ARROYO CENTER

The Power to Coerce

Countering Adversaries Without Going to War

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Preface

The United States may find it increasingly hard, costly, and risky to use military force to counter the many and sundry threats to international security that will appear in the years to come. While there may be no alternative to military force in some circumstances, U.S. policymakers need better nonmilitary options from which to choose. Such measures as skillful diplomacy, effective economic aid, and spreading American ideas and ideals are well and good, but they cannot be relied on to deter, much less defeat, determined aggressors. With the limits of both hard military power and soft power in mind, we set out to explore the space in between: nonmilitary ways of coercing, deterring, weakening, and punishing those that threaten peace, security, and U.S. interests. This examination was part of a project for the Army Quadrennial Defense Review Office called Hard Security. This report presents alternate approaches to securing U.S. interests that complement hard security and potentially make it more effective.

In addition to defining and categorizing coercive power, this report examines how to exploit certain advantages the United States has over potential adversaries in the realm of nonmilitary options. We assess those instruments of coercion that appear to have particular promise and offer practical suggestions to hone and use them. The report examines options other than hard power for achieving U.S. goals and objectives and protecting U.S. interests.

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Summary

Mounting costs, risks, and public misgivings of waging war are raising the importance of U.S. power to coerce (P2C). Meanwhile, globalization of trade, investment, finance, information, and energy give the United States promising coercive options, especially against adversaries that depend on access to such markets and systems.

Among the most interesting of U.S. P2C options are financial sanctions, support for nonviolent political opposition to hostile regimes, and offensive cyber operations. Cutting off access to the global interbanking system can visit severe and radiating economic pain and be calibrated according to the target's response. Participation in financial sanctions need not go beyond key countries with major banks. Support for prodemocracy opposition can be very threatening and offer strong leverage. Social networking and global media help domestic movements and their external supporters. At the same time, recent developments suggest that the risks of crackdown or chaos can be great and call for judicious use of this P2C instrument.

Offensive cyber operations are also a high-return, high-risk option. Skillfully targeted, they can disturb the functioning and confidence of states and markets, and thus have coercive value. However, the risks and costs of collateral damage, retaliation, and escalation are considerable, especially if the target country is itself a cyber-war power, as China and Russia are. Given its own vulnerabilities, the United States might wish to raise, not lower, the threshold for cyber war.

In addition to these P2C instruments, the United States could develop the ability to foil the exploitation of energy supplies for pur-

poses of coercion by the likes of Russia and Iran. In particular, a large position for the United States in global oil and liquefied natural gas markets would render less effective Russian threats to cut off supplies.

The state against which coercion is most difficult and risky is China, which also happens to pose the strongest challenge to U.S. military options in a vital region. China seems at present to be politically resilient, plays a critical role in world trade and finance, and has P2C options of its own—e.g., with its cyber capabilities and holdings of U.S. debt. Russia, Iran, and other states less robust than China are more inviting targets for coercive power.

The United States should hone its ability to monitor financial assets and flows and to isolate recalcitrant states and banks that do business with them. The U.S. State Department and intelligence community should refine their methods to support nonviolent democratic opponents in hostile and repressive states and assess the risks and benefits of using these methods. More generally, the U.S. government should prepare for the use of P2C as it does for military warfare, including analyzing options, assessing requirements and capabilities, conducting war games to refine these capabilities, and planning with allies. Just as authorities, responsibilities, and command chains are delineated for hard power, so should they be for P2C.

Since becoming the only superpower, the United States has been able to use military force more or less at will to protect its interests, impose its wishes, and even eliminate its opponents, from Panama to Iraq, from Serbia to Afghanistan, and to Iraq again. The United States achieved and in turn came to expect decisive victories with few casualties. Lately, however, the painful experiences and disappointing results of two post-9/11 wars have left most Americans not only regretful but also wary of going to war to solve problems abroad.[1] In parallel, improvements in the defensive military capabilities of potential enemies are beginning to erode the efficacy of offensive force, notwithstanding continued U.S. military superiority. These conditions, along with recent experience, warrant a fresh look at nonmilitary forms of power and associated means of statecraft available to the United States.

In this report, we look especially at alternatives to force that can *coerce* unfriendly states to comply with U.S. wishes. In it, we advance and develop two propositions: First, alternatives to military force are

[1] A 2013 CNN poll found that 82 percent of Americans believed that the war in Afghanistan was a mistake, compared with 69 percent who believed that the war in Iraq was a mistake. At most, 60 percent of Americans viewed the Vietnam War as a mistake. CNN Political Unit, "CNN Poll: Afghanistan War Arguably Most Unpopular in U.S. History," *CNN.com*, December 30, 2013. According to a Gallup poll of May 2013, 68 percent of Americans were opposed to military intervention in the Syrian civil war—this is significantly lower than *initial* support for war in Afghanistan (82 percent) or Iraq (64 percent). See Jeffrey M. Jones, "Americans Oppose U.S. Military Involvement in Syria: Public Does Not Expect Diplomatic Efforts to Succeed in Ending Civil War," Gallup, May 31, 2013; Andrew Dugan, "U.S. Support for Action in Syria Is Low vs. Past Conflicts: History Shows Though That Support Increase [*sic*] Should Conflict Start," Gallup, September 6, 2013.

increasingly *important* in U.S. strategy. Second, at least some such alternatives are increasingly *promising*. We explore these propositions with three potential adversaries in mind: China, Russia, and Iran. Even if both propositions are valid, nonviolent measures cannot generally replace military force or reduce the need to prepare to use it effectively. At best, nonmilitary alternatives can in some circumstances offer a president ways to uphold U.S. interests and responsibilities without going to war—in essence, raising the threshold for the use of force. More broadly, effective alternatives to war can help sustain a strong American role in the world if and as war becomes more unattractive.

While acknowledging that power spans a spectrum, from offensive military force at one end to routine diplomacy at the other, we group and classify alternatives according to how they seek to induce U.S. adversaries to conform to U.S. wishes: in essence, by making them do so, by coercing them to do so, or by creating an environment more conducive to their moderation. We consider numerous nonmilitary measures, identify those with the greatest potential, and then recommend steps to enhance and employ them.

We do not claim that this is the final word on the possibilities of nonmilitary power. Quite the contrary—this report is an exploratory excursion meant to stimulate further study, debate, planning, and policy formulation.

Declining Utility of Military Force and Increasing Importance of Nonmilitary Power

Offensive military force has come to be the main instrument of U.S. global strategy. The United States has used force to change regimes, intervene in internal conflicts, and destroy war-making capabilities of states that could threaten its interests, its allies, and international security. But the United States is finding the use of force increasingly problematic, especially in critical and contested regions: against China in the Western Pacific; against Russia in the band of ex-Soviet states between it and NATO; and, though far less difficult, against Iran

around the Persian Gulf. That China and Russia have nuclear arms adds to the risk of using force against them.

The declining utility of offensive military force is partly a consequence of the spread of certain technologies—sensors, weapon guidance, and data networking and processing—that can be used by adversaries to target U.S. ships, aircraft, and other military platforms. Adversaries are incorporating these technologies into advanced missiles, air defenses, submarines, and other capabilities to strengthen their regional defenses against U.S. global offense. Compounding the problem, the cost of such technology-based defensive capabilities is declining sharply relative to the cost of platform-based offensive capabilities. The result is the steadily improving enemy targeting of a steadily declining number of U.S. targets.

Although the United States has the means to destroy opposing forces before they can destroy its own, doing so could require deep and extensive attacks on an enemy's homeland, posing significant dangers of escalation in at least the cases of China and Russia.[2] Furthermore, as defensive capabilities are improved and extended outward, they can provide a shield behind which an adversary could be more able and tempted to commit aggression—for example, China against Taiwan or America's other Asian allies, Russia against ex-Soviet states, and Iran against Arab neighbors. At worst, critical regions could fall under the sway of unfriendly hegemons.

The United States can and should pursue certain military strategies in response, such as shifting to less conspicuous forces (e.g., submarines and drones) and beefing up the defenses of local allies. Yet, even if pursued more purposefully than they are now, such strategies will take many years to bear fruit, and even then will be hostage to the reality that military platforms on the planet's surface are getting easier to spot, track, and strike. More broadly speaking, having been at war for 15 of the past 25 years, the United States faces pressures to reduce

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[2] Even if it does not acquire nuclear weapons, Iran is actively developing—and speaking openly about—options to respond to U.S. attack—e.g., by closing the Strait of Hormuz.

its reliance on force to protect its interests, meet its responsibilities, counter threats, and maintain order, as well as to lighten the heavy burden of defense so that pressing domestic needs can be met. For all these reasons, the United States can be expected to show increased caution in the use of offensive military force.

