

Economic Security: Its Strategic Types and Usefulness

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The purpose of this paper is to consider economic security (ES)—the use of economic means for national security—, especially focusing on its strategic types and usefulness. A large number of studies have so far been made on economic sanctions, but economic sanctions are just one of various types in ES and comprehensive studies on ES have been surprisingly few. ES has eight strategic types in all: *signal, strengthening, containment, bribe, coercion, counterbalance, extraction and entrapment*. To achieve these strategic aims, a state makes use of all sorts of economic means such as trade, embargo, monetary manipulation, economic aid and currency zone, etc.

Some students take a negative position on usefulness of ES. However, because of some strong points in ES and special circumstances in contemporary international politics, ES is getting more and more important as a means to pursue national security.

1. Introduction

What is economic security (ES)? This term has been used in various meanings in International Relations, and thus, often confused the issue. However, many students have commonly used this term to mean the case that economic factors are related to any one of value, threat and instrument—the core factors of national security. Thus, a famous student writes that “there is not widespread agreement about the definition of economic security. However, generally, economic security refers to the case that economic factors are included in any one of goal, threat and instrument—constituent parts of national security.”¹ This article defines ES from the viewpoints of instrument, that is, as the use of economic instruments for national security, and makes clear the contents and usefulness of ES.

ES has been a widespread phenomenon in international politics since the era of ancient Greece². ES is now getting even more important and can be a more appropriate instrument for national security. It is because many states have been extremely cautious about using military power which might escalate into using nuclear arms or biological gas. Moreover, it is because military aggression and occupation can be highly costly owing to rising nationalism and economic interdependence. However, although a large number of studies have been made on economic sanctions, com-

prehensive consideration of ES seems to be lacking and important implications of ES in international politics have not been adequately made clear. I hope that my consideration contributes to correct these defects.

In this paper, discussion is developed in the following order. First, I consider the content of ES comprehensively. ES is not limited to economic sanctions. It has various strategic types and important international political implications. I argue that ES can be classified in eight strategic types, and survey them.

Secondly, I consider the usefulness of ES. Although some students propound questions of the usefulness of ES, it is a useful and important means to pursue national security.

Thirdly, I consider the future of ES. Because of some merits in ES and circumstances characteristic in contemporary international political situations, ES is getting more and more important as a means to pursue national security or to get political influence.

2. Eight Strategic Types in Economic Security

A great deal of effort has so far been made on studies of economic sanctions, but economic sanctions are just a part of ES (they come under *coercion* which is discussed below). ES has various strategic types besides economic sanctions.

As far as I understand, there are totally eight kinds of strategic types in ES: *signal, strengthening, containment, bribe, coercion, counterbalance, extraction and entrapment*. To achieve these strategic goals, states at-

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tempt to use all kinds of economic means such as trade, embargo, monetary manipulation, economic aid and currency zone. We will begin by surveying eight strategic types with a few interesting historical examples.

Signal

“Signal” is to convey the feelings of friendship, opposition, indignation and so on, or to show capabilities to target countries by economic means such as preferential treatment in trade, embargo and economic aid. The following are examples:

In the mid 1930s, France faced the necessity to build up its own military forces to balance rising German military power. France hoped to devalue the French franc, and Britain and the U.S. accepted it to help France enforce its military build up and to show unity among them to the Axis powers³.

From 2005 to 2006, by continuing to supply energy, Russia conveyed the messages of friendship and goodwill to pro-Russian neighboring countries such as Belarus. On the other hand, by stopping energy supply or threatening so, Russia send the messages of antipathy and rage to pro-American or pro- EU neighboring countries such as Ukraine and Georgia⁴.

Japan declared the increase in ODA for African countries in July 2005. The main purpose of Japan was to appeal to the world that Japan has great economic capabilities to help poor developing countries, and so deserves to be a new permanent member of the United Nations Security Council⁵.

Strengthening

“Strengthening” is, by various economic means, to enhance military and economic capabilities of a country itself or its allies important for its national security. The following are examples:

The massive economic assistance by the United States to Western Europe was announced in 1947, and put into practice from 1948 (what we call, Marshall Plan). The aim of the U.S. was to prevent the collapse of Western European economy that would lead to the infiltration of communism into Europe⁶.

