



SECURITY &  
DEMOCRACY  
FORUM

# Economic Statecraft and U.S. Foreign Policy Tools

How the U.S. Uses Financial Power to Shape Global  
Outcomes

Graham Markiewicz  
SDF Executive Director

# Course Objectives

- Understand how financial tools advance national security goals
- Learn the major U.S. economic statecraft instruments
- Explore real-world examples of their use
- Identify congressional and policy levers for action



# Why This Matters

- Economic power complements military and diplomatic power (“3D” framework)
- Non-kinetic leverage in strategic competition
- Growing relevance in great power competition, counterterrorism, and human rights

# Foundations of Economic Statecraft

- Definition: using economic tools for foreign policy or security objectives
- Brief history: Marshall Plan → modern sanctions regimes
- Advantages: lower risk, coalition-building potential, flexible application



# Sanctions Overview

- Types: comprehensive, sectoral, targeted (“smart sanctions”)
- Primary authority: Treasury’s OFAC
- How sanctions deter, punish, and signal intent



# Key Sanctions Laws & Programs

- Magnitsky Act — human rights & corruption sanctions
- CAATSA — Russia, Iran, North Korea
- IEEPA — broad emergency economic powers
- SWIFT removals as a high-impact financial tool



# Export Controls

- Dual-use goods & national security
- EAR (Commerce) vs. ITAR (State)
- Entity List and current examples (semiconductor restrictions to China)
- Balancing security with economic competitiveness

# CFIUS and Foreign Investment Review

- Interagency role and process
- FIRREA expansion (2018)
- Example: blocking acquisitions in strategic tech sectors
- Link to economic security and supply chain resilience



# Development Finance & Aid

- DFC: strategic investment in developing countries
- MCC: governance-based aid
- USAID: capacity building, stability operations
- Competing with China's Belt and Road Initiative



# Currency, Commodities, and Influence

- Dollar as global reserve currency — benefits & vulnerabilities
- Commodities leverage: oil, grain, rare earths
- Petrodollar system and geopolitical influence





# Integrating Tools in Strategy

- Tools rarely work alone — sanctions + export controls + diplomacy
- Importance of allied coordination
- Role of intelligence and financial forensics

# Case Study: Russia 2022

- Sanctions on banks, energy, individuals
- Export controls on tech
- SWIFT removal and allied coordination
- Early impacts vs. long-term adaptation





# Case Study: Iran Nuclear Deal

- Sanctions as leverage in negotiations
- Relief in exchange for compliance
- Snapback mechanisms



# Critiques and Limitations

- Sanctions fatigue and evasion
- Economic blowback on allies and domestic industries
- Risk of overusing the dollar as a weapon
- Measuring political vs. economic impact

# Role of Congress

- Authorization and appropriations powers
- Oversight of executive agencies
- Setting conditions for aid and sanctions
- Hearings and reporting requirements



# Key Takeaways

- Economic tools are central to modern statecraft
- Success depends on coordination, targeting, and timing
- Congressional engagement shapes both strategy and execution

## Questions & Next Steps

- Open Q&A
- OFAC, BIS, CFIUS public resources
- CRS reports on sanctions, export controls, and development finance
- Encourage learners to review recent legislation and case studies
- Invite to take other related modules (Intro to Intelligence, Op-Ed Writing)