The U.S. response to the declining "usability" of force need not be limited to the military realm. Because the United States has relied so heavily on it, *force projection* has become synonymous with *power projection*. In fact, the ability to affect the calculations and channel the behavior of opposing states covers a wide range, from using or threatening to use force, to organizing international isolation and inflicting economic pain, to supporting domestic opposition, to influencing media and shaping perceptions, to diplomatic arm-twisting, negotiating, and rapprochement—in essence, from making war to making nice. At any time and toward any opponent, the United States may use various tools along this spectrum, with varying degrees of intensity, from menacing to gentle.

While the tools of power are many and diverse, it can be helpful to classify them according to how they are intended to affect the behavior of antagonistic states. *Hard power* is the use of physical military means to force enemy regimes to change their ways, or to change those regimes. Success in using hard power produces control over an adversary. This class of power is becoming less usable for the United States, especially in critical and contested regions. *Soft power* relies on influence, institutions, and such instruments as diplomacy, economic assistance, democracy promotion, cultural exchanges, propagation of ideas, and the like to encourage other societies to be more like the United States, or at least to like it more.[3] If hard power compels, soft power co-opts. Hard power is aimed directly at adversaries, whereas soft power treats environmental conditions. Although U.S. soft power

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[3] *Soft power* is a concept developed by Joseph Nye of Harvard University to describe the ability to attract and co-opt, rather than threaten or use force, as a means of persuasion. Nye coined the term in his 1990 book; see Joseph Nye, *Bound to Lead: The Changing Nature of American Power*, New York: Basic Books, 1990. He further developed the concept in his 2004 book; see Joseph Nye, *Soft Power: The Means to Success in World Politics*, New York: Public Affairs, 2004. The term is now widely used in international affairs.

is abundant, it is not readily substitutable for hard power. America's brand is less marketable in some regions today than it was two decades ago. Moreover, soft power takes more time to work than policymakers have in crises.

We define a third class of power: using nonmilitary means to pressure unfriendly states to do what they would otherwise not.[4] While military actions and threats can be used coercively, of course, our interest here is in nonmilitary coercion. Options of this class offer nonviolent ways of visiting or threatening pain until the target state complies with U.S. demands. We call this the *power to coerce* (P2C), of which the United States has a lot, if used skillfully and strategically.[5] The coercive power of the United States can also be enhanced, based on a strategy to that end (a subject to which we will return). Compared with projecting offensive military power, P2C can be less difficult, costly, risky, and destructive, yet it can still be effective. While coercion may not afford the total control over enemies that military force has in recent decades, the U.S. ability to gain such control is waning. Unlike soft power, P2C could obviate the need to use force under the right conditions, or is at least worth attempting prior to a decision to use force.

The Power to Coerce

Coercive power, as well as statecraft employing it, may include economic sanctions, punitive political measures, cyber operations, covert intelligence operations, military aid, propaganda, the constriction or manipulation of trade, the interdiction of goods and people, and support for political opposition, among other measures. These instruments have in common the potential to bend the policies, break the will, or loosen the hold on power of states at the receiving end. While definitely

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[4] The power to coerce is not the same as so-called smart power, which encompasses both hard and soft power and is meant to convey the idea that knowing when to apply which is the key to success. Suzanne Nossel is credited with coining the term in an article; see Suzanne Nossel, "Smart Power: Reclaiming Liberal Internationalism," *Foreign Affairs*, March/April 2004.

[5] Nye's construct would subsume what we call the *power to coerce* under hard power.

*un*soft, coercive power does not physically impose compliance with U.S. aims. Because the adversary is left to choose, the outcome is not ensured. Success depends on how capable the coercer is and how vulnerable its target is. The United States is increasingly capable of using certain instruments of coercion, even as its need to use them grows. The vulnerability of U.S. adversaries is quite varied, as we will see.

The backdrop for the declining usability of U.S. offensive military power and rising potential of U.S. coercive power is globalization. By spreading militarily useful technologies, globalization is making the use of offensive military force harder and riskier, which will make nonmilitary alternatives more important. Globalization is also increasing opportunities for coercion, as most countries—including China, Russia, and Iran—are increasingly dependent on world markets, resources, information, and systems. Global economics, financial networks, distribution systems, infrastructures, information domains, hydrocarbon markets, transport, travel, consumer demands, ideas, institutions, and other functions offer options for leverage against all but the most hermitic states, such as North Korea, or fundamentalist entities, such as the self-proclaimed "Islamic State."

While the United States depends on this global "system of systems," it also is its principal hub. For instance:

- The United States owns 30 percent of the world's foreign-direct-investment stock, first by far.
- The U.S. dollar is the basis for global interbanking and currency-exchange markets.
- Four of the world's seven largest banks (by market capitalization) are American.
- The top seven media companies and 95 percent of global media revenue are American.
- The United States sells about three-quarters of the world's arms and provides about $18 billion annually in military aid, the most by far.
- The research and invention that propel the world's information networks are mainly American.

- The United States either holds or shares leadership in the world's most important institutions, including those that govern the global economy.
- The U.S. Navy has supremacy akin to the Royal Navy of the 19th century; it can exert sea control or sea denial almost anywhere, making it the constable of world trade.
- U.S. intelligence capabilities dwarf those of any other state, provide expanding worldwide "awareness," and inform the decision-making of friends and foes.

In general, the potential for P2C is even larger when the collaboration of the United States' European and Asian allies is added, which is generally achievable but cannot be presumed in every case.

At the same time, the states that challenge U.S. interests in critical regions—China, Russia, and Iran—rely on these same global markets, resources, information, and systems, making them vulnerable to loss of access. Indeed, because they require continued access to continue improving their military capabilities, states that may challenge the United States are potentially coercible. To illustrate, China, Russia, and Iran all rely on the world interbanking network, are increasingly dependent on cyberspace, and face domestic opposition enabled by social networking and spotlighted by global media. Hence, all three are exposed to coercion—and, by virtue of its central role, to coercion by the United States. A critical question, to which we will return, is what particular instruments of U.S. coercive power hold the most promise, and could even serve as substitutes for force under the right conditions.

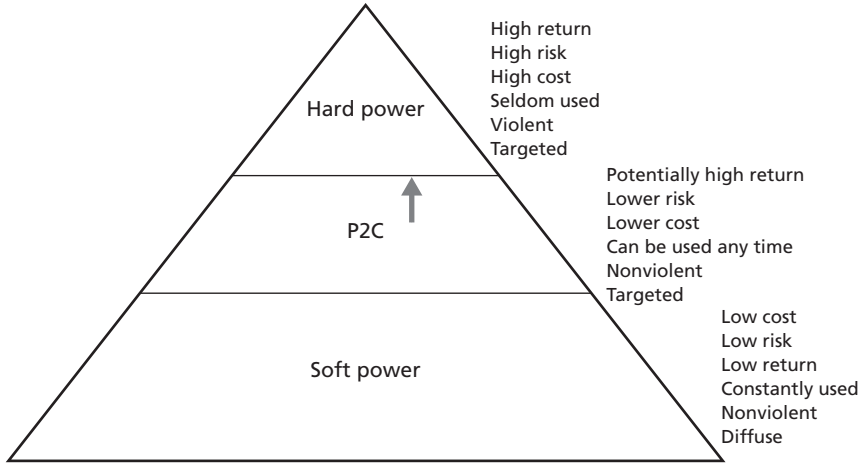
When it comes to getting others to comply with U.S. aims, hard power is high return, high risk, high cost, and high violence. Soft power is low risk, low cost, and nonviolent, but its rewards are subtle, elusive, and gradual at best: It is one thing to nudge other countries toward being more like the United States, liking it more, and wanting to do what the United States wishes they would, and quite another to count on soft power to prevent aggression by antagonistic countries. Compared with hard power, P2C is neither violent nor as risky; while it is not certain to work and can be costly (discussed later), its returns can be handsome. Using an investment portfolio as metaphor, think of

hard power as aggressive, offering fast and large gains (or losses), and soft power as conservative, safe but requiring great patience. Coercive power has strong upside potential, with healthy dividends at moderate risk.

Figure 1 depicts the main classes of power as a segmented pyramid. At the top, hard power (use of force) is high return, risk, and cost and seldom used. At the bottom, soft power is low return, risk, and cost and used all the time. In the middle is P2C, which can be targeted (like hard power) and used not continuously but whenever needed. Unlike soft power, it can substitute for hard power as the use of force becomes more problematic. The diagram suggests that P2C becomes more important as military power becomes harder to use.

