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ECONOMIC WARFARE IN TIME OF BELLIGERENCY

Coleman W. Thacher

Lieutenant Colonel

O-318126

31 May 1949

Economic warfare in time of belligerency,  
by Lt Col C. W. Thacher. Command and  
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ECONOMIC WARFARE  
IN TIME OF  
BELLIGERENCY

Coleman W. Thacher  
Lieutenant Colonel

O-31812b



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## BRIEF

1. PROBLEM -- to determine how economic warfare effects the course of military action during time of belligerency.

### 2. ASSUMPTIONS

a. That economic warfare has a profound influence on the conduct of modern warfare.

b. That economic warfare is continuous and is only intensified during the "Shooting War".

c. That economic warfare is necessary in the successful prosecution of any modern war.

d. That economic warfare is the system of missions to reduce the economic strength of an enemy by preventing him from getting supplies of important commodities. It may be offensive or defensive in nature. It should be taken as all measures employed by a nation to reduce or weaken an enemy, actual or potential, in his ability to wage war.

e. That belligerency defined -- includes the two phases of war which are commonly accepted:

(1) the "cold war" or period of strained relations, such as the state of preparation which has been going on since 1945.

(2) the "hot war", or "shooting war", which results when actual military action is taken by either side.

### 3. DISCUSSION

a. General: The principles for waging economic warfare depend upon the following:

(1) the economic and commercial facts which are descriptive of the economy of the country:

(a) economic geography

(b) sources of raw materials

(c) location of key industries

(d) identification of key personnel of industry

(e) the points of a nation's economy where attack will be most effective.

(2) The proper analysis of these facts to determine the weaknesses and the courses of action during belligerency which will

be most effective.

Prosecution of economic warfare requires a continuous estimate of the economic situation to determine the course of all phases employed from naval blockade to strategic bombing. Conversely, accurate evaluation of facts resulting from these measures can be expected to give prior warning of counter measures including military action, which may result. On the offensive side, successful economic warfare may be used as a force to influence an enemy to take military action which he would rather avoid. Defensively, economic warfare will be the measures taken to maintain economic stability or to nullify effects of economic warfare.

b. Methods of Economic Warfare.

Until 1945, the methods of economic warfare were those developed by experience and used in World War I and World War II, they are: naval blockade, boycott of trade, financial methods to influence economic stability, pre-emptive purchase, and aerial warfare to destroy the industrial bottlenecks.

Under the present world conditions, economic warfare is no longer a struggle for supplies and resources but is a struggle between countries having completely divergent economic and governmental philosophies. The result is that new methods of economic warfare are appearing.

These are now being employed by the U. S. S. R. These are:

- (1) taking over the PEOPLE of a nation by the usual methods of infiltration and thereby gaining complete control of the resources,
- (2) upsetting the economic appecart of nations trying to bring about economic rehabilitation by economic aid,
- (3) disruption of the normal functioning of production by communist inspired strikes and sabotage,
- (4) spread of economic chaos by civil disturbance.

c. Naval Blockade

Historically, naval blockade was one of the first and most effective means of economic warfare. It proved effective in World

War I and was initiated early in World War II by the Allies.

In World War II, although the Allies controlled the seas and carried out an effective blockade, Germany was able to take counter measures to nullify the effects of the blockade. These measures were:

- (1) extensive development of substitutes
- (2) import of supplies overland
- (3) economic pressure on countries under her control

to increase her potential

Naval blockade can never again be as effective as it was against Germany. Global warfare makes the demand on all naval facilities for combat and convoy duty far greater, so that it will not be physically possible to carry out a blockade against a nation such as the U. S. S. R. The great size of her land mass and the great source of raw materials which she controls, removes the basis on which any blockade is established: to prevent import of vital and needed supplies. Control of the sea lanes by the United States will be of great importance to provide the lines of communication to advance bases which will be used for any attack. Some measure of blockade will result as a by-product of this mission. It should take the form of a long distance or paper blockade which cuts off supplies to the enemy at the source.

Russia can realize the benefits of a blockade, or a reasonable facsimile thereof, by measures of economic and industrial penetration. Efforts to cut off the industrial part of the world from their normal sources of raw materials are now in progress in Southeast Asia, the Near East, and the Far East. North Africa and sections of Latin America are susceptible to these same measures. Such efforts in conjunction with strikes and sabotage in dock area, harbors, and coastal industry would accomplish the same result as if a blockade were to be established.

#### d. Boycott, Trade Agreements

Boycott, trade agreements, and pre-emptive buying will probably be employed by this country in any future war, but it is doubtful if these same measures against Russia will be very effective. Russia's world trade is not developed to the extent where her economy could be seriously damaged, nor is it reasonable to expect that she will allow

war potential to become dependent on trade with possible enemy countries. Where a country possessing vital resources is involved, other methods would be used. By proper evaluation of the effects of our economic warfare, we should be able to predict when and where these measures will be taken.

It is doubtful whether the economy of this country could support war trade agreements on the scale which would be necessary to interfere with the U. S. S. R. The price demanded for trade agreements in terms of locomotives, machine tools, raw materials, and use of American bottoms would be great. Results would be uncertain.

Where this method is used in the future, and where it is effective, measures of infiltration can be expected but where these measures fail, and the raw material affected is vital to the U. S. S. R. military action can be expected to follow. Infiltration, and in the extreme situation, military action, should not come as a surprise because economic intelligence should indicate enemy capabilities and probable courses of action.

e. Military Action.

Taking over the source of vital materials by military action has two important effects on economic warfare.

(1) It gives the invading country the materials and makes possible efficient economy of the conquered country.

(2) It complicates the economic warfare of the other side by removing the conquered country as a source of raw materials.

The entry of the United States into the war in 1941 improved the Allies position from the standpoint of raw materials and industrial capacity. It followed that Germany could not allow Russia to remain free and was forced to go after her raw materials by use of military action.

It must not be expected that a nation with a policy such as the Soviet is now following will resort to use of military action until all possibilities of domination by infiltration have been exhausted. If these measures fail, adoption of military action will probably result.

The U. S. S. R. can delay longer than was possible for Germany in World War II, and in many cases will be able to secure economic domination without resort to force.

Against the United States the U. S. S. R. is now employing economic war but by a newer application of the old methods. Her end purpose is very much the same, to make herself economically self-sufficient while preventing other nations from getting the raw materials they need. These new approaches are:

- (1) to gain control over the people by infiltration and by controlling the people so control the resources.

- (2) to interfere with the economic recovery of all nations receiving democratic aid

- (3) communist inspired strikes, sabotage, and economic disruption of industry.

If military action is taken by the Soviet or is forced upon her, it seems reasonable that it will be aimed against the PEOPLE of a nation rather than against their industries. Destruction of the industrial capacity of a nation may be overcome by rebuilding but when the people who operate the factories are the target, then operation of the industry may be stopped indefinitely. Strikes and sabotage in industry accomplish this stoppage just as effectively as aerial bombardment; when this fails, aerial bombardment still remains. Critical analysis of the intelligence of economic warfare should give indications of the enemy's course of action in either case.

e. Counter measures available to the United States.

In general the counter measures which must be developed against the policy of economic chaos are:

- (1) extension of international trade and a high level of economic prosperity,

- (2) stockpiling of those items essential to maintaining our war potential.

Our most important measure in the extension of trade is the Marshall Plan. Professor Abbott of Harvard University stated recently in a

lecture at the Naval War College, "The general pattern is clear. The Soviets have their policy of economic erosion; the United States has the Marshall Plan". This is defensive economic warfare aimed at maintaining our potential for war rather than aimed at injuring Russia directly.

The Marshall Plan is aimed toward the restoration of economic stability in Europe and when this is accomplished the economic burden on the United States will be relieved. In a larger sense, the plan counteracts economic deterioration in Western Europe and reestablishes the economic balance of power in Europe which is essential if the balance of military power is to be realized. Insofar as this can be accomplished the United States has an effective counter measure against any policy of economic deterioration. Rehabilitation of trade with Western Europe is defensive economic warfare, and if the Marshall Plan can provide the time required to allow the economy of Europe to adjust itself, the risk to the Soviet of employing military action becomes ever greater. If sufficient time is not provided, or if Western European economy does not recover, this means of defensive economic warfare will fall short of its goal and the policy of infiltration becomes more effective than ever.

Planned stockpiling in close combination with industry will tend to lessen the effects of any sudden disruption in our sources of vital supplies. This is defensive economic warfare.

#### 4. CONCLUSIONS

a. The United States will continue to employ the usual methods of economic warfare against Russia, though their effectiveness under present conditions is limited.

b. The purpose of economic warfare employed by the United States will be to maintain our own war potential rather than to directly injure the war potential of Russia.

c. Offensive economic warfare for the United States will probably be limited or postponed entirely until military action occurs.

d. Methods of economic warfare employed by Russia are aimed at

the people of a nation for control of the resources follows control of the people.

e. Military action on the part of Russia will be delayed as long as economic warfare can be made to produce the end results.

f. Military action as a measure of economic warfare will tend to be aimed against the people of a nation rather than against industry.

g. Economic warfare effectively waged may force a course of military action on a nation which she would rather avoid.

h. Study of intelligence of economic warfare should indicate what measures will be taken by an enemy during both phases of belligerency.

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b. that economic warfare is continuous and is only intensified during the "shooting war".

c. that economic warfare is necessary in the successful prosecution of any modern war.

d. that the definition of economic warfare is in the relation of economics to war which is expressed in three phases: war economy, military economics, and economic warfare.

(1) War economy -- those measures and means such as rationing of war materials and foodstuffs, price control, labor conscription, and war finance.

(2) Military economics -- the coordination between military and economic measures which is essential in a war economy to fully develop the war potential of a country. Stockpiling of strategic materials, developing substitutes for critical materials, and expanding industrial capacity are included in military economics.

(3) Economic warfare -- the system of missions to reduce the economic strength of an enemy by preventing him from getting supplies of important commodities. It may be offensive or defensive in nature, either by physically destroying the assets which give the enemy the power to wage war, by destroying the economic stability, by means of blockade, or by other measures to prevent the flow of supplies from abroad. It should be considered as all measures employed by a nation to reduce or weaken an enemy, actual or potential, in his ability to wage war.

e. that belligerency defined -- includes the two phases of war which are commonly accepted:

(1) The "cold war" or period of strained relations, such as has been going on since 1945.

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(2) the proper analysis of these facts to determine the weaknesses and the courses of action which will be most effective during belligerency.

Prosecution of economic warfare requires a continuous estimate of the economic situation to determine the course of all phases being employed from naval blockade to strategic bombing. Conversely, accurate evaluation of facts resulting from these measures can be expected to give prior warning of any military action which may result. On the offensive side, successful economic warfare may be used as a force to influence an enemy to take military action which he would otherwise avoid. Defensively, economic warfare will be the measures taken to maintain economic stability or to nullify the effects of economic warfare.

#### b. Methods of Economic Warfare

Until 1945 the methods of economic warfare were those developed by experience and used in World War I and World War II. They are:

naval blockade, boycott of trade, financial methods to influence economic stability, pre-emptive purchase, and aerial warfare to destroy the industrial bottlenecks.

Under the present world conditions economic warfare is no longer a struggle for supplies and resources as has been the case in past wars. It is a struggle between countries having completely divergent economic and governmental philosophies. The result is that new methods of economic warfare are appearing, making it possible for a nation with policies similar to the U. S. S. R. to postpone the necessity for use of military action. However, the ultimate remedy for successful economic warfare remains military action.

New methods which may prove more effective and more difficult to combat are those being employed by the U. S. S. R. at the present time. These are:

- (1) taking over the PEOPLE of a nation by the usual method of infiltration and thereby gaining complete control of the resources,
- (2) upsetting the economic applectart of nations trying to bring about economic rehabilitation by economic aid,
- (3) disruption of the normal functioning of production and the progress of trade by communist inspired strikes and sabotage.
- (4) spread of economic chaos by civil disturbance.

#### c. Naval Blockade

Historically, the naval blockade has been one of the first and most effective means of economic warfare. It proved effective in World War I and was initiated early in World War II by the Allies. The importance placed on naval blockade by the Allied Nations may be summed up in the statement made by an official British publication in the first months of World War II:

"However large a nation's armies and navies may be, it can not carry on the fight without certain key resources -- food for the people and raw materials for the factories. Because of our command of the seas, we can continue to draw vital materials from every port of the world. The Nazis, on the other hand, must sooner or later

find themselves in great difficulties."

(Annex 4, Reference 1, page 5; Reference 2, page 19)

In World War II, the complete control of the seas enabled the Allies to make effective use of the blockade against Germany. In spite of this, Germany could and did take counter measures to nullify the effects of the blockade. These measures were:

(1) extensive development of substitutes for critical materials and components. An often quoted statement of an official of the British Ministry of Economic Warfare was that they did not underestimate the needs or resources of the German economy but that "German ingenuity in developing substitutes for critical materials and components was greatly underestimated".

(Annex 4, Reference 3, pages 7-8)

(2) import of supplies from other land. Traffic from the Far East via Trans-Siberian Railway which brought in a continuous flow of supplies together with two-way traffic through Italy, was uninterrupted.

(3) economic pressure on countries under her control to increase her own war potential. To accomplish this, Germany included the economy of any conquered country within her own economy. Comprehensive rationing was used and industry was commandeered for war production regardless of special needs -- with one aim only -- produce war materials in the greatest possible volume.

(Annex 4, Reference 4, page 207; also Annex 2)

In September 1938 Hitler expressed his views on the results of any Naval blockade as follows: "The German economy has been so constructed that at any time she can stand on her own feet in complete independence of other countries. This has been successfully achieved. Already today, the thought of a blockade of Germany can be brushed aside as a completely ineffective weapon".

(Annex 4, Reference 5, page 981)

Naval blockade can never again be even as effective as it was against Germany. Global warfare and the conflict between world-wide

alliances make the demand on all naval facilities for combat and convoy duty far greater, so that it will not be physically possible to carry out an effective blockade against a nation such as the U. S. S. R. The great size of her land mass and the great source of raw materials which she controls, removes to a large extent the basis on which any blockade is established; to prevent import of vital and needed supplies. It is certain, however, that control of the sea lanes by the United States will be of greatest importance to provide the lines of communication to advance bases which will be used for any attack on Russia. Some measure of blockade will result as a by-product of accomplishing this mission. It should take the form of a long distance or paper blockade which seeks to cut off supplies to the enemy at the source.

The paper blockade operates by means of its three basic instruments, the navicert, the ship's navicert, and the ship's warrant. The navicert is a permit for passage through a blockade given at the port of origin as a system to control all goods passing in trade between neutral countries. The ship's navicert was applicable for a particular consignment for a single voyage through naval controls. The effect of the navicert system was that a ship not possessing the required papers was subject to immediate seizure.

(Annex 4, Reference 3, page 14)

The ship's warrant was used to entitle a vessel to the use of port facilities of allied nations providing the owner agreed to comply with all allied naval control measures and not to give up control of his vessels without approval of allied authorities. These methods of paper blockade provide the greatest economy within present usefulness of naval blockade.

Russia, on the other hand, can realize the benefits of a blockade, or a reasonable facsimile thereof, by measures of economic and industrial penetration. Efforts on a global scale to cut off the industrial parts of the world from their normal sources of raw materials are now in progress with trouble present in some degree in Southeast Asia, the Near East, and the Far East. North Africa and sections of Latin

America are certainly susceptible to these same measures. Such efforts in conjunction with strikes and sabotage in dock areas, harbors, and coastal industrial establishments would accomplish the same end result as if a blockade were to be established.

(Annex 4, Reference 6, pages 333-34)

d. Boycott, Trade Agreements.

(1) In World War II, by the Enemy Act, Great Britain issued a blacklist of firms that operated under German influence. By the same Act, Great Britain prohibited business with these firms regardless of nationality. In 1940, the United Kingdom Commercial Corporation was set up to intensify British trade in the Balkans by means of pre-emptive purchase. This decreased the flow of commodities to Germany because Great Britain would now pay more for the goods than Germany. As a price for using these methods, Great Britain was called on to answer the demand of the Balkans for armament and financial assistance, and a special loan was made to Turkey in January 1940 for 140,000,000 pounds of which 25,000,000 pounds was to go into armament.

(Annex 4, Reference 1, page 133)

(2) Boycott, trade agreements, and pre-emptive buying will probably be employed by this country in any future war, but it is doubtful if these measures against Russia will be as effective as in World War II. Russia's world trade is not developed to the extent where her economy could be seriously damaged, nor is it reasonable to expect that she will allow her war potential to become dependent on trade with the United States or other countries favorable to us. Where a country possessing vital resources is involved, other methods of infiltration are available to her and would be used. By proper evaluation of the effects of our economic warfare, however, we should be able to predict when and where these measures will be taken.

Employment of the usual methods of economic warfare by the United States may act as a disadvantage since it is doubtful whether the economy of this country could support war trade agreements on the scale which would be necessary to interfere with the U. S. S. R. The price demanded

for trade agreements in terms of locomotives, machine tools, raw materials and use of American bottoms would be great. Results would be uncertain because the wide spread Communist party and its sympathizers would assist in resisting, or at least make very costly, any War Trade Agreements by this country with other countries having raw materials VITAL to our war economy. Maintenance of economic stability in areas important to the United States would be required and the difficulty in face of large scale economic penetration being carried on by U. S. S. R. would be great.

Where this method is used in the future, and where it does interfere with the U. S. S. R., measures of infiltration can be expected, but where these measures fail and the raw material affected is vital to U. S. S. R. military action can be expected to follow. Infiltration, and in the extreme situation, military action, should not come as a surprise because economic intelligence should indicate enemy capabilities and probable courses of action.

In World War II, when economic warfare of the Allies began to work in full strength the German government was forced to take military action to secure those materials essential to her economy. It is a valid conclusion that the losing side in the economic warfare will adopt all possible measures short of military action to counteract the effect of economic warfare. However, when the flow of vital materials is stopped and no other course of action remains, military action to get those materials is a most effective means of counteraction.

e. Military action.

Taking over the source of vital materials by military action has two important effects on economic warfare.

(1) It gives the invading country the materials and makes possible efficient economy of the conquered country so as to exploit fully its resources for war.

(2) It complicates the economic warfare of the other side because it removes the conquered country as a source of raw materials.

Specifically, German domination of Europe as a result of military

action forced Great Britain to seek her raw materials from remote places overseas. This placed a tremendous burden on her navy and merchant marine. See Annex 3 for comparison of Great Britain's imports from the continent and the total required for the year 1938. The Annex shows that a large percentage of Great Britain's imports came from the continent and points to the fact that

(1) military action by Germany was the only solution to the offensive economic warfare being waged by Great Britain,

(2) it proved to be a most effective counter measure.

In addition Germany could now carry her economic warfare to an end which would not be adopted by a democratic nation but which will be the normal course for a totalitarian government: add the industrial potential of Europe to her own war potential. As a dramatic example of this the "subjugation of France, Belgium, and Holland provided ready armament for 300 to 350 divisions".

(Annex 4, Reference 4, page 207)\*

It was estimated that military action provided the means for between 1/6 and 1/4 of the total war effort against the Allies but the risk of military action was forced on Germany by effective economic warfare. Completed, this course of action largely eliminated the effects of economic warfare by the Allies and placed them at a disadvantage.

(Annex 4, Reference 4, page 207 & Reference 1, page 140)

It was obvious now that the war would be a long one and that even greater supplies of war materials would be necessary. Hitler, at this time, had the whole of Europe except Russia under his control and the only source of raw materials beyond his control was now in the Russian Ukraine. Since this area contains a huge part of all the raw materials of Russia, if it could be included within the Nazi economy, Germany could withstand a defensive war for an indefinite period of time. The entry of the United States into the war in 1941 improved the Allies position from the standpoint of raw materials and industrial capacity. It then followed that a long war was in the making, one that could not

be supported by Nazi Europe if Russia remained free. Germany was forced to go after the raw materials of Russia by use of military action.

The course of developments of economic warfare should be regarded as pointing to the military action which was taken by Germany and her failure to secure the Ukraine placed her in a serious position from an economic standpoint. On the other hand, it must not be expected that a nation following a policy such as the U. S. S. R. is now following will resort to use of military action until all possibilities of domination by infiltration have been exhausted. If these measures fail, however, adoption of military action will probably result, but the advantage of being able to delay military action for a longer period of time remains. The U. S. S. R. can delay longer than was possible for Germany in World War II, and in many cases she will be able to secure economic domination without resort to force.

The U. S. S. R. is employing economic warfare against the United States at the present time but by a newer application of the old methods. Her end purpose is very much the same, being to make herself economically sufficient while preventing other nations from getting the raw materials they need, and destroying economic stability whenever possible. These new approaches are:

- (1) to gain control over the people by infiltration and by controlling the people so control the raw materials.

- (2) to interfere with the economic recovery of all nations receiving democratic aid outside her sphere of influence.

- (3) communist inspired strikes, sabotage, and economic disruption of all industrial bottlenecks.

These methods are economic warfare in the most effective form because not only is the opposing side cut off from necessary raw materials but also an additional strain is placed on the economic stability of the country involved in economic warfare with the U. S. S. R. Mr. James Byrnes has expressed the broad aims of the U. S. S. R. as follows: "By the threat of strikes and by encouraging discontent

they can in many states exert power without having responsibility. Greece is apparently their first objective. They are likely to seek next, through the usual infiltration method, control of the Italian Government. This would be because of the military effect it would have on Greece and Turkey. I do not doubt that their ultimate goal is to dominate, in one way or another, all of Europe."

(Annex 4, Reference 7, page 294-295)

To prevent the reestablishment of economic stability in Japan, U. S. S. R. can be expected to seek to infiltrate into Manchuria, the Ruhr of that part of the world, and control its 40,000,000 people and the raw materials therein. This will favor Russia because normal economic functions can not be reestablished. Raw materials from Manchuria for the industrial capacity of Japan will be cut and will necessitate imports to Japan from far places at great expense. The purchasing power represented by the 40,000,000 people of Manchuria will not be available to Japan and the result will be to make extremely difficult the economic recovery of that country. This is an extension of the methods of economic warfare within the definition -- weakening the economic strength of a country. If Russia can make the cost of economic rehabilitation of Japan prohibitive by these methods, it may be the United States will be forced to abandon the project and the next step of infiltration by Russia would not be too difficult. Successful economic warfare then, has political results equal to what might have been gained by military action. It is military action without responsibility.

If military action is taken by U. S. S. R. or if military action is forced upon her it seems reasonable to expect that it will be aimed against the PEOPLE of a nation, rather than against the brick and mortar of their industries, to cripple industrial bottlenecks. By methods of infiltration, strikes and sabotage, the goal is to get control of the people and with it the resources and industry. Insofar as possible military action may well be expected to take this same direction. Destruction of the industrial capacity of a nation may be overcome by rebuilding even during the war but when the people who operate the

factories are the target, then operation of the industry may be stopped indefinitely. Strikes, and sabotage in industry accomplish this stoppage just as effectively as would aerial bombardment; when this fails, aerial bombardment still remains. Critical analysis of the intelligence of economic warfare should give indication of the enemy course of action in either case.

e. Counter measures available to the United States.

In general the counter measures which must be developed against the policy of economic chaos are:

(1) extension of international trade and a high level of economic prosperity.

(2) stockpiling of those items essential to maintaining our war potential.

Our most important measure in the extension of trade is the Marshall Plan. In the words of Professor Charles C. Abbott of Harvard University, in a lecture at the Naval War College, "The general pattern is clear. The Soviets have their policy of economic erosion; the United States has the Marshall Plan". This is defensive warfare aimed at maintaining our potential for war rather than aimed at injuring Russia directly.

(Annex 4, Reference 3, page 15)

The Marshall plan is aimed to some extent toward the restoration of economic stability in Europe and when this can be accomplished the burden on the economic structure of the United States will be relieved. In a larger sense the plan is a means to counteract economic deterioration in Western Europe and the reestablishment of the degree of economic balance of power in Europe which is essential if the balance of military power is to be realized. Insofar as this can be accomplished the United States has an effective countermeasure against the U. S. S. R. policy of economic deterioration. Rehabilitation of trade with Western Europe is defensive economic warfare and if the Marshall plan can provide the time required to allow the economy of Europe to adjust itself, the risk to the U. S. S. R. of employing military action will become greater as the military balance is restored. If sufficient time is not pro-

vided, or if Western European economy does not recover, this means of defensive economic warfare will fall short of its goal and the policy of infiltration becomes more effective than ever.

Planned stockpiling in close combination with industry will certainly tend to lessen the effects of any sudden disruption in our sources of vital supplies.

#### 4. CONCLUSIONS

a. The United States will continue to employ the usual methods of economic warfare against Russia, even though the effectiveness of such measures under present conditions is limited.

b. The purpose of economic warfare employed by the United States will be aimed at maintaining our own war potential rather than to injure directly the war potential of Russia. This is defensive economic warfare.

c. Offensive economic warfare for the United States will probably be limited or postponed entirely until military action occurs.

d. Methods of economic warfare employed by Russia are aimed at the people of a nation and control of the resources follows control of the people.

e. Military action on the part of Russia will be delayed as long as economic warfare can be made to produce the end results.

f. Military action as a measure of economic warfare will tend to be aimed against the people of a nation rather than against the industrial capacity represented in brick and mortar.

g. Economic warfare effectively waged may force a course of military action on a nation which she would rather avoid.

h. Study of the intelligence of economic warfare should indicate what measures will be taken by an enemy and when.

ANNEX 1

COMMAND AND GENERAL STAFF COLLEGE  
DEPARTMENT OF OPERATIONS AND TRAINING

Fort Leavenworth, Kansas

22 November, 1948

MONOGRAPH SUBJECT NUMBER 2-99

Regular Course, Phase V, 1948-49

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SUBJECT: Economic Warfare in Time of Belligerency.

REFERENCES: \*Jack, Studies in Economic Warfare; Salter, Allied Shipping Control; Condliffe, The Reconstruction of World Trade; \*Bidwell and Upgren, "A Trade Policy for Defense", Foreign Affairs, Jan 1941; Gordon, Barriers to World Trade; \*Miller, You Can't Do Business with Hitler; Brandt, "Food as a political Instrument in Europe", Foreign Affairs, April 1941; Staley, Raw Materials in Peace and War.

NOTE TO STUDENTS:

1. The references above are furnished to give the student enough material with which to begin his research. It is anticipated that the student will make use of all other available sources in order to give adequate scope to his subject and, when appropriate, to complete development of the subject to date.

2. The scope suggested below is intended as a guide only, and is not to be construed as a limitation on the student's perusal of the subject.

SCOPE:

1. Relationship to military objectives.
2. General purposes: to impair the economic resources of the enemy.
3. Governmental organization for the planning of the strategy of attrition.
4. The major fields of economic warfare.
  - a. Fuels (especially coal and petroleum)
  - b. Metal supplies (especially iron, bauxite, copper, nickel and lead).
  - c. Textiles, leathers, and rubber.
  - d. Foodstuffs.
  - e. Shipping activities.

## ANNEX 2

### Measures of Axis Rule in Occupied Europe Intended to minimize the Effects of Economic Warfare

First Order of Secretary General of Ministry of Waterstaat,  
Implementing Order No. 15/ 1940 of the Reich Commission for Occupied  
Netherlands Territories concerning Transportation of Persons and Goods,  
June 18, 1940

#### Excerpts

Section 1. In order to assure the most drastic restriction in the  
use of gasoline, the use of a motorcycle or any other  
motor vehicle adapted for transportation of persons ...  
...shall be unlawful unless the owner of the vehicle has  
obtained permission for such use by the Inspector General  
of Traffic.

(Annex 4, Reference 9, page 481)

Order Concerning the Suspension of Enterprises, February 15, 1942.

#### Excerpts

Section 1. If economic conditions, particularly the supply of raw  
materials and equipment should require, industrial en-  
terprises may be suspended in whole or in part.

signed, Military Commander in France

(Annex 4, Reference 9, page 481)

#### Example of General Restrictions Imposed on France

"If an enterprise is not important enough for the German  
war economy, it may be closed by the military commander,  
the reason given for the closing being the requirements  
of economic conditions and particularly the supply of raw  
materials and equipment."

(Annex 4, Reference 9, page 175)

# ANNEX 3

## Great Britain's Imports of Certain Products 1938

| Product      | Total Imports<br>in 1000<br>metric tons | From Europe<br>except<br>USSR |
|--------------|-----------------------------------------|-------------------------------|
| Pork         | 450.2                                   | 311.5                         |
| Butter       | 488.1                                   | 206.9                         |
| Bauxite      | 197.6                                   | 190.8                         |
| Iron Ore     | 4621.0                                  | 2519.0                        |
| Iron & Steel | 271.9                                   | 230.7                         |
| Scrap        | 444.7                                   | 203.4                         |
| Sulphur      | 87.3                                    | 32.8                          |

The New Economic Warfare

Antonin Basch

Columbia Univ Press  
New York, 1941

page 135

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# ANNEX 4

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