From the 1990s until the 2000s, China has continued energy supply and economic exchange for North Korea on a certain level, except for temporary and soft sanctions after nuclear test by North Korea in October, 2006. Of course, it is to prevent a vital buffer state for

China's national security from collapsing. China has given Myanmar economic aid, too. For example, to assist the isolated military government, China exempted Myanmar from its cumulative debt to China in 2002, and decided to loan Myanmar two hundred million dollars in 2003. This country is very important for China to deter India and procure natural resources passing the Strait of Malacca under the U.S. sphere of influence.

Containment

“Containment” is to prevent the target from enhancing its military or economic capabilities, or in certain circumstances to make it weak and destroy its government. Major examples are as follows:

When Cold War started, by export control such as COCOM and CHINCOM, the United States attempted to prevent communist countries from getting strategic materials or technology which can enhance their economic and military capabilities. The aim was to weaken especially Soviet's military power by deteriorating its economic and technical capabilities⁷.

In 1968 during Nigerian Civil War, Nigerian government announced that new currency would be introduced. Biafra faced the panic of selling of old Nigerian notes, and the value of the old notes Biafra held had fallen heavily. Needless to say, the aim of this currency policy was to hinder Biafra from using Nigerian currency to finance its war⁸.

In 1988, the United States froze Panamanian assets and stopped all payments and other dollar transfers to Panama in order to force General Noriega out of power and overthrow his government⁹.

Bribe

“Bribe” is to encourage the target to behave in favor of sender country by providing economic benefits or promising them. The strategy of *bribe* has long been put into practice. Although examples of bribe abound in international political history, for lack of space, I limit them to a few cases.

By Nishihara Loans from 1916 to 1918, what we call Nishihara Shakkan named after Nishihara Kamezo, Japan attempted to appease Chinese government of Duan Qirui, to improve deteriorating Japan-China relations, and to secure Japan's rights and interests in China which were the foundation for Japanese economic autonomy¹⁰.

From the 1950s to the early 1960s, the United States

acquiesced Japan's making inroads into American market and Japan's protectionist trade policy. In the background of this acquiescence, there was a situation that the U.S. needed to maintain security cooperation from Japan—the frontline base against communist bloc in Asia¹¹.

From the 1950s to the 1970s, the Soviet Union had provided economic aid to Syria and Egypt—central players in international politics in Middle East—in order to keep and enlarge its political influence in this region¹².

Coercion

“Coercion” is to make the target stop taking a certain action, or to force the target to behave in favor of the sender by inflicting economic damage or threatening to do so. What we call “economic sanctions” can be classified in this category. There are many examples of *coercion*, but here I limit the examples to a few random cases for lack of space.

In the late 1940s, the United States threatened Western European countries to stop economic aid in order to force them to cooperate in export control against the Soviet¹³.

In 1958, the Soviet Union attempted economic sanctions such as the suspension of imports from Finland and the postponement of payment of debt to it. The main aim of USSR was to prevent Finland from having a closer relationship with NATO countries¹⁴.

In 1973, Arab countries proclaimed oil embargo against Holland and the United States. The main purpose of this embargo was to compel them to correct their pro-Israel policies, and to make other countries pay more attention to Arab claims in the conflict against Israel¹⁵.

Counterbalance

“Counterbalance” is to make ineffective ES attempted by the target, or to limit negative effects from foreign economies by using various economic instruments. Major examples are as follows:

The United States attempted various financial supports to Mexico and Brazil such as protective money manipulation or stabilization loan to stabilize their currencies (1937, 1940). This financial aid was intended to prevent economic penetration by Germany into Latin-American countries¹⁶.

In December, 1959, the United States suggested that

it should apply economic sanctions against Castro's Cuba, which meant suspension of quota of Cuban sugar in the American market. In February, 1960, the Soviet Union signed loan and trade aid agreements with Cuba in order to ease the damage of Cuba and prevent the collapse of communist government in Cuba which was the very backyard of U.S., and therefore could be an important frontline base for Soviet Russia¹⁷.

In the 1960s, the United States had suffered from the threat by de Gaulle's France to exchange dollars for gold. But the suspension of dollar's convertibility into gold by Nixon administration in 1971 released America from this kind of threat and enlarged the range of political freedom for America¹⁸.

Extraction

“Extraction” is to extract natural resources or funds which are important for national security from the target country by using the structure of economic dependence artfully.