Admittedly, the line between coercive and hard power is woolly. U.S. military aid to threatened states is an alternative to the direct use of force, as is U.S. aid to armed opposition to adversary states. Yet both could be viewed as hard power by proxy, especially if they lead to hostilities. Likewise, using naval vessels to enforce economic sanctions is coercive, but becomes hard power if such vessels take forceful action

Figure 1
Classes of Usable Power



NOTE: Author's depiction.

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against shipping or opposing naval vessels. At its best, P2C can offer the effect of victory without violence. Yet it can do more than coerce: For example, at the upper end, it can bring down a belligerent regime rather than just pressure it into moderating its behavior. Moreover, as already noted, military force can be used to coerce, though we define it as hard power. The easiest distinction is that coercive power, unlike hard power, does not involve using military force to produce a desired outcome. (In any case, because the distinction is mainly analytical, the fact that it is not a sharp one need not be a policy problem.)

Should P2C be regarded and used as a rung in an escalation ladder that starts softly and, if need be, concludes with military force? It certainly can be. Indeed, coercive measures are more likely to work when the adversary has reason to believe that force will be used if they do not. In the case of Iran, for instance, the combination of financial sanctions and threats of military attack appear to have induced Iran to negotiate curbs on its nuclear program. It does not follow, though, that nonmilitary coercion can work only if backed by the threat of force. In the Ukrainian crisis, Vladimir Putin has known all along that NATO will not intervene militarily; yet financial sanctions, coming on top of Russian economic stress caused by plummeting energy prices, seem to have given him pause about trying to annex eastern Ukraine as he did Crimea. Thus, when force is an option, P2C could be used as the penultimate rung on an escalation ladder. But when not reinforced by the threat of force, coercive measures need to be all the more severe.

While the United States can employ coercion, it is not alone. Its main allies in Europe and East Asia are also capable and often game to do so (more on this later). But U.S. rivals are also using P2C to their advantage. Russia supports paramilitary groups outside its territory, the manipulation of gas supplies and prices, cyber warfare, blatant propaganda to destabilize neighbors, and both economic and political intimidation. China uses cyber theft, political intimidation, and fishing vessels and oil rigs to reinforce its disputed territorial claims. Iran foments turmoil around the Persian Gulf, uses proxies to threaten Israel and Arab monarchies, is deeply involved in intrigue in Iraq, and occasionally threatens to close the Strait of Hormuz. That China, Russia, and Iran all try to pressure or subvert neighbors below the threshold of trig-

gering U.S. use of military force makes U.S. P2C all the more important in dealing with such "gray zone" challenges.

Forms and Uses of American Coercive Power

The United States has the potential, arguably, to be better at coercion than any of its adversaries, for four reasons. First, owing to its centrality in the systems of an integrated world, the United States has superior overall capacity to isolate and inflict pain. Even China, as important as it is in the world economy, cannot rival the U.S. position. Second, the United States has by far the world's best intelligence capabilities, on which coercive measures depend for targeting and monitoring. Third, the United States has unmatched political ability to marshal international support from nations, nongovernmental organizations (NGOs), and international organizations, which can be crucial to the success of P2C. Fourth, the U.S. economy is balanced and resilient (in contrast to Russia's and Iran's, which depend heavily on fossil-fuel production, and China's, which depends heavily on manufacturing exports).

At the very least, the United States can deter, retaliate against, or neutralize coercion by adversaries. Attack a U.S. ally in cyberspace: Be prepared to suffer the same. Cut off gas supplies: The United States can, in the future, open its tap. Ship illicit weapons to hostile states or nonstate actors: The United States will learn of, intercept, and confiscate them. Fund terrorists: The United States will seal those accounts. More proactively, the United States has the potential to substitute coercive power for military power to gain an upper hand over those that challenge it. With its advantages, the United States can use its P2C not only to have its way but also to manage crises. The United States has specialized in economic sanctions, which include trade (export or import) embargoes and financial isolation. Economic sanctions have a long but uneven history: They were successful, albeit slow, in freeing nonwhite South Africans and Rhodesians from apartheid. But they have failed so far to break the grip of the Castros on Cuba or of the Kims on North Korea. Sanctions are sometimes criticized as a way to "do something" when the United States lacks the will to use force.

Moreover, they do not always work without international consensus and wide participation, which may be unachievable or require watering down.

Increasingly, though, it appears that well-orchestrated economic sanctions can punish, weaken, and coerce adversaries. With the United States as maestro, sanctions have induced Iran to agree to curtail its uranium-enrichment activities and Russia to restrain its intervention in Eastern Ukraine. Although the United States no longer lords over the world economy—its gross domestic product (GDP) dropping from nearly half to less than a quarter of world GDP in the past half-century—the increased integration of the world economy and the dependence of most adversaries on it makes economic sanctions a U.S. coercive instrument of choice.

In addition to, or instead of, economic sanctions, the United States has occasionally targeted aggressive or oppressive states with political measures: bouncing Russia from the G8 (once and now again the G7), organizing diplomatic ostracism, and "naming and shaming" odious regimes that care to be thought of favorably. As with the world economy, although the United States does not have the commanding position it once did in international institutions, it remains the leader in most, giving it considerable ability to make life unpleasant for opponents. The United States also has unprecedented and unrivaled abilities to track and intercept shipments of weapons, technology, and illicit goods; to patrol cyberspace; to find and apprehend dangerous individuals; and to conduct covert intelligence operations. U.S. advantages in acquiring and analyzing intelligence and other forms of information are important in all such endeavors. In addition, as the United States becomes a major exporter of oil and liquefied natural gas (LNG), it may be able to exploit supplies for political aims or at least to negate efforts of the likes of Russia and Iran to do so.

The United States can use its P2C for several purposes. The threat of penalty can deter aggression—as has been tried, with mixed success, to stop Russia from invading or destabilizing Ukraine. The rapid provision of military assistance to Ukraine can have a similar impact. After the fact, P2C can punish aggression, compel retreat, and send a

signal to other would-be aggressors. Such punitive measures have been used repeatedly in respond to North Korean belligerence against South Korea. P2C measures may also be able to weaken a target state materially and politically, leaving it less able to threaten others, more conscious of its own mortality, less adventurous, and vulnerable to being replaced. North Korea and Cuba have suffered from U.S. efforts to undermine their regimes, though these efforts have not been enough to unseat those regimes. Economic sanctions against Iran may have eroded the domestic legitimacy of the Islamist regime and its hardline policies, as judged by the result of the June 2013 election. Russia, Iran, and a host of other unfriendly regimes claim that political opposition to them is choreographed in Washington, as it sometimes is. The United States is, as it should be, especially careful about stirring up trouble in China, the stability of which is important to the world economy. More generally, clumsy or excessive coercive measures may inflame relations to the point that confrontation and armed conflict become more likely—not, as intended, less.

The most-effective coercive instruments are flexible and, being contingent, can serve as both sticks and carrots. It is easier to regulate coercive pressure than it is to regulate military force—the latter, once begun, often involves no-holds-barred destruction of enemy forces and might stiffen rather than weaken will. Also, as noted, P2C can provide the United States and its friends with several rungs on the escalation ladder, signaling will while leaving the prospect of force, the next step, as an added inducement for an enemy to back down. At the same time, it is a mistake to think that coercion can succeed only if applied lightly at first and then tightened until effective. In the Ukraine crisis, initial U.S.-European sanctions were too weak to jolt the Russian economy and actually strengthened Putin's domestic political standing.

An alternative approach, depending on circumstances, could be to impose sanctions above the threshold of tolerable pain from the outset and then ratchet downward in response to concessions, causing economic shock and hardship and thus weakening political support for the regime and its policies. Think of a boxer who, by leading with a hard right instead of a left jab, sends his opponent reeling and vulnerable, rather than more on guard. In the Iranian case, tough banking and

energy sanctions with real economic bite helped get Hassan Rouhani elected president over less moderate candidates in 2013. When Iran was coerced into negotiations to curtail uranium enrichment, the United States and its partners were willing to discuss the easing of sanctions. By this reasoning, it might have been better to shock Russia with strong sanctions upon its annexation of Crimea, exposing Russians to the consequences of the actions of their government. Of course, such a strategy would have had little support in Europe—a reminder of the constraint on sanctions that is imposed by a requirement for international support.

