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More than 1,300 members of the Indiana National Guard assist with testing and other measures to limit the spread of COVID-19. (Spc. Jules Iradukunda, Indiana National Guard, Oct. 30, 2020)

Natural Hazards and National Security

The COVID-19 Lessons

By David Omand

Natural hazards can have serious implications for national security. The COVID-19 pandemic illustrates how first-order challenges are created for our national security planners, not least maintaining SSBN and SSN submarine crew and air crew rosters during quarantine restrictions, as well as keeping forces operationally effective while establishing social distancing in supply, repair and support facilities, gyms, and mess halls. We must also expect our adversaries to try to exploit the dislocation such events cause to further their own agendas.

From our painful experience of COVID-19, we can draw general lessons for planning against the potential impact on national security of a range of natural hazards. In this article, I also want to address some of the less direct second- and third-order effects of COVID-19 that have wider implications for our future national security.¹ Those indirect effects prompt the question of whether we have adequately defined the boundaries of what ought to be included within the rubric of planning for national security in the future. That in turn raises the question of where the balance of argument lies in moving in the direction of a Scandinavian-style “total defense” against both threats and natural hazards. That would likely involve some extension of the scope of the funded missions of the armed forces, and enlargement of the responsibilities of defense departments over an expanding national security space. There are important debates to be had drawing on the lessons from the COVID-19 experience, from how best to organize national resources for an all-of-nation response and identifying and analyzing potential natural hazards, to making informed choices as to where best to invest in precautionary measures that will meet with public support.

Threats and Hazards

In this article I am using the term *threat* to refer to security challenges that have human agency behind them, whether from state or non-state actors; and the term *hazard* to refer to the impersonal forces of nature that can create disruptive challenges, ranging from naturally occurring infectious disease to coronal ejections of damaging charged particles from the sun.

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British governments have traditionally preferred to use the term “disruptive challenge,” rather than crisis to describe the arrival of such events, since the essence of what makes a crisis is events that succeed each other so fast that the normal processes of decision-making cannot keep pace. Governments do not like to give the impression they have lost control—that may lead them into overly optimistic pronouncements of how they are managing disruptive situations. I will therefore in this article reserve the word “crisis” for when I am anticipating precisely that temporary loss of control due to the pace of events.

These categories of threat and hazard can interact of course. Disease can be spread maliciously, refugee movements from drought-affected areas can create security issues, unlawful human destruction of rainforests accentuates global warming, and so on. The essence of the important distinction for contingency planners lies in the impersonality of natural forces in contrast to the ability of malign actors to learn from experience and adjust their threat vectors so as to defeat countermeasures. Even so, we should not forget that hazards can change, too—viruses can mutate, and infections develop resistance to antibiotics.

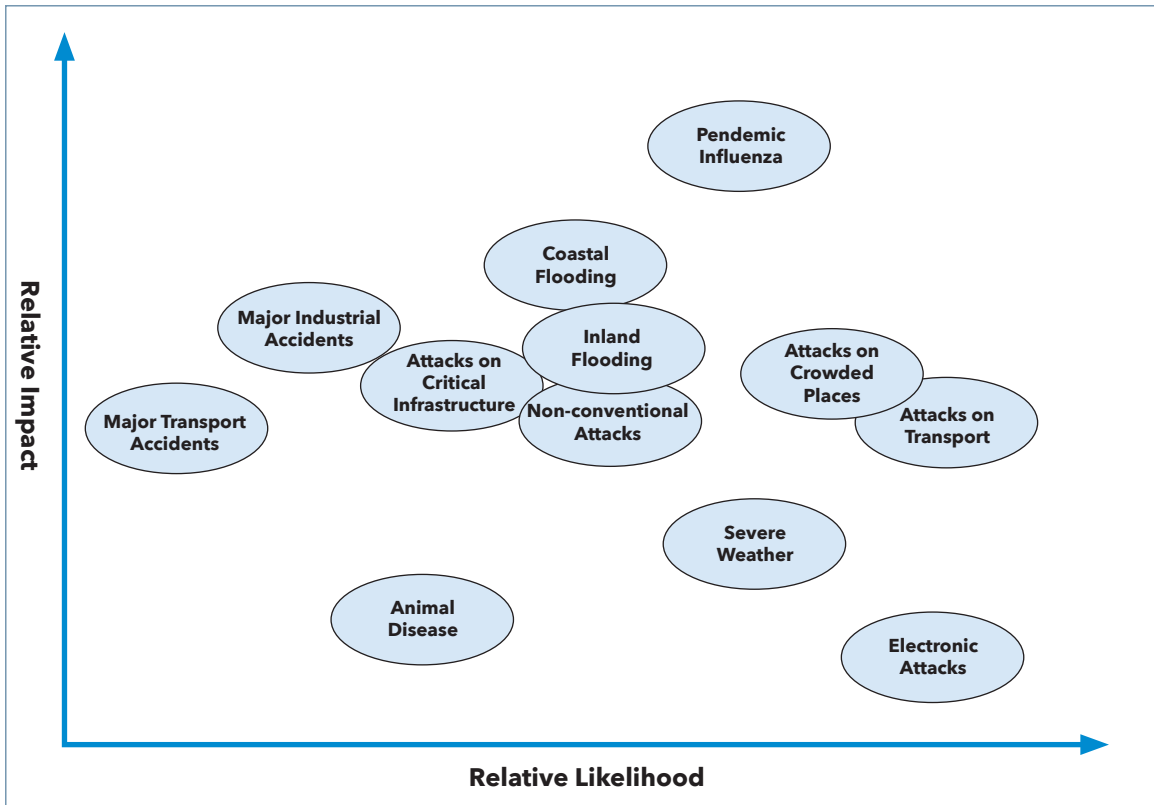
Threats have so far been the dominant category for consideration in national security planning. Policymakers and planners in both the United States and UK national security communities have been preoccupied over the past decade with the resurgence of serious threats from potentially hostile nation states, continuing instability in the Middle East, threats from Salafist jihadist terrorists, and most recently from a wave of damaging cyber espionage and destructive malware and ransomware, not to mention digital subversion coming from Russia seeking to interfere in our democratic processes. The financial losses from malicious cyber activity have also become a matter of significant concern. The NotPetya malware, for example, that the Main Directorate of the General Staff of the Armed

Forces of the Russian Federation (also known as the GRU) deployed to try to digitally coerce targeted Ukrainian enterprises, ended up escaping into the wild and doing \$10 billion worth of damage to global private companies, a very significant sum.

Yet the likely financial and social impact of such threats pales in significance compared to the speed and depth of the effects of the COVID-19 pandemic. The coronavirus caused a contraction in U.S. gross domestic product at the fastest rate ever recorded between April and June 2020.² The UK is in its deepest recession in at least a century.³ The pandemic has done more economic damage and social dislocation, resulting in the premature deaths of more people, than any hostile terrorist or cyberattack could have.

Apart from these damaging direct effects, the medium-term consequences for defense budgets could be severe as tax receipts shrink and public expenditure is squeezed.⁴ If interest rates rise over the next decade, the reductions in public expenditure in NATO nations could be extreme in order to pay the interest on national debt wracked up to provide for necessary short-term economic and social relief from the immediate effect of the virus, as well as to stimulate recovery. The slowdown in global economic activity will heighten these dangers.

A coronavirus pandemic is just one of the many types of major disruptive hazards we must expect from nature. Since 2008, the British government has annually published a National Risk Register⁵ to describe the key risks that have the potential to impact the British population. The Register includes risk matrices showing the most serious risks plotted against measures of likelihood and impact. Since 2008, those matrices have all featured a pandemic caused by a mutated influenza virus located in the top right-hand corner of the diagram as being the most concerning in terms of a combination of likelihood of the outbreak occurring with the impact to be expected. These take into account the vulnerability of the population to a new respiratory disease



Matrix A -Hazards, diseases, accidents, and societal risks and Matrix B -Malicious attack risks (UK Cabinet Office, 2017)

that would be markedly different from past influenza viruses and to which few people, if any, would have immunity. Other risks of concern shown in the UK matrix include the threat of terrorist attacks on transport systems and in crowded places, as well as cyberattacks, but in those cases showing a less concerning combination of probability and impact (their “expected value” in statistical terms).

There are many natural hazards that could have a damaging impact on our societies including other human diseases such as Ebola; animal pathogens that affect humans such as West Nile virus; space weather events such as coronal mass ejections and solar flares that impact electronics; and major environmental events, including volcanic eruptions, earthquakes, and tsunamis. There are also trends in global climate change that appear to show a greater

occurrence of extreme weather events including hurricanes and tornadoes, large-scale cold spells and flooding, and long-lasting heatwaves. Sea level rises are predicted that, combined with storm surges, will displace large numbers of people by mid-century and increase refugee flows.

The Impact on National Security Missions

It is an important responsibility of government to ensure that well-trained people and systems are available to identify and plan ahead to mitigate the impact of such major hazards. We must expect our adversaries will look for ways to capitalize on any misfortunes that may befall us as a result of natural hazards. Disruptions to the functions of normal life,

such as we have experienced due to COVID-19, will allow malign actors greater opportunities to cause us trouble. We may consider that hitting a man when he is down or distracted is unsportsmanlike, but that is what our adversaries do. The COVID-19 experience should remind national security planners working with local, state, and national government officials, and health and social care professionals to take the future impact of major natural hazards seriously in their forecasts. COVID-19 reminds us all of the value of early intervention when a natural disaster strikes, and to think in advance of the value of contingency plans, stockpiles of key items, and some prior investment in system resilience, in mitigating the situation then faced.

Existing threats can themselves be amplified by the impact of hazards. As a result of COVID-19, we have seen a rise in opportunistic criminal cyberattacks, preying on a population that is working from home and ever more dependent on social media.⁶ Terrorists may take advantage of temporary difficulties in the way that border control can be exercised during periods of disruption. The distraction of senior Western leadership during a crisis may offer opportunistic possibilities for adventurism between rivalrous states and non-state groups.

Many defense supply chains and several parts of the infrastructure serving defense commands have been disrupted by the restrictions imposed by national or regional COVID-19 lockdowns. We have known for decades that our modern logistics and repair capability rests precariously on the rapid availability of goods and services provided by many layers of contractors and component suppliers, not all of whom may be visible to the prime contractor supporting an equipment program, defense base, or other facility. It is easy to demand that supply chains be secured, but I recall that an early lesson in how hard this can be came for the UK in 2000 when there was serious disruption of gasoline distribution from oil refineries.⁷ It proved impossible to separate

out in advance which users “essential” to the working of the modern critical national infrastructure should be given priority supply. For example, a major teaching hospital ended up canceling complex operations, not because of its own fuel situation (it had emergency supplies under its contingency plans), but because modern surgical procedures use pre-prepared packs of sterilized instruments, which were delivered from a key contractor (who also was on the list for emergency access to fuel), but that contractor ran out of the sterilized shrink-wrap to protect the packs and the specialist company that supplied that material on a just-in-time basis had not been identified centrally as part of a supply chain needing protection from fuel disruption.

Supply chains run deep and, increasingly, overseas. The present COVID-19 pandemic has illustrated increasing dependence on globalized supply chains even in low-tech manufacturing, for example, personal protective equipment (PPE) such as protective clothing and masks. At least some of the fragility of defense supply chains comes from the seemingly relentless search by defense departments for greater efficiencies in supply and repair and support networks to free up defense resources for other priorities, as well as by defense contractors seeking to keep up profit rates for investors while under customer pressure to keep margins down. Low-cost sourcing overseas is superficially attractive in those circumstances. The greater availability of data from instrumenting platforms and systems, coupled with cheap computing and global communications, also makes it possible to engineer precise, just-in-time logistics systems that would not have been possible a decade ago. But if that is at the expense of resilience to unforeseen impacts on the system, it will prove a false economy when the unexpected happens. The COVID-19 experience should reinforce in the minds of law enforcement, defense, and security officials—and their contractors—the need to be aware of the increased risks to



MTA Deploys PPE Vending Machines Across Subway System (Metropolitan Transit Authority of the State of New York, June 29, 2020)

their ability to execute their missions that may arise when there are disruptive global challenges.

Both the U.S. and UK governments have horizon-scanning capability and deep scientific resources that can be engaged in establishing which possible events might have the most concerning combination of assessed likelihood and vulnerability in society. Whether such an event will crystalize into a significant risk depends both on the initial phase of impact and the duration of the ensuing disruption, itself dependent on societal resilience. How best to obtain systematic identification of those risks is considered later in this article.

Armed with risk matrices, governments and legislatures can then engage in a public debate about how reasonable it is to invest now in anticipatory measures to mitigate the effects of uncertain events in the future. There are tradeoffs to be made that

must engage the political process since different types of risk will impact asymmetrically on different national interests and citizen groups. Decisions over long-term risks may involve weighing the interests of those alive today against those of future generations. Do we assume, for example, that future generations will be richer, as the economy develops, and thus more able—in welfare economics terms—to bear the burden of the costs associated with a long-term hazard? Such inter-generational tradeoffs are conventionally expressed in terms of a time rate of discount to be applied to the streams of costs and benefits from an investment to be expected over the period. The choice of that discount rate is a political choice and likely to be highly controversial, as we have already seen in arguments over how much to spend today to try to mitigate effects of climate change in the future.⁸

There are two more fundamental issues that surface, however, from the COVID-19 experience that are considered in the next two sections:

- The first is how far it would be sensible to bring together the national effort in relation to natural hazards with that designed to respond to malign threats from state and non-state actors. Should the definition of national security be expanded to cover both? Would there be an adverse public perception of “securitization” or of suspicions of unjustified mission creep by the military?
- The second is a consequence of the first; how then would it be best to organize to deliver all-of-nation protection for the public to deal with major hazards alongside the defense-driven response to traditional national security threats? In particular, how far should we alter the boundary of the missions that the intelligence community, armed forces, and defense departments have traditionally been assigned so that they can contribute better to defending us against extreme acts of nature as well as those of the nation’s enemies?

The Scope of National Security

In the last 20 years (essentially, since the events of September 11, 2001), the United States and the UK have already been through a significant transition in the objectives of national security policy. The traditional national security missions remain; deterring potential adversary nations, having the ability to use military force to protect and promote the national interest, countering foreign espionage and sabotage, and generally defending the institutions of the state and upholding its constitutional values. The intelligence support for these missions preoccupied the agencies during the Cold War, including revealing the military capabilities of potential adversaries. To those defense-oriented objectives has been added the

direct protection of citizens at home and overseas from the threats of international terrorism and serious organized crime, including cybercrime.

When British legislation⁹ therefore refers to “national security” as being one of the legal justifications for the activities of the intelligence agencies and the use of intrusive powers, it is accepted that this includes countering terrorism and cyberattacks. The British Acts of Parliament also make explicit that the detection and prevention of serious crime is as proper a function of the national intelligence effort as it is for the armed forces at the request of the civil authorities; we see this today, for example, in the Royal Naval interdiction of narcotics trafficking in the Caribbean.¹⁰ The intelligence community is putting significant effort into acquiring preemptive intelligence to support such activity and gathering information on malign actors as individuals; the hostile autocrats, dictators, terrorists, narcotics and human traffickers, cyber criminals, child abusers, and other international criminal gangs, all intent on doing things that will harm us. The urgent demands have been for intelligence on their (often multiple and hidden) identities, associates, locations, movements, financing, and of course intentions.¹¹

All that represents a natural transition from “the Secret State” of the Cold War to “the Protecting State” of today.¹² Given the risks to citizens and to our armed forces posed by major natural hazards it is a logical next step to see national security increasingly being recognized as having a public safety and health dimension.¹³ The drivers here are both the direct adverse impact on defense and security missions and the indirect risks to the affected sectors and thus the continuation of normal life. The COVID-19 pandemic has acted as a catalyst in advancing this recognition.

At this point it would also be right to recognize that the COVID-19 experience shows that such global crises can generate unexpected challenges of their own for Western intelligence and security

agencies— preventing others from stealing COVID-19 vaccine secrets and from spreading damaging and deliberate disinformation.¹⁴ The modern approach to national security that I have suggested therefore has to be broad in scope to cover major hazards as well as threats. And with the implication that in the future there will be a much wider range of potential major disruptive challenges that will need to be studied by national security planners.

The demands for precautionary investment will have to compete alongside the needs of the present to maintain effective national security capabilities. Historically, we have had conceptual national security upheavals before, when the traditional security domains of sea and land had to accommodate air, and then space, and now cyberspace, and in future, I suggest, at least some of the major risks of the natural world. Such readjustments are never easy.

A significant step was taken by U.S. President Barack Obama (not least in light of the rise in cyber threats to the United States and the earlier lessons learned from the experience of Hurricane Katrina under his predecessor) by bringing the Homeland Security Council and the President's Homeland Security Adviser together with the National Security Council and the National Security Adviser. In the UK comparable steps were taken and the UK now has the Prime Minister chairing a single National Security Committee of the Cabinet, supported by a single National Security Adviser, covering domestic as well as overseas risks. At the top therefore the formal structures are in place to balance the requirements of preparing to respond to serious natural hazards as well as threats.

The Importance of Trustworthy Authorities

Once it is accepted that the safety and security of the citizen from major risks of whatever kind forms part of national security thinking we have to recognize the additional dimension of public psychology that

this brings. What would it mean for a nation like the UK to be in the happy position of enjoying a state of national security? My answer is, when there is trust on the part of the public that the risks from the major threats and hazards facing the nation are being sufficiently mitigated to enable normal life to continue, freely and with confidence.

Freely meaning the aim of normality is achieved without government having to impose extreme restrictions that go against the grain of the values, freedoms, and rights we enjoy as democratic nations, or take repressive measures outside the rule of law.

With confidence meaning that the key indicators of normal life are positive, despite the existence of risks to life and property. That means we should see high levels of economic activity, research and innovation, stable markets, inward investment, a willingness of the public to vote and exercise their democratic rights and to access crowded spaces, and use public transport, children in schools, and so on. As an example, we can see that the psychologically based national security test has been met in relation to the continuing serious domestic threat in the UK from jihadist terrorism. Despite some anguishing attacks, the UK is not a nation in fear of the terrorist.

But in relation to the COVID-19 pandemic we are in a state of national insecurity. Confidence in government to take optimum decisions in a timely manner has been badly shaken on both sides of the Atlantic. All the confidence indicators I mentioned above are blinking red.

A significant lesson in statecraft to be learned from the present experience of COVID-19 events is about the value of government and its institutions firmly banking in quiet times a reputation for trustworthiness. Trustworthiness comes from observed, reliable, consistent, and truthful behavior, and keeping one's word. Faced with a common danger we should expect divisions in society to lessen and for local communities to come together, but we cannot count on quickly building up trust in the actions of



Flyers at Hartsfield-Jackson Atlanta International Airport wearing facemasks on March 6th, 2020 as the COVID-19 coronavirus spreads throughout the United States. (Chad Davis, March 6, 2020)

government itself in the midst of the inevitable confusion *after* a crisis has arrived. It is in those adverse circumstances that it really matters that the public already believes in the integrity and good intentions of a government and will follow its advice.

The Boundary of the Missions of the Armed Forces and Defense Departments

When a serious disruptive challenge arises, perhaps it will be one of the overlooked “grey rhinos” of the future;¹⁵ we will look to our civil authorities to lead the response and the police services for domestic protection. But when civil resources become exhausted or falter, as has happened at times over the COVID-19 crisis, then governments have only one direction in which to look for relief—that is to seek the use of defense capability. That comes with the proven advantages of a reliable chain of command, experienced planners, resilient communications, and disciplined personnel. For most nations, those capabilities represent the last line of defense for the

protection of the public. That is certainly the case in the UK. Polls consistently show high levels of public trust in the armed forces. And the British public has never been let down in that respect, as the highly successful use of the armed services to help deliver a safe and secure London Olympic Games in 2012 demonstrated—once, that is, the arguments about who should pay have been set aside.

That last observation has strategic implications for what governments regard as legitimate military tasks for which defense budgets should be properly funded and contingent financial provision made. Tasks that government accepts would have to be met on an opportunity basis by whatever capabilities happen to be available at the time with costs reimbursed by the Treasury or the relevant civil department.

Difficult judgments then have to be made over the relative priority that defense planners should be asked to give to the totality of approved missions and tasks. For the UK specifically, it may be coming to the point where “home defense” has to be re-thought in a context of total all-of-government protection against

the full range of threats and hazards, to create what I described as “the Protecting State.” “Total defense” is a concept that has come back into prominence in Scandinavia and has lessons for other NATO nations.¹⁶ A recent (August 2020) example of an unexpected request from the British civil authorities was the Royal Navy being asked to help deal with the flow of refugees, including many unaccompanied children, trying to cross the Channel—one of the world’s busiest waterways—from France to seek asylum in unseaworthy inflatables provided by rapacious criminal gangs.¹⁷ The task of protecting fishing grounds after Brexit may be another issue where greater defense support is sought for surveillance and, where necessary, intervention. Taking COVID-19 as an example, current British doctrine distinguishes between;

- MACC, local military aid to civil communities in trouble, such as local service units helping with distribution of essential medical supplies to care homes in the current COVID-19 crisis, at the initiative of local commanders to respond to requests using existing readily available resources.
- MACM, aid to civil ministries, nationally organized and approved by central government as well as the Defense Secretary, such as running COVID-19 testing clinics and helping build emergency hospitals, on repayment from central contingency funds.
- MACP, armed military assistance to the civil power, including defense budget-funded explosive ordnance disposal and Special Forces capabilities on standby. Thankfully, COVID-19 is well short of generating civil unrest but planners need to consider extreme circumstances where the impact of a future catastrophic natural disaster might be sufficient to cause social dislocation beyond the capacity of the police to control.

The opportunity of the current national security strategic review being conducted by the British

government¹⁸ should be taken to examine whether the missions envisaged by the current UK categories of military support to the civil authorities, and how they are funded, manned, and equipped, match the needs of tomorrow. I hasten to add here that doing more to prepare for major hazards must not replace the requirement for the possession of military power capable of deterring threats, or when necessary, allowing lethal force to be used effectively in combat. But it may mean some redefinition of the purpose of defense forces in protecting the state.

It is also important to recognize that the “total defense” of the citizen provided by the Protecting State cannot be delivered by defense departments and the armed forces alone. As with COVID-19, the brunt of the effort will rest on civil resources, not least public health and enforcement of regulations. The primary role of the civil authorities in planning for military support needs to be protected to avoid any perception of a gradual “securitization” of civic life to which the public might be resistant. That is a route we have seen some countries in the global south go down, ending with military suppression of democratic politics. And when defense resources are legitimately engaged, those involved must remain conscious of civilian sensitivities, not least in response to the natural instinct to exercise leadership on the part of military officers highly trained to assess and act decisively in difficult situations.

The constitutional situation in the United States is of course different from that in the UK. The UK has no equivalent of the U.S. National Guard available to be called upon by state governors to maintain law and order where some major disruptive challenge results in social breakdown (as happened in parts of New Orleans after Hurricane Katrina), nor the Posse Comitatus Act prohibiting the use of Federal armed forces for law enforcement. But I merely observe that viruses like malware respect no borders, domestic or international—and infectious diseases can be spread maliciously as well as by nature. Ways must be found



Oregon National Guard sets up Oregon Medical Station (Oregon National Guard, March 19, 2020)

to arrive at satisfactory contingency plans within national constitutional settlements.

A common lesson from the COVID-19 experience is the importance of clarity in the doctrine of crisis management that is to be followed for civil emergencies. We all know how to manage external national security threats. Defense doctrine, for example, emphasizes the need for clarity in strategic direction at the top, coupled with delegation or devolution of the authority to commanders and supporting commanders, under defined rules of engagement necessary to enable flexible theater decisions to match actual events on the ground. The worse the crisis, the more authority needs to be pushed down the line since only those in direct contact with the adversary, be that a far-away hacker or an ever-present virus, can know enough to make the optimum decision for that theater of operations or locality. The same principle must apply to the management of major disruptions caused by civil

hazards. The doctrine to be followed must be regularly exercised in a variety of different scenarios so that planners have the evidence on which to build contingency plans. During a major dislocation is not a good time to have to construct new command and control doctrine between central and devolved or local authorities and impose it on organizations and institutions for whom it is novel.

Modern communications may give the illusion that those in the center will be able to control a disruptive situation and execute complex operations, but we must expect the fog of war to be always present. In the end, all crises are local in their impact. We all know that the first reports from the scene are always wrong in significant respects. There is a trust issue here too: public promises built on early data conveyed to the media too soon can destroy reputations when retractions are forced.

Getting reliable and timely COVID-19 infection data and analyzing it consistently has clearly tested

both the U.S. and UK governments. There is never enough reliable data available early enough in any crisis, of course. Crisis management means weighing up and using what information there is—from overseas as well as domestic sources—to make probabilistic decisions, and being prepared to reassess when fresh information arrives. The certainties of the clinical researcher waiting for years for the definitive result of random double-blind trials is too high a standard for public health in a crisis. And for politicians, changing minds in the light of strong new evidence emerging is a sign of strength not of weakness of will.

COVID-19 and Information Operations

The COVID-19 pandemic has certainly shaken public trust in our national institutions to do the right thing and to explain their actions sufficiently clearly, transparently, and consistently to the public. There are explicable reasons for this: this coronavirus had not been seen before and the science did not provide unambiguous answers about vectors of transmission, China withheld important and relevant information about the first appearance of the coronavirus, subsequent warnings from the World Health Organization were not sharp enough, concerns over the impact on the economy muted the nature of early public warnings, and so on. But the strategic lesson is that, whatever the reasons, the information domain has created significant problems for both the United States and the UK, and many other nations.¹⁹ Such problems will often be experienced in the case of other disruptive hazards and threats alike.

COVID-19 also happened to hit us on the back of a rising domestic and external tide of social media misinformation, half-truths, and information manipulation. The vulnerability of our democracy to digital manipulation has been emphasized by the Director of the U.S. National Counterintelligence and Security Center.²⁰ His warning was about the risks to the 2020 U.S. presidential election, but the

points made also apply to Russian and other foreign media spreading lies about the coronavirus, with suggestions that it originated in a U.S. military biolab in 2015 (or as one report had it, in a U.S. laboratory in Armenia).²¹

The warning also applies to Russian attempts to hack into UK and U.S. research labs to try to steal information about the vaccines being developed²²—perhaps to be able to justify the claims on Russian media that Russia already has a COVID-19 vaccine. We also have to be concerned about conspiracy theories being spread, such as the false claim that there is a connection between 5G microwave radiation and vulnerability to COVID-19 that has already resulted in over 50 attacks on mobile phone masts in the UK. Anti-vaxxer disinformation has included conspiracy claims on social media that COVID-19 is being exploited as a pretext to introduce compulsory vaccinations. Our interests will be affected by anti-Western coronavirus disinformation in the global South. As of August 2020, Facebook had placed warning labels on around 50 million pieces of COVID-19-related content.²³ Anti-Western coronavirus disinformation is being deliberately targeted at the global South and is dangerous to local populations as well as to our interests. As Josep Borrell, the High Representative and Vice President of the European Commission, warned in June 2020:

Disinformation in times of the coronavirus can kill. We have a duty to protect our citizens by making them aware of false information, and to expose the actors responsible for engaging in such practices. In today's technology-driven world, where warriors wield keyboards rather than swords and targeted influence operations and disinformation campaigns are a recognized weapon of state and non-state actors, the European Union is increasing its activities and capacities in this fight.²⁴

The experience of COVID-19 heightens the urgency of developing an effective deterrent and dissuasion strategy against hostile information warfare. The influence of social media in spreading COVID-related disinformation shows how important it will be for the management of any future disruptive challenge to have secured the cooperation of the big tech and social media companies. And to have thought strategically about how best to lay the foundations for a more discriminating and informed public, for example by making critical thinking and staying safe online, compulsory subjects in our schools.

Sharing Experience in the Application of Analytical Thought

Our intelligence folks know well how to analyze complex data to support timely national decision-making and to exploit data in tactical battlefield situations. In the UK, there is a direct link between the Joint Intelligence Committee (JIC), the heads of the intelligence agencies, and the Prime Minister and senior Cabinet colleagues. The chair of the JIC and heads of the intelligence agencies attend the UK National Security Council. The experience of analyzing and using all-source threat assessments should be drawn on for all forms of disruptive challenges too.²⁵ Civil analysts and policymakers can use what I call the “SEES” model of analysis; Situational Awareness, Explanation, Estimation and Modelling (the final S standing for Strategic Notice) to enable preemptive measures to be taken to cope with the level of risk we feel we can tolerate, such as investing in resilience.

Situational awareness is trying to answer the questions, “what, when, where, and who,” essential today in judging how to respond to the spread of COVID-19, for example by imposing local lockdowns. Getting reliable, timely, and consistent COVID-19 infection data has clearly been a problem for governments. In crisis, there need to be urgent consultations with decisionmakers at all levels of

government and the private sector about what data will be central to their assessments, and when it will be needed. An information requirements grid, with any necessary data definitions agreed to, in order to ensure comparability and timescales for reporting, can then be imposed nationally. That allows a battle rhythm to be established for meetings of the National Security Council or other senior decision fora.

Today, meeting crisis information requirements may involve access to sensitive citizen personal data in bulk. There are lessons here from the controversy over the use of mobile phones as COVID-19 alerting instruments. We cannot take for granted that there will be sufficient public acceptance of digital surveillance and of the use of machine learning in artificial intelligence (AI) algorithms, even for national security purposes. A lesson of COVID-19 for the future is the need to develop ethical codes for AI applications in which lawmakers, the tech companies, and the public have confidence.

Apple and Google have released a Bluetooth app that can be used to warn citizens when near a recorded COVID-19 sufferer, which is potentially useful. Virginia is the first state to have adopted it. But the companies refuse for their own data protection reasons to disclose the location of such close encounters with COVID-19 sufferers, preventing public health authorities from establishing heat maps of COVID-19 hotspots.²⁶ That, I suggest, is a data privacy decision that in a public emergency, is for the democratic state to take, not private companies, no matter how big or important they may be. The UK had to try to develop its own mobile phone app given the restrictions imposed by the companies, with significant delay in the introduction of the system. We cannot permit such situations to arise in the future.

Explanation is the second component needed for satisfactory analysis of a disruptive challenge, answering policymakers’ question, “why are we seeing this data?” This involves Bayesian causal inference to test competing hypotheses of why we

observe the data points we do. For example, infection rates that have shown the greater vulnerability of some minority communities to COVID-19 might have a number of contributory explanations, such as statistically significant environmental conditions of greater overcrowding and multigenerational housing occupation, greater presence in occupations requiring direct contact with the public such as public transport, or factors associated with incidence of diabetes, or other reasons. Policy responses will depend on the choice of explanation. The task is to choose the explanation that best fits the available facts (and with the least evidence against it). As we acquire more evidence-based explanations of the behavior of the COVID-19 virus, we can be more confident in moving to the third step in analysis, estimation and modelling.

Estimates of how situations may evolve can be produced for decisionmakers, provided that there is a sufficiently robust explanatory model of the situation being faced, thus enabling questions to be answered about “what next or where next?” Modelling will try to answer questions about, “what will happen with this or that intervention” and show events unfolding in different ways, of course, dependent on the assumptions and key parameters the analyst chooses. We have seen this with many differing estimates of the COVID-19 spread, such as the impact of differing assumptions about the persistence of antibodies in those who have been infected and the impact of lockdown and sanitary measures in the average rate of infection (the R number).

The general lesson is the need for an open dialogue among the expert communities advising on the results of their modelling and the policymakers seeking the right combination of responses. The latter must always remember that the answers they get from the professionals will depend upon the exact questions they ask, and the professionals must be clear about why they are being asked those questions. It is also a truism of intelligence work that

the absence of evidence is not evidence of absence. A professional judgment that there is currently little or no risk of some outcome X will correctly reflect evidence that the precursors of X have not been observed. But such a statement must not be interpreted as meaning that the professionals see no *future* risk of X. The answer you get depends upon the question you ask.

It is important that the analysts are trained not only to give government their “most probable” estimate but also highlight less likely scenarios where the consequences would be severe if they were to happen. It was the worst case estimate of deaths due to COVID-19 that finally jolted British ministers out of their complacency and into ordering a national lockdown on March 23, 2020. The Prime Minister tested positive for the virus a few days later.

Obtaining *strategic notice* of possible *future* challenges is a fourth important step in the SEES model and one that involves different modes of thinking, about whether to identify black swans or grey rhinos.

Having strategic notice is to be aware of the possibility of wildcards and long-term developments that may help answer important policy questions of the “how could we best prepare for whatever might hit us next?” type. Disruptions take many forms. Some will relate to scientific or technological breakthroughs (such as quantum computing). Some will come from shifts in global power balances. Some from natural forces, such as the emergence of the COVID-19 virus.

For some sources of disruption, it is possible to establish from past experience how frequently they are likely to arise. In such cases, likelihood can be expressed as a “one in 50 years event” or “1 in 100 years” event. For example, the U.S. Geological Survey (USGS) routinely measures the San Andreas fault near Parkfield in central California, where a moderate-size earthquake has occurred on the average of every 20–22 years for about the last 100 years. Since the last sizeable earthquake occurred in 1966, the

USGS estimates that Parkfield has a high probability for a 5–6 magnitude earthquake before the end of this century.²⁷ It must be borne in mind that even very unlikely events with non-zero probability can—and do—happen. The 2008 financial crash was just such a “long-tailed” event. For other risks, data is increasingly available to allow trend analysis, from which long-term warnings can be inferred, as in sea level rises due to polar ice sheet melts. For most natural hazards, likelihood estimates allow a form of strategic notice, but tactical warning of such events should not be expected, so there will inevitably be surprise and dislocation when they happen. But given sensible anticipatory investment in mitigation measures, we need not be so surprised by surprise itself.

The methods of horizon-scanning are well-known in seeking strategic notice of approaching dangers. The term derives from the ancient practice of having a sailor in the crow’s nest of the ship scanning the horizon for the first signs of the masts of the enemy fleet appearing over the horizon. But strategic notice is a wider concept. If looming danger is identified early enough, it may be possible to preempt it. A historical example will illustrate the point. The Spanish intention to land an army in England in the 1560s was uncovered by secret intelligence, and when reporting indicated that an invasion fleet was being assembled, preemptive action was taken to prevent the force ever leaving harbor, which Francis Drake achieved by raiding the Spanish fleet while still at anchor in Cadiz. One advantage of having adequate strategic notice is that it can cue the search for intelligence for the first signs of the anticipated risk (a lesson from COVID-19 as well).

We cannot know the future and we cannot afford to prepare for everything. Having strategic notice of a range of possible significant threats allows us to weigh precautionary steps, especially those that are likely to be robust against a variety of scenarios, such as stockpiling PPE.

When Preemptive Systems Fail

Those four analytical processes described in the preceding section as the SEES model of rational assessment, are conceptually distinct. When governments fail to get a clear warning or to understand its import, this failure can be due to different problems arising at each stage.

We know there can be analytic failures in situational awareness when the first threatening signs are concealed, overlooked, or misinterpreted. This is inevitable to some extent in a dangerous and chaotic world. It may turn out that there were missed opportunities to warn of the seriousness of COVID-19, especially given that the Chinese authorities have a history of not being open about internal affairs. The global outbreak of COVID-19 was certainly a tactical surprise, but it should not have come as a strategic surprise.

Sometimes there are failures of policy response to some disruptive challenge when the explanatory models being used to understand what is going on miss some key features. This can lead to the desired ends of the policy response and the means of delivering it not being aligned (such as when local lockdowns following spikes in infection fail due to insufficiently rapid results from track and trace). And sometimes when, however logical the resulting policy might appear to be to its drafters, assumptions made in the model estimating the effects of the response turn out to be wrong: for example, assuming that all sections of the public will buy equally into mask wearing. It must be accepted that often new policy approaches will have to be crafted in situations of great uncertainty, as with a novel virus of initially unknown characteristics. Strong leadership is what makes a big difference in order to quickly generate a sense of purpose in circumstances where danger looms and to guide the political class and public to reframe their expectations accordingly.

We should also recognize from the COVID-19 experience that there can be specific “warning failures” that fall into the cracks between adequate



Anti-Mask Protest - Coronavirus (COVID-19) Sheffield, UK (Tim Dennell, July 18, 2020)

foreknowledge and appropriate reaction—hearing but not listening. Warning is a deliberative act. It is being pro-active. Warning is more than writing an intelligence estimate or a scientific paper.

An effective warning is a loud shout to senior leadership (and later to the public) for attention:

- A strong knowledge claim about a potentially worrying development
- An assessment of why it really matters if it happens to us
- Sufficient illustration of how current policies and systems may fail in order to drive home the message that precautionary action is needed now to avoid disaster if the risk materializes. For example, with COVID-19, a mismatch between the assumptions made in extant contingency plans of central government and the practical availability of ventilators or testing facilities on the ground.

Warnings powerfully bring together the intelligence, scientific and—where appropriate—public health assessments with honest and rigorous policy analysis. They are unlikely to be spontaneously effective. Processes are needed within government that allow for professional assessments to be provided, without the risk of politicization, but then brought together with policy analysis to form an effective and robust warning system for senior national security leadership.

National security planning today must encompass the potential impact of major hazards as well as the more traditional malign threats facing the nation. Such a wider view of national security planning, examining all the events that could have a major impact on the safety and security of the citizen, has an important dimension of public psychology. The public must have confidence that the potential risks are being satisfactorily mitigated so that normal life can continue freely

and with confidence. There are existing national security processes that provide the basis for decisions on precautionary measures and investment in resilience through the provision of situational awareness, explanation, estimation, and strategic notice, thus allowing better management of malign threats. A modern approach to national security needs comparable and compatible processes to decide how to mitigate the serious global hazards that may lie ahead for our people and for our shared interests. **PRISM**

Notes

¹I am grateful to the DOD Joint Staff SMA Program for the opportunity to discuss these ideas with planners in the Pentagon and the UK MOD at an online seminar on August 13, 2020.

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⁵UK Government, *National Risk Register*, 2008.

⁶A relevant Interpol warning can be found at <<https://www.interpol.int/en/Crimes/Cybercrime/COVID-19-cyberthreats>>.

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⁸An example of the importance of the time discount rate is shown by the arguments over the pathbreaking Stern Report on the economic impact of climate change. See Kenneth J. Arrow, “Global climate Change: A Challenge to Policy,” *The Economists’ Voice* 4, no. 3 (2007), available at <<https://www.degruyter.com/view/journals/ev/4/3/article-ev.2007.4.3.1270.xml.xml>>.

⁹Such as is given in the Intelligence Services Act of 1994 that defines the roles of GCHQ and the Secret Intelligence Service (MI6), and in the Investigatory Powers Act of 2016 that authorizes the use of bulk access methods by the intelligence agencies. See the Intelligence Services Act of 1994, available at <<https://www.legislation.gov.uk/ukpga/1994/13/contents>>. See also the Investigatory Powers Act of 2016, available at <<https://www.legislation.gov.uk/ukpga/2016/25/contents/enacted>>.

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¹¹David Omand, *Securing the State* (London: Hurst, 2010), ch.1.

¹²Peter Hennessy, *The Secret State* (London: Allen Lane, 2002) and David Omand, “The Dilemmas of Using Secret Intelligence for Public Security” in *The New Protective State*, ed. Peter Hennessy (London: Continuum Books, 2007).

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¹⁴Catherine Philp, “States trying to steal vaccine secrets, security agencies say,” *The Times*, May 6, 2020.

¹⁵A “Grey Rhino” is a highly probable, high-impact yet neglected threat, akin to both the “elephant in the room” and the improbable and unforeseeable “black swan.” Gray Rhinos are not random surprises, but occur after a series of warnings and visible evidence.

¹⁶James Kenneth Wither, “Back to the Future: Nordic Total Defense Concepts,” *Journal of Defense Studies* 20, no. 1 (2020).

¹⁷“Home Office Seeks Help over Migrant Crossings,” BBC, August 8, 2020, available at <<https://www.bbc.co.uk/news/uk-53704809>>.

¹⁸Ministry of Defense, “Defense Pledges to Evolve Faster on the Years Ahead,” press release, July 3, 2020, available at <<https://www.gov.uk/government/news/defense-pledges-to-evolve-faster-in-the-years-ahead>>.

¹⁹Lawrence Freedman, “Strategy for a Pandemic: The UK and COVID-19,” The Survival editor’s blog, June/July 2020, 25–76, available at <<https://www.iiss.org/blogs/survival-blog/2020/05/the-uk-and-covid-19>>.

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²¹A catalog of false Russian media stories about COVID-19 can be found at the Disinformation Review website, available at <<https://mailchi.mp/euvdsinfo/dr196-881757?e=2b235c697e>>.

²²Chris Fox and Leo Kelion, “Coronavirus: Russian spies target Covid-19 vaccine research,” BBC, July 16, 2020, available at <<https://www.bbc.co.uk/news/technology-53429506>>.

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²⁵David Omand, *How Spies Think: Ten Lessons from Intelligence* (London: Penguin Viking, 2020).

²⁶Jami Mills Vibbert, et al., “Covid-19 Tracing Apps: what privacy law will apply,” Arnold and Porter Web site, June 10, 2020, available at <<https://www.arnoldporter.com/en/perspectives/publications/2020/06/covid-contact-tracing-apps-what-privacy>>.

²⁷U.S. Geological Survey, “The San Andreas Fault,” last modified November 20, 2016, available at <<https://pubs.usgs.gov/gip/earthq3/safaultgip.html>>.



Airmen deployed a Transport Isolation System for the first time in the Indo-Pacific to safely transport a COVID-19 patient. (U.S. Indo-Pacific Command, July 17, 2020)

The Military in the Time of COVID-19

Versatile, Vulnerable, and Vindicating

By Nina Wilén

Since the eruption of the world's latest pandemic, COVID-19 in December 2019, militaries throughout the world have taken on a variety of unfamiliar domestic tasks—an arena which is usually reserved for internal security forces. In Peru the military called upon 16,000 reservists to help fight the pandemic—an exceptional move that did not even occur during the fight against the rebel group Sendero Luminoso in the 1980s.¹ The Italian military found itself driving truckloads of deceased COVID-19 victims to mortuaries,² provoking questions about possible post-traumatic stress disorders (PTSD). In Spain, the military has also drawn international attention, not only for its assistance in imposing national lockdowns, but moreover for the revealing uniforms, with deep v-neck shirts and leather suspenders. This prompted both comments from mainly female writers, reflecting on the physical attraction of the male soldiers, and a deeper and more critical discussion on the role of the Spanish military during the civil war and the succeeding dictatorship.³

The increased visibility, unfamiliar tasks, and closer cooperation with the civilian world have driven civil-military relations to new ground while at the same time suggesting questions about which domestic tasks should be allocated to the military. In this article, I explore these developments from a global perspective, then zoom in on select states for empirical examples. I identify what types of tasks militaries have performed during the current crisis and critically analyze how these tasks may impact civil-military relations and the military institution more broadly in the short and long term. This leads to probing fundamental military sociology questions concerning the apolitical nature and role of the military in society, especially in liberal democracies.

