MODERN WARFARE

New Technologies and Enduring Concepts

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Content

Foreword

Things are not as they were. That's an old truth, always overshadowed by the fact that our experience and learning come from the past and are the main tools with which we understand the world. We always tend to look at the world through the glasses of yesterday, trying to understand it with the books we have read and the mistakes we have made.

Nothing else is possible. We can't learn from things we haven't experienced or from books that have not been written. We have to make do with what we have. Untold stories from the future are not easy to listen to when you can't avoid the clear voices from the past. The phrase that generals plan to win the last war is a little unfair, because we are all tempted to use the past as a model with which to understand the present.

In times when political, technological, military and economic changes tend to integrate and overlap with each other more and more, change is even more difficult to foresee and understand. Things in our time tend to be less and less as they were, when we look upon the world.

Not very long time ago the world was clearly and brutally divided between East and West, between planned economies and market economies, open societies and closed borders, superpowers balancing not only each other in terms of terror but also the rest of the world. It was easy and transparent to see what democracy was compared to dictatorships, and what defined dictatorships compared to free societies.

At the side of the confrontation between the West and the East, the First and the Second World, we had what was called the Third World, being beyond hope, power and prosperity. Now the Third World, just as the First and the Second did, has emerged into the same world.

Warfare was warfare. Now we still have more or less all the old conventional threats, but we have less in the way of balancing powers and less of transparency in what is going on. And what is more to that; warfare doesn't need to be the conventional military conflict we previously understood and defined it as.

We have many new threats, coming from the fact that everyone today can make use of free societies, even those who deny their own citizens freedom, alongside all the threats coming from rapidly-developing economic powers and new leadership in the battle of technological development.

Disinformation, hacking, espionage, attacks on the net, corruption, real/fake media, political pressure, economic blackmail, political threats and military manifestations are all utilized in order to win geopolitical dominance. In the grey zone where all this can be used against adversaries or enemies without them having any idea where the threat originates (i.e. nobody knows it is you, or at least cannot prove it is you), we need to understand what is going on in our times as they *are*. We must be able to defend freedom. That is the whole purpose of this anthology.

Our editor is Oscar Jonsson, a leading security expert and security studies scholar. The contributions are based on pre-

sentations originally made at the conference Transatlantic Leadership Forum in Stockholm in November 2019. We are extremely thankful for all the contributions. They make us aware that things are not as they were, something we must understand when planning how to defend freedom, today and in the future. Because that obligation is still how things are.

Gunnar Hökmark
President of the Stockholm Free World Forum

Putting Modern War in Perspective

Oscar Jonsson

> *The first, the supreme, the most far-reaching act of judgment that the statesman and commander have to make is to establish by that test the kind of war on which they are embarking; neither mistaking it for, nor trying to turn it into, something that is alien to its nature.*[1]

If a state had $10 billion to spend on achieving maximum influence over an adversary, what would they have spent it on? Some would probably have answered "hackers", to strike at electric grids or communication networks. Others might have answered "troll factories" to broadcast friendly or confusing narratives into the adversary's information sphere. Some, of course, would answer "nuclear weapons" or "hypersonic missiles".

This thought experiment underlines the challenge facing strategists across the world as to whether it is military or

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non-military means that yields the greatest influence today. This is connected to the question of how war and conflict is changing. Tanks and fighter jets might not necessarily be what states find most effective. The preconditions for security policy and strategy have changed profoundly the last decades with the revolution in information and communication technologies, the globalisation of finance and the coming AI revolution. This brief analyses what war is today and what threats strategists are faced with, especially Russian strategists, and how to navigate conceptually between them.

Military vs. Non-Military War

War has been traditionally defined, both in Russian and the West, by armed violence. In the West, the orthodoxy has come from Clausewitz, and his definition that 'war is an act of violence to compel the enemy to do your will'.[2] At the creation of the Soviet Union, Lenin used another of Clausewitz's descriptions, that 'war is the continuation of politics by other [violent] means'.[3] The purpose is not to dwell on definitions, but to emphasise that armed violence aimed at a political goal is the key characteristics in both concepts of war. This has been the orthodoxy until recently, as theorists grapple with how the world is changing.

Among Russian theorists, there has been longstanding debate on how the character of war is changing, in the

2 von Clausewitz, C. (1991, first published 1832). *Om Kriget* [On war]. Translated by H. Mårtenson, K. R. Böhme, and A. W. Johansson. Stockholm: Bonnier Fakta Bokförlag, p.29.

3 Lenin, V. I. (1915). 'The Collapse of the Second International' in *Collected Works*, vol. 21, Moscow: Progress Publishers, p.219.

context of rapid technological and societal change. The most notable features of this discussion are the increasing utility of non-military means, which that are perceived to be more important than military means, blurring the boundaries between war and peace.[4] A similar discussion has also been going on in the West, but recently the same popular notions are now heard from senior Western military and political leadership. For instance, the British Chief of Defence Staff Carter stated that Britain is 'at war every day' due to cyber attacks and that the boundaries between war and peace 'don't exist any longer'.[5]

How should we understand this? It is helpful to start with yet another of Clausewitz's ways of describing war, namely as a battle of wills.[6] In other words, the goal of the armed forces is not to blow things up and kill people, but rather to impact the adversary's will and determination. War ends when the adversary lacks the will to defend itself and gives into to the aggressor's demands.