Again, generally speaking, the United States has asymmetric advantages in P2C. Countersanctions, such as those enacted by Russia after sanctions were imposed on it, tend to be less effective because of the relative economic resilience of the United States and the international isolation of the adversary. If the United States applies multilateral sanctions and is repaid with unilateral sanctions against it, it should have the edge. One possible exception to the asymmetry favoring the United States is in cyber operations, given the vulnerability of computer networks on which the United States depends (more later on this).

Even with U.S. advantages, P2C is no panacea for American policymakers. The effectiveness of sanctions and other forms of coercive power may depend on the agreement and participation of other states, whereas military force may be unilateral or involve a small coalition. Yet large numbers of other states may or may not see things eye to eye with the United States in a particular confrontation. Also, many states, including key U.S. allies, look to the UN Security Council to authorize sanctions, only to find that two of the veto-wielding permanent members, China and Russia, are often opposed. Moreover, because the United States generally benefits from and champions open markets, transparency, reliable information, freedom of the seas, economic inclusiveness, and other features of the liberal global order, it must use coercion by exception, not routinely. Also, coercive instruments may cause collateral damage. Economic sanctions can aggravate

recessionary trends.[6] Likewise, cyber operations can infect more than targeted systems.[7] Disrupting oceangoing trade can affect more than the adversary.

Still, facing challenges in at least three critical regions, and with the use of offensive force increasingly problematic, the United States should assess, develop, and be prepared to use its ability to coerce. The pages that follow describe and evaluate several types of P2C:

- economic sanctions
- arms and technology embargoes
- exploitation of energy supplies
- maritime intercept
- support for adversaries' opponents
- offensive cyber operations.

We have not included diplomatic penalties, which are at the lower end of the spectrum, near soft power—too weak to coerce a determined adversary. Our interest is with coercive power that can, under the right circumstances, substitute for military force. For each of the types of coercive power listed above, we analyze the advantages, potential effectiveness (expected returns), and needs and prospects for multilateral support, costs, and risks, leading to a ranking of the most-promising instruments of coercive power.

Economic Sanctions

Economic sanctions often involve banning some or all exports to or imports from a recalcitrant state.[8] Import bans tend to be more effective than export bans because they deny the target country hard currency

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[6] The OPEC oil embargo of 1973 was targeted at the United States, but it caused a worldwide recession, which was not intended.

[7] It has been reported that the Stuxnet virus infected more than the control systems of Iran's uranium-enrichment centrifuges.

[8] This section is based on Brent Radcliffe, "Sanctions Between Countries Pack a Bigger Punch Than You Might Think," *Investopedia*, March 31, 2014. Regarding economic sanc-

with which it can buy whatever it cannot produce, whereas export bans deny only proscribed goods. Trade sanctions can cause widespread economic hardship: loss of jobs, inflation, rationing, and declining living standards. However, deteriorating economic conditions do not always translate into political pressure on the regime. North Korea's economy is a train wreck, owing as much to refusal to reform as to sanctions, yet the regime shows no sign of curbing its belligerence or its nuclear and missile programs. Moreover, its indifference to the economic plight of the North Korean people is consistent with the repression it is prepared to inflict on them. In general, trade sanctions can be mitigated by domestic production or access to products or markets of nonparticipating countries. Wide international participation is both critical and difficult to achieve, inasmuch as countries that opt out may reap benefits of increased exports to or cheap imports from the sanctioned, needy state. U.S. unilateral trade sanctions against Cuba and Iran, in place for 50 and 30 years, respectively, sustained bad relations without toppling either regime.

Financial sanctions, on the other hand, are the P2C equivalent of precision-guided munitions—to the point of being able to target this or that Russian tycoon, North Korean general, or Iranian arms dealer. As noted, financial sanctions are working to some degree against Iran. While the effects of such measures on Russian behavior are less clear, they are clearly taking a toll. Financial sanctions are also hurting targeted North Korean elites who sustain the regime, though not enough to cause a change of policy or of regime. Such financial sanctions are possible because the United States has improved its capabilities, fashioned a winning strategy, and won key international support. Following the attacks of September 11, 2001, the U.S. Department of Treasury and the intelligence community enhanced their ability to find, track, squeeze, and shut down flows and holdings of money. Having sharpened their teeth against al Qaeda, America's "financial warriors"

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tions, even in extreme cases, such as Iraq under Saddam Hussein, food for the general population is exempted.

are prepared for battle against hostile states and those who run them.[9] Results to date, though not dramatic, are encouraging.

Enhanced U.S. ability to impose financial sanctions results largely from the integration of banking systems, whereby banks depend on a global network to borrow, lend, exchange, invest, and clear funds. It is becoming increasingly difficult for states, groups, companies, and individuals to hide money, except under mattresses, or to move it, except in satchels. Deny hard currency and international credit, and the result is a contraction of transactions, trade, investment, production, and eventually growth, as has been the case with Iran. While bans on trade are also available, financial sanctions can have similar effects and are easier to impose and maintain. Without access to finance, Iran's energy sector has experienced shrinking exports and production.

Financial sanctions can have knock-on effects in capital markets, which abhor uncertainty, risk, and government manipulation for non-economic reasons. This phenomenon has been evident in Russia, where all lending by U.S., Swiss, and other European banks has plummeted since limited sanctions were placed on certain Russian entities.[10] Well beyond the particulars of U.S. and European Union sanctions, Russia has become a financial leper. Banks are steering clear of lending even to Russian economic sectors and enterprises that are not targeted. As the cost of capital for Russian enterprises has risen, deals have been scrapped. The collapsing ruble and correspondingly steep rise of Russian interest rates are fueling inflation. Although Russia has hard-currency reserves—which are now being drawn down—it depends heavily on world credit and equity markets, to the tune of $600 billion since 1998. With the U.S. and European capital spigots shut and Russia's economic future getting darker, Russians' own capital is going elsewhere. Investment in the Russian economy, already inadequate, is being severely curtailed.

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[9] See Mark Dubowitz and Annie Fixler, "Warriors in Gray Suits," *Journal of International Security Affairs*, Spring–Summer 2014. Also see Juan Zarate, *Treasury's War: The Unleashing of a New Era of Financial Warfare*, New York: Public Affairs, 2013.

[10] Sally Bakewell and Stephen Morris, "Putin Sanctions Drive Away Banks as Loans Dry Up," *Bloomberg Report*, August 4, 2014.

The Russian case exemplifies the ability of the United States and a few select partners to impose effective financial sanctions. Hand in hand with its enhanced ability to find and track money, the United States has been able to bring important banks, American and foreign, into line with financial sanctions. A combination of fines, moral suasion, and, perhaps more important, the implied threat to tarnish the reputation of noncomplying banks has enabled the authors of financial sanctions to gain sufficient cooperation. The U.S. Treasury Department has the authority to label banks operating in the United States as complicit in money laundering and, by implication, suspected of tax evasion.[11] The fear of a "scarlet letter" from the IRS is usually enough to gain compliance. Even the safes of the notorious Swiss secret-account system have been figuratively cracked.[12] Once most banks are on board, stragglers are under intense pressure to join or face isolation from global financial networks, which can affect their viability.

Financial sanctions are flexible, technically and legally. Although it is desirable to have international authority for financial sanctions, it is not necessary. As a practical matter, neither UN Security Council approval nor Chinese and Russian acquiescence is required. Institutionally, the G7 (now that Russia has been cast out of the G8) is a serviceable alternative multilateral mechanism, since the members are home to most of the large multinational banks. Moreover, the way the United States is using them, financial sanctions do not require international consensus or broad participation, as most economic sanctions do. In contrast to trade sanctions, financial sanctions punish rather than reward those that do not join. Indeed, unilateral U.S. action—applied only to dealings of U.S. banks and foreign banks with major U.S. business—can hurt targeted states, enterprises, and individuals. The U.S. government evidently believes that it can unilaterally punish specific North Korean persons and organizations by denying access

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[11] Under Section 311 of the Patriot Act (U.S. Congress, 107th Cong., 1st Sess., Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism [USA PATRIOT ACT] Act of 2001, Washington, D.C., H.R. 3162, January 3, 2001).

[12] The United States extracted an $8.97 billion fine from BNP Paribas for deals that violated sanctions on Sudan, Iran, and Cuba.

to U.S. banks, as it did following the hacking of Sony Pictures Entertainment. Of course, to substitute for hard power, financial sanctions require more or less complete isolation from the world financial system—a tall order but not impossible for the United States.