Drawing on a literature review of academic articles, “gray” literature, media articles, and informal discussions with military personnel from different countries, I identify three trends with regard to militaries in the time of COVID-19 and analyze the potential challenges that these present for the future. First, the pandemic exposes the military's own vulnerability to health risks due to its close living and working conditions, while at the same time implying a risk of military personnel spreading the virus to the civilian population. Second, the pandemic has so far only marginally impacted the operational capacity of militaries, yet there are likely negative long-term effects if the COVID-19 situation persists for more than a year, related to strains on logistical, operational, and human resource capacities. Third, the higher visibility and closer connection with the civilian population during

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the current pandemic has confirmed the last two decades' development of military institutions toward being highly versatile organizations with increasingly important domestic roles.⁴ This is likely to alter civil-military relations, invoking questions related to the military's apolitical character.

In the first section, I revisit the military's role in previous health crises, showcasing the historical aspect of current tasks. Thereafter, I make a broad categorization of the tasks undertaken by the military during the current pandemic, emphasizing their versatility. In the third section, I identify and analyze trends during the pandemic, pointing to different challenges that these trends are likely to have. In the conclusion, I reflect on how the military's fight against COVID-19 has demonstrated its versatile character in a visible way that likely impacts civil-military relations more broadly and suggests risks to the apolitical character of the armed forces.

A Historical Role

Most national security documents and mission statements reserve a role for the military in national health crises or pandemics. The enumerated tasks range from more traditional military tasks such as building infrastructure, providing transport, and supporting quarantine measures, to the provision of military medics, facilities, and researchers to speed up research. Indeed, recent years have seen a call for armed forces to play a greater role in planning for, and responding to, health events.⁵ While the current pandemic has demanded new, and at times unfamiliar, roles for the military in many states, there is a long history of using the military to curb disease outbreaks, epidemics, and pandemics.

Historical studies have shown how recurrent periods of pandemic influenza between 1500 and 1900 disproportionately affected the military population, thereby making the disease not only a health threat, but also a security threat.⁶ This became more explicit during the "Spanish Flu" in World War I

between 1918 and 1919, when the wartime organization of British medicine framed the response to the influenza by articulating definitions and knowledge of the disease. In the United States, influenza and pneumonia sickened 20 to 40 percent of U.S. Army and Navy personnel during WWI.⁷ Both France and the United States saw a "militarization of medicine" during the same period, making this a broader, global development.⁸ In modern times, the outbreak of foot and mouth disease in the UK in 2001,⁹ the Avian Influenza in 2006, the 2009 H1N1 influenza pandemic,¹⁰ and the 2014 Ebola outbreak in West Africa¹¹ have all seen varied types and levels of military response.

In the UK in 2001, the army's role was to "command and control" the response to foot and mouth disease, clearing backlogs of dead cattle and coordinating with civilians to keep diagnosis, slaughter, and disposal time to a minimum.¹² The Ebola outbreak in West Africa prompted both domestic and regional militaries under African Union command to assist in the efforts to contain the spread of the virus, as well as a wider U.S.-led effort under Operation *United Assistance* with the deployment of 2,692 U.S. military personnel as well as the launch of Operation *Gritrock* by UK forces.¹³ Given these precedents, the military's central role in the current pandemic should come as no surprise to observers. Yet the variety of responsibilities armed forces have been tasked to perform raises questions about military versatility and the effects it may have on civil-military relations and the concept of an apolitical military.

Highly Versatile Organizations

Militaries worldwide have participated in efforts to limit the spread of the COVID-19 virus, drawing on their national command networks and pools of disciplined and available manpower, deployable on short notice.¹⁴ Most of the efforts fall into three main categories; providing additional medical capacity, logistics and infrastructure, and support for internal security.¹⁵

Providing Additional Medical Capacity

A large number of militaries have mobilized their medical expertise to combat the spread of COVID-19. In the United States, 30,000 National Guard service members offered frontline care to community-based testing and distributed medical supplies and personal protective equipment to support hard-hit communities.¹⁶ In Israel the military intelligence technology unit has been working on the conversion of simple breathing support devices into more advanced ventilators, in addition to producing low-tech masks.¹⁷ In Sierra Leone, building on their experience fighting Ebola, military doctors have treated patients in the 24 Military Hospital.¹⁸ In Somalia, militaries have joined to form the “Coronavirus Army” which sets up water points and makes sure that people keep their distance, even in crowded camps of displaced people.¹⁹ Military factories have shifted production to make medical supplies in Argentina, Brazil, Chile,

Colombia, and Uruguay, whereas the Brazilian and Peruvian militaries are designing and producing respirators together with private sector and university researchers.²⁰ Perhaps most surprisingly, the military is involved in strategic planning to create health policies. In Argentina for example, the Joint General Staff’s Bureau of Health is “developing care protocols for high-risk patients in coordination with civilian agencies.”²¹ The collaboration with civilian agencies is also evident when it comes to logistics and infrastructure.

Logistics and Infrastructure

Armed forces across the world are trained to respond to weapons of mass destruction (WMD), including bioweapons. As such, many militaries have protective equipment which makes them not only one of the institutions best prepared for disasters such as pandemics, but also the most medically protected (although exceptions exist as the next



Kenyan soldiers serving under the African Union Mission in Somalia (AMISOM) present plans to prevent the Spread of COVID-19 in Dhobley, Lower Jubba region. (AMISOM Photo, April 25, 2020)

section shows).²² Militaries are also trained to mount logistical operations at short notice and have the equipment and personnel to quickly move large numbers of people and items from one place to another. Similarly, they are trained to build infrastructure in diverse contexts, including under duress and tight time constraints. These skills have been put to use in the fight against COVID-19 by several different states. In Sweden the armed forces have deployed field hospitals and supported people in risk groups with grocery shopping and have provided vehicles and equipment.²³ In India military aircraft have transported medical supplies throughout the country.²⁴ Armed forces across the world have also been tasked with planning and providing repatriation and evacuation flights for citizens abroad. In an unusual case, the Italian army was tasked with removing coffins from Bergamo's cemetery when funeral services were overwhelmed.²⁵ In China, the

People's Liberation Army's role in fighting the pandemic was central from the beginning, in part due to the fact that the Central Military Commission's Joint Logistics Support Force is situated in Wuhan, the first epicenter of COVID-19. Tasks have included supplying medicine to hospitals and providing food to the local population under lockdown while helicopters from the Central Theatre Command have airlifted supplies to devastated regions.²⁶

Support for Internal Security

More traditional security-related tasks such as controlling borders and enforcing lockdowns have also fallen on both police and military forces across the world. These domestic patrolling duties have passed without major incidents in some states, like Italy and Spain, while in others they have led to tensions between security forces and the civilian population. In South Africa, the military failed to



Soldiers from the Rhode Island National Guard perform multiple tasks at a COVID-19 test site located at Rhode Island College, North Providence, RI. (Rhode Island National Guard, May 6, 2020)

live up to President Cyril Ramaphosa's call to act as a "force of kindness," using water cannons and rubber bullets to enforce lockdown.²⁷ Similarly, President Nayib Bukele of El Salvador ordered the police and the military to "be tougher with people violating the quarantine," advice that was strictly followed according to reports documenting arbitrary detention and excessive use of force.²⁸

In recent years the boundaries between internal and external security forces have become increasingly blurred due to new transnational security threats, such as organized crime and terrorism.²⁹ In some states this development has been mirrored in the growing significance of intermediary gendarmerie-type security forces.³⁰ Yet deploying the military domestically for security purposes is likely to have effects on the broader civil-military balance and is still an exceptional measure in most states. Recent developments may tip the scales in either direction, leading to increased securitization of society if the armed forces excel, but negatively impacting perceptions of the utility of the military in times of medical crises and humanitarian response in cases where the military is used for repression.

Trends and Challenges

The tasks performed by militaries during the current pandemic clearly show that they can be very versatile organizations, performing a diverse variety of functions in society. This confirms the past two decades' development during which armed forces have taken on new tasks such as peace operations, military assistance missions, counterterrorism operations, and a growing role in domestic security matters.³¹ The latest pandemic has thus confirmed military adaptability. Yet how has this crisis affected the military, both internally, in terms of risks and capacity, and externally in civil-military relations? More generally, how does such resourcefulness during the current crisis impact the apolitical character of the armed forces?

Health Risks for the Military

It is in the nature of their work that armed forces personnel are frequently operating in close quarters and shared living spaces. This in turn implies that these personnel are particularly at risk of infection by the COVID-19 virus.³² As an observer noted, "Social distancing runs counter to virtually every facet of military life, where service members of all ranks have been trained to see 'lethality' and 'readiness' for combat as higher values than their personal well-being."³³ Indeed, an American politician even suggested that soldiers could voluntarily become infected with COVID-19 to "provide an immune workforce and research antibodies."³⁴ While military personnel on average are young and fit—and thereby less likely to get serious infections from the virus—they are not immune. Their central role in the fight against the virus and their working and living conditions increase their risks of infection and could, in addition to posing individual health risks, also amount to wider security risks.

Military deployments to operations in different geographic locations also increase the risk of both catching and spreading the virus. The case of Captain Brett Crozier, commanding officer of a U.S. aircraft carrier, who was stripped of his command post after raising alarm over a serious coronavirus outbreak on the warship is an example of this. He drew attention both to the health risks the military was facing and to the failure of protecting them. Ultimately, more than 1,100 of the warship's crew of about 5,000 tested positive for the coronavirus.³⁵ In a somewhat unusual arrangement to prevent the spread of the virus between militaries, the Romanian army has been deployed to make sure that soldiers and officers from Operations *Resolute Support* and *Freedom Sentinel* wear masks and keep their distances in canteens in Kandahar, Afghanistan.³⁶

Some states' security forces have been particularly badly hit by the virus. Iran's Islamic Revolutionary Guard Corps, the country's primary

fighting force, has lost several senior commanders to COVID-19, leading to difficult political decisions on replacements.³⁷ In the United States, the Pentagon reported 6,493 service members with coronavirus in June, a number which had increased rapidly during the preceding month, although reporting has been limited to a certain extent to reduce global perceptions of reduced American military readiness.³⁸

To contain the spread of the virus, militaries worldwide have imposed cautionary measures, including quarantines of their service members before and after deployment, heightened hygiene routines, and cancelled non-necessary training exercises. Yet the militaries' central roles in the COVID-19 pandemic are not only exposing them to the physical health risks of catching the virus, but also to mental health challenges. The European Organisation of Military Associations and Trade Unions (EUROMIL) cautions about the mental health risks related to members of the armed forces who have been designated to carry out unusual tasks without specific preparation.³⁹ The Italian military personnel tasked with transporting truckloads of deceased COVID-19 victims is one such example, possibly resulting in PTSD for some.⁴⁰ Delayed rotations for military members deployed to missions abroad due to COVID-19 and mandatory quarantines are also likely to have repercussions on individuals. Previous research has shown that uncertainty with regard to deployment length increases tension between military members and their families/partners at home,⁴¹ adding more stress to the deployment and ultimately, also the homecoming.

Effects on Operational Capacity

The pandemic has also affected armed forces' opportunities for training and education, which could have negative long-term effects on operational capacity. Several larger multinational training exercises have already been cancelled or delayed to a later date. Aurora 2020, a military exercise that was supposed to take place in Sweden with the aim of practicing

operations with 16 NATO countries and Finland has, for example, been postponed,⁴² while the remaining part of another major Arctic military exercise in Norway, Cold Response, involving approximately 15,000 troops, was cancelled due to the health risks for military personnel.⁴³ Other exercises have been scaled down, like the Defender 2020 exercise, which would have involved the largest deployment of American troops to Europe since the Cold War.⁴⁴

Military exercises, whether national or international, are often complex undertakings requiring excellent interoperability, effective communication, and detailed logistics planning. These capacities necessitate regular hands-on training and fine-tuning to maintain adequate skill levels. While cancelled exercises are unlikely to have long-term effects if training is resumed relatively quickly, the many disruptions to military education both at home and abroad will probably negatively affect operational capacity for some militaries.⁴⁵ This is especially the case for disruptions in training of highly specialized units, such as special forces or fighter pilots. The limited number of specialists and the expensive training and equipment needed to maintain their skills make such specialized units especially vulnerable to disruptions.⁴⁶

Yet while training exercises have been postponed, military operations worldwide have for the most part been maintained: as one observer notes, "Troops may be distracted and diverted, but war does not pause for viruses."⁴⁷ Whereas the terrorist group ISIS' "al-Naba" newsletter advised its members not to travel to Europe to carry out attacks in the beginning of the pandemic,⁴⁸ this advice did not encompass other continents. The various terrorist groups in the Sahel—which has become a global hotspot for terrorism, trafficking, and organized crime—have continued to unravel stability and security in the region,⁴⁹ just as armed conflicts overall have remained unabated, despite UN Secretary General Antonio Guterres' plea for

a global ceasefire to fight the virus.⁵⁰ In June, the UN peacekeeping chief, Jean-Pierre Lacroix, told the Security Council that terrorist groups and other criminal groups are capitalizing on the pandemic in the Sahel region to undermine state authority and destabilize governments.⁵¹

States have adopted different stances with regard to international counterterrorism operations and military assistance missions during the current pandemic. The French-led counterterrorism Operation *Barkhane*, together with the regional G5-Sahel Force, has launched several operations in the Sahel during the past 6 months, whereas other military assistance missions encompassing train and equip measures worldwide have been cancelled and yet others have been modified to comply with new health measures. The United States has, for example, repositioned its troops in Iraq in a smaller number of bases to limit exposure to COVID-19, while Dutch and British forces have suspended training activities with local Iraqi forces. Troops that catch the virus abroad in a non-permissive security setting are exposed to both health and security risks, as they may no longer be able to guarantee their own security in addition to the risk of not getting adequate medical care in environments with poor health systems and limited infrastructures.⁵²

In some cases, military assistance missions have adopted measures that have enabled the training to continue, albeit behind plexiglass or via WhatsApp videos.⁵³ While such measures can maintain some connectivity and allow training to continue, they are unlikely to be as efficient as face-to-face training and instruction, especially between partner states which have language and cultural barriers that make real-life training all the more important.

Some states have continued their military assistance training as usual after an initial quarantine period and with heightened focus on maintaining enhanced hygiene facilities. An interlocutor from one of the partner forces to a state in the

Sahel explained the reasoning behind maintaining training schedules during the pandemic as a matter of trust and continuity: “If we leave when they are facing an increased threat from terrorist groups, we risk losing the trust we have worked hard to win.”⁵⁴ Cancelled military exercises could thus erode partner countries’ capacity to respond to security challenges, and their trust.

The longer the current situation extends the greater the risk of undermining military capacity to perform critical functions in external defense. While current estimates regarding the duration of the pandemic vary, researchers caution against the quality of rapidly developed vaccines and the likelihood of manufacturing them in massive quantities at an affordable price, making it quite possible that the pandemic conditions will last for more than a year, perhaps even outrunning their course before an effective vaccine is widely produced and distributed.⁵⁵

The longer the pandemic lasts, the more the logistical capacities and human resources related to deployments abroad are likely to suffer, as quarantine measures before and after deployments delay rotations and require separate infrastructure for the quarantined personnel, which in turn demand additional planning and resources. In addition, the need for vast testing capacities implies an additional stress on already strained human resources. In general, the economic stress resulting from the pandemic is more likely to result in long-term setbacks to defense budgets and new technological investment in the defense industry.⁵⁶

The demand for military personnel to perform domestic tasks will also affect the armed forces’ capacity, organization, and labor division more generally. This demand is likely to speed up internal structural shifts and reorganization plans, as the military may be forced to revisit its internal labor division and preparedness for similar scenarios in the aftermath of the current crisis. In addition, the requirement to provide operational support to

civilian governments can create tensions for professional militaries, as there is a risk of opportunity costs in terms of military readiness and maintaining skills for warfighting when armed forces are tasked as an auxiliary domestic emergency service.⁵⁷ The suspension of multilateral training exercises abroad is also likely to have a negative effect on military preparedness for working in an international environment with other forces, thus compromising interoperability between allies. In the long run, the increased demand to perform domestic tasks could also result in a possible identity crisis, whereby soldiers question the core functions of their organization.

An Outsider Inside—Civil-Military Relations in a New Light

The military's traditional role as the protector of the territorial integrity of the state has positioned it as an external security force occasionally performing domestic tasks.⁵⁸ The past two decades of warfare against terrorism have nevertheless seen a tendency to augment the military's involvement in domestic security matters, resulting in a more visible presence with patrols in the street and at airports and train stations in some countries.⁵⁹ This trend notwithstanding, the variety of domestic tasks allocated to the military during the present pandemic is likely to bring a new perspective to civil-military relations in many states. This can paradoxically result both in an aversion and increased distance between military and civilian populations in some states, and in a closer civil-military collaboration and increased appreciation of the armed forces in others.

Apart from countries under military rule, the response to the COVID-19 threat has been led by civilian governments, using the military as a tool to contain the spread of the virus. The way in which governments have used their armed forces has differed significantly, with some semi-authoritarian states pushing the military to clamp down on breaches of lockdown measures, while others trust the military

with important responsibilities in terms of logistics and planning. However, performing unpopular tasks, such as enforcing quarantines or preventing civilians from doing what they feel they need to do, may result in deteriorating civil-military relations.⁶⁰

Forcible impositions of lockdowns have already led to confrontations between citizens and armed forces, which in turn are likely to contribute to popular distrust of government motives.⁶¹ In countries with a history of military abuse, such as South Africa, the damage done during the current pandemic is likely to have long-lasting implications for civil-military relations in spite of the fact that most forces have behaved respectfully and professionally.⁶² Similarly, in countries with weak civilian institutions and relatively nascent democratic structures, the prominent military role during the pandemic could have wider implications that will likely outlast the course of the pandemic.⁶³ In such cases, the civil-military balance may become skewed, resulting in an emboldened and politicized military prone to intervene directly, or at least to use its new position to receive more resources and be more involved in defense affairs.⁶⁴

In other countries, civil-military relations may move toward a closer collaboration under civilian supervision, where the military's versatile capacity is recognized and appreciated by the wider population. A good example is provided by a clip showing two military officers from the Galicia VII Brigade in Spain accompanying an older lady and carrying her shopping that went viral at the start of the pandemic.⁶⁵ The military was seen as a supportive, empathetic, and protective force for the whole population which garnered popular support. Belgian military medical personnel supporting staff in nursing homes is another example of a national military taking on an unusual role in the current context,⁶⁶ showing the armed forces' flexibility and ability to plug in capacities where needed. While taking on these types of domestic support roles may undermine the military's

capacity to perform core tasks in the long run, such roles can also increase the public's understanding of military versatility and increase its domestic popularity. These supportive tasks may therefore help to improve civil-military relations and increase the armed forces' legitimacy.

Conclusion

The many diverse tasks armed forces throughout the world have undertaken during the current pandemic have accelerated their development as highly versatile organizations.⁶⁷ While this may not appear as a notable observation to scholars of military studies, civil-military relations, and particularly to military officers for whom this is a well-known development, it may be a revelation for the wider public, which views the military as a mono-task organization. The pandemic has thus brought the military's multi-utility to full display in many

countries, provoking questions about the military's tasks and roles in society, and more broadly about its identity. The armed forces' frontline positions in unfamiliar tasks during the pandemic, combined with their close working and living conditions, have exposed their vulnerability as a possible hotbed for the virus and as a transmitter of the latter to the general population. In short, the pandemic has made it clear that protection needs to go both ways: military members deserve the same right to protection from the virus and its consequences as civilians, while the armed forces also need to ensure that they do not expose civilians to increased risk by acting as transmitters of the virus.

Evidence of military versatility suggests additional questions about core military roles in society. Observers concerned about the decline of military operational capacity as armed forces are called upon to perform supportive domestic functions also need



Navy Seaman Ezequiel Vega receives the COVID-19 vaccine at Walter Reed National Military Medical Center in Bethesda, Md, as part of Operation Warp Speed. (December 21, 2020 Navy Petty Officer 1st Class Sarah Villegas)

to answer questions about which tasks the military should be tasked to perform. Should the military maintain and further develop its current versatility to be able to assist in future similar scenarios, or should its tasks be narrowed down to more traditional military duties linked to external security? Given the current volatile security environment which includes threats as diverse as great power competition, terrorism, wars, climate change, and pandemics, there is a need for either a versatile organization which has the capacity to handle and respond to each of these threats, or a new labor division where these tasks are outsourced to different actors. Either way, the military's core tasks must be clearly defined in order to provide adequate financial and material resources.

The new and unfamiliar tasks given to the military during the pandemic have also brought about new perspectives for civil-military relations. Whereas in some states, the military's multitasking in the domestic sphere has enhanced civilian appreciation for its services, in others its use of excessive force to perform unpopular tasks has damaged its legitimacy and disrupted civil-military trust-building. In states where civilian institutions are weak and the military has taken over a large number of state services, questions about the civil-military balance and the military's apolitical role emerge.⁶⁸

In democratic states, military subservience to elected civilian government has long been an accepted rule. The military is supposed to advise civilian politicians and officials yet has no right to impose its judgements on those civilians. While this is a prevalent norm in most democracies, there has been a tendency for the military to take on a more political stance in some states during the past few years. In the United States, for example, both military officers and civilians have started questioning the military's apolitical position, with military officers at times even speaking out against presidential decisions.⁶⁹ Whereas civil-military relations in the

United States might be considered exceptional, with a President who has actively tampered with implicit and explicit rules regulating the relationship, the pandemic has driven the military more deeply into domestic affairs—in some states even as far as political planning and decisionmaking. A military that slides deeply into domestic politics is problematic even for longstanding democracies, as it risks undermining the very essence of what democracy stands for; elected officials making the final decisions.

The current pandemic has therefore also brought back old questions regarding civil-military relations and the military's apolitical role in society. The pandemic has clearly shown that these issues are context-dependent and justify different responses at different times. The exceptionality of a pandemic may therefore bring about new answers to old questions, while some remain open for continuous debate. It also suggests how new institutions and policies might be needed to ensure that militarization of domestic and global problems does not become normalized. **PRISM**

Notes

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China and the United States are in a different game than the rising power/established power conflicts of the past.
(image by Pixabay, January 20, 2017)

China and America

A New Game in a New Era

William H. Overholt

China and the United States are in a different game than the rising power/established power conflicts of the past. Most analyses of such rivalries are based on pre-World War II history and fail to notice that the game changed radically after World War II. Sometimes when alterations are made in the rules or implements of a game, the risks and the optimal strategies change.

Leading scholars and strategists tend to misread the lessons of the past for Sino-American conflict because they fail to recognize that these radical changes constitute a new game.

Disciplinary silos favor an overemphasis on political-military relationships and enable political scientists and historians to ignore decisive economic issues. Those leaders responsible for managing the U.S.-China relationship arrive at the same over-emphasis on the military because in peacetime our national allocation of resources is determined by Congressional lobbying, where the military-industrial complex has an overwhelming advantage.

I will begin and end with the problems of understanding and playing the right game, while addressing other crucial issues in the relationship. The key messages are; military conflict is far from inevitable; we have serious conflicts with China, but also enormous common interests that are currently being neglected; China is not a demon and our allies are not angels; we need to live in the world as it is, not as we wish it to be; and, above all, to continue as a world leader, Americans must play the new game.

Is War with China Inevitable?

A common baseline analogy of the U.S.-China relationship is the Thucydides Trap. From the time of ancient Greece through World War II, when a rising power met an established power, war resulted roughly three out of every four times.¹ Even putting aside that fourth time, political scientists have been unwilling to confront the way things have changed since World War II. From ancient Greece through World War II, important conflicts were typically between neighbors, each using its military power to grab territory from its neighbors: examples include Athens and Sparta, or Germany and France. Post-WWII conflicts are not like that. Two things have changed: We have learned how to grow economies much faster;

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and military technology— not just nuclear technology—has become vastly more destructive. Both sides are likely to lose if they pursue the historical path to great power dominance.

As a result, the path to becoming or remaining a great power has become primarily an economic path. This is a fundamental shift in the way the world works—a new game. To miss that, as most of our international relations writers and strategists do, is tantamount to an economist missing the industrial revolution.

During the Cold War, the United States needed a superior military. We had to prevail in the Berlin Airlift and the Cuban Missile Crisis. But it was our economic strategy that ultimately won the Cold War. We delivered decisive aid and institution-building programs, starting with Greece and Turkey. Then, using the Bretton Woods system, organized around the World Bank, the International Monetary Fund (IMF), and General Agreement on Tariffs and Trade (GATT)/World Trade Organization (WTO), we created a global network of development centered on ourselves, uplifting friends and allies in a way that was sustainable and continually growing. In contrast, the Soviet Union poured all its resources into its military, while maintaining a traditional empire, and bankrupted itself. For us this was an *economic* victory. The United States played the game the new way. The Soviets played the old way and lost.

What About Other Countries?

Japan became a big power without much of a military. South Korea, initially inferior economically, militarily, and in political stability to its northern opponent, changed its bet under General Park Chung Hee from military to economic priorities. It is now about 50 times larger economically than North Korea, which continues to emphasize military priorities.

Until the 1960s, Indonesia claimed much of Southeast Asia but had a hapless economy and less

regional stature than the Philippines. Social distress made Indonesia home to a vast, potentially violent and destabilizing Islamist movement as well as a huge communist party. After 1966, it refocused on economic development and, having stabilized by providing most of its people a stake in society, became the unquestioned leader of Southeast Asia. Importantly, it became a leader by giving up most of its territorial claims in order to focus on economic development. It played the new game.

In China, Deng Xiaoping instituted dramatic cuts to the military budget as a percent of GDP and settled most of China's land border disputes in order to focus on economic growth. The subsequent economic takeoff made China a major power well before the current military buildup began. China's military rise is impressive, but its global leadership lives or dies on domestic economic growth and its international economic strategy.

The path to becoming a successful big power has become an economic strategy protected by a strong military—or an ally with a strong military. Economic strategies differ from military strategies in that they are not inherently zero-sum; both sides can win. When Germany and France fought, one won while the other lost. When the United States and Japan, or the United States and China compete, both can prosper. That is a vital aspect of the current U.S.-China rivalry.

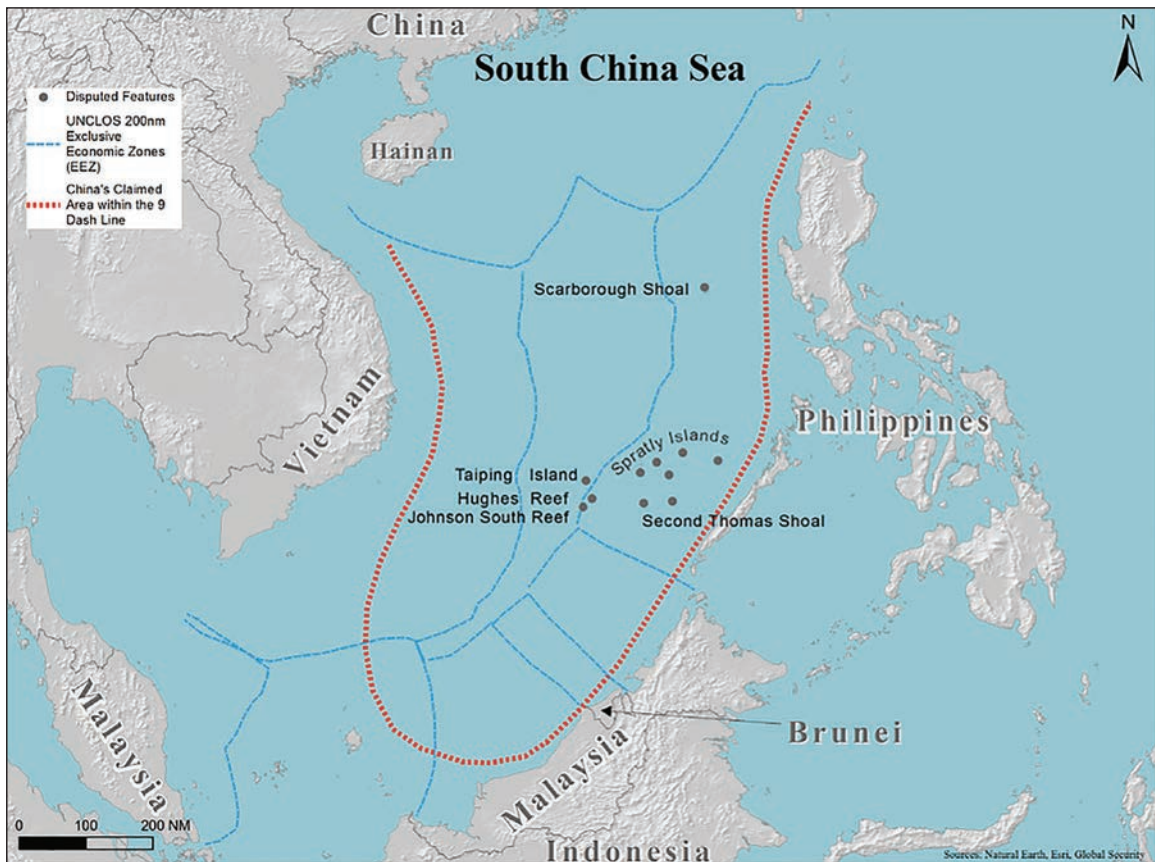
China is 8000 miles away from the United States: U.S.-China territorial issues are trivial. If we behave like a pre-World War II power, we risk making the Thucydides Trap a self-fulfilling prophecy. To some extent, we are falling into that trap, as are China and Japan. If we play the game the traditional way, we may indeed end up trapped. Graham Allison's *Destined for War*, offers a brilliant exposition of the consequences.² We may just lose in the struggle for leadership by fumbling our economic management. Military conflict is not a law of history, particularly post-World War II.

A Complex Relationship

There are some issues on which the United States must confront China frontally; for instance, some of China's predatory maritime claims, as well as its refusal to provide foreign access to its domestic market. These critical issues are well known, so I will largely focus on less-known interests. There are times and events that call for decisive action, including military action when necessary. In 2012, China took action to claim Scarborough Shoal near the Philippines. This was a critical moment. Scarborough Shoal has long been an important fishing ground for Philippine families. Unlike other South China Sea rocks, Scarborough Shoal was officially claimed by the Philippines in the 1930s, so China's assertion that its 11-dash line was the first

claim in the region is false.³ Lacking Scarborough Shoal, China's line of rocks is broken. In 2012 the United States had overwhelming military superiority in the area and, a very loyal Philippine ally. This was a time for decisive action to limit China's claims and reassure allies. U.S. failure to intervene militarily at that moment was a critical historical turning point in the region.

While we have conflicts with China that require decisive action, we also have enormous mutual interests. For instance, China is much more open to U.S. trade and investment than allies Japan and South Korea. This openness to trade enabled us to save a failing General Motors and a huge number of jobs during the 2007-2008 financial crisis, an imperative for the American economy. Car companies,



The area which is claimed under China's nine dashed line. (Keanehm, May 14, 2020)

the movie industry, all major luxury goods manufacturers, and much of the rest of the economy can only survive with access to Chinese demand. The center of gravity of the world consumer market is now Asia, mainly China, in the way the Western baby boomer generation once was. That is only going to increase, and advocates of decoupling, who typically focus only on China as a supplier, may lead the United States into radical decline. These mutual interests are inextricable.

Effective Sino-American economic collaboration has led to the greatest reduction of poverty in human history. For the first time in thousands of years of human existence, mankind has more basic goods—clothes, food, and much else—than we actually need. There are immense unpublicized national security benefits from the resulting stabilization and concomitant reduction in global grievance and terrorism.

Sino-American collaboration has midwived the world into a post-industrial era, where the majority of jobs are in the service economy, mostly higher-paying and free of the backbreaking labor of the agricultural and industrial eras. Sino-American collaboration has given our world real hope of addressing the fundamental challenges of the next generation; climate change and environmental degradation. If China were still mired in poverty, as is India, there would be little hope of meeting these challenges.

One would never know this from U.S. politicians of both parties, who prefer to focus exclusively on the conflicts with China. They particularly like to blame China for our own failure to adjust to a world of automation. Our society was severely stressed by losing three million manufacturing jobs in a decade, but when China lost 45 million state enterprise jobs in an earlier decade, mostly in manufacturing, their leaders helped citizens find new jobs, mostly in services, rather than blaming us. Our politicians chose to blame China rather than address a domestic social crisis that has dangerously polarized our society.⁴

China's Maritime Issues with Our Allies

These look like a Thucydides Trap problem. They are important but complicated. Chinese behavior in the East and South China Seas, particularly its militarization of rocks there, is destabilizing. China broke its promise not to militarize the area; it broke its promise to withdraw from Scarborough Shoal. China signed the UN Law of the Sea agreement, then violated it. It is impoverishing millions of people in Southeast Asia by using dams to divert vitally needed water. The United States must oppose some of this behavior and be prepared to use force. But there are some other things we must keep in mind as well:

- China's behavior reflects our friends' and allies' historical behavior. China is just late and on a Chinese scale.
- The maritime claims of smaller Japan cover twice as much of the ocean as China's claims.
- The model for Chinese island-building is Japan's earlier buildup of Okinotorishima, halfway between Taiwan and Guam. Japan's territorial claim of 400,000 square kilometers around it is more expansive than China's around any South China Sea rock. Repeated Japanese assertions that the UN has recognized this claim are false.
- If you apply the Hague Tribunal standards to the Senkaku/Diaoyu islets, they are rocks, not islands, and Japan should not claim an exclusive zone around them. While the biggest of these rocks is about twice the size of the biggest Spratly or Paracel rocks, they are unable to sustain human life in the manner of the Itu Aba and Woody Island rocks.
- U.S. policy for decades acknowledged that China's claims to those rocks have the same legal status as Japan's. That remains true.

- Our base in Diego Garcia is key to our strategic position in the Indian Ocean and rests on British control, which offends international standards roughly as much as China's island claims do.
- U.S. use of surveillance vessels to provoke and read Chinese defenses evokes deep Chinese fears from a century of predation by Western maritime powers. China's reaction is the exact counterpart of how we feel about their militarization of South China Sea rocks.
- Our allies plead for our protection but also that we should not provoke China. Too often we hear the first part but mute the second.

The danger of demonizing China rather than taking a balanced view is illustrated by the Senkaku/Diaoyu crisis of 2012. A Japanese right-wing extremist, Governor Shintaro Ishihara of Tokyo, faced with fading support, decided to mobilize his base by having the Tokyo government purchase the Senkaku/Diaoyu islands from their private owner. The national government, not wanting to be outflanked in domestic politics, proposed to buy them instead. That would break a 40-year understanding with China that kept the peace by promising to defer sovereignty conflicts for the indefinite future. Despite strong warnings from the United States and China, the Japanese government went ahead and bought the islands, effectively transferring sovereignty to Japan in fact, if not in law. China protested with ships and planes as well as words, but in a relatively moderate fashion. The United States reversed its stance and backed Japan emphatically, characterizing China as a potential aggressor.

That action broke the traditional, evenhanded U.S. policy in Asia. That policy was exemplified when President George W. Bush, a strong supporter of Taiwan, finding that Taiwan President Chen Shui-bian was pushing to the edge of conflict with China, made clear that, if Taipei provoked war, Taiwan was

on its own. Based on Bush's wise management, his administration ended up with good relations with both Beijing and Taipei. Likewise, in the early 1970s, U.S. Ambassador to Philippines Philip Habib often started his briefings by saying, "I have two jobs. One is to prevent North Korea from coming south. The other is to prevent South Korea from going north." That balance in no way compromised successful U.S. defense of its ally. In contrast, the foolish decision to fully support Tokyo's provocation in 2012 ceded to a marginal politician of Japan's extreme right wing the ability to provoke war between the United States and China.⁵

We have serious legitimate grievances about Chinese behavior, but we live in a glass house and need to aim cautiously when we throw stones. America's post-World War II successes have always been facilitated, not harmed, by pragmatically managing complex realities, often relying on soft power.⁶ Our soft power derives heavily from providing a public good of peace and international law, which is impaired if we shift to being just a leader of one gang.

Managing Relations with a Rising Power?

First, we must realize that China will not collapse. Unlike the Soviet Union and its successor state Russia, China has a competitive, self-sustaining economy. Moreover, it has taken care of its people to a degree that countries like Russia, let alone India, cannot imagine. Unlike the Soviet Union and Russia, China's economy and social system are both successful and sustainable.

Second, China is not destined for fast growth indefinitely. Its current administration is seriously mismanaging China's economy. The things our politicians denounce most should actually make them happy; China is making the same mistakes as Japan once did, turning inward and conceding power to giant, inefficient traditional industries. Moreover, this Chinese administration is giving

Party committees—politicians—final say over strategic business decisions in every company. China's growth is slowing—it is weaker than official figures suggest—and destined to slow more. Decades of surplus resources have given Chinese leaders a bull market mentality that will likely lead to tears. From 2030 on, China will probably struggle to sustain 3 percent annual growth. China is destined to have the biggest but far from the most advanced or innovative economy.

Third, within a few years, China will change dramatically. Its strategy of maximizing political control is at war with its economic strategy of market efficiency.⁷ While Xi Jinping has strong popular support, the balance of elite opinion is that he is taking China backward. China's decades of rapid growth have made generational change extremely sharp. Each decade, a new generation has brought fundamental change to China's economic and political structure, and generational change is overdue.

China will experience this change—it might get much better, it might get much worse—but it will not remain the same. The United States therefore must position itself for rapid adaptation to a wide range of possible outcomes. We must be ready for an even more muscular authoritarianism and an effort to subdue Taiwan. On the other hand, we must also be ready for the possibility of a much more friendly, restrained, and liberal China. We cannot ensure a good outcome, but if we lock ourselves into an institutionalized Cold War mentality, we can ensure a bad outcome.

Can We Live with The China Model?

Many U.S. commentators, led by Princeton's Aaron Friedberg,⁸ argue that we cannot live with another great power that has such an alien system. This lesson was learned from the depredations of Nazi Germany and the Soviet Union. But, unlike those dictatorships, China is not trying to impose its system on other countries. Unlike Russia, it has not

sought to destabilize democracies. China sees its system as unique. Although that is wrong, because China mainly emulates lessons from the earlier Asian miracle economies, it contradicts any temptation to impose a China Model everywhere. Beijing's mantra is that every country should have the right to choose its own path without foreign pressure.

While China does not impose or proselytize its model, its success in improving the lives of its people, compared to India or the Philippines, challenges our insistence that the Western form of democracy always works best for every country at every level of development. While China formerly was attracted to the Western model of political economy, the global financial crisis of 2007-2008 and the ascent of President Donald Trump and Brexit convinced Chinese leaders that the Western political economy is vulnerable to catastrophic economic mismanagement. We cannot beat that argument by force, subversion, or economic disincentives. We must find ways to make democracy work better than it has in places like India, in Africa, and recently at home. If we uphold India as the good society in contrast with China, on the basis of a philosophy supposedly based on human dignity, most of the developing world reacts with justified disdain. That is a fundamental challenge, but it is our problem as well as India's, and not a Chinese threat.

Where does this leave us? For the foreseeable future, we cannot defeat or dominate China and they cannot defeat or dominate the United States. We have a peer competitor. That peer competitor does not seek war. A world in which multiple systems coexist is normal in history.

For a brief historical moment—in the 1990s—we were spoiled by a world in which we were not only the dominant economic and military power but also the preeminent role model. Recent peaceful history, not aggression, has changed that. If we eschew nuclear war, we have to live in the world that is and not the world of our dreams.

Geoeconomics: the World We Live In

In the Cold War era, we won the geopolitical game with a geoeconomic strategy. The Bretton Woods system, the core of which was the World Bank, funded infrastructure together with the IMF and the GATT/WTO; they set international standards and managed economic crises.

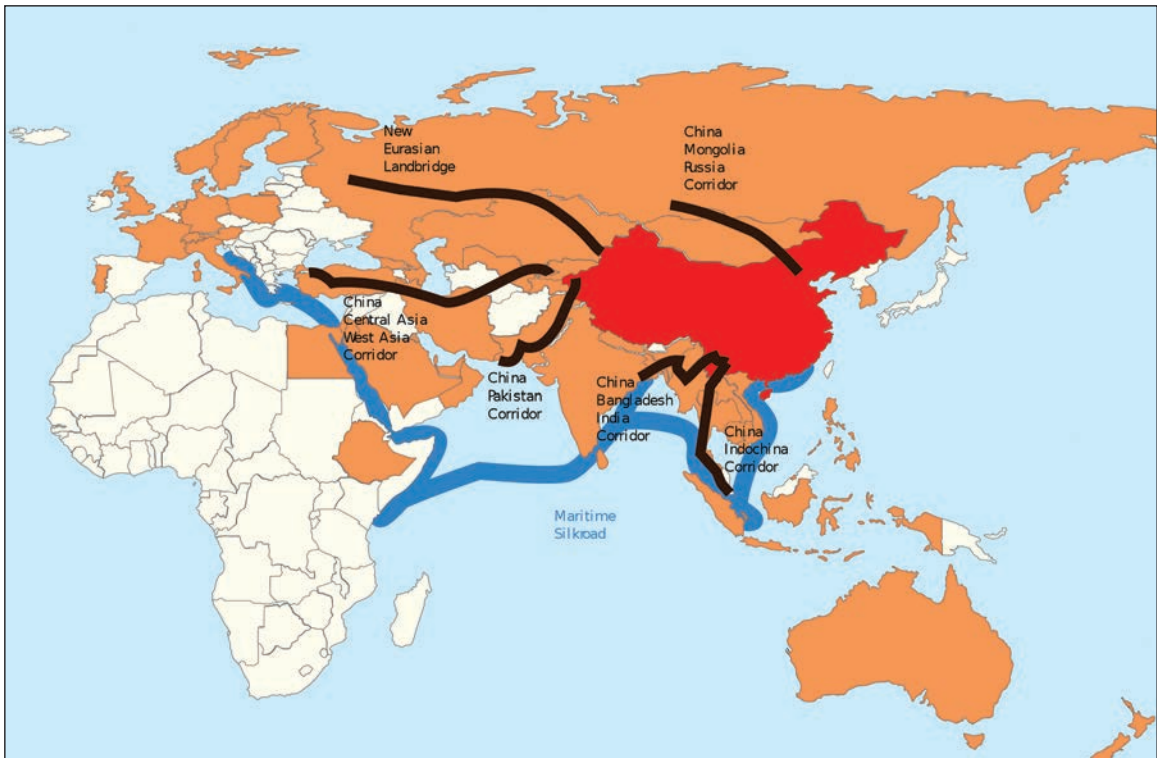
Economic success stabilized, energized, and unified our alliance system. Again, military superiority was absolutely necessary but not sufficient; the core game was economic.

