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## Deterring Russia in the Gray Zone

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## DETECTING RUSSIA IN THE GRAY ZONE

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Michael C. McCarthy  
Matthew A. Moyer  
Brett H. Venable





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**DETECTING RUSSIA IN THE GRAY ZONE**

**Michael C. McCarthy  
Matthew A. Moyer  
Brett H. Venable**

**March 2019**

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This monograph constitutes the culmination of a 9-month study conducted by three active duty Service members assigned to the National Security Fellowship Program at the John F. Kennedy School of Government at Harvard University. We are particularly grateful to our respective Services, the U.S. Marine Corps, U.S. Coast Guard, and U.S. Army for providing us with the unique opportunity to study at one of the world's premier academic institutions. We would also like to recognize the outstanding faculty and staff at Harvard University who graciously took

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## FOREWORD

One of the most complex challenges facing the United States and its allies today is how to deal with an increasingly bold and aggressive Russia. As evidenced by its invasion of Ukraine, annexation of Crimea, and unremitting influence operations against the West, Russia has engaged in an antagonistic foreign policy campaign that has both challenged and befuddled the United States and its allies. How should the United States respond? What measures can it take without igniting a major conflict? These are some of the difficult questions that the authors, active duty military officers, and national security fellows from the John F. Kennedy School of Government at Harvard University address in this timely and prescient monograph. They offer an audacious perspective on how the United States should deal with Russia in this unconventional battlespace referred to by scholars today as the “gray zone,” or the conceptual space between war and peace where nations compete to advance their national interests. The authors argue that a more holistic strategy, one that relies less on conventional military might and more on the full array of instruments of national power, is necessary to more effectively operate in the gray zone. Specifically, they offer and expound upon myriad policy recommendations across the diplomacy, information, military, and economic (DIME) model, providing U.S. policymakers with a range of options

to confront and deter Russia while protecting vital U.S. national security interests.

A handwritten signature in black ink, reading "Douglas C. Lovelace, Jr." in a cursive script.

DOUGLAS C. LOVELACE, JR.  
Director  
Strategic Studies Institute and  
U.S. Army War College Press

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Authors: Lieutenant Colonel Michael C. McCarthy, Colonel Brett H. Venable, and Commander Matthew A. Moyer (pictured left to right).



## SUMMARY

This monograph argues that the United States lacks a cohesive strategy to deter Russian aggression in the “gray zone.”

## RESEARCH FINDINGS

First, subject matter experts from across the **diplomacy, information, military, and economic (DIME)** spectrum acknowledge that the United States lacks a strategy to deal with Russia in the gray zone.

Second, **the gray zone encompasses those areas of state competition where antagonistic actions take place; however, those actions fall short of the red lines that would normally result in armed conflict between nations.** The lines between war and peace in the gray zone are blurred, and competition occurs across all instruments of national power. By leveraging a creative strategy and hybrid tactics, Russia attempts to achieve its strategic objectives without compelling the United States to respond using military force. Examples of gray zone tactics include cyberattacks, information operations and propaganda, deception, sabotage, proxy war, assassinations, espionage, economic coercion, violations of international law, and terrorism.<sup>1</sup>

Third, some of the unique challenges when dealing with Russia in the gray zone include:

- **Strategic culture:** Unlike many of its adversaries, the United States largely continues to conceptualize conflict through the traditional black-and-white model of war and peace, fixating on conventional military warfare, while marginalizing the other critical instruments of national power.<sup>2</sup>

- **Organizational seams:** Organizational seams between departments and agencies make it difficult to address challenges that are multifaceted and simultaneously political and military in nature.<sup>3</sup>
- **Gray zone detection:** Attacks in the gray zone are difficult to defend against and usually hard to detect because they are often hidden, undeclared, and ambiguous.<sup>4</sup>
- **Ethical dilemmas:** Gray zone actors often employ unconventional tactics that arguably skirt ethical boundaries; therefore, the use of such methods by the U.S. Government could have a detrimental effect and clash with American values.
- **Legal constraints:** International and domestic laws limit options available to policymakers and often do not clearly address acceptable norms when operating throughout the gray zone. Countering Russian misinformation and propaganda presents unique public and private sector challenges with respect to the First Amendment.

Fourth, U.S. policymakers face an action versus inaction conundrum when countering Russia in the gray zone. When faced with this conundrum, the United States must wholly assess the alleged axiom that action and inaction are equally unpalatable.<sup>5</sup> On the one hand, if the United States takes no action, its political system, credibility, and influence, among other things, will unquestionably remain under constant subversive attack. On the other hand, if the United States does act, it potentially risks major escalation through strategic miscalculation. In other words,

the wrong action or too much action could potentially result in unintended consequences that are fundamentally more severe than simply staying the course and maintaining the status quo. To date, the United States has fallen victim to this paralysis.

## CONCLUSIONS AND RECOMMENDATIONS

In order to deter Russian activity in the gray zone, the United States must shift its strategic framework from a predominantly military-centric model to one that comprises a whole-of-government approach. A whole-of-government approach requires the simultaneous application of various DIME measures.

### **Diplomacy**

The United States must renew open dialogue and initiate negotiations with Russia to find areas of overlapping interests or common ground. While the United States cannot revert to the level of cooperation reached before Russia's invasion of Ukraine, it must find ways to restore diplomatic and military lines of communication to a more significant level than currently is in place.

#### *Policy Proposals*

- Reset U.S.-Russia diplomatic staffing to pre-2016 sanction levels.
- Promote cooperation and diplomatic engagement via the North Atlantic Treaty Organization (NATO) forums such as the NATO Russia Council.
- Renew the U.S.-Russia military-to-military relationship.

- Lift National Defense Authorization Act restrictions.
- Explore opportunities for cybersecurity initiatives with Russia.
- Collaborate with Russia on a short- and long-term strategy in Syria.
- Work together to pursue global nonproliferation and nuclear security initiatives.
- Negotiate a 5-year extension of the New Strategic Arms Reduction Treaty (New START).
- Continue cooperation in multinational space exploration efforts.

## **Information**

The United States must detect and counter Russian misinformation operations both at home and abroad. In order to achieve this goal, the United States must institute policy changes that tilt the information environment in its favor. The State Department has the requisite skill set to accomplish this but requires proper staffing and resourcing to counter Russian misinformation campaigns overseas. The United States must work in concert with NATO to support new initiatives in counter-hybrid warfare and strategic communications. Employing covert action in concert with the other elements of national power is also paramount. At home, the Department of Homeland Security (DHS) should consider developing an organization to detect and monitor Russian gray zone threats against the United States. Further, Congress must develop legislation that regulates Internet platforms and increases transparency. Lastly, the President must use the bully pulpit to demonstrate U.S. resolve by denouncing Russian gray zone actions.

## *Policy Proposals*

- Establish an Office of Foreign Influence in the DHS:
  - Detect and monitor gray zone activity.
- Draft congressional legislation to:
  - Combat online misinformation and propaganda;
  - Restrict use of foreign-generated bots and trolls; and,
  - Build transparency in online political ads.
- Build resiliency via Presidential actions:
  - Denounce Russian activities publicly.
- Fully resource and fund the State Department's Global Engagement Center (GEC):
  - Enable partners to counter propaganda and misinformation.
- Support NATO and European initiatives:
  - Counter-hybrid warfare operations; and,
  - Strategic communications and messaging.
- Employ covert action:
  - Undercut Russia's active measures;
  - Expose human rights violations;
  - Delegitimize the Russian Government; and,
  - Embarrass Russian President Vladimir Putin and his inner circle.

## **Military**

U.S. military hegemony and the threat of U.S. military action remain powerful tools in the international arena. The United States must continue to leverage its superior military capability in combination with the other instruments of national power to deter Russia in the gray zone while avoiding escalation into major

conflict. The deterrence model's focus should shift from one of punishment to denial. Moreover, the United States must focus its military efforts on revitalizing NATO and improving its warfighting capability in Europe.

### *Policy Proposals*

- Build a strategy based on deterrence by denial.
- Compel NATO partners to meet Article 3 guidelines to modernize their forces.
- Improve NATO rapid response capability.
- Reexamine Article 5 to address hybrid warfare and gray zone tactics.
- Expand the enhanced forward presence (EFP) to at least seven allied brigades.
- Invest in advanced weapons and aircraft to counter the Kaliningrad anti-access/area denial (A2/AD) threat.
- Increase the U.S. military footprint in Europe.
- Increase Alliance presence in the waters and airspace around Russia.
- Maintain bases and installations to support logistics.
- Develop regional indigenous capacity.
- Explore friendly A2/AD capabilities.

### **Economic**

The United States must explore the full gamut of economic options to target Russia's wealth and prosperity. By collaborating with the European Union (EU), it should finalize a bilateral trade agreement that not only bolsters the economies of its allies but also weakens Russia's capacity for economic coercion. Coupled with economic assistance to former Soviet

bloc countries, the United States should help stabilize fragile European economies while strengthening its national security partnerships. Moreover, it must employ a blend of economic and financial sanctions to keep Russia at bay. Finally, the United States can further protect Europe's energy security by reducing European dependence on Russian energy supplies.

### *Policy Proposals*

- Complete the Transatlantic Trade and Investment Partnership (T-TIP) proposal with additional provisions, including:
  - Joint responses to Russian economic coercion and global market abuses;
  - Reapplication of the most effective elements of current U.S.-EU sanctions;
  - An energy chapter that outlines preemptive safeguards and responses to future attempts at pipeline politics; and,
  - A plan to reduce Europe's dependence on Russian oil and natural gas by increasing exports of U.S. oil and natural gas to Europe.
- Overhaul the U.S. foreign aid program by:
  - Restoring the State Department and foreign aid budgets to pre-2018 President's budget proposal levels;
  - Increasing Official Development Assistance (ODA) foreign aid funding from 0.17 percent to at least 0.7 percent of gross national income (GNI); and,
  - Increasing aid to Eastern European countries in order to bolster their economies and make them less susceptible to Russian influence.

- Formulate economic and financial sanctions by:
  - Continuing 2014 and 2017 sanctions in force;
  - Employing additional multilateral sanctions in coordination with the EU;
  - Restricting or limiting access to U.S. markets;
  - Targeting Russian banks and financial institutions; and,
  - Targeting Russian elites and oligarchs by freezing their assets and destroying their wealth.
- Reduce Europe’s dependence on Russian gas supplies by:
  - Creating incentives for the American private sector to ship liquefied natural gas (LNG) to Europe;
  - Encouraging European allies to drill for shale gas of their own; and,
  - Collaborating with their EU counterparts to develop an energy security strategy.

## ENDNOTES - SUMMARY

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## CHAPTER 1. THE GRAY ZONE

By failing to understand that the space between war and peace is not an empty one—but a landscape churning with political, economic, and security competitions—American foreign policy risks being reduced to a reactive and tactical emphasis on the military instrument.<sup>1</sup>

—Dr. Nadia Schadlow, National Security Strategist

### **A WHOLE-OF-GOVERNMENT APPROACH: THE DIPLOMACY, INFORMATION, MILITARY, AND ECONOMIC (DIME) APPARATUS**

The United States lacks a cohesive strategy to deter Russian aggression in the “gray zone.” The gray zone refers to the conceptual space between peace and war where nations use a hybrid combination of conventional and unconventional actions to achieve national objectives.<sup>2</sup> Since the collapse of the Soviet Union, the United States has enjoyed a unique position as the world’s sole military superpower. Consequently, adversary nations like Russia have been reluctant to challenge the United States directly in conventional warfare.<sup>3</sup> Recognizing its immense military disadvantage, Russia has turned to the gray zone to launch a total war against the United States and its allies. This innovative form of warfare takes place “across all fronts—political, informational, economic, cyber—simultaneously through fear and intimidation without launching a large-scale military attack.”<sup>4</sup> By leveraging this creative strategy, Russia believes it can achieve its strategic objectives without compelling the United States to respond using military force.<sup>5</sup>

In order to deter Russian activity in the gray zone, the United States must shift its strategic framework from a predominantly military-centric model to one

that comprises a whole-of-government approach. Unlike conventional warfare, the employment of military force alone is not a viable strategy, especially since gray zone conflicts are “designed, almost by definition, to circumvent traditional U.S. military power.”<sup>6</sup> Thus, the United States must employ all instruments of national power. Using the DIME framework, this monograph offers U.S. policymakers a starting point for developing a whole-of-government strategy to deter Russia in the gray zone.

## **Diplomacy**

The United States must renew open dialogue and initiate negotiations with Russia to find areas of common ground. Common ground exists between two cooperating nations that have similar or overlapping interests. While the United States cannot revert to the level of cooperation reached before Russia’s invasion of Ukraine, it must find ways to restore diplomatic and military lines of communication to a more significant level than currently is in place.

## **Information**

The United States must detect and counter Russian influence operations both at home and abroad. In order to achieve this goal, the United States must institute policy changes that tilt the information environment in its favor. The U.S. Department of State has the requisite skill set to accomplish this but requires proper staffing and resourcing to counter Russian misinformation campaigns overseas. The United States must work in concert with the North Atlantic Treaty Organization (NATO) to support new initiatives in counter-hybrid warfare and strategic communications.

Employing covert action in concert with the other elements of national power is also paramount. At home, the Department of Homeland Security (DHS) should consider developing an organization to detect and monitor Russian gray zone threats against the United States. Further, Congress must develop legislation that regulates Internet platforms and increases transparency. Lastly, the President must use the bully pulpit to demonstrate the U.S. resolve by denouncing Russian gray zone actions.

## **Military**

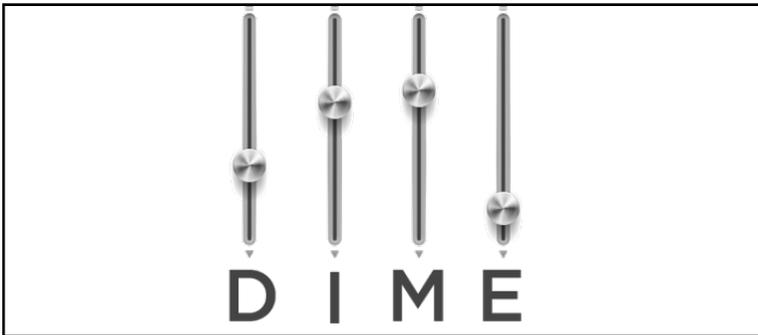
U.S. military hegemony and the threat of U.S. military action remain powerful tools in the international arena. The United States must leverage its superior military capability in combination with the other instruments of national power to deter Russia in the gray zone while avoiding escalation into major conflict or war. The deterrence model's focus should shift from one of punishment to denial. Therefore, the United States must focus its military efforts on the NATO revitalization, force footprint and strategic positioning, and a coercion-deterrence dynamic.

## **Economic**

The United States must explore the full gamut of economic options to target Russia's wealth and prosperity. Economic and financial sanctions are powerful tools for influencing behavior and punishing Russia for its belligerence in the gray zone. Moreover, the United States must collaborate with the European Union (EU) to finalize a bilateral trade agreement that not only bolsters the economies of its allies but also weakens Russia's capacity for economic coercion.

Coupled with economic assistance to former Soviet bloc countries, the United States should help stabilize fragile European economies while strengthening its national security partnerships. Finally, the United States can further protect the EU's energy security by reducing European dependence on Russian energy supplies.

A whole-of-government approach requires the simultaneous application of various DIME measures. The DIME apparatus acts like an interdependent system, where each lever (see figure 1-1) represents an instrument of national power. All four levers are constantly in motion and have strong interrelationships. However, each lever's intensity varies according to the action or response necessary to achieve desired objectives vis-à-vis the gray zone.