The examples are as follows:

In the late 1930s, Germany extracted strategic materials and funds necessary to build up military power from Eastern European countries by taking advantage of their financial and trade dependence on Germany¹⁹.

To manage war expenditure for World War II, Britain made India or Egypt deliver hard currency and buy sterling bonds by exploiting their economic dependence on the sterling bloc²⁰.

The suspension of gold-dollar convertibility by the U.S. in 1971 made it easy for America to print more dollars, that is to say, to take advantage of “international seigniorage” and raise military funds²¹.

Entrapment

“Entrapment” is to produce the structure of economic dependence by providing economic benefit, and transform national interest of the target in favor of the sender, namely, lead the target to recognize that respecting national interest of the sender contributes to national interest of the target itself. This is similar to what Susan Strange called “structural power”²².

If the sender succeeds in *entrapment*, the target would volunteer to respect national interest of the sender and serve it. Furthermore, *entrapment* can have perpetual effects on the policy making of the target. In short, the sender will be able to get great political influ-

ence on the target. Thus, we can say that *entrapment* is the most attractive strategy of ES for the sender.

There are not so many cases of *entrapment*. However, this strategic type has important implication for national security. The examples are as follows:

In the late 1930s Germany purchased primary products such as grain and mineral resources from Eastern Europe and Balkan at a high price and on a massive scale. These attempts generated the structure of their economic dependence on Germany and brought up pro-Germany fifth column in Eastern Europe and Balkan. Germany, through their lobbyism, led their governments to respect Germany's interests and support Germany's foreign policies²³.

In the whole 2000s, China led Taiwan to increase its export and direct investment to mainland China, and this intensified Taiwanese economic dependence on China. By these attempts, China nurtured pro-China fifth column in Taiwan, and through their pressure, attempted to lead Taiwanese public opinion to anti-independence²⁴.

The point we should notice here is that ES may have plural strategies and targets. For example, on strategic aims, the Russia's case in *signal* had the aspect of *coercion* and *bribe*, too. The example of Arab countries in *coercion* had the aspect of *signal*, too. All examples of *counterbalance* had the aspect of *strengthening*, too.

Furthermore, as for targets, Soviet's economic sanctions against Finland were also targeted against other Eastern Bloc countries. Likewise, Arab's oil boycott against Holland and the United States was also targeted against other oil importing countries.

The studies on ES still seem to be insufficient and have so far drawn attention exclusively to economic sanctions, namely *coercion* or *containment* in this paper. We must pay more attention to other strategies of ES.

3. Usefulness of Economic Security

Some students take a negative position on the importance of ES as a means for national security. According to Robert A. Pape, many cases taken as successful examples of economic sanctions in the past studies were actually successful examples of military instruments which were used with economic sanctions. In short, "economic sanctions have little independent usefulness for pursuit of noneconomic goals", and "there is little valid social science support for claims

that economic sanctions can achieve major foreign policy goals."²⁵

Likewise, Robert S. Ross agrees with Pape's argument on the usefulness of economic instruments for national security and writes as follows: First, (1) "economic dominance is insufficient condition to generate accommodation" and "economic power cannot independently compel alignment."²⁶ Furthermore, (2) "military power trumps economic power in determining secondary-state alignment" and "military capability is both a necessary and a sufficient factor to compel alignment."²⁷ Based on the logic of (1) and (2), Ross writes about current international political circumstances in East Asia that (3) "the economic rise of China, in the absence of an accompanying rise in relative Chinese military power, has not generated strategic accommodation by East Asia's dependent secondary states."²⁸

However, if we take Pape's argument true, it does not follow from his argument that ES is useless and unimportant in pursuit of national security because economic sanctions are just one of various types of ES. Furthermore, as Kimberly Ann Elliot has pointed out²⁹, even when the synergy of economic sanctions and military instruments caused the concession of the target and military forces were more decisive in causing the outcome, economic sanctions may have played an important role. It is because they may have made the target's capabilities less effective, the timing of the result faster and the cost of concession lower than otherwise.