Having won the Cold War, we allowed the Bretton Woods institutions and aid systems to atrophy. After the 1994 costless Mexican bailout, Congress banned such bailouts, making it impossible to rescue allies like Thailand during the Asian Crisis of 1997-98. A stingy Congress refused to increase the capital of the World Bank and IMF—even though

that capital ultimately costs the United States nothing. Congress did not want to reform the governance of those institutions to conform to the world economy of today, rather than the world of the 1940s. Conforming would have meant ceding some authority to rising powers, especially China. Short-sighted leaders gutted the State Department budget, eliminated the U.S. Information Agency, and truncated our aid and institution-building development programs.

Recently our overuse of economic sanctions has soured much of the world, including leading European allies, on the hegemonic U.S. dollar although they have not (yet) found alternatives.

More recently the Trump administration has reacted against the constraints and price of global leadership, attacking allies, the WTO, the World Health Organization, and the International Criminal Court. Sometimes in dealings with allies



China in red, transport corridors in blue and black and in orange, members of the AIIB (Asian Infrastructure Investment Bank). (WIKIPEDIA, October 23, 2020)

and international organizations, we paid a price for leadership; often a leader must give more than it gets. But the prize of leadership was the most powerful position in world history.

The effort to constrain China to a disproportionately small role created a vacuum—for instance, a deficit of \$12 trillion needed for global infrastructure investment—and more recently, a vacuum of leadership on international economic integration, environmental improvement, and amelioration of climate change. China has moved into that vacuum. The Belt and Road Initiative (BRI) is now the big game. It emulates our Bretton Woods system: development banks to fund infrastructure; systematic efforts to create common standards (in railroads, customs clearance procedures, IT standards, and much else); an effort to build the Chinese renminbi (RMB) into a global currency; a currency swap system to aid countries in economic crisis; and institutions to liberalize trade and investment. BRI is a constructive theft of U.S. intellectual property. Moreover, China is now the leader in every form of green energy, and it spends more on environmental alleviation than the United States or all of Europe, while we abandon leadership and subsidize a declining coal industry.

BRI is an inspiring vision—as was the Bretton Woods vision. China convenes four dozen African heads of state to make development plans, then delivers funding and roads. In contrast, the United States provides special forces teams to fight terrorism plus an offshore naval and air presence. If that is the game of competition for influence, China wins. Our greatest recent source of influence in Africa has been President George W. Bush's HIV initiative known as PEPFAR. Even on terrorism, we win local battles but the BRI contains terrorism in the long run.

Three Potential Responses to BRI

First, we can compete. This is our game and we are good at it, but we largely withdrew from the field. The Japanese do compete successfully. China negotiates a

power deal in Indonesia, offering second-rate technology and high prices while demanding a government guarantee. Japan enters, offering first-rate technology, reasonable prices, a record of reliability, and feasibility studies that eliminate the need for a state guarantee. Japan wins. Indonesia wins.

Second, we can compete and coopt, as we did when we faced the same situation with Japan. Japan was competing unfairly in exactly the same ways as China today; bribes, tied aid, and subsidies. We gradually negotiated some common standards. We and the Japanese both won. Above all, countries like Indonesia won. The same is possible with China. The key new Chinese institution—the Asia Infrastructure Investment Bank—accepts the basic standards of the World Bank and the Asian Development Bank. Its leader, Jin Liqun, is a respected veteran of both, and many of its projects co-invest with the World Bank and Asian Development Bank. While other, bigger Chinese institutions use much lower standards, the Asian Infrastructure Investment Bank shows where China wishes to go. Recent Chinese reforms of BRI have moved in the right direction—although still inadequately—for the same reasons that Japan did.

Third, we can stand on the sidelines and complain. So far, this third option has been our main response, repeating thoroughly refuted claims⁹ that China is deliberately building a great wall of debt, focusing exclusively on the (very substantial) weaknesses of BRI while ignoring its strengths.

Not only is this a competition we can win if we engage. We win even when BRI succeeds. When successful, Bretton Woods and BRI stabilize countries, reducing the risk of war or terrorism. With competitive Japanese-American help in the 1960s, the growth of the Indonesian economy gave almost everyone a stake in society and Indonesian jihadism mostly evaporated.

Likewise, in the 1970s, everyone knew that Bangladesh was hurtling toward state failure. It

might have turned into a gigantic jungle Somalia, spewing terrorists. Instead, the textile industry spilled over from China, employing millions, and stabilized the country. While the factories moved from China, the largest ownership of those factories was American. Bangladesh's stabilization was a joint Chinese-American national security success.

Not long ago, Ethiopia had six violent Leninist parties fighting for control, along with a great famine. But more recently it has been the world's fastest growing country and prior to a recent ethnic flareup showed the potential for more stable politics. The largest foreign contributor to Ethiopia's success is China.

Each of these successes saves the United States both blood and treasure in antiterrorism efforts. The United States must compete against while collaborating with China to spread such successes. BRI mostly services the parts of the world least affected by Bretton Woods successes; Central Asia, the Middle East, and Africa. Just denouncing it,

as recent U.S. policymakers have done, has only discredited ourselves.

The outcome of the BRI is unclear. What it means and how it works change frequently. It has big victories, especially in Africa, and huge failures, especially its effort to make the RMB a global currency. BRI has potentially significant vulnerabilities. China has escalated counterproductive sovereignty disputes with all its maritime neighbors from North Korea around to India. It has frequently conducted economic warfare, making countries wary of dependence on China. In Hong Kong and elsewhere it has shattered its previously superb record for honoring international agreements. Chinese leaders overestimated the financial resources that will be available for BRI, and Chinese banks have paid inadequate attention to the creditworthiness of BRI projects.

However, BRI also has major advantages. It puts mutual development at the core of China's policy and brand. Its roads, railroads, ports, and



The highest LEED Certified Green Garment factories in the world. February 2, 2020 (Photo by Fahad Faisal (WIKIPEDIA))

telecommunications are connecting Africa and Central Asia. BRI is giving Chinese business global reach. When BRI promises a road, it gets built immediately, whereas the atherosclerotic World Bank is likely to take 8 years to make a decision. And just as Bretton Woods rode and accelerated the waves of Western European and Eastern Asian recovery from World War II, BRI rides and accelerates the great waves of the 21st century; the integration of Eurasia¹⁰ and the emergence of Africa. The BRI vision of a global network of development is much more sophisticated than the mostly bilateral thinking of the IMF and World Bank.

China Is Playing the Right Game; the United States Is Not

Why is the United States failing to play the right game when its Cold War strategy delivered the most successful big power outcome in modern history? A small part of the problem is that our scholars have failed to articulate the new game. But the big problem is that in peacetime our resources are allocated by Congressional lobbying, not by any strategic calculation.

Our problem is not a self-aggrandizing military. In fact, our top military officers and officials are the most conscious that we have left the military bereft of the complementary resources that it needs. General James Mattis said, “If you don’t fund the State Department fully, then I need to buy more ammunition.”¹¹ Former Secretary of Defense Robert Gates, General H.R. McMaster, and many others have been equally outspoken. If we don’t re-energize all the instruments of national power, then we are not just going to spend ammunition. We are going to waste our soldiers’ lives.

Competition, Cooperation, and Overarching Issues

In national security, this combination of competition and shared interests mirrors the economics.

Everyone knows the conflicts. They are very important. But also:

- The world’s greatest threat of nuclear war is North Korea and there the Chinese goal of denuclearization overlaps 90–95 percent with ours.
- Middle East stability matters even more to China than to us because China is far more dependent on Middle East oil.
- The United States and China combine efforts to combat piracy.
- The greatest long-run threats to us are environmental degradation and climate change. China is now the world leader in those areas.
- The national security benefits of the global development created by Sino- American collaboration are never counted but they are vital.

Chinese leaders are very conscious of common interests and do not seek to destabilize the U.S. and EU democracies the way Russia does.

To live in a peaceful world, we Americans must accept that we have a peer competitor, something that never occurred to us during the President George W. Bush years. We can manage that or choose nuclear war. China wants to be number one but is not trying to destroy the United States. We can no longer rule the seas to the beaches of Fujian. We can no longer dominate space unilaterally. We can no longer make all the trade and investment rules or set all the IT standards. No strategy will get us to that dominant end-state; the likely future is simply competition forever. Our assertion that democracy is the best path to human dignity for all societies at all levels of development will be challenged for the indefinite future. This will be a really difficult adjustment for Americans. However, when we have tried to confine China to a disproportionately small role, we have harmed ourselves and created a vacuum that actually strengthened China. We have to live in the world as it is.

China's challenge is that it must grow up. If it wants to be a great power and world leader, it can no longer aggrandize the South China Sea as if it were Vietnam or Malaysia. If it is to be a great power, then it can no longer exploit its century of weakness to play the victim. If it has four of the world's ten largest banks, it may no longer use infant industry arguments to protect its banks. If it wants Huawei to have the opportunity to run the world's 5G network, then it can no longer exclude foreign firms from the opportunity to play a similarly large role in China. If China wishes the West to limit decoupling, then it must abandon its long-term drive for "self-reliance," which is the same as decoupling.

While the United States can coexist with China, it must still compete successfully. In the Cold War, we integrated all the elements of national power—diplomatic, information, military, and economic (DIME). Now we have world history's finest military, but we have allowed the other instruments to atrophy. We have a military budget as large as the next eight powers combined, but it is never enough. We always feel exhausted. We do not lose but we do not win. America can only succeed if we recognize that since World War II we have been competing in a new game. It is time to articulate a national security strategy suitable for this new game.

While a successful national strategy requires a rebalance to an economic emphasis, the articulation of that strategy is going to have to come primarily from the war colleges. In the relative complacency of this new century, we no longer elect presidents with foreign policy experience, our Congress allocates resources based on lobbying influence rather than on strategic needs, and our academies are too siloed to provide strategic leadership. Only the war colleges, with their singular focus on national security, and a handful of think tanks have the combination of resources and motivation. **PRISM**

Notes

¹ Graham Allison, *Destined for War: Can America and China Escape Thucydides's Trap?* (Houghton Mifflin Harcourt; First Edition (May 30, 2017).

² Ibid.

³ Jay L. Batongbacal, "Bajo de Masinloc (Scarborough Shoal): Less-known Facts vs. Published Fiction," Institute for Maritime and Ocean Affairs, De La Salle University, September 26, 2014.

⁴ The decline in U.S. manufacturing jobs has been inexorable since 1947 for the same reasons that agricultural jobs disappeared earlier: automation and rising productivity. The increase of U.S. manufacturing output has remained relatively steady, just refocused on much higher value-added, less labor-intensive manufacturing. For the statistics and political analysis, see William H. Overholt, "The Great Betrayal: How America's Elites are Failing to Confront the Challenges of Trade Politics," *The International Economy*, Winter 2017, available at <http://www.international-economy.com/TIE_W17_Overholt.pdf>.

⁵ Supporters of this regrettable policy often resort to legalism. The U.S.-Japan alliance requires that the United States treat any attack on an area under Japanese administration as an attack on the alliance. But all U.S. alliances have a hedge for exactly this kind of contingency; the U.S. response will be based on U.S. constitutional processes. If any ally provokes an attack for domestic political reasons, the United States can reasonably indicate that its constitutional processes will move slowly and uncertainly.

⁶ For the original articulation of the concept of soft power, see Joseph Samuel Nye Jr., *Bound to Lead: The Changing Nature of American Power* (London: Basic Books, 1990).

⁷ See William H. Overholt, *China's Crisis of Success* (Cambridge: Cambridge University Press, 2018).

⁸ Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: W.W. Norton, 2011).

⁹ See Agatha Kratz, Allen Feng, and Logan Wright, "New Data on the 'Debt Trap' Question," Rhodium Group, April 29, 2019, available at <<https://rhg.com/research/new-data-on-the-debt-trap-question/#:~:text=The%20sheer%20volume%20of%20debt,the%20loans%20to%20finance%20them>>.

¹⁰ The masterwork on Eurasian integration and its importance is Kent E. Calder, *Super Continent: The Logic of Eurasian Integration* (Stanford: Stanford University Press, 2019).

¹¹ General James Mattis, Testimony Before the Senate Armed Services Committee, March 5, 2013.

July 23, 1892

CHINESE?

NO! NO! NO!

Come to 10th and A Streets at 7:30
Monday evening and express your
opinion on the Chinese question.

SHALL WE HAVE

CHINESE

NO! NO! NO!

The Chinese Exclusion Act was a United States federal law signed by President Chester A. Arthur on May 6, 1882, prohibiting all immigration of Chinese laborers. (MOCA: Museum of Chinese in America, May 11, 2011)

China and America

From Trade War to Race and Culture Confrontation

By Walter Woon

The Thucydides Trap is an intellectual trap for the unwary when uncritically applied to China. China is not a rising power; it is a returning power. The psychology is different. Misapprehending the nature of the problem will exacerbate it.

First and foremost, it is essential to recognize that it is not “China” and “the Chinese” that challenge America’s dominance. America’s adversary is the People’s Republic of China (PRC) led by the Communist Party of China (CCP). The Republic of China (ROC) in Taiwan has been an ally of America since World War II. The millions of people of Chinese descent abroad are not automatically aligned with the PRC. To refer unthinkingly to the “Chinese” challenge is intellectually flabby and politically misguided.

A Devil’s Circle

The psychology of a returning power is very different from that of a rising power. Since the last decades of the 20th century the CCP has given China stability after a century of internal turmoil and foreign oppression. A revived PRC demands to be respected, not lectured to by those who exploited China in the past. Time has not erased the historical grievance of the unequal treaties forced upon China in the 19th century. Professor Zheng Yongnian of the East Asian Institute, National University of Singapore, noted that PRC nationalism is hybrid.¹ The older generation has a sense of historic grievance over the humiliation inflicted on China since 1842. The younger generation has a sense of national pride in the PRC’s growing prosperity and technological progress.

American President Donald Trump launched a broad-front campaign against the PRC on everything from trade to the COVID-19 outbreak in an effort to curb China’s influence. In the dying days of the Trump Administration there still appeared to be a fear that the PRC is out to displace America as hegemon to dominate the world. George Yeo, former Foreign Minister of Singapore and lately Chairman of Kerry Logistics in Hong Kong, thinks it highly unlikely. The PRC does not seek to conquer or dominate other countries.² It has enough trouble with its 1.4 billion people without wanting to absorb more aliens. Chinese people generally are not militarily inclined. World-revolution is no longer the PRC’s strategic objective. They would rather be left in peace to get rich. “To get rich is glorious,” as Deng Xiaoping is reputed to have said.

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On the PRC side there is the feeling that America wants to frustrate its goal of achieving prosperity and the respect it deserves. A large majority of PRC international relations scholars recognize that it is very unlikely that the PRC's overall power will surpass that of America in the foreseeable future.³ At the same time, they see that the PRC will increase its economic strength. Interestingly, most of the scholars did not see the PRC-U.S. relationship as antagonistic over the next 10 years, at least before Trump launched his trade war. U.S. Commerce Secretary Wilbur Ross's triumphalist burst of *Schadenfreude* over the economic effect of COVID-19 on the PRC⁴ confirmed the view that the trade war is not about trade, but more about keeping the Chinese nation from progressing. It will not easily be forgotten.

China has been attacked and conquered by foreigners in the past. Since 1839 these attackers have come from the sea. It should be no surprise that the PRC is shoring up its defenses in the South and East China Seas. This does not make what they are doing right; but understanding the motivation is the key to de-escalating the situation.

Imagine how Americans would react to aircraft from the People's Liberation Army Navy (PLAN) aircraft carrier *Liaoning*⁵ conducting reconnaissance flights off the coast of Oahu. Imagine further the PRC stoking Hawaiian separatism, supporting African-Americans in their "Black Lives Matter" campaign and encouraging Native Americans to seek international condemnation of the genocide of their peoples. American actions that fuel similar concerns in the PRC are unhelpful, to put it mildly. A vicious circle of move and countermove based on fear and distrust may lead to unwanted conflict. The Germans have a word for such a vicious circle—*Teufelskreis*, a devil's circle.

This *Teufelskreis* is dangerous. A few months before 9/11 a United States Navy (USN) EP-3 ARIES aircraft conducting reconnaissance off Hainan

Island collided with a PLAN fighter.⁶ The Chinese pilot died and the American aircraft crash-landed on Hainan. There were mutual recriminations but these did not get out of hand. The American pilots were eventually released and the EP-3 returned (in bits).

The USN still continues "freedom of navigation" operations in the South China Sea. If such an accident were to occur today, would a bellicose American administration treat it as another Gulf of Tonkin Incident?⁷ Such a scenario is possible, though one hopes unlikely. Even the most rabid anti-PRC hawks in Washington would think carefully about escalating into a shooting war with such a powerful adversary. The PRC is not Cuba. Blockade will not be feasible. Any armed attack on the PRC will provoke a tempest of nationalism, even among those who do not like the CCP. The PRC does not have to cripple the 7th Fleet to win; a couple of sunk destroyers may prove too much for American voters to stomach.

North Korea is quite another matter. If the North Korean regime collapses suddenly (whether because of COVID-19 or some other reason), will America feel forced to move in to secure the loose nukes? Is it likely that the PRC will watch unresponsively as American-allied troops approach the Yalu again? Nor can America count on the neutrality of Russia, which shares a border with North Korea. Inept diplomacy has brought together what Nixon-Kissinger pushed asunder, viz, a Russia-PRC alignment.

Managing this confrontation would be tricky even at the best of times. Given the lack of trust on both sides now, the situation will be dangerously unstable. America's Cold War adversary the Soviet Union never fought Americans. Volunteers from the People's Liberation Army did, pushing the American-led UN forces back to the 38th Parallel during the Korean War in 1950-53.⁸ This is still remembered in the PRC, as the recent commemoration of the 70th Anniversary of the Korean War graphically demonstrates.⁹

Keep the Home Fires Burning

The sound and fury emanating from the Trump administration was primarily meant for a domestic audience. What better way to rally the base than by focusing attention on a foreign enemy, one of a different skin-color and culture? Trump's claim that the current COVID-19 outbreak is worse than Pearl Harbor implied that the release of the virus was deliberate, not accidental; an assertion for which there is no evidence.

Using race as an electoral weapon is a tactic as indiscriminate as carpet bombing. The electoral base on which Trump relied in his failed bid for re-election unfortunately includes many who cannot differentiate between Chinese from the PRC and those from Taiwan, Hong Kong, Singapore, Malaysia, Indonesia, Australia, New Zealand, the UK, Canada, or even from the United States; or indeed between Chinese and Japanese, Koreans, and Vietnamese for that matter.

The domestic reaction in the United States to COVID-19 illustrates this starkly. Increasing levels of hostility are being reported, not only against ethnic Chinese but also directed at east and south-east Asians.¹⁰ Korean-American actor John Cho has called attention to the tide of racism that anyone of east Asian ancestry now faces in America.¹¹ Racist flyers circulate urging people to avoid all Asian-American restaurants.¹² The organization Act to Change noted that, "the COVID-19 pandemic has sparked rising numbers of anti-Asian hate crimes."¹³

The comparison with the Pearl Harbor attack also recalls one of the most racist episodes in American history. All Japanese, even those born in America (Nisei), were rounded up and herded into detention camps.¹⁴ The same was not done for German- or Italian-Americans. His ancestry did not prevent General Dwight D. Eisenhower from commanding the Allied armies in Western Europe. Nisei had to prove their loyalty by shedding blood.¹⁵



President Donald J. Trump participates in the APEC Summit | November 11, 2017." (The White House, November 11, 2017)

Racism and Two Contradictory Impulses

First, there is a sense of superiority. In the not-so-distant past, white Americans felt that people of other races were inferior, rejecting the Japanese proposal for a racial equality clause in the Treaty of Versailles. There is still some of this today in the notion that America is a shining light for the world. The obvious failures of the American political system in coping with COVID-19 undermine America's claim to moral leadership and superiority of values. Blaming the PRC for the outbreak of COVID-19 was Trump's response, to divert voters' anger by shifting culpability to a foreign foe. Unfortunately, victim-blaming on an international level translates into indiscriminate victim-blaming at a personal level, which accounts for the rising hostility towards east Asians in America. Trump's defeat in the election will not magically end this hostility. With an eye on the next election in 2024, he and his acolytes will feed the fire to keep the pot boiling.

The second, contradictory impulse is a sense of inferiority; that Americans cannot compete against the Asian hordes. This underpinned the Chinese Exclusion Act of 1882.¹⁶ Suspicions that Asian-American students were discriminated against by Harvard University led to legal action.¹⁷ Now, the economic rise of the PRC again feeds this hysteria. The response is to accuse the "Chinese" of cheating, unfair trading, theft of intellectual property. Trump's trade war is a result of this insecurity.

Potentially damaging in the long run, investments by any Chinese enterprise become suspect. This is ironic, given the fact that most ethnic-Chinese businessmen were supporters of the Nationalists rather than the Communists in the Civil War. The Chinese diaspora is not naturally inclined to support the PRC's political actions. They are just interested in doing business. Push them away and their business will go elsewhere.

Economic Darwinism

Today, power does not flow from the barrel of a gun as Chairman Mao once said; it flows from economic strength. According to capitalist orthodoxy, the PRC's economic success should not have happened. Communist autocrats cannot prosper. The fact that they do is a direct challenge to Trumpian ideology, which remains a reality as the losers in the 2020 electoral battle continue their struggle against "China" in order to drum up support for an electoral rematch in 2024.

The first time a foreign power complained about China's trade imbalance there was war. In 1839-42 Britain started a war and forced opium on China to correct her trade surplus. Several ports were opened to foreigners, who were exempt from Chinese laws—the first of the unequal treaties inflicted on China.

The memory of racial injustice festers. The unequal treaties resulted in western enclaves in Chinese cities, ruled by foreigners.¹⁸ Chinese were treated as inferiors in their own country. As noted above, an article on racial equality in the Treaty of Versailles, proposed by Japan, was rejected by the United States among others.¹⁹

Trying to force the PRC into a perpetually subordinate position will breed a new sense of historical injustice. Culturally, Chinese people value prosperity over power for its own sake. The PRC is capitalist in essence. Professor Kishore Mahbubani, former Singapore Permanent Representative to the United Nations, then Dean of the Lee Kuan Yew School of Public Policy, has noted that the CCP no longer is driven by Communist ideology. It is now more the "Chinese Civilisation Party."²⁰ Oppressing the PRC to brake her economic progress may impede her in the short term, but in the long term 1.4 billion people hungry for progress cannot be stopped from becoming a major economic force.

America fears losing its technological lead over the PRC. To preserve that edge it is necessary

to hobble the PRC's efforts to develop indigenous technology. This leads to actions like accusing PRC company Huawei of being a channel for espionage. When America has been eavesdropping on its allies (including German Chancellor Angela Merkel)²¹ and reading other countries' encrypted communications via compromised encryption machines,²² such a

double-standard does nothing to improve America's image in the rest of the world.

Some attribute the PRC's technological progress to theft of intellectual property. They underestimate the desire for learning that has been the hallmark of Chinese culture. Professor Wang Gungwu of the National University of Singapore has pointed out



Workers perform final testing and QA before sending drives off to customers on its 2.5-inch notebook lines at Seagate Wuxi Factory." (Robert Scoble, November 6, 2008)

the rapidity with which the PRC has learned from the outside world.²³ The CCP's victory in the 1945-49 Civil War²⁴ led to three lost decades when Mao Zedong rejected foreign and domestic scholarship. With his demise the PRC changed tack. Professor Wang watched this flurry of "frantic learning" when it started in the 1980's.

The PRC is not the first Asian nation to do this. Fifty years ago Japan was derided as a nation of copycats. In less than a lifetime, twenty-first century Japan has become a technological powerhouse. Those who dismiss the Chinese in a similar way forget that for most of history China was the technological leader of the world. Paranoid fear of all things Chinese leads to suspicions about the motivations of ethnic-Chinese scientists, academics, and students. This will push them back to the motherland or other countries where they feel welcome. It will be America's loss.

It is also crucial to recognize the difference between relative and absolute decline. American global dominance in the years after 1945 was an aberration; the result of Europe's self-destruction in the Second Thirty Years War from 1914-45. For most of history China has been the largest economic power in the world. If the PRC grows economically America's position will decline relatively but not necessarily in absolute terms. The only way to prevent that relative decline is to stop the PRC from progressing. This is not just infeasible but unjustifiable.

The PRC's prosperity does not come at America's expense. A property-flipper sees every transaction as zero-sum; any profit the other party makes is his loss. A property-flipper can brow-beat the other party into a bad deal, secure in the knowledge that he won't have to do business with the victim again. A trader on the other hand understands that both parties benefit from trade; force the other party into a poor bargain and that is the end of the relationship. The business will go elsewhere. Diplomacy is closer to trading than to property flipping. The PRC and America both have areas of

comparative economic advantage. A richer PRC will buy more from America if allowed to do so.

Economic de-coupling comes at a price. It is neither instantaneous nor painless. Tariffs on imports are a tax that will eventually be borne by consumers. Shareholders of companies are not motivated by politics; they want profits. Corporate managers will not put jingoistic chauvinism ahead of their share options and bonuses. Even if companies can be induced to re-shore manufacturing, jobs will not necessarily return to America; robots and computers are more likely to be used. Unemployed coal miners and steelworkers cannot be transformed into software engineers by administrative decree.

Darwinism applies in business as much as in nature. Uncompetitive enterprises cannot survive indefinitely even if propped up by government handouts. Diverting trade flows by subsidies and tariffs is like building a sandcastle in the way of a stream. The water will find its way around, undermining the blockage until it collapses eventually.

Clash of the Elephants

A confrontation between the United States and China will be played out in third countries, as America attempts to curb the PRC's influence. It is not a foregone conclusion that America will win this struggle for hearts and minds.

Asian Attitudes Towards the PRC are Ambivalent

On one hand there is fear of PRC assertiveness. The PRC is its own worst enemy. Middle Kingdom arrogance, clumsily pushed by wolf-warrior diplomats, provokes push-back. Aggressive actions in surrounding seas alienate potential friends. Unscrupulous practices by unethical businessmen make consumers suspicious of all PRC-made products. As long as the CCP is in charge, the PRC's soft-power attractiveness will be limited.

On the other hand, Asians take pride in the achievements of a non-Caucasian power. When the PRC put its first taikonaut in space the ASEAN²⁵ ambassadors in Brussels congratulated the PRC ambassador. This was not just a matter of diplomatic niceties. The same is true of the Chang-e missions to the moon. Even Asians who are not fond of the PRC view these developments with satisfaction, quietly celebrating that the Caucasian technological monopoly has been broken.

ASEAN countries are not naturally pro-PRC. But American bullying is pushing otherwise positive attitudes towards negativity. Last year the ISEAS-Yusuf Ishak Institute in Singapore conducted a poll asking respondents which of the two strategic rivals ASEAN should align itself with if forced to choose between the PRC and America.²⁶ The vast majority preferred not to have to choose, but if pressed a majority of people in seven of the ten ASEAN countries would pick China. Just a few years ago this would have been unthinkable.

The PRC has not tried to export revolution for decades. It does not seek to change other countries in its own image. America does this constantly, preaching the superiority of its value system; a claim which rings increasingly hollow given America's poisonous contemporary political environment. The state of America today is hardly an advertisement for the superiority of its value-system.

Strident anti-PRC propaganda does not improve America's image abroad. Trumpian trumpeting appears all the more hypocritical when America is mired in a political and societal morass. Blaming the PRC for the spread of COVID-19 and cutting links with the World Health Organization was a dubious strategy in the middle of the biggest challenge faced by the world in several lifetimes. It is a tragedy of epic proportions that Donald Trump was President at a time when global cooperation to fight the pandemic was required, not partisan party-political point-scoring. Secretary of State Michael Pompeo

has claimed that there is "enormous evidence" to show that COVID-19 originated in a Wuhan laboratory, without releasing any of it.²⁷ Given the Trump Administration's well-documented penchant for alternative facts, any evidence presented will be treated with great reserve.

America's stock was higher in the past. On 14 September 2001 over 200,000 Germans gathered under the Brandenburg Gate in solidarity with America after the atrocity of 9/11. The Germans expedited the presentation of credentials for Ambassador Dan Coats²⁸ just so he could be there. Many remembered the "Raisin Bombers" which were the lifeline of West Berlin during the Berlin Blockade. Generosity is what made America great, not "America first."

That reservoir of goodwill has been drained in the last four years. In March 2020 it was reported in the German press, based on official sources, that President Trump had tried to secure exclusive access to any vaccine developed by German company CureVac. The company and the Americans issued a denial, which was met with skepticism.²⁹ In early June 2020 the newspaper *Die Welt* reported the establishment of a European "vaccine alliance" against American attempts to gain priority in vaccine supply, leaving nothing for others.³⁰ The fact that a mainstream German newspaper could run such stories is a sad indication of how little faith is now placed in the essential goodness of America.

A survey conducted by the Pew Research Center and the Berlin-based Körber Stiftung revealed that Germans now see both their relationship with China and their relationship with America as equally important.³¹ America cannot take the support of even her friends for granted in her confrontation with the PRC.

Quo Vadis?

The world's interests are best served by a PRC intent on creating wealth rather than one that is truculent

and resentful of attempts to frustrate her push to prosperity. The strategy of containment and ensuring that the PRC never becomes powerful enough to challenge American predominance, is unworkable in the long term. “America-first” policies alienate friends and neutrals. Other countries do not want to be sucked into the maelstrom just to make America great again.

There is no doubt that the PRC behaves badly in many ways but confronting it directly will not improve matters. There will be a nationalist backlash, fueled by the memory of historical oppression and racial prejudice. Containment may slow PRC’s progress but cannot stop it. How many generations can such a strategy be sustained?

Bullying the PRC to preserve ephemeral economic advantages—a new unequal treaty—will create resentment. Historical resentments get passed down through the generations. French resentment at their defeat by Germany in the Franco-German War of 1870-71 (which France started out of pride)³² led to the First World War and the vengeful provisions of the Treaty of Versailles designed to keep Germany down. German resentment at the unfairness of the Versailles Treaty resulted in the Second World War. A resentful PRC can foment trouble, consuming resources that would be better utilized in making the lives of Americans better. America needs all the resources it can muster after the devastation inflicted by COVID-19.

America cannot stop the PRC’s misdeeds alone; friends are vital for this purpose. “Face” makes the PRC sensitive to her image in non-Western countries. Non-Western countries should be cultivated by generosity of spirit to stand up to the PRC, but only where necessary. Strident propaganda is unconvincing given America’s own sins. Double standards breed cynicism and scepticism. It is a mistake to assume that there is a binary choice between America and the PRC. Do not push countries to choose sides; most countries want to be friends with both.

Despite the fact that Trump and his coterie have lost the election, relations will not return to anything like normality unless America steps back from confrontation. Yet President Biden cannot afford to be seen as being soft on China, lest he be accused of appeasement. But continuing onward on the same trajectory could lead to disaster. Things have to change.

The following are recommendations for consideration by the newly-elected President- and the incoming administration.

- Stop playing the race card which just widens the confrontation to affect people who have nothing to do with America’s problems. Ethnic Chinese living outside the PRC and other East Asians do not automatically align themselves with the CCP’s policies. Don’t force them to do so as a consequence of American bullying.
- Step back from angry rhetoric. The sound and fury emanating from the Trump administration is reminiscent of propaganda put out by autocratic states. This does not help America win friends and influence people.
- Deeds matter more than boastful words. America’s image as benevolent hegemon has been replaced by that of a selfish giant. Generosity is what made America great.
- Do not force countries to choose sides. America is *primus inter pares*, not *imperator*. America may not like the result of pressing others to choose.
- Accept that America’s relative dominance will decline as other countries progress. Trying to stop others from developing is not just infeasible, it is wrong; one might even say un-American.

There are too many challenges facing the world that require cooperation rather than confrontation. COVID-19 is the most immediate; climate change remains an existential threat. Humanity’s survival is at stake if countries do not cooperate.

Confrontation between America and the PRC will hurt everyone. There is an Indonesian saying that when elephants clash the mousedeer in the middle dies. The mousedeer of the world can only hope that the elephants see sense. **PRISM**

Notes

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3D Rendering abstract technological digital city from data in cyberspace, information storage in the information space. (iStock photo: ID: 1071154136, by vitacopS)

Time for a New National Innovation System for Security and Prosperity

By Robert D. Atkinson

In his 1989 classic *The Rise and Fall of the Great Powers* Paul Kennedy wrote, “To be a Great Power—by definition, a state capable of holding its own against any other nation—demands a flourishing economic base.” Kennedy should have added, “an economic (and technology) base that is flourishing more than its competitors.”

If that is the sine qua non of being a great power, the United States faces significant challenges and is at risk of losing its 75-year great power status. If the United States is to stay ahead of China militarily and technologically, it will need to essentially put in place a new national innovation (and production) system, because the current one suffers from serious shortcomings.

After World War II, the United States created the world’s best innovation system (for example, the rules, incentives, funding, institutions, and relationships that support innovation and production). Once we won the cold war, U.S. leaders let it languish and shrink, while in turn embracing market fundamentalism (a belief that government should play a minimal role in supporting innovation) as the overarching economic policy doctrine that limits American freedom of movement to this day. Now facing a multi-decade great power conflict with China, it is time for the establishment of a revised and renewed U.S. national innovation system.¹

To increase the chances of that happening, U.S. national security officials need to become more forceful advocates not just of an improved U.S. national security system, but of a greatly improved American innovation and production system. This new system needs to be grounded not only on a rejection of market fundamentalist thinking and the minimalist policies stemming from it, but also on a recognition that the current advocacy of many progressives for an industrial policy grounded in climate mitigation and “inclusive growth” will do little to address the China challenge.

The new innovation system needs to be focused on making U.S. advanced technology leadership—in both innovation and production—the central organizing principle of U.S. economic and national security policy while embracing an all-of-government approach to achieve that. Unparalleled U.S. leadership in advanced technology innovation and production—commercial and defense—is the best insurance against Chinese aggression. But America is at risk of losing that insurance relatively soon without a major change in policy direction and

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the establishment of an improved and more robust national innovation system on the order of ambition of the post-war system Congress and multiple administrations put in place, but now with a focus oriented to new commercial, technology, and global realities.

The China Challenge

During the 40-plus years of the Cold War with the Soviets, Kennedy's requirement was more than met, in part because the Soviet economy was structurally incapable of flourishing given its rigid command and control economic system. But U.S. flourishing was not an accident. It was largely the result of the establishment from the 1940s to the 1960s of a new national innovation system, the most effective the world has ever seen.

Today, while Russia remains an adversary, it is clear that the United States has once again entered an era of great power competition, now with China. China is a much different competitor than the Soviet Union. First, it is much larger. In 1990, the population of the Soviet Union was 15 percent larger than America's. Today, China's population is 320 percent larger, which means that even though its per capita income (in purchasing power parity terms) is just 17 percent of America's, its GDP (in PPP terms) is 9 percent larger.²

Second, China's economic system is not the Soviet Union's.³ As Deng Xiaoping famously said, "It doesn't matter whether a cat is black or white, as long as it catches mice." While China is ruled by the Chinese Communist Party (CCP), it operates a capitalist economy, one in which the state is embedded in virtually all key sectors. Emblematic is the government's new decree demanding loyalty from companies to the CCP.⁴ Because of this unique Chinese economic system, albeit one modeled in part on what the Asian Tigers did in the 1970s and 1980s, but powered by a more economically predatory state, China is the most formidable technological competitor the United States has ever faced.

Third, as Michael Pillsbury asserts in his book *The Hundred Year Marathon*, China has long harbored aspirations to become globally dominant economically, politically, and militarily. As the U.S. Department of Defense's Office of Industrial Policy's (OIP) annual report to Congress on the defense industrial base of China notes, "The Chinese Communist Party frames this strategy as an effort to realize long-held nationalist aspirations to 'return' China to a position of strength, prosperity, and leadership on the world stage."⁵ Unlike Western nations that see trade, economics, and power separately, they are all apiece for China. As noted economist Alfred O. Hirschman wrote in his 1942 book *National Power and the Structure of Foreign Trade*, "the pursuit of power was still largely considered as a subordinate or exceptional aim of economic policy." The West still sees it that way. China does not, pursuing what China scholar Orville Schell termed, "wealth and power," which they see as intertwined.⁶

Which System is Better?

China approaches that goal with a very different approach than the United States. As General Secretary Xi Jinping stated, "System advantages are the greatest advantages of a country, and the competition of different systems is the most fundamental competition between countries."⁷ So the key questions are: 1) who has the better system?, and 2) how can officials improve the American system?

Even with recent Chinese technological gains, the dominant view in the United States is that the U.S. system is superior, a view which leads to smugness and complacency. In part, this stems from an ideological conviction: by definition market systems are superior.

But America's smugness also stems from defining success differently than Xi. For Xi, success is not capital efficiency—the Chinese system wastes vast sums of money. Nor is it catching up to the United States in per-capita GDP. Success for Xi is making

China the global leader in virtually all advanced technologies and then using civilian-military fusion to ensure that China is preeminent economically, technologically, and militarily.

Doesn't Xi know that he is pursuing the wrong goal? For most U.S. economists, the right goal is allocating capital efficiently by allowing markets to be the principal allocator of capital. Once that is achieved, innovation and economic growth will follow. This is why many U.S. pundits dismiss China's economic challenge. They are right to point out that China wastes trillions of yuan, and that while it might be growing faster than America now, it will likely end up like Japan and the Asian Tigers, closing the gap with the United States but then stalling out far short of parity.⁸ Therefore nothing to worry about: stay the course.

But this sidesteps the key question: does the Chinese system enable it to progress in ways that hurt U.S. national security and global techno-economic

leadership? For purposes of projecting national power, including in defense, tech-based competitiveness is the key factor, not capital efficiency or productivity. And competitiveness includes not only the ability to invent and design advanced technology goods, but to also produce them, while ideally also shrinking your adversary's production.

If America's goal is to ensure national security and economic power, the key question is who has the better system for generating advanced industry competitiveness. At first glance it would appear to be the United States, since we still lead China in many tech areas.⁹ But China has made rapid progress. The 2020 Global Innovation Index shows China ranking 6th in the world in innovation outputs (on a per-GDP basis). And China's Made in China 2025 plan and new Strategic and Emerging Industries plan take aim at the most important technologies sectors of the present and future.¹⁰



Participants interact with robots at the World Economic Forum - Annual Meeting of the New Champions in Tianjin, People's Republic of China 2018." (World Economic Forum photo by Greg Beadle, September 18, 2018)

Why Does Advanced Technology Competitiveness Matter?

Why should America care about China's closing the gap in advanced technology industries? To begin with, China cares. As the OIP writes, "China's economic development supports its military modernization not only by providing the means for larger defense budgets, but through deliberate Party-led initiatives such as the One Belt, One Road initiative and Made in China 2025, as well as the systemic benefits of China's growing national industrial and technological base."¹¹

More importantly, a globally competitive advanced technology base supports U.S. national security in a multitude of ways. It leads to faster GDP growth, which makes it easier to afford "guns" and "butter." It reduces the trade deficit, enabling a stronger dollar, making defense imports cheaper. It is also a key ingredient in America's soft power, which is critical to convincing non-aligned nations of the superiority of the U.S. system.

A globally dominant industrial and technology base is also critical for supply chain integrity. The more our defense industry is dependent on foreign suppliers, especially China, the more vulnerable we are to disruptions. It is also critical to the defense industrial base. While some products that go into U.S. weapons systems are designed and built solely by specialized defense contractors, many depend on a strong advanced dual-use technology production system. As the OIP writes with respect to China, military-civilian fusion "means there is not a clear line between the PRC's civilian and military economies."¹² This is also true in America.

Finally, all three of DOD's "offset strategies" have been premised on the concept that the United States would maintain military superiority by technological sophistication. Having the best advanced technology industrial base is critical to the ability to stay ahead of the Chinese in advanced weapons technologies, such as AI-enabled warfare, hypersonics offense and defense, directed energy weapons, and others.

The State of the U.S. Defense Industrial Base

In 2010, a joint DOD–Homeland Security report stated; "The Defense Industrial Base (DIB) is an unmatched element of national power that differentiates the United States from all potential opponents."¹³ But by 2019, OIP's report highlights key challenges, including:

- **Hypersonic weapons** where there are "significant challenges in developing manufacturing capability. . . . Hypersonic weapons rely on state-of-the-art technology in several critical components, many of which are only available from non-traditional defense contractors."¹⁴
- **"Nuclear warheads . . . it is challenging to ensure that finished assemblies, systems, and subsystems exclusively leverage trusted, discrete components due to diminishing U.S.-based microelectronic and electronic manufacturing capability."**¹⁵
- **Radar and electronic systems** face risks "driven by aging DOD systems that lead to obsolescence of available components, the fluidity of commercial technology, and decreasing U.S. industrial and manufacturing infrastructure."¹⁶
- **The soldier systems sector** faces "Industrial capability gaps."¹⁷
- **Military vehicles** face risks with "the rapid expansion of the electronic vehicle market likely to exacerbate these risks."¹⁸
- **Optics and photonics** have seen "U.S. value added manufacturing . . . eroded over the last 20 years, threatening U.S. first access and assured access to new optics and photonics defense capabilities."¹⁹
- **Space systems** where "due to market trends, supply chain globalization, and high manufacturing costs, future access to space qualified domestic industrial sources, such as microelectronics and solar cells, is uncertain."²⁰

- **Electronics** are a problem where “gaps in the electronics sector reduce the ability to deliver technological advantage in capability, performance, and reliability against adversaries” and a “declining printed circuit board industry.”²¹
- **Machine tools** where “corporate margins in the machine tool industry will not support the persistent level of investment required to support the timely development and adoption of key next-generation (and beyond) machine tool manufacturing capabilities that will be critical to the production of future national capabilities.”²²
- **Batteries, textiles, traveling wave tube amplifiers, shipbuilding, fiber-optic gyroscopes, solar cells for space,** and other technologies all face domestic production capabilities challenges.