**Figure 1-1. The DIME Apparatus<sup>7</sup>**

## **UNDERSTANDING THE GRAY ZONE**

The gray zone encompasses those areas of state competition where antagonist actions take place; however, those actions fall short of the red lines that would

normally result in armed conflict between nations. The lines between war and peace in the gray zone are blurred, and competition occurs across all instruments of national power. Further, a state conducts actions employing the instruments of national power both overtly and covertly to advance its interests. The appeal of “fighting” in the gray zone is that it allows a weaker state to achieve its foreign policy objectives, such as regime change or acquiring territory, without resorting to full-scale military campaigns. Therefore, weaker states often turn to gray zone methods when challenging stronger states that have a significant military advantage. Examples of gray zone tactics include cyberattacks, information operations and propaganda, deception, sabotage, proxy war, assassinations, espionage, economic coercion, violations of international law, and terrorism.<sup>8</sup> Operating in the gray zone requires great skill and a clear understanding of the red lines, two areas the Russians have proven to be extraordinarily adept in since the beginning of the 21st century.<sup>9</sup>

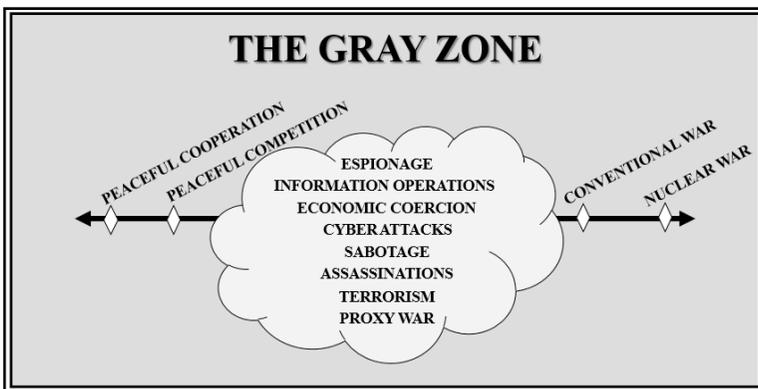


Figure 1-2. Characteristics of the Gray Zone<sup>10</sup>

## HOW IS RUSSIA EXPLOITING THE GRAY ZONE?

Since first coming to power in 1999, Russian President Vladimir Putin's foreign policy has grown increasingly antagonistic toward the United States and its allies. While there have been periods of post-Cold War U.S.-Russian cooperation, today's relationship is severely strained, and Russia's foreign policy is predominantly anti-United States. Clinging to a "besieged fortress" mentality, Putin seeks to establish a balance of power with the West by undermining U.S. influence and returning the Russian state to the glory days of the Soviet Union where Russia is recognized on the world stage as a great power.<sup>11</sup> Consequently, he directed a series of carefully crafted overt and covert gray zone actions aimed at upending the international order established by the United States over the last 8 decades while avoiding a major Western military response (see figure 1-3).

Russian Gray Zone Actions	
•	<b>Estonia (2007)</b> <ul style="list-style-type: none"> <li>• Russian cyberattacks against the Estonian Government and private sector in response to the movement of a Russian World War II monument.</li> </ul>
•	<b>Georgia (2008)</b> <ul style="list-style-type: none"> <li>• Russia invades Georgia and aids left separatists in Abkhazia and South Ossetia.</li> <li>• Russian Forces continue to occupy those areas in violation of the ceasefire agreement of August 2008.</li> <li>• First “combat” use of cyber and heavy use of information operations.</li> </ul>
•	<b>Ukraine (2014-Today)</b> <ul style="list-style-type: none"> <li>• Russian “little green men” in Ukraine.</li> <li>• 2014 Annexation of Crimea.</li> <li>• 2015 and 2016 cyberattacks on power grid.</li> </ul>
•	<b>Russian violation of the Intermediate-Range Nuclear Forces Treaty (2014-2017)</b> <ul style="list-style-type: none"> <li>• Deployment of the nuclear capable SSC-8 ground-launched cruise missile.</li> </ul>
•	<b>Montenegro (2016)</b> <ul style="list-style-type: none"> <li>• Russian intelligence attempts coup and assassination of Prime Minister.</li> </ul>
•	<b>Influence Campaign Targeting the U.S. Presidential Election (2016)</b> <ul style="list-style-type: none"> <li>• Democratic National Convention hack.</li> <li>• Online misinformation campaign.</li> </ul>
•	<b>Influence Campaign Targeting the French Elections (2017)</b> <ul style="list-style-type: none"> <li>• Cyberattacks against the Emmanuel Macron campaign.</li> </ul>
•	<b>Provocative Actions by Russian Military Aircraft (2014-Today)</b> <ul style="list-style-type: none"> <li>• Attack aircraft “buzzing” U.S. Navy ships in the Baltic Sea and the Black Sea.</li> <li>• Violations of the Open Skies Treaty.</li> </ul>

**Figure 1-3. Russian Gray Zone Actions<sup>12</sup>**

## THE GERASIMOV DOCTRINE

In 2013, General Valery Gerasimov, Russia’s senior-most military officer, published an article in the *Military-Industrial Kurier*, titled “The Value of Science is in the Foresight.” The strategy presented in this article, now referred to as the Gerasimov Doctrine, updates Soviet-era active measures into modern day asymmetric tactics. The strategy portrays an idea of total war without declaring war or using conventional forces in traditional ways. Gerasimov writes:

In the twenty-first century, we have seen a tendency toward blurring the lines between the states of war and peace. Wars are no longer declared and, having begun, proceed according to an unfamiliar template. . . . The very “rules of war” have changed. The role of nonmilitary means of achieving political and strategic goals has grown, and, in many cases, they have exceeded the power of force of weapons in their effectiveness.<sup>13</sup>

Influenced by the Arab Spring uprising, Gerasimov observed what a dissatisfied population could do to destabilize a government, create chaos, and upset the balance of power. He envisioned that similar tactics could have the same effect against Russia’s adversaries by creating an environment rife with political chaos and unrest. The Gerasimov Doctrine is not groundbreaking in the way it describes the nature of future conflict, and many of its tenets have been in the Russian playbook for a long time. Today’s advances in information technology, however, have significantly changed the landscape of gray zone conflict. In 2014, Putin officially approved Gerasimov’s ideas in the *Military Doctrine of the Russian Federation*. The doctrine describes Russia’s view of modern warfare as the:

integrated employment of military force and political, economic, informational or other non-military measures implemented with a wide use of the protest potential of the population and of special operations forces.<sup>14</sup>

Analysis of these Russian source documents provides great value for U.S. policymakers; they depict, in part, how Putin and his generals define their current operating environment. Before developing counter-strategies, U.S. policymakers must fully grasp the Russian playbook and its ultimate goal of

subverting U.S. influence and undermining democratic institutions.

## **GRAY ZONE CHALLENGES**

The gray zone presents myriad challenges for U.S. policymakers. Russia's gray zone operations are intentionally ambiguous and employ asymmetric techniques in order to minimize the potential for a U.S. conventional warfare response.<sup>15</sup> Russia recognizes that the United States is uncomfortable and has self-imposed limitations operating in uncertain environments, so it exploits this space in order to achieve its strategic objectives without much resistance. The United States must scrupulously examine these gray zone challenges and develop a strategy to confront Russia without major escalation. Among the biggest challenges are strategic culture, organizational design, gray zone detection, ethical dilemmas, and legal constraints.

### **Strategic Culture**

The U.S. failure to understand the gray zone represents a shortfall in its strategic culture.<sup>16</sup> While Russia has turned to the gray zone to pursue its strategic objectives, the United States largely continues to conceptualize conflict through the traditional black-and-white model of war and peace.<sup>17</sup> U.S. policymakers have been slow and in many cases failed to recognize the changing character of war. Instead, they continue to focus on conventional military warfare while marginalizing the other critical instruments of national power. Competing in the gray zone requires a paradigm shift in U.S. strategy, as today's approach enables Russian aggression.<sup>18</sup>

## **Organizational Seams**

The design of the U.S. national security enterprise inherently hinders whole-of-government responses to gray zone attacks. Organizational seams between departments and agencies make it difficult to address challenges that are multifaceted and simultaneously political and military in nature.<sup>19</sup> Moreover, inter-agency decision-making is problematic because there is:

no common chain of command short of the President, no capability for strategic planning for a whole-of-government effort, and no established structure for management and coordination of implementation across the federal government.<sup>20</sup>

For example, the U.S. intelligence community is well-suited to infiltrate Russian networks, but not specifically designed to monitor political influencing or meddling campaigns. Policymakers throughout the national security enterprise must be cognizant of these seams when developing whole-of-government strategies in the gray zone.

## **Gray Zone Detection**

Attacks in the gray zone are difficult to defend against and usually hard to detect because they are often hidden, undeclared, and ambiguous.<sup>21</sup> Further, gray zone actions are inherently deceptive in nature making them difficult to discern, which makes it even more challenging to identify the actor responsible for effecting them.<sup>22</sup> Russia's use of propaganda, misinformation, cyberattacks, and the dissemination of fake news via social media and other outlets are examples

of gray zone attacks that took weeks or months to pinpoint.

### **Ethical Dilemmas**

Gray zone actors often employ unconventional tactics that arguably skirt ethical boundaries. Although the Russians have effectively used these tactics without concern for ethics, the use of such methods by the U.S. Government might clash with American values and could have a detrimental effect. Therefore, before engaging in similar tactics, U.S. policymakers must carefully measure ethical risk to ensure that the benefit outweighs the cost and is necessary to protect U.S. interests and values.

### **Legal Constraints**

Consideration of international and domestic laws presents policymakers with additional challenges when working to develop options in the gray zone. The Law of Armed Conflict provides the legal framework for public international law and outlines acceptable wartime conduct.<sup>23</sup> In addition, international agreements or treaties also legally bind the United States to certain sets of rules.<sup>24</sup> International law does not clearly address acceptable norms when operating in many areas of the gray zone. The ambiguous nature of gray zone activity coupled with a lack of clearly defined law, therefore, makes it difficult to hold gray zone actors accountable and develop acceptable countermeasures.

The gray zone also presents challenges with respect to domestic law, specifically with respect to the First Amendment. Countering certain gray zone tactics such as a misinformation campaign have proven to be

particularly problematic with respect to free speech. Consequently, U.S. policymakers find themselves struggling with the notion of how free speech applies to the gray zone. Moving forward, U.S. policymakers must conduct a comprehensive review of pertinent domestic and international laws, as well as recognize that statutory changes may be required in order for U.S. agencies to respond to gray zone attacks without legal repercussions.<sup>25</sup>

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## CHAPTER 2. THE ACTION VERSUS INACTION CONUNDRUM

A strategist should think in terms of paralysing, not killing  
... psychological pressure on the government of a country  
may suffice to cancel all the resources at its command – so  
that the sword drops from a paralysed hand.<sup>1</sup>

– Sir Basil H. Liddell Hart, British Strategist &  
Military Historian

Russia believes, and its strategy reflects, that it is involved in a continuous state of conflict with the West.<sup>2</sup> Russia's exploitation of the gray zone, therefore, makes perfect sense and is absolutely in its best interest. After all, Russia's military size and strength wane in comparison to its most dangerous adversary, the United States, and its economy is anything but strong and stable.<sup>3</sup> Moreover, Russia faces a fast-rising power and explosive economy to its east in China and looks west toward a watchful North Atlantic Treaty Organization (NATO). Its south looks no more promising, where it shares a border with a hostile Ukraine and stands only a few hundred miles from a menacing Turkey (see figure 2-1). Collectively, these facts paint an ominous portrait of Russia's losing hand in relation to its geography and competitors. With its shaky economy and conventional military disadvantage, Russia resorts to engaging in a low-cost, unconventional gray zone war to expand its regional influence and compete with other world powers such as the United States.<sup>4</sup>



Note: NATO countries are shown in black.

### **Figure 2-1. Russia's View of the Region<sup>5</sup>**

Understanding Russia's hand and its view of the region and world in terms of competition is essential to overcoming the "Action vs. Inaction Conundrum." From the Russian strategic perspective, it is using ingenuity to overcome its military and economic shortfalls to compete and expand its influence best, and it is doing so quite efficaciously. Because gray zone tactics and conflict are nonlinear with respect to conventional military methods or campaigns, they cause opponents a great deal of confusion when considering a response.<sup>6</sup> The ensuing conundrum disrupts strategic risk calculations by presenting a paralyzing choice between action and inaction.<sup>7</sup>

When faced with this conundrum, the United States must wholly assess the axiom that action and inaction are equally unpalatable.<sup>8</sup> On the one hand, if the United States takes no action, its political system, credibility, and influence, among other things, will

remain under constant subversive attack. On the other hand, if the United States does act, it risks potential escalation through strategic miscalculation. In other words, the wrong action or too much action could result in unintended consequences that are more severe than maintaining the status quo. To date, the United States has fallen victim to this paralysis, and it clearly lacks a coherent strategy for dealing with Russia in the gray zone.

## **THE CONSEQUENCES OF U.S. INACTION: THE STATUS QUO APPROACH**

### **What is at Stake – Can the United States Afford the Status Quo Approach?**

When determining whether the United States should take swifter and more profound action to deter Russian gray zone activity, one must first consider what is at stake. Table 2-1 details the various pros and cons associated with inaction, or the “status quo approach.” The following discourse further examines and takes a more in-depth look into these pros and cons.

<b>Examining Inaction</b>	
<b>Pros</b>	<b>Cons</b>
<ul style="list-style-type: none"> <li>• Buys time to develop a more comprehensive strategy or approach.</li> <li>• Conserves resources and policymakers' attention for more urgent matters.</li> <li>• Eliminates immediate escalation concern.</li> <li>• Remains within the American public's tolerance threshold.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued loss of key territories that could upset the post-World War II balance of power (1945-present).</li> <li>• Erosion of Western influence and democracy at home and abroad.</li> <li>• Loss of credibility, both domestically and internationally.</li> <li>• Adaptation and emulation of gray zone tactics by other actors (e.g., rising powers, competitors, rogue states, etc.).</li> <li>• Continued paralysis stemming from the action versus inaction conundrum.</li> </ul>

**Table 2-1. Pros and Cons of Inaction**

**Buys Time and Conserves Resources and Policymakers' Attention for More Urgent Matters**

The concepts of buying time and conserving resources are interrelated. When considering them as factors, policymakers must clearly understand the tradeoff cost associated with deferring them. Often, these factors are miscalculated and fall victim to backburner politics. History shows that the United States tends to respond in whole to only the immediate, or most urgent, fires.

North Korea is a key example of the failure of back-burner politics. The United States has been in a struggle with North Korea over the development and subsequent proliferation of nuclear weapons since the early 1990s.<sup>9</sup> While the United States made sporadic yet more dogged diplomatic efforts to address this issue in recent years, its attention and resources were largely diverted to other, more urgent matters such as the post-9/11 Global War on Terrorism campaign and Iraq war. This “kicking the can down the road” approach to dealing with North Korea proved quite costly and is currently coming to a head. Today, North Korea is one of only nine nuclear states and is estimated to possess somewhere between 13 to 30 nuclear warheads, posing a grave threat to the United States and some of its closest allies.<sup>10</sup>

The United States, however, must be careful not to overcommit its resources, which is a legitimate concern anytime it earnestly considers the option of action. It is imperative that the United States choose its engagements wisely, especially when it is involved on multiple fronts as it is today. As will be detailed further in later chapters, resourcefulness will be paramount when dealing with the Russian gray zone problem.

#### *Key Questions for Policymakers Regarding Time*

- If not now, when?
- Is there ever a good time? If so, when is the right time?
- What is currently at stake?
- What might we lose if we do not take action now, and what is at stake in the future?

- What will the strategic picture look like at the time at which action is considered or taken if we maintain the status quo approach for the near future?

*Key Questions for Policymakers Regarding Resources*

- How many resources must we commit?
- What type of resources such as military, diplomatic, economic, and more must we commit?
- Can we use resources already in place, or must we provide new or additional resources?
- How much will this cost, both financially and politically?
- What is the domestic tolerance threshold, and will the people support it?

**Eliminates Immediate Escalation Concern**

One benefit of the status quo approach is that it appears to eliminate the immediate threat of escalation. If the United States takes no action, then it significantly reduces its risk of a major conflict with Russia in the near-term. Under this notion, however, Russia will continue to exploit the gray zone further in order to advance its national strategic goals. Moreover, if not met with some level of resistance, Russia will likely increase the propensity of its activities in the gray zone, which would help it to achieve its objectives faster and most likely result in conflict anyway.

*Key Questions for Policymakers Regarding Escalation*

- If we do not take action, is there a chance that escalation may occur anyway?

- What other factors might lead to future escalation?
- What is our response if our allies, specifically our NATO allies, are drawn into conflict?
- What is at stake, and what do we afford to lose if we take no action at all?
- What will the strategic picture look like at the time at which action is considered or taken if we maintain the status quo approach indefinitely?

### **Remains within the American Public's Tolerance Threshold**

Policymakers must also weigh domestic tolerability. The United States is currently engaged in two drawn-out conflicts that have endured for the past 16 years, and there exists the potential for a large-scale conflict on the Korean Peninsula. Current sentiment among the American public is that it does not want to risk more American lives in conflict.<sup>11</sup>

The wars in Afghanistan and against the Islamic State of Iraq and the Levant, however, are vastly comprised of hostile combat actions that result in human casualties. Operating in the gray zone, on the other hand, is limited in scope and short-of-war by nature, and therefore does not generally risk human life. If the United States permits Russia to advance its goals by operating in the gray zone unimpededly, it risks eventual escalation into a full-fledged conventional conflict that will likely result in a significant loss of American lives.

#### *Key Questions for Policymakers Regarding Tolerability*

- How many conflicts is the United States currently engaged in, considering both major and

minor conflicts, as well as any “unknown” conflicts?

- Can the United States afford to take action now or later?
- Are American lives at risk?
- Does action require significant risk to American lives?
- Does inaction pose a significant risk to U.S. national security?

### **“DAMNED IF YOU DON’T, NOT IF YOU DO” – A CALL FOR ACTION**

Since Russia perceives itself to be in a perpetual state of conflict with the West, and because its gray zone campaign has been largely effective, it can be concluded that Russia will continue exploiting the gray zone until deterred or met with tangible resistance. A 9-month study conducted by the U.S. Army War College’s (USAWC) Strategic Studies Institute (SSI) determined that inaction leads to great risk in the gray zone and that by taking no action or deferring:

You can easily wish away adverse consequences, but it’s your absolute worst choice. What happens is if you don’t act to blunt the challenges up front, then facts change on the ground to such an extent that it becomes eventually unthinkable to reverse them through more assertive action. If you wait things out, your opponent will nibble and nibble and nibble away until all of a sudden they just gobble up something that’s very important to you.<sup>12</sup>

The consequences of inaction are more severe than the cost of action (see table 2-2). Further, maintaining the status quo approach does nothing to change Russian behavior. Therefore, the United States should

take carefully measured action now to avoid a major escalation later.

<b>Examining Action</b>	
<b>Pros</b>	<b>Cons</b>
<ul style="list-style-type: none"> <li>• Prevents loss of key territories and preserves the post-World War II balance of power (1945-present).</li> <li>• Preserves Western influence and democracy at home and abroad (Eastern Europe).</li> <li>• Prevents loss of credibility, both domestically and internationally.</li> <li>• Deters other actors from engaging in gray zone activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Risk of major escalation can lead to conventional conflict and loss of human life.</li> <li>• Risk of severe escalation can lead to nuclear war and catastrophic loss of human life.</li> <li>• Potentially costly concerning resources and time.</li> <li>• Could exceed American tolerance threshold.</li> </ul>

**Table 2-2. Pros and Cons of Taking Action**

### **The Goals and Application of Action**

*The Goals of Action Should . . .*

- Incorporate the appropriate risk necessary to achieve desired outcomes.
- Demonstrate to Russia that there are tangible consequences for gray zone activities that directly or indirectly undermine U.S. national security interests domestically or abroad.
- Prevent Russia’s further usurpation or occupation of key territories in the region.

- Preserve the post-World War II balance of power (1945-present).
- Preserve Western influence and democracy at home and abroad, and most critically in Eastern Europe.
- Preserve U.S. global and domestic credibility.
- Ultimately, deter Russian gray zone activity by and large.

*The Application of Action Should . . .*

- Be carefully measured and slightly more significant than the trigger invoking it.
- Employ asymmetric responses, such as if Russia does X, the United States will respond with Y.
- Be applied in such a fashion that prevents escalation into major conflict, especially nuclear war.
- Have clearly defined goals aimed at achieving desired outcomes.
- Incorporate a combination of overt and covert action.
- Be applied consistent with American values and within the public's tolerance threshold.

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### CHAPTER 3. RETHINKING DIPLOMATIC RELATIONS WITH RUSSIA: THE COMMON GROUND APPROACH

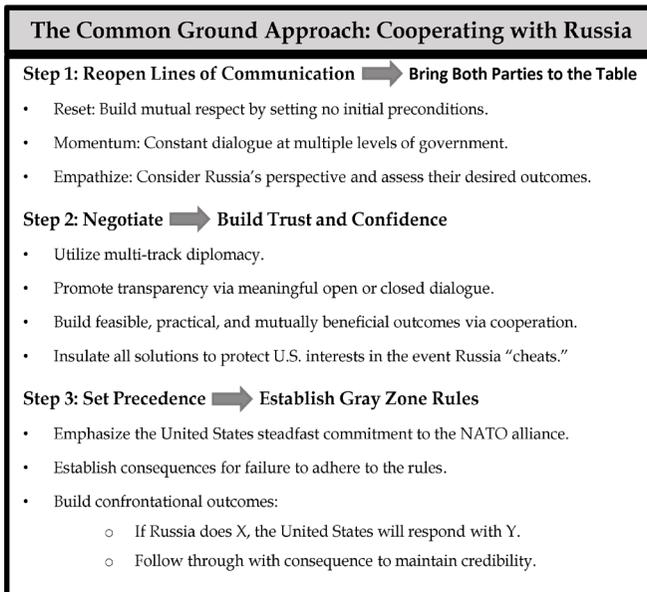
The best thing we can do if we want the Russians to let us be Americans is to let the Russians be Russian.<sup>1</sup>

– George F. Kennan, (1984)  
U.S. Diplomat

George F. Kennan was a famous American diplomat best known for writing the 1947 *Foreign Affairs* article, “The Sources of Soviet Conduct,” which heavily influenced National Security Council Report-68 and the containment policy responsible for driving U.S. dealings with Russia from 1950 until the fall of the Soviet Union. Kennan’s quote shows how he later flipped positions on how best to deal with Russia, advocating for meaningful dialogue instead of heavily militarized containment. If Kennan were still alive, he would surely offer a similar critique of today’s U.S. foreign policy – that it emphasizes conventional military strength over diplomacy and lacks strategic coherency with respect to dealing with Russia in the gray zone.

Today’s dynamic with Russia is drastically different from the one that existed from 1991 to 2014. Russia’s 2014 invasion of Ukraine and its subsequent annexation of Crimea completely changed the post-Cold War paradigm between the East and West. While extremely damaging to U.S.-Russian relations, the United States cannot allow those inflection points to create a total barrier to constructive dialogue and cooperation as it does today. Instead, the United States needs to realize and come to grips with Russia’s duplicity as both an adversarial competitor and

global partner. In dealing with the former, the United States should continue to use information, economic, and military instruments of power to respond to Russian aggression and violations of international law. However, in dealing with the latter, the U.S. strategy should be diplomatic and predicated upon finding common ground (see figure 3-1).



**Figure 3-1. A Common Ground Approach to Diplomacy with Russia<sup>2</sup>**

By identifying and working through areas of common ground via multi-track diplomacy, U.S. diplomats and officials can begin to reestablish relationships, engage in negotiations, and build trust with their Russian counterparts. Specifically, multi-track diplomacy utilizes a layered blend of governmental and

influential nongovernmental persons to move negotiations forward in a contentious environment. The former is commonly referred to as “Track 1,” while the latter is referred to as “Track 2.” Track 2 diplomacy is most beneficial in situations where policy restrictions or other obstacles prevent formal political representatives (Track 1) from direct engagement. While clearly not the ultimate solution to the U.S.-Russian relational problem, the common ground approach incorporating multi-track diplomacy does provide a real starting point to jumpstart cooperation between the two countries. Improved cooperation, in turn, can stimulate more transparent and meaningful dialogue vis-à-vis the gray zone, which is essential to keeping U.S.-Russian rising tension and potential for conflict at bay. Table 3-1 identifies eight areas of common ground that the United States and Russia should begin exploring immediately, and the rest of this chapter elaborates upon them in more detail.

Examples of Common Ground	
• Reset Diplomatic Staffing Levels.	• Stability in Syria.
• Promoting NATO-Russian Relations.	• Nonproliferation and Nuclear Security.
• Military-to-Military Cooperation.	• Arms Control.
• Cybersecurity.	• Space Exploration.

**Table 3-1. Examples of Common Ground**

## RESET DIPLOMATIC STAFFING LEVELS

The Russian tampering of the 2016 U.S. Presidential election was yet another significant inflection point causing a strain in relations between the United States and Russia. In retaliation, the United States expelled

35 Russian diplomats.<sup>3</sup> The Russians, exchanging blows, expelled 755 U.S. diplomats and their technical staffs after the U.S. Congress imposed sanctions.<sup>4</sup> The United States then closed the Russian consulate in San Francisco and the Russian diplomatic annexes in New York and Washington.<sup>5</sup> While these tit-for-tat exchanges seem warranted at face value, they only widen a diplomatic gap between two nations with a history of animosity. In order to close the gap, the United States and Russia must find common ground through diplomacy, and the restoration of diplomatic staffing levels would be an appropriate first step in achieving this goal.

Although tactics such as expelling diplomats and closing consulates may seem like effective punishment tools, they dually create barriers to communication and the advancement of national interests. Returning these officials back to their posts can help bolster relationships, communicate national interests, and help the other side understand their nation's views on policies and areas of disagreement.<sup>6</sup> In turn, this sets the conditions for constructive negotiations, which are essential to finding other areas of common ground. Although the United States and Russia are divergent on many issues, strong diplomatic relations is an area of common ground that can help both countries advance their political, economic, and security interests.

## **PROMOTING NORTH ATLANTIC TREATY ORGANIZATION (NATO)-RUSSIAN RELATIONS**

In 2014, despite several years of consistent NATO-Russian communications, NATO suspended all practical cooperation with Russia in retribution for

its unlawful annexation of Crimea.<sup>7</sup> Although a justifiable response to a maneuver that upset international order and security, isolating Russia is not a pragmatic, long-term strategy. It is paramount for NATO and Russia to come back to the table sooner rather than later, open the lines of communication, and find common ground. Furthermore, the United States:

should take reasonable actions alongside its NATO allies to reassure Russian political and military officials and the Russian public that the United States and NATO have defensive intentions and do not threaten Russian territory.<sup>8</sup>

As long as Russia perceives NATO as an offensive existential threat, it will continue its campaign of aggressive behavior against the United States and its allies in the gray zone.

One recent success in NATO-Russia relations was the reconvening of the NATO-Russia Council (NRC), where all 29 NATO countries and Russia come together as equal partners to discuss security issues, identify emerging problems, and develop shared approaches to resolving disagreements. In the Warsaw Summit Communique, NATO stated that it was:

open to a periodic, focused and meaningful dialogue with a Russia willing to engage on the basis of reciprocity in the NRC, with a view to avoiding misunderstanding, miscalculation, and unintended escalation, and to increase transparency and predictability.<sup>9</sup>

The NRC met three times in 2016 and twice in both 2017 and 2018. NATO Secretary General Jens Stoltenberg, who chaired the first meeting of 2018, noted that the allies and Russia had an open and useful exchange

on three topics: Ukraine, Afghanistan, and transparency and risk reduction.<sup>10</sup>

The NRC has proved to be a critical venue in enhancing NATO-Russia cooperation and multilateral communication. In further developing these relationships, NATO should look to reintroduce Russia into other NATO-led international forums and conventions, as well as sustain the frequency of NRC events exhibited in the last several years.

## **MILITARY-TO-MILITARY COOPERATION**

Up until 2014, Russia and the United States collaborated extensively in fighting terrorism post-9/11. The NRC was the primary driver in this cooperative effort; it provided an appropriate venue for Russian support of a number of antiterrorism initiatives outlined in the NRC Action Plan on Terrorism. Examples of this cooperation included a civil-military tabletop exercise in 2012, counter-piracy operations off the Horn of Africa in 2008, the Cooperative Airspace Initiative born out of 9/11, and the Stand-off Detection of Explosives project, which was a science and technology effort meant to protect mass transit locations from bombs.<sup>11</sup> While the NRC has begun meeting again on a regular basis, the cooperative effort with Russia on international counterterrorism has not resumed.

U.S.-Russian military-to-military relations have also diminished since 2014, a dangerous development that heightens the risk of miscalculation on both sides. The United States codified its restrictions in the 2016, 2017, 2018, and 2019 National Defense Authorization Acts (NDAA), which prohibit “any bilateral military-to-military cooperation” between the U.S. military and Russia.<sup>12</sup> The Supreme Allied

Commander Europe in his NATO capacity, however, retains the authority to conduct military-to-military engagements with Russia and should do so whenever practical to maintain lines of communication and deconflict efforts between military forces. Moreover, the United States should begin lifting NDAA restrictions on military-to-military cooperation with Russia in order to promote dialogue and transparency between traditionally opposed forces.

Another step in the right direction took place in February 2017, when the Chairman of the Joint Chiefs of Staff, General Joseph Dunford, met with his Russian counterpart, General Valery Gerasimov, in Baku, Azerbaijan to discuss important military issues. While the Pentagon reaffirmed that this did not signal a return to pre-Ukraine relations, the meeting between the two senior-most military officials opened a new line of communication.<sup>13</sup> Importantly, this line of communication is pivotal in raising military situational awareness and preventing military miscalculations. It also provides the top generals with the information necessary to provide the best military advice to their respective presidents, which better informs political decisions involving the use of the military instrument.

## **CYBERSECURITY**

In September 2015, President Barack Obama and President Xi Jinping of China signed a historic agreement on cybersecurity. The agreement stated that both countries would “mitigate malicious cyber activity emanating from their territory.”<sup>14</sup> Could the United States and Russia come to a similar type of agreement?

The Russians, like the Chinese, have a history of alleged state-sponsored hacking and online influence

operations that began well before the 2016 U.S. Presidential election. Nonetheless, the potential exists for common ground in the cyber arena. Both leaders recognized this when they met for the first time during the July 2017 Group of 20 Summit in Germany.<sup>15</sup> Following this meeting, President Donald Trump tweeted: “Putin & I discussed forming an impenetrable Cyber Security unit so that election hacking, & many other negative things, will be guarded.”<sup>16</sup>

Trump was quickly criticized by the press and lawmakers such as Senator Lindsey Graham, who commented that the idea of working with Russia on cybersecurity was “not the dumbest idea I’ve ever heard, but it’s pretty close.”<sup>17</sup> Based on historical precedent, Senator Graham’s comments might not be too farfetched. However, while establishing a combined cybersecurity organization of U.S. and Russian personnel sounds dubious, it could be beneficial for a number of reasons. For example, it would provide a venue to bring the United States and Russia to the negotiating table to discuss the rules of law and international norms regarding cyber-operations. Moreover, a cyber-agreement could promote the responsible use of cyber capabilities and contribute to a reduction in international cybercrime.

## **SYRIA**

It is not out of the question for the United States and Russia to find some common ground in Syria. In a July 2017 statement, former Secretary of State Rex Tillerson said, “The U.S. and Russia certainly have unresolved differences on a number of issues, but we have the potential to appropriately coordinate in Syria in order to produce stability and serve our mutual security

interests.”<sup>18</sup> Putin further declared, “Syria can become a model for partnership in the name of common interests [with the United States], resolving problems that affect everyone, and developing an effective risk-management system.”<sup>19</sup> Finding common ground in resolving such a significant regional crisis could be a vital stepping-stone in improving relations between the two powers.

The predominant goals of the United States and Russia in Syria are not too dissimilar – both countries want to preserve stability in Syria, combat terrorism, stop the regime’s use of chemical weapons, and prevent refugee spillover into surrounding areas. Where the U.S. and Russia differ are mainly with respect to the identification of the enemy and whether the Assad regime should remain in power.<sup>20</sup>

From the Russian perspective of viewing Libya and Iraq as recent examples of failed Western intervention, it is in Russia’s best interest to keep Assad in power for at least the interim to avoid total collapse and disorder.<sup>21</sup> The resulting refugee crisis, Russia asserts, would mobilize terrorists and create a major crisis both within and on its borders.<sup>22</sup> Keeping Assad in power would also ensure its continued access to its critical Mediterranean naval port facility in Tartus. Hence, Russia argues that unless there is a comprehensive and viable post-Assad plan in place, Assad should currently remain in power to maintain some level of stability in the region.<sup>23</sup>

It is imperative that the United States and Russia consider each other’s national security concerns and work together to solve the Syrian crisis. In Syria, the ubiquitous common ground between the United States and Russia is regional stability. Consequently, since Russia does not necessarily assert that Assad is

the long-term answer, the two nations should work cooperatively with the United Nations (UN) to find a solution that ultimately replaces Assad and secures Syria's borders while a new and more responsible form of government comes to power.

## **NONPROLIFERATION AND NUCLEAR SECURITY**

Ironically, despite being on the brink of a nuclear holocaust at the height of the Cold War, the United States and Russia have and can continue to find common ground in nuclear nonproliferation and security. Many strategists believe, and evidence demonstrates, that the nuclear issue is one of the few concrete areas where mutual interests between the United States and Russia are most analogous.<sup>24</sup>

However, in the past 4 years, U.S.-Russian cooperation on the nuclear security agenda has deteriorated.<sup>25</sup> In response to sanctions stemming from its behavior in Crimea, in 2014, Russia vastly cut-off nuclear cooperation with the United States.<sup>26</sup> In 2016, it refused to take part in the world's fourth and final Nuclear Security Summit.<sup>27</sup> Russia's abrupt, dangerous halt to nuclear cooperation is consistent with the tit-for-tat exchanges that have characterized U.S.-Russian relations since 2014.

The United States and Russia share numerous roles and responsibilities in the international nonproliferation and nuclear security arenas. First, they comprise two of the three Nonproliferation Treaty depository governments. Second, they are both leading members of the International Atomic Energy Agency board. Third, they both are permanent members of the UN Security Council. Finally, they were key participants

in both the Iranian-P5+1 talks and Six-Party Talks with North Korea.<sup>28</sup> While Russia's modus operandi may ultimately differ from the United States, these interlocking roles and responsibilities at least compel them to cooperate and encourage them to find common ground.

Proliferation metastasizes threats, further complicates the geopolitical picture, and contributes to global instability. Consequently, the United States and Russia share common ground in stopping the spread of nuclear weapons to additional countries and preventing terrorists' access to them or related material.<sup>29</sup> Further, neither desires a direct military confrontation, especially one involving the use of nuclear weapons.

The United States should take a cooperative angle and expand upon these existing common grounds to improve its relationship with Russia. A recent example of common ground development was the Obama administration's work on the Joint Comprehensive Plan of Action, often referred to as the Iran Nuclear Deal. The Joint Comprehensive Plan of Action typified the give-and-take nature of the common ground approach. Though at face value many criticized the agreement for its imperfectness, it represented the culmination of 18 months of hard-fought diplomatic and concessional negotiations between the United States, Russia, and several other countries.<sup>30</sup> Collectively, these outcomes can help the United States and Russia begin to establish a precedent in other challenging and multifaceted areas such as the gray zone.

## **ARMS CONTROL**

Another key strategic area where the United States and Russia have found common ground is in arms control. During a lull in Russian gray zone activity

from 2009 to 2010, President Obama and Russian President Dmitri Medvedev oversaw tense negotiations, which included 10 rounds of talks conducted over the course of 12 months to hammer out the New Strategic Arms Reduction Treaty (New START).<sup>31</sup> The 10-year treaty went into effect on February 5, 2011, with an option to extend for 5 years. New START also contains caveats allowing one or both parties to opt out, thereby collapsing the agreement.<sup>32</sup> The treaty aimed to reduce both nations' deployed strategic nuclear warheads and bombs by 30 percent by 2018, while containing both monitoring and verification protocols, but not impeding the U.S. ability to develop and deploy ballistic missile defenses.<sup>33</sup>

Despite overwhelming bipartisan support for New START (the Senate ratified it with a 71 to 26 vote), this area of common ground is now at risk.<sup>34</sup> In a January 28, 2017 phone call between Trump and Putin, the Russian leader suggested an extension of the treaty, which Trump, after conferring with aides, promptly dismissed.<sup>35</sup> Then, in a February 23, 2017 interview with Reuters, President Trump disparaged the New START, proclaiming: "It's a one-sided deal. It gave them things that we should have never allowed. . . . Just another bad deal that the country made."<sup>36</sup>

In light of recent tensions, opting out of New START or failing to execute the 5-year extension of the treaty with Russia would be imprudent for the United States. By opting out, the United States stands to erase 30 years of successful nuclear arms control with Russia. The treaty marks one of the few diplomatic successes between the United States and Russia in recent years, allowing both nations to retain their nuclear deterrent while simultaneously contributing to nonproliferation goals.

## SPACE EXPLORATION

A unique area of U.S.-Russian relations that seems impervious to mounting tensions is the International Space Station (ISS). Since the retirement of its space shuttle program in 2011, the United States has relied exclusively on Russian rockets, launched out of Kazakhstan, to get its astronauts to and from the ISS.<sup>37</sup> Despite not having a manned space launch capability of its own, this arrangement has enabled the United States to maintain a manned presence aboard the ISS. From Russia's perspective, it has been a welcome boost to a sputtering economy by netting \$81 million per American seat aboard its Soyuz capsules. Notably, the Americans and Russians have teamed up on 52 joint ISS missions, and astronauts and cosmonauts have been cohabitating aboard the ISS since November 2, 2000.<sup>38</sup> Strategically, the United States needs this cooperation to continue, until it can either build a new space shuttle of its own or contract manned space-lift services from the private sector.

While Russians clearly maintain the upper hand in this area of cooperation, it is nonetheless remarkable considering that the space race was one of the most competitive aspects of the Cold War. Cooperation in this arena makes perfect sense, though, because it is exorbitantly expensive to do alone and serves both countries' interests. The ISS is the most expensive thing ever built. The project has cost approximately \$160 billion to date, and the United States continues to contribute nearly \$3 billion per year to it.<sup>39</sup> Demonstrating both sides' commitment to further cooperation, the National Aeronautics and Space Administration (NASA) and Roscosmos issued a joint statement on September 27, 2017, calling for the two space agencies

to work together in developing a “deep space gateway” in orbit around the moon.<sup>40</sup> While continuing to support this critical space exploration endeavor, policymakers should examine it closely and look to apply lessons learned to other areas of common ground.

## **CONCLUSION**

As tensions from Russia’s gray zone aggressions in Ukraine and Crimea linger, the aperture for finding common ground is quickly closing. While the common ground approach is not the only diplomatic tool available to the United States, it represents the most impactful dimension of this instrument of national power when dealing with an obstinate Russia. The United States must seize the opportunity to find common ground with Russia now in order to rebuild some of the vital partnerships and cooperation that existed in the period before 2014. Only then will the United States and Russia be able to have a worthwhile dialogue with respect to setting a precedent and establishing rules in the gray zone.

### **Policy Recommendations for Achieving and Sustaining Diplomacy with Russia**

- Reset U.S.-Russia diplomatic staffing to pre-2016 sanction levels;
- Promote cooperation and diplomatic engagement via the NRC and other NATO forums;
- Renew the U.S.-Russia military-to-military relationship, and lift NDAA restrictions;
- Explore opportunities for cybersecurity initiatives with Russia;
- Collaborate with Russia on a short- and long-term strategy in Syria;

- Work together to pursue global nonproliferation and nuclear security initiatives;
- Negotiate a 5-year extension of the New START Treaty; and,
- Continue cooperation in multinational space exploration efforts.

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## CHAPTER 4. SHAPING THE INFORMATION ENVIRONMENT

Moscow seeks to create wedges that reduce trust and confidence in democratic processes, degrade democratization efforts, weaken US partnerships with European allies, undermine Western sanctions, encourage anti-US political views, and counter efforts to bring Ukraine and other former Soviet states into European institutions. . . . At a minimum, we expect Russia to continue using propaganda, social media, false-flag personas, sympathetic spokespeople, and other means of influence to try to exacerbate social and political fissures in the United States.<sup>1</sup>

—Daniel R. Coats, Director of National Intelligence (2018)

The United States, who paved the way for today's globally connected and technology-driven world, is losing ground to Russia in the information domain. Russia has proven itself highly adept in this space, which consists of "the aggregate of individuals, organizations, and systems that collect, process, disseminate, or act on information."<sup>2</sup> Today, Russia's misinformation campaign is multidimensional and extends well beyond its near abroad, targeting the institutions and populations of the entire North Atlantic Treaty Organization (NATO) Alliance. The Russians have been particularly creative in using the Internet to undermine Western influence and democracies by exploiting seams in civil societies. The Russians have mastered a phenomenon that Emily Thorson of Syracuse University coined the "Belief Echo." The Belief Echo occurs through automatic or deliberative processes and results when "exposure to negative political information continues to shape attitudes even after the information has been effectively discredited."<sup>3</sup> Not surprisingly, her experiments demonstrate that

misinformation campaigns are highly effective when targeting is properly assessed, which is not difficult to do when aiming at today's overly partisan U.S. political landscape.

The lack of U.S. policy to counter this growing misinformation threat was most apparent following the 2016 U.S. Presidential election, where the Russians directly attacked the U.S. democratic process with little to no repercussions. The information environment is a competitive space shaped by narratives, and whoever controls the narrative best controls the domain. As summarized in the U.S. intelligence community's assessment above, the Russians are vigorously controlling the narrative and attempting to outpace the United States in the information space. If the United States fails to reshape the narrative, it risks losing further ground in this critical space. Consequently, the United States must act now to regain ground in the information environment, taking a proactive posture instead of a reactive one.

U.S. policymakers must carefully construct overt and covert measures while committing ample resources to regain information dominance over Russia. The key to policy development is viewing the information environment through both an overseas and domestic lens and includes:

**Overseas:**

- Fully funding the Department of State's Global Engagement Center (GEC);
- Supporting NATO information operations; and,
- Employing covert actions.

**Domestic:**

- Creating an Office of Foreign Influence (OFI);
- Drafting of key legislation by Congress; and,
- Presidential support and leadership.

## FIGHTING RUSSIAN MISINFORMATION OVERSEAS I: THE GEC

U.S. efforts to fight propaganda and spread American influence are far from novel; they have been going on in some form or another since World War II. Currently, the cornerstone of these efforts resides with the Department of State's GEC. The GEC was established by Executive order in March 2016 and is responsible for "coordinating U.S. counterterrorism messaging to foreign audiences," specifically those of the Islamic State of Iraq and the Levant.<sup>4</sup> The 2017 National Defense Authorization Act (NDAA) further funded and expanded the GEC's mission to "counter foreign state and non-state propaganda and disinformation efforts aimed at undermining U.S. national security interests."<sup>5</sup> The Department of Defense (DoD) allocated \$60 million of the fiscal year (FY) 2017 funds to the cause, and Congress made \$250 million available in FY 2018 and FY 2019 to fund a new Countering Russian Influence Fund. The Countering Russian Influence Fund was included in the Russia sanctions package passed in August 2017.<sup>6</sup>

With the Islamic State of Iraq and the Levant threat diminishing, the United States must shift its focus toward the fast-growing Russian gray zone threat. The new GEC funding and countering Russia initiatives are important steps in establishing a capability that the United States has either lacked or been reluctant to employ against Russia. Thus, policymakers should continue expanding the GEC's counter-Russian role and mission set to the maximum extent possible to thwart Russian misinformation campaigns against the United States and its allies.

The Department of State's overseas focus, regional expertise, and non-threatening posture make it ideally suited to own and operate the GEC mission. However, it would be a huge blunder to think that the Department of State singlehandedly could deal with the Russian misinformation threat. In order for this mission to succeed, the Department of State must closely work with and coordinate its efforts with the DoD.

The NDAA helps align efforts between the Department of State and the DoD. Specifically, it tasks each combatant commander with coordinating their regional information operations strategy with the corresponding assistant secretary of state and GEC. Effective synchronization and buy-in by both the Department of State and the DoD will be crucial to implementing this new information campaign against the Russians, especially since the DoD personnel and resources far exceed that of the Department of State in most areas of the world. Consequently, the GEC is supplemented by DoD personnel, as well as members from the U.S. intelligence community, Department of Homeland Security (DHS), U.S. Agency for International Development, and the Broadcasting Board of Governors.

The augmentation of additional personnel from various agencies to the GEC is a perfect example of a whole-of-government approach, and it is necessary to counter the Russian misinformation threat. Specifically, it amplifies the GEC's ability to identify and empower overseas partners who possess the influence and authority to counter propaganda and misinformation. In accomplishing this aspect of the mission, the GEC offers grants to foreign nongovernmental organizations, provides data analytics to partner nations, supports media literacy efforts abroad, purchases

online ads in social media to counter extremist messages, and targets the mouthpieces of misinformation to discredit them. Because its core operations take place overseas, the GEC enjoys the freedom and flexibility to operate absent of constitutional restrictions regarding censorship.

While the GEC concept has demonstrated the right mix of tactics and shown promise operating in the information environment, more capability is necessary to deter the Russian threat. Unfortunately, the GEC, like many good governmental initiatives, is hamstrung by funding and therefore has not reached its fullest potential. The Department of State's FY 2018 budget request represents a 34-percent decrement, dropping from \$55.6 billion in FY 2017 to \$37.6 billion.<sup>7</sup> In November 2017, former Ambassadors Nicholas Burns and Ryan C. Crocker pointed out that growing challenges to the United States on every continent already consume the Department of State's resources, making cuts in the budget that much more illogical.<sup>8</sup> The GEC expects to suffer commensurately from these cuts. Of the \$60 million of FY 2017 DoD augmentation funds allocated, the Department of State is only requesting \$40 million of it.<sup>9</sup>

Back in 2013, General James Mattis emphasized the importance of the Department of State's role in maintaining national security and preventing conflict. Specifically, he noted that an underfunded Department of State would require the United States to buy more ammunition.<sup>10</sup> It is imperative, therefore, that the Department of State remains fully funded so that critical organizations within, such as the GEC, have the necessary resources to carry out their mission.

## FIGHTING RUSSIAN MISINFORMATION OVERSEAS II: NATO OVERT ACTIONS

European allies have begun taking steps to counter the Russian threat. Many Europeans see Russia as a serious, if not an existential threat since Putin has specifically targeted Western institutions and the NATO alliance with active measures. In September 2014, the NATO Strategic Communications Centre of Excellence became operational in Riga, Latvia with a charter to advise NATO on information operations, psychological operations, public diplomacy, and public affairs.<sup>11</sup> In October 2017, the European Centre of Excellence for Countering Hybrid Threats stood up in Helsinki, Finland to enhance partners' civil-military capabilities, resilience, and preparedness to counter Russian hybrid threats.<sup>12</sup> The United States is wisely participating in both European initiatives and should continue its support of them to the maximum extent possible in order to confront the Russian gray zone threat to NATO.

NATO is also enhancing its overt strategic messaging campaign. At the September 2014 Wales Summit, it openly declared, "Russia's aggressive actions against Ukraine have fundamentally challenged our vision of a Europe whole, free, and at peace."<sup>13</sup> In the same communique, it boldly proclaimed that a significant cyberattack against a NATO country could trigger an Article 5 response. At the NATO Warsaw Summit in July 2016, the Alliance affirmed that Russia's "provocative military activities in the periphery of NATO territory and its demonstrated willingness to attain political goals by the threat and use of force, are a source of regional instability."<sup>14</sup> Sending bold, unambiguous messages to Russia is vital in communicating

NATO's strength and resolve in standing up to Russia. Moving forward, NATO should continue to explicitly call-out Russian aggression and attribute blame at every possible opportunity to garner support and deprecate Russia on the global stage.

### **FIGHTING RUSSIAN MISINFORMATION OVERSEAS III: COVERT ACTION**

Covert action. . . . an activity or activities of the United States Government to influence political, economic, or military conditions abroad, where it is intended that the role of the United States Government will not be apparent or acknowledged publicly.<sup>15</sup>

Like the Department of State, the U.S. intelligence community has an important role to play in the information environment. Its actions, however, typically occur covertly instead of overtly. Due to their high-risk nature, covert actions should only be used when it is apparent that the other instruments of national power are insufficient to achieve U.S. foreign policy goals.<sup>16</sup> While it is conceivable that the Central Intelligence Agency and National Security Agency are already operating under their Title 50, U.S. Code authority, one could certainly question the effectiveness of such covert measures to date. The Russians seemingly have plenty of areas that could be better exploited, such as human rights violations and widespread government corruption. U.S. policymakers should consider a more robust covert action campaign that:

- Undercuts Russia's use of active measures;
- Exposes its human rights violations on the world stage;

- Delegitimizes Russia's Government by revealing large-scale corruption; and,
- Embarrasses Putin and his inner circle.

The United States has no shortage of options when considering ways to enact this covert campaign against Russia. Covert action can take place in many forms to include propaganda, political or economic action, paramilitary operations, lethal actions, and cyber operations.<sup>17</sup> The type and scale of such measures should vary based on the severity of Russia's actions. Further, those measures must be carefully selected and implemented to reduce the risk of retaliatory escalation to the United States. In order to achieve the aforementioned objectives, U.S. policymakers should primarily employ a blend of cyber, political, and economic actions against Russia in the gray zone.

## **FIGHTING RUSSIAN MISINFORMATION AT HOME: THE OFI**

In many ways, countering the Russian gray zone threat at home is more challenging than it is abroad. The GEC, for example, cannot operate within the United States, which shifts the responsibility for countering Russian propaganda and misinformation on U.S. soil to the DHS. Currently, the DHS does not have an organization dedicated to this particular effort. Further, the tactics employed by the GEC abroad are largely exempt from First Amendment restrictions, whereas operating in the homeland requires strict adherence to them.

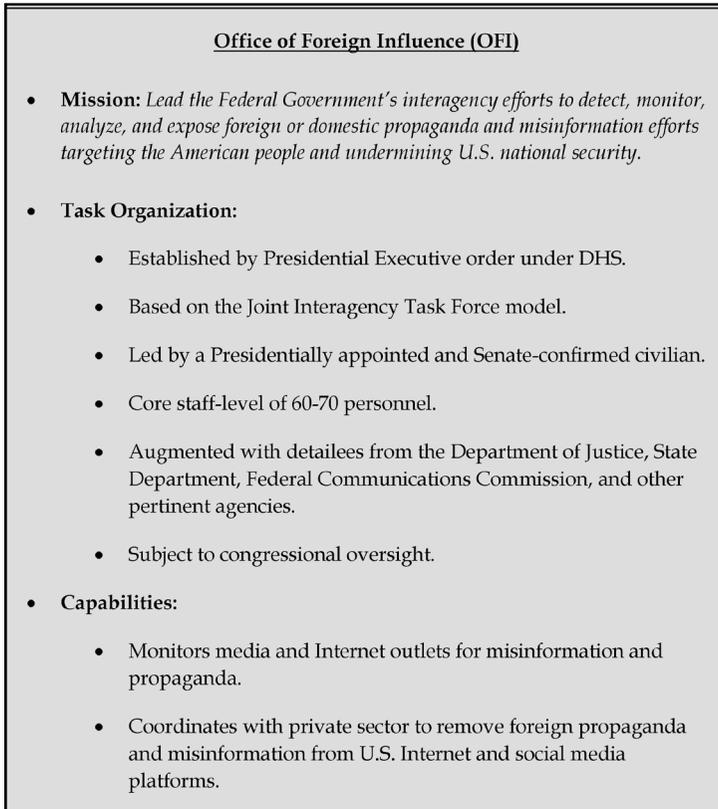
The DHS should immediately take steps to establish an entity solely dedicated to detecting and monitoring Russian gray zone activity. This research team

suggests that the body bear the title of the OFI and that its charter be to lead the Federal Government's inter-agency efforts to detect, monitor, analyze, and expose foreign or domestic propaganda and misinformation efforts targeting the American people and undermining U.S. national security.

The OFI's construct should be similar in design to the DoD's Joint Interagency Task Force model, which has a single mission and is comprised of detailees from multiple agencies and services across the U.S. Government. The Joint Interagency Task Force's unique construct facilitates unity of effort by harnessing all instruments of national power to counter asymmetric threats.<sup>18</sup>

The OFI should be comprised of players from across the executive branch, including the U.S. intelligence community, Department of Justice, Federal Communications Commission, Department of State, and other pertinent agencies. The OFI workforce should consist of a core of 60-70 highly specialized personnel trained to identify misinformation throughout all media and online outlets. In targeting niche skillsets, the OFI should seek intelligence officers, information security and technology specialists, journalists, broadcasters, and other public affairs experts. Paramount to its functionality and ultimate success would include maintaining close ties to private technology industries, Internet service providers, and social media platforms such as Google, Facebook, and Twitter. Subsequently, when the OFI discovers or identifies misinformation, it can quickly engage these private parties to flag the information or remove it from their content. While some contend that this would conflict with the First Amendment, there are legal and ethical ways to achieve these results by simply pressuring these private companies

to act more responsibly concerning the content they distribute via their proprietary algorithms.



**Figure 4-1. OFI Concept Overview<sup>19</sup>**

## CONGRESSIONAL ACTION

Congress, too, has an important role to play in fighting the gray zone threat domestically. In addition to funding the OFI, it must develop and pass legislation that puts some basic regulations on the Internet and social media platforms to increase transparency

without violating the First Amendment. To date, these platforms have shirked responsibility for the content on their platforms and have been clever to avoid any new governmental regulations on their business model.<sup>20</sup> At a minimum, these companies should be subject to the same standards as broadcast and print media regarding political ads. All ads should be transparent to whoever views them, and companies should be required to disclose the purchasing source. Facebook has already volunteered to do this and recently hired more than 1,000 people to review political ad purchases.<sup>21</sup> While this constitutes a step in the right direction, all Internet and social media companies should follow suit.

The Honest Ads Act, which was a bipartisan piece of legislation introduced by the 115th Congress, is Congress' only attempt to address these issues to date. Succinctly, the act attempted to establish a minimum standard for publishing online political ads. However, the bill never made it to a vote and had some significant shortfalls. While the bill did direct the Internet and social media platforms to reveal the purchaser of each political ad and maintain records on all persons who spent more than \$500 on ads in a year, it left plenty of space for bad actors to operate. In addition, the Honest Ads Act still would have allowed individuals to purchase ads anonymously or without a U.S. bank account, and it failed to recognize Internet platforms as publishers.<sup>22</sup> Internet platforms, therefore, will still provide bad actors fertile ground to exploit malicious or false content until properly recognized as publishers.

An even larger issue not addressed by the Honest Ads Act is Russia's clever use of "bots" and "trolls" to mass-produce and replicate fake news and

misinformation posted to social media outlets. Senator Mark Warner succinctly summarized the challenge during the Senate Intelligence Committee Open Hearing with Social Media Representatives on November 1, 2017:

Russian operatives are attempting to infiltrate and manipulate social media to hijack the national conversation and to make Americans angry, to set us against ourselves, and to undermine our democracy. They did it during the 2016 U.S. Presidential campaign. They are still doing it now. And not one of us is doing enough to stop it.<sup>23</sup>

What makes bots and trolls even more confounding is the fact that two-thirds of Americans now get their news from social media websites.<sup>24</sup>

In tackling the bot issue, Congress should draft additional legislation that requires private companies to distinguish between misinformation disseminated by humans and bots. Specifically, the legislation should introduce regulations compelling them to restrict bot activity on their platforms. Since bots are not human, they do not retain First Amendment rights and, therefore, are much easier to regulate.

In dealing with trolls, Congress should consider regulations that would establish stricter identity protocols for account creation to reduce anonymity. Additionally, requiring private companies to add datelines to posts, which automatically generate a location, or including a user-populated rating system to evaluate online news sources would be valuable.

In summary, Congress must take a deep dive into the Honest Ads Act and address its many shortfalls. It should also introduce new forms of legislation that require private companies to police their sites, sources, and content more effectively. Ultimately, this would

make Internet and social media platforms subject to the same standards as broadcast and print media regarding political ads and make them less susceptible to foreign exploitation.

## **PRESIDENTIAL LEADERSHIP**

For policy to be effective, it must have the full support and unconditional backing of the President. Further, the President must be willing to deal with Russia in the same manner as Putin deals with the United States. The last two administrations clearly lacked the political will or did not want to spend their political capital to confront the Kremlin. When the U.S. intelligence community learned of Russian meddling in the U.S. election in the summer of 2016, President Obama was reluctant to act due to concern over appearing partisan during a highly volatile Presidential campaign.<sup>25</sup> President Trump has also been disinclined to act despite intelligence now signifying that Putin had a personal hand in the meddling.

Without blunt acknowledgment and a firm response from the President, Russia will undoubtedly continue to target U.S. elections and other democratic cornerstones with gray zone tactics. The President, therefore, must first openly acknowledge and condemn Putin's role in interfering with the 2016 election. Then, he must demonstrate U.S. resiliency and resolve by enacting the full gamut of sanctions against Russia. Finally, he should use the bully pulpit to denounce Russia's actions while reaffirming his commitment to safeguarding the foundations of democracy.

## CONCLUSION

U.S. policymakers must take action now to regain the upper hand in the rapidly changing information environment. In shifting the advantage, the United States must effectively counter Russian misinformation and propaganda campaigns both domestically and abroad. Deterring the Russians from exploiting the gray zone's information dimension will require new and innovative actions from the legislative and executive branches of government. Moreover, these actions must be drastic enough to be efficacious without significantly clashing with American moral and constitutional norms.

### **Policy Recommendations for Countering Russia in the Information Environment**

#### *Domestic*

- Establish an OFI to detect and monitor gray zone activity.
- Draft congressional legislation to combat online misinformation and propaganda, restrict the use of foreign-generated bots and trolls, and build transparency in online political ads.
- Build resiliency via Presidential actions by denouncing Russian activities publicly.

#### *Overseas*

- Fully resource and fund the GEC to enable partners to counter propaganda and misinformation.
- Support NATO and European initiatives, such as counter-hybrid warfare operations, and strategic communications and messaging.

- Employ covert action to undercut Russia's active measures, expose human rights violations, delegitimize the Russian Government, and embarrass Putin and his inner circle.

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## CHAPTER 5. CREATIVELY LEVERAGING MILITARY MIGHT

21st century strategic deterrence is still fundamentally about influencing an actor's decisions. It's based on a solid policy foundation. It's about credible capabilities. It's about what the U.S. and our allies as a whole can bring to bear in both a military and a non-military sense.<sup>1</sup>

– General C. Robert Kehler,  
U.S. Strategic Command (2012)

The United States unequivocally maintains the finest military and fighting force in the world today, and its ability to project force globally is unmatched. Nevertheless, in today's complex and globally connected operating environment, it is a fallacy to think a country's strength, especially the United States, can be simply measured in missiles or military might. Russia's gray zone campaign against the West, which constitutes an end-around approach to traditional, kinetically focused military operations, is a testament to how might can be wielded in other ways. Russia's nimbleness in the gray zone presents myriad challenges to conventional military strategy and power, because its activities fall just short of the North Atlantic Treaty Organization (NATO) Article 5 threshold and just shy of the degree of violence required to trigger any significant action from the United Nations (UN) Security Council.<sup>2</sup> Thus, in calculating military responses to Russian gray zone activities, the United States and its allies must be calculated and careful to avoid inadvertent escalation into a major conflict. To respond to this complex challenge, the United States should adaptively focus the military aspect of its Russia strategy on:

- Reexamining the coercion-deterrence dynamic through the lens of deterrence by denial;
- Revitalizing NATO; and,
- Improving warfighting capability and responsiveness in Europe.

## COERCION-DETERRENCE DYNAMIC – DETERRENCE BY DENIAL

In dealing with Russia, it is critical to understand the coercion-deterrence dynamic. Fundamentally, deterrence involves threatening to use force in order to dissuade an adversary from taking an unwelcome action.<sup>3</sup> Deterrence typically dissuades the attack by employing either:

- **Punishment:** the threat of costly retaliation in response to an attack; or
- **Denial:** the recognition by the enemy that winning is unlikely or the cost is too high.

The coercion-deterrence dynamic involves a fluid combination of coercing and deterring techniques against the enemy.<sup>4</sup> Through active deterrence measures, one coerces the enemy to pick one of two options – action or inaction. The former results in consequences and the latter achieves deterrence. Interestingly, this pigeonholes the enemy into the same vexing conundrum discussed in chapter two. In the context of this research, the coercion-deterrence dynamic is executional in nature and describes how best to employ the force footprint and positioning of forces to achieve the strategic objective – thwarting Russia’s gray zone campaign without escalation into armed conflict.

From the end of the Cold War to 2014, the United States and its NATO allies enjoyed a peace dividend in Europe and practiced deterrence by punishment

vis-à-vis Russia. The concept of punishment, however, does not work well when dealing with a Russia who actively exploits the gray zone in order to undermine the international order while avoiding direct conflict with NATO. Conversely, the United States must lead an effort that embraces a strategy of deterrence by denial if it wants to maintain the international order that brought much of the world peace and prosperity. A denial strategy is the best way for the Alliance to signal its superior strength to Russia. Lieutenant General Frederick Ben Hodges, the U.S. Army's former top general in Europe, affirmed that Russia only understands and responds to one thing — strength and power.<sup>5</sup>

Deterrence by punishment is no longer an effective way to counter Russian military mayhem. In the past decade alone, Russia has taken hostile actions against three sovereign territories while sidestepping the international law, disguising its true intentions of expansionism by citing the protection of its Russian “compatriots.”<sup>6</sup> The response by NATO to all three incidents was underwhelming, and in some cases nonexistent. While NATO does not have a responsibility to act in the case of Ukraine because it is not a NATO member, it still has a vital role in upholding international law and preserving security and stability in the region. Further, part of its core responsibilities includes maintaining the appropriate level of force and operational readiness to respond if Russia attacks a NATO ally. In all likelihood, Russia's gray zone aggression and territorial expansion will continue until met with a strong NATO response. In constructing its response, NATO should rely primarily on a strategy of deterrence by denial.

Some might argue that such a stance is too aggressive and could spur the chance of major escalation with Russia. Quite the opposite, NATO must act now to remain viable, relevant, and demonstrate its unwavering commitment to Article 5. If NATO gives Russia the impression through lack of capability and readiness that it does not care to uphold its promissory commitment to defend its allies, then it risks enticing Russia “to call our bluff with catastrophic results. Deterrence cannot be bluff; unsupported security commitments are the worst form of blunder.”<sup>7</sup> The Russian gray zone threat is real and ever-present, and NATO, supported by the strong leadership of the United States, must take action now to prevent Russia from making its next bold move.

## REVITALIZING NATO

Russia’s invasion of Ukraine changed the post-Cold War landscape forever. Prior to this 2014 inflection point, many critics questioned the need for the Alliance. However, today, these same critics agree that NATO must remain a cornerstone of the U.S. military strategy in dealing with Russia. The NATO model, however, is dated. Formed in 1949, and built around a conventional military paradigm, NATO is not particularly adept in responding to gray zone aggression.<sup>8</sup> In order for NATO to remain capable of deterring the current Russian threat, it must:

- Improve resiliency via Article 3;
- Enhance interoperability and rapid response capability; and,
- Reexamine Article 5 procedures.

## Improve Resiliency via Article 3

In order more effectively to achieve the objectives of this Treaty, the Parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack.<sup>9</sup>

—North Atlantic Treaty Article 3  
(Washington, DC, April 4, 1949)

Critical to Article 3 is the concept of resiliency. By meeting NATO defense spending guidelines, members contribute to overall deterrence while solidifying their sovereignty. Nowhere are these commitments more important than in Europe. Of NATO's 29 countries, 27 are European. However, despite comprising 93 percent of NATO, the vast majority of these European countries are woefully derelict in the several dimensions of their Article 3 commitments. NATO requests that all members commit 2 percent of their gross domestic product (GDP) to defense and 20 percent of their defense budget to equipment to include research and development. Alarming, figure 5-1 shows that in 2017, merely 4 countries met the guideline to spend 2 percent of their GDP on defense, 12 countries allocated 20 percent of their defense budget to equipment, and only the United States and the United Kingdom met both guidelines. Russia, on the other hand, spent 5.5 percent of its 2016 GDP on defense, which is higher than all 29 NATO countries and fivefold more than 7 of them.<sup>10</sup> The U.S. ability to deter Russia's behavior in the gray zone is dependent upon the unconditional support and commitment of NATO. In order for deterrence by denial to be successful, the Alliance must

convincingly demonstrate to Russia an overwhelming military advantage in its near abroad.

Defense Spending as Share of GDP (2017)			Equipment as a Share of Defense Expenditures (2017)	
United States	3.57		Romania	33.20
Greece	2.36		Luxembourg	32.99
United Kingdom	2.12		Lithuania	31.09
Estonia	2.08		Turkey	30.40
Poland	1.99	← NATO 2% Guideline	Bulgaria	29.54
Romania	1.80		United States	28.43
France	1.79		Norway	25.52
Latvia	1.75		France	24.17
Lithuania	1.73		Poland	22.14
Norway	1.62		Canada	22.03
Montenegro	1.58		Italy	20.94
Bulgaria	1.53		Slovak Republic	20.42
Turkey	1.48		Canada	19.42
Portugal	1.31		Spain	19.31
Canada	1.29		Estonia	19.24
Croatia	1.26		Latvia	17.22
Germany	1.24		Netherlands	16.80
Slovak Republic	1.19		Greece	15.47
Denmark	1.17		Hungary	15.34
Netherlands	1.15		Germany	13.75
Italy	1.12		Denmark	12.10
Albania	1.10		Czech Republic	11.12
Hungary	1.06		Portugal	10.31
Czech Republic	1.05		Croatia	9.07
Slovenia	0.98		Montenegro	8.20
Spain	0.92		Albania	6.96
Belgium	0.90		Belgium	5.30
Luxembourg	0.46		Slovenia	4.01

**Figure 5-1. 2017 NATO Defense Expenditures<sup>11</sup>**

The lack of Europe’s fiscal commitment has directly affected NATO’s overall readiness. For example, during the recent Libya campaign, European countries were running out of munitions, and the Netherlands had just a 5-day supply of munitions on hand.<sup>12</sup> Prior Defense Secretary Robert Gates, summing up the Libya campaign, noted:

While every Alliance member voted for the Libya mission, less than half have participated at all, and fewer than a third have been willing to participate in the strike mission. Frankly, many of those allies sitting on the sidelines do so not because they do not want to participate, but simply because they can't. The military capabilities simply aren't there.<sup>13</sup>

Further, the 27 European countries provide slightly more than two million uniformed soldiers to the Alliance, yet only 5 percent of them are capable of deploying beyond their parent nation's borders. When they do deploy, there are caveats that significantly hinder their effectiveness.<sup>14</sup>

Russia itself has nearly 3.3 million soldiers in its active duty forces and reserves, and it has shown an increased propensity to move those forces beyond its borders using gray zone tactics.<sup>15</sup> In order for the United States to remain effective in its deterrence campaign against Russia in the gray zone, it must demand that its European partners share the burden by meeting their Article 3 commitments – that is, by increasing defense spending in order to modernize and better equip their defense forces. The Warsaw Summit Communique of July 2016 signified a critical first step toward this goal, announcing that the majority of allies have increased military expenditures for the first time since 2009.<sup>16</sup> For NATO to maintain its edge over the growing Russian threat, these trends must continue.

### **Enhance Interoperability and Rapid Response Capability**

Recent efforts by the United States and Germany to modernize their partnership offer an excellent example for other NATO members to emulate. The

Germans have taken significant measures to enhance interoperability with the United States to combat Russian gray zone tactics in Ukraine. Prior Defense Secretary Ash Carter, in his remarks at Atlantik Brücke in 2015, observed three important developments in the revitalized U.S.-German partnership. First, he noted the establishment of the Transatlantic Capability Enhancement and Training Initiative, which better synchronizes joint military activities, training, and exercises between the two nations. Second, he recognized Germany's ongoing efforts to respond to the Russia-Ukraine crisis by providing military support. Third, he praised Germany's backing of the Organization for Security and Cooperation in Europe's Special Monitoring Mission to Ukraine.<sup>17</sup> Other NATO members should follow suit, evolving to meet new and unconventional threats such as those perpetrated by Russia in the gray zone.

The 2014 NATO Summit in Wales marked an important first step in improving NATO's rapid response capability when all participants unanimously voted to create a European-led, interoperable Very High Readiness Joint Task Force under the NATO Response Force command structure. The joint task force comprises a multinational brigade made up of 5,000 troops and is capable of deploying rapidly to respond to crises or conflicts in the region. Uniquely, it has no permanent base or a specific location, and the national leadership and units rotate on an annual basis. The United Kingdom, for example, led the 2017 task force. Unfortunately, however, the Very High Readiness Joint Task Force is not yet operating on all cylinders; framework difficulties, susceptibilities, and coordination issues have impeded progress to date.<sup>18</sup>

While the Very High Readiness Joint Task Force has had its challenges, it is still an important step in the right direction to increase readiness. Other measures in the last few years, such as increasing the number of military exercises, establishing new command centers, and reorganizing its response force, demonstrate NATO's awareness of the Russian threat and validate its desire to contest it. In improving upon this effort, the United States must pressure NATO members to modernize their forces to support enhanced interoperability and rapid response capabilities.

### **Reexamine Article 5 Procedures**

The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognised by Article 51 of the Charter of the United Nations [UN], will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.<sup>19</sup>

—North Atlantic Treaty Article 5  
(Washington, DC, April 4, 1949)

Recognizing the enormous threat that Russia's "short-of-war" gray zone actions pose to international security and stability in the region, NATO should conduct a comprehensive review of its Article 5 procedures and responsibilities to determine if its trigger threshold is appropriately set. Only once in its history, following the terrorist attacks conducted against the United States on 9/11, has NATO invoked Article 5.

It is clear that if Russian forces attack a NATO member through conventional military means, then NATO would respond by invoking Article 5. What is unclear, on the other hand, is how NATO responds when the Russians employ hybrid warfare tactics in the gray zone against its members. The Estonians experienced this ambiguity firsthand in April 2007 when the Russians conducted a hybrid warfare campaign against them in retaliation for the movement of a World War II Red Army monument in Tallinn. Russia unleashed a fake news campaign, which encouraged Russian-speaking Estonians to take to the streets in violent protest; these protests quickly turned into riots resulting in 1 death, 156 injuries, and 1,000 arrests.<sup>20</sup> The Russians then conducted a series of cyberattacks against the Estonian Government and its private sector, crippling essential services for weeks and creating further havoc. NATO, however, did not respond in any significant manner to these attacks, ultimately enticing the Russians to continue operations in the gray zone.

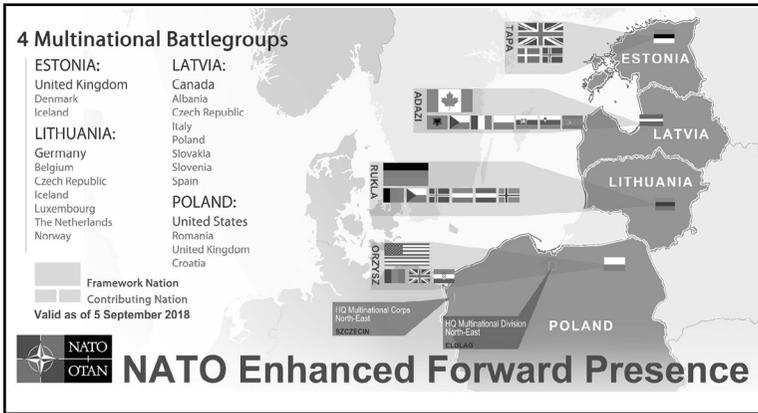
The Alliance made its first attempt to address the gray zone issue during the Wales Summit when it declared that a significant cyberattack on one of its members could lead to the invocation of Article 5.<sup>21</sup> By ambiguously stating this declaration, NATO left itself plenty of wiggle room to justify inaction. Moreover, the deterrence value of this declaration is weak, as evidenced by Russia's repeated attempts to interfere in European elections and the 2017 hacking of the personal cell phones of NATO troops in Eastern Europe.<sup>22</sup> In light of these events, NATO should further refine its definition of an attack by including all forms of hybrid warfare that threaten the sovereignty or national security of its members.

## **IMPROVING WARFIGHTING CAPABILITY IN EUROPE**

The United States must strengthen its conventional force footprint and strategic posture in Europe in order for deterrence by denial to be effective. In doing so, policymakers should consider actions that deter Russia by increasing conventional forces in Eastern Europe, address the anti-access/area denial (A2/AD) problem posed by the Kaliningrad Oblast, and hinder the Russian military's freedom of maneuver.

### **Outnumbered and Outgunned**

In 2016, the RAND Corporation war-gamed a Russian invasion of the Baltic States—the results were troubling, to say the least. The study revealed that the Russians could easily overrun one or more of the Baltic nations in 60 hours or less. If the Russians choose this route, it will leave NATO with only a few undesirable options.<sup>23</sup> The study, however, concluded prior to the establishment of NATO's enhanced forward presence (EFP) in the Baltic States and Poland (see figure 5-2). Each of the EFP's multinational battlegroups is equivalent to a reinforced battalion and includes 1,100 troops; importantly, they also represent all three of NATO's nuclear-capable members, namely the United States, United Kingdom, and France. While these units would not significantly alter battlefield results, they do force the Russians to revisit their strategic risk calculations for recapturing former Soviet-occupied territories. Still, NATO needs additional conventional forces in Europe if it expects its deterrence strategy to work.



Source: NATO.

**Figure 5-2. EFP: Effective Deterrence or Merely a Speed Bump for Russian Forces?<sup>24</sup>**

In order for NATO to defend itself, RAND recommends a force of seven brigades, at least three of which are heavy armored and supported by air and indirect fires, positioned in the Baltics and immediately ready to fight.<sup>25</sup> In the opinion of this research team, seven brigades are the bare minimum required to deter Russia by denial; therefore, NATO should consider even more forces.

The Kaliningrad Oblast, a strategic enclave of Russian territory nestled between Poland and Lithuania on the Baltic Coast, poses a serious A2/AD challenge to effective deterrence strategy. Notwithstanding its nuclear capability, it provides the Russians with an ability to threaten NATO access to the Baltic Sea and the surrounding airspace with long-range anti-ship, surface-to-air, and surface-to-surface missiles. In order to undercut Russia's geostrategic advantage, NATO must invest in state-of-the-art weapons and aircraft

that can preemptively strike or defend against these systems, including long-range precision fires, missile defense, and fifth generation fighter aircraft.

As always, the United States must take the lead in force buildup, and already has demonstrated its commitment by increasing its spending from \$789 million in 2016, to \$4.8 billion in 2018, and expanding its footprint in Eastern Europe via the deployment of rotational armored and aviation brigades. This increased footprint includes prepositioned warfighting gear and equipment, as well as a sizable pot of money to amplify training and multinational exercises.<sup>26</sup> Still, these forces represent only a fraction of those that existed at the end of the Cold War when the United States had 350,000 troops in Europe to counter the Soviet threat. Because reverting to that troop level is not feasible today, policymakers should consider other measures to signal NATO's resolve. Some of these measures include:

- Concentrating additional forces in Eastern and Central Europe, where NATO is most vulnerable, and Russia's expansionism is most likely;
- Investing in state-of-the-art weapons systems to offset A2/AD capabilities, including long-range precision fires, missile defense, and fifth-generation fighter aircraft;
- Conducting widespread joint training exercises with NATO allies and NATO partner nations;
- Increasing funding for Operation ATLANTIC RESOLVE and the U.S. military effort to build rotational forces in Europe specifically to deter Russian aggression;
- Conducting frequent aerial reconnaissance flights near the Russian border;

- Conducting more freedom of navigation operations in the Baltic and Black Seas;
- Increasing the frequency of amphibious ready groups and carrier strike groups operating in the Baltic Sea;
- Reversing the trend of declining operating bases and installations – currently, the United States is on pace to have only 17 main operating bases in Europe, and the total number of U.S. installations have declined by several hundred percent since the Cold War;<sup>27</sup>
- Improving overseas basing options and creating more distributed logistical support to support interoperability;<sup>28</sup> and,
- Enhancing, collecting, and sharing vital intelligence to anticipate Russia’s next move.

Some argue that building and positioning forces lead to a greater chance of inadvertent escalation by either bumping into Russian forces or through the co-occupation of shared spaces. While this is certainly true in some regards, the United States and NATO can mitigate escalation by engaging in open and explicit dialogue with Russia that clearly outlines and broadcasts the Alliance’s actions and intentions. Force buildup and strategic positioning have three profound and dissuading psychological effects on the enemy:

- Signals overtly to Russia, **through action**, that the United States and NATO mean business vis-à-vis their Article 5 commitments to their allies;
- Encumbers Russia’s freedom of movement into surrounding territories and undermines its “near-abroad” and regional dominance goals; and,

- Invokes apprehension in Russia by playing upon its fear of meeting the United States and NATO in conventional military conflict.

### **Restricting Russia's Freedom of Maneuver**

The United States should lead a NATO effort to restrict Russia's ability to operate in the contested areas of Georgia and Ukraine and protect the former Soviet-occupied areas of Eastern Europe where the threat is most prevalent. One method toward realizing this goal is to increase NATO's regional footprint through indigenous forces—that is, to train, equip, and empower partner nations' military, paramilitary, and localized forces.<sup>29</sup> In the past, U.S.-sponsored indigenous force generation has proved effective in Latin America and most famously in Afghanistan against the Soviets during the 1980s. Specifically, with respect to Russia, these forces could wage proxy wars that harass Russian forces, inflict casualties, and undermine its political will to sustain the occupation.

The National Guard's State Partnership Program is another initiative policymakers should consider leveraging to bolster these efforts. The program is a U.S. theater security cooperation that links a state's National Guard with partner nations' military and security forces. Since the program already maintains relationships with many of the NATO and NATO partner militaries along the Russian border, the United States could use it to cultivate enduring personal and institutional relationships that enhance U.S. access, presence, and influence in the near abroad region. Figure 5-3 shows the far-reaching span of this program and therefore the opportunity it presents the United States to help offset Russian influence in the region.



**Figure 5-3. State Partnership Program Participants and the Year Established<sup>30</sup>**

Additionally, U.S. Special Forces should openly support defensive irregular warfare efforts by the host nations in NATO's Eastern European countries. Specifically, these efforts should aim to both train and prepare host nation forces for potential Russian occupation. By conducting this mission overtly, the United States would be sending Russia a clear message that occupation would come with a significant cost.

Lastly, in restricting Russia's freedom of maneuver, policymakers should consider implementing the concept of A2/AD. Traditionally, the Alliance has viewed A2/AD techniques as an adversary's capability only, but perhaps NATO could embrace a similar posture where Russia outguns it on the eastern edge of the Alliance. Specifically, NATO could assist a country such as Ukraine in creating organic A2/AD or "no-go zones to restrict Russian freedom of maneuver in strategically and operationally important areas,

such as Kiev or in the region around the port city of Mariupol.”<sup>31</sup> Additionally, the United States and NATO should concentrate this footprint in areas outside of Ukraine vulnerable to Russian aggression, such as Hungary, Romania, and Slovakia.

## CONCLUSION

The United States, in close concert with NATO, must leverage its conventional military might in creative and vigilant ways to keep Russia’s gray zone activities at bay. By presenting a constantly changing operational picture, the United States and NATO will ultimately gain the upper hand while forcing Russia to revisit its assumptions, risk calculus, and operational plans.<sup>32</sup> By revitalizing NATO and improving warfighting capability throughout Europe, the United States will be better equipped to deter Russia via a strong denial strategy.

### **Military Policy Recommendations**

- Build a strategy based on deterrence by denial.
- Compel NATO partners to meet Article 3 guidelines to modernize their forces.
- Improve NATO rapid response capability.
- Reexamine Article 5 to address hybrid warfare and gray zone tactics.
- Expand the EFP to at least seven brigades.
- Invest in state-of-the-art weapons and aircraft to counter the Kaliningrad A2/AD threat.
- Increase the U.S. military footprint in Europe.
- Increase Alliance presence in the waters and airspace around Russia.
- Maintain bases and installations to support logistics.

- Develop regional indigenous capacity.
- Explore friendly A2/AD capabilities.

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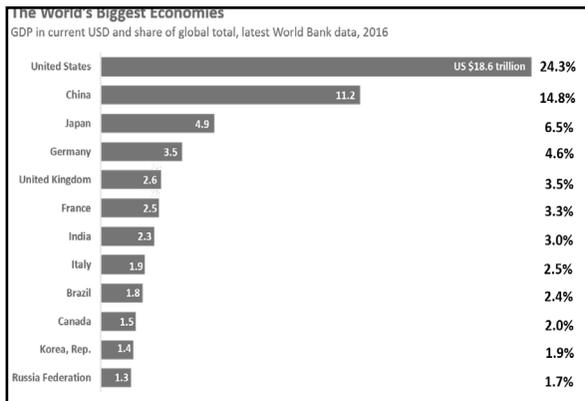


## CHAPTER 6. MASTERING THE ART OF ECONOMIC STATECRAFT

Despite having the most powerful economy on earth, the U.S. too often reaches for the gun instead of the purse in its international conduct.<sup>1</sup>

—Dr. Robert D. Blackwill, U.S. Diplomat

The United States owns the largest and most powerful economy in the world (see figure 6-1). In 2016, the U.S. economy represented 24 percent of the global output with a nominal gross domestic product (GDP) of over \$18.6 trillion. China, its main economic rival, boasted the second largest economy with an \$11.2 trillion nominal GDP. Compared to other leading nations ranked 3 to 10 on the world's biggest economies list, the U.S. economy is larger than all of them combined, as depicted in figure 6-1.



**Figure 6-1. World's Biggest Economies (nominal GDP)<sup>2</sup>**

Russia's economy, on the other hand, is not in the top 10 and only accounts for 1.7 percent of the world's economy.<sup>3</sup> Although its economy is relatively weak at face value, Russia has cunningly found ways to wreak considerable economic havoc on the most critical allies of the United States.

The United States has a myopic, military-centric approach to national security that often ignores the power of economic statecraft and the associated tools available to it for advancing its strategic objectives. In the modern gray zone environment, Russia has emerged as an expert in waging warfare in the economic space. Specifically, Russia engages in illicit trade practices, wields energy as a weapon, and provides aid to turbulent countries to advance its geopolitical interests. To counter these and other Russian tactics, the United States must implement an economic dimension to its gray zone strategy that considers the full gamut of options to target Russia's wealth and prosperity.<sup>4</sup> In developing the economic component of U.S. strategy, policymakers should primarily focus on four key areas: trade, foreign aid, sanctions, and energy.

## **TRADE POLICY**

The United States must develop trade policies that not only increase its economic power at home but also advance its national security objectives abroad. Since the end of the Cold War, the United States has largely viewed its trade agreements through an economic lens while ignoring their use as a geopolitical tool.<sup>5</sup> In today's geopolitical landscape, this stove-piped approach to economic policy is problematic and allows adversary nations such as Russia to wage economic warfare without due consequences.

Russia is employing its economic tools to recreate Soviet spheres of influence in Eastern Europe, including insulating itself through the establishment of the Eurasian Economic Union to ward off European threats. Formed on January 1, 2015, the union is a bilateral trade union that includes Russia and the former Soviet states of Armenia, Belarus, Kazakhstan, and Kyrgyzstan.<sup>6</sup> Although the Eurasian Economic Union is officially an economic union, the Russians use it as a geopolitical tool to strengthen their influence in the region while “preventing former Soviet-bloc nations from integrating with the West.”<sup>7</sup> In addition to the Eurasian Economic Union, the Russians routinely use economic coercion to apply political pressure on neighboring states. For example, in 2009, Russia shut off natural gas supplies to Europe in the height of winter following a price dispute with Ukraine.<sup>8</sup> In 2013, Russia banned imports of Moldovan wine in retaliation for Moldova’s efforts to develop a closer relationship with the European Union (EU).<sup>9</sup> In 2014, Russia banned imports of Polish fruit and vegetables following Warsaw’s support of U.S.-EU sanctions.<sup>10</sup> Notably, these are only a few examples of how Russia harnesses economic power to punish former Soviet-bloc nations that do not conform to its policies or choose to build closer ties with the EU.<sup>11</sup>

The United States, in response, must construct a European trade agreement that not only increases the economic power of the United States and its allies but also advances U.S.-EU national security interests. The Transatlantic Trade and Investment Partnership (T-TIP) proposal is the perfect vehicle to achieve both of these objectives. The T-TIP is a proposed bilateral trade agreement between the United States and the EU that, if completed, would be the largest free

trade agreement on the globe. Currently, the U.S. and EU trade amount is approximately \$1 trillion, which accounts for 30 percent of global merchandise trade, 40 percent of world trade in services, and nearly half of global GDP.<sup>12</sup> By eliminating tariffs and trade barriers, the T-TIP would increase U.S. exports by \$124 billion while adding an estimated \$223 billion to the global economy by 2025.<sup>13</sup>

In addition to enhancing both the U.S. and EU economies and strengthening their partnership, the T-TIP could serve as a powerful geopolitical instrument by isolating and weakening the Russian economy. In order to maximize the T-TIP's impact on Russia and advance its national security objectives, the United States should incorporate additional provisions including:

- Joint responses to Russian economic coercion and global market abuses;
- Reapplication of the most effective elements of current U.S.-EU sanctions;
- An energy chapter that outlines preemptive safeguards and responses to future attempts at pipeline politics; and,
- A plan to reduce Europe's dependence on Russian oil and natural gas by increasing exports of U.S. oil and natural gas to Europe.<sup>14</sup>

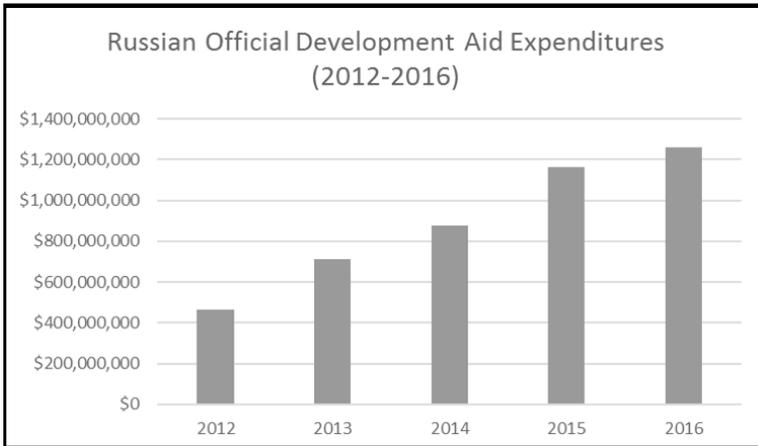
## **FOREIGN AID**

Foreign aid is a simple yet effective tool of economic statecraft. It comes in many forms such as Official Development Assistance (ODA), bank loans, or military financing. ODA is the most common form of aid and aims to stimulate the economic development and welfare of developing countries. ODA funding

comes from myriad bilateral or multilateral channels, including global organizations like the United Nations (UN) or World Bank.<sup>15</sup>

Foreign aid has many desirable effects; it can motivate the recipient to change its current economic practices, reduce corruption, and behave more responsibly. Further, rescinding or threatening to terminate aid can also compel a nation to modify its behavior, especially when it is in dire need of financial assistance.<sup>16</sup> Gray zone actors such as Russia often use a combination of both approaches to manipulate and take advantage of developing nations by coercing them to align with its geopolitical interests.

Despite its sputtering economy, Russia has significantly increased its foreign aid program over the past 5 years (see figure 6-2). In 2012, Russia spent \$465 million on ODA programs. In 2016, Russia spent \$1.26 billion, an increase of 170 percent. Likewise, Russia's ratio of ODA as a share of gross national income (GNI) also rose during this period from 0.024 percent in 2012 to 0.08 percent in 2016.<sup>17</sup>

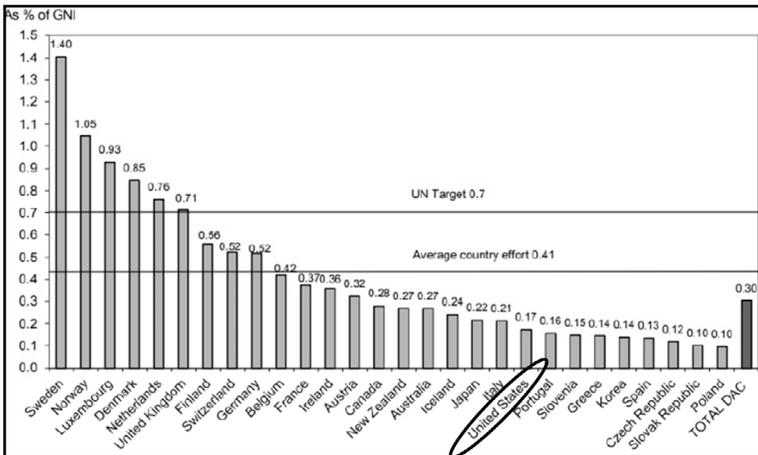


**Figure 6-2. Russian Official Development Aid Expenditures (2012-2016)<sup>18</sup>**

Russia’s motivation for assistance is almost certainly self-serving and not altruistic. Alarming, many of the recipients of its funding are major adversaries of the United States, including North Korea, Iran, and Syria. In its near abroad, Russia also uses foreign aid to maintain influence over former Soviet-bloc states and prevent them from aligning with the West. Most recently, in November 2017, Russia approved financial loans and energy deals to bailout another U.S. adversary, Venezuela. By restructuring Venezuela’s \$3.5 billion debt, Russia prevented the collapse of Venezuela’s Government, reinforced a strategic alliance, and asserted its future influence in South America.<sup>19</sup>

The United States must invigorate and revamp its foreign aid program to complement its national security interests, especially concerning Russia. Although the United States is the most generous regarding net ODA, its foreign assistance as a percentage of GNI ranks near the bottom of Organization for Economic

Cooperation and Development (OECD) countries (see figure 6-3). In 2015, the U.S. ratio of ODA as a share of its GNI was a mere 0.17 percent, which is extremely low when compared to the OECD country average of 0.41 percent and the UN target of 0.7 percent. If the United States fails to assist states in need, it can expect that the Russians will step in to fill this void while simultaneously exerting their geopolitical influence over them. As a first step toward refining its foreign aid program, the United States should increase ODA spending to at least 0.7 percent of GNI to meet the UN target.



**Figure 6-3. ODA as a Percentage of GNI (2015)<sup>20</sup>**

Coupled with increasing foreign aid funding, the United States should incentivize aid by offering more of it to countries that are willing to build closer ties to the West and resist Russian pressure. In overhauling the U.S. financial aid program, policymakers should:

- Restore the Department of State and Foreign Aid budgets to pre-2018 President’s Budget

proposal levels (reduced by approximately 40 percent);

- Increase ODA foreign aid funding from 0.17 percent to at least 0.7 percent of GNI; and,
- Increase aid to Eastern European countries to bolster their economies and make them less susceptible to Russian influence.

## ECONOMIC AND FINANCIAL SANCTIONS

One economic tool the United States uses liberally is economic sanctions, which have proven effective in punishing the economies of some hostile regimes. Economic sanctions are restrictions on trade and financial actions for geopolitical purposes that, when applied effectively, can impose a significant cost on the target country. If the costs are high enough, the targeted country might change its behavior or modify its policies.<sup>21</sup>

When it comes to imposing sanctions, the United States enjoys a comparative advantage over the rest of the world due to its predominant role in global banking and financial institutions. The U.S. economy is the backbone of the global financial system with more than 80 percent of all financial transactions worldwide using the dollar.<sup>22</sup> Further, 64 percent of the world's currency reserves are in dollars.<sup>23</sup> Collectively, the global reliance on the dollar puts the United States in a unique position to impose powerful financial sanctions on other nations when necessary.<sup>24</sup> Financial sanctions include the freezing of assets, restrictions on doing business with targeted individuals or companies, and investment moratoriums on sanctioned regimes. In addition, the United States can employ secondary sanctions against countries choosing to do business with institutions from the targeted state.<sup>25</sup>

On August 2, 2017, President Trump signed into law the Countering America's Adversaries through Sanctions Act. The act imposes new economic sanctions on several adversary countries including Iran, North Korea, and Russia.<sup>26</sup> With respect to Russia, these new sanctions are in addition to existing sanctions that the United States imposed in 2014 following Russia's annexation of Crimea. The new legislation tightens current measures while expanding restrictions in trade and finance. The 2018 Estonian Foreign Intelligence Service Report forecasts that these collective sanctions will slash Russia's economic growth by at least 1 percent this year alone.<sup>27</sup>

**Countering America's Adversaries Through Sanctions Act.** . . . provides sanctions for activities concerning: (1) cyber security, (2) crude oil projects, (3) financial institutions, (4) corruption, (5) human rights abuses, (6) evasion of sanctions, (7) transactions with Russian defense or intelligence sectors, (8) export pipelines, (9) privatization of state-owned assets by government officials, and (10) arms transfers to Syria [emphasis in original].<sup>28</sup>

While sanctions have hurt Russia's economy, they also have had a huge impact on European economies. Despite the EU's support for multilateral sanctions against Russia in 2014, it lost an estimated 100 billion euros due to their interdependence on Russia's economy. In contrast, the costs to the U.S. economy were minimal since U.S. trade with Russia is so restricted and limited. In August 2017, the United States announced its new sanctions bill; however, it failed to consult its European allies and consider implications to their economies. As a result, many EU leaders were hesitant to support it and vocally opposed the bill due to its potential for damage to Europe's energy market.

European Commission President Jean-Claude Juncker summed up many EU leaders' frustrations when he stated, "'America First' cannot mean that Europe's interests come last."<sup>29</sup> In sidestepping the EU, the United States created unnecessary transatlantic friction with its most critical partners. Moreover, this friction is currently playing into the hands of Russia, who wants nothing more than to see a wedge between the United States and the EU, especially if it will undermine the effects of imposed sanctions.<sup>30</sup> Consequently, the United States must be more considerate of its European partners and exercise some level of restraint as it moves forward with imposing stronger trade restrictions.

The United States must also recognize the limitations of a sanctions-first and only approach as a primary tool of geoeconomics. Although the 2014 sanctions were harmful, they did not appear to change Russia's behavior in the least. Russia has become increasingly belligerent and has shown an increased propensity for operations in the gray zone. Ironically, the 2014 sanctions may have created a "rally around the flag" effect, as evidenced by Putin's all-time high public approval rating of 89 percent later in June 2015. Instead of coming under personal fire for the subpar Russian economy, Putin was able to shift blame to the United States and the West for Russia's economic hardships. Therefore, many critics argue that these sanctions empowered Putin as many Russian citizens admired his ability to stand up to the West.<sup>31</sup> Although this attitude may not last in the long-term, U.S. policymakers must still be cognizant of unintended consequences when treating Russian gray zone behavior with economic sanctions.

Although the overall utility of trade restrictions is debatable, most agree the United States possesses the unilateral ability to unleash powerful financial sanctions on Russia. Some of these measures include targeting financial institutions, oligarchs, and government officials involved in corruption. To date, however, the use of financial tools has been significantly underutilized. As summarized in the March 2017 Senate Armed Services Committee's hearing on emerging Russian threats:

The United States has only applied full blocking sanctions on one Russian bank, and that bank is not even among the 20 largest Russian financial institutions. Furthermore, personal sanctions against corrupt individuals such as those mandated by the Magnitsky Act have barely been utilized at all, with less than 30 individuals designated since 2012.<sup>32</sup>

Moving forward, the United States needs to unleash some of these powerful financial sanction tools. In formulating economic and financial sanctions, U.S. policymakers should:

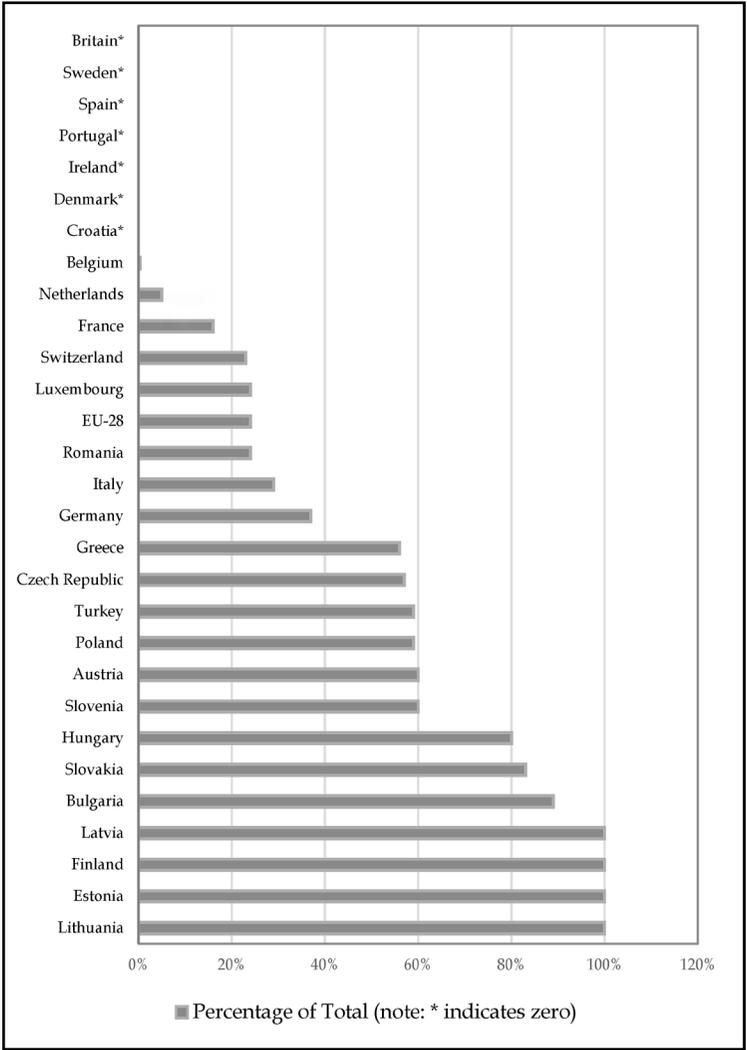
- Continue 2014 and 2017 sanctions in force;
- Employ additional multilateral sanctions in close coordination with the EU;
- Continue to restrict or limit access to U.S. markets;
- Target Russian banks and financial institutions; and,
- Target Russian elites and oligarchs by freezing their assets and destroying their wealth.

## **SHAPING THE NEW ENERGY LANDSCAPE**

Any economic strategy employed against the Russians must include a plan to target Moscow's

primary source of economic power—its energy sector. Energy is the largest sector in the Russian economy and accounts for more than 25 percent of its GDP. Moreover, energy exports account for 68 percent of all Russian trade, and the resulting revenues constitute half of the Russian Government's budget. From a geoeconomics perspective, Russia is adroit in using its vast energy resources to advance its national security objectives. Using energy as a strategic weapon, it employs coercive natural gas policies on its near abroad to assert influence over neighboring countries while preventing them from siding with the West.

Russia's monopoly of natural gas in the region enables it to leverage a powerful economic advantage over Europe. Overall, Russian exports account for a third of all gas consumed in Europe, although some countries rely on Moscow for nearly all of their requirements (see figure 6-4).<sup>33</sup> Possessing this advantage, Russia regularly threatens to withhold natural gas exports to exert influence over dependent countries throughout Europe. While Europe can access outside suppliers to mitigate these disruptions, it is costly, and Europe is still ultimately dependent on Russia for its gas supplies. With no alternative energy sources, these countries are vulnerable to Russian coercion.

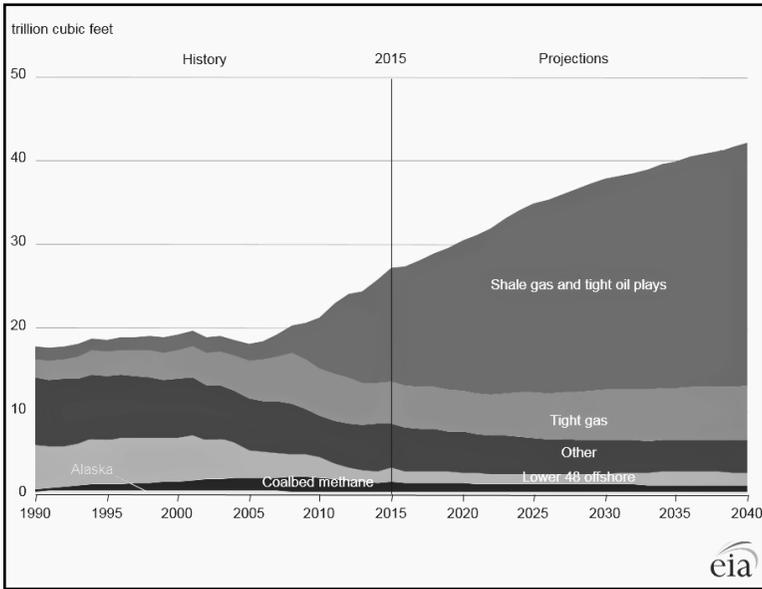


**Figure 6-4. Natural Gas Supplied by Russia to European Countries, Percent of Total (2012)<sup>34</sup>**

To minimize Europe’s exposure to Russian coercion, the United States and its allies must find ways to reduce Europe’s dependence on Russian energy by

diversifying their gas supplies. One strategy might involve the U.S. Government creating incentives for the private sector to ship liquefied natural gas (LNG) to Europe. Although industry experts agree that such initiatives will not totally displace Russia as Europe's top gas supplier, the United States can at least disrupt Russia's energy sector by capturing between 12 and 19 percent of the European market by 2020.<sup>35</sup>

Once reliant upon foreign energy, the United States is now the world's top producer of oil and gas consequent to its discovery of hydraulic fracking.<sup>36</sup> Between 2006 and 2013, fracking boosted the amount of recoverable gas in the United States by 680 percent.<sup>37</sup> According to the International Energy Agency (IEA), the U.S. production of natural gas will reach 31.4 trillion cubic feet (tcf) by 2022 with over half of that production available for LNG export, placing the United States near the top among global LNG exporters (see figure 6-5). In addition, there are currently three major LNG terminals under construction in Texas, which will bring the U.S. total export platforms to six.<sup>38</sup> By seizing the opportunity to ship natural gas across the Atlantic, the United States will help diversify the EU's energy supplies and reduce Europe's dependence on Russian gas. In turn, this will drive down energy prices, thereby yielding a crippling effect on Russia's fragile economy and diminishing its ability to exert influence in the region.



Source: U.S. Energy Information Administration.

**Figure 6-5. U.S. Natural Gas Production Projections by Source (1990-2040)<sup>39</sup>**

The United States should also encourage its European allies to drill for shale gas of their own. According to the IEA, “Europe, including Ukraine but not Russia, holds 598 trillion cubic feet (tcf) of shale gas, or 8.3 percent of the global shale gas reserves.”<sup>40</sup> If all European countries invest in fracking technology, the IEA estimates that they could produce 0.4 tcf a year of unconventional gas by 2020 and 2.8 tcf by 2035, which constitutes almost half the amount of gas Europe imported from Russia in 2012.<sup>41</sup>

Europe, however, has been mostly resistant to fracking and hampered by strict governmental regulations and environmental concerns. Currently, France, Belgium, the Netherlands, Luxembourg, Bulgaria,

Ireland, and the Czech Republic have banned fracking completely.<sup>42</sup> In order to reduce European dependence on Russian gas, the United States must persuade its European allies that the economic and security benefits of fracking outweigh the costs of Russian control over the energy market.

Finally, the United States must partner with the EU to develop an energy security strategy. The strategy should include a regulatory plan that punishes Russian energy firms for intentionally engaging in anti-competitive practices such as charging unfair prices and blocking cross-border gas trade. The United States should also join forces with the EU to encourage investment in new gas pipelines that can serve as alternatives to Russian-controlled infrastructure.<sup>43</sup>

In shaping the new energy landscape and reducing Europe's dependence on Russian gas supplies, U.S. policymakers should:

- Create incentives for the American private sector to ship LNG to Europe;
- Encourage European allies to drill for shale gas of their own; and,
- Collaborate with their EU counterparts to develop an energy security strategy.

## CONCLUSION

Russia is an expert at exploiting the economic space to exert geopolitical influence over its competitors. As part of its overall strategy, the United States must embrace the full spectrum of the economic instrument to include the use of trade, foreign aid, sanctions, and energy to advance its national security objectives and limit Russia's sphere of influence in the gray zone.

## **Economic Policy Recommendations**

### *Complete T-TIP with Additional Provisions*

- Joint responses to Russian economic coercion and global market abuses;
- Reapplication of the most effective elements of current U.S.-EU sanctions;
- An energy chapter that outlines preemptive safeguards and responses to future attempts at pipeline politics; and,
- A plan to reduce Europe's dependence on Russian oil and natural gas by increasing exports of U.S. oil and natural gas to Europe.

### *Overhaul the U.S. Foreign Aid Program*

- Restoring the Department of State and foreign aid budgets to pre-2018 President's Budget proposal levels;
- Increasing ODA foreign aid funding from 0.17 percent to at least 0.7 percent of GNI; and,
- Increasing aid to Eastern European countries in order to bolster their economies and make them less susceptible to Russian influence.

### *Formulate Economic and Financial Sanctions*

- Continuing 2014 and 2017 sanctions in force;
- Employing additional multilateral sanctions in close coordination with the EU;
- Restricting or limiting access to U.S. markets;
- Targeting Russian banks and financial institutions; and,
- Targeting Russian elites and oligarchs by freezing their assets and destroying their wealth.

## *Reduce Europe's Dependence on Russian Gas Supplies*

- Creating incentives for the American private sector to ship LNG to Europe;
- Encouraging European allies to drill for shale gas of their own; and,
- Collaborating with their EU counterparts to develop an energy security strategy.

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## CHAPTER 7. U.S. GRAY ZONE POLICY RECOMMENDATIONS

While still maintaining overall military superiority over its adversaries, the United States must update its strategic framework to simultaneously deal with newer, unconventional threats such as modern gray zone warfare. The lack of a cohesive strategy to date has enabled less powerful countries such as Russia to gain strength and gradually chip away at the credibility and influence of the United States and its allies.

In deterring Russia in the gray zone, the United States must shift its strategic focus from a military-centric model to one that comprises a whole-of-government approach employing all instruments of national power. The diplomacy, information, military, and economic (DIME) model provides the necessary framework for U.S. policymakers to begin to piece together a comprehensive strategy that targets Russian aggression without immediately resorting to major escalation or conflict.

Working as an interdependent system, each lever of DIME represents an instrument of national power that, when operated at varying degrees of intensity and in tandem with the other instruments, provides an all-encompassing, holistic method for dealing with Russia in the gray zone. While this monograph offers only a starting point for developing this deterrence strategy, it represents an important foundation that U.S. policymakers can build upon and eventually implement more permanently in the form of a classified U.S. Presidential Executive order.

In building a gray zone deterrence strategy, U.S. policymakers should consider the following recommendations across the DIME framework.

## DIPLOMACY RECOMMENDATIONS

- Reset U.S.-Russia diplomatic staffing to pre-2016 sanction levels;
- Promote cooperation and diplomatic engagement via the NATO-Russia Council (NRC) and other North Atlantic Treaty Organization (NATO) forums;
- Renew the U.S.-Russia military-to-military relationship and lift National Defense Authorization Act (NDAA) restrictions;
- Explore opportunities for cybersecurity initiatives with Russia;
- Collaborate with Russia on a short- and long-term strategy in Syria;
- Work together to pursue global nonproliferation and nuclear security initiatives;
- Negotiate a 5-year extension of the New Strategic Arms Reduction Treaty (New START); and,
- Continue cooperation in multinational space exploration efforts.

## INFORMATION RECOMMENDATIONS

- Establish an Office of Foreign Influence (OFI) to detect and monitor gray zone activity;
- Draft congressional legislation to combat online misinformation and propaganda, restrict the use of foreign-generated bots and trolls, and build transparency in online political ads;
- Build resiliency via Presidential actions that denounce Russian activities publicly;
- Fully resource and fund the Global Engagement Center (GEC) to enable partners to counter propaganda and misinformation;
- Support NATO and European initiatives, including counter-hybrid warfare operations

and strategic communications and messaging;  
and,

- Employ covert action to undercut Russia's active measures, expose human rights violations, delegitimize the Russian Government, and embarrass Putin and his inner circle.

## **MILITARY RECOMMENDATIONS**

- Build a strategy based on deterrence by denial;
- Compel NATO partners to meet Article 3 guidelines to modernize their forces;
- Improve NATO rapid response capability;
- Reexamine Article 5 to address hybrid warfare and gray zone tactics;
- Expand the enhanced forward presence (EFP) to at least seven brigades;
- Invest in state-of-the-art weapons and aircraft to counter Kaliningrad anti-access/area denial (A2/AD) threat;
- Increase the U.S. military footprint in Europe;
- Increase Alliance presence in the waters and airspace around Russia;
- Maintain bases and installations to support logistics;
- Develop regional indigenous capacity; and,
- Explore friendly A2/AD capabilities.

## **ECONOMIC RECOMMENDATIONS**

- Complete Transatlantic Trade and Investment Partnership (T-TIP) with additional provisions, including:
  - Joint responses to Russian economic coercion and global market abuses;

- Reapplication of the most effective elements of current U.S.-European Union (EU) sanctions;
- An energy chapter that outlines preemptive safeguards and responses to future attempts at pipeline politics; and,
- A plan to reduce Europe's dependence on Russian oil and natural gas by increasing exports of U.S. oil and natural gas to Europe.
- Overhaul the U.S. foreign aid program by:
  - Restoring the Department of State and foreign aid budgets to pre-2018 President's budget proposal levels;
  - Increasing Official Development Assistance (ODA) foreign aid funding from 0.17 percent to at least 0.7 percent of gross national income (GNI); and,
  - Increasing aid to Eastern European countries in order to bolster their economies and make them less susceptible to Russian influence.
- Formulate economic and financial sanctions by:
  - Continuing 2014 and 2017 sanctions in force;
  - Employing additional multilateral sanctions in close coordination with the EU;
  - Restricting or limiting access to U.S. markets;
  - Targeting Russian banks and financial institutions; and,
  - Targeting Russian elites and oligarchs by freezing their assets and destroying their wealth.
- Reduce Europe's dependence on Russian gas supplies by:
  - Creating incentives for the American private sector to ship liquefied natural gas (LNG) to Europe;

- Encouraging European allies to drill for shale gas of their own; and,
- Collaborating with their EU counterparts to develop an energy security strategy.

See table 7-1 for an overview of the strategic policy options for using the instruments of national power.

Instruments of National Power—Strategic Policy Options			
Diplomatic	Information	Military	Economic
<ul style="list-style-type: none"> <li>• Employ a common ground approach to diplomacy: <ul style="list-style-type: none"> <li>◦ Reopen lines of communication and bring both parties to the table;</li> <li>◦ Negotiate to build trust and confidence; and,</li> <li>◦ Set precedence to establish gray zone rules.</li> </ul> </li> <li>• Recognize that going back to a pre-2014 level of cooperation is unrealistic: <ul style="list-style-type: none"> <li>◦ Changes in the NATO-Russian relations following Ukraine invasion.</li> </ul> </li> <li>• Embrace U.S.-Russia mutual interests: <ul style="list-style-type: none"> <li>◦ Diplomatic staffing levels;</li> <li>◦ Promote cooperation via the NATO Russia Council;</li> <li>◦ Military-to-military cooperation;</li> <li>◦ Cybersecurity;</li> <li>◦ Stability in Syria;</li> <li>◦ Nonproliferation and nuclear security;</li> <li>◦ Arms control; and,</li> <li>◦ Space exploration.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Establish an OFI: <ul style="list-style-type: none"> <li>◦ Build a dedicated team to detect and monitor gray zone activity in U.S. media and social media.</li> </ul> </li> <li>• Draft congressional legislation: <ul style="list-style-type: none"> <li>◦ Combat online misinformation and propaganda;</li> <li>◦ Restrict use of foreign-generated bots and trolls; and,</li> <li>◦ Build transparency in online political ads.</li> </ul> </li> <li>• Build resiliency via Presidential actions: <ul style="list-style-type: none"> <li>◦ Denounce Russian activities publicly.</li> </ul> </li> <li>• Fully resource and fund the Department of State and the GEC: <ul style="list-style-type: none"> <li>◦ Enable partners to counter propaganda and misinformation.</li> </ul> </li> <li>• Support NATO and European initiatives: <ul style="list-style-type: none"> <li>◦ Counter-hybrid warfare operations; and,</li> <li>◦ Strategic communications and messaging.</li> </ul> </li> <li>• Employ covert action: <ul style="list-style-type: none"> <li>◦ Undercut Russia's active measures;</li> <li>◦ Expose human rights violations;</li> <li>◦ Delegitimize Russian Government; and,</li> <li>◦ Embarrass Putin and his inner circle.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrate superior military power and change the deterrence model from one of punishment to denial.</li> <li>• NATO revitalization: <ul style="list-style-type: none"> <li>◦ Pressure allies to meet Article 3 guidelines for defense spending;</li> <li>◦ Enhance NATO interoperability and rapid response capability; and,</li> <li>◦ Reexamine Article 5 to address hybrid warfare and gray zone tactics.</li> </ul> </li> <li>• Improve warfighting capability in Europe: <ul style="list-style-type: none"> <li>◦ Expand the EFP to at least seven brigades;</li> <li>◦ Invest in advanced weapons and aircraft to counter Kalinigrad A2/AD threat;</li> <li>◦ Increase the U.S. military footprint in Europe;</li> <li>◦ Increase Alliance presence in the waters and airspace around Russia;</li> <li>◦ Maintain bases and installations to support logistics;</li> <li>◦ Develop regional indigenous capacity; and,</li> <li>◦ Explore friendly A2/AD capabilities.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Complete T-TIP with additional provisions: <ul style="list-style-type: none"> <li>◦ Respond to Russian economic coercion and global market abuses;</li> <li>◦ Reapply the most effective elements of current U.S.-EU sanctions;</li> <li>◦ Include energy chapter that outlines preventive safeguards and responses; and,</li> <li>◦ Introduce plan to reduce Europe's dependence on Russian energy.</li> </ul> </li> <li>• Foreign aid: <ul style="list-style-type: none"> <li>◦ Restore the Department of State and foreign aid budgets to pre-2018 levels;</li> <li>◦ Increase ODA foreign aid funding from 0.17 percent to at least 0.7 percent of GNI; and,</li> <li>◦ Increase aid to Eastern European countries.</li> </ul> </li> <li>• Sanctions: <ul style="list-style-type: none"> <li>◦ Continue 2014 and 2017 sanctions;</li> <li>◦ Employ additional multilateral sanctions with EU;</li> <li>◦ Restrict or limit access to U.S. markets;</li> <li>◦ Target Russian banks and financial institutions; and,</li> <li>◦ Target Russian elites and oligarchs.</li> </ul> </li> <li>• Reduce Europe's reliance on Russian energy: <ul style="list-style-type: none"> <li>◦ Create incentives for private sector to ship LNG to Europe;</li> <li>◦ Encourage allies to drill for shale gas; and,</li> <li>◦ Collaborate to develop an energy security strategy.</li> </ul> </li> </ul>

**Table 7-1. Employing the Instruments of National Power**

**U.S. ARMY WAR COLLEGE**

**Major General John S. Kem  
Commandant**

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**STRATEGIC STUDIES INSTITUTE  
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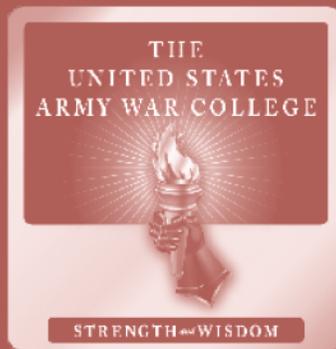
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