Likewise, Ross's arguments are also unsatisfactory as evidence of uselessness of ES. They need reconsideration in the following points. At first, we are going to consider (2). In reality, military power is not always more decisive than economic power in generating the accommodation of middle or small states. Furthermore, it is often difficult for a state to compel others to accommodate it by using only military power, and so we cannot argue that "military capability is both a necessary and a sufficient factor" to compel accommodation. For example, we will consider Taiwan's case in 2005. Without Taiwan's strong economic dependence on mainland China, the serious division of Taiwan's public opinion and the accommodation of Taiwan to China which have been seen in 2005 would not have occurred, or even if it had occurred, it would have stayed on a low level. In 2005, China's ES (*entrapment* to Tai-

wan) had achieved the outcome which China could not achieve in 1995-1996 when China threatened Taiwan just militarily and did not take advantage of ES to Taiwan.

Next, let us consider (1) and (3). About (1), Ross's argument is partly right. As he points out, without accompanying military influence, it seems difficult that only economic power compels other states to accommodate perfectly. Actually, I can hardly recognize such a historical example. Even in the case of Taiwan discussed above, there existed the rising China's military power with strong economic dependence of Taiwan on China. Therefore, military factors seem to have affected the outcome to a certain extent, although ES was more decisive. However, Ross underestimates ES, whereas he overestimates military power.

Even without overwhelming military power, ES can generate "light" accommodation. Here we will turn our attention to (3). According to Ross's argument, even if the strong economic dependence on China exists, accommodation to China would not occur "in the absence of an accompanying rise in relative Chinese military power." As examples of such regions, Ross names Japan, Singapore, Thailand, Malaysia, Indonesia and the Philippines. However, in reality, "light" accommodation to China is occurring in these regions, and it seems difficult to deny that ES contributes to the outcome to some extent. Some good examples are Japan's restrained behavior in disputes with China over a boundary line in East China Sea, objection by Malaysia and Indonesia to enhancing American presence in the Strait of Malacca, silence in ASEAN countries to anti-secession law, ASEAN's passive stance toward Japan's being a new permanent member of the United Nations Security Council, and Philippine's compromise to China over South China Sea problems and so forth³⁰.

The political importance of these kinds of "light" accommodations through ES (*bribe* and especially *entrapment*) is never negligible. It is because they can lead to the deterioration or dysfunction of balancing against China in which the United States and some neighboring countries such as Japan have engaged in. Today, China is No.1 importing and No.2 exporting partner of Japan. For Taiwan and South Korea, China is the biggest partner of export and foreign direct investment. China's shares in export and import of ASEAN are increasing through ACFTA (ASEAN-China Free Trade Agreement). Because of *entrapment*

by China, some neighboring countries might forbid America to use their ports for the military purposes, oppose sending the U.S. forces in them to other regions (e.g. the Taiwan Strait), and postpone introducing American weapons because of objections in their parliaments. The first case might occur in some ASEAN countries. The second case and the third case have already occurred in South Korea and Taiwan respectively³¹.

Other researchers might argue that the necessity to appease Chinese military power also had been an important cause of these outcomes. In other words, they might argue that ES generated these outcomes not independently, but in conjunction with military power. However, if it is so, the importance of ES cannot be denied. The reasons are as follows: First, ES also contributes to these outcomes partly. Secondly, the foreign policy in which ES is also used can generate accommodation more moderately and at a lower cost than the foreign policy in which only military power is used. Thirdly, the accommodation by ES (*entrapment*) will be more stable and enduring than the accommodation by only military threat³².

Ross pays attention to only the birth of accommodation and fails to think over its duration. Even if a major power like China could force neighboring countries to accommodate it, if it is ephemeral accommodation, it would be meaningless for China.

What matters for China—a major power which pursues regional hegemony³³—is to keep stable and durable pro-China stance of neighboring countries rather than to extemporize accommodation to China by military threat. In making this stable and durable accommodation, ES can be a more powerful instrument than simple military threat. In short, ES such as *entrapment*—economic penetration through economic fifth-column—can be more effective than crude military threat as a means of stable and durable accommodation. It is because the accommodation by *entrapment* transforms national interest of neighboring countries in favor of China and encourages them to respect China's national interest voluntarily, while accommodation by military menace is reluctant accommodation.

Finally, even if overpowering military power is effective in generating accommodation, if one cannot use it, it is hardly useful as an instrument. If we evaluate not only "effectiveness" but also "usefulness", means that is effective but unusable is inferior to means that is less

effective but usable³⁴. In considering China which Ross takes up as a case, we should especially draw attention to this point. As Avery Goldstein has pointed out, since the late 1990s, what matters for China's foreign policy is to mitigate rising fear of China in the regions and to prevent containment or balancing against China. Thus, it is difficult for current China to use blunt menace by overpowering military forces which may raise terror against China and cause balancing against China³⁵. That is to say, even if the intimidation by military power has more powerful effectiveness in generating accommodation, if one cannot use it, it would be inferior to ES as a means to generate accommodation.