Impacting all of this is the lack of a skilled workforce, where “the STEM shortage in the DIB is quickly approaching crisis status.”²³

These systemic challenges to the DIB are part and parcel of the same challenges to the broader U.S. industrial technology system.

The Importance of the U.S. Advanced Industrial Base

It is not just the narrowly defined DIB that is critical to national security; it is the broader U.S. advanced industrial base. This was true in 1791 when Alexander Hamilton wrote in his “Report on Manufactures” that “Not only the wealth; but the independence and security of a Country, appear to be materially connected with the prosperity of manufactures.” It is true today, where the ability of the United States to field weapons systems, especially in time of war, and to sustain its leads in advanced weapons systems development, depends on the broad U.S. advanced technology base.

Most weapons systems rely at least somewhat on dual-use U.S. commercial providers. For example, DOD’s trusted foundries produce only a fraction of the semiconductors needed for weapons

systems; largely those that are designed by DOD itself or their contractors. But the vast majority of computer chips are bought straight from the commercial market. As the OIP writes: “support for a vibrant domestic manufacturing sector, a solid defense industrial base manufacturing sector, a solid defense industrial base and resilient supply chains is a national priority.”²⁴ A strong commercial sector is critical to getting the scale economies needed to support innovation and low costs.

Moreover emerging technologies including advanced materials, AI, clean energy, biotechnology, hypersonic and directed energy technologies, metamaterials, quantum technologies, robotics, semiconductors (including beyond CMOS technology), and advanced computing are needed for the third offset and will rely to a significant extent on commercial sector capabilities. And yet as OIP states:

*An ever-increasing share of military capability will rely on commercially sourced technology. The next iteration of defense technologies, however, will require much more overlap with commercial industry . . . the challenge for defense industrial base policy will be to incentivize a transition to new operating concepts enabled by next generation technologies, and to ensure that America continues to lead in them.*²⁵

We see this in space, for example, where non-defense companies, like Blue Origin, Virgin, SpaceX, and others are entering the industry.

The State of the U.S. Advanced Industrial Base

Unfortunately, the nation’s commercial advanced technology sector faces significant challenges, despite what apologists say.²⁶ From 2007 to 2019, real manufacturing value added declined 13 percent.²⁷ And when controlling for the vast statistical overstatement of output growth in the computer industry (where dramatically faster computer chips are counted as increased output), it fell 20 percent.²⁸

Moreover, the United States ran an all-time-high trade deficit of \$133 billion in advanced technology products in 2019, compared to a \$4.5 billion trade surplus in 2001.²⁹ With China, the trade deficit in electronic products was \$184 billion in 2017.³⁰

This decline is why Harvard Business School's Gary Pisano and Willy Shih noted, "Decades of outsourcing manufacturing have left U.S. industry without the means to invent the next generation of high-tech products that are crucial to rebuilding its economy."³¹ It is why the OIP wrote, "The erosion of American manufacturing over the last two decades, however, has had a negative impact on these capabilities and threatens to undermine the ability of U.S. manufacturers to meet national security requirements."³²

Should the U.S. Develop a New National Innovation System?

This gets to Xi's critical point about system competition. The Chinese system, even with the immiseration of its citizens—or perhaps because of it—is performing extremely well when it comes to advanced technology competitiveness. In contrast, the U.S. defense and broader advanced industrial bases face challenges. In this sense, the current U.S. system is not performing as well as it should be.

And this is the central issue: if the United States is to have any chance of staying ahead of China militarily and technologically it will need to make significant changes to its economic and technology development system, because as it currently operates, the system suffers from a number of serious structural challenges.

To understand the challenge and what the federal government needs to do, it is worth understanding the history of the U.S. innovation system.

The Post-War System

Many innovation scholars speak of a national innovation system, which is "the network of institutions

in the public and private sectors whose activities and interactions initiate, import, modify and diffuse new technologies."³³ A nation's innovation success depends on an effective national innovation system.

Innovation systems differ over space and time. The U.S. system has seen distinct periods. In *Land of Prosperity*, Michael Lind argues that until the 1980s the United States had three distinct national innovation systems, the first from the founding of the Republic to the Civil War, the second from the Civil War to World War II, and the third until the end of the Cold War.

With World War II and the subsequent rise of the Soviet threat, the federal government constructed a new innovation system. The massive expenditures on weaponry and research and development (R&D) in World War II positioned the United States as the global leader in a host of advanced industries, including aerospace, electronics, machine tools, and others. The response to the Soviet threat—exemplified by Sputnik—helped cement America's technology leadership. By the early 1960s, the federal government invested more in R&D than every other foreign government and business combined.

In 1945, the Army published a policy affirming the need for civilian scientific contributions in military planning and weapons production. In 1946, Congress created the Atomic Energy Commission and a system of national laboratories. DOD established the first federally funded research and development center (FFRDC) RAND, and University Affiliated Research Centers in 1947. Congress passed the Defense Production Act of 1950 and also created the National Science Foundation. Eisenhower pressed for the passage of the Interstate Highway Act. The Defense Advanced Research Projects Agency (DARPA) and the National Aeronautics and Space Administration were established in 1958. This funding enabled the development of a host of critical technologies we enjoy

today, including jet aircraft, the internet, GPS, LED lighting, microwaves, radar, networked computers, and wireless communications.³⁴ And it provided the critical, although usually overlooked, inputs to America's key technology hubs, including Boston's Route 128 and Silicon Valley. Indeed, even in the late 1980s, Silicon Valley's Santa Clara county received more DOD prime contract award dollars per capita than any other county in the United States.

This system was based on three factors. First, government's role in innovation was larger than the business role and therefore, government needed to be a principal actor; much innovation "spun-off" from defense. The second was that not only was the U.S. production system national (relatively few corporations had major offshore production facilities), but also our allies had relatively limited capabilities. Third, much of the technical focus was on engineering, electronics, and chemistry.

The U.S. military-industrial complex, as it was sometimes called, was unparalleled in the world. As Chen argues, the federal government, "provided the critical financial resources required to take embryonic technologies and develop them at a speed unlikely to be matched by the civilian market."³⁵ This key role of defense led to the quip, "America has had three types of industrial policy: first, World War II, second, the Korean War, and third, the Vietnam War."³⁶ Even as central as this system was to propelling the United States to global leadership, almost no one framed it as an industrial policy: it was a defense policy, space policy, energy policy, etc. As such, it was the "hidden developmental state."³⁷ Not to worry, the narrative went, the United States still a fully market-based economy.

To be sure, there were many voices in the post-war era that were opposed to this unprecedented entry of the federal government into what had hitherto been a more private sector-led national innovation system. Republican Senate Leader Robert Taft worried that the effort to meet Soviet challenge

meant that the nation had, "wandered far from its true purpose to preserve the peace and liberty of the people of the United States."³⁸ And in his final White House speech, President Dwight D. Eisenhower warned that, "we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex." However, fears of changes to the core principles of the Republic were overwhelmed by even stronger fears of Soviet dominance.

The Post-Cold War System

America and its allies won the Cold War in part because of American strength, but also because of internal weaknesses in the Soviet system. In a blink of an eye, a 40-year struggle was over, and with it a sense of national purpose that propelled the United States to invest massive resources to, "distort the free market." In a short time, U.S. military superiority over any adversary was so completely overwhelming that many in America became blasé. "Shock and awe," meant the thinking was so easy, we could take our eye off the ball of technology advancement. As the Soviet threat disappeared, we appeared to be, in the words of Francis Fukayama, "at the 'End of History,' with market-based, democratic systems triumphant.

At the same time, the 40-year embrace of Keynesian economics which included a role for government innovation policy (albeit a hidden one), had started to weaken. The rise of "stagflation" (economic stagnation coupled with inflation) in the late 1970s opened the door first to conservative, "supply-side economics," which focused on shrinking government and reducing taxes, and then soon after to a broader embrace of market fundamentalism. Moderate and many liberal economists differed little from conservatives in this, other than in their focus on cutting the budget deficit and using government to address inequality.³⁹ The 1990s saw the confluence of both streams; market fundamentalism and a shift away from a mindset focused on maintaining military and



The Cold War came to an abrupt end with the fall of the Berlin Wall in 1989 followed by the dissolution of the Soviet Union in 1991." (Raphaël Thiémar, November 1989)

technology leadership. The result was that to this day neoclassical economics, or what David Sainsbury terms in his book *Windows of Opportunity*, the “market efficiency school of thought,” now governs U.S. economic thinking and action to this day. Market forces became holy and government profane, at least when it came to driving economic growth.

With no need to “keep up with the Soviets,” we could dismantle the defense industrial complex and repudiate the hidden development state. But policymakers didn’t rip it out root and branch: interest group politics make that difficult. Instead, in the words of libertarian Grover Norquist, we “starved the beast.” DOD prime contract awards fell from 3.62 percent of GDP in 1984 to 1.72 percent a decade later (and today are at just 1.79 percent).⁴⁰ Federal spending on R&D fell from around 1.5

percent of GDP in the early 1960s, to just around 0.6 percent today.⁴¹ In 1986, Congress eliminated the investment tax credit.

In short, by default, federal leaders enabled a new innovation system. It looked somewhat like the old one. There were still defense contractors, although fewer. There were still federal labs, although smaller. And there was still federal R&D support for universities and companies, though much less. The new prevailing ideology of market fundamentalism saw this shift not as a problem, but a solution. After all, markets get it right, governments do not.

This evolution was not inevitable. In the 1980s, when the competitive threat from Japan (and to some extent Germany) was foremost in many people’s minds, the federal government could have pivoted to create a new kind of national innovation

system, one focused not just on defense but also on commercial innovation. This challenge led many to propose that the United States adopt an industrial policy (a combination of support for innovation and manufacturing production in an array of industries). However, the response from the neoclassical priesthood was swift and severe; “no, in fact, hell no!” Economist Gary Becker wrote that, “[t]he best industrial policy is none at all.”⁴² John Williamson, the economist who coined the term “the Washington Consensus,” wrote “[l]ittle in the record of industrial policy suggests that the state is very good at ‘picking winners.’”⁴³ Lawrence Summers wrote that government, “is a crappy VC” (venture capitalist).⁴⁴ In a seminal article, Brookings economist Charles Schultz put the nail in the industrial policy coffin writing, “We have enough real problems without creating new ones.”⁴⁵

These views were not the product of empirical economic research. In fact, when economic research found that industrial policy led to faster GDP growth, economists still rejected it because it distorted the market.⁴⁶ Without an external threat requiring the U.S. economy to lead in advanced technology production, America could go back to an idealized free market system (that never existed) where markets determined industrial composition; a world in which “potato chips, computer chips, what’s the difference” was the dominant view. As Robert Wade wrote, market fundamentalism, “reinforced the longer standing hostility to any idea of ‘industrial policy,’ the hostility spanning Congress, the executive branch (especially the Department of the Treasury), the media, think tanks, academic economics departments.”⁴⁷

This leads to two questions; first, why does the United States lead in innovation if it hasn’t had a technology strategy? The answer is that America put in place the most effective technology strategy in history, but it wasn’t called that; second, why is it that a country that espouses free markets put

in place the best technology strategy? The answer is that it was not labeled as industrial policy, and national security concerns trumped any philosophical concerns about market distortion. Once the Soviet threat was gone however, so too was support for that techno-economic system, and as a result, today the U.S. advanced technology economy is living off of past accomplishments.

The Case for an Expanded and Reformed System and the Challenges

In short, once the cold war was won, U.S. leaders let the U.S. innovation policy system languish and gradually shrink, embracing market fundamentalism. However, with what Michael Lind calls the, “New Cold War II” (a multi-decade, great power conflict with China), it is time for an expanded and reformed national innovation system.⁴⁸ In the first Cold War, the Soviet Union was a military rival but not a commercial rival. Japan was a commercial rival, but not a military rival. Today China is both and racing ahead with the development of potentially disruptive weapons, such as cheap and numerous autonomous weapons systems and hypersonic missiles, which, without major U.S. innovation in turn, could be devastating. Our overwhelming technology lead over adversaries has shrunk.

This means that policymakers need to stop separating geopolitics from geoeconomics, and as Lind notes, “adopt the classic great-power practice of treating the military, diplomacy, and trade as three coordinated instruments of a single strategy.” A core component of this is to improve the domestic innovation system to speed up our rate of innovation (and production) so that we remain ahead of China for as long as possible.

This is why the debate about China is so central. If one rejects the notion of China as a strategic threat, as some foreign policy pundits and many progressives do, then it is easier to reject the need for a new American innovation system. If our

innovation system has worked over the last three decades, why tinker with it? But if China is a new strategic threat, this suggests that the federal government will need to take actions on the magnitude of what it did from 1945 to 1965.

Marshalling the political support for building a new national innovation system will not be easy. Many entrenched economic interests will fight it. Many universities will oppose requirements that government support for R&D be focused on strategic priorities instead of principally what university professors are interested in. Wall Street will fight it because any effective strategy requires shrinking the oversized role of finance. And some domestic serving sectors will oppose policies, such as tax incentives, focused on advanced industries. The list goes on.

Moreover, political ideologues on both sides of aisle will oppose such an agenda. Some conservatives will claim a new innovation system means going down all sorts of bad paths; socialism, crony capitalism, etc. Some will paint it as one step away from a Soviet Gosplan system.⁴⁹ Some budget hawks will balk at increases in federal investment. And some conservatives will prefer to retreat to a Robert Taft-oriented national security policy, seeking limited U.S. engagement overseas, and avoiding the need to ramp up innovation.

Likewise, many progressives will deny that China poses a military challenge and will reject calls for a stronger defense system, preferring instead to reduce defense spending.⁵⁰ And while many progressives will support an increased federal role, it will be one based on redistribution, such as universal health care, free college, and even universal basic income.⁵¹ Likewise, many progressives will reject policies that provide help to big business in advanced technology industries, arguing that big companies are inherently bad and should be broken up and otherwise constrained. And to the extent progressives will support a robust industrial strategy, for many it will be limited to a “Green New Deal,” where everything is about

carbon reduction: DOD will likely be expected to buy electric tanks and F35s powered by biofuels.

Finally, some will listen to Silicon Valley-type techno-libertarians who proffer claims that innovation is now bottom up and self-organizing and that the so-called “Singularity” is near. All we need to do is give everyone a 3D printer and unleash their creativity for a new innovation renaissance, all supported by rich tech philanthropists.⁵²

At the core, these differences are about what is America’s most important national mission. If it is defined as freedom, climate, racial justice, or reduced income inequality, then the task of putting in place a new national innovation system to support America’s global tech leadership will be challenging. If it is defined as maintaining our lead over China, it will be easier. China has no ambiguity about its mission. As the OIP writes, “The CCP prioritizes economic development as the ‘central task’ and the force that drives China’s modernization across all areas, including its armed forces.”⁵³

The United States knows how to formulate and implement effective industrial policy; we did it for 40 years after WWII. But because of the deeply held beliefs in free markets and individualism, America needs a justification to deviate from these principles. War—hot or cold—has been a key justification since the founding of the republic. Today, winning the cold war that China has effectively started provides a strong justification for once again embracing a national developmentalist agenda.

This gets to the national security community’s role. There is an iconic TV commercial from the late 1970s advertising a stockbroker firm, that says, “When EF Hutton talks, people listen.”⁵⁴ Today we are in the same situation when it comes to a national advanced industry strategy: when national security officials talk, many policymakers listen. Arguments made by a small cadre of national developmentalist scholars and think tanks, and by some technology firms and industry associations only go

so far. Unless the national security establishment makes its voice heard that the future security of the republic depends on the United States developing, funding, and implementing a new sophisticated advanced industrial strategy—not just a narrow, incremental DIB strategy—progress will be slow at best, possibly negative.

Currently, it is no one’s job to advocate for a more robust national advanced technology strategy. Ideally, most economic policy think tanks, economists, pundits, and media figures would realize that it is time for a new U.S. industrial strategy. But given entrenched views, that is not likely to occur, at least in the time frame needed. This means that the national security community needs to do more than place stark findings in DIB reports to Congress (on page 114!) Senior officials need to take risks and develop the political license to forcefully advocate for a more robust national innovation system.

What Should the New System Look Like

The United States needs a new national innovation system. Before describing that, here’s what it should not be. A new system is not a bit more of the old; a bit more money for DOD, a bit more money for science funding, a bit more openness to high skill immigration.⁵⁵ Unfortunately, much of the current narrative embraces this incremental approach because many people do not believe that the politics are ripe for the creation of a new system. It is all well and good to make realistic recommendations that reflect current political realities, but everyone involved needs to also say that incrementalism won’t cut it.

Nor can the new system be based on a hope that the private sector will take the sufficient steps needed that are synchronous with national defense needs. Hamilton got it right in 1791: “There appears to be an improvidence, in leaving these essential instruments of national defence to the casual speculations of individual adventure.” Today, as the Center for a New American Security writes, “The DOD is betting on

the private sector to take advantage of larger investments and faster innovation cycles.”⁵⁶ But it is not at all clear that this will be enough, particularly as U.S. companies continue to shift their R&D from “R” to “D.”⁵⁷ A corollary is that the FAANGs (Facebook, Apple, Amazon, Netflix, and Google) will save us. Yes, the FAANGS are important for software and AI, but U.S. defense needs are much greater and broader.

Another cul de sac is the idea that as long as the United States leads on the development of “ethical technology,” all will be well. The National Security Commission on AI writes that, “government must strengthen industry by articulating clear standards and policies for responsible use, rebuilding trust through greater transparency and offering a vision of shared purpose.”⁵⁸ Trust might be useful, but there is no evidence that U.S. industry will fail to produce trustworthy systems, and even less evidence that trust determines U.S. leadership.

Rather than incrementalism, it is time to think big, establishing a new system grounded in two principles. First, policymakers can no longer be indifferent to U.S. industrial structure. They need to articulate that there is a set of industries “too critical to fail”—such as aerospace, biopharmaceuticals, sophisticated computers and semiconductors, advanced machinery and equipment, software, and artificial intelligence. Second, while business must lead, government has to play a strong supporting role.⁵⁹

The most important step to get to a new innovation system is for elites and policymakers to agree to this new national mission and then ensure an all-of-government approach to implementing it. Without this agreement and alignment, progress will be limited.

There are a host of steps government needs to take. Making industrial and innovation greatness the new defining mission means ensuring that federal agencies and policies do less to limit innovation. As one example, for over half a century, U.S. antitrust policy has been led by the Department of

Justice and the Federal Trade Commission, with little input from DOD and DOC. The result has been a series of disastrous antitrust decisions that enabled foreign competitors, including Japan and China, to get a leg up.⁶⁰

Second, Congress needs to appropriate significantly more funding for innovation-based competitiveness, both directly and indirectly (through tax expenditures) and for defense and commercial innovation, and encourage commercialization and production of the resulting technology domestically. This means at least \$100 billion more a year in R&D funding, with most of this going to applied research and engineering, including on process R&D, focused on key dual-use technology needs. Legislation like the Senate Democrat LEADS act, the bipartisan Endless Frontier Act, and the CHIPS/American Foundries Act are important steps in that direction.

Some will argue that we don't need more spending; after all, government spending on R&D is the same as it was three decades ago in inflation-adjusted terms. There are two problems with this view. First, America is competing with China, which is funding vastly more R&D than three decades ago. Second, as Nick Bloom and colleagues have shown, the global productivity of R&D has fallen.⁶¹ To take DARPA as an example, its funding as a share of GDP has fallen by half, which means that DARPA innovation outputs have likely fallen by at least three quarters, relative to GDP.

Others will argue that defense funding no longer produces the big commercial innovations of the past, like the internet. But defense innovation in the last decade has produced commercial innovations. And commercial firms that partner with the government on national security projects can be more competitive in commercial markets because of a core customer. Moreover, emerging defense technology innovations, like autonomous weapons and the "kill web" (an interlinked and flexible missile system

with ubiquitous sensors), could generate important commercial innovation benefits.⁶²

Third, Congress should also significantly expand support explicitly focused on commercial innovation. It should expand the Manufacturing USA Institutes.⁶³ It should reestablish National Institute of Standards and Technology's (NIST) Advanced Technology Program, a program that funded joint R&D partnerships. It should establish a state-federal R&D and production partnership fund to encourage states to invest more in R&D, and incentives to attract to the United States key production facilities, such as in semiconductors and other key industries. Most states are focused on technology-based economic development, but without federal help suffer from vastly limited resources. Congress should also establish special purpose, non-profit, commercial industrial technology institutes, modeled after Taiwan's Industrial Technology Research Institute.⁶⁴

A related issue is global technology standards. China has expanded its influence in institutions which shape global innovations standards, including the International Telecommunication Union and the 3rd Generation Partnership Project. Moreover, it appears that China wants to dominate those and other institutions, as its forthcoming China Standards 2035 plan is likely to show.⁶⁵ The United States and allies will need to cooperate to be more deeply engaged in these bodies. Moreover, Congress should extend the R&D tax credit to make company expenditures on global standards setting eligible.

Moreover, whether by expanding the Independent Research And Development (IRAD) program, which allows companies to initiate and conduct R&D projects of interest to DOD, or through other means, Congress and DOD need to provide more incentives for defense contractors to invest in R&D. The Big Six contractors spent on average 3 percent of their sales on R&D, compared to around 10 percent for leading commercial tech companies.⁶⁶ If we are to keep our lead over China,

defense contractors will need to invest more in R&D, particularly riskier, longer term R&D. In addition, Congress should fund the Defense Innovation Unit proposal to create an InQTel-like venture arm for investing in promising hardware-based startups, and consider supporting the creation of similar venture units in each of the military services.⁶⁷ This should be in the service of overall reform at DOD to enable it to be more flexible, innovative, and fast-moving. As John Hyten, Vice Chairman of the Joint Chiefs of Staff recently noted, “our Department has become expert at moving slow.”⁶⁸

Fourth, government demand can spur innovation, whether it is procurement of new weapons systems, or investment in “smart infrastructure.”⁶⁹ This means designing government procurement to support innovation where possible, as nations like the UK and Germany have done.⁷⁰

Fifth, Congress should expand tax incentives for innovation, including a much more generous R&D credit, a new credit for investing in machinery and equipment, and an expansion of the R&D credit to include workforce training and global standards setting expenditures.⁷¹ Expanded incentives will be particularly important to help counter the likely decline in business investment, including in R&D, in the wake of the COVID recession.⁷² Congress should also put in place policies to reform corporate governance and equity markets to discourage corporate short-termism.

Sixth, Congress should establish vehicles to support domestic investment in advanced technology industries, including reforming the Small Business Administration, as Senator Marco Rubio (R-FL) has proposed, and providing either tax incentives or direct funding to create a national industrial investment bank.

Seventh, more needs to be done to support domestic STEM skills, particularly in computer science and engineering. The evidence is clear that more federal support for R&D is an important driver

of STEM education, especially at the college level. But new and creative STEM initiatives are needed, such as tying federal funding to the states to incorporate engineering and computer science education in high schools, providing incentives for colleges to produce more STEM graduates, and providing aid to state universities to accept more in-state STEM students rather than students from China who pay out-of-state tuition. In addition, Congress should expand DOD STEM incentives to make defense contractors eligible. It should also consider the proposal by The National Security Commission on Artificial Intelligence to establish a digital reserve corps and digital service academy to increase the pipeline of tech-savvy workers into the public sector.⁷³

Eighth, Congress should establish a new national strategic technology agency, that would include capabilities both for program management, like DARPA has, but also analytical capabilities to better understand U.S. dual use and commercial technology base. This could be housed at NIST, which would manage this, as well as the Manufacturing Institutes, a new Advanced Technology Program, and related programs.

Ninth, while the lion’s share of effort should be focused on domestic actions, it would be a mistake not to try to limit China’s tech advance, particularly through its unfair and often illegal efforts. At the same time, policymakers should resist calls for radical decoupling. Tom Friedman may have been wrong with his McDonalds quip that no country with a McDonalds got in a war with the United States, but if China and the U.S. economy are significantly decoupled, the costs of China engaging in military action against U.S. interests will be higher. There are McDonalds in China and in Taiwan, and that’s not in any way going to stop the former moving against the latter. We need decoupling in certain areas and entanglement in others.

Finally, a U.S. industrial strategy should not be American only. This means eschewing “Buy



Navy Lt. j.g. Justin Bishop and Chief Petty Officer David Thompson keep watch in the navigation bridge aboard the USS Sioux City in the Caribbean Sea.” December 21, 2020 (Photo by Navy Seaman Juel Foster, Nov. 23, 2020)

American” mandates which will just alienate allies and raise prices. It does mean developing a technology strategy that is closely aligned with our allies’ strategies. Given the complexity of technology industries, even the United States cannot hope to be a leader in all critical technologies, including in 5G systems.⁷⁴ But it needs to ensure that if it isn’t a leader, then at least one of our close allies is. In this sense, the United States needs not just a national industrial strategy, but also an allied industrial strategy to ensure that as a group, allied democratic nations have the capabilities to produce innovative products at competitive prices in a set of key areas.⁷⁵

Conclusion

In geoeconomics terms, the United States has lost considerable ground to China over the past 20 years. Ground, that with honest and realistic attention

to the state of international economic affairs, it did not need to cede. As Michèle Flournoy, former Undersecretary of Defense for Policy, writes, this matters because, “As tensions continue to rise and Chinese assertiveness in the region grows, it will take a concerted effort to rebuild the credibility of U.S. deterrence in order to reduce the risk of a war that neither side seeks.”⁷⁶ That credibility for deterrence is based on the United States being the clear and unquestioned leader in innovation and production across most major technologies.

If Congress and the next administration do not implement a new, more-robust national innovation system (call it what you like: an industrial strategy, an industrial policy, a competitiveness strategy; it doesn’t matter), to ensure U.S. technological superiority, the United States will likely fall behind China technologically, at least on too many

critical technologies, with dire consequences for U.S. global power, national security, and prosperity. Thankfully, many in Washington have awakened to the realization that America may need an advanced technology strategy. But if the national security establishment does not take a proactive role in pushing for such a forward-looking, bold strategy, the odds of such a strategy being adopted are likely modest at best. **PRISM**

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(Mohammad Ali Dahaghin, February 19, 2020)

Iran's Gray Zone Strategy

Cornerstone of its Asymmetric Way of War

By Michael Eisenstadt*

Since the creation of the Islamic Republic in 1979, Iran has distinguished itself (along with Russia and China) as one of the world's foremost "gray zone" actors.¹ For nearly four decades, however, the United States has struggled to respond effectively to this asymmetric "way of war." Washington has often treated Tehran with caution and granted it significant leeway in the conduct of its gray zone activities due to fears that U.S. pushback would lead to "all-out" war—fears that the Islamic Republic actively encourages. Yet, the very purpose of this modus operandi is to enable Iran to pursue its interests and advance its anti-status quo agenda while avoiding escalation that could lead to a wider conflict. Because of the potentially high costs of war—especially in a proliferated world—gray zone conflicts are likely to become increasingly common in the years to come. For this reason, it is more important than ever for the United States to understand the logic underpinning these types of activities, in all their manifestations.

Gray Zone, Asymmetric, and Hybrid "Ways of War" in Iran's Strategy

Gray zone warfare, *asymmetric warfare*, and *hybrid warfare* are terms that are often used interchangeably, but they refer neither to discrete forms of warfare, nor should they be used interchangeably—as they often (incorrectly) are. Rather, these terms refer to that aspect of strategy that concerns how states employ *ways* and *means* to achieve national security policy *ends*.² *Means* refer to the diplomatic, informational, military, economic, and cyber instruments of national power; *ways* describe how these means are employed to achieve the ends of strategy. The terms *gray zone*, *asymmetric*, and *hybrid* thus refer to the "ways of war"—*how* these instruments are used—though the term *hybrid* has a dual character and also refers to *means*. (For a graphic depiction of how these concepts apply to Iran's strategy, see figure 1 below.)

Nearly all state actors (including the United States) engage in gray zone activities, leverage asymmetries, and are hybrid actors, at least to some extent. Many states operate in the gray zone, at least occasionally, to manage risk, limit escalation, and avoid war. All states employ asymmetries to gain advantage and achieve disproportionate effects. And nearly all states create hybrid organizational designs and act, to some extent, in a hybrid fashion to accrue advantage and achieve synergies. Yet, for some states, the

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gray zone modus operandi defines nearly everything they do. Gray zone strategies are inherently asymmetric (see below) and often make extensive use of hybrid modes of operation. Iran is the quintessential gray zone actor whose entire modus operandi is influenced by this particular way of war, and whose default approach is to operate in the gray zone—except when fighting “imposed wars” like the Iran-Iraq War and the Syrian civil war. However, even in such cases, its approach to conventional operations is often tinged by its gray zone modus operandi, with its emphasis on proxy action and hybrid activities.

The Gray Zone

Gray zone actors probe and test to determine what they can get away with. They rely on covert or unacknowledged proxy activities to preserve deniability and avoid becoming decisively engaged with the adversary. They rely on incremental action to create ambiguity regarding their intentions, and to make their enemies uncertain about how to respond. And they arrange their activities in time and space—pacing and spacing them so that adversary decisionmakers do not overreact. This enables them to challenge stronger adversaries and advance their anti-status quo agendas while managing risk, avoiding escalation, and preventing war.³

The Islamic Republic has always understood that its long-term goal of becoming the dominant power in the Middle East would bring it into conflict with the United States (whose influence in the region it seeks to eradicate) and Israel (which it seeks to eliminate). Accordingly, it developed a modus operandi that has enabled it to advance its anti-status quo agenda while avoiding war with either. Tehran’s interest in avoiding war is not grounded in a transitory calculation of the regime’s interests: it is a deeply rooted feature of the regime’s strategic culture that is reflected in Iranian strategy under Supreme Leader Ayatollah Ali Khamenei.

This is one of the enduring legacies of the 8-year-long Iran-Iraq War. Nearly a quarter-million Iranians were killed in that conflict, and the wounds have still not healed.⁴ Iran is determined to never again repeat that experience.⁵

Iran’s gray zone strategy works by leveraging a number of asymmetries pertaining to differences in the way that Tehran and Washington think, organize, and operate on the policy and strategic levels. The most important of these asymmetries is conceptual. U.S. decisionmakers tend to conceive of war and peace with Iran, as well as with other state actors like China and Russia, in stark, binary terms, and have frequently been constrained by fear of escalation. This creates opportunities for Iran (and others) to act in the gray zone “in between.” (The main exception here—by and large, a relatively recent one—is in the cyber domain.⁶) By contrast, Tehran tends to see conflict as a continuum. The key terrain in gray zone conflicts then is the gray matter in the heads of American policymakers who believe that a local clash could somehow rapidly escalate to an “all-out” war. The result is often U.S. inaction, which provides gray zone operators like Iran with greater freedom to act.

Asymmetry

In addition to the aforementioned conceptual asymmetry that underpins the gray zone approach, Iran leverages a variety of operational, motivational, and temporal asymmetries. (For more on the various types of military asymmetries, see table 1 below.) Thus, Tehran has created a network of proxies that provide standoff, enable it to avoid becoming decisively engaged, and permit it to operate in a deniable fashion. The United States lacks a similar stable of proxies that it can rely on, so it must often act unilaterally. However, the tendency of the U.S. government to “leak” to the media and the desire of politicians to take credit for actions makes covert, deniable action difficult. Furthermore, a regional

power like Iran that believes it is fighting for its survival will almost always be willing to assume greater risks than a distant great power that is not motivated by existential concerns and which has to tend to competing commitments around the world. Finally, while U.S. presidents must contend with public opinion and cannot assume they will have more than a single four-year term to accomplish their policy agenda, Iran's key decisionmakers are unelected and therefore can often ignore public opinion when it comes to national security matters.⁷ And because they frequently have very long tenures, they can afford to be patient and play the long game. For instance, Ayatollah Khamenei has been Supreme Leader since 1989, while Qassem Soleimani had been the Islamic Revolution Guards Corps-Qods Force (IRGC-QF) commander since 1998, until he was killed in a U.S. drone strike in January 2020.

On the operational and tactical levels, Iran leverages other types of asymmetries. It has exploited its geographic proximity to the Strait of Hormuz by creating naval forces capable of disrupting oil shipments from the region using small boat swarms (mass), mines and submarines (stealth), and drones and missiles (precision). It seeks to turn adversary strengths into vulnerabilities—for instance, developing anti-access and precision strike capabilities that can target U.S. carrier strike groups operating in the region's waters and U.S. forces based around the rim of the Gulf.⁸ It also conducts actions that yield disproportionate effects, such as the October 1983 Marine Barracks bombing (with Lebanese Hezbollah), which forced U.S. peacekeeping forces out of Lebanon, and the drone and cruise missile strike on Saudi oil infrastructure in September 2019, which demonstrated Tehran's ability to disrupt oil production in the region.



"U.S. presidents must contend with public opinion." (Frank Hebbert, September 7, 2006)

Table 1: Types of Military Asymmetries

Quantitative	Pertaining to relative numerical advantages in manpower, equipment (mass), firepower, or other critical resources
Qualitative	The relative effectiveness of each actor's leadership, training, or technology, and its strategy, operations, or tactics
Conceptual	The relative ability of each side to understand and navigate the operational environment, to grasp the opponent's methods, and to formulate effective strategies or operational approaches to thwart or defeat them
Operational	The degree to which actors may rely on dissimilar organizational designs or operational approaches to competition and warfighting: covert vs. overt, indirect versus direct, and short term vs. long term
Geographic	The degree to which one side has a relative advantage in its ability to hold at risk an adversary's assets, forward bases, or homeland, using deployed forces or proxies
Temporal	The extent to which actors pursue their objectives through patient, incremental action vs. rapid, decisive operations, and to which time replaces space as the major dimension of action
Normative	The relative degree to which actors are constrained by moral considerations, domestic legal considerations, or the law of armed conflict
Moral/Motivational	The extent to which one or more actors are motivated by ideological or religious considerations, or are fighting for their vital interests or survival
Ontological	The degree to which adversaries may be guided by different motives or logic, whether instrumental or expressive/symbolic

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Hybridity

Most states possess hybrid military organizations, but hybrid actors like Iran put particular emphasis on employing regular and irregular forces together on the battlefield; blending conventional military capabilities, irregular tactics, terrorism, and criminal activities (for example, smuggling, money laundering, bribery, cybercrime, and illicit arms transfers); and conducting simultaneous operations across domains—land, sea, air, information, cyber, and space—to create synergies and maximize leverage. They do this to deter or coerce adversaries and influence or subvert foreign governments in order to achieve a desired political objective.⁹ Iran has created a complex institutional setup for projecting influence abroad consisting of both civilian and military entities, including the IRGC, IRGC-QF, IRGC intelligence, the Ministry of Intelligence and Security (MOIS); foreign Shi'ite proxy forces; the Ministry of Foreign Affairs (MFA); state media entities; and a variety of parastatal foundations and business fronts. This complexity derives in part from politics (and results in no small amount of friction among competing organizations) but it also facilitates the regime's hybrid *modus operandi*.¹⁰ It does so by providing Iran with tools and options unavailable to its adversaries—such as terrorism and intimidation, bribery, and unbridled disinformation activities—which confer on it a comparative advantage when it comes to shaping the strategic environment and projecting influence below the threshold of war.

Deterrence: Linchpin of Iran's Gray Zone Strategy

In the past four decades, Tehran has created a deterrence/warfighting triad consisting of (1) a guerrilla navy capable of disrupting oil exports from the Persian Gulf; (2) an arsenal of missiles and drones capable of conducting long-range precision strikes; and (3) a stable of foreign proxies—its

Shi'ite foreign legion—capable of projecting influence throughout the region and acting as insurgents, counterinsurgents, and terrorists.¹¹ It may now be adding a fourth leg to this triad; offensive cyber operations.¹² These asymmetric capabilities enable Iran to deter by the threat of punishment—by imposing costs on its adversaries.

Iran is also building up its air defenses and hardening elements of its critical infrastructure (such as nuclear enrichment facilities) to deny its enemies the ability to destroy these potential targets.¹³ This enables it to deter by denial—by thwarting its adversaries' aims.

Iran also relies on a variety of nonmilitary means to bolster deterrence—creating economic dependencies in neighboring states (for example, providing electricity to border provinces in Iraq), building external bases of support for Iranian policy among foreign Shi'ite communities, threatening to withdraw from arms control agreements (such as the 2015 nuclear deal and the 1968 Nuclear Nonproliferation Treaty),¹⁴ and frequent verbal warnings that a local clash could rapidly escalate and lead to “all-out war.”¹⁵ These steps strengthen Iran's deterrent posture by fostering the belief that a conflict with the Islamic Republic could lead to another Middle East “forever war” and produce a highly destabilizing geopolitical mess.

Deterrence is the linchpin of Tehran's gray zone strategy, as it constrains adversaries and thereby affords Iran greater freedom of action. And gray zone activities that showcase Iran's precision strike, sea denial, and terrorist capabilities bolster its deterrent posture. In this way, Iran's deterrent and gray zone activities reinforce each other.¹⁶

Iran's Gray Zone Strategy: Core Elements

Iran's gray zone strategy consists of a number of core elements: (1) tactical flexibility, strategic consistency; (2) indirection, ambiguity, and patience;

(3) reciprocity, proportionality, and calibrated use of force; (4) protracting rather than escalating conflicts; (5) pacing and spacing activities; (6) diversifying and expanding options; and (7) dividing and encircling enemies. Each of these is addressed in greater detail below.

Tactical Flexibility, Strategic Consistency

Once Tehran commits to a particular strategic direction, deflecting it from its course is often difficult. It will probe and test limits, then back down (temporarily) if it encounters a firm response—renewing the challenge at another time and place, under more favorable circumstances. Conversely, the lack of a firm response frequently encourages more assertive behavior.¹⁷ Thus, Iran backed off from threats to close the Strait of Hormuz in January 2012 following new U.S. and EU sanctions, when Washington warned that doing so would cross an American redline.¹⁸ Yet when Washington suspended sanctions waivers on Tehran's oil exports in May 2019 in an effort to drive Iranian oil exports to zero (crossing a long-standing Iranian redline—that if it cannot export oil, no Gulf state would export oil), Iran lashed out militarily, with attacks on Gulf oil transport and infrastructure.¹⁹ After the United States and its allies bolstered their maritime presence in the Gulf in response to these attacks, Iran then cautiously ratcheted up proxy rocket attacks in Iraq until an American was killed in December 2019.²⁰

Indirection, Ambiguity, and Patience

Tehran often uses indirect means (for example, mines, IEDs, and rockets),²¹ foreign proxies (for example, Lebanon's Hezbollah, Iraq's Kata'ib Hezbollah, and to a lesser extent Yemen's Houthis), and operations on foreign soil to create ambiguity, standoff, and to avoid decisive engagement with the enemy. It creates ambiguity to sow doubts about its role, encourage speculation about the culpability

of rogue regime elements, and provide a face-saving "out" for conflict-averse adversaries. Because Iran prefers indirect action, and because it seeks advantage through incremental, cumulative gains, its approach requires patience. Moreover, Tehran's preference for proxies seems at least partly rooted in a conspiratorial worldview in which ubiquitous enemies are perceived to be using proxies and agents against it, causing it to respond in kind.²²

Reciprocity, Proportionality, and Calibrated Use of Force

Tehran generally uses force in a measured, tit-for-tat manner, responding in kind at a level broadly commensurate to the perceived challenge. It does so to garner legitimacy for its actions, to be more predictable—and to thereby limit the potential for miscalculation—and to deter. Thus, during the Iran-Iraq War, Iran responded to attacks on its oil industry with attacks on Gulf shipping; to air raids on Tehran with missile strikes on Baghdad; and to Iraqi chemical warfare by threatening chemical attacks of its own. From 2010 to 2012, Iran responded to cyberattacks on its nuclear program and oil industry, to financial sanctions, and to the killing of its nuclear scientists with cyberattacks on U.S. financial institutions and on Saudi Aramco, and by plotting attacks on Israeli diplomats in Georgia, India, Thailand, and elsewhere. Most recently, Iran responded to the Trump administration's efforts to reduce its oil exports to zero with a limpet mine attack on four foreign oil tankers anchored off the Emirati coast, and to sanctions on its largest petrochemical company with a limpet mine attack on two foreign petrochemical tankers transiting the Strait of Hormuz.

Protracting Rather than Escalating Conflicts

Tehran's preference for strategies of indirection and the calibrated (that is, limited) use of force ensures that conflicts it is involved in will often be protracted. This enables it to exploit the motivational

asymmetries that it believes give it an edge in these long struggles, and to avoid escalation—which would generally play to its enemies' strengths. Thus, in its decades-long struggle against U.S. influence in the Middle East, Tehran has supported proxy attacks on U.S. personnel and interests in order to wear down American resolve (for example, the 1983 U.S. Marine barracks bombing, the 1996 Khobar Towers bombing, and the provision of arms to Iraqi Shia insurgents fighting U.S. forces in Iraq from 2003 to 2011).

Tehran's efforts to undermine Israel have likewise involved a patient, decades-long buildup of proxy and partner military capabilities in Lebanon (Hezbollah), Gaza (Hamas and Palestinian Islamic Jihad), and most recently Syria, where the IRGC-QF also conducts direct attacks on Israel—showing that Tehran will sometimes emerge from the gray zone to attack its enemies.²³

Pacing and Spacing Activities

Tehran judiciously paces its activities—arranging them in time and space—to avoid creating an undue sense of urgency or an overstated perception of threat in the minds of foreign decisionmakers. It does this so that they will not overreact and so that events do not spin out of control. (The pacing of activities may also be influenced to some extent by the demands of consensus decisionmaking, military planning, and logistical considerations.) The pacing of activities may also reduce pressure on adversaries to act, and feed the hopes of some foreign decisionmakers that not responding militarily to Iranian actions will lead to de-escalation. Weeks or months may pass between Iranian activities in an ongoing gray zone campaign, or before Iran responds to an adversary's actions. Thus, in Tehran's counterpressure campaign against the Trump administration's "maximum pressure" policy, it has conducted activities at varying intervals, along several lines of operation, in different domains, and diverse geographic arenas of operation (limpet mine

attacks in the Gulf, rocket salvos in Iraq, drone and cruise-missile strikes in Saudi Arabia, and cyber operations against nearly all its adversaries).

