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## A policy of self-destruction

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## A Policy of Self-Destruction

The question as to whether or not economic sanctions are a meaningful way for one state or group of states to put political pressure on another is not so terribly new. There have been many such sanctions in human history, scarcely any of them successful. There therefore exists general agreement that sanctions can have a certain effect only under very restrictive conditions, if at all. If those conditions are not fulfilled, the sanctions can indeed – as the current dispute between the USA and Western Europe shows – have a boomerang effect, causing devastating damage in the home camp.

As far as “Trading with the Soviet Bloc” is concerned, only this year a Report of the same name to the Trilateral Commission outlined the minimum political conditions for sanctions on the part of the Western industrialised countries against the Soviet bloc. According to the Report, the Western countries should develop a related set of procedures for coordination and consultation in the event that international developments justify consideration of sanctions. A group should attempt to define in advance a common strategy outlining the procedures for implementing sanctions, and the conditions under which sanctions could be effective. Especially, the group should also provide for the sharing of burdens once sanctions are imposed, since the resulting costs of associated domestic sacrifices vary widely among countries and among sectors.

If the various stages of the present embargo dispute between the United States and Europe are reviewed with the above criteria in mind it becomes clear that not a single one of these criteria is fulfilled. Neither does a common Western strategy regarding trade with the Soviet bloc exist, nor does there exist agreement as to whether “international developments” (e. g. Poland) should be the occasion for sanctions, or whether sanctions should be imposed on the Soviet Union and, if so, which ones – not to mention the fact that the prospect of genuine burden sharing is very far removed. The Reagan Administration’s reasons for thinking it could make the spurious difference between permitted grain deliveries on the one hand and the undesirable “pipes for gas” deal on the other palatable to its Western allies under the heading of “burden sharing” will probably remain its secret.

The relevant contracts on the delivery of pipelines and compressor stations to – and the purchase of gas as of 1984 from – the Soviet Union were signed by the Western firms and the Soviet Union in September and November 1981. Long before this, it was clear that the US Administration – already under President Carter, and even more so under President Reagan – had been, and continued to be, against the deal, but that the Western European governments concerned defended the deal and would continue to defend it. President Reagan’s prohibition of deliveries by US companies for the construction of the pipeline of 30 December 1981 was something which therefore had to be reckoned with in Europe and which is even understandable from Reagan’s political point of view. The tightening of the embargo on the part of Washington – following diverse summit talks – by threatening sanctions against European companies, licensees and subsidiaries of American firms, is not exactly evidence

of polit-psychological dexterity, but it fits into the American tradition of pushing through the US's own political interests outside its own territory via the foreign subsidiaries of American companies. One is reminded, for example, of the attempt almost exactly 20 years ago to prohibit trade by US subsidiaries abroad with China on the basis of the Trade with the Enemy Act.

Although the United States' claim to political leadership of the Western hemisphere is principally accepted by most of Europe, such a way of exercising it could indeed lead one to expect that not only the French will attempt to prevent firms incorporated under national law from serving as an instrument for effecting the political conception of another government, albeit a friendly one. The sanctions proposed in reply to this by the US Administration against the European firms concerned only bathe the Western political debacle in the glaring light of absurdity: sanctions aimed at the Soviet Union are leading to a sort of "trade war" in the West.

There would be no sense at this point, however, in listing once again the omissions and mistakes made on the European, and on the American, side. The dispute which has broken out in the meantime over the legal issue as to whether the extension of the American embargo to European companies represents a breach of international law, or is not even covered by American law, also misses the essential point. The juridical approach should, in fact, only serve to gain sufficient time to tackle the central political problem: in negotiations between the United States and the Western European countries to examine once again East-West economic relationships in their entirety and to seek – and, if at all possible, also to find – a common Western position and strategy in the sense already mentioned above, at least in the form of a lowest common denominator. Not only differences between the United States and Western Europe, but also differences among the Western Europeans will have to be bridged over.

The repair of present fissures in the Western alliance and the attempt to find a basis for avoiding future fissures is not only a purely political question. The absurdity of economic sanctions by Western governments against enterprises in Western countries can – even if it only exists for a brief period of time – cause long-term effects which undermine the economic basis of Western national and common policies and thus turn into a policy of self-destruction.

The prosperity of the Western economies is due not least to the mutual and, by and large, unhampered exchange of ideas, technology, capital and goods. The Western countries' great economic plus over their Eastern counterparts was and is this exchange and this freedom of movement. But now it is not exactly improbable that the exchange of, in particular, capital and technology will in future be reduced (and it is probable that the other spheres will not fail to be affected) since economies and enterprises will endeavour to avoid the danger of exposing themselves to one-sided claims to extraterritorial sovereignty or conflicts of loyalty.

There are already more than a few indications of the fact that such a development is not only not improbable, but that it is already taking on a very concrete form. Many firms in the Federal Republic of Germany, but also in other Western countries, are already increasingly examining not only the costs but also the risks involved when considering the question as to whether they should continue to acquire and utilise US technologies or whether – even if it means higher costs – they should procure the needed technologies somewhere else or develop them themselves. Since appropriate protection from "unfair" competition would certainly be demanded for the products thus produced at higher cost, it could come, sooner or later, to a further turn of the screw of protectionism. Reports that in the meantime foreign customers are already putting pressure on German suppliers to avoid using American subcontractors if possible, also point in this direction.

These examples are not intended to speak in favour of the more or less implicit assumption of certain Western economists that politics has primacy only in the East, whereas in the West politics and economics each lead their own lives or should at least do so. On the contrary. But if economics is to serve politics it requires a reliable, calculable political framework: within the Western countries, for the relationships among the Western countries, and between the Western countries and other groups of countries.

*Otto G. Mayer*