Like trade sanctions, financial sanctions may entail costs for those that impose them. The scale of these costs depends on the economic importance of the state being targeted. This is less of a problem with regard to sanctions on Russia and on Iran than on China, which is a very important source and user of global credit and currency exchange. China has substantial credit- and capital-generating capacity of its own. Forbidding U.S. banks from doing business in China could hurt those banks more than it would China. All told, cutting China off from the world banking system is as hard as cutting it off from world trade, and perhaps even impossible. To the extent it is effective, it would be deleterious to the global economy, given China's economic importance. Finally, China is not without coercive power of its own—for example, its huge holdings of U.S. sovereign debt.

Arms and Technology Embargoes

Denying an adversary access to arms or to technology that can enhance its war-making capabilities is an option that has been used often. Most obvious is control of materials, subsystems, and know-how to acquire nuclear, chemical, and biological weapons. Results have been mixed. North Korea, for instance, has been denied access to most military markets yet is still bristling with weaponry, including at least rudimentary nuclear explosives and the potential means to deliver them. Moreover, as military capabilities increasingly exploit information technologies—many of which have wide-ranging nonmilitary uses—global markets, corporations, and research and development undermine international policing and denial. Denying China access to information technology, which is crucial in military capabilities, is particularly quixotic.

The best hope, in general, is to deny complete military systems, or rare sole-use components. However, unlike financial isolation, all it takes is one major weapon seller to defeat this sort of sanction. In fact,

there are several such sources, two of which are Russia and China. Russia has sold advanced air-defense systems to China, intends to sell them to Iran, and has sold nuclear-reactor technology to Iran. China has been more restrained than Russia, though this could change as its own defense industry keeps improving.

As much as to deter and punish, this sort of P2C measure can be aimed at weakening the military strength of threatening states. Universal compliance is ideal but not essential. Because the most-advanced military systems and technology are presently produced by the United States and its close partners (e.g., the United Kingdom, France, and Germany), sanctioned states are left with inferior options—i.e., indigenous production of "down-market" suppliers. That said, Russia has a sizable, albeit now rusty, defense industry, and China is increasingly capable of producing sophisticated military systems and advanced technology. Thus, military embargoes may be least effective against the most-powerful potential adversaries. Moreover, if banning military exports is meant to limit capabilities, it is not contingent on behavior and thus not coercive; if it is contingent and thus coercive, reversible changes in behavior can lead to irreversible increases in capabilities.

There are also practical limits. Short of imposing a blockade—by sea, air, and land—it is not easy to control imports of military gear from producers that do not subscribe to the embargo. Additionally, because it is hard to know what shipments contain military equipment, as opposed to other goods, a totally effective military embargo could demand a total blockade. Likewise, many militarily useful technologies have nonmilitary uses—e.g., in communications, sensors, satellites, and computing—all of which would have to be curtailed if these technologies are to be effectively embargoed. Against the most-formidable potential adversaries, China above all, such complete isolation from militarily relevant trade is not conceivable.

This does not mean that the United States has nothing to gain by marshaling support to deny hostile states access to military capabilities. However, because such states are likely to depend on indigenous production and imports from second-best or illicit suppliers, there may be little actual coercive utility in military embargoes. To the extent that a target state needs credit or hard currency to purchase military mate-

rial, effective financial sanctions can constrict that by seizing assets and stopping flows. Still, when other forms of P2C fail to make hostile states abandon harmful policies, denying military imports can make it harder for them to do harm. This suggests that the main aim of banning weapons and related technologies should be to weaken rather to coerce. But again, this is more likely to work against weaker adversaries, such as Iran, than against stronger ones, such as Russia and, especially, China.

Exploitation of Energy Supplies

Historically, manipulation of petroleum and natural gas supplies has been used for coercion by Arab states and Russia, respectively. Current trends suggest a very different future, as U.S. oil production has risen, in a few years, from 5 million to more than 9 million barrels per day. Consumption of natural gas is increasing significantly, but mostly in non-Western countries (e.g., China), whereas much of the increase in production is in the United States and other Western countries.[13] At a minimum, the United States and its allies, including nonproducers, will be less vulnerable. More than that, if and as the United States becomes a major exporter of LNG, owing to its abundant and accessible shale-based reserves, it might find itself with a new P2C option.[14]

Using energy to coerce would be a complete role reversal for the United States, which has long been the leading proponent of ensured energy access, market-driven trade, and unimpeded transport and a strident opponent of manipulation of energy supplies. While its traditional outlook reflected the dependence of the United States and its allies on energy from insecure or manipulated sources, such as OPEC, Russia, and Venezuela, it is unlikely to change as the United States becomes more independent and a supplier itself. As for potential adver-

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[13] U.S. Energy Information Administration, *International Energy Outlook*, Washington, D.C., July 2013.

[14] See Edward L. Morse, "Welcome to the Revolution: Why Shale Is the Next Shale," *Foreign Affairs*, May/June 2104, for an informative essay on the shale revolution and its effects.

saries in critical regions, a U.S. threat to cut off energy supplies is not applicable to Russia and Iran. The United States currently does not supply to China; if and when it does, the Chinese would have alternatives (e.g., Russia and Iran).

Although economic sanctions are well rooted in international norms, energy-market manipulation, as such, is not; indeed, there is a stigma attached to it, owing to the history of Arab and Russian skulduggery. Insofar as the United States needs multilateral endorsement and cooperation for coercive exploitation of energy supplies, it is unlikely to find it. Even the most bullish estimates of U.S. shale deposits do not imply that the United States would be able to control world energy supplies—not without the collusion of other suppliers, which it is unlikely to get, not least because major suppliers tend to depend heavily on the revenues from gas and oil sales. Moreover, with worldwide energy production increasing—shale being abundant elsewhere—and natural gas, when liquefied, becoming a global commodity, neither the United States nor any other supplier will find it easy to manipulate supplies for purposes of coercion.

However, assuming a major position in world energy markets could enable the United States to use energy supplies as defensive P2C. For starters, increased energy production will shield the United States itself from coercion. Further, U.S. capacity and exports may enable it to reduce global dependence on unreliable suppliers, undercut predatory pricing, and reduce Russian and Iranian revenues, which are critical to their economies and improving their military capabilities. Increase in the production and export of LNG is of particular importance because it can break the lock that certain suppliers—again, Russia and Iran—have because of regional limitations on point-to-point pipeline delivery. Even without adopting a strategy to do so, the United States can reduce the coercive power of adversaries. Beyond that, it can expand and direct shipments to neutralize specific attempts to use energy as a weapon—for example, Russia against Europe. In theory, the cost of this form of defensive P2C would be borne by the market.

Already, without any U.S attempt to use energy coercively, increasing global supply of oil and gas, combined with moderating demand, is undermining the ability of traditional producers, such as Russia, to

manipulate supplies for aggressive or other political purposes. European countries have by and large stood up to thinly veiled Russian threats to constrict the flow of pipelined gas if they join the United States in financial sanctions in response to intervention in Ukraine; one thinks that their doughtiness is based on their anticipation of non-Russian alternatives. Moreover, greatly reduced global-market prices are forcing Russia to produce and export as much as it profitably can, leaving no latitude for manipulation.

In sum, changing world energy conditions promise to curb the use or effectiveness of one of the most potent P2C weapons used by states currently hostile to U.S. interests—above all, Russia. Although changing world energy conditions do not place that weapon in U.S. hands, they contribute to a general shift of coercive advantage that favors the United States and its friends.

Maritime Intercept

The U.S. Navy is capable of defeating any other navy, striking ashore, and exerting sea control or sea denial virtually anywhere (though U.S. sea control in the Western Pacific could come under pressure because of China's antinaval capabilities). The U.S. aircraft carrier is an especially useful instrument in managing or settling crises by brandishing the will and ability to make war; for our purposes, however, such warnings are derivative of the use of force, thus hard power. U.S. fleets are enabled by space-based sensors, data-processing capacity, and communications that provide the United States with unique global maritime awareness. These hard power capabilities also have soft power applications, such as in expressing commitment, showcasing U.S. technology, and responding to natural disasters. Of interest here is the use of naval power to restrict adversaries' access to the world's oceans, markets, and resources, short of war—thus, to coerce.