Diversifying and Expanding Options

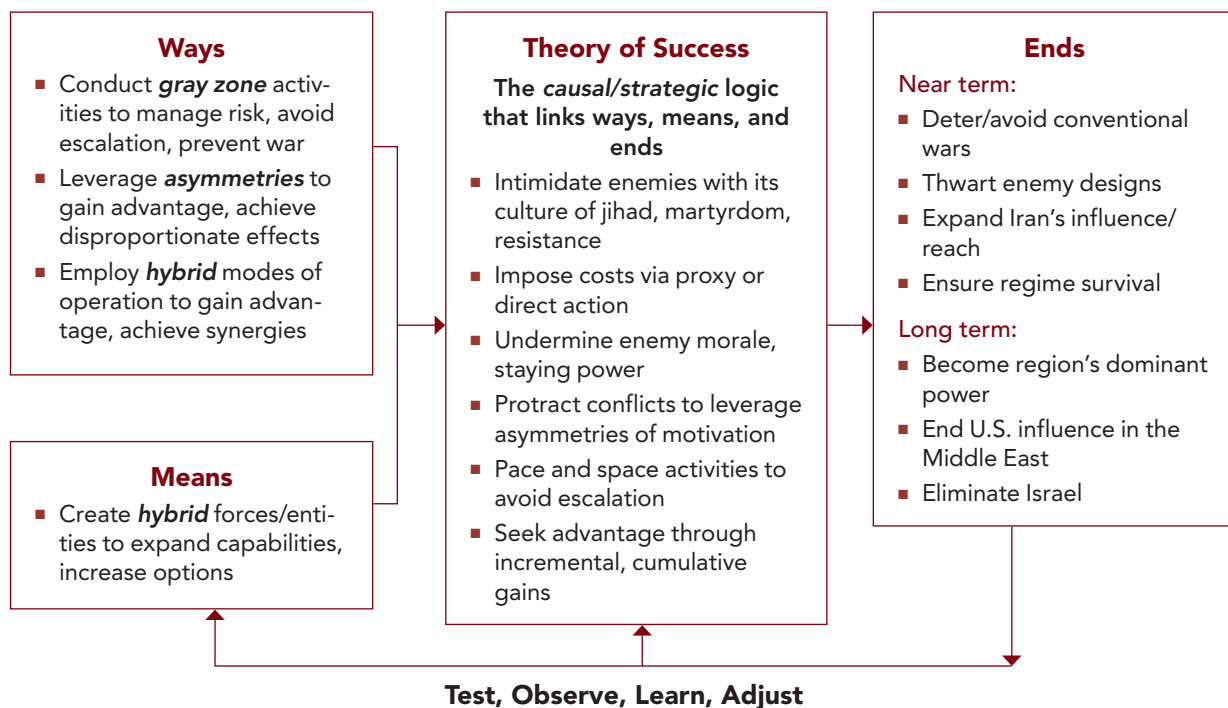
Tehran is an adaptive actor that adjusts its gray zone strategy as needed. To this end, it has developed a diversified toolkit to provide an array of both non-lethal and lethal options beyond vertical escalation, in both the physical and cyber domains, and in different arenas of conflict. This enables it to tailor its approach to adversaries and circumstances. (See table 2 for more about Iran's gray zone toolkit.)

Dividing and Encircling Enemies

Iran's involvement in deniable/unacknowledged activities and its perceived willingness to escalate often stokes disagreements among policymakers in hostile states, tying the bureaucracies of these governments in knots. Thus, the June 1996 Khobar Towers bombing in Saudi Arabia sparked a bitter debate in the Clinton administration about how to respond.²⁴ Likewise, Iran's attacks in the Gulf from May to June 2019 intensified frictions between a war-averse President Donald Trump and his hawkish national security advisor, John Bolton, contributing eventually to the latter's departure from government.²⁵ Tehran likewise attempts to drive wedges within enemy coalitions. In response to the Trump administration's maximum pressure policy, Tehran attacked and impounded tankers belonging to several U.S. allies, highlighting Washington's unwillingness to defend them.

Finally, Tehran seeks to encircle adversaries with proxy or partner militaries. Hence Tehran's support for Hezbollah in Lebanon and Hamas in Gaza, along with its efforts to create a Shi'ite militia army in Syria—to threaten Israel with a rain of destruction by rockets, missiles, and drones. Iran's provision of missiles and drones used in Houthi attacks on Saudi Arabia and the United Arab Emirates (UAE) is driven by similar motives.

Figure 1: Iran’s Gray Zone Strategy



Iran’s Gray Zone Way of War

- Use of proxies and covert/unacknowledged unilateral activities
- Tactical flexibility, strategic consistency
- Indirection, ambiguity, strategic patience
- Reciprocity, proportionality, calibrated use of force
- Protract rather than escalate conflicts
- Manage tempo/scope of operations
- Diversify/expand options to avoid escalation
- Divide/encircle enemies

Iran’s Asymmetric Way of War

- Neutralize enemy strengths, turn them into liabilities, and seek disproportionate effects
- Exploit advantages conferred by proxies and by geography (proximity to Strait of Hormuz)
- Leverage asymmetries in motivation
- Employ unconventional methods/modes of operation
- Use approaches compatible with the operational environment
- Patience, continuity, policy coherence
- Shape the narrative/create an “image of victory”

Iran’s Hybrid Way of War

- Forces/entities include IRGC, IRGC-QF, foreign militias/terrorist proxies, IRGC intel, MOIS, MFA, state media + parastatal foundations and business fronts
- Deterrence/warfighting triad
 - Guerilla navy (A2/AD capabilities)
 - Missiles/drones (long-range precision strike)
 - Proxies (regular/irregular warfare, terrorism)
- Cyber activities
- Information activities
- Create economic dependencies in neighboring states to gain leverage
- Aid proxies/undermine foes through bribery, corruption, intimidation
- Diplomacy to avoid isolation, divide enemies

Table 2: Iran's Gray Zone Toolkit

Kidnapping: Iranian dual-nationals in Iran, foreign citizens abroad
Harassment/attacks on diplomats in Iran
Embassy invasions/takeovers
Terrorism (proxy and unilateral)
Ballistic and cruise missile tests/unacknowledged operational launches by Iran or its proxies
Unacknowledged/proxy attacks on civilian maritime traffic
Harassment of U.S./allied naval vessels
Unacknowledged/proxy attacks on U.S./allied naval vessels
Diversion/detention of civilian vessels
Attempts to shoot down U.S. drones
Cyber activities (cyberspying, network reconnaissance, DDOS attacks, and destructive attacks)
Information operations
Rocket/IED attacks on U.S. personnel (Iraq)
Nuclear activities, for example, accumulating enriched uranium, advanced centrifuge R&D, restricting IAEA inspections, threats to withdraw from the 2015 nuclear deal with the P5+1 and the NPT

Lessons from Past U.S.-Iran Confrontations

Iran's gray zone modus operandi, as well as its episodic involvement in overt military action, has been showcased in past periods of tension and confrontation between the United States and Iran. These include U.S. reflagging operations in the Gulf during the Iran-Iraq War; Iran's lethal assistance to Shi'ite militant groups "resisting" the post-2003 U.S. occupation of Iraq; and the pressure/counter-pressure campaigns that preceded the 2015 nuclear deal with Iran (the Joint Comprehensive Plan of Action or JCPOA) and that followed the U.S. withdrawal from the JCPOA in 2018.

Gulf Reflagging Operations (1987-1988)

In response to Iranian small-boat attacks on neutral shipping during the latter phases of the Iran-Iraq War, the United States initiated Operation *Earnest Will* in July 1987 to escort reflagged Kuwaiti oil tankers in the Persian Gulf.²⁶ With the start of operations, the Reagan administration warned Iran against attacking the convoys with Silkworm missiles as they transited the Strait of Hormuz. The administration assumed that the presence of the USS *Kitty Hawk* carrier battle group would deter Iranian countermeasures.

While the launch of convoy operations caused Tehran to dramatically reduce its small-boat attacks, it was quick to indirectly challenge the United States: during the very first convoy, the tanker *Bridgeton* struck a covertly sown mine. Due to the limited damage, lack of casualties, and a desire to avoid escalation, the United States did not respond.

Within months, however, Tehran ramped up both its small-boat attacks and its mining operations. In September 1987, U.S. forces caught an Iranian ship, the *Iran Ajr*, laying mines in international waters; they scuttled the ship and detained the crew. The following month, Iranian forces launched two Silkworm missiles at a reflagged tanker in Kuwaiti

waters, skirting the U.S. red line by conducting the attack far from the Strait of Hormuz. Perhaps to obscure their role, the attackers launched captured Iraqi Silkworms from the occupied al-Faw Peninsula. The United States responded by destroying two Iranian oil platforms used to support attacks; Iran retaliated with a Silkworm strike against Kuwaiti oil terminals, but instead hit a decoy barge.

As Tehran launched another mining operation in February 1988, Washington adopted more aggressive rules of engagement and tactics. Two months later, the destroyer USS *Samuel B. Roberts* struck a mine, spurring the Navy to destroy two more oil platforms used to support Iranian operations. In response, Iranian naval forces attacked several U.S. warships, which led the U.S. military to launch Operation *Praying Mantis*. During this action, the Navy sank an Iranian missile boat, frigate, and small boat; it also damaged a second frigate and several small boats, which fought on despite long odds. This marked the end of Iran's mining operations, and with the ground war turning against it, attacks on shipping declined sharply for the duration of the fighting.

In July 1988, during one of these increasingly rare surface actions, the USS *Vincennes* accidentally downed an Iranian Airbus passenger jet, mistakenly believing it was a fighter jet. All 290 passengers aboard were killed, and Iran apparently believed it was an intentional act. The perception that the United States was entering the war on Iraq's side helped convince Tehran to end the conflict.

In sum, Iran was not deterred by U.S. intervention, and American restraint further emboldened it. Tehran challenged the United States by indirect means (covertly sown minefields), circumvented U.S. red lines by launching missiles against reflagged ships no longer under escort, and ramped up attacks on unescorted ships that were not part of the reflagging operation. Tehran did not pull back until after Operation *Praying Mantis*, when its costs became prohibitive. Yet the U.S. intervention deterred direct

attacks on convoys, forced Iran to rely on less effective tactics, and contributed to a diplomatic solution to the fighting, enabled by a series of devastating Iraqi victories on land.

Proxy Warfare Against U.S. Troops in Iraq (2003–2011)

During the U.S. occupation of Iraq, the IRGC-QF armed, trained, and financed Iraqi militias and insurgent groups that killed more than 600 U.S. troops. Tehran apparently hoped to tie down U.S. forces, dampen America's appetite for further regional military adventures, and help its proxies eventually push the United States out of Iraq. With American forces ensconced next door and the stakes so high, Iran was willing to assume significant risk.²⁷

For its part, Washington sought to disrupt Tehran's efforts while avoiding escalation, so it generally acted with restraint. The U.S. military regularly interdicted Iranian arms shipments, and after sending a warning note that went unheeded, it launched a series of operations to detain senior Qods Force operatives; two in Baghdad (December 2006), five in Erbil (January 2007), and another in Sulaymaniyah (September 2007). A Hezbollah operative working for Iran was detained as well (July 2007). These detentions led Iran to seek direct talks with U.S. representatives in Baghdad (which were inconclusive) and caused the Qods Force to dramatically reduce its footprint in Iraq—though not to cease its activities there. The United States also privately threatened on several occasions to respond militarily to attacks by pro-Iran groups, including rocket attacks on the U.S. embassy in Baghdad in April 2008 and against several bases in Iraq in June 2011 (the latter attacks killed 15 U.S. soldiers). In both cases, attacks ceased after stern U.S. warnings.

Overall, Washington's efforts to constrain Iran's support for Iraqi proxies produced only modest results. The detention of Qods Forces operatives compelled Tehran to change its modus operandi and

provided a brief impetus for renewed diplomacy. Quiet threats of a military response twice caused Iran to stand down. But U.S. actions ultimately failed to halt Tehran's support for attacks on American forces or limit the growth of its influence in Iraq. Moreover, Tehran made no effort to hide its role: for example, the arms it shipped to militant Shia groups often retained the manufacturer's logos and data plates. The standoff provided by proxy cutouts was apparently more important to Iran than deniability: the regime correctly calculated that the United States would not respond militarily to proxy operations even when Iranian sponsorship was evident.

Competing Pressure Campaigns (2010–2012)

In light of Iran's continued nuclear activities in defiance of a half-dozen UN Security Council resolutions passed between 2006 and 2010, the United States, Israel, and the European Union started ratcheting up pressure to halt these activities via coercion and diplomacy.²⁸ The United States and Israel, who had initiated a joint campaign of cyberattacks on Iran's nuclear program starting in 2007, ramped up their activities, which continued through 2010. Israel killed a half-dozen Iranian nuclear scientists between 2010 and 2012 while threatening to launch a preventive strike against Iran's nuclear infrastructure. The United States bolstered its forward military presence in the Gulf (maintaining a near-steady presence of two carrier strike groups in the region between 2010 and 2012) to deal with the potential fallout from an Israeli strike, and it intensified its drone operations over Iran and its periphery. Perhaps most importantly, Washington and the EU imposed harsh sanctions on Iran's Central Bank and oil sector in 2011 and 2012.

Iran responded in kind while eschewing steps that could spark a broader conflict. It launched cyberattacks on U.S. financial institutions (2012–2013) and the oil giant Saudi Aramco (2012), plotted attacks on Israeli diplomats in retaliation for the killing of its

scientists (2012), attempted to shoot down U.S. drones in the Gulf (2012–2013), and accelerated its nuclear program by increasing the number of operating centrifuges and its stockpiles of enriched uranium.

These dueling pressure campaigns became enmeshed with other covert campaigns, shadow wars, and overt conflicts that in many cases predated the nuclear crisis—including the Israel-Hezbollah conflict, the geopolitical rivalry between Saudi Arabia and Iran, and the Syrian civil war. The involvement of so many actors operating independently or in concert heightened the potential for crossover and inadvertent escalation. Tensions eventually abated because U.S.-EU sanctions had begun to bite and nuclear negotiations gained momentum. While covert action and military pressure campaigns slowed the nuclear program, it was sanctions that eventually brought Iran to the negotiating table, resulting in the conclusion of JCPOA in July 2015. Yet flaws in the nuclear accord contributed to the Trump administration's May 2018 decision to leave the deal, paving the way for yet another pressure/counter-pressure campaign.

Countering U.S. Maximum Pressure (2019–2021)

In May 2018, President Trump announced that the United States would withdraw from the 2015 nuclear deal with Iran and instead pursue a policy of "maximum pressure."²⁹ The new policy sought to impose unbearable economic costs on Iran through sanctions, while deterring lethal attacks on U.S. personnel and interests.³⁰ The ostensible goal of the new policy was to compel Tehran to abandon its malign activities and negotiate a new deal that would address a range of nuclear, regional, and military issues not dealt with in the JCPOA.³¹

Tehran initially responded with restraint, hoping that the European Union would ignore U.S. sanctions. When it became clear that this would not happen, and after Washington took additional steps to further intensify sanctions and collapse Iran's economy, Tehran launched a counter-pressure

campaign in May 2019 to compel the United States to ease or lift these sanctions and induce the rest of the world to ignore them.³²

This counter-pressure campaign consisted of gray zone activities in multiple domains, along multiple lines of operation, and in diverse geographic arenas, including unacknowledged attacks on oil tankers in the Gulf and petrochemical infrastructure in Saudi Arabia; cyber operations; proxy attacks on U.S. personnel and facilities in Iraq; and incremental violations of JCPOA limits on its nuclear program.

Tehran graduated from simple to complex, and from nonlethal to lethal attacks against U.S. and allied interests in the region.³³ Its initial attacks on oil transport and infrastructure, including limpet mine attacks on tankers in May and June of 2019 and a dramatic drone and cruise missile strike on Saudi oil infrastructure in September of that year, did not prompt the United States to ease sanctions or to respond militarily—except by bolstering its forward military presence in conjunction with several allied states (although the United States reportedly did respond to the shutdown of one of its drones in June with a cyberattack).³⁴ These attacks by Iran, however, antagonized many countries dependent on Gulf oil, and they soon ceased. (Iranian naval forces also diverted a handful of foreign tankers in the Gulf as part of its counter-pressure campaign, though to little effect.)

Halting its attacks on Gulf oil, Iran then ramped up proxy rocket attacks in Iraq in November and December of 2019. This led to the death of an American contractor, prompting U.S. military strikes against Kata'ib Hizballah (KH) facilities in Iraq and Syria that killed 25 militiamen, and led to violent demonstrations in front of the U.S. embassy in Baghdad by pro-Iran proxies. This resulted in a U.S. drone strike on January 3 that killed IRGC-QF commander Qassem Soleimani and KH head Abu Mahdi al-Muhandis. Iran responded 5 days later

by launching 16 missiles at al-Asad airbase in Iraq, producing no fatalities but giving concussions to more than 100 U.S. service members. Good intelligence and advance warning by Iran to Iraq that the attack was coming enabled U.S. personnel to shelter beforehand.³⁵ Afterward, the United States and Iran signaled their desire to de-escalate, both publicly and via back channels.³⁶

As Tehran pulled back, its Iraqi proxies ramped up rocket harassment attacks for several weeks thereafter—some of which were claimed by new, previously unknown groups to provide an added degree of standoff and deniability for Iran and its proxies. Another spike in proxy rocket attacks in March led to the death of three coalition soldiers (two Americans and one British) and another round of U.S. strikes on KH facilities in Iraq. Iran's proxies ramped up rocket and IED attacks against U.S. embassy convoys in July–September 2020 before they dropped dramatically in October, presumably to avoid giving President Trump a pretext to hit Iran just prior to U.S. elections in November, when a U.S.-Iran clash might give the president a bump at the polls. Few rocket attacks occurred between October 2020 and the effective end of the U.S. “maximum pressure” policy, with the transfer of power to the administration of President Joe Biden in January 2021.

As part of its counter-pressure campaign, Tehran intensified cyber-spying and network reconnaissance activities—perhaps to pave the way for future attacks and to signal its ability to respond to a U.S. attack in the cyber or physical domain.³⁷ It also continued ongoing cyber influence operations to discredit U.S. policy³⁸ and launched operations to undermine the credibility of the 2020 U.S. presidential elections.³⁹ And Iran repeatedly breached various JCPOA limits on its nuclear program, allowing it to accumulate quantities of low-enriched uranium sufficient (at the time of writing) for two bombs—if further enriched and weaponized.⁴⁰

In sum, Tehran failed to compel Washington to ease or lift sanctions or to pull all of its troops out of Iraq and the Middle East.⁴¹ However, the lack of a U.S. response to a number of Iran's actions in the Gulf and Iraq undermined America's image as a steadfast and reliable partner, while the killing of Qassem Soleimani projected a reassuring image of resolve to some allies and an unnerving image of volatility to others.

It should be added that during this period, Iran continued to support its Yemeni Houthi allies in their ongoing war with the Saudi-led coalition, as well as its efforts to transform Syria into a springboard for military action against Israel. These parallel lines of operation each has its own distinct op tempo and logic, although Tehran has occasionally used the Houthis to convey threats to its Arab adversaries,⁴² while Israel is increasingly concerned about the possibility that Iran might encourage the Houthis to strike it.⁴³

Moreover, Israel's apparent sabotage of a centrifuge assembly facility at Natanz in July 2020⁴⁴ and the killing of Iran's chief nuclear weapons scientist Mohsen Fakhrizadeh in November raised the question of Iranian retaliation against not only Israel, but possibly also the United States.⁴⁵ The potential for spillover has heightened concerns about Washington's ability to keep developments in these largely distinct arenas of conflict separate from the U.S.-Iran conflict. In the past, Tehran has treated these as separate tracks—seeking to avoid simultaneous escalation with the “little Satan” and the “great Satan.” Thus, it retaliated for the killing of its nuclear scientists from 2010–2012 by hitting only Israeli targets.⁴⁶ It will likely continue to do so as long as the ever-cautious Ali Khamenei remains Supreme Leader.

Several conclusions can be drawn from these past showdowns:



(Hosein Charbaghi, January 6, 2020)

- *Defining success in the gray zone:* Conventional deterrence in the gray zone is challenging. Iran works assiduously to erode U.S. red lines or circumvent them, and to exploit asymmetries in motivation in order to advance its anti-status quo agenda. For this reason it is not possible for the United States to deter all of Iran’s malign activities. Success consists of deterring Iran from using its most potent capabilities, thereby forcing it to employ less effective means.
- *Iran shows strategic consistency, tactical flexibility:* Tehran has relied on the same dog-eared playbook for nearly 40 years now. Tehran will frequently test or try to circumvent U.S. red lines, and while it may abandon a particular approach when faced with a firm response, it soon seeks alternative means of achieving its goals. It might relinquish those goals if they become too costly, but such a decision would depend on its assessment of Washington’s motivation, risk tolerance, and willingness to bear costs of its own. And it will sometimes use force to uphold its red lines.
- *Iran prefers indirection and ambiguity, but will act overtly when necessary:* Although Tehran prefers indirection and ambiguity, its response to the targeted killing of Qassem Soleimani shows that it is willing to leave the gray zone and act overtly when red lines are crossed. This is not a departure from policy. For decades Tehran asserted that in response to an attack on its nuclear infrastructure, for instance, its missile arsenal would deliver a “crushing response” against its enemies. Overt action has always been part of Iran’s military repertoire.⁴⁷ Embracing a gray zone strategy does not preclude overt, attributed activities, when it serves Iran’s interests.
- *The United States needs to respond more consistently and to strike a better balance between restraint and audacity:* U.S. restraint and a

lack of consistency in responding to tests and probes have often undermined U.S. credibility and invited additional challenges by Iran, leading to the very outcomes that policymakers had hoped to avoid. And exaggerated fears of escalation have often precluded American officials from effectively responding to Tehran’s actions. Yet, there are times when audacity can pay off: Operation Praying Mantis caused Iran to dramatically ramp down attacks on neutral shipping in the Gulf toward the end of the Iran-Iraq War, while the killing of Qassem Soleimani and Abu Mahdi al-Muhandis put Iran and its Iraqi proxies on their back heels, eliminated two talented, and perhaps irreplaceable, operators, and emboldened those in Iraq opposed to Iran and its influence there.⁴⁸ On the other hand, prudence is sometimes in order: U.S. restraint following Iran’s retaliation for the killing of Qassem Soleimani helped de-escalate that situation.

Toward a U.S. Gray Zone Strategy

The United States has had an uneven record of success vis-à-vis Tehran while employing conventional, overt military approaches. A U.S. gray zone strategy may therefore be a more effective way to counter Iran’s gray zone strategy. Such a strategy would turn Iran’s gray zone strategy against it, by posing for Tehran many of the dilemmas that its gray zone strategy has posed for Washington over the past 40 years. A U.S. gray zone strategy would rely on covert and unacknowledged activities to create ambiguity when responding to Iranian challenges. It would seek advantage by incremental gains to limit the potential for escalation. And it would employ discreet messaging to communicate red lines and when appropriate, to clarify intentions.⁴⁹ Such an approach could limit Tehran’s freedom of action, avoid major escalation, and more effectively counter Iran’s efforts to alter the regional status quo—while creating space

for diplomacy to reduce tensions. Doing so could alter the terms of engagement with Tehran by raising the costs of its current policy and forcing Iran to pursue its goals by less effective means.

A gray zone strategy would also be more sustainable—politically and militarily—than other recent U.S. military approaches to the region, as it would be more compatible with a number of American policy imperatives. These include;

- Washington's desire to restart negotiations with Tehran, as discreet covert or unacknowledged activities would be less likely to disrupt delicate diplomatic efforts than overt, demonstrative actions.
- A strong bipartisan desire to avoid further escalation with Iran and more Middle Eastern "forever wars"—for the entire purpose of a gray zone strategy is to advance the national interest while avoiding escalation and war.
- The need to operate in a manner better suited to the operational environment. A gray zone strategy would be more in sync with the political needs of regional partners (Iraq, Saudi Arabia, the UAE) and more consistent with the prerequisites for success in protracted conflicts that are won on "points" rather than through "knockout blows."
- The need to facilitate the ongoing shift of policy focus and military assets to the Indo-Pacific region (a policy pursued by both Democratic and Republican administrations), as a gray zone strategy in the Middle East could be accomplished with a relatively light force footprint.
- The need to acquire competency in the conduct of gray zone activities in a new era of geopolitics that is likely to be increasingly "gray."

Gray zone strategies can support very different policy objectives—defensive policies to deter and contain Iran or proactive policies that rely on

initiated activities to impose costs on Iran and roll back its regional influence. Gray zone strategies can also be used to pursue mixed policy objectives: deterring and containing Iran in certain geographic regions and domains of military competition while pushing back against its activities and rolling back its influence in other arenas and domains.

To succeed in the gray zone, U.S. policymakers and planners will need to change the way they think, organize, and act. They must set aside the notion, which Tehran encourages, that a local clash could easily escalate to a major conventional war.⁵⁰ The whole logic of Tehran's gray zone strategy is to manage risk, avoid escalation, and prevent war. If U.S. policymakers understood this, it would immediately negate Tehran's single most important advantage. Indeed, Israel's covert operations in Iran and its activities since 2017 against Iranian forces in Syria have shown that it is possible to wage an effective gray zone campaign against Iran and its proxies without provoking a war.⁵¹

This means putting aside the vocabulary and mental models derived from America's conventional warfighting experience and adopting alternative concepts more suited to activities below the threshold of war. This will not be easy, but it will be necessary if the United States is to succeed against Iran in the Middle East and against other gray zone actors like Russia and China.⁵² This also means abandoning certain ingrained habits of thought and action that are central to the American way of war but inimical to success in the gray zone, such as the preference for "decisive" force and the emphasis on lethality.⁵³ Indeed, Iran's ongoing counter-pressure campaign shows that even nonlethal gray zone activities can produce dramatic effects.⁵⁴ In gray zone conflicts, less (lethality) may sometimes be more. Accordingly, the United States should diversify its policy toolkit to include more nonlethal anti-personnel and anti-materiel systems. Yet the potential for vertical

escalation needs to remain part of the U.S. gray zone toolkit. Escalation dominance—embodied by America’s unmatched power-projection and precision-strike capabilities—constitutes one of its most potent asymmetric advantages vis-à-vis adversaries like Iran, and escalating in order to de-escalate may sometimes be necessary.

Greater *consistency* in responding to Iranian tests and probes and greater *unpredictability* in *how* the United States responds will also be critical to success. Policymakers and planners tend to focus on the mix of forward deployed capabilities needed to pose a credible threat to an adversary. But the credibility that Tehran assigns to forward-deployed forces is rooted in its assessment of America’s willingness to use them. Without credibility, all the carrier strike groups in the world will not deter Iran—as has been demonstrated on numerous past occasions. With credibility, the United States can keep fewer deployed assets in the Middle East; forces can be surged into the region during a crisis. Credibility cannot. And greater unpredictability in responding to challenges—by avoiding stereotyped responses and targeting assets that Tehran truly values—will complicate Iran’s risk calculus and likely induce greater caution in its behavior. When policymakers deem that a lack of predictability creates unacceptable risk, discreet back channel and public messaging can be used to reassure, clarify intentions, and de-escalate.

American policymakers and planners also have to consider the pacing and spacing of gray zone activities to reduce the potential for miscalculation and escalation. The old adage, “speed kills,” is especially apt here. What was often an asset in conventional operations is a liability in the gray zone. Impatient Americans must learn to embrace the deliberate pacing and spacing of gray zone activities and recognize that much of the “artistry” of strategy and operations in the gray zone resides in how these two elements are combined.

There is also a lesson here for those who fear that artificial intelligence will result in battles at hyperspeed and wars that spin out of the control of generals and policymakers.⁵⁵ By limiting most military activities to set-piece gray zone operations that are properly paced and spaced, planners and strategists may ensure that in a future defined by the artificial intelligence revolution, technology and tactics will remain the servants of strategy and policy, and that humans will control events. The gray zone may well be the solution to dystopian fears of a loss of human control due to AI-driven hyperwar.

The U.S. government also needs to develop conceptual and institutional frameworks to enable it to design and implement interagency-led, multi-domain gray zone deterrence campaigns in which it can test, observe, learn, and adjust its gray zone strategy to determine what “works best.”⁵⁶ And it needs to develop a gray zone strategy “with American characteristics” that will enable the United States to act quietly, patiently, and consistently below the threshold of war to deter adversaries, impose costs on enemies, and advance its interests.

Needless to say, such a U.S. gray zone strategy should reflect American values and build on existing U.S. capabilities. Thus, the United States would generally rely on unilateral covert or unacknowledged activities, as it lacks a stable of proxies like Iran does. Private military companies should *generally* not be used to fill such sensitive roles. Moreover, U.S. gray zone activities should, of course, be conducted in a manner compatible with the law of armed conflict and international law. This is key to building and maintaining broad international coalitions against actors like Iran that engender opposition from much of the international community because they regularly violate international laws and norms.⁵⁷

Competencies existing mainly in the military’s special operations community and among CIA paramilitary forces (those parts of the U.S. government most comfortable thinking about and

operating in the gray zone) will need to be cultivated and grown. And the tendency of politicians and officials to leak to the press and seek credit for military achievements, thereby complicating efforts to engage in covert/unacknowledged action, will need to be curbed.

America's failure to adapt and operate effectively in the gray zone against an often struggling—albeit innovative and highly motivated—third-tier power like Iran, will raise questions about its ability to counter much more potent gray zone actors like Russia and China. And this will likely undermine U.S. deterrence not just in the Middle East but everywhere that it finds itself facing gray zone adversaries. So while the United States must continue to prepare for major conventional wars, it must also become adept in dealing with the “fifty shades of gray” that are likely to characterize future conflicts below the threshold of war, so that it may succeed in the strategic competitions of the future. **PRISM**

Notes

* Michael Eisenstadt served for 26 years as an officer in the U.S. Army Reserve before retiring in 2010, serving on active duty at U.S. Central Command headquarters and in Turkey, Iraq, and Israel. His latest publication is *Operating in the Gray Zone: Countering Iran's Asymmetric Way of War* from which parts of this article are drawn. He would like to thank Henry Mihm for his invaluable research assistance in preparing this paper, and three anonymous reviewers who provided helpful feedback on an earlier draft.

¹Lyle J. Morris et al., “Gaining Competitive Advantage in the Gray Zone: Response Options for Coercive Aggression Below the Threshold of Major War,” (Washington, DC: RAND, 2019), available at <https://www.rand.org/pubs/research_reports/RR2942.html>.

²Arthur F. Lykke, “Defining Military Strategy: S = E + W + M,” *Military Review* (May 1989), 2–8. In addition, students of strategy have discussed the need to describe how the ways and means of strategy are combined in accordance with a guiding causal/strategic logic—a “theory of success”—to ensure that desired ends are achieved vis-à-vis a particular adversary. The theory of success is thus the “strategy bridge” that links ways and means to policy ends. It is constantly tested against reality, and modified in the course of conflict. For this reason, when properly practiced, strategy is essentially a learning process. See Frank G. Hoffman, “The Missing Element in Crafting National Strategy: A Theory of Success,” *Joint Force Quarterly* 97 (2nd Quarter), available at <https://inss.ndu.edu/Portals/68/Documents/jfq/jfq-97/jfq-97_55-64_Hoffman.pdf?ver=2020-03-31-190716-070>; Yossi Baidatz, “Strategy as a Learning Process: An Israeli Case Study for the New Administration,” Brookings Institution, Washington, DC, November 29, 2016, available at <<https://www.brookings.edu/blog/markaz/2016/11/29/strategy-as-a-learning-process-an-israeli-case-study-for-the-new-administration/>>.

³Michael J. Mazarr, *Mastering the Gray Zone: Understanding a Changing Era of Conflict* (Carlisle, PA: Army War College Strategic Studies Institute, December 2015), available at <<https://publications.armywarcollege.edu/pubs/2372.pdf>>; David Barno and Nora Bensahel, “Fighting and Winning in the ‘Gray Zone,’” *War on the Rocks*, May 19, 2015, available at <<https://warontherocks.com/2015/05/fighting-and-winning-in-the-gray-zone/>>; and Philip Kapusta, “The Gray Zone,” *Special Warfare* (October–December 2015), available at <<https://www.soc.mil/SWCS/SWmag/archive/SW2804/GrayZone.pdf>>.

⁴Moosa Zargar et al., “Iranian Casualties During the Eight Years of the Iran-Iraq War,” *Revista Saúde Pública (Brazil)* 41, no. 6 (2007), 1065–1066, available at <<https://www.scielo.br/pdf/rsp/v41n6/6852.pdf>>.

⁵Michael Eisenstadt, “The Strategic Culture of the Islamic Republic of Iran: Religion, Expediency, and Soft Power in an Era of Disruptive Change,” Washington Institute for Near East Policy, Washington, DC, November 23, 2015, available at <<https://www.washingtoninstitute.org/policy-analysis/strategic-culture-islamic-republic-iran-religion-expediency-and-soft-power-era>>.

⁶ *Department of Defense Cyber Strategy, Summary 2018* (Washington, DC: Department of Defense, 2018), available at <https://media.defense.gov/2018/Sep/18/2002041658/-1/-1/1/CYBER_STRATEGY_SUMMARY_FINAL.PDF>; Zach Dorfman et al., “Exclusive: Secret Trump Order Gives CIA More Powers to Launch Cyberattacks,” Yahoo! News, July 15, 2020, available at <<https://news.yahoo.com/secret-trump-order-gives-cia-more-powers-to-launch-cyberattacks-090015219.html>>.

⁷ Thus, just two months after Iranians engaged in widespread protests in December 2017 and January 2018 shouting slogans such as “Get out of Syria and take care of us,” the IRGC launched a drone strike against Israel from Syria, initiating a period of heightened tensions there. Several weeks after another round of protests occurred in November 2018 in response to a dramatic increase in gas prices, pro-Iran proxies ramped up rocket attacks on U.S. forces in Iraq, killing an American. And as the COVID-19 pandemic raged in Iran in early 2020, Iran continued efforts to build a military infrastructure in Syria to use as a springboard for attacks on Israel, and pro-Iran proxies in Iraq ramped up attacks on U.S. forces in Iraq, killing three coalition soldiers in March (two U.S. and one British). In all three cases, neither public opinion nor domestic circumstances seemed to affect Iran’s external behavior.

⁸ IRGC Commander Brig. Gen. Hossein Salami has described the logic behind Iran’s efforts to create ballistic missiles capable of targeting naval craft: “We were aware of the capabilities of the enemy’s naval strength, so we had to look for an asymmetric defense system against it . . . for example the enemy uses aircraft carrier [sic] and we could not build an aircraft carrier as it costs too much, so we decided to increase the precision of our ballistic missiles to confront the power of those aircraft carriers.” “Iran Considers Syria, Iraq as Its ‘Strategic Depth’: IRGC Deputy Cmdr.,” Mehr News Agency, February 4, 2018, available at <<https://en.mehrnews.com/news/131868/Iran-considers-Syria-Iraq-as-its-strategicdepth-IRGC-deputy>>. See also, “IRGC Commander Reiterates High Vulnerability of U.S. Aircraft Carriers,” Fars News Agency, April 28, 2012, available at <<https://web.archive.org/web/20120430194747/http://english.farsnews.com/newstext.php?nn=8101301323>>.

⁹ This definition is based (with some alterations and additions) on Frank G. Hoffman, “Examining Complex Forms of Conflict: Gray Zone and Hybrid Challenges,” PRISM 7, no. 4 (2018), 37–38, 40, available at <<https://cc0.ndu.edu/News/Article/1680696/examining-complex-forms-of-conflict-gray-zone-and-hybrid-challenges/as-well-as-the-definition-of-hybrid-warfare-used-by-hoffman-in-some-of-his-earlier-works>>.

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¹⁴ Arsalan Shahla, “Iran Threatens Non-Proliferation Treaty Exit Over European Move,” Bloomberg, January 20, 2020.

¹⁵ Nasser Karimi and Jon Gambrell, “Advisor to Iran’s leader: US attack risks ‘full-fledged war,’” Associated Press (AP), November 19, 2020, available at <<https://apnews.com/article/donald-trump-iran-hossein-dehghan-only-on-ap-islam-4e75455399f8a3e6477e48b24d683306>>; Tuqa Khalid, “Military strike against Iran would result in ‘all-out war’: Zarif,” Reuters, September 19, 2019, available at <<https://www.reuters.com/article/us-saudi-aramco-zarif-war/military-strike-against-iran-would-result-in-all-out-war-zarif-idUSKBN1W411I>>.

¹⁶ Michael Eisenstadt, “Operating in the Gray Zone: Countering Iran’s Asymmetric Way of War,” Policy Focus 162, The Washington Institute for Near East Policy, January 2020, available at <<https://www.washingtoninstitute.org/policy-analysis/operating-gray-zone-countering-irans-asymmetric-way-war>>.

¹⁷ Iran’s approach is reminiscent of the famous quote attributed to Vladimir Ilyich Lenin: “Probe with bayonets: if you find mush, push. If you find steel, withdraw.”

¹⁸ Kevin Hechtkopf, "Panetta: Iran Cannot Develop Nukes, Block Strait," *Face the Nation*, January 8, 2012, available at <<https://www.cbsnews.com/news/panetta-iran-cannot-develop-nukes-block-strait/>>; Elisabeth Bumiller, Eric Schmitt, and Thom Shanker, "U.S. Sends Top Iranian Leader a Warning on Strait Threat," *New York Times*, January 12, 2012.

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²⁰ It did so even though Washington had warned Tehran that the killing of an American was a redline. Missy Ryan, Greg Jaffe, and John Hudson, "Pompeo Warns Iran About Trigger for U.S. Military Action as Some in Administration Question Aggressive Policy," *Washington Post*, June 18, 2019, available at <https://www.washingtonpost.com/world/national-security/pompeo-warns-iran-about-trigger-for-us-military-action-as-some-in-administration-question-aggressive-policy/2019/06/18/48bd3be0-9116-11e9-b570-6416efdc0803_story.html>.

²¹ The use of mines, IEDs, and rockets is considered a form of "indirect" action here because they provide a degree of standoff, and enable the belligerent to avoid decisive engagement with the enemy.

²² This is also a feature of Iran's domestic politics, which has often seen the use of shadowy paramilitary-type groups such as Ansar-e Hezbollah to attack reformist politicians who are perceived as threats to "the system." This would seem to indicate that these are culturally patterned approaches to domestic politics and foreign policy. For more on conspiracies and Iranian politics, see Ervand Abrahamian, "The Paranoid Style in Iranian Politics," in *Khomeinism: Essays on the Islamic Republic* (Los Angeles: University of California Press, 1993), 111–131, and Ahmed Ashraf, "Conspiracy Theories," *Encyclopedia Iranica*, December 15, 1992, available at <<https://iranicaonline.org/articles/conspiracy-theories>>.

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²⁴ Louis J. Freeh, "Khobar Towers," *Wall Street Journal*, June 23, 2006, available at <<http://www.wsj.com/articles/SB115102702568788331>>.

²⁵ Jennifer Jacobs et al., "Trump Discussed Easing Iran Sanctions, Prompting Bolton Pushback," *Bloomberg*, September 11, 2019. 9

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²⁸ This section draws heavily on Michael Eisenstadt, "Not by Sanctions Alone: Using Military and Other Means to Bolster Nuclear Diplomacy with Iran," Strategic Report 13, Washington Institute for Near East Policy, Washington, DC, July 2013, available at <<https://www.washingtoninstitute.org/policy-analysis/not-sanctions-alone-using-military-and-other-means-bolster-nuclear-diplomacy-iran>>.

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³⁰ Missy Ryan, Greg Jaffe, and John Hudson, "Pompeo Warns Iran About Trigger for U.S. Military Action as Some in Administration Question Aggressive Policy," *Washington Post*, June 18, 2019, available at <https://www.washingtonpost.com/world/national-security/pompeo-warns-iran-about-trigger-for-us-military-action-as-some-in-administration-question-aggressive-policy/2019/06/18/48bd3be0-9116-11e9-b570-6416efdc0803_story.html>; Joe Gould, "CIA Director Confirms He Sent Warning Letter to Iranian Quds Commander," *Defense News*, December 2, 2017, available at <<https://www.defensenews.com/digital-show-dailies/reagan-defense-forum/2017/12/03/cia-director-confirms-he-sent-warning-letter-to-quds-commander/>>.

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³²In April 2019, Washington announced that it would cease issuing sanctions waivers for eight countries that imported oil from Iran, to drive Tehran's oil exports—once the largest source of government revenue—to zero. Michael R. Pompeo, “Decision on Imports of Iranian Oil,” press statement, U.S. Department of State, April 22, 2019, <<https://www.state.gov/decision-on-imports-of-iranian-oil/>>.

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A Friend to All is a Friend to None

Analysis of Russian Strategy in the Middle East

By Jason Hamilton, Rosemarie Wilde, and Jason Wimberly

Since the start of the Arab Spring, Russia has sought increased influence in the Middle East, rekindling relationships and building influence in Syria, Turkey, Libya, Israel, and elsewhere. The return of Russian influence puts pressure on U.S. interests in the region. In the increasingly complex security environment of today's world defined by transregional and multi-functional challenges across all domains, the United States is constrained in the Middle East by both available resources and an American public exhausted by military efforts in the region. America must make difficult choices and prioritize efforts. This article analyzes Russia's strategy in the region, framed by the ways, means, ends, and risk models, to uncover risks to the Russian strategy that the United States could exploit.

