, a decisive "Schlieffen Plan" from the sea, (1) *before* its 1914 decision to put the British Expeditionary Force into France. That neither the navy nor the government it served properly calculated the measures needed to make economic warfare work reflected the real height of the goals they sought. Strategic planners seeking to arrange the same methods in future conflicts ought to read this book and bear such needs in mind.