One method of restricting access is maritime-intercept operations (MIOs), in which U.S. Navy (or U.S. Coast Guard) combatants interdict, stop, redirect, board, inspect, and possibly seize vessels carrying

embargoed, illicit, or otherwise dangerous cargo.[15] This has been practiced with regard to drugs and materials and gear needed for acquiring weapons of mass destruction; more recently, movements of or supplies to terrorists have been intercepted. Large as the U.S. Navy is, however, it cannot be present at all times everywhere that suspicious vessels might transit. Hence, over the past decade the United States has organized multilateral maritime-security cooperation whereby the navies of many nations participate in patrols.[16] One example of this is NATO's Operation Active Endeavor, which patrols the Mediterranean on counterterrorism missions. With this extended U.S.-led multilateral capability, as well as the option of concentrating on narrows or on the sea approaches to adversaries' ports, the United States can choke off a great deal of the shipping it wants to prevent from reaching particular destinations. By geographical misfortune, Russia, Iran, and China are all potentially at the mercy of the naval power of the United States and its partners. In theory, sea power seems to be an important source of coercive power.

At the same time, the costs of conducting prolonged and extensive maritime patrol and intercept operations can be very large, especially when taking into account a pro rata share of the cost of the vessels involved.[17] In addition, the actual use of U.S. naval forces against the shipping of an adversary could be considered the exercise of hard power, or even an act of war. While they might have coercive value, maritime intercept operations could also bring about armed conflict, which P2C is meant to avoid, not cause. China, for example, could not be expected to abide U.S. closure of the Strait of Malacca. Iran might counter a U.S. blockade by disrupting shipping through the Strait of Hormuz. In addition, U.S. use of sea power as an instrument of coer-

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[15] NATO has for some time conducted Operation Active Endeavor, which is designed to prevent weapons of mass destruction and terrorists from reaching NATO territory.

[16] The U.S.-led "Thousand Ship Navy" was called for and the term coined in 2004 by then–Chief of Naval Operations ADM Mike Mullen.

[17] While not P2C, U.S. naval interdiction of drug shipments and counterpiracy operations are exorbitantly expensive ways of dealing with these problems.

cion would be in tension with the United States' commitment to the principle of freedom of navigation in international waters.

In sum, the United States has significant sea-control capability, especially when combined with that of its partners. However, the costs and precedents associated with coercive use of that capability in all but the direst circumstances suggest that it should be used sparingly. Maritime operations could be considered not so much a separate coercive option as a way to enforce economic sanctions, or an extension of armed conflict.

Support for Adversaries' Opponents

The United States has a variety of ways in which it can strengthen and support states and groups that oppose its adversaries. It can do so by providing nonmilitary or military aid, though again the latter could be considered hard power by proxy. The greatest coercive leverage may come from posing a threat to the political authority or even the survival of a regime that is challenging U.S. interests. Prodemocracy opposition movements are appearing with increasing suddenness, frequency, and intensity, owing in large part to new means of social networking and political organization. As we have seen over the past five years in Iran, Tunisia, Libya, Egypt, Syria, and Ukraine, even firm authoritarian regimes may face serious opposition, much of it democratic in intent. The outcomes vary from vicious crackdown (Iran), to democracy of varying degrees (Tunisia, Ukraine), to the replacement of one authoritarian regime by another (Egypt), to chaos (Syria), to separatism (Ukraine).

New research covering the past century shows that broad-based, well-planned, nonviolent movements are twice as likely as violent ones to lead to stable democratic results.[18] Although domestic organization, protests, strikes, regime defections, boycotts, and other forms of resis-

[18] Erica Chenowith and Maria Stephan, "Drop Your Weapons: When and Why Civil Resistance Works," *Foreign Affairs*, July/August 2014. Less than 4 percent of rebel victories in armed uprisings led to democracies within five years, and half relapsed into civil war within ten years.

tance are more important than external support, it is also true that external support for nonviolent opposition movements is more likely to have favorable results than external support for violent ones.[19] Support for violent takeovers appears to be less productive and is obviously riskier—perhaps even resulting in a need to use U.S. military power (which would defeat the purpose of P2C). In any case, when interfering in the internal dynamics of other states and societies, whether justified or not, the United States must know the limits of its ability to control outcomes.

While nonviolent uprisings depend less on external support than armed ones do, there is much that the United States and other able and concerned democracies can do to help them. Money, support for free press, global media attention, condemnation of regime brutality, influence with disaffected elites, facilitation of social networking, and, interestingly, discouragement of violence are known to be effective.[20] As information becomes more ubiquitous, media become globalized, societies become more wired or wireless, and all but the most isolated states become more porous, opportunities to affect politics abroad will expand.

The rising potential for democratic opposition and the opportunity to support it offer an option for U.S. P2C. Yet one must distinguish among three purposes for such support: to encourage reform, to replace a regime, and to coerce a regime into changing its foreign policies. The first purpose is soft power—well worth doing but of little value as an alternative to hard power. U.S. agencies and NGOs have encouraged prodemocracy groups in numerous states (Egypt, China, and Iraq, to name three) without the aim of coercing, much less toppling, the government. The second purpose, to replace a regime, is not strictly coercive, in that regime opponents and the United States are determined to overturn the regime: If the regime is given no incentive to alter its behavior, the United States has no coercive leverage. Other

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[19] Chenowith and Stephan, 2014.

[20] Chenowith and Stephan, 2014. The authors advocate an international "responsibility to assist."

than abdicating, there appears to be nothing Syria's Assad government can do to mollify the United States and its partners.

The third purpose of supporting political opposition—to coerce a regime into changing its foreign policies—may raise a dilemma: If the United States supports a prodemocracy movement in order to apply pressure to, deter, or penalize an adversary that is harming U.S. interests, it is not easy to withdraw such support if the adversary adopts more-responsible international behavior. In considering internal political pressure as an instrument of coercion, it must be kept in mind that the United States and the groups it supports may have different ultimate goals: for the United States, acceptable international behavior; for regime opponents, a new state.

Support for internal opposition is a traditional tool of the intelligence community. It is intended to be deniable, not only because intelligence operations customarily are but also because an opposition movement can be discredited by tying it to the CIA or the UK Security Service (MI6). In fact, such movements are often accused of being agents of foreign intelligence, whether they are or not. China, Russia, Iran, and others may overestimate the ability of the United States to seed domestic opposition, but this perception provides these regimes with both plenty of motivation and a political excuse to crack down on domestic opposition, specifically or generally. U.S. government fingerprints on prodemocracy movements abroad can boomerang against both those movements and the U.S. government. An ironclad rule in determining whether and how to support regime opponents is to be guided by them.[21]

While arms of the U.S. government may have the means and incentive to offer encouragement and aid, they are not the only instruments. NGOs also have means, and in many cases strongly felt causes that motivate them. Of course, it is much more difficult for U.S. policymakers to calibrate, target, and adjust such political pressure if it is not under their authority. Moreover, NGOs tend to be genuinely committed to change, not coercion. For example, Western prodemocracy NGOs operating in Russia are not going to end their criticism

[21] Chenowith and Stephan, 2014.

of Putin's regime, even if it curbs its intervention in Ukraine. Finally, most NGOs are sensitive and resistant to any attempts by the government to use them as agents of U.S. policy (notwithstanding foreign suspicions).

Because a political challenge can be very threatening to a regime, this is a potentially high-return coercive instrument, again assuming that it can be calibrated contingent on the regime's behavior. Of course, it may also lead to a hardening of internal rule, as it did in Iran. In the case of Russia, it may even have led to both a crackdown on NGOs and a worsening of external behavior insofar as Putin has stirred up trouble in the "near abroad" to whip up nationalism at home and thus reverse his declining popularity. Paradoxically, the stronger political opposition is, the less controllable it might be, or the harsher the government reaction might be.

On the whole, the Arab Spring is a cautionary tale. The political upheaval that began so promisingly in Tunisia in 2010 has produced democracy only there. In Egypt, only the Muslim Brotherhood had sufficient organization to win office in an election following the overthrow of Hosni Mubarak; yet when it proved more determined to install Islamist rule than to provide effective government, it gave way to authoritarian rule. In Libya, the end of Muammar Qaddafi opened up deep fractures along geographic, tribal, and religious lines, which are now being exploited by the so-called Islamic State. In Syria, what began as a democratic uprising has morphed into a sectarian civil war marked by atrocities, violent extremism, massive human flight, foreign intervention, and spillover into several neighboring states. Although it would be a mistake to think that the Arab Spring means democracy cannot succeed in the Middle East, the forces unleashed by it are a reminder that the ability of the United States to control political change is less than its ability to stimulate it in the first place.

The option of coercing an adversary by sowing or supporting dissent looks quite different from one potential U.S. adversary to another. Iran is the most vulnerable to internal dissent yet probably has the least compunction about cracking down with brutality. Russia is not especially vulnerable, because of Putin's appeal to patriotism, distrust of the West, and Russians' preference for a strong leader. The Chinese

regime does not face widespread dissatisfaction, thanks to extraordinary economic growth; while this could change if China's economy enters a prolonged slump, the United States is likely to be very careful about fomenting domestic political, much less separatist, opposition to Beijing.

Even if adversaries of the United States can overpower internal opponents, they may still face external ones. Russia, Iran, and China are conducting themselves in ways that have stimulated opposition among neighboring states in Eastern Europe, the Middle East, and East Asia, respectively. In addition to helping "frontline" states improve their defenses, potentially reducing their reliance on U.S. force, providing military equipment and training to them may cause adversaries to reconsider their threatening postures. China is especially sensitive to regional opposition and increased U.S. influence; Russia and Iran less so. Although allied military capabilities can be considered an extension of U.S. hard power, the leverage with adversaries they may provide can be considerable.

On the whole, U.S. (or allied) military aid to vulnerable states is becoming more important as U.S. use of force becomes more problematic in critical regions. However, because such aid usually must be sustained in order to improve local capabilities, it does not lend itself to manipulation for purposes of coercing adversaries. What may have coercive value is the surging of military aid to an adversary's opponent in a crisis, with the intent of gaining greater leverage over the adversary's behavior. One wonders whether supplying Ukraine with advanced arms and training upon Russia's seizure of Crimea would have caused Putin to desist from his coercive, destabilizing strategy—or would have instead made things worse.

Offensive Cyber Operations

The United States is a cyber superpower.[22] It still invents most of the technologies, hard and soft, that form, energize, and enlarge this

[22] The U.S. government has more or less adopted the position that cyber warfare is warfare no less than physical combat is. While there is merit in such a perspective, it could impinge

domain. It provides much of the content: information, applications, entertainment, news, debate, social networking, ideas. It generally favors keeping the core of cyberspace—the Internet—open and secure. It is also unsurpassed in its ability to monitor, defend, and act offensively in this domain. While the bulk of U.S. cyber power lies outside the government and its control, the U.S. National Security Agency has considerable technical and operational capabilities. These include advanced cyber-security technology and methods, as well as the ability to conduct offensive actions.

Notwithstanding its capabilities, the U.S. government is wary about waging cyber war.[23] U.S. society and the U.S. economy are heavily reliant on computer networks and vulnerable to interference with them. At the tactical military level, cyber war is assumed and often planned to be an integral part of combat. Yet the United States has a strong aversion to cyber warfare at the strategic level, where its critical infrastructure and economy could suffer great, if temporary, harm. It subscribes to the idea that all-out cyber war would have no winner. This divergence is aggravated by lack of complete confidence in preventing retaliation and in controlling escalation from tactical to strategic cyber war. With a combination of advances in intelligence and technology, as well as effective command-and-control protocols, the United States might be able to create "firebreaks" in the cyber-escalation ladder. Until then, it may be necessary for the United States to threaten strategic cyber attacks to deter others from conducting them. Of course, such a deterrent posture contradicts the idea of cyber operations as P2C.

Escalation from tactical or coercive to strategic cyber warfare is just one risk. Another is that a cyber attack will trigger regular warfare.[24] Cyber attack could be interpreted as "preparing the battlefield"

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on U.S. options to use its cyber-power options when physical force is not a good option. In any case, we treat cyber operations as a form of P2C.

[23] By *cyber warfare*, we mean attempting to degrade an adversary's computer systems, whether in the context of armed conflict or not. This does not include cyber espionage, which is not meant to be an instrument of coercion.

[24] David C. Gompert and Martin Libicki, "Cyber Warfare and Sino-American Crisis Instability," *Survival*, Vol. 56, No. 4, August–September 2014.

for a physical attack, or it could justify, in the adversary's mind, a physical response. Either way, cyber warfare could act as a pathway, rather than an alternative, to the use of military force. This underlines a general danger that coercive measures severe enough to alter an adversary's course may make that adversary more likely, not less, to use force or to escalate in ways that would require the United States to do so.

If and as such cyber-war retaliation and escalation risks can be alleviated, the United States will have at its disposal a powerful coercive instrument. Less violent than physical force yet more disruptive than, say, financial sanctions, offensive cyber operations could allow the United States to degrade the military forces, intelligence systems, and critical government and civilian information networks of adversaries that challenge its interests and responsibilities. Of the three that concern the United States most, China is the most vulnerable to cyber operations, then Russia and Iran. However, China, Russia, and, to a lesser extent, Iran will have capabilities to retaliate by attacking important U.S. networks—if they have not already attacked them in the crisis at hand. Even North Korea, though stuck in the information dark ages, is reported to have played a role in hacking Sony, implying some retaliatory capability. Russia is the prime suspect in conducting cyber war against ex-Soviet states Estonia, Georgia, and Ukraine. China, though a varsity player in the world of cyber spying and stealing, has been more restrained. With both China and Russia, a condition of mutual deterrence of strategic cyber war with the United States may emerge, or be emerging.

Even with an ability to control escalation, the United States would have to be prepared for at least proportional cyber attacks if it goes on the offensive—and perhaps even if it does not. As part of a P2C portfolio, the United States should develop a full range of offensive cyber options and address the escalation-control challenge, while continuing to invest in cyber security. Case-by-case decisions about whether to use these options would need to take account of the risk of collateral (or even indiscriminate) harm, of retaliation, and of escalation.

Perhaps the most effective use of targeted cyber operations is when the alternative is use of military force. The case of the Stuxnet attack on Iran's uranium enrichment centrifuges, whatever its origin, arguably

was a smarter way to set back Iran's program, at least temporarily, than a military strike. At the same time, that operation had unpredicted and unfortunate collateral effects on systems beyond Iran's centrifuges, which highlights the limits of human ability to control cyber effects.[25]

Although the cost of conducting offensive cyber operations is negligible, the cost of economic repercussions could be substantial, and the cost of enemy retaliation could be huge. China and Russia have, and Iran can be expected to acquire, the ability to respond in kind to U.S. cyber attacks. While the United States is unlikely to forswear all coercive use of cyber weapons, it may find that increasingly risky. One school of thought is that it would be best for the United States to equate cyber war with an act of war—whether waged against or by it—and seek to raise, not lower, the threshold.[26] In any case, U.S. use of cyber weapons on a large scale or against critical networks would be an extreme form of coercion, bordering on warfare.

Assessment of Options

Each of these categories of coercive power can be assessed according to expected effectiveness, prospects for international cooperation, and costs; see Table 1.

Note that the costs and risks of aiding political opposition movements and of conducting cyber operations can be low or high, depending on whether the effects can be controlled and contained. Also note that cyber operations do not require international support, yet they might face international opprobrium.

These findings are more or less what one would expect from considering the coercive capabilities of the United States and the vulnerabilities of its potential enemies. The United States is especially well

[25] Specifically, Stuxnet was not contained to just the Iranian nuclear complex. See, for example, Rachael King, "Stuxnet Infected Chevron's IT Network," *Wall Street Journal*, November 8, 2012, for one example of how it affected other industries.

[26] See David C. Gompert and Martin Libicki, "Waging Cyber War the American Way," *Survival*, Vol. 57, No. 4, August–September 2015.

Table 1
Assessment of P2C Options According to Effectiveness, International Support, and Costs/Risks

	Financial and Trade Sanctions	Military Embargoes	Resource Denial (e.g., energy)	Maritime Intercept	Aid for Political Opposition	Cyber Operations
Effectiveness	**Promising:** Financial sanctions especially effective	**Moderate:** Indigenous production can be option	**Serious problems:** Unpromising except as defensive P2C	**Moderate:** Total and prolonged control difficult	**Promising:** Can be very threatening	**Promising:** Major disruption is possible
International support	**Promising:** Key financial actors on board	**Moderate:** Alternative sources hard to foreclose	**Moderate:** Stigma	**Moderate:** Small coalition	**Promising:** Small or no coalition needed	**Both promising and problematic:** Not needed, but strong stigma
Costs/risks	**Moderate:** Could disrupt world economy if placed on major state	**Moderate:** Loss of revenue	**Moderate:** Loss of revenue	**Serious problems:** Ships and operations very costly; could lead to conflict	**Both promising and problematic:** Hard to control	**Both promising and problematic:** Retaliation and escalation risks

equipped to threaten adversaries' access to global finance, to foster and exploit global media and social networking in support of adversaries' political opponents, and to undertake cyber war. By the same token, these are areas in which adversaries could be at risk. Also significant is that the measures that grade highest do not require wide international participation or consensus.

Another illuminating perspective is the prospective cost- and risk-effectiveness of the three relatively promising types of P2C against Russia, Iran, and China (Table 2).

We interpret these assessments and offer some findings and recommendations after considering a critical aspect of P2C: communicating with the adversary.

Communications

To work, P2C requires communication with the adversary, arguably more so than the use of hard power or soft power does. The reason, of course, is that taking or retracting coercive measures is contingent on the adversary's conduct. The "deal" must be known by both parties. If the deal is exact, so must the communications be: If you stop sending weapons to proxies in your neighbor's territory, we will end banking sanctions on you. If a more general pattern of behavior is the main concern, communications may be hedged: If we observe more-responsible conduct toward your neighbors, we will revisit the severity of the sanctions we have in place.

Table 2
Assessment of P2C Options According to Potential Adversary

	Russia	Iran	China
Financial sanctions			
Support for nonviolent internal opposition			
Cyber operations			

NOTE: Green indicates most promising; red signifies serious problems; and in between lies yellow.

Generally speaking, the less clear the deal is, the less likely it is to be struck, or to stick. Iran was told precisely what actions on its part to curtail uranium enrichment would result in international sanctions being lifted; less clear are the conditions under which residual U.S. sanctions would be relaxed. Russia has been told that it faces escalating sanctions if it continues to support pro-Russian separatists in eastern Ukraine; less clear is what it would take to end existing sanctions. While diplomats often prefer ambiguity to keep their options open, clarity may be necessary for P2C to work

With all the loose talk in Washington about changing this or that regime, it is no wonder that some regimes believe that this is the aim of sanctions. North Korea's leaders are not entirely wrong to believe that the United States wants them gone and will continue to isolate and punish them until they are; consequently, sanctions against them have little coercive value. There is reason to think that the Iranian theocratic leaders also are convinced that the ultimate U.S. goal is their removal.[27] Words from the U.S. government to the effect that the Iranian state can earn its way back into the community of nations may, paradoxically, give the United States more power to coerce.

In any case, the requirement for communicating with adversaries implies that channels and patterns of direct and frank exchange should be in place at all times. Again, uncertainty in Iran about American purposes may actually contribute to a diminished U.S. ability to influence the regime, suggesting that clearer communications would serve U.S. interests. Communications between Moscow and Washington are obviously better, benefiting from the legacy of the Cold War, whereas U.S.-Iran contacts suffer from the legacy of the 1979 rupture. Because the European Union figures importantly in Western P2C vis-à-vis Russia, sanctions are more likely to succeed if U.S. and European leaders are following the same script.

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[27] Akbar Ganji, "Who Is Ali Khamenei?" *Foreign Affairs*, September/October 2013.

Findings and Recommendations

In sum, our argument that U.S. coercive power is increasing in both importance and potential effectiveness seems at least partly valid. The three potentially most cost-effective P2C instruments available to the United States are financial sanctions, support for nonviolent political opposition, and offensive cyber operations. To recap:

- Financial sanctions can deliver calibrated economic pain with precision, from targeting individuals, to hurting targeted sectors, to slowing economic activity as a whole. They can be dialed up or down according to the target's response. Cutting off access to credit, hard currency, and assets can provide flexible leverage and is easier to monitor and manage than banning exports or imports. Requirements for international participation need not extend beyond a few key states home to major international banks. Financial sanctions on China would be more complex, difficult to implement and maintain, and perilous for the world economy than such sanctions on Russia or Iran would be.
- Support for prodemocracy opposition can be very threatening and thus high leverage. Moreover, global information networks and media offer more-effective tools to both opposition movements and their external supporters. A regime under internal pressure might moderate its external behavior, especially if it has reason to think that doing so will earn it relief. Conversely, a regime that is convinced that the United States aims to eliminate it may be harder to manipulate, as the North Korean case indicates. Government-directed programs are more easily controlled than nongovernmental programs, though they can also backfire if disclosed. At the same time, confidence in being able to control political dynamics can be illusory: The risks of crackdown or, at the other extreme, chaos are serious and may go up the more strongly the opposition is supported. This method of coercion is more likely to work against Iran than Russia, much less China.
- Offensive cyber operations are a high-return, high-risk coercive option. Indeed, they may be regarded as a nonphysical form of

warfare, thus as much hard power as P2C. Still, if skillfully targeted and calibrated, with collateral damage avoided, they could be very effective. Cyber operations can have shocking effects on the functioning and confidence of societies and markets, and can potentially unsettle the state itself. The risks and costs of retaliation and escalation are considerable if the target country is a "cyber power," as China and Russia are. Counting on either one to blink in a cyber confrontation would be a gamble for the United States. Iran is more susceptible to cyber coercion. Compared with sanctions, the United States would have little need for international cooperation, though it could expect considerable criticism.

Two of these three types of P2C—support for regime opponents and cyber operations—could in some circumstances actually heighten rather than lessen the risk of conflict. P2C is meant to be an alternative to military force, or a rung on a ladder that may lead there if coercion does not succeed. That it could become a pathway to inadvertent conflict is all the more reason to consider it carefully and use it wisely.

Unsurprisingly, the state against which coercion is most difficult and risky is China, which also happens to be the United States' strongest anti-access/area denial (A2AD) rival and aims to reduce U.S. hard power options in a particularly vital region. China seems at present to be politically resilient; it plays a critical role in the world economy, including an increasingly important role in world finance; and it has a P2C arsenal of its own, with its cyber capabilities and holdings of U.S. debt. Just as the United States must be especially judicious in using military force against China, any attempts to isolate Chinese banks, to incite political opposition, or to crash Chinese computer networks have to be based on the stakes, the prospects for success, the costs, and the risks of reprisal. Russia, Iran, and other states that are less powerful and prominent than China are easier targets for coercive power. Of course, the scope for U.S. cooperation and moderating influence—soft power, if you will—with China is greater than that with either Russia or Iran. Even with China, coercive power, like military power, can offer putative leverage. The stronger the capabilities, the better the options, and the more demonstrable the effects, the greater that leverage is.

In this respect, U.S. use of P2C against Iran and Russia—with some success—has surely been observed by the Chinese.

With the possible yet critical exception of China, and the caveat about risks, U.S. power to coerce is increasing even as the utility of U.S. offensive military force is diminishing. Against Russia, Iran, and other hostile yet vulnerable states, coercion by the United States and at least its closest and most capable friends is an important element of strategy. This does not mean that P2C can completely substitute for hard power, the threat of which can increase the effectiveness of coercion and the use of which may be imperative.

A number of specific recommendations flow from this analysis:

- The United States and its best friends should redouble their efforts and refine their ability to monitor financial assets and flows, and, when necessary, effect the isolation of recalcitrant states and banks that might do business with them. The G7 (plus Switzerland) could endorse and enable the cooperation of its leading banks to this end.
- The U.S. State Department and intelligence community should hone their capabilities to influence political developments in hostile states. But the United States should tread carefully and not assume that it can control the dynamics or result of political opposition.
- Offensive cyber operations may be the most powerful but also the riskiest P2C option. As more states acquire cyber-war capabilities, the dangers of retaliation and escalation can only grow. It may be that U.S. reliance on computer systems and the vulnerabilities that stem from this reliance will make cyber operations a tool of coercion that the United States wishes to discourage, not use.
- More generally, the U.S. government ought to prepare for the use of coercive power as it does military warfare. This includes analyzing options and risks, assessing requirements and capabilities, and conducting war games and other exercises to refine these capabilities.
- Just as authorities, lines of command and control, and support responsibilities are delineated for the use of hard power, so should they be for coercive power—for example, the Secretary of the Treasury for financial sanctions, the Secretary of State for

supporting nonviolent opposition, and the Director of National Intelligence for nonmilitary cyber operations.
- Given the critical importance of allies to the effectiveness of P2C, consultations and joint planning should be conducted.

On the whole, the United States has significant powers of coercion, against which at least two potential adversaries, Iran and Russia, have weak antibodies. While P2C cannot replace military power, it can play an increased role in U.S. security strategy.

Abbreviations

CIA	Central Intelligence Agency
G7	Group of Seven
G8	Group of Eight
GDP	gross domestic product
IRS	Internal Revenue Service
LNG	liquefied natural gas
NATO	North Atlantic Treaty Organization
NGO	nongovernmental organization
OPEC	Organization of the Petroleum Exporting Countries
P2C	power to coerce
UN	United Nations

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