In analyzing national or military strategy, military authors tend to refer to the model popularized by Arthur Lykke, who wrote that the component concepts in an equation can equally apply to “the formulation of any type strategy—military, political, economic,” etc.¹ The equation is; “Strategy equals ends (objectives toward which one strives) plus ways (courses of action) plus means (instruments by which some end can be achieved).”² In applying the concept specifically to military strategy, he explained:

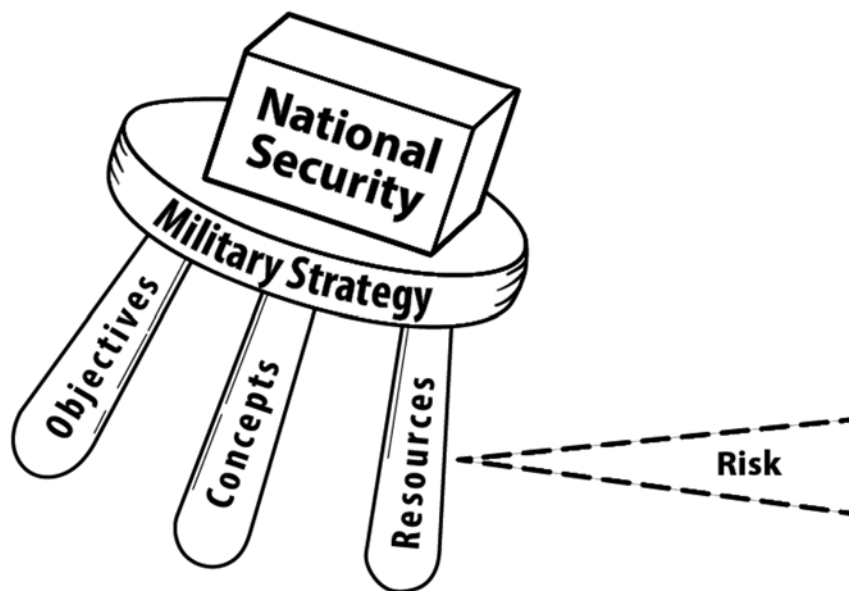
Ends can be expressed as military objectives. Ways are . . . in essence . . . courses of action designed to achieve the military objective . . . termed “military strategic concepts.” Means refers to the military resources (manpower, materiel, money, forces, logistics and so forth) required to accomplish the mission.³

The definitive contribution in Lykke's description of strategy was the addition of an analogy and the concept of risk. He envisioned that national strategy could be safely supported by military strategy—a three-legged stool with the “legs” being the military objectives, concepts, and resources—but only if the three legs remain in balance.

If military resources are not compatible with strategic concepts, or commitments are not matched by military capabilities, we may be in trouble. The angle of tilt represents *risk*, further defined as the possibility of loss, or damage, or of not achieving an objective.⁴

Observers have noted that Russia has been developing a more aggressive form of national security strategy. This includes the use of “hybrid warfare,” in which Russia attempts to “avoid the classification of its actions as armed conflict in its legal and political form” and still “impose its will” on its adversaries through

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Lykke's Original Depiction of Strategy" (Graphic from Arthur Lykke, "Defining Military Strategy = E + W + M," *Military Review* 69, no. 5 [1989])

the combined use of instruments of national power.⁵ Katri Pynnöniemi argues that Russian national security strategy is evolving by combining the concepts of "asymmetric approach" and "strategic deterrence" to enable a more aggressive concept of national defense that aims to "create conditions" for Russia.⁶ However, others note the limitations of Russian power. Freire and Heller assert that "Russian success in producing status via power politics is strongly dependent on a combination of favourable [sic] conditions and the ability to limit the costs . . ." which demonstrates "that the restraints on Russia being able to substantially and independently shape international politics remain tight."⁷ Becca Wasser largely concurs, arguing that Russian strategy in the Middle East relies largely on opportunities created by other actors, rather than creating its own openings, as well as on resource investments by other actors to underwrite its activities.⁸ She also claims that Russian foreign policy is transactional and non-ideological in nature, which allows it to engage with all actors, even those with directly competing agendas.⁹

Russia has been able to achieve its national ends in the Middle East using only modest means and resources, by relying on the ways of targeted diplomatic, economic, and limited military interventions to exploit opportunities to gain influence. Russia's increased influence, particularly from military sales, has stressed America's alliances in the region. Increasing stability and preventing power vacuums would decrease opportunities that Russia could exploit and would force Russia to use more resources to meet its regional ends. Additionally, the protracted Syrian civil war and high cost of reconstruction could require increased resources, causing imbalance in Russia's strategy.

U.S. Interests in the Middle East

The United States seeks a Middle East that is not a safe haven or breeding ground for jihadist terrorists, not dominated by any power hostile to the United States, and that contributes to a stable global energy market¹⁰

Vital U.S. interests in the Middle East can be gleaned throughout the 2017 U.S. National Security Strategy (NSS). Protecting the American people and

homeland and preserving peace through strength includes defeating transnational terrorist organizations.¹¹ The United States promotes Middle East stability as a means to deny Iran, terrorists, and other malign actors access to power vacuums that they could leverage to gain funding, proliferate weapons, or increase their influence.¹² America also seeks to deny Iran all paths to a nuclear weapon and to neutralize Iranian malign influence.¹³

The 2018 U.S. National Defense Strategy (NDS) further refines America's vital national interests based on a global "security environment more complex and volatile than any we have experienced in recent memory."¹⁴ The NDS declares that "the central challenge to U.S. prosperity and security is the reemergence of long-term, strategic competition" [emphasis in original] by both China and Russia, and that "Russia seeks veto authority over nations on its periphery in terms of their governmental, economic, and diplomatic decisions, to shatter the North Atlantic Treaty Organization, and change European and Middle East security and economic structures to its favor."¹⁵ This strategic competition viewpoint and the direction to counter coercion and subversion compel an examination of Russian activity in the Middle East from a position of caution rather than at face value.¹⁶

Russian Interests in the Middle East

Russia's national interests detailed in its 2015 NSS can be encapsulated by the following six items; "strengthening the country's defense, ensuring political and social stability, raising the living standard, preserving and developing culture, improving the economy, and strengthening Russia's status as a leading world power."¹⁷ In the Middle East, the perceived specific Russian national interests include maintaining regime stability and countering extremist terrorism. Extremism is a national interest due to the threat of Islamic terrorism to the Russian homeland

and because of the view that the "poor-quality" foreign cultures of both extremism and the West threaten traditional Russian values.¹⁸ Russia's 2016 Foreign Policy Concept reiterates Russia's desire for regime stability in the region and provides justification for intervention in Syria and Libya under the guise of counterterrorism: "Russia will continue making a meaningful contribution to stabilizing the situation in the Middle East and North Africa, supporting collective efforts aimed at neutralizing threats that emanate from international terrorist groups, consistently promotes political and diplomatic settlement of conflicts in regional States while respecting their sovereignty and territorial integrity and the right to self-determination without outside interference."¹⁹ In addition to its current military presence in Syria, Russia has recently established or rekindled diplomatic and business relationships with governments and various other parties throughout the Middle East,²⁰ realizing economic gain and stability through trade, investment, and oil price stabilization.²¹ Russia's NSS paints the United States and its allies in opposition to independent Russian foreign policy on the grounds of a desire to maintain "dominance in world affairs."²² Russia desires to be seen at home as a prestigious broker among the world powers and desires to do so in the Middle East as well as to reassert its importance in resolving international issues and military conflicts.²³ While consolidating its "status as a leading world power,"²⁴ Russia is working to accumulate influence through as many avenues as possible.²⁵ Russia clearly values the ability to project military power beyond its borders, given its expeditionary deployments into Syria, as well as aircraft carrier deployments and large-scale naval drills in the Eastern Mediterranean. Examining Russian activities in the Middle East illuminates the ways and means it employs to achieve these ends in the region.

Russian Strategy in Syria and Turkey

As the Arab Spring began spreading across the Middle East in late 2010, with civil war slowly unfolding in Syria, several vital and important Russian strategic interests started to converge in Syria, with regional stability topping the list. The regimes in Tunisia and Egypt fell, Iran had recently survived the Green Revolution, and Turkey supported the overthrow of the Assad Regime—with political support from the United States and Europe. Russia could not let its last strong ally in the region be toppled. It also needed to retain access to the Tartus Port and the Khmeimim airbase at Bassel al-Assad Airport, which enable Russian power projection into the Mediterranean and Middle East areas. Russia also had economic interests in Syria, including oil and natural gas, arms sales, and other trade. As the Syrian civil war progressed, Islamic opposition groups, al-Qaeda-affiliated groups, and the Islamic State in Iraq and Syria (ISIS) grew stronger, threatening to fortify Islamic violent extremist organizations (VEOs) in the region and in the Russian homeland. Syria also became an opportunity for Russia to advance its great power status, weaken the West's dominant influence in the region, and work toward a multi-polar world order.

As the Syrian civil war unfolded, an opportunity arose for Russia to employ its diplomatic instrument of national power to advance its interests. The Syrian regime's use of sarin gas against the opposition on August 21, 2013, triggered a crisis, in which the United States reluctantly prepared to conduct punitive strikes against the Assad regime, increasing the possibility of Russia's ally falling and of Islamist groups gaining ground in Syria. Seizing on an open-ended comment made by Secretary of State John Kerry on September 9, Russia began moving within hours to negotiate an end to the crisis, securing a framework deal with the United States on September 14 to remove all of Syria's chemical weapons.²⁶ With the expenditure of almost no resources,

Russia secured its partner in Damascus from military strikes and international pressure and stepped onto the world stage as a player with significant political clout in the Middle East.

As the civil war continued, Russia gambled with direct military intervention, beginning airstrikes in Homs and Hama on September 30, 2015. Russia had supplied the Syrian regime with arms to fight the opposition since at least 2012,²⁷ and likely began employing private military companies (PMCs) as early as 2013 to retake oil and gas infrastructure.²⁸ However, in 2015, Russian officials began to see the collapse of the Assad regime as likely due to gains by the opposition, the seizure of Palmyra by ISIS, as well as the failure of UN peace talks in February 2014.²⁹ With the U.S. military fighting ISIS, not the Syrian regime, Russia could enter the conflict without having to confront the United States directly. Moreover, Russia's intervention came during a weak point in the U.S. fight in Syria. The United States established the Combined Joint Task Force Operation *Inherent Resolve* (CJTF-OIR) in October 2014, but on September 16, 2015, the Commander of U.S. Central Command testified before Congress that only four to five of its trained Syrian fighters remained in Syria fighting ISIS. The Pentagon rapidly changed course, going all-in on a Kurdish strategy, supporting the Syrian Democratic Forces (SDF), which formed on October 11. Russia may have seen Washington's weak position as an opportunity to not only enter the conflict with little opposition, but also to form a coalition with the West to fight together against terrorism, as advocated by President Vladimir Putin and Russian officials.³⁰ Russia's military success in annexing Crimea likely gave Russia confidence in its military capabilities, encouraging intervention.

Russia's direct intervention helped turn the tide of the war with only a modest cost in resources. Russia deployed advisors on the ground and conducted airstrikes. While precise numbers are not



Russian soldiers marching on March 5, 2014 in Perevalne, Crimea, Ukraine. On February 28, 2014 Russian military forces invaded Crimea peninsula. (photo.ua from Shutterstock, March 5, 2014)

clear, Russia has maintained a relatively small military footprint in Syria. The RAND Corporation estimates that Russia has maintained fewer than 4,500 military personnel inside Syria throughout the conflict.³¹ However, Russia's employment of PMCs increased its presence on the ground while providing plausible deniability at home and abroad and limiting its military commitment. Direct intervention was risky, as victory was not assured, and Russia risked economic and diplomatic blowback.

Unexpectedly, intervention opened opportunities for Russia, leading to improved relations with several countries, including Turkey. There are a number of Russian strategic interests in Turkey. The Turkish Straits are a strategic chokepoint that could impact Russian power projection, Turkey's growing economy is a potential target for Russian trade and

investment, Turkey is a NATO member, and Russia likely considers President Recep Tayyip Erdogan's support for Islamist groups to both bolster Islamic terrorism and increase instability in the region. Turkey and Russia are on opposing sides in the conflict, with Turkey backing the opposition from the onset. However, tensions also increased between Turkey and its allies, the United States, and Europe during this period as well. U.S. and European (as well as Russian) support to the SDF, which Turkey accuses of being the terrorist Kurdistan Worker's Party rebranded, drove divisions between the allies. Tensions further increased following the failed Turkish coup attempt in July 2016, with President Erdogan accusing the United States of supporting it.³²

Friction between Turkey and the West became an opportunity for Russia. The Turkish shoot

down of a Russian SU-24 on November 24, 2015, increased tensions with Russia, which banned Turkish produce imports and retaliated with other economic means, leading Turkey to realize that it “could not afford to have tense relations with both the U.S. and Russia simultaneously.”³³ Turkey and Russia then unexpectedly started down a path toward rapprochement and accommodation. Diplomatic engagements led to the establishment of communications to avoid future incidents, Turkey’s acceptance that Bashar al-Assad could remain in power in a transitional government and, although still on opposing sides of the conflict, practical compromises on the part of Turkey and Russia.³⁴

One of the most successful achievements in Russia’s relationship with Turkey was negotiating the sale of the S400 air and missile defense system to Turkey, which it began delivering in 2019. Turkey had been trying to purchase air defense systems since at least 1991 from the United States and Europe, as well as Russia and China.³⁵ The U.S. sale of Patriot missiles to Turkey fell through, in part because Turkey wanted access to the underlying technology to improve its domestic defense industry.³⁶ Also, the United States removed its Patriot systems from Turkey in 2015, demonstrating to Turkish officials that they could not rely on the United States to provide air defense for Turkey. Russia’s Rosatom had previously scored a deal in 2010 to produce a nuclear power plant for Turkey,³⁷ so the S400 deal can be seen as a deepening of security ties. Using few resources, Russia used practical accommodation and diplomacy to make a military sale, turn a profit, create a new military customer that can further increase economic and security ties, and drive a wedge between Turkey and its NATO allies.

The United States has now refused to sell the F-35 to Turkey and is considering enacting sanctions against it. For its part, Turkey has signaled to Washington and Europe that it is prepared to work with and expand its security partners beyond NATO. However, Turkey may be reconsidering its

budding relationship with Russia after Syrian forces backed by Russia killed Turkish troops in an air-strike on February 27, 2020.³⁸

Russian Strategy in Israel, Libya, and the Gulf

In addition to Syria and Turkey, Russia is pursuing enhanced relationships with many other nations in the Middle East using diplomatic and economic ways and means along with limited military means in pursuit of its regional ends. In the last few years, Russia has made inroads with nations such as Libya, Israel, and the Gulf Cooperation Council (GCC) countries. Similar to its intervention in Syria/Turkey, Russia’s ends in the region include promoting its position as a regional power and arbiter alternative to the West. Russia has used diplomatic ways and means in proposing its own solutions to the Israeli–Palestinian conflict and the Libyan civil war.³⁹ For means, Russia is also employing PMCs as an alternative military instrument of national power. In addition, Russia’s ends include maximizing its control or, at least influence, over energy markets, as a way to provide it with superior leverage over the energy-dependent European and post–Soviet states. In Russia’s case, energy security is an essential tool of national security.

In pursuit of Russia’s end of poising itself as an alternative to Western influence, its improved relations with Israel help to normalize its actions in the Middle East in light of the prevalent negative impression of Russia’s 2014 annexation of Crimea. Israel is also instrumental in ensuring stability of the Russian-backed regime in Syria. There is a strong Russian interest in preventing Israeli–Iranian tension from escalating further, with Israel expecting Russia to contain Iranian military presence in Syria in exchange for halting air raids on Iranian and Hezbollah positions.⁴⁰ Avoiding another conflict near its sphere of influence is paramount for Russia to prevent diverting its attention from the

pivotal role it is playing in the conflicts in Syria and Libya and maintaining overall stability within the region. Russian-Israeli relations have flourished under Israeli Prime Minister Benjamin Netanyahu, with multiple high-level bilateral visits; Netanyahu visited Russia in September 2019 and Putin visited Israel in January 2020. There are strong cultural and economic ties between Russia and Israel, with 17 percent of Israelis speaking Russian due to the Russian diaspora⁴¹ and bilateral trade reaching \$5B in both 2018 and 2019,⁴² with ongoing talks on a Russian free trade agreement with Israel and Egypt.⁴³ A Russian-Israeli military cooperation pact was signed in 2015 indicating Israel's realization that Russia will not choose between Iran/Israel but instead remains equally ready to work with both.⁴⁴ This is Russia's modus operandi throughout the Middle East and stands in stark contrast to the U.S. and other Western powers' tendency to pick sides. Russia has also, so far unsuccessfully, looked to act as a powerbroker in the Israeli-Palestinian peace process, choosing to work with all relevant parties, counter to the U.S. plan focused on bilateral state-level conciliation between Israel and Palestine.

In contrast to their actions with Israel, the ongoing conflict and power vacuum in Libya have enabled Russia to act more directly to pressure the EU to end sanctions on Russia,⁴⁵ to exploit multiple economic opportunities, and to gain overall increased influence within the region. In addition, the lure of Libya's deep-water ports in Tobruk and Derna is the same as in Syria, providing access to friendly warm-water ports in the East Mediterranean as part of the Russian effort to enhance its great power status.⁴⁶ Russia and Egypt, as well as several of the GCC countries, are backers of Khalifa Haftar's opposition faction. Russia continues to deny any involvement in the conflict, but it's PMCs, such as the Wagner Group, are fighting for Haftar's "Libyan National Army" (LNA).⁴⁷ Most notably, Russia has provided Haftar just enough military (approximately 1,400 PMC mercenaries)⁴⁸

and financial aid (approximately \$3B)⁴⁹ to prolong the conflict, but not to end it.⁵⁰ This legitimizing of LNA control not only grants Russia preferential access to the oil reserves held by Haftar's forces but also allows for just enough military success to justify a Russian-brokered negotiation for peace. Russia has continued to maintain ties across the different factions of the conflict, both within the Government of National Accord (GNA) and with Muammar Qadhafi's former regime. Putin received Haftar's chief political rival, GNA Prime Minister Fayez al-Sarraj, at a summit in Russia in October 2019. Economically, a Joint Libyan-Russian oil and gas venture was awarded in April 2019, and Russia is seeking to secure lucrative nationwide reconstruction contracts such as a billion-dollar deal to supply the GNA with food supplies, a move designed to break into a market dominated by France and Italy, and further limit the EU's influence in Libya.⁵¹ Turkey is also active in Libya, deploying troops and hardware to counter Russian PMCs which, similar to the situation in Syria, risks a significant escalation of the conflict.⁵² Recent events in Russia's intervention in Libya follow this trend and threaten to create another Syria situation for them. Toward the middle and end of May 2020, Haftar's LNA forces suffered a series of setbacks; specifically a withdrawal of Russian mercenary troops led to the loss of a key LNA airbase with abandonment of significant munitions and other military equipment. In response, Russia sent at least eight advanced combat aircraft, repainted in Syria to disguise their Russian origin and most likely piloted and maintained by Russian military or mercenary pilots. Once again, Russia is obfuscating its support of Haftar's forces while providing just enough firepower to deter additional Turkish action without providing the LNA with a decisive advantage. While there is U.S. advantage in allowing Russia to continue to mire itself in Libya, the United States and NATO are both concerned with the possibility of Russia gaining additional access to oil reserves and military basing on NATO's southern flank.



Russian Foreign Minister Sergey Lavrov took part in the 4th meeting of the Russia-GCC strategic dialogue.” (the Russian Ministry of Foreign Affairs / MFA, May 26, 2016 (Creative Commons))

Looking to the GCC countries, Russia’s ends are shaped by energy security and economic considerations. Russia’s vital interests in the GCC are to prevent regional conflicts from damaging its bilateral relationships, to secure its position as a major player in the energy market, to increase trade and investment, to improve its political influence to counter the United States, and to seek assistance on Syrian reconstruction.⁵³ Russia has primarily achieved increased influence with the GCC via energy price negotiations and arms sales. The United States has no counterpart to offer for Russian specialty systems such as the Pantsir family of self-propelled, medium-range, surface-to-air missiles and anti-aircraft artillery. With Houthi drone and missile attacks against Saudi and UAE interests, as well as asymmetric threats from Iran, these governments are seeking effective solutions. However, Russia is also interested

in boosting trade across the spectrum, to include tourism, agriculture, and industry, positioning itself as an attractive option for foreign investors⁵⁴ In addition, Russia seeks to maintain balance in the price of oil with Saudi Arabia and Organization of the Petroleum Exporting Countries (OPEC). In March 2020, Saudi Arabia triggered an oil price war in response to Russia’s refusal to reduce oil production, a move that would have kept oil prices higher even with reduced consumption from COVID-19 lockdown actions. Russia is heavily reliant on oil exports for economic health and likely hoped to sacrifice short-term earnings in support of causing lasting harm to U.S. high-cost petroleum producers and stealing market share from the Saudis. The price of oil sank to historic lows until a trade truce on oil prices was reached between Russia, Saudi Arabia, and the United States in mid-April. The quick

resolution of the price war may indicate that Russia underestimated the economic costs of this policy. However, the event did reinforce Russia's position as an international player in the energy sector with global consequences to its actions.

Russian Ways, Means, Ends, and Risks and U.S. Opportunities

How successful has Russia's Middle East strategy been? Russia has met or is meeting many of its desired ends. Russia has maintained its power projection capabilities in the region through its presence in the Tartus Port and Syrian airbases, and is aiming to gain port access in Libya. Russia has been largely successful in defeating Islamic VEOs. The ISIS physical caliphate has been destroyed in Syria, partly by CJTF-OIR and allies and partly by the Syrian regime backed by Russia, but other VEOs remain. The Libyan civil war continues, creating space in which terrorist groups can operate. Beyond Syria, where Russian diplomatic and military support have enabled President Bashar al-Assad to remain in power, there is little evidence that Russia's support to Arab governments has increased regime stability and survival. Russia has maintained the status quo with respect to securing energy resources and maintaining price stability, despite its recent price war with OPEC and military intervention in Syria, which was bound to cause friction with GCC countries. Russia is looking to capitalize on its Libyan intervention to increase its access to natural resources. Where Russia has been most successful is through increasing trade and gaining political influence in the Middle East, which have strained America's alliances. Russia's roles in Syria and Libya have placed it on the international stage as a great power and decisionmaker in the Middle East. Russia increased trade with Israel, and its S400 and nuclear reactor deals with Turkey will enable Russia to turn a profit in sensitive security sectors, while simultaneously straining the NATO alliance. Its sales

of Pantsir S1 air defense systems to the UAE has also generated profits, while calling into question America's growing partnership with Abu Dhabi. Russian pressure on America's alliances is most damaging to U.S. strategy. Russia has grown closer to Israel, found common ground with Turkey, and is now working on the same side as Egypt and the UAE in supporting the LNA in Libya.

In examining Russia's ways, Russia has used diplomatic tools to capitalize on opportunities and power vacuums. It seized upon the opening to bail out the Assad regime for its use of weapons of mass destruction in Syria, as well as America's reluctance to fully commit to Syria, and it managed to turn diplomatic confrontation with Turkey into economic and political gains, in part due to friction between Turkey and its Western allies. Looking ahead, there may be opportunities for Russia to take advantage of America's fallout with Iraq from killing Qasem Soleimani in January 2020. Russia has preferred to use indirect military intervention by working with and arming allies and proxies, such as in Syria prior to 2015 and in Libya. It has employed PMCs in both countries, and has kept its military footprint relatively small in Syria. Russia has also sought to increase economic ties, as with Israel and Turkey, and to secure military equipment sales where the United States either has no corresponding capability to offer, or has been unable or unwilling to close a deal.

An analysis of Russia's outlay of means in the Middle East requires looking beyond just military resources to whole-of-government expenditure. Diplomatically, Russia has engaged leader-to-leader (including with previous rivals like Turkey's Erdogan) and appealed to the nationalist leanings of other world leaders for implied support. Informationally, Putin has leveraged press coverage to promote the idea that Russia is coming to the defense of the Syrian people and to demonstrate to Russians that he is improving Russia's economy and

world standing. Militarily, Russia has acclimated a large portion of its forces to expeditionary combat by using short rotations of relatively small forces in Syria as a cost-effective training alternative to shipping manpower and equipment across Russia for large-scale exercises at home.⁵⁵

Economically, Russia has expended few resources in making state-to-state business deals, and in some cases has traded monetary support for political support. In all, Russia has so far been able to pursue its Middle East interests while leveraging relatively modest means.

The final component of Lykke's model is the concept of risk, or the amount of imbalance between the ends, ways, and means of the strategy being employed.⁵⁶ Risks in Russia's balance of ends, ways, and means, present opportunities the United States can exploit to counter Russia's Middle Eastern strategy. Primarily, Russia's role in Syria is still a long-term liability. Although positioned as the main power broker, Russia cannot afford the costs of Syrian reconstruction, thus their search for regional partners. In addition, while the U.S. coalition's empowerment of the SDF in Syria brings tensions with Turkey, the SDF's and other opposition groups' control of territory could drag out the conflict beyond Russia's ability to continue to support either militarily or politically. The most feasible option for the United States to counter the spread of Russia's influence beyond Syria is to continue pushing Turkey toward re-prioritizing its relationships with the United States and NATO.

With Israel, Russia's emphasis on bringing all partners to the peace table runs counter to Israeli interests by legitimizing Palestinian terrorist groups. The United States should stress this to Israel along with Russia's lack of ability and political will to truly constrain Iranian action. While Russia's close ties and influence over Damascus give it influence with Israel, this same relationship enables Israel to hold Russia responsible for some

of the Syrian regime's actions. Russia's actions in regard to Libya amount to supporting the continuation of the civil war to ensure they are favorably positioned to take advantage of either side's push for victory. The United States could publicly attribute the PMC aggression as a veiled Russian attempt to prolong the conflict. Also, by drawing attention to Russia's positioning itself to benefit from reconstruction contracts, the United States could negatively influence regional and EU governments' opinions of Russia, perhaps swaying them to do less business with Russia.

The GCC nations' and Israel's requirements to defend against Iranian asymmetric threats (ballistic and cruise missiles, fast boats, unmanned aerial systems, etc.) present an opportunity which the United States could leverage to support several U.S. NSS pillars. If the United States were to incentivize the defense industrial base to further develop countering technologies and support sales to our partners, it would deny customers to both Russia and China and reinvigorate defense innovation and economic activity in a vital U.S. business sector, while simultaneously maturing technology the U.S. military requires for future combat. The United States should continue to encourage greater cooperation and better relationships amongst Middle East nations. It is too early to foresee the second and third order effects of the recently signed Abraham Accords, but in the long term, they may increase regional stability and in-turn decrease opportunities for Russia to exploit. However, in the near term, Moscow could seek opportunities to expand influence with countries disadvantaged by the accords. Conversely, however, signatories could leverage the agreement to avoid criticism from Washington while pursuing openings with U.S. adversaries. Ultimately, Russia needs the GCC for foreign investment and reconstruction in Syria, while the GCC mainly needs Russia to cooperate on energy pricing.

Conclusion

While there are areas for potential U.S.-Russian cooperation in the Middle East, such as counterterrorism, encouraging an active role for Russia in the Middle East presents opportunities for Russia and brings risks to U.S. interests. Namely, it provides opportunities for Russia to gain economic and political influence with specific countries, enables Russia to become a stronger global power, and could open the door to Russian military sales, which would further stress alliances. Meanwhile, any perceived benefits of cooperation to U.S. interests have yet to materialize. Russia has repeatedly used the guise of countering extremism to punish dissidents, both internal and external to its borders.

Russia's strategy of being a friend of all but ally to none is a double-edged sword. It is a political truism that all nation-states act in their own best interests, the long-term planning of which relies primarily on the stability and predictability of other actors. In this case, Russia's transparency regarding its interests and Putin's positioning of himself as central to all Russian policy allows other nations to better predict Russian actions in any given sector, be it political, military, or economic. However, most nations also seek long-standing partnerships and alliances to achieve their interests as well as stability in international politics. Russia's pursuit of maximizing short-term economic opportunities and countering of Western influences has it often playing multiple sides of a conflict for its own ends, which makes for a less-trusted long-term partner once a conflict resolves. Indeed, Russia's greatest success may not be in creating its own alliances to counter the West, but in disrupting America's enduring alliances. While Russia desires increased government stability in the Middle East for the purpose of its own regional security, ironically, increased stability and peace in the Middle East will reduce opportunities for Russia to promote itself as a great power unless it commits significantly more

resources. This may prove to be the ultimate imbalance for Russia; if the United States and Middle Eastern nations can continue gradually moving the region toward stability, Russia will run out of opportunities and have to expend finite resources in order to achieve its strategic objectives in the Middle East at the expense of more vital interests. **PRISM**

Notes

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(Australian Army Research Centre, June 25, 2020)

Negotiating [Im]plausible Deniability:

Strategic Guidelines for U.S. Engagement in Modern Indirect Warfare

By Kyle Atwell, Joshua M. Portzer, and Daphne McCurdy

American adversaries such as Russia and Iran are persistently challenging U.S. interests around the world through indirect attacks. Rather than threaten the United States head-on, these competitors employ nebulous tools like private military contractors, proxies, and cyber-driven disinformation campaigns that are difficult to attribute, enabling plausible deniability, and muddle the distinction between violent and nonviolent actions. The frequency and ubiquity of these incidents—whether in Syria, Afghanistan, or even back home—suggest that indirect attacks will remain a primary tactic in geopolitical competition for the foreseeable future. Yet, the implications of these indirect means of competition for U.S. policy are not well understood. The centerpiece of these attacks is adversaries’ ability to threaten U.S. interests repeatedly over time and geographies while obfuscating the seriousness of the threat and keeping the acts below the threshold of public attention. We find that by mitigating domestic political pressure in the targeted state to react decisively, indirect attacks provide that state the benefit of decision space for how to respond. The aggregate implication for national security is that the use of indirect attacks may have the overall effect of *reducing* the level of conflict in the international system by increasing opportunities to off-ramp escalation. For this to be true, however, states must take advantage of the space to leverage other tools like diplomacy to reduce tensions.

Indirect Attacks: Defining the Problem

U.S. policymakers increasingly recognize that geopolitical competition is taking place in the blurred operational space between peace and war. The 2017 National Security Strategy notes that adversaries and competitors have become adept at seeking to alter the status quo by “operating below the threshold of open military conflict and at the edges of international law.”¹ Similarly, the 2018 National Defense Strategy cautions that “revisionist and rogue regimes have increased efforts short of armed conflict by expanding coercion to new fronts, violating principles of sovereignty, exploiting ambiguity, and deliberately blurring the lines between civil and military goals.”²

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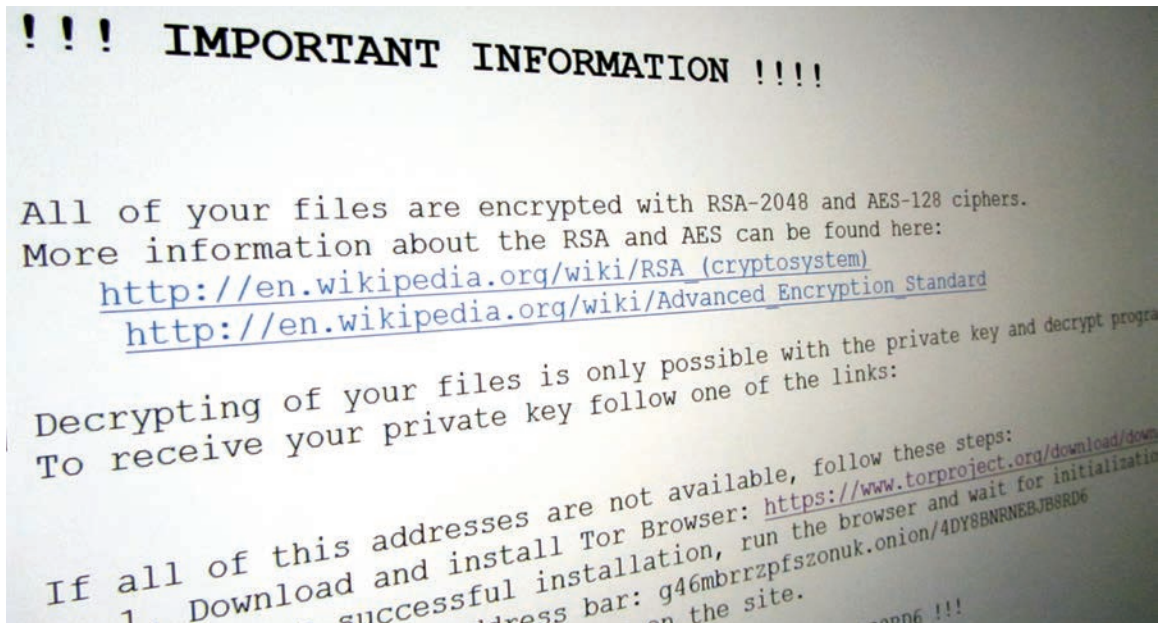
While this form of competition is galvanizing attention, there has been extensive debate over the specific lexicon to describe the challenge set. This includes grey zone conflict, political warfare, irregular warfare, new generation warfare, and hybrid warfare. The focus of this article is on a specific tactic commonly used in this type of competition, which we refer to as *indirect attacks*. These attacks threaten U.S. interests through both violent and nonviolent means but below the threshold of a *direct*, conventional military conflict. Indirect attacks include the use of mercenaries, local proxy militia, and hacking and disinformation campaigns to exploit social divisions.³

A defining feature of indirect attacks is “ambiguity—about the ultimate objectives, the participants, whether international treaties and norms have been violated, and the role that military forces should play in response.”⁴ Contributing to this ambiguity is the deliberate use of plausible deniability. Aggressors obscure involvement in an attack often by using ostensibly nonstate actors, such as private military companies, as

well as through cyber operations that are difficult to attribute and sometimes reinforced by public statements of denial by officials. The use of plausible deniability allows a state to damage U.S. interests in a way that convolutes its ability to respond decisively.

Attacking U.S. Interests Abroad: War by (Many) Other Means

While not exclusive to Russia, Moscow’s efforts to challenge the United States provide a case study of the use of indirect attacks, including those against U.S. partners, U.S. forces abroad, and most brazenly against the U.S. population itself. The pattern is consistent: Russia employs nonstate actors with close links to the regime, like the Wagner Group and the Internet Research Agency, and/or directly hires hackers adept at hiding their identities to attack U.S. interests and then denies any direct control or affiliation with them, often with plausible deniability so thin that *implausible deniability* would be a more accurate term to describe it.



Locky is ransomware malware released in 2016. It is delivered by email and after infection will encrypt all files that match particular extensions.” (Christiaan Colen, March 15, 2017)

Russia's annexation of Crimea is a well-known case that provides insights into the use of ostensibly nonstate actors to enable implausible deniability. Russia worked through a myriad of nonstate actors to include a citizens militia that "lacked any unit markings, but had all the bearing of professional Russian combat forces" while being controlled operationally by Russian military services.⁵ Russia also employed other indirect means to influence the Crimea conflict, including state media (*Russia Today* and *Channel One*) disseminating propaganda to craft a narrative that legitimized action against Ukraine's sovereignty.⁶ In these ways, Russia seized physical territory from another sovereign state that was pursuing deeper ties with the West while implausibly claiming it was not directing the effort.

While Crimea provides an essential springboard, there are other instances of Russian indirect attacks that have generally remained below the threshold of public acceptance or awareness, to include multiple kinetic engagements against the U.S. military around the world. In Syria, a battalion (approximately 500 soldiers) that included Russian mercenaries from the Wagner Group attacked an American Special Operations Force's outpost, resulting in a four-hour firefight and hundreds of casualties.⁷ Similar to its statements denying Russian forces in Crimea, the Kremlin spokesperson stated, "We only handle the data that concerns Russian forces... We don't have data about other Russians who could be in Syria."⁸

In another example, in June 2020, Russia was accused of paying bounties to Afghan fighters to kill



Russian air defense equipment, including SA-22s, are present in Libya and operated by Russia, the Wagner Group or their proxies." (Courtesy U.S. Africa Command, July 13, 2020)

U.S. and coalition forces. Even if direct bounty payments are not occurring, Russia is cooperating with and supporting the Taliban as it actively fights American troops.⁹

In addition to Afghanistan and Syria, Russia has also threatened U.S. interests in Libya. Most directly, Russian-affiliated groups were accused by U.S. Africa Command (AFRICOM) Commanding General Stephen J. Townsend of downing a U.S. drone, providing hundreds of ground forces from the Wagner Group (the same private security company suspected of attacking the U.S. outpost in Syria) in support of General Khalifa Haftar, and sending 14 fighter aircraft to Libya. Russia denies all of these activities. For example, while a UN report identified Russian, Belarussian, Moldovan, Serbian, and Ukrainian fighters in Libya, President Vladimir Putin stated that fighters in Libya neither represented Moscow nor were paid by the state.¹⁰ AFRICOM provided evidence that the jets came from Russia and stopped in Syria en route for a paint job to hide their Russian origins. Nonetheless, the head of the defense committee in the upper house of the Russian parliament called the claim “stupidity” and suggested the aircraft came from another African country.¹¹ While this response is implausibly deniable, it still serves its intended purpose to obfuscate the facts and keep the story below the level of public acceptance.

Bringing it Home—Russia Attacks America Directly, Maybe

Russia’s disinformation activities during the 2016 U.S. presidential campaign showcase the complexities surrounding contemporary cyber-based acts. The United States is not the sole target of Russia’s election meddling, as multiple European states have faced “cyber hacking, fake news, [and] disinformation” to include “extensive use of both paid creators of fake content and ‘troll farms.’”¹² The latter feature is also prevalent in the

#BlackLivesMatter and #BlueLivesMatter campaigns that appeared in 2016 as an attempt to sow discord within American society. Scores of actors identified by social media companies belonged to the Russian Internet Research Agency (RU-IRA), which is owned by Yevgeny Prigozhin, a close ally of Putin’s.¹³ Additionally, the RU-IRA used numerous bots to amplify the white noise online by retweeting messages from agents and other bots alike.¹⁴ At the same time, hackers directly linked to state intelligence, like the Russian Military Intelligence and the Foreign Intelligence Service, have also sought to upend the political landscape in the United States, most notably by breaking into the Democratic National Committee’s emails.¹⁵

When asked by journalists about interference in Western elections in 2017, President Putin denied state support for cyber attackers and social media trolls but called them patriotic: “If they are patriotic, they contribute in a way they think is right, to fight against those who say bad things about Russia.”¹⁶ These efforts to divide American society from within continue today. Both China and Russia are suspected of actively encouraging through social media the 2020 race protests in the U.S. triggered by the suffocation of an African American, George Floyd, by a white police officer.^{17,18} However, the tenuous evidence for these attacks, combined with their orientation around real U.S. domestic fractures, keeps the role of U.S. rivals off center stage. This presents a serious security threat while failing to garner the public attention to respond to it.

These examples are not intended to represent the holistic picture of Russian attacks against U.S. interests around the world. Nor do we suggest that indirect attacks are unique to Russia. Rather, these examples demonstrate how states leverage indirect attacks against the United States to provide a veil of implausible deniability. The centerpiece of these attacks is adversaries’ ability to attack U.S. interests repeatedly over time and geographies (even

attacking U.S. personnel and destroying military equipment) while obfuscating the seriousness of the threat and keeping the acts below the threshold of public attention.

Indirect Attacks: Challenge or Opportunity?

While indirect attacks are often viewed as posing a challenge to liberal democracies, they also provide an opportunity for targeted states like the United States to manage conflict. Because these tactics push the bounds of international law and norms, there is a concern that they advantage authoritarian states like Russia and China. While rivals are able to lie and deny their actions, open societies with a free press and democratic accountability may be more likely to hold their leaders to account for such deceit. Indeed, Thomas Rid argues that, “For liberal democracies in particular, disinformation represents a double threat: being at the receiving end of active measures will undermine democratic institutions—and giving into the temptation to design and deploy them will have the same result. It is impossible to excel at disinformation and at democracy at the same time.”¹⁹

Even the 2017 National Security Strategy acknowledges this imbalance.

*Repressive, closed states and organizations, although brittle in many ways, are often more agile and faster at integrating economic, military, and especially informational means to achieve their goals. They are unencumbered by truth, by the rules and protections of privacy inherent in democracies, and by the law of armed conflict. They employ sophisticated political, economic, and military campaigns that combine discrete actions. They are patient and content to accrue strategic gains over time—making it harder for the United States and our allies to respond.*²⁰

A second major concern with these types of tactics is that their ambiguity can unwittingly beget escalation. With differing threat perceptions as to which attacks constitute hostile acts, lack of

clarity as to the motivations and identities behind the attacks, and no clear norms around retaliation, indirect means of competition can sow so much confusion as to engender an excessively aggressive response.²¹ This is especially the case with the use of plausible deniability. If the target state does not know who is attacking, it will be difficult to understand why they are being attacked and what behavior the unknown attacker wants to change.²² Related, the outsourcing of these challenges to proxy forces or mercenaries to whom a state does not want attribution or direct control undermines command structures and constrains a sponsor’s ability to exert control over the degree of escalation.²³ As a result, even though these methods are employed precisely to avoid a large-scale conflict, by muddling the threat environment, they can actually lead to escalation.

However, this ambiguity also presents a real opportunity for liberal democracies like the United States, where public opinion shapes decisionmaking about waging war, by providing the space for policymakers to eschew unnecessary escalation in favor of intentional, measured responses. The reality is that even if indirect attacks blur the nature of the threat, policymakers are often equipped with intelligence to ultimately determine their origins. By contrast, the public’s understanding of indirect attacks is often confused, which reduces public calls for escalatory retaliation. First, each individual event fails to sustain public ire since there is doubt about whether an accused state is truly responsible. The fact that the aforementioned force-on-force attack pitting Russian mercenaries (alongside Syrian partners) against Americans in Syria did not sustain public outrage or attention is a case in point. Second, the connection between multiple attacks over time and across geographies is not conceptualized as a continuous campaign or systematic threat in the public psyche. Even when the media covers an individual attack—for

example, Russia allegedly paying bounties for the killing of American troops in Afghanistan revealed in summer 2020—the public debate focuses on whether the allegation is legitimate rather than building a narrative that this is one of a series of geographically dispersed attacks that collectively form a systematic strategy of indirect warfare.

This confusion is exacerbated by the 24-hour news cycle, which further complicates the ability to demonstrate a serious threat because the incidents, already muddled due to unclear attributability, are overtaken by other news. Take, for example, how the U.S. intelligence community's statement accusing the Kremlin of election interference in 2016 was overshadowed by the infamous "Access Hollywood" recording of President Donald Trump released the same day.²⁴

In this way, indirect attacks provide the space for the United States to step down from the brink. There are many reasons that even a targeted state might prefer not to respond to an indirect attack; to avoid armed conflict, sidestep domestic political pains associated with state-to-state conflict, avoid associated economic burdens, and avoid legitimizing the transgressing country's forces as being worth confronting.²⁵ Not attributing attacks to a state gives the targeted state a diplomatic and political offramp. This is particularly applicable in the cases of implausible deniability, where it would be all too easy to challenge an attacking state's clearly false alibi. Often, the United States has the intelligence tools at its disposal to call out an attacking state, but it chooses not to, either to protect intelligence sources or to avoid escalation.