It is futile to discuss the relative superiority or inferiority between military power and economic power as a means to make other countries accommodate. This is because both are complementary to each other in generating accommodation in the following sense. First, military means and ES contribute to generate accommodation in cooperation with each other. The voice that we should appease China's military power enhances the voice that we should keep good relationship with China for economic interests, or vice versa. Secondly, military power and ES supplement their weak points each other. If ES by itself is used without military influence, it seems difficult to bring about "deep" accommodation. On the other hand, if military menace alone is used without making use of ES, it is difficult to generate accommodation smoothly and at a low cost. Even if accommodation is successfully generated, it must be very difficult to stably maintain it. It is because fear and nationalism in neighboring countries may rise and counterbalancing may occur³⁶.

4. The Future of Economic Security

As I pointed out in Chapter 1, ES has been used by various states for a long time. This shows the usefulness of ES as a means to influence other states and pursue national security because it is definitely unreasonable to conclude that a useless instrument has been used by many countries and in all periods. Then, what are the characteristic merits of ES?

The first point is that the cost of ES is generally low in comparison with military power from the viewpoint of economy and human life. Therefore, when exercising military forces is too risky but diplomatic persuasion is too weak as a leverage to affect the target, ES can be a useful means.

Secondly, ES is less blamed morally than exercising military power. For example, E. H. Carr wrote that "it is perhaps difficult to dismiss as unfounded the common view that the use of the economic weapon is less immoral than the use of the military weapon. This may not always be true. Blockade in time of war may cause as much suffering as a series of air raids. But generally speaking, there is a sense in which dollars are more humane than bullet even if the end pursued be the same." In reality, as Carr and Pape admit³⁸, ES like economic sanctions (i.e., *coercion or containment*) might sometimes cause a tragic outcome. However, generally, ES is less accused morally than military means.

Thirdly, ES can send persuasive messages to the target since ES requires some economic costs and political risk although it is less costly than military means. As the saying goes, talk is cheap. Compared with diplomacy or propaganda with less costs, ES can persuasively send the messages of friendship, indignation and determination to the target³⁹.

The fourth point is that ES can influence other countries without raising their feeling of fear in comparison with military means. This point is very important in international politics because, as Stephen M. Walt points out⁴⁰, rising fear in neighboring countries may cause counterbalancing or containment against a threatening country. ES can make it possible to pursue national security without running such a risk.

The fifth point is that ES such as financial assistances and monetary sanctions can be carried out inconspicuously and informally and so the target can save face. That makes it easier for the sender to obtain concession from the target than otherwise⁴¹.

The sixth point is the influence of ES on economic interests. According to Kenneth N. Waltz, national core interest is survival owing to anarchical structure in international politics (the absence of central government which can secure national survival)⁴². However, as many wars had been fought over economic interests, economic prosperity as well as national survival and independence has actually been national core interest. ES can be a very important and convenient means to protect national economic prosperity. Furthermore, ES can be important and convenient as well in exerting political influence on the target through the economic interests of the target.

Thanks to these merits, ES will continue to be used

by many countries from now on. Moreover, such contemporary circumstances as the development of nuclear weapons and rising nationalism will also encourage many countries to make use of ES. These made the cost of military exercise high and economic recovery by only military conquest difficult. So, ES as an alternative of military means is getting even more important. Finally, on account of economic globalization, there is now every possibility of receiving a bad economic influence from foreign countries and suffering from ES by other countries. The necessity to cope with these problems will also urge a state to use ES.

5. Conclusion: the Revival of Economic Security

It should be concluded, from what has been said, as follows:

First, there are eight strategic types in ES. Economic sanctions are just one of them. Secondly, ES can work well as a means to pursue national security. It is nonsensical to ask the superiority or inferiority between ES and military power as a means for national security. We cannot decide a priori which is better. It depends on the case. Thirdly, because of some merits of ES and the contemporary circumstances in international politics, ES is getting even more important.

I said at the outset of this paper that the past studies on national securities had made light of ES. However, security studies have not always excluded economic factors completely. According to Jonathan Kirshner, before the Cold War period, it had been general that security studies took account of economic factors. The consideration of economic factors in security studies had had “a 200-year-old tradition” since “the nineteenth century and before”. Kirshner writes that “a sharp distinction between international political economy and security studies” is “largely a false distinction, a product of peculiar circumstances associated with the cold war, and one which is becoming increasingly anachronistic in the post-cold war era.”⁴³ Thus, Kirshner argues that “in order to understand contemporary international politics, IR theory needs to ‘return to normal.’”⁴⁴ Admittedly, it was E. H. Carr, called the founder of International Politics, who criticized “the illusion of a divorce between politics and economics” and advocated “a general return to the term ‘political economy’.” Students of Security Studies should pay more heed on ES.

¹ MURAYAMA Yuzo, “Keyzai anzen hosyo [Economic Security],” INOKUCHI Takashi and others, eds., *Kokusai seiji jiten* [Encyclopedia of International Politics] (Tokyo: Kobundo, 2005), p. 284.

² David A. Baldwin, his recommendation in Jean-Marc F. Blanchard, Edward D. Mansfield and Norrin M. Ripsman, eds., *Power and the Purse: Economic Statecraft, Interdependence and National Security* (London: Frank Cass, 2000).

³ Jonathan Kirshner, *Currency and Coercion: The Political Economy of International Monetary Power* (New Jersey: Princeton University Press, 1995), pp. 92–95.

⁴ *Nihon Keizai Shimbun*, 9 June 2005, p. 6 and 20 October 2006, p. 8.

⁵ *Yomiuri Shimbun*, 8 July 2005, p. 1.

⁶ YANAGIZAWA Eijiro, *Kiki no kokusai seiji-shi 1917–1992* [International Political history in Crisis 1917–1992] (Tokyo: Aki shobo, 1993), p. 146.

⁷ MIYAGAWA Makio, *Keizai seisai* [Economic Sanctions] (Tokyo: Chuo koron-sya, 1992), pp. 70–71, 78 ; Gary Clyde Hufbauer, Jeffrey J. Schott and Kimberly Ann Elliott, *Economic Sanctions Reconsidered: Supplemental Case Histories*, 2nd ed (Washington, D.C.: Institute for International Economics, 1990), p. 102.

⁸ Kirshner, *Currency and Coercion*, pp. 103–105.

⁹ *Ibid.*, p. 160.

¹⁰ SHIMURA Hisako, “Nishihara shakkan” [Nishihara Loan] in *Nihon gaiko-shi jiten* [Dictionary of Japan’s diplomatic history] (Tokyo: Yamakawa Press, 1992), p. 677.

¹¹ MOTOYAMA Yoshihiko, *Doruka: Beikoku kinyu haken e no michi* [Dollarization: The Rode toward American Financial Hegemony] (Tokyo: Syupuringar-Fealark Tokyo, 2001), p. 214.

¹² Stephen M. Walt, *The Origins of Alliances* (Ithaca: Cornell University Press, 1990), pp. 225–226, 228.

¹³ Klaus Knorr, *The Power of Nations: The Political Economy of International Relations* (New York: Basic Books, 1975), pp. 142–143.

¹⁴ Hufbauer, *Schott and Elliott, Economic Sanctions Reconsidered*, pp. 178–179.

¹⁵ *Ibid.*, pp. 340–342.

¹⁶ Kirshner, *Currency and Coercion*, pp. 96–99.

¹⁷ YANAGIZAWA Eijiro, *Sengo kokusai seiji-shi II* [International Political History since the End of World War II] (Tokyo: Tsuge syobo, 1985), p. 12.

¹⁸ TANIGUCHI Tomohiko, *Tsuka moyu: En gen doru yuro no dojidai-shi* [The Burning Currency Issue: Contemporary History over Yen, Yuan, Dollar and Euro] (Tokyo: Nihon keizai shimbun-sya, 2005), pp. 16–17, 35, 192.

¹⁹ Kirshner, *Currency and Coercion*, pp. 122, 136, 167.

²⁰ *Ibid.*, pp. 140–144, 167.

²¹ Taniguchi, *Tsuka moyu*, pp. 16–20. On international seigniorage, see Benjamin J. Cohen, *The Geography of*

- Money* (Ithaca: Cornell University Press, 1998), pp. 40-41, 123-124.
- ²² On structural power, see Susan Strange, *States and Markets*, 2nd ed (London: Continuum, 1994), p. 31
- ²³ Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley: University of California Press, 1945), pp. 29, 37; Kirshner, *Currency and Coercion*, pp. 131-136.
- ²⁴ *Nihon Keizai Shimbun*, 17 June 2004, p. 8 and 22 May 2006, p. 6; *Asahi Shimbun*, 29 March 2005, p. 7.
- ²⁵ Robert A. Pape, "Why Economic Sanctions Do Not Work," *International Security*, vol. 22, no. 2, 1997, pp. 93, 106.
- ²⁶ Robert S. Ross, "Balance of Power Politics and the Rise of China: Accommodation and Balancing in east Asia," *Security Studies*, vol. 15, no. 3, p. 358.
- ²⁷ *Ibid.*, pp. 393-394.
- ²⁸ *Ibid.*, p. 366.
- ²⁹ Kimberly Ann Elliott, "The Sanctions Grass: Half Full or Completely Empty?" *International Security*, vol. 23, no. 1, 1998, p. 53.
- ³⁰ On the facts, see below. *Sankei Shimbun*, 23 November 2007, p. 1; Boeisho boei kenkyu-syo [The National Institute for Defense Studies], ed., *Higashi Ajia senryaku gaikan 2005* [East Asian Strategic Review 2005] (Tokyo: Kokuritsu insatsu-kyoku, 2007), p. 127; *Nihon Keizai Shimbun*, 27 July 2005, p. 2; Carlos H. Conde, "Trade deal will link Beijing and Asean," *International Herald Tribune*, January 15, 2007, p. 1.
- ³¹ *Higashi Ajia senryaku gaikan 2007*, pp. 81, 88-89; *Kaiyo anzen hosyo jyoho geppou* [The Journal of Ocean Security], November 2005, p. 16.
- ³² For this point, the following Schweller's argument is suggestive. Randall L. Schweller, *Deadly Imbalances: Tripolarity and Hitler's Strategy of World Conquest* (New York: Columbia University Press, 1998), p. 76.
- Yet, positive sanctions are the most effective means to induce bandwagon behavior. States, like delegates at party conventions, are lured to the winning side because of the promise of future rewards. By contrast, relying on force to coerce states to involuntarily bandwagon often backfires for the dominant partner. Seeking revenge, the unwilling bandwagoner becomes a treacherous ally that will bolt from the alliance the first chance it gets.
- ³³ "China leads," *Financial Times*, November 27, 2000, p. 26; "Time to talk," *The Economist*, December 10th 2005, p. 14; Interview to G. Jhon Ikenberry, *Nihon Keizai Shimbun*, 21 February 2005, p. 1.
- ³⁴ On this point, see Baldwin's arguments. David A. Baldwin and Robert A. Pape, "Evaluating Economic Sanctions," *International Security*, vol. 23, no. 2, 1998, pp. 192-194.
- ³⁵ Avery Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security* (California: Stanford University Press, 2005), pp. 12, 193.
- ³⁶ I do not mean that ES is always better than military power as a means for national security. I mean that each of both has distinct effectiveness, which is better depends on the case, and thus, concluding which is better a priori is nonsensical. Even in these days when the cost of military power has been high, military power remains ultimate means to secure national survival and independence. Underestimating military power is as wrong as overestimating it.
- ³⁷ E. H. Carr, *The Twenty Year's Crisis 1919-1939: An Introduction to the Study of International Relations* (New York: Palgrave, 2001), p. 119.
- ³⁸ Pape, "Why Economic Sanctions Do Not Work," p. 110.
- ³⁹ On this point, see Baldwin's suggestive arguments. David A. Baldwin, *Economic Statecraft* (New Jersey: Princeton University Press, 1985), pp. 107, 112.
- ⁴⁰ Walt, *The Origins of Alliances*, pp. 5, 28, 32.
- ⁴¹ Kirshner, *Currency and Coercion*, pp. 29-30.
- ⁴² Kenneth N. Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979), pp. 91, 105, 126, 134.
- ⁴³ Jonathan Kirshner, "Political Economy in Security Studies after the Cold War," *Review of International Political Economy*, vol. 5, no. 1, 1998, pp. 64, 66-67.
- ⁴⁴ *Ibid.*, p. 65.
- ⁴⁵ Carr, *The Twenty Year's Crisis*, pp. 107-108.