Grasping that wars are a battle of wills helps us understand why information warfare plays a pivotal role in modern conflict. The most effective way of imposing your will is to make your adversary want what you want. Further, broadcasting your views and narratives into their information sphere is

4 Jonsson, O. (2019). *The Russian Understanding of War: Blurring the Boundaries Between War and Peace*, Washington DC: Georgetown University Press.

5 Nicholls, D. (2019). "Britain is 'at war every day' due to constant cyber attacks, Chief of the Defence Staff says", The Telegraph, 29 September.

6 von Clausewitz, *op cit*.

cheap and low-risk. This, of course, echoes the idea of Sun Tzu that the best victory in war is one where the armed forces are not used at all.[7] On a similar note, the former Russian Defence Minister Sergei Ivanov stated in 2007 that 'the development of information technology has resulted in information itself turning into a certain kind of weapon. It is a weapon that allows us to carry out would-be military actions in practically any theater of war and most importantly, without using military power'.[8]

Naturally, it is important to be cautious of labels. However, what Ivanov is saying is underlined by the Russian influence operations related to the US 2016 election. Regardless of how much one believes Russian influence impacted the election, it has vastly contributed to the polarisation of how to perceive Russia among US politicians. It has notably undermined trust and increased hostility to the point where President Trump's administration doubts what have conclusively been stated by the US intelligence agencies.[9] Achieving such an impact via military means would have been incredibly hard, especially as Russian military power is mostly regional. The Chief of Russian General Staff's statement that non-military means are becoming four times as important as military ones

7 Sun Tzu (1944). *The Art of War*, New York: Dover Publications Inc., p.49.

8 Quoted in Blank, S. (2013), "Russian Information Warfare as Domestic Counterinsurgency", *American Foreign Policy Interests*, 35(1), p.34.

9 Intelligence Community Assessment (2017), "Assessing Russian Activities and Intentions in Recent US Elections".

should also be read in this light.[10]

If non-military means are becoming so important, why are Western states spending billions on tanks and fighter jets, one might wonder. There is something unique about armed violence: Clausewitz reminds us that violence knows no boundaries. The most simple metaphor can be taken from the schoolyard where even though there are regulations that fights are not allowed, everyone knows who holds the greatest amount of suspended violence. This violent capital will underlie every interaction with that person. Interactions in the international system bear a similarity, where a great power with large capital of violence will impact how other states behave around it. The military capability furthermore needs to be credible and communicated to the adversary. In essence, coercive bargaining is a feature of international relations that must be countered. For instance, Ukraine termed the war in Eastern Ukraine a domestic anti-terror operation rather than an interstate war, as they would have otherwise been at war with Russia. Many Western states did not call out Russian special forces and airborne forces in Crimea as be Russian, but preferred to (derogatorily) call them 'little green men'. In the light of this, it is worth repeating that war is a battle of wills, in which the object is to coerce your opponent in to your interest.

Whilst Russian non-military operations have received the most attention in recent years, their provocative military actions are mostly flying under the radar. Most often, it does

10 Gerasimov, V. V. (2013), "Tsennost nauki v predvidenii" [The value of science is in foresight]. *Voyenno-Promyshlennyy Kuryer*, 8 (476).

not come to public attention when Russian military fighter jets act provocatively or jam NATO ships and units,[11] but such actions send clear signals to the military and political leadership of other states. Moreover, it is worth emphasising that Russian military tools are not separate from its use of non-military tools, but rather a foundation for them.[12] Thus, military means will still be relevant both in and of themselves and as a precondition for Russia's offensive use of non-military means. Even though the Russian invasion of Ukraine has been lauded as successful 'hybrid warfare', it reached its limits as Ukraine started its counteroffensive and 'by August 24 [2014], the hybrid approach had demonstrably failed [...] [and] Moscow traded it in for a conventional invasion by regular Russian units, which it had sought to avoid.'[13]

It is clearly too early to declare the death of the military instrument, and it is part and parcel of a state's grand strategy in the modern world. Moreover, the way the military instrument can be used is changing at a rapid pace with the advent of artificial intelligence, unmanned weapon systems and hypersonic weapons. Just one example is how Russia declared itself to be the first state in the world with hypersonic intercontinental ballistic missile-system (Avangard) on 27 December.

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11 See for instance Adomaitis, N. (2019). "Norway says it proved Russian GPS interference during NATO exercises", *Reuters*, 18 March.

12 Baev, P. (2018). "The Military Dimension of Russia's Connection with Europe", *European Security*, 27(1), pp.82-97.

13 Kofman, M. (2016). 'Hybrid Warfare and Other Dark Arts', *War on the Rocks*.

What Has Changed?

The elements that are seen to be changing war and blurring the boundaries of war and peace have less to do with the development of military means and more to do with how society is changing. With globalisation and the anonymization of finance, opportunities to influence others have vastly increased. The collective OCCRP has extensively detailed one Russian money-laundering operation in which Russian money moves through murky banks into the Western financial system.[14] The investigations related to both collusion in the US and the Brexit vote in the UK underlines that it is critical to know who pays whom and for what purpose. This also compounds the problem with media and data ownership, and how media stations and data are being used for political influence, as seen with Cambridge Analytica.

With the revolution in Information and Communication Technology (ICT), we have changed from a centralised information environment to a 24/7 global media cycle, a decentralised information environment where everybody can be a producer of media through blogs, vlogs and social media accounts. This has been described by Wanless and Berk as due to the speed of communication, how far a message can travel and, the ability of the audience to engage with the content, transforming one-way communication into multi-directional engagement.[15] This is also a neat

14 OCCRP (2017). *The Russian Laundromat Exposed*, 20 March.
15 Wanless, A. & Berk, M. (2020, forthcoming). "The Changing Nature of Propaganda: Coming to Terms with Influence in Conflict", in Clack, T. & Johnson, R. (eds.), The World Information War: Campaigning, Cognition and Effect, London: Routledge.

summary of how Russian information operations have developed the last decade.

At the start of Putin's presidency, he made sure to take control of key parts of broadcast media.[16] The Second Chechen War, however, emphasised the threat coming from the internet, as the Chechen side rallied support, money and recruits whilst the Russian government was mostly helpless.[17] This convinced Russian security agencies that *all* of the internet was a threat and they needed to develop their capabilities in the digital domain.[18] The Arab Spring uprisings showed the potency of social media and in September 2013, the Russian journalist Alexandra Garmazhapova for *Novaya Gazeta* revealed the existence of a troll factory in St. Petersburg.[19]

Rather than revolutionising information operations, the Russian approach is rather to adapt their campaigns to how society is changing. Today, the key way of accessing the digital world is through a small number of social media companies and their algorithms. Cyber tools are an indispensable

16 Soldatov, A. & Borogan, I. (2017). *The Red Web: Kremlin's War on the Internet*, Washington DC: Public Affairs, p.106.
17 Thomas, T. (2003). "Information Warfare in the Second (1999-Present) Chechen War: Motivator for Military Reform?", in Aldis, A. C. & McDermott, R. N. (eds.), *Russian Military Reform 1992-2002*, London: Routledge.
18 Giles, K. (2016). "Russia's "New" Tools for Confronting the West: Continuity and Innovation in Moscow's Exercise of Power", *Chatham House*.
19 Garmazhapova, A. (2013). "A. Garmazhapova, "Gde zhivyt trolli. I kto ix kormit (Where the trolls live. And who feeds them)', *Novaya Gazeta*.

part of the modern toolbox in war. Komov and his colleagues from the Russian GRU and Ministry of Defence note that,

> *the damage done by cyber weapons may include man-made disasters at vital industrial, economic, power, and transportation facilities, financial collapse, and systemic economic crisis. Besides, cyber weapons can cause government and military operations to spin completely out of control, leave the population demoralized and disorientated, and set off widespread panic.*[20]

Not only can cyberattacks have vast effects, they also produce an analytical problem for understanding war. Pavel Antonovich, then chair of electronic warfare at the Russian Combined-Arms Academy, stated that the 'dividing lines between war and peace can be eroded conveniently in cyberspace. Damage (whatever its nature) can actually be done to an adversary without overstepping formally the line between war and peace.' Talk of blurring the lines between war and peace can seen as a hype, but successful cyber operations cannot start in wartime. Rather, gaining access to the systems you want to target, and planting the necessary software to do so, needs to be done in times of peace. This means that an adversary will register attempts to insert malicious code and register animosity, as per the British Chief of Defense Staff stating above that Britain was at war every day.

Likewise, influence in the information sphere also requires building the necessary infrastructure in peacetime, and long

20 Bazylev, S. I., I. N. Dylevsky, S. A. Komov, and A. N. Petrunin (2012). "The Russian Armed Forces in the Information Environment." *Military Thought* 21(2), pp10-15, p.11.

in advance. Facebook pages, Twitter and Instagram accounts needs to build up credibility and followers over a period of time to have a significant platform when it is needed. They can then be amplified with the use of networks of bots, but a successful operation requires key accounts as well. In the run up to the US election 2020, the analysis company Graphika had exclusive access to data from Facebook that showed that the Internet Research Agency was seemly building up infrastructure to influence the 2020 election. The common narrative among all the accounts they ran, from alt-right to Black Lives matter accounts, was that they were all targeting Joe Biden.[21]

Conclusion

Today there is widespread confusion as to how label modern conflict and even more so in terms of how to act in it. To maintain transatlantic security, we need to update our understanding of contemporary conflict to fit how the rest of society has evolved. Changes in our society have increased the opportunities to increase influence without the blatant use of military violence, and potentially at lower costs. Competition and conflict in these spheres can be malign and consequential without amounting to what traditionally has been classified as war. These operations are said to be conducted in places of ambiguity, either in legal terms or in regards to attribution. However, the Mueller report confirms how well the US intelligence agencies saw and understood the Russian intelligence operation, as they sanctioned individual

21 Francois, C., Nimmo, B. & Shawn Eib, B. (2019). "The IRA CopyPasta Campaign", 21 October, *Graphika Report*.

desk officers at the GRU.[22] Rather, there is a political ambiguity due to a lack of resolve rather than a lack of intelligence or jurisdiction. The more pressing problem facing Western leaders in handling conflict today is determination and deterrence, the ability to discourage an adversary, rather than new concepts. To be successful in a modern conflict, states both need a modern military instrument for coercive bargaining to deter the extreme scenario of large-scale violence, and an updated strategy for non-military defense. Otherwise, complacency will create opportunities for an adversary.

Putting the Russia Problem in Perspective

Michael Kofman

Today no serious discussion of transatlantic security can ignore the role played by Russia, which (after NATO) remains the most significant determinant of the continent's security environment. Although at times it has been considered a down-and-out power, Russia continues to shape the security dimension of European politics. Indeed, it is not Russian resurgence, but Russian absence as a principal driver of security considerations in Europe that represents a recent historical aberration.

Unfortunately, history suggests that if Russia is not a part of the security architecture in Europe, and no sustainable understanding can be reached, then that framework will inevitably have to consider Russia a potential threat. Despite the best intentions, or perhaps romantic optimism, of those who sought to craft post-Cold War security arrangements, that logic has thus far proved inescapable. This article briefly considers the challenge posed by Russia, both militarily and via other means, in an effort to distill what constitutes

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the Russia problem set. The objective is not to exaggerate or aggrandize the potential challenge; neither is it to cast Russia as a paper tiger, a temporary menace whose power is ultimately brittle.

Russian strategy also merits better examination, since Western strategies have a tendency to reflect establishment prerogatives, while Russia at best plays a minor role. The US National Defense Strategy of 2018 is a good example: Russian military capabilities at the tactical level are considered, but Russia itself as an adversary fails to make a recognizable appearance. Despite the U.S. predilection to classify most problems as a capability gap, a significant cognitive gap exists in Western understandings of Russian thinking at the operational and strategic level.

Framing the Strategic Challenge

The contest could be helpfully reduced to three strategic problems that will bedevil European security for the coming decades. First, Moscow's desire to revise the post-Cold War settlement in Europe. Russian leadership has determined that they have no stake in the continent's current security architecture, and have sufficiently restored Russian power to challenge what was established during a time of Russian weakness. While Russia may not offer a suitable alternative, beyond a retrograde great power division of spheres of influence, it is unwilling to accept that which has been built. By the mid-2000s, Russian elites had decided that further integration into Europe was undesirable, in part because it is impossible without regime change at home (always implicit

Western integration efforts), dashing hopes that economic and political interdependence would overcome divergence over security.

The second problem stems from the ongoing fragmentation of Russian influence in what constitutes the former Soviet space, and Moscow's fight to arrest said decline. The EU has emerged as a leading (though not especially thoughtful or deliberate) competitor in what Russian leadership still considers its privileged sphere of influence. The EU is bureaucratically expansionist, representing an alternative model for doing business that is mutually exclusive of Russian rent-seeking and Russian desires to reintegrate the former Soviet space around itself economically and politically.

The USSR was formally dissolved in December 1991, but Russia is still in the throes of imperial collapse, a process playing out over decades. Recent conflicts are de facto wars of succession of what is still a collapsing Russian empire. Russia's imperial dissolution and attempts at revanchism are not so different from the decline of other notable twentieth-century imperial powers, except that Russian military power has been revived within a generation. Consequently, Russia lacks the economic dynamism to contest the attractiveness of the European Union (or China), but retains the military power to impose its will on neighbors.

The third problem is borne of Russian strategy, both to attain security for itself, and to compel the US to accept a new settlement. In Europe, Russia clings to extended defense, premised on buffer states, which implicitly requires Moscow to limit the sovereignty of its neighbors and influence their

strategic orientation. Because buffer states are rarely neutral but are typically one side's buffer against the other, competition ensues over the orientation of neighboring states and those considered 'in-between.' Extended defense has been an enduring Russian strategy in contemporary history. Russia's ability to execute it without the use of conventional military power is questionable, given the decline of its political and economic influence.

More important is the visible switch in Russian strategy towards the US and the EU to what was once termed by Jack Snyder as 'offensive detente,' representing a series of direct and indirect measures designed to illicit restraint and compel the US to negotiate a new understanding. This is arguably a return to the Soviet strategic consensus in the period 1953-1985. Given how cheap US foreign policy was in the post-Cold War period, and how ideologically ambitious it has been , the arrangements sought by Moscow would constitute a substantial retrenchment and retreat. Although the USSR was considerably weaker than the US, Soviet strategy was rather successful during the 'first' Cold War. It would be foolish for American or European leaders to ignore the possibility that Moscow will prove a capable competitor, despite the relative asymmetry of resources. This is not to say that working to reach an understanding or compromise with Russia should not be undertaken, but rather that success will depend on which side is better positioned to dictate terms.

Plans are Worthless, but Planning is Everything

There is much to be said about the implications of Russia's restored military power, but U.S. and European planners would spend their time wisely focusing on what matters. First is the Russian emphasis is on decisive engagement in the initial period of war, specifically preventing the US from being able to achieve a decisive victory early on. While in the abstract NATO may appear superior when glancing at tables of forces, in reality Excel spreadsheets don't fight, and a sustained conflict is unlikely between peer nuclear powers. The Russian General Staff would not expect the decisive phase of conflict to last beyond 2-3 weeks, at which time most precision-guided munitions would be expended and the war liable to escalate to nuclear employment. This is an optimistic assessment, since during much of the Cold War the conventional phase of operations was only expected to last 2-10 days.

Planning to win a long war on the basis of economic or manpower superiority is a luxury NATO simply does not have. European history demonstrates how great powers with superior manpower and economic strength can be defeated in continental Europe within a matter of weeks (for example see French and British performance in May-June 1940). What matters more is the relationship of forces in theater that could be deployed or encountered within an operationally meaningful time, versus a general military balance that exists in the abstract. The latter fails to play much of a role in shaping political decision-making, and historically does a terrible job of impressing adversaries sufficient to deter them.

From a Russian perspective, the initial period of war will be decided by the contest between aerospace assault and aerospace defense, and the ability of the two sides to destroy each other's critical infrastructure. Ground forces matter little, and little significance is attached to their performance or ensuring their survivability. While only ground forces can hold terrain, in an environment where battle space depth can range safely 500-1500km behind the line of contact, the terrain they occupy does not represent a frontline, but rather a zone of non-contact engagement between troops, supported by fires or distant strike systems.

The Russian military correctly assesses that NATO force multipliers come chiefly from air power, a robust ISR architecture that enables the use of precision-guided weapons and service integration at the tactical level enabled by good command and control. Their chief concern is with long-range precision-guided weapons that they believe will make a strategic impact if used against Russian military and civilian infrastructure. Certain air defense, missile defense and radar systems belonging to Russian Aerospace Forces are designated strategic because they defend this infrastructure, rather than because they protect Russian forces. In general, the Russian military does best at the operational level of war, organizing the tools it has available to achieve operational success versus tactical outcomes.

Divergent Visions on Great Power War

There is poor alignment between Western expectations of what a war might look like with Russia, and the Russian perspective. This is natural, given that more than 70 years

have passed since the last great power war and nobody can say with confidence what a modern great power conflict will entail (except that it is best avoided). While Moscow expects any war with a coalition to constitute a regional war, there is a perplexing notion in the West that conflict can be localized to the Baltics. Not only is it not feasible to localize the conflict in such a manner given the modern character of war, it is equally unlikely that the other side would agree to such a match. Basic operational requirements, along with expected escalation into global domains like space and cyberspace, relegate this type of confined engagement between major powers to contrived wargames. Ironically, because of the considerable effort undertaken by NATO to reinforce deterrence in the region to deal with the prospect of a localized war, a conflagration in the Baltics is a low probability event relative to other contingencies.

In part due to this mismatch of expectations too much attention has been given to Russian area denial/anti-access capabilities, which do not represent a strategy or doctrine in the Russian armed forces (there is no Russian term to describe it). This creates a misperception that military technology lends itself to favor defensive strategies, which is certainly not the Russian interpretation. Russian strategic culture emphasizes deterrence by punishment and preemptive attack as the preferable method to deny an adversary their objectives. A defensive strategy, or perhaps an offensive followed by area defense, is largely borne of Western mirror imaging. This makes for a great assessment of Egyptian military strategy in 1973, but it certainly is not representative of Russian military doctrine in 2020.

Instead, Russian forces are organized under a series of strategic operations, which are both offensive and defensive in nature, but intend to take the adversary apart as a system rather than engage in some sort of 'zonal defense.' Those familiar with the last several decades of US combat operations would recognize that A2/AD as a strategy against US airpower is not especially viable, which is why Russian literature on the subject clearly indicates that they consider defense to be cost prohibitive. Russian strategy can be summarized as consisting of operations to deflect and suppress aerospace attack, attrition high-value assets and conduct disorganizing strikes against C3 infrastructure.

Russian operational-level thinking has leaned more towards the offensive, dating back to concepts of deep-battle and the development of strategic operations. This has always been coupled with planning and preparation to absorb and deflect an adversary's offensive blow, so as to not be knocked out early on in the fight. Hence, far too much attention is paid in the West to the problem of getting forces into the theater, while not enough time is spent on the question of attrition in the initial period of warfare.

The common fixation on Russian defensive capabilities in Kaliningrad is equally unhelpful, as this represents a single army corps of Russian forces and does not reflect a theater-wide conflict (i.e. from Norway to Turkey). While NATO might prevail in a battle with 'Kaliningrad' (assuming the US led the fight), this is hardly a significant accomplishment. Focusing on Kaliningrad or the 'Suwalki corridor' is seeing the problem through a straw, while many of the proposed solutions can engender larger problems in theater.

A fixation on the potential for a territorial fait accompli, which have occurred so rarely between nuclear powers they're almost nonexistent, misses what truly matters. The reality, which hopefully will never come to pass, is that in a conflict both sides will be proven wrong in their assumptions and the one best able to adapt, with the better hedge strategy and flexibility, will come out ahead. Therefore building a force around a limited deterrence-by-denial concept against an adversary with a panoply of options and theater-wide reach is a dubious strategy. The problem with gearing force structure to a preferred scenario is that if any fight happens other than that particular fight you might end up in deep trouble. A limited fait accompli by Russian forces is far from the worst scenario facing European security, while the geographic fixation on the Baltics invariably comes at the price of ignoring much of the actual continental theater along with the security concerns of European partners who are not NATO members.

Thinking About Escalation Management and War Termination

Dealing with Russia's escalation management strategy is no less important than solving for warfighting scenarios. The Russian military has developed a series of options, which could be considered forms of calibrated escalation, intended to deter within the conflict spiral or encourage restraint. These include deterrence by intimidation, the use of single or grouped strikes with conventional precision weapons, nuclear demonstration, and selective nuclear strikes in follow-on phases of conflict. Such operations are more significant

during the threatened period of war leading up to conflict, and the initial stages of active combat.

Iran's crude 2019 strike against Saudi oil facilities provides a reasonable small-scale example of what such an operation might look like. The extent to which Moscow is confident that it can manage escalation will determine its willingness to take on risk in coercive gambits, various forms of indirect warfare, and military aggression. In general, NATO needs a viable framework for escalation management and war termination, something Russian military thinkers have spent decades developing. Disappointingly, discussions on both sides of the Atlantic remain fixated on warfighting and deterrence of conflict, with little to say on the subject of escalation management or conflict termination. In a war between major nuclear powers victory is not possible without successful escalation management. In the absence of a viable escalation management strategy, the responding side is likely to be self-deterred from taking direct action, especially in cases with relatively low stakes.

Potential answers could include acquiring the capability to respond to such strikes in kind, investing in the ability to deflect or intercept limited strikes, and ensuring the survival of critical military and civilian infrastructure. Escalation management is less about having things and more about having a vision for how they can be used to shape adversary behavior in a manner different from warfighting. Without adequate investment, political leaders will hesitate to enter a conflict in which they are likely to incur immediate costs, without any viable defense or real prospect of retaliation.

There are inherent risks in believing that force can be selectively applied to limit escalation, but they are not as great as embarking on a conflict with a peer nuclear power having no plan at all.

Beyond Tactical Considerations and Technology Fetishism

At the tactical level, system-on-system comparisons tend to be misleading. Analogous systems on both sides are integrated differently, and do not necessarily have the same missions. For example Russian Aerospace Forces integrate tactical aviation as a component of air defense. Meanwhile artillery is used to enable combined arms maneuver, or deny areas to advancing forces. The difference in performance between Western capabilities and Russian capabilities is not that important depending on the role and mission considered. Comparing systems one for one typically disguises the actual problems that need to be addressed. Does having a more capable vehicle matter if it fires ammunition that cannot penetrate adversary armor? Will buying heavier armor make a difference if it is unprotected from air attack? Would having 5th generation aircraft make a tremendous difference if your air force is likely to be destroyed on the ground in the opening minutes of the war?

Furthermore, most capability advantages sought contributes to warfighting, but not to deterrence. Russian discourse on correlation of forces and means does not elevate to the level of national political thought, i.e. for deterring Russia it doesn't matter if a European nation buys tactical system A

over tactical system B. A new type of anti-tank missile, rifle, or piece of artillery may get individual services excited but it won't make a difference at the level of strategic deliberation.

However, certain capabilities are indeed seen as strategic, such as long-range strike systems, missile defenses, cruise missile-carrying naval platforms, tactical nuclear weapons and the like. This is because they affect escalation management strategy, the strategic vulnerability of Russian critical infrastructure, and the theater-wide potential for Russian strategic operations to succeed or fail. If the initial period of war is indeed decisive, then mobility and logistics are what matters, along with the key enabling capabilities that effectively address adversary advantages, but more importantly make an impact at the operational level. All of this means that some capabilities will matter much more than they should in terms what the adversary thinks about them, while most make little impact on the overall calculus. Much the same can be observed of Western reactions to a handful of Russian systems such as Iskander-M or S-400, which make an outsized impression.

A final note on territorial defense and various national total defense concepts - these make sense for small front-line nations, but often compete with prudent defense procurement elsewhere. In select cases where an isolated and/or sparsely-populated territory may be particularly vulnerable the deployment of armed defense units makes sense, to demonstrate interests at stake and serve as a 'tripwire' force. However their military value against conventional threats is low. Recent conflicts, such as the Russia-Georgia War

in August 2008, demonstrate that against large militaries these units are not especially meaningful. Reserves lacking mobility, firepower, and training add no value against heavily-equipped combined arms formations.

In general, a country that does not share a land border with Russia need not spend money establishing a force that is unlikely to contribute to their national defense or their role in a military coalition. As recent conflicts demonstrate, the contribution these forces make to deterrence in practice is minimal. One can admire the determination of frontline states to improve their own central deterrent as part of a porcupine strategy, but most others are better off investing their resources elsewhere. National defense units might prove useful in the event of an externally-sponsored insurgency, but only if they are established as auxiliary to the military and civil authorities.

Addressing the Indirect Warfare Component of Russian Strategy

There is nothing new about the indirect approach, which seeks to spread out confrontation to fronts where there is less resistance, forcing the adversary into a contest on numerous fronts. However, it is becoming apparent that in the twenty-first century, unlike previous bouts of competition between the US and USSR, certain forms of indirect warfare can involve vital interests that political systems value. Arguably, this was not the case during the Cold War. Various forms of political warfare proved relevant in targeting allies, partners, and third nations, but were largely a nuisance in terms

of protagonists' vital interests. The US reaction to proven Russian meddling in the 2016 election reflects the changed potential for indirect approaches like political warfare, information warfare and offensive cyberwarfare in combination with the aforementioned dark arts. Its actual efficacy will continue to be debated, but the political reaction to the perception that adversaries are attempting to alter the political and social fabric of society is undeniable.

Though often treated separately from military contingencies, or the conventional military balance, in reality the intensity and degree of risk-taking via indirect means has increased the more militarily confident Russia becomes. The more credible Moscow's conventional and nuclear deterrent, the greater the expectation that it can deter any forceful retaliation. Hence the space for indirect approaches becomes more open, including deniable acts of war, as the military balance becomes more stable, i.e. both Russia and NATO grow confident that they can deter a military response.

The Russian strategy for indirect competition is based on weakening the political system and overt cost imposition. Overt meaning that Moscow wants it clearly known that it is the responsible party for the hostile acts in question. Whereas in Europe, Russia has three broad objectives: prevent collective decision-making, separate Europeans from the US and reduce the cohesion of Europe as a political entity. The reasons are straightforward: Russia is more powerful than any individual European country, and therefore prefers bilateral engagement. Europe as a political entity not only forces Russia to deal with a bloc of countries that together are far

stronger economically, but it is expansionist as a bureaucratic system and trade regulatory framework. Hence the EU is the long-term competitor for the former Soviet space, which Moscow still clings to.

Crowning the list is the fact that Europe remains an American political project, and a part of the US grand strategy, which helps grant the US legitimacy and of course affords the potential for the projection of American military power on the European continent. Therefore, if Moscow can drive a wedge between Europe and Washington, it will try to do so (or capitalize on the many cleavages that already exist). Much can be said about centrifugal forces afflicting Europe, together with nationalist sentiments. These are not the products of Russian machinations but Moscow rarely misses an opportunity to take advantage of them.

Getting Beyond NATO Worrying About NATO

Most notably, Russian indirect warfare is largely not about NATO, or the Alliance's decision-making. Undoubtedly, NATO officialdom believes that most Russian actions are about NATO, but this is a self-validating proposition. Of course, there are cases, as during the Cold War, in which Moscow seeks to influence European decision making to block US efforts in Europe. However, much of the NATO conversation is navel-gazing. NATO is incredibly difficult to destroy, because it is a sprawling bureaucracy and a political institution as much as it is an alliance. Certainly, indirect warfare will not get the job done easily, if it could then the Soviet Union would have accomplished this task during the ample 40 years it had

to do so. Military confrontation is only likely to strengthen the alliance, and increase its membership - that's certainly been the track record for recent great power wars in Europe.

Although NATO has come to define European security (much to Russian chagrin), when the Russian leadership says 'NATO', they mean the US. Moscow never saw NATO as anything other than America's Warsaw Pact, a platform for the projection of US power in Europe. From Moscow's perspective all that is necessary is a small coalition of key states to permit the introduction and basing of US forces. Whether NATO collectively responds to aggression is immaterial as long as the US commits and is afforded the opportunity to do so by the necessary allies. Conversely, without the US, even if all of NATO responds its chances of success in the initial period of war are slim. Therefore much of the Russian effort is not aimed at NATO's destruction, but at neutralizing its utility for US purposes.

Despite the fixation on NATO in Russian official pronouncements, a handful of European countries are particularly significant to Russian aims. Moscow seeks to create asymmetric dependencies in bilateral relationships with states it sees as key nodes, comprising a hub-and-spoke system international politics. These European countries sit atop important nodes in the global economic or information infrastructure and the US needs them to be effective in any strategy of punishment or containment. Some are also critical to US logistics or the ability to project power in Europe. The Russian ambition is to neutralize them politically as tools or instruments in Washington's hands, taking away America's advantages.

The strategy behind Russia's indirect approach has ultimately been to weaken counterparts, making its own power relatively stronger, absent the ability to generate economic means at home. When the USSR pursued detente, it did so in the expectation of winning the global competition at a time when its economic and military resources were growing. Russia's economy is stagnant, while the military looks much better in relative parity (but cannot claim superiority). Therefore, the Russian leadership is concentrating on weakening adversaries in a sustained confrontation, or reducing their ability to engage in collective retaliation. Thus, indirect warfare in the twenty-first century shares some important characteristics with that of the medieval period, prior to the establishment of the nation state, or industrial-scale warfare. Forms of sustained raiding to coerce adversaries, weaken them economically, and destroy their internal political cohesion were commonplace strategies between the leading powers of the time and have returned via different means today, with the intention of coercing the other side to negotiate.

Just Because Strategy is Impossible Doesn't Mean it's Not Necessary

Dealing with indirect competition requires focusing efforts on what is defensible, what can be deterred, and delineating what are tolerable acts of hostility. Defense is only possible via a conscious selection of where resources are best concentrated rather than perpetual handwringing about the myriad of vulnerabilities that exist in any liberal society. As Frederick the Great said, 'he who defends everything defends nothing.' Therefore it is advantageous to ring fence vital processes, or

set boundaries that constitute thresholds which can be communicated to the other side. It merits recognizing that much political warfare, indirect attacks via proxy forces, and similar efforts, comes to naught or results in blow back. These campaigns are difficult to control, frequently yield adverse consequences and reputational damage. For example the disastrous Wagner attack in Syria, the numerous fumbled attempts tied to GRU operatives across Europe from Macedonia to Catalonia, and the blowback from hacking campaigns during European elections. Riposte is a worthwhile stratagem based on counters, which may yield results over time.

Much of the indirect competition can be handled by a strategy based on intra-conflict deterrence, seeking to encourage restraint and prevent further escalation. In certain cases one cannot deter the adversary from pursuing their desired ends, but shape the means through punishment, dissuasion, and establishing mutually accepted rules. For example targeted assassination will always be a feature of indirect warfare, but the use of chemical weapons or radiological material as the means can and should be deterred. Similarly, demonstrating the capability and will to use offensive cyber capabilities either in retaliation, or preemptively, should give adversaries some pause about the potential costs they would pay relative to the gains sought.

Real strategy is about choices. Currently the US struggles to pursue a meaningful deterrent because it is engaged in an active pressure campaign, the objectives of which are unclear. Washington has chosen active pressure over deterrence in the overall confrontation, and prefers defense to deterrence in

Europe. Notably deterrence remains a common place slogan for policies that are about anything except deterrence. Meanwhile, there is no strategy for dealing with Russia beyond sanctions, spending on military capability in Europe, and wishful thinking in Washington that a new Russian leader may capitulate to Western demands. The absence of any strategic thinking about how this ends, or how the confrontation can be managed to avoid steady escalation, is the main challenge to overcome in the West.

Consequently Moscow believes that there is no benefit to restraint, and perversely, that this campaign is working by virtue of the response it receives. Russian leaders assume that giving ground to Western demands would validate the active pressure campaign, and lead to further demands. Hence, they are reluctant to step back on anything, including strategic missteps or moribund positions that they might prefer to abandon. For deterrence to work, threats and punishments must come with the assurance that they are not part of an unconditional campaign to simply inflict pain regardless.

Thus far, the West has fired a significant percentage of its ammunition for no discernible coercive or deterrent effect on Moscow. To be sure sanctions have made an impact on Russia, and proved an important tool in managing alliance politics, but just because they do something does not mean that one cannot envision doing something smarter. This is publicly recognized by experts and politicians alike. For now the West is tethered to this campaign, despite self-evident diminishing returns. However, there may be a better way than simply hoping that something positive will hap-

pen, or making decisions one crisis at a time. Policy-making in response to the last crisis does not play to European strengths, and in the current American political environment yields unpredictable results. Even if a deliberate strategy is impossible, a good way forward would be to develop a strategic vision for the confrontation, and make iterative attempts at shaping Russian behavior.

The Coming US President: What to Expect for Transatlantic Security

Rachel Rizzo

Since Donald Trump's election in the fall of 2016, the transatlantic relationship has been under immense pressure. The first three years of Trump's presidency have been marked with insults directed at US-European allies, questioning the value of US membership in NATO, an ongoing trade war, bungled Syria and Afghanistan policies directly implicating European allies, and a general disregard for the importance of the transatlantic partnership. At this point, it's become a cliché to say "the transatlantic relationship is in crisis" because it's such a common refrain.

Today, however, the hot-heatedness driving so much of the US-European relationship over the past few years seems to have cooled, at least temporarily. There have been fewer errant outbursts from the US president directed toward Europe, and he even went so far as to defend NATO against controversial comments Emmanuel Macron made to the Economist magazine. After Macron said NATO was experiencing a "brain-death," among other things, Trump surprised everyone and said

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the comments were "nasty" and "very insulting";[23] somewhat ironic for a president who referred to NATO as "obsolete."

Admittedly, things might only *seem* better because Trump is distracted by ongoing impeachment proceedings and policies elsewhere in the world. Right now, Trump's eye isn't focused directly on Europe. But with potentially only one year left of the Trump presidency, the question now becomes, what comes next? *Who* comes next?

A second Trump Presidency is a very real possibility. While everyone learned in 2016 not to read too much into the polls, President Trump remains a highly competitive candidate in key battleground states even while suffering from low national ratings.[24] While it's important not to be too hyperbolic, the reality is that a second Trump term would answer many of the existential questions that experts, citizens, and policymakers have been grappling with every day for three years: how did Trump get elected? Why did he get elected? And perhaps most importantly, was it an accident of history? A second term means no, Trump's election was not an accident; that even after his blatant racism, sexism, nationalism and errant behavior, he still has a solid base of support throughout the country. In turn, this would reinforce Trump's belief in his "America first" slogan, making him bolder in following his worst impulses.

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23 Tamara Keith, "From NATO Critic To Defender, Trump Calls Macron's Comments 'Nasty'', *NPR*, December 3, 2019.

24 Nate Cohn, "One Year from Election, Trump Trails Biden but Leads Warren in Battlegrounds," T*he New York Times*, November 4, 2019.

Europe and a Second Trump Term

What, exactly, would a second term mean for the Transatlantic relationship? First, there would undoubtedly be continuing problems with NATO. Although Trump's harsh rhetoric toward the alliance has somewhat halted given that he's taken personal credit for recent defense spending increases amongst NATO allies, it's no secret that he is not a fan of the alliance. In fact, he's said the United States is the country that benefits the least from membership.[25] He is also the only president who has suggested that US article V commitments could be contingent upon whether or not countries meet their 2 percent of GDP defense spending targets. A second term could very likely go beyond just simple language like this. An empowered Trump could easily feel comfortable saying, "this alliance isn't serving US needs anymore, we are out." Of course, any such move would hit immediate Congressional roadblocks, and so the likelihood that it would actually