Indirect attacks, when viewed from this perspective, can take a more optimistic tone. While a threat, it is a preferred alternative to direct conflict that prevailed before the Cold War. It also suggests that a key imperative for U.S. strategists is not just how to hold rivals accountable for hostile indirect attacks but also how to do so while avoiding

escalation to higher forms of conflict or political hazards. This can be a dangerous line to walk, especially when the public begins to rally around the need to respond to attacks by rivals. Cycles of escalation can take on a life of their own, cornering politicians into aggressive action that may build toward direct war.

Decision Space

Administrations leverage the decision space afforded by indirect attacks to pursue strategic or political imperatives, which often leads to de-escalation, as mentioned above, but can also allow for retaliation when needed. A case in point is the varying ways the United States has responded to hostile activities from Iran and Russia. Both states have supported attacks on U.S. forces in Iraq, Afghanistan, and Syria to include likely resourcing attacks that resulted in U.S. casualties. However, the differing ways the United States has responded to each attack demonstrates how indirect means give U.S. policymakers the maneuverability and flexibility to tailor their positions based on a calculus of the strategic and political imperatives of each attack individually and in the aggregate.

Iran has leveraged proxies against the United States extensively. An example is Iran's support for Hezbollah. At times, "Iranian officials played direct roles on different Hezbollah councils," and the armed wing of the proxy group "professed obeisance to Ayatollah Khomeini . . . and incorporated his decisions into their formal decision-making process."²⁶ Iran, in turn, continued to fund Hezbollah, and by 2010 "had hundreds of paramilitary forces in Lebanon" as well as Iraq.²⁷ A decade later, Iran's proxy attacks, including supporting direct attacks against U.S. troops in Iraq, would be a key justification for the killing of Iranian General Qasem Soleimani.²⁸ The day after Soleimani's death, President Trump warned that "[t]he Iranian regime's aggression in the region, including the use of proxy fighters to destabilize



Funeral of Qassem Soleimani killed in an American drone attack. Soleimani was an Iranian major general in the Islamic Revolutionary Guard Corps (IRGC).” (saeediex / Shutterstock.com, Jan 7, 2020)

its neighbors, must end and it must end now.”²⁹ A majority of Americans supported Trump’s decision to target Soleimani, demonstrating that indirect attacks provide the decision space to retaliate if policymakers are able to convince the public of the significance of the threat.³⁰ By contrast, after Iran attacked the world’s biggest oil processing facility in Saudi Arabia in September 2019, Trump walked back earlier comments that the United States was “locked and loaded” to respond to the incident, saying it was “too early to know for sure” whether Iran was behind the incident and not offering any intelligence to prove Iranian culpability.³¹ This approach gave the President the space to avoid retaliation after calculating that a war over oil markets would be too disruptive.

Russia is another example where the United States has at times taken a more measured position and other times escalated to advance its interests.

While the United States responded aggressively to Wagner Group militias attempting to seize the Conoco gas field in eastern Syria in February 2018, more recently, the United States has conspicuously avoided any response to allegations that Russia provided incentives to Afghan fighters for the assassination of U.S. and coalition forces. There is little doubt Russia is actively working against U.S. interests in Afghanistan, though the scale of the support is still in question. However, the essential question becomes whether the United States should respond to these attacks, and how.

Russian activities against U.S. interests in Afghanistan would certainly arouse public ire if they were direct and explicit, potentially obligating U.S. political leaders to respond. Such a forced response would put U.S. decisionmakers into a corner. Indeed, after U.S. service members in Syria

were injured in skirmishes with Russian forces in August 2020, the United States was compelled to respond by redeploying troops to the area the following month. On the other hand, indirect attacks do not prevent U.S. retaliation; the United States could likely justify counteractions domestically, even based on incomplete information, if there was the will to do so among U.S. political leaders (as it did against Iran with the Soleimani strike or against Russian mercenaries in Syria). However, U.S. interests in Russia go beyond a single case, and different politicians may have unique political preferences for how to respond. The decision space provided by plausible deniability serves as an advantageous tool to avoid public demands for escalation while keeping the door open to do so.

A central deduction from these examples is that an individual indirect attack on its own does not need to dictate a cycle of escalation or a country's strategic approach to a region or bilateral relationship. When preferred, the targeted state can make plausible deniability implausible and respond with force; alternatively, it can choose to avoid escalation and, ideally, give itself space to resolve issues diplomatically. The key point is that indirect attacks present an opportunity, but it is up to policymakers to take advantage of such an opening to advance its strategic priorities through other tools.

Looking Forward

Concerns that the use of indirect attacks might disadvantage liberal democracies and incentivize them to adopt undemocratic and opaque policies to strengthen their position in geopolitical competition are misguided. Our analysis suggests that this mode of competition actually requires strengthening U.S. democratic principles rather than abandoning them. First, U.S. adversaries seek to exploit the deep polarization and mistrust in U.S. politics to advance their agendas, suggesting that efforts to build a more resilient, democratic society would also help undermine

meddling by external actors. Second, by giving policymakers the space to respond deliberately rather than capriciously, indirect attacks present an opportunity for liberal democracies to reduce tensions. Policymakers must seize this space to pursue diplomatic initiatives and to invest in tools for better understanding the systemic and cumulative effect of these indirect attacks in order to hold adversaries accountable, but without leading to escalation. In doing so, indirect attacks may actually reduce the level of conflict in the international system and reinforce the importance of democracy for peace in the world. **PRISM**

Notes

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“GeoEconomics and the Emerging World Order: The Power of the U.S. Dollar”

Interview with the Honorable Jacob J. Lew



What are the unique attributes of a dominant global reserve currency that make the U.S. dollar such a potent tool in the national security toolbox?

Let me start with the positive—being the world’s reserve currency gives us enormous capacity to support our own fiscal and trade objectives in a way that strengthens our economy and our country. One of the reasons that the United States has the ability to borrow as much as it needs to at a moment like this—during a pandemic, when other countries might not have such easy access—is that when you have the world’s reserve currency, there is depth and liquidity in the markets for your securities unavailable to other currencies.

That does not mean we should be irresponsible with our fiscal policy, but at a moment like this, it means we have a nearly unlimited ability to meet our immediate needs. That is a real source of strength; no other country has that. In terms of trade, the fact that goods and services around the world are transacted in dollars creates a centrality to the U.S. economy for the purpose of financing commercial enterprises. And that, again, is a source of enormous strength for our economy that gives us great influence both domestically and internationally.

In terms of the power of the dollar as the world’s reserve currency, it gives us the ability, when needed for national security reasons, to advance our interests through sanctions and other mechanisms to command the attention of other countries. Being the largest economy in the world and having the world’s reserve currency means that if you cannot do business with the United States or transact business in U.S. dollars, you face a serious burden.

That power must be used with great judgment and care in order for it to maintain such strength. In the past this power was not thought of as a strategic tool. It was thought of as an economic tool. My view

Jacob “Jack” Lew served as Secretary of the U.S. Treasury 2013-2017. This interview was conducted by Michael Miklaucic on 24 September 2020.

is it should be thought of as a strategic tool and husbanded to protect its durability, so that it will be there not just now, but in the future; and there are a lot of parallels in terms of how this power should be used, to the way military planners think about using military tools.

Could you go into more detail on the specific techniques that the United States has utilized to deploy the dollar in support of foreign and national security policy?

During a financial crisis we can create liquidity in dollars in another economy by actions that we take as a government or through our central bank, the Federal Reserve. When we disapprove of the policies of another country, we have the ability, through a variety of statutory sanctions authorities, to decide whether or not individual entities or persons in a country, or another country itself, can trade with the United States.

We can choose whether to carve out exceptions for things like food and medical supplies, and we have the ability—by opening and closing our markets to trade—to create access to or block access from the world’s largest markets. This gives us leverage to drive policy discussions in other countries.

One thing we must remember is that whenever we talk about using these tools, we are talking about, “what does it take to get a foreign sovereign to change a policy that for its own reasons it has already decided is in its own national interests?” This is not neutral territory. Whether we are discussing Iran or North Korea or any other country subject to sanctions—they have made a decision on what their national policy and their national interest is. When we apply a sanctions regime, what we are saying is, “We are going to inflict a burden on your economy and the only way to relieve that burden is to change the policy that we object to.”

There are three central lessons as to how sanctions can be used effectively. One is, we are always

better off if sanctions are imposed with broad support of like-minded countries. That does not mean relinquishing our right to act unilaterally when it is in our national interest, but the leakage and the difficulty of implementation grow considerably when acting unilaterally. And there are questions, ultimately, that come into play in terms of whether or not unilateral action is an appropriate use of our unique position.

Second, if we impose sanctions for the express purpose of getting a government to change a policy; i.e. “You are doing x; unless you stop doing x, or reverse x, the sanctions will stay in place;” we must remove the sanctions when the remedial action is taken, because the goal of the sanction is not primarily to cause pain. In fact, we often try to avoid causing pain to the citizens of another country because the goal is not to have the people in that country hate the United States; the goal is to get the sovereign to change its policy. Like collateral damage in war, you try to limit the pain. If you are not prepared to lift the sanctions when a foreign sovereign changes its policy as you have demanded, you must ask yourself whether the sanctions you have imposed are simply a tool of inflicting pain, rather than a means of achieving a strategic objective. And even more fundamental to the goal here, if there is no certainty that compliance with a demand will mean relief from the economic hardship, why would another sovereign change its policy?

Third, we must have the ability to implement sanctions effectively, both in terms of tracking transactions of a specific party or a country that has been named as a sanctioned entity, as well as getting other countries to cooperate with us.

Here is an example in which that is so critical: Imagine trying to impose a sanction on the importation of oil from a specific country. Oil travels over many seas and can be trans-shipped through many places. A sanctioned country has many ways to escape the sanctions through either reflagging or

transshipping. If you don't have cooperation, the effectiveness of your effort will be substantially reduced.

There is a danger in seeing sanctions in the narrow sense of, "how much pain can we inflict?" We have the ability to inflict considerable pain by denying access to transactions in dollars or markets, where either we control access, or those reluctant to risk losing access to U.S. markets will honor our wishes. But unless sanctions are tied to a strategy to accomplish a change of policy, and there is a willingness to relieve the sanctions if the policy changes, sanctions may be a tool to inflict pain, but they will not advance strategic objectives.

To put it in a broader context, all those tactics implemented by the U.S. Treasury Department, the State Department, or the Commerce Department must be strategically applied in service of a foreign policy objective. There has to be engagement—either directly or indirectly—in order for the targeted foreign sovereign to understand clearly what must change in order to have the sanctions relieved. In the absence of such engagement, sanctions are a blunt instrument less likely to deliver the desired end result; and also one that could cause the United States to be seen in a less favorable light with diminished stature.

During your tenure as Secretary of the Treasury, how did the use of sanctions, designations, and the other tools that were at your disposal evolve?

We used sanctions quite aggressively in a number of instances: certainly in the case of Iran. To get Iran to agree to wind down its nuclear program there was a ratcheting up of sanctions, and it involved a combination of legislation providing expanded authority, and the execution of sanctioning measures to implement that authority.

One of the interesting tensions is between the legislative branch—which has to give the executive branch the authority to impose sanctions—and the executive branch, which wields the tools. The

legislative branch may well want to send a tough message by demanding that economic sanctions be imposed, but may not always be comfortable with the need to roll back sanctions when an agreement on policy is achieved; or as sensitive to the diplomatic cross currents that sometimes require compromises to be made in how sanctions are used. Ironically, such compromises may seem like "weaker" U.S. penalties, yet they may be more effective if the world community working with us is more united.

If you go back to a debate in 2009 over new sanctions on Iran, the original legislative design would have subjected countries that we needed cooperation from to likely penalties. At that time, Russia and China were necessary partners in pressuring Iran, but securing their support required making some concessions that were a tough sell with Congress. There was lengthy negotiation with Congress to carve out a pathway for obtaining that support from Russia and China; for China that meant allowing for a different reduction rate of Iranian oil imports since an immediate cessation of oil exports from Iran to China would have been devastating to China's economy. Offering a more gradual reduction was a way of getting China into the group of countries putting pressure on Iran, even though an immediate and comprehensive cut-off of Iranian oil exports could have put more immediate dollar pressure on Iran. The configuration of the P5+1 negotiation that led to the nuclear agreement with Iran—the Joint Comprehensive Plan of Action (JCPOA)—probably would not have worked without the broad multilateral support that it had.

We can debate whether or not JCPOA was a good agreement, and whether the United States is in a better or worse place with its withdrawal; my view on that is pretty clear, having been part of the team that pressed for, and agreed to the JCPOA. But regardless, broader international support for a disciplined sanctions program, and the negotiations to

resolve the nuclear issues, strengthened the ability to force Iran to make concessions.

Political tension can sometimes be a helpful tool for the Executive when it enables negotiators to say to the Iranians, “the Congress wants even tougher terms.” So, there is a bit of “good cop, bad cop” in the relationship between Congress and the Executive. It is often useful to explain to counterparts in other countries that you have tremendous pressure from the Congress and need those countries to do more. This dynamic is at work with adversaries, like Iran, but also with allies for whom tough sanctions might be more difficult either economically or politically.

The sanctions we imposed on Russia during the Obama administration were in response to Russia’s aggression in Ukraine, particularly its seizure of Crimea and destabilization—if not occupation—of Donetsk and Luhansk in the east. This is a violation of international law and a threat to Ukraine’s sovereignty. We decided to use the economic tools at our disposal to put pressure on Russia, first to stop Russia where it was; and second, to force a negotiation, with the goal of ultimately restoring Ukraine’s sovereignty.

There was an extended debate over whether to impose the full package of sanctions in the first instance, or to use an incremental strategy. At that moment the United States and Europe were emerging from the Great Recession and Europe was having an even harder time recovering. For sanctions against Russia to be effective, it was critical to have European cooperation. Moreover, a deeper recession in Europe—our largest trading partner—might spill back over causing a second wave of recession in the United States.

What we designed are the most surgical sanctions that have ever been imposed. Within the Treasury Department we called upon all of the expertise of every office to fully understand the wiring of international flows of funds and currencies, so that banks in western Europe and the United States would not be destabilized by our

actions, as we surgically targeted those players we wanted to feel the pressure.

Doctrinally, there is a choice between launching all possible sanctions at the outset or taking incremental steps that show that you can and will ratchet up the pressure if you do not get a response. In my opinion starting with everything gives you nowhere to go. If one of the purposes of economic sanctions is to expand the tool kit for policymakers to delay or avoid the use of force, you need an escalation model that tells your adversary, “This is going to hurt, and it’s going to hurt more and more and more unless you reverse your policy.” If you launch everything at once, and fail to force a change, the next choice is between sending arms and troops, or saying, “We can’t change the situation;” which would mean failing completely.

Our initial Russia sanctions aimed directly at the circle around the Kremlin leadership; the bank where many of Putin’s closest associates held their assets and the businesses to which they were most closely tied. As the occupation expanded, we grew the sanctions to include the strategic industries that supported the effort and reached more deeply into the Russian economy. While doing this we had to carefully monitor any Russian retaliation against Europe that might weaken European resolve and make it more difficult for the Europeans to stick with the sanctions program.

We did not want to impose sanctions that were perceived by the Russian people as aimed at average citizens. That would have been counterproductive at a moment when the leadership in Russia was making its Ukraine effort and the response a matter of nationalist fervor. Our goal was to hold policy-makers responsible and drive a diplomatic process to resolve the conflict.

We could have shut down Russian inter-city transportation through sanctions on the rail system, but that would have been crushing to the Russian people without significantly reducing the provision of material or support in Ukraine. We chose not to do that and instead went hard against the arms

suppliers, energy producers, and transmission lines, and put maximum pressure directly on the regime.

In the case of Iran, the sanctions worked—they brought the sovereign to the table and an agreement was reached that all parties at the time thought was an important step forward. A difficult decision was made to roll back sanctions despite the fact that Iran continued to pursue many malign policies. We had to distinguish the sanctions that were designed to get Iran to roll back its nuclear program from other sanctions related to terrorism, human rights violations, and regional destabilization. Otherwise, there would be no leverage to reach an agreement. In the end, because Iran was still engaging in regional destabilization and supporting terrorism, sanctions related to those activities remained in place, while the nuclear sanctions were removed. I think we threaded that needle quite well and the sanctions worked. With a change in policy under the Trump administration, we also saw that after the United States reimposed the nuclear sanctions, Iran restarted its nuclear program.

In Russia the situation remains unresolved and claiming success or declaring failure at this point would be premature. In terms of freezing the conflict, the sanctions succeeded. Before the sanctions, there was no evidence that Russia would stop where it was, and then it did stop. There was no peace process, but then the Minsk Accords were reached which provide a diplomatic framework for further progress, and the potential to resolve at least some of the issues diplomatically.

Throughout the Trump Administration there was ongoing ambiguity with regards to Russia, and Congress forced the Administration to remain tough. It is important that the sanctions remain in place while the Ukraine issues continue to be negotiated until they are ultimately resolved. We are not at the end of this story yet, and there may be a future moment when the sanctions can be brought more effectively to bear, to drive progress toward the diplomatic frame.

You acknowledge that broadly applied sanctions could have a counterproductive effect on populations in countries where we don't want to alienate the population, and that smart sanctions allow us to be more precise and targeted. But what is the strategic impact of targeted sanctions? Russia and also Iran, North Korea, and Venezuela have been financially isolated for years, and yet sanctions do not seem to have been able to change their behavior at a strategic level. How do you explain that?

Sanctions are not always effective if a regime is willing to endure almost unlimited hardship on its people. In an authoritarian state, the only thing that may ultimately drive leaders to change their policy is if they fear for the survival of their regime should the internal pressure become unbearable. In such cases, leaders may be willing to absorb a great deal of pressure unless the impact causes those who maintain the regime to demand change.

In the case of North Korea, there was a broad sense that the regime would endure a lot of pain imposed on the North Korean people. The only circle whose pain the leadership seems to care about is the chain of command controlling the military and the government, and they can afford to keep that circle sufficiently satisfied even with broad economic damage to the country. Just causing pain broadly in the economy of North Korea has not seemed to lead to a change of policy.

The principal economic lifeline for North Korea is China, and it is almost impossible to put maximum pressure on North Korea without China's involvement and cooperation. In terms of what we knew about the weapons program in North Korea over the eight years of the Obama Administration, it was not until the last year that it became clear they were starting to make meaningful progress in their nuclear capabilities.

When we realized the advanced stage of the North Korean nuclear program, we quickly went to the UN and ratcheted up pressure on China

to cooperate by putting more pressure on North Korea. The diplomatic approach caused China to ratchet up pressure on the North Korea-China border, and to support UN sanctions—less than full cooperation but more than we had seen in the past. We had partially overlapping strategic interests with China; it was not really in China's interest for North Korea to be a nuclear power. On the other hand, China's greater strategic fear is a unified Korean peninsula where the United States is effectively across the river from them as part of the security structure of a unified Korea.

China has a definite bias towards international versus unilateral sanctions. The Chinese do not recognize the legitimacy of unilateral sanctions, so the UN provides a mechanism to get the Chinese to be more willing to apply bilateral pressure. The United States can impose unilateral sanctions against North Korea, but with little impact because there is virtually no trade between the United States and North Korea and the dollar is not a significant part of the North Korean economic system. If China does not limit the ability of Chinese companies or cutouts of Chinese companies to facilitate trade on the border, we do not have that many points of leverage.

Over the last four years, U.S. policy with regard to North Korea has been quite confused, as has our policy with regard to China. As a result, there has been little progress in slowing North Korea's push to implement a nuclear program.

With China it will always be necessary to prioritize different concerns; you cannot expect the two major powers of the world to respond equally to every concern. In 2016 we were moving North Korea much higher on the list than it had been previously. Earlier, in 2012, 2013, 2014, when the timeline on the North Korean nuclear program seemed considerably longer, we wanted to bring China into the Iran negotiations. We wanted to bring China into the Paris Climate negotiations. We had a huge set of bilateral

issues including the exchange rate of the dollar and the RMB that was being used to undermine U.S. economic interests, and a host of other bilateral and transnational issues.

In 2016-2017 North Korea jumped to the top of the list because of the acceleration in North Korea's nuclear program. During the transition in 2016-2017, this point was made very clear to the incoming administration. If making progress on North Korea had been prioritized over a trade war with China, the Trump administration might have been able to get more cooperation from China, putting the kind of pressure on North Korea that could be more effective. Conversely, starting up an odd bilateral negotiation between the President of the United States and a discredited leader of North Korea left the whole world wondering what the United States was trying to accomplish.

Venezuela is a different case. Venezuela is very small, very cut off economy and my view on Venezuela has changed some. When I was at Treasury, I was persuaded that we did not have enough direct access to Venezuela's economy to have a huge impact. I credit the Trump Administration for using a sanctions tool in a creative way; while U.S. trade is a small percentage of the total trade with Venezuela, it represented a very high percentage of their access to hard currency. A lot of their trade with Russia didn't give them the ability to buy goods and services anywhere else in the world. They weren't getting a liquid currency; they weren't even necessarily getting cash. They could have been getting credit against other purchases.

Where I will fault the Trump Administration here is it did not have a diplomatic strategy to drive for a meaningful change in policy. Even if you find a fulcrum and have the ability to use a lever, that lever still requires a broader strategy for sanctions to be effective, and I did not see that follow through in the case of Venezuela.

The Trump Administration has used sanctions and designations very publicly. What is your assessment of the risk of the overuse of these tools?

I have given this problem a lot of thought. I think the combination of an aggressive posture on trade and sanctions over the last four years raises some real warning signals. It is not a great thing for the United States to be seen as a bully around the world; it is not a great thing to be seen as unpredictable and often confusing national security and economic interests.

There are legitimate concerns about the strategic risks of China's technology becoming part of the backbone of communications of the United States and other global allies. I am not an expert in the technology and cannot opine on whether it is a risk that can be mitigated or not, but I will stipulate that there is a legitimate risk that warrants serious consideration.

What does not make any sense is to claim that something is a serious national security risk but then to enter into a trade negotiation where you say, "If you buy more from us, we will relax the restrictions on that technology." Those are different issues. The Treasury Department spent a great deal of time defending our use of the CFIUS statute (Committee on Foreign Investment in the United States, which can block foreign investments in U.S. firms or operations) when other countries—particularly China, just because most of the cases involved Chinese investment—would say it was not really a national security tool, it was really a trade protection tool to keep foreign interests out of the U.S. economy. I actually do not believe that is an accurate characterization of the way CFIUS was used, but that is how it was perceived.

If you look at the way the ZTE and Huawei issues were handled, the economic and security issues have been confused. It is very dangerous when your own description of what you are doing with a national security tool can be undermined by your actions and words in economic and trade negotiations. In general, there has been much

discussion and some international resistance around U.S. sanctions with extraterritorial reach, and it is crucial to have credibility. I could look foreign counterparts in the eye and say we only use national security tools to protect national security interests, and we only prosecute actions that violate the law in the United States. We have a right to protect our own national security and enforce our own laws, and if you break the law in the United States, we have the right to take action.

If you are settling transactions in dollars, secondary sanctions provide an opportunity to take action against activities that took place outside of the United States but were transacted in U.S. dollars. But again, credibility is very important. It matters that the underlying basis for what you are doing is defensible and it helps if you have at least convinced other countries of the merits of what you are trying to accomplish. Other countries never like it when you take legal action against their banks; but if you are able to say, "Your banks violated our laws not once but twice and then a third time; this company knowingly violated U.S. law," there is moral power behind the use of this economic tool.

What are the consequences of overuse of economic tools either in trade or in sanctions? I do not think they are immediate. This is a subtle point in a world where we do things in nanoseconds; talking about consequences that develop over decades seems quaint. But I think we have to realize that the post-World War II economic order that puts the dollar at the center of global commerce and gives us the extraordinary reach that we have, is not some divinely ordained order.

Other currencies have seen their role as the world's reserve currency change. The British pound sterling had that primacy for a time, and then it did not. While there are signs that some countries are trying to re-configure their "plumbing" so as not to be so dependent on the dollar, and not to be as susceptible to U.S. actions beyond their control, there is not an

immediate risk that the role of the dollar is in jeopardy. But you accelerate the rate at which that change may occur if the United States is seen as taking advantage of its special position without justification.

Though we might be seeing some migration from the dollar, I do not think it will happen quickly. But if the plumbing is tested and works, that process can be accelerated. Countries are diversifying their baskets of reserves to mitigate over-exposure to any one currency, and we are seeing the development of settlement systems that facilitate trade without coming to the United States either physically or virtually. These are nascent trends, but the plumbing is being built. It is not in the interest of the United States to encourage other countries to act in a way that accelerates this trend.

It is inevitable that other currencies will gain strength over time. I cannot tell you today whether it will be the Euro or the RMB or the Yen—obviously, none are in a position to overtake the dollar right now. It could be some global basket of currencies created as an alternative to virtual currency. It would be a mistake to assume that because, since the end of World War II there has been one reality, that reality will endure forever. But it is also a mistake to think that we are a week, or a month, or even a year away from that change happening. This is not likely to happen in single-digit years, but if you were to tell me that the pattern of our policies accelerated this from a 50- to a 20-year or a 30-year process, I would say that was very bad for our national interest. That long term perspective is not the way policy is usually debated, but it should be taken into account.

Can you talk about the impact that secondary sanctions (which target third party actors doing business with a sanctioned person or entity) and tariffs have had on our alliance and partner relationships?

Secondary sanctions are a particularly challenging tool because countries have a hard enough time

accepting that you are taking actions against their businesses operating in the United States. When those businesses are operating outside of the United States but transacting in dollars, or at some point touching the United States indirectly, that is when they start to see it as extraterritorial reach. That is when they start to say, “You are not just making laws for yourselves, you are making laws for the whole world.” Yet we must reserve the right to do that to act against the most malign forces.

But it is an option we should use sparingly. We should not jump to it, and we should not do it without consulting with other countries. I do not advocate unilaterally lowering our ability to defend ourselves and act in our own interests, but the more we deal with the global community as potential allies the better off we are. I would reserve secondary sanctions for the most serious circumstances.

Trade falls into a different category. We have trade agreements. Every administration for the last 50 years has taken trade actions when we feel other countries have violated them. We are in a peculiar moment right now because the United States has actually made it impossible for the adjudicatory body that resolves global trade disputes to work effectively by refusing to fill open seats for judges.

We have every right to defend ourselves against dumping and unfair practices, but should be very careful to make certain that our actions are consistent with principle and international agreements, and we ought also to be mindful of the fact that things like tariffs are taxes on American businesses and individuals. Their direct effect is not on the countries that we’re sanctioning, but on the United States. Our objective in a trade negotiation should be fair trade. It is not just trade flows, nor is it a question of eliminating a balance of payments deficit. We have confused a lot of issues over the last few years; it is not an accident that the result has not been more, but fewer manufacturing jobs in some key industries.

Are you at all concerned by Russia and China's recently announced intention to denominate trade in currencies other than the dollar? Should the United States be worried that the rest of the world will eventually abandon the dollar?"

There are likely to be more and more experiments with non-dollar denominated transactions, more non-dollar denominated reserves. But as I said, the dollar is not in danger of being displaced anytime soon. Consider for example the special purpose vehicle that the Europeans were trying to put together to get around our reimposition of sanctions on Iran: it did not succeed because ultimately all the parties decided they did not want to risk a punitive response from our government that would limit access to U.S. markets. That would burden their economies and hurt their businesses.

Russia's currency is not a serious challenger right now; it has had a pretty tempestuous history over the last 20 years. The RMB is becoming more widely accepted, but it is still not ready to be the world's reserve currency, nor does China even want it to be because it would expose China to a level of transparency China is not comfortable with. The incremental strengthening of the Euro in the last few months is a reminder that if Europe gets back on its feet economically and has a currency that the world is comfortable with as a close-to-zero risk for reserves, it will grow.

I remember when everyone had it wrong about Japan taking over the world in the 1970s. And I remember expectations that did not come to pass about Europe. At the same time, we should be mindful that the situation can change. We do not know what the next decades might bring; we do not know which country or region is going to break through in a way that becomes more of a threat. What seems most likely is a gradual diversification rather than the replacement of the dollar as a global reserve currency. And as the world learned when the British pound quickly fell from its dominant position, change occurs quickly when it does.

Candidly, one of the things that underlies the U.S. position beyond the strength of our economy and the dollar is the fundamental stability of our system. Why is it not risky to hold dollars? Because there is a sense that the band of economic exposure is tolerable: there is no fear that the United States will refuse to repay, and until very recently, no fear that our political system would be unstable. We may not be as strong in that regard as we were five years ago—the world watched the last four years and worries about the future in a way that they have not before. That comes into play too. That may not be economic, but it is still part of the calculus.

Coming out of the Great Recession, we showed the world that even though the financial crisis began in the United States, we emerged stronger than everyone else because we used our policy tools effectively and we were growing when others were not. Our system worked. Coming out of the current crisis, I hope we can prove that again, and with a new Administration there is a moment to show that the U.S. can be relied on for its traditional stability. I hope we are in a position to show that the United States has the resilience to warrant the confidence that it has enjoyed.

When there is a search for a safe haven today, there is still no competition to the United States. Even though this is all speculation about what lies over the horizon, these are the considerations you have to think about when you are protecting a strategic tool.

Does the fact that China currently holds over a trillion dollars in U.S. reserves make the United States vulnerable to China?

It would be an act of colossal self-destruction for China to take its massive holdings of dollars and cause them to dramatically lose value. And it would take a very large reduction in holdings to undermine the dollar.

We had a natural experiment of what would happen if China, in a rather quick period of time,

divested substantial amounts of U.S. securities, when China was defending the RMB. Their reserves dropped from roughly 4 to 3 trillion, the bulk of the drawdown being through either selling or not rolling over U.S. securities. We did not see any particular movement in the liquidity of or value of U.S. bonds, so it was kind of proof that the depth and liquidity of the market for U.S. treasuries could withstand a pretty big event.

There were other cases when we worried about large holders of U.S. bonds taking a similar action as a kind of foreign policy matter. It was by analogy to the experience that we saw with China that we could fairly comfortably say it would not be very effective and it would be very self-destructive to intentionally drive down the value of their U.S. reserves. Therefore, it is not very likely. That at least was what the world looked like when I was doing this day-to-day.

The event that I would worry about is concerted action by adversarial, allied states that wanted to undermine the United States and were willing to sacrifice a good deal of the value of their U.S. assets. Though it is a strained example, you could imagine several countries dumping their U.S. treasuries at the same time; that kind of pressure on markets could cause things to break. That is not a very likely scenario; the interests of our adversaries are very disparate. It is not as though we face an obvious coalition of like-minded adversaries who have the willingness or ability to do that. I can come up with a theoretical scenario of the U.S. being vulnerable in that way, but in the real world it is very unlikely... at least in the current environment.

What security risks would you see if a blockchain digital currency were to become accepted in the future that is something other than in the U.S. dollar?

There are many significant issues with cyber currencies, and they are not likely any time soon to be a

threat to the dollar as a reserve currency. During my time at Treasury, this was a new issue; we were trying to figure out how to deal with it without stifling technology. At that time, it was not even clear what cyber currency is. Is it money? Is it an investment? Should it be treated as one or the other?

We came up with an approach focused on managing the risk that anonymous transactions could easily escape the routine review that gives us the ability to detect malign activity—either criminal or terrorist kinds of activity—and we had to make sure to have sufficient visibility into something that by its basic nature was designed to be almost invisible. There are ways to deal with it, but there is a serious risk.

The idea of a private blockchain currency replacing the global world currencies does not seem very likely. I could be wrong, but I just think the risk of value loss in those currencies is great. They do not have the backing of a sovereign. A joint cyber currency launched by a group of sovereign nations might have some prospect of success; that idea goes back 75 years to when the IMF was created. John Maynard Keynes had a dream to replace the reserves at the IMF so they would not consist of dollars, pounds, and rubles, but rather something he called “Bancor.” It would have been a kind of a global currency. The IMF system of special drawing rights (SDRs) emerged as a solution to the need for a common denominator reserve for all nations, but SDRs are not a tradable currency. SDRs can support economies, but they are not used broadly in commerce.

There have been suggestions, particularly from China, to think about using SDRs at the IMF as a way to create a medium for international trade, if not an actual currency. We are a long way from there. But if you ask me what a competitor to the dollar might someday be, it would be something like that.

Former Chairman of the Joint Chiefs of Staff Admiral Mike Mullen testified once that the national debt was a major national security threat. Since that time, under both Republican and Democratic administrations, the U.S. national debt has more than doubled and we are now running trillion-dollar deficits. At what point does the United States exhaust its privilege of being the reserve currency holder?”

One should always think from the perspective of where the global economy is at the moment and what likely risks are on the horizon. At the time Admiral Mullen was speaking, we were not in the middle of a pandemic when the economy of the United States and much of the world had been shut down. At a moment like this—and this is a view shared by most economists—the far larger risk is an inadequate response.

Today I feel confident that we ought to be spending the large amounts we are. Candidly, we should be spending more because there is going to be a situation that feels like a recession to many, many millions of people for some time to come, and it is not the right time to worry about adding to our stock of debt. If our debt is at 100 or 103 percent of GDP when this ends, it will not make much of a difference if we are growing at a decent rate. The real question will be do we have the economy back on a steady growth path and have we returned to full employment. I think the hard question comes when we are back on our feet.

There are voices urging us to add to the deficit going forward to invest in the things that we need to rebuild our country: human capital and physical infrastructure. The argument is we are in a position to borrow as much as we need for as long as we need to. I think after the crisis is behind us, this would not be a responsible path.

Coming out of this crisis we need to find our bearing again and ask, “What is a sustainable fiscal policy?” Sustainable is not an absolute. Sustainable

at 4 percent interest is different than sustainable at zero percent interest. You can have a bigger debt stock with very low interest rates and have current income provide you the ability to service it. But it is a mistake to think that interest rates are going to be near zero forever, so while we have near-zero interest rates, we should deal with the emergency. We should invest in making sure that we emerge with a healthy economy, and after we ought to be in a place where we at a minimum pay for what we are doing so we do not create a bigger problem.

We also need to deal with the funding of entitlement programs. There are different ways to do it: you can do it by raising payroll taxes, you can do it by cutting benefits, you can do it by some combination of the two. But we have to make sure Social Security and Medicare are fully funded. If we pay as we go for new things after the crisis, and fix our entitlement programs, that would be a positive step.

Ultimately, to deal with deficits requires a bipartisan approach. That is what we saw in the George H.W. Bush Administration and the Andrews Air Force Base negotiations. It is what we saw in the second term of the Clinton Administration with the balanced budget agreement. I can give you examples of one party doing it. In 1993, the Clinton economic program was done on a party-line vote. But that is the exception to the rule. Mostly these things have to be done in a way that has broad buy-in. Until we heal some of the political fissures and divisions, that will be hard to do.

More and more governments are focusing on enforcing anti-money laundering efforts and limiting the role of secrecy jurisdictions, as a way to identify and prevent bad actors from hiding illicit money. Do you see this trend continuing with greater emphasis as we move into the future?

I took quite a number of steps in this regard, using a number of tools to be able to have transparency into what is called “beneficial ownership.” The way to

conduct business in secrecy, even within advanced countries, is often to use a shell entity so it is not clear who the real owner and user is. Real estate is frequently used for that purpose. We took administrative measures to make it much harder in the jurisdictions where we thought it was happening the most. At the OECD or the G20 where economic leaders, both at the head of state level and the ministerial level, discuss these issues, hiding beneficial ownership is a big deal. It is a way of avoiding tax laws as well as a way of evading detection of malign activities, and I do think there will be growing interest in it.

It's hard to do this unilaterally; water runs downstream and if you have a jurisdiction that will allow that water to pool up, the water goes there. It takes a global effort, not just a national effort, which requires an approach to diplomacy—particularly economic and financial diplomacy—that builds the confidence and the ties to do hard things together.

How would you suggest we improve our strategic planning processes to ensure we bring all the elements of national power to addressing our interests?

One of the things that I always appreciated was the way the Joint Staff and Defense Department civilian leaders looked at the strategic trade-offs in the use of sanctions in a way that was more helpful than many of the diplomatic representatives who sometimes focused more on the need for immediate action.

The highly surgical approach to Russia sanctions was the result of a pretty intense strategic discussion in the situation room that led to a highly engineered approach. That is the right way to make decisions on using powerful economic tools that are the equivalent of weapons. To think of them as just economic actions is a mistake. One ought to think about them as a strategic matter—even if we do not equate the use of economic tools with putting lives at risk in military conflict. Think in terms of a finite amount of national leverage that can be used in ways

that either diminish it or enhance it; you have to be careful to use that leverage to accomplish goals in the right way in order to maintain those tools for future generations. If you start to use these powerful economic tools as though they are free, they will diminish in terms of their effectiveness and ultimately, their availability.

We talk a lot about how the great power competition with China is predominantly geoeconomic. With so many deep economic ties to China, how can we leverage our economic tools to enhance our competition against the more malign aspects of China's aspirations without causing damage to the productive aspects of our economies?"

The reality is that the United States and China are the two dominant forces in the world today, economically and in terms of geopolitical capability. China does a lot of things, and will continue to do a lot of things, that are not to our liking; some of them affect our national interests more directly, some of them affect our values more directly. The idea that we are on a course of inevitable conflict is frightening because that means that economic and political discord could eventually lead to military conflict. It also denies the reality that our economies are interconnected at this point. Unraveling them may be impossible without doing substantial harm.

So, the question is, "How do you engage to make a difference?" First, as you engage, you actually have to spend time developing relationships and understanding each other so that you are in a position to know how to press your case to get results. Secondly, you have to prioritize. You can list 100 things that you want China to do differently, but there have to be some smaller number of changes which could improve our relationship. There are also those issues where we have common interests that we ought to work together on even while disagreeing on others. And then there is that space where you simply disagree.

It is important not to exaggerate and not to demonize. There is some danger that the relationship is getting to the place where that is happening on both sides. That increases the chance of conflict, which would not be in the interest of either the United States or China, or the world beyond. But at the same time, we should not step back and say we will look the other way when we object to what China is doing militarily or economically or in terms of human rights that damages our interests.

I made 13 trips to China as Treasury Secretary, more than to any other country, and we were able to make real progress on a lot of important issues. When I left the Treasury Department, it was the first time in a generation that people were not saying that the exchange rate was being used unfairly, and we were able to get agreements to open some critical markets and to have an understanding on some key areas of intellectual property. We did not solve all the problems; there were many problems remaining—but we made progress.

That approach is not in favor nowadays, because it is seen as not being tough enough. But for the decades, the idea was not that China was going to become a Jeffersonian democracy. The Communist Party in China is a powerful institution. This was true when Nixon went to China, and it is true today, but that does not mean that they have to offend as many of our interests as they do today. We have to be able to talk to them about hard things.

With the approach taken by the Trump administration, we were unable to talk to China about a lot of hard things. They viewed the language coming from our government as being nothing short of racist; they viewed it as being inconsistent with the position in the world that China has come to occupy. China is having a moment of its own, searching for its own kind of nationalist direction. It is a tricky and dangerous moment. I would never say we should ignore those things that require our attention, but I do think we have to find a way to engage

more effectively with China than we did for the past four years. And we need to reengage with our allies so our approach to China is not a head on conflict between the United States and China on every issue. There are many issues on which we can join and lead many nations of the world with which China wishes to maintain good relations.

What kind of black swan or gray rhino events could accelerate migration away from the U.S. dollar as the world's reserve currency?

I have never been in the business of predicting apocalypses, and I will not start now. I have tried to describe the kinds of activities that merit caution. Over the past four years we saw a trade war where we are seen as the bully; withdrawal from the Paris climate agreement; and unilateral sanctions without allies where we appear to be acting highly willfully or even arbitrarily. This creates a risk that other countries will ask whether they can depend on the United States as a stable ally and foundation for global order. I do not know the tipping point. And I think the Biden Administration will make efforts quickly to restore confidence in the United States.

The way we withdrew from the Iran deal, the JCPOA, has left real damage. Last year the United States was at the UN seeking the implementation of a provision that I helped design: the snapback. I was very proud of the snapback which provided that if Iran breaks the deal, we the United States can guarantee that international sanctions will go back into place. It would take a vote of the UN Security Council to stop that, and we have a veto, so we could stop the efforts to block it. When I defended the JCPOA in testimony half a dozen times before Congress I could say, “this works!”

It was the farthest thing from anyone's imagination that the thing that would cause the snapback would be the United States withdrawing from the JCPOA, while Iran remained in compliance; with the United States reimposing sanctions even though

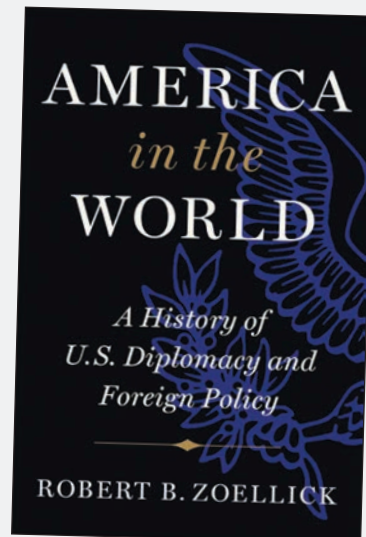
Iran did not violate the terms of the agreement; and Iran resuming its nuclear program in response. That does not build confidence in the United States. It is not the way a great power should behave. We create a mechanism to stop a country from doing bad things and then we take an action that undoes it. Many of us hoped Iran would not violate the agreement until they knew whether or not there was some chance of the JCPOA being reinstated, and now with a new U.S. Administration I hope they come back into compliance to give a new round of talks the chance of reaching a new agreement.

The reason I tell this story is I do not know how many times you can do that before countries say, “We don’t trust you anymore!” We are a lot more successful when we are at a negotiating table with allies, working on what comes next than when we are throwing rhetorical rocks at every adversary. We need diplomatic engagement. It is hard enough when you are standing on solid ground in terms of your positions; but when you take actions that destabilize the status quo that you were trying to defend, the rest of the world does not see you as occupying the moral high ground. Abandoning our claim to the moral high ground created real danger, and that danger needs to be reversed.

**America in the World:
A History of U.S. Diplomacy and
Foreign Policy**

By Robert Zoellick
Twelve Books, 2020
288 pp \$28.00
ISBN: 9780316533539

Reviewed by Thomas Pickering



With two endless wars still churning, diplomacy has become or should become a more important subject.

After four decades of practice and two of intense retirement, I have gained a new perspective on this subject. Almost as old as war itself, and a rival for “oldest” profession, diplomacy—especially American diplomacy—adopted traditional practices in the 19th century, built on change in the 20th, and evolved in a new and challenging era at the beginning of the 21st .

For both diplomatic and military officers, the challenge is to think through just how mutually important and even mutually dependent their two respective pursuits have become in defense and promotion of our national interest. This is but one of the many trenchant subjects our “Insider”—author Robert Zoellick—treats with wisdom and careful thought in a new and engrossing book.

Decades ago, in the midst of the Cold War, particularly following the Cuban missile crisis, we went from hiding children under desks to seeing an unfolding vision of potential global nuclear devastation. While mutually assured destruction was a partial answer to that apocalyptic vision, we found

that it could and should be supplemented with mutually assured nuclear stability and security. We saw then that accidents and miscalculations, among them the Cuban events, were an existential danger. When Harry Truman was once asked, “What were America’s vital interests,” he replied, “survival and prosperity.” That strategic conclusion still applies today, supplemented perhaps by adding, “and that of our allies.” Increasingly, as the Insider shows us, we are being challenged by threats that no single field of action alone—neither defense nor diplomacy nor development—is capable of answering. The Insider has mapped well the evolution from the “no entangling alliances” of George Washington’s Farewell Address in 1796, to our alliance and coalition creation of 1946–47, to the new multipolarity and China challenge of 2021.

World War II illustrated the strength of overwhelming force united in a central alliance and supported by a civilian structure that included diplomacy from Argentinia Bay (Atlantic Charter) to Yalta (division of Europe). Axis unconditional surrenders led to an excursion in state rebuilding of friend and

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foe alike and was perhaps the last time a victorious alliance—even when vexed by the Cold War—would have the time and reason to manage a new order.

The decades following the collapse of communism in 1991 reminded us that planetary extinction is a potentially man-made disaster but also that pure military strength was not the quick and easy answer many had hoped it to be for major international differences. Diplomacy helped advance a solution to a nuclear standoff in avoiding some accidents while we actually experienced near misses on both sides that were frightening and hidden for years under President Jimmy Carter and Leonid Brezhnev.

Similarly, the notion that diplomacy is slow challenged America's penchant for instant solutions. The military on the other hand was thought, unwisely, to be the kind of instant answer that we should use in Iraq and Afghanistan, due to our misperception that a "unilateral moment" would allow us to prevail alone and without allies and partners. This was despite the open lessons of the new, unsolved equations of internal instability, religiously inspired violence, and spreading oppression.

Indeed, new forms of warfare—asymmetry in combat actions, information and cyber operations, terror and woeful government action—led to the stifling thinking that military victory alone would make a democratic solution whole and complete. Offensive strategies prevailed; exit strategies were absent. It was not long though before we turned to diplomats to do something they had hoped to avoid—state-building under combat conditions. Our diplomacy had never achieved the size, capacity, or interest to become a colonial service. Together with the military, diplomats did their best, but it was not good enough.

There is little acceptance in the United States that diplomatic action to avoid wars is a first priority, help to end them is a second, and picking up the pieces afterward is a third. No wars end without a political result; it is better to shape the result than allow fate and inattention to do so.

For the military, there now seem to be potentially two new major admonitions that join the "No land wars in Asia" aphorism of the 1950s and 1960s: "Fight wars in defense of our homeland and citizens," and "Wars of choice should be a last resort failing all else, most especially diplomacy." Diplomacy's role is to be at the heart of problem-solving in order to avoid conflict. Diplomats have often told me that Americans have a special diplomatic advantage of having a first-class military on their side of the negotiating table. A strong economy and widely admired values and principles confer negotiating advantages. The military role in this case should be the development of leverage above and beyond sanctions, political steps, and other means of persuading an opponent, but doing so in ways that never pose only the choice of going to war or backing down.

I have heard more than once from the four-star level that "No negotiations now; we need more progress on the battlefield." Whether this is a deep distrust that diplomacy is compromise, and compromise may lose what is gained on the battlefield, is uncertain, but there is a sense that it is a factor. So too is the idea that while the military will deliver on the battlefield, someone else must shape the ultimate outcome.

Psychologically, there is a time as you gain strength and the other side realizes it, that you must begin the engagement process. But if all of your leverage is expended in *getting* to the table, little is left for *gaining* at the table. As in current-day war, no negotiation ever ends with everything you wanted when you began, but diplomacy is less costly than violent conflict, and if pursued in a coordinated, whole-of-government fashion, somewhat more likely to resolve the issue at hand sooner and more favorably.

The Insider writes cogently about this in the aftermath of World War II, Vietnam, the Cold War, and today's two unfinished conflicts: "Yet the success and effectiveness [of the U.S. military] can create a temptation for American foreign policy. Civilian

leaders may overestimate what military power can accomplish (pp. 354). He continues: "... as Bundy reflected [about Vietnam] decades later, 'No one asks . . . what kind of war it will be and what kind of losses must be expected.' The military of 1965 are almost always trained not to ask such [cowardly] questions." (pp. 354) Later, Bundy also admitted that our most trenchant error in Vietnam was to underestimate the dedication of the North to win both on the battlefield and politically. The author concludes, "Ironically, the lessons learned by the U.S. military after Vietnam, and its professionalism, made U.S. military power look like a potential answer to many subsequent diplomatic problems." (pp. 355)

The Insider brings personal experience to the fore. His role in negotiating agreements and his deep interest in and experience with economic power is a worthy addition to the traditional literature on the history of American diplomacy, which tends to focus on either political security or on economic issues without presenting the relevant and significant linkages between them.

Similarly, a portrayal of the work of Vannevar Bush in science and technology during and after World War II is a welcome and important addition to foreign policy, introduced at the suggestion of John Deutch at MIT.

The Insider presents biographies of leaders who have contributed to American foreign policy but are less well known to most Americans, including John Quincy Adams, William H. Seward, Charles Evans Hughes, Elihu Root, and William L. Clayton.

Quincy Adams followed James Monroe as president, and the doctrine named after Monroe. Adams was seconded by Henry Clay and together they set the groundwork for the "Good Neighbor" policy after a suggestion by Simon Bolivar, counterpointing Monroe's doctrine, and adopted years later by Franklin Roosevelt.

Seward, who negotiated the purchase of Alaska in 1867, also toyed with purchasing British

Columbia but was rebuffed by its citizens. In the Trent Affair in 1861, when two Confederate Commissioners en route to the United Kingdom were taken off their ship by the Union Navy, the UK threatened conflict. In an astute observation to Seward, after the latter had pushed toward confronting the UK, Abraham Lincoln said famously "One war at a time Mr. Seward." The latter diplomatically took the United States off the domestic hook by noting that the UK had historically taken sailors off American merchant ships to man the Royal Navy and therefore returning the Confederates was a part of historical U.S. policy.

Charles Evans Hughes was Warren G. Harding's Secretary of State. He is rarely heard of or written about, and his efforts at arms control in 1921 were later disparaged with the rise of Fascism and war preparations, which caused them to be discarded in the 1930s. Inspired by the killing and costly tragedy of World War I, he fought for significant limits on naval armaments and won. In a bold and unexpected U.S. plan, he proposed not just limits, but reductions in large naval vessels, suggesting destroying 66 U.S., British, and Japanese capital ships of 1.8 million tons. The final result, made possible by careful planning and inspired public and personal diplomacy, was close to his original proposal and was implemented by the parties.

Elihu Root, Secretary of State in the first decade of the 20th century for Theodore Roosevelt, was devoted to the codification and extension of international law and the establishment of the World Court, which he helped to design after the Senate rejected the League of Nations. He never succeeded and died in 1937. Many of his proteges became judges on the Court as early as 1921.

William Clayton, called by the author the least known of the architects of America's new alliance policy, was a Tennessee businessman, free trader, and assistant to Nelson Rockefeller in post-World War II efforts to integrate the U.S. and Latin

American economies. He was particularly well known for helping to arrange a delayed U.S. loan to the UK at a time the island nation was attempting to recover from the destruction and economic adversity of World War II.

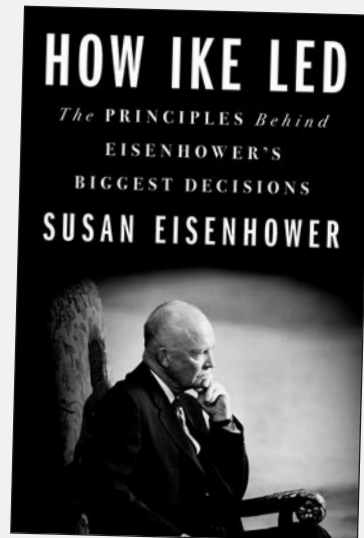
The book, written over 12 years and braced with solid research, is a strong must read for anyone interested in U.S. foreign policy. It brings special insights into the Insider's participation in the events related in the final chapters in succinct and lucid writing. It is particularly valuable for the many analytical insights, often at the end of each chapter, of a true Insider. Zoellick offers well-informed and carefully crafted views, putting each of his chapters into the long development of American foreign policy, showing its overall evolution and the reasons behind the changes. He is a close colleague of James Baker, the old friend and adviser to George H.W. Bush; he is to Baker what Baker was to Bush—an advocate, adviser, and admirer. No book on such a subject can escape without some controversy. I and others have wondered at the choice of key personalities who figure in the chapters rolled out historically, many associated with conflicts. A significant focus is on Thomas Jefferson's acquisition of the Louisiana territory from Napoleon's France, with the Mexican War of 1846–1848 treated only cursorily, as is the War of 1812 and that with Spain. Richard Nixon, George H.W. Bush, George W. Bush, and Barack Obama are given center stages with Jimmy Carter and Bill Clinton less so, and Trump, bald disdain.

The book should deservedly become a canonical text for students and teachers of U.S. foreign relations, American and foreign diplomats, and importantly, the U.S. military.

How Ike Led: The Principles Behind Eisenhower's Toughest Decisions

by Susan Eisenhower
Thomas Dunne Books, 2020
400 pp \$29.99
ISBN: 978-1250238771

Reviewed by Walter M. Hudson



Part memoir, part historical recounting, part leadership lesson, Susan Eisenhower's *How Ike Led: The Principles Behind Eisenhower's Toughest Decisions* is not only the sum, but the product of its parts, in keeping with her grandfather's own "Great Equation." Each part magnifies and amplifies the other: exploring Eisenhower in such a personal way helps us understand his historical period; delving into the historical context informs us about the man; providing the strategic insights illuminates both Ike and his times. This is a rich, multiform yet still cohesive book.

We see a variety of angles of the private Eisenhower—as portrait painter (better at portraits than landscapes, and fittingly so), as bridge player (a good one, so good and intense during a game that nobody but his longtime partner General Alfred Gruenther would play with him), as golfer (his blood pressure would rise so alarmingly when his good friend Arnold Palmer would play that his doctors almost banned him from watching) and more importantly, as grandfather and father, husband, brother, son, and friend.

All these are brought bear on Eisenhower the leader, both wartime general and Cold War

president. In fact, this book is a good place to start as a complement to the work of so-called Eisenhower revisionism, that reappraisal of Ike that began in the late 70s and that has culminated in Ike being seen as one of the greatest of presidents and most recently, with a national monument in Washington.

Famously, Fred Greenstein, one of the key revisionists, posited the "hidden hand" theory of the Eisenhower presidency. According to Greenstein, contrary to common perceptions that a president must be seen as "tough, skilled politician," Eisenhower instead, "went to great lengths to conceal the political side of his leadership." He did it so well that in fact, his reputation suffered as a result for at least a decade and a half: "[M]ost writers on the presidency viewed him through the lens of his 1950s liberal critics as an aging hero who reigned more than he ruled and [who] lacked the energy, motivation, and political know-how to have a significant impact on events."

Susan Eisenhower provides a more personal and more revealing theory than Greenstein's. Eisenhower, after all, was not an inaccessible

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mystery to those who loved and knew him. To his granddaughter, his actions as a leader were less the product of orchestrated calculation and more those of a lifetime of hard fought experience, some of which she herself observed up close. And what she saw was a successful struggle for self-mastery. Ike had a terrible temper even as a child. He sought to master it, and for the most part, he did. He was raised to take responsibility for one's own actions. At critical moments in his life, he took it.

And Ike learned that *always* seeming to act, *always* seeming to persuade, was itself a deeply flawed model, not only of leadership, but of basic human behavior. Of course an entire presidential theory of leadership spawned at Harvard argued the opposite. presidential power, argued Richard Neustadt in his now-classic study, was very much determined by the president's power of persuasion. But this really wasn't Ike's way. Once, as Susan Eisenhower recounts, when Ike was being harshly criticized for "moving too slowly," he was visited by the great American poet Robert Frost. Perhaps to bolster him, on the flyleaf of a book that he left for the president, Frost aptly inscribed the concluding line of one of his declarative verses: "The strong are saying nothing until they see."

Susan Eisenhower carefully weaves together incidents of child- and adulthood. His boyhood was something out of Huck Finn, in the creeks and fields around Abilene, Kansas. But he was always seen as bright, even as intellectual—as a boy his class yearbook "predicted he would one day become a renowned history teacher at Yale." Long downplayed or outright dismissed by the intelligentsia of his time, Eisenhower's mental powers were formidable. As anyone who has read his writings knows, he was a powerful, lucid writer. He possessed high order conceptual intelligence. Susan Eisenhower illustrates this well in her recounting of his masterful synthesizing, for forty five minutes straight, without a single note, of 1953's Project Solarium to the task

force experts who had plotted its courses of action. As George Kennan, one of the task force members, pointed out, Ike showed his "intellectual ascendancy over every man in the room."

As for his military career, his granddaughter points out that Ike didn't grow up with dreams of marital glory. He didn't come from a military family, but from one with pacifist roots. He went to West Point, as Susan Eisenhower notes, to get a free education. But having gone in the Army, he certainly did not lack ambition. He found his footing, being mentored by Pershing, Fox Conner, and MacArthur, and gaining leadership lessons along the way.

As for politics, Eisenhower was part of a generation of military officers who did not vote at all. And likely this apoliticism had beneficent effect. Political positions did not define his inner life in the slightest, and perhaps as a result he could distinguish the theater of politics from the workshop of policy. The former is filled with posturing and zero-sum outcomes—you either win or you don't; the latter is where analysis and compromise take place---and perhaps the place where outcomes with multiple winners are attainable.

Ike ultimately practiced leadership at the highest levels. As Susan Eisenhower puts it, her grandfather was a "*strategic* rather than operational [leader]. ... [H]is role was to receive all the inputs--across the entire enterprise: both internal and external, political and practical, fundamental and future oriented." This distinction between strategic and operational is critical and profound. Strategy is something that transcends long range planning and immediate action. It is orchestrating and synthesizing. At the highest levels, the strategic leader takes plans (inputs) and oversees actions (outputs), but more importantly, that leader consolidates and harmonizes, sometimes so subtly that one does not notice it, the welter of opinions and positions.

According to Susan Eisenhower, Ike was troubled when JFK dismantled his more formalized

senior leadership system. JFK, largely influenced by Harvard academics, thought that the President needed quicker access, more ability to cut through bureaucracy, something that might be even considered a forerunner to contemporary organizational thinking about “flattened” organizations. As she puts it, what Ike feared was that JFK would be “so overwhelmed by diverse and second-order inputs that he would resort to governing like an *operational* leader rather than a *strategic* one.” Eisenhower’s more hierarchical system, on the other hand had its own qualities not only in what it permitted, but in what it disallowed.

This point is critical: much of Eisenhower’s leadership is characterized by what might be called negative evidence—by what Ike did *not do*. He didn’t immerse America in Indochina in 1954 during or after Dien Bien Phu, he didn’t push for a massive military budget when in 1957 Sputnik sent the country into panic, he didn’t dismantle the New Deal or call for tax cuts before he felt the country was ready for them. Such negations are the seeming antitheses of get-things-done type leaders, who want to be seen as doing something, anything, to prove they are the masters of the moment.

Instead, Ike’s grand strategies were rooted in ordinary, common-sense behaviors. Don’t dismantle the social safety net that FDR and Truman had established on the one hand. Don’t think America can create a European-style welfare state and still lead the free world on the other. Keep America strong, primarily through technological set-offs. But don’t immerse Americans in far flung conflicts. In fact, do everything possible to end them as soon as possible, as Ike did in Korea.

Susan Eisenhower calls this Ike’s “middle way.” It was, by definition, centrist, perhaps conservative with a small *c*, not really ideologically oriented. Eisenhower believed in an America that was rooted in the real and realizable. America could not “bear any burden.” It could not do the impossible. In his

final address he pointed out not only the dangers of the military industrial complex, but the “need for balance,” consistent with his calls throughout his presidency for both security and solvency.

And how has history viewed the balance sheet? John Lewis Gaddis, in *Strategies of Containment* remarks that, contrary to Eisenhower revisionists, Ike was not a genius: “Still his strategy was coherent, bearing signs of his influence at every level, careful, for the most part, in its relations of ends to means, and, on the whole, more consistent than detrimental to the national interest.” While Gaddis notes this claim is “modest,” it was certainly preferable the more reckless strategies that immediately preceded and followed—the excessive spending of NSC-68 under Truman or the “flexible response” under JFK and LBJ, that sought monsters to destroy and instead lead to disaster in Southeast Asia. That “modest claim” would likely be for Eisenhower a fitting encomium. After all, a “middle way” eschews epoch-ringing boasts.

Was there, in the end, a kind of Eisenhowerian genius? Yes, according to his granddaughter. Ike’s genius lay, perhaps not in the art of strategy, but in the art of leadership itself. His special genius was not military wizardry, rhetorical skill or even political acumen, but something deeper, more personal. According to Susan Eisenhower, Ike had a capacity to know when to “deploy his ego” and, just as importantly, “when to suppress it.” He knew when to assert and lead, when to accept responsibility, and when to exhibit plain decency and humanity.

When needed, Eisenhower could be forceful, though not in a way that was anything other than a duty to the historical moment. As Alex von Tunzelmann writes in a recent study of the 1956 Suez Crisis, “Many feared at the time that it might even trigger World War III.” But “Eisenhower did not flinch. He just made it stop.” During the crisis, Eisenhower’s reelection hung in the balance (with the Hungarian uprising taking place

nearly simultaneously, and where controversially, he did not intervene). In the end, it didn't matter. Susan Eisenhower notes Ike's mixture of fatalism, self-awareness, and self-assuredness about his place in time and in the world: "If I lose the election," he told his son John, "then so be it."

And then there were the moments when asserting his ego were of less importance. The great writer of soldierhood Paul Fussell, who personally experienced brutal combat as an infantryman in World War II, has written vividly about the waste and wickedness of war. And yet, as Fussell says, "despite the preponderance of vileness, not all are vile."

One of those exceptional moments in war he refers to is Eisenhower's, when, "alone with himself," Ike wrote his famous note in which he took full blame had the Normandy landings failed. If Eisenhower's armada had failed, in Fussell's vivid words, "his troops torn apart for nothing, his planes ripped and smashed to no end, his warships sunk, his reputation blasted," he would take full responsibility. "If any blame or fault attaches to this attempt, it is mine alone." Fussell highlights that "*mine alone*" as a "a bright signal in a dark time."

Susan Eisenhower recounts another such iconic event—her grandfather talking to paratroopers the night before D-Day (and now memorialized at his newly opened monument). We all know the photo—Ike, with his arms raised, with his eyes fixed on the men. His granddaughter rhetorically asks: "Was the firmness of his jaw and the look of determination in his eyes indicative of a rousing pep talk he was giving to the troops?"

That determined mid-air gesture, that focused gaze? Ike was not rousing the troops with a pep talk or inspiring them with a grandiloquent statement. The men knew what they were doing and why they were doing it. They knew the danger of it. When the famous photo was snapped, Ike was talking about fly-fishing, "making a hand gesture similar to that of a fly fisherman about to cast his line." He was

reminding them, reminding himself even, of the things back home, of ordinary pleasures that any one of them could perhaps have again, when the fighting was done.

Susan Eisenhower reveals in her fine book that such moments were not singular for her grandfather. They amounted to his genius, a genius that repeatedly emerged from principles that were learned and earned as a child, as a man, indeed throughout all of his life, as general, president, and leader.

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The Kill Chain: Defending America in the Future of High-Tech Warfare

By Christian Brose
Hachette Books, 2020
288 pp \$28.00
ISBN: 9780316533539

Reviewed by T. X. Hammes

In the introduction to *Kill Chain*, Christian Brose issues a blunt warning. “Over the past decade, in U.S. war games against China, the United States has a nearly perfect record: we have lost almost every single time.” (pp. xii) The statement is meant to be shocking—more so because Brose brings significant credibility and inside information to this work. He served as a member of the Secretary of State’s Policy Planning Staff, as a senior policy advisor to Senator John McCain, and as staff director of the Senate Armed Services Committee where he supervised four National Defense Authorization Acts.

How does the United States spend vastly more than China on defense and still end up on the losing side of the war games? Brose contends the United States has “a defense acquisition system that has been optimized for risk aversion and cost accounting, not rapid technology development at scale; a defense industry that has become increasingly consolidated and closed to new entrants; a breakdown in the relationship between the national security and technology communities; and a broader failure of imagination about America’s rapidly diminishing military dominance.” (pp. 210) In short, the United States prioritizes the present at the expense of the future.



After outlining Department of Defense’s (DOD) problems, Brose moves to his central thesis: The side with the fastest, most effective kill chain will win in a modern war, and the United States is not investing accordingly. Brose defines the *kill chain* as the ability of an organization to rapidly and accurately execute all the steps from locating to killing an enemy target. It represents the essential contest in modern warfare. Yet the United States is losing this competition. Even as Russia was demonstrating the value of high-speed kill chains that tied old technology—like artillery—to new drones and cell phones, the major budget increases early in the Trump administration were spent mostly on making new versions of old weapons systems first employed in World War I.

Modern kill chains rely on new technologies. Yet the Pentagon’s procurement system drives innovative companies away. Large innovative technology firms spend \$70 billion a year on innovation while the Pentagon spends only \$5 billion. Apple has more cash on hand than the total worth of all five big defense contractors. Thus, big technology companies see little to be gained by working for the Pentagon. For their part, small innovative

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companies cannot deal with the massive paperwork and slow payment systems inherent in DOD's system. As a result, even relatively new systems like the F-35 still rely on computer systems that operate at 1/800th the speed of the most modern systems.

After outlining the problems inherent in our current systems, Brose asks a critical question: "Can militaries innovate and change in the absence of war?" The United States has successfully innovated in the past by defining specific operational problems, dedicating senior leaders to each problem long-term, and promoting aggressive experimentation. Unfortunately, Brose believes that today the U.S. armed services are failing to conduct the kind of innovative experiments that drove change in the past. He states that change can only come when military and civilian leaders believe there is "something" worse than change and postulate that the rapid improvement in the People's Liberation Army is that "something."

With this as background, Brose takes us on a tour of key new technologies that are rendering American platforms obsolete; supersonic cruise missiles, autonomous drone swarms, electro-magnetic, directed energy, and cyber weapons. He highlights how each can improve the kill chain but only if connected by a robust battle network.

Brose proposes a solution that aligns well with the historical record. (see Alan R Millet and Williamson Murray, *Innovation in the Interwar Period*, 1998). Start by designating 5 percent of the military budget—almost \$40 billion—for investment in innovation. Then define the specific problems that must be solved. Once they are defined, assign senior leaders and open up the competition for solutions to government labs, services, defense industry, and start-ups. The key standard for judging a solution is whether or not it improves the kill chain's speed, accuracy, and effectiveness.

Brose is adamant that success will require autonomous weapons. He argues that the ethical

standards that have been applied to these systems are incorrect. The correct standard for an autonomous weapon is not perfect decisionmaking but simply better decisions than humans make under the stress of combat. Since autonomy is essential to winning the kill chain competition, this is a critically important point. If it adopts this approach and produces large numbers of autonomous weapons connected by a robust battle network, the United States still needs to forward deploy more forces to Asia. Even with these steps, it can only expect to achieve parity with China but this will be sufficient for deterrence in the Pacific.

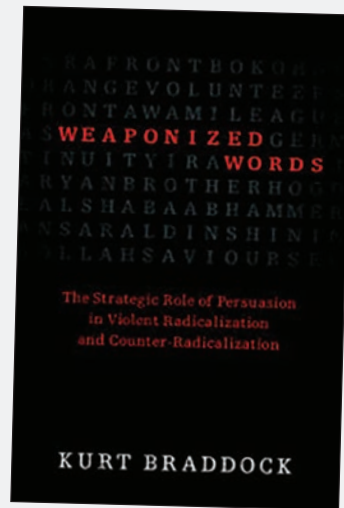
Brose warns that fixing the problem will not be cheap because of the cumulative cost of the many cheaper systems needed to succeed. But we "have the money the technological base, and the human talent. And our leaders have all of the flexibility and authorities they need both in law and policy, to carry off the transition from the military we have to the military we need. As I have said it come down to incentives. If we want different and better outcomes, we have to create different and better incentives to get them." (pp. 245)

This interesting analysis from an insider is clearly worth the read to understand one potential path forward. However, as indicated by its title, the work focuses almost exclusively on the kill chain. He does not give consideration to other factors that have determined wars historically like strategy, resources, operational concepts, training, etc. And while Brose provides a potential solution for improving DOD's part in developing the kill chain, he makes no suggestions for how to change the incentives that drive Congressional support of legacy systems. Without this key element, no solution can succeed.

Weaponized Words: The Strategic Role of Persuasion in Violent Radicalization and Counter- Radicalization

By Kurt Braddock
Cambridge University Press 2020
302 pp \$29.99
ISBN: 9781108584517

Reviewed by Vivian S. Walker



Preoccupation with the effort to fight extremist propaganda in an increasingly complex information environment has produced an overwhelming amount of literature from professors, practitioners, policymakers, and pundits. The problem of terrorist messaging is easily defined; solutions, in the form of effective counter-narrative strategies and the tools to disseminate them, are much harder to come by. Kurt Braddock's *Weaponized Words: The Strategic Role of Persuasion in Violent Radicalization and Counter-Radicalization* takes this on, providing well-researched and relatively jargon-free guidelines to the development of persuasive counter-narratives and the use of emerging communications technologies to fight back.

Braddock rightly acknowledges that the key to challenging extremist messaging lies in addressing audience susceptibility to violent radicalization and the subsequent risk of audience involvement in terrorism. Beginning with an excellent overview and definition of radicalization as a persuasive process, he then offers a useful summation of past and present counter-messaging efforts in the context of current communication and psychological theories. He is especially effective in walking the

reader through the way terrorists have successfully exploited target audience beliefs, attitudes, intentions, and behaviors to frame their narratives.

Although his advice on counter-narrative construction breaks no new ground, it nevertheless serves as a useful reminder to avoid unintentional reinforcement of key terrorist themes, to highlight inconsistencies and contradictions, to disrupt “simple binary comparisons” (that is freedom vs. government control) and to challenge “villainous” portrayals. It also reinforces the need to keep a tight focus on audience needs and expectations. His use of narrative theory to analyze effective online communication channels rightly highlights the critical need to cultivate legitimacy: “counter-narratives . . . should be presented as if from a genuine member of the community in which it [sic] is distributed.” (pp. 95)

In subsequent chapters, Braddock turns to cognitive aspects of persuasion theory, beginning with a focus on communicative inoculation as a strategy to guard against target audience adoption of extremist beliefs and behaviors. His exploration of the “theory of reasoned action,” also audience-centric, yields some interesting insights into the role that individual attitudes, perceived norms, and perceptions of

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personal control play in influencing a decision to embrace radicalization. Nevertheless, as Braddock acknowledges, unpredictable emotional reactions will trump the science of cognition every time.

And here is where *Weaponized Words* becomes persuasive. In the chapter appropriately titled “Terrorism is Theater,” Braddock digs into the role that emotional response plays in shaping target audience susceptibility to terrorist messaging. Of particular value is his analysis of the strategies that terrorist actors use to evoke four types of emotion—fear, anger, guilt, and pride—in order to facilitate the achievement of their political objectives. What emerges is a complicated interplay of action and reaction: a focus on imminent threat elicits fear; a focus on the atrocities of others brings out anger, and a focus on guilt emphasizes the audience’s failure to take action against these threats and atrocities. Finally, a focus on pride induces actions aimed at overcoming these challenges while achieving terrorist goals. Braddock does a masterful job in explaining how terrorists embed this complex dynamic within their messaging.

In discussing the development of narrative strategies designed to counter the emotional appeal of terrorist messaging, Braddock correctly identifies the need to “identify and understand the nature of target audiences’ valued goals” (pp. 188) as an essential first step. The narrative should then focus on highlighting how terrorist actions have compromised or threatened these goals in order to “induce anger that influences their perceptions of the terrorist groups themselves” (pp. 191) and ultimately bring about a shift in audience behaviors. The identification of desired goals also offers hope in the form of behaviors that audience members can use to achieve these goals, and pride in the satisfaction of having completed them.

Finally, Braddock examines three so-called future (but, in reality, current) challenges to counter-radicalization. Beginning with online disinformation by state and nonstate actors, he succinctly lays out the

principle audience-based factors that contribute to disinformation effects; the inability to identify disinformation, the use of cognitive shortcuts, the tendency toward confirmation bias, and the susceptibility to evidence-based arguments, even if the evidence is fake. He also effectively summarizes prevailing counter-disinformation strategies, to include the systematic identification of fake news, the role that social media platforms might play in disinformation containment, and the need for audience-focused strategies such as media literacy training and attitudinal inoculation. Similarly, Braddock’s precis of the artificial intelligence threat, specifically the Deepfake phenomenon, provides additional insight into its potential to amplify extremist messaging.

Braddock’s analysis of what he describes as “stochastic terrorism” is the most compelling—and concerning—aspect of his discussion of current challenges. Defined as “the use of mass communications to incite random actors to carry out violent or terrorist acts that are statistically predictable but individually unpredictable,” (pp. 224) stochastic terrorism, as Braddock argues, has emerged as a powerful persuasive tool for extremists as well as for mainstream influencers. The indirect nature of this approach, as well as the impossibility of predicting its impacts, makes it difficult to develop an effective counter-narrative. And, when respected public figures make statements that appear to condone the use of violence, it becomes even more challenging to overcome the persuasiveness of the message.

Up to this point, Braddock’s well-documented and lucid descriptions of persuasive communication strategies and counter-strategies are helpful and in many respects illuminating. But then he runs headlong into the challenge identified at the outset of this review—namely, how to actually get them to work in the fight against extremist messaging. In a (self-acknowledged) too short final chapter, Braddock lays out three “future directions” for counter-radicalization through persuasion. The

first proposes the use of “immersive virtual environments” (IVE) such as online games and virtual reality simulations to provide target audiences with “more engaging narrative experiences.” (pp. 238) The challenge that Braddock fails to address, however, is what kind of counter-narratives would be suited for IVE use. Moreover, his counter-narrative paradigm requires a degree of legitimacy that would be difficult to project in a fictionalized narrative environment. And the question remains on whose authority would that legitimacy be based.

His argument for the use of “entertainment education” to inoculate vulnerable audiences against the siren call of radicalization also founders. Without question, popular media such as television programs, can serve as effective vehicles for prescriptive counter-narratives. However, to insert messaging urging kids to “say no to drugs” into an episode of *The Fresh Prince of Bel-Air* (an example Braddock cites) is one thing. But getting Will and Carlton to illustrate the pitfalls of jihad is quite another. Moreover, embedded counter-messaging requires a close working relationship between “government officials, researchers, and analysts” and “television studios and other producers of original content.” (pp. 243) Historically, such government/media partnerships have been difficult to sustain; policy agendas and high profit margins are uneasy bedfellows. Finally, and perhaps most significantly, the insertion of national security driven counter-ideological content into independent, mainstream media raises a host of legal, ethical, and political red flags.

Braddock’s final recommendation builds on the phenomenon of “self-sourcing”—contemporary communication technologies that allow message recipients a great deal of autonomy in their consumption of information. He is correct in that the more message recipients can identify with message content or perceive it to be relevant to their personal circumstances, the more persuasive it will be. So far, so good. But his solution—to produce “multi-faceted

counter-radicalization content” in order to provide “users the impression of customizing their counter-narrative experience” (pp. 245)—is based on the presumption that the freedom to customize the message will make it persuasive—and that the message recipient will choose the “right” course of action. As Braddock so effectively points out in the chapter on “Terrorism is Theater,” deeply embedded emotions such as fear, anger, or guilt ultimately drive the target audience’s response to counter-message content.

With this study of persuasive counter-messaging, Braddock sets out to “develop empirically rigorous methods for beating extremists at their own communicative game.” (pp. 246) There is indeed plenty of empirical rigor in *Weaponized Words*, especially in the overview of prevailing narrative strategies and their antecedents, the integration of illustrative case studies and analogies, and the painstaking analyses of relevant communication and psychological theories. Equally impressive are the practical recommendations—well-grounded in theory—on the construction of effective counter-narratives.

While both scholars and practitioners will benefit from Braddock’s tactical insights into the persuasive communication techniques used by terrorist groups, he is less successful in the effort to provide a strategic “blueprint” for winning the battle for extremist hearts and minds. That may be, of course, a futile objective. As Braddock himself notes, effective counter-radicalization programs require the support of government, academic, and NGO sectors, but the “organizational inertia” inherent in these institutions makes it difficult for them to respond to the extremists’ “communicative agility” (pp. 236). To that “inertia,” one could easily add the perpetual quest for resources and funding, the vagaries of inter- and intra-agency policy coordination, fiercely competitive institutional equities, and the ever-present chimera of the clearance process. Read *Weaponized Words* for its exploration of the science of persuasion, and steel yourself for a long war.

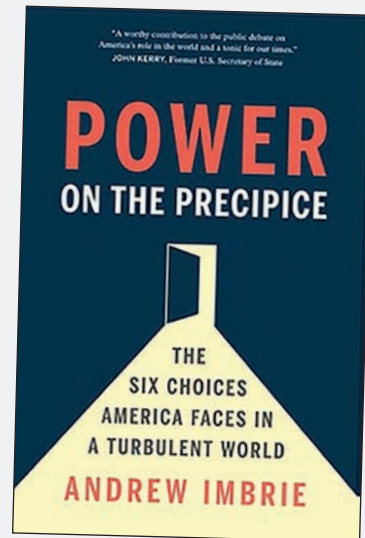
Power on the Precipice: The Six Choices America Faces in a Turbulent World

By Andrew Imbrie
Yale University Press, 2020
272 pp \$27.00
ISBN: 978-0300243505

Reviewed by John Campbell

Clearly argued, lucidly written, and well-documented, Andrew Imbrie's *Power on the Precipice* deserves a large audience, not just of foreign affairs specialists but also of those concerned about America's place in the world and how to improve it. Imbrie is ambitious. In 205 printed pages (plus notes), he addresses diplomatic challenges that any Washington administration will face and suggests ways forward. In such a wide-ranging work, area experts will question some of his analysis and conclusions. Nevertheless, Imbrie should be applauded as he seeks to persuade policymakers and voters to think harder about different policy choices and tradeoffs from the optic of the long term rather than the short. Identifying national interests and how to promote them is always a challenge, but especially so in the United States, where the 24-hour news cycle is supreme. Elections every 2 years result in never-ending campaigning, and social media—with all its superficialities—has become a news source of choice for many, if not most.

Since Edward Gibbon's authoritative *The Rise and Fall of the Roman Empire* was published in the 18th century, in which Gibbon identified the Roman Catholic Church as the Empire's (to him, unattractive) successor, why and how states rise and fall



has been a compelling question not only for politicians and policymakers, but also among many in the general American voting public. Americans now, at least judged by media reportage, share a pervasive sense that their country is in decline, and they are bitterly divided about its causes and consequences. Therefore, Imbrie is tackling a big subject in *Power on the Precipice*—how and why the United States is in decline and what we can do about it. In the rigor of his intellectual approach and the clarity of his prose, Imbrie is following Gibbon. However, unlike other scholars of decline and fall, Imbrie is optimistic. He argues that decline can be managed, even reversed, through the right policy choices, a lesson the ancient Romans—among others—never learned. Using the framework of international relations theory, he addresses the differences between absolute and relative decline and suggests how to minimize the former, best manage the latter, and even revive the once-strong international position of the United States.

Hence his book is not an academic exercise. Its purpose is practical rather than abstract: to serve as a primer on bolstering American leadership at a time when post-World War II international

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arrangements are in disarray and opinion at home is polarized. His stated goal is to provide both a narrative that brings together, in one place, the policy choices and trade-offs facing American leadership and a framework for managing them. His purpose is well served by a writing style free from academic jargon. His book is fully accessible to the American voter as well as academic and foreign policy specialists. His notes are an excellent guide for those who wish to learn more.

Imbrie explicitly draws on his upbringing and his family's experience in the U.S. Foreign Service. Growing up abroad he learned early on to "see ourselves as others see us" and, as former Secretary of State John Kerry advocates, to see others as they see themselves. He draws on his international relations academic background. But perhaps even more influential were his years in the Department of State's Office of Policy and Planning and his work for John Kerry as both a speechwriter and a senior adviser in an out-of-government role. He has an insider's view of the difficult choices and trade-offs that the American political leadership must face. Inevitably, he reflects the values of advocates for a liberal international order; the power of diplomacy is never distant from his narrative nor is his skepticism about the use of force to address issues peripheral to American interests, as in Vietnam, Afghanistan, and Iraq. It is no surprise, therefore, that there are more than echoes of support for the difficult choices made by the Obama administration rather than those made by the George W. Bush and Donald Trump administrations.

Imbrie bundles current policy challenges and dilemmas into "six choices" American leadership faces. Each of the choices is the subject of a separate chapter and together they are the heart of the book. Each chapter concludes with thoughtful lessons learned. The first, "core vs. periphery," is about the need to identify "core" American interests and those that are secondary, and the consequences of failing to do so. He argues that failure to make that

distinction drew the United States into unwinnable wars in Afghanistan and Iraq where the issues were peripheral and the costs immense. "Butter vs. guns" addresses the trade-offs between spending on military hardware and broader scientific research and development. Here, he charts the lamentable decline in American scientific and technological innovation. "Allies or autocracy" is a condemnation of the contemporary policy of going alone without allies, and how that choice reduces American power and security. "Persuasion or coercion" makes the case for a diplomatic approach to resolving diplomatic crises. He illustrates his argument effectively by drawing on earlier, successful diplomatic efforts to contain the North Korean nuclear threat. "People power vs. pinstripe rule" explores elite corruption as the driver of insurrection, with extensive reference to contemporary Afghanistan. "Open or closed" is an argument for the reform and preservation of the liberal international order as key to the renewal of the American international position.

Imbrie frames each of these chapters with a vignette about an individual that makes concrete the often-abstract realities he is talking about. So, for example, he introduces us to a young lieutenant who lost both legs in Afghanistan, a consequence of a war that Imbrie argues is peripheral to American interests. The story of a child immigrant from India who is now a civil servant at the Defense Advanced Research Projects Agency (a federal entity largely unknown to the general public) is the point of entry to his discussion of what were once the glories of American innovation and his analysis of its sad decline.

He is also successful in drawing on historical examples of nations that in the past faced some of the same dilemmas as the United States does now. Spain, Hapsburg Austria, and the Ottoman Empire are examples of empires that declined and recovered. Particularly illuminating is how the United Kingdom evolved from the world's preeminent power in the 19th century to managing the shift of its hegemonic

position to the United States in the 20th century. Throughout his book, Imbrie's use of historical precedents is highly effective in bolstering his arguments and making concrete concepts that would otherwise be abstract. Imbrie also explores the cultural and other bases for the American predilection to look inward, which may be a new concept to some readers. One of his most fascinating chapters looks at the pre-World War II America First isolationist movement that included some who later became American cultural icons, such as Yale president Kingman Brewster, yet also became a platform for the racist Ku Klux Klan and the proto-fascist Fr. Coughlin.

America First was, among other things, an intellectual system. Yet ideas, religion, and ideology do not play a major role in Imbrie's book, which reflects the post-Cold War, post-Afghanistan and Iraq preoccupation of American policymakers in the executive and legislative branches. Nevertheless, welcome in Imbrie's next book would be a discussion of the Spanish Inquisition and Spain's decline; the costs to France resulting from Louis XIV's expulsion of the protestant minority; the role of radical Islam in the popular struggle against corruption in Afghanistan; or the fact that during the hegemonic transition from the United Kingdom to the United States, the two countries shared the same high culture and the elites had often intermarried. Winston Churchill had an American mother; Roosevelt and King George VI were not only both churchgoing sons of teetotal mothers, but they also shared the same brand of protestant Christianity. And their militaries were comrades-in-arms in two world wars and the Cold War. The hegemonic shift and the end of empire post-World War II was palatable in the United Kingdom because nuclear weapons conferred continued great power status while the Commonwealth of Nations was a fig leaf for the loss of empire that was never as important at home as it was abroad. The United Kingdom also benefitted from talented politicians and a highly professional diplomatic service

during a difficult period. Adaptability to new circumstances and the ability to take advantage of new diplomatic opportunities requires a sure-footedness that the current, hollowed-out Department of State that Imbrie describes will be hard pressed to achieve. More broadly, Imbrie's book shows that a hegemonic shift away from the United States will be complicated. Indeed, the very concept of hegemony may no longer be relevant.

Imbrie suggests that the leadership of many states fits a typology of "builders, managers, and neglectors." An implication of his book is that we are in the "neglector" stage as demonstrated by many ill-considered policy choices. We are far from the presidential builder leadership of George Washington, Abraham Lincoln, and Franklin D. Roosevelt or the manager leadership of Gerald Ford in the aftermath of President Richard Nixon's resignation. However, the good news is that this trajectory is reversible through thoughtful policy choices; the United States is not somehow predestined to actual rather than relative decline. That is a sound basis for Imbrie's optimism about the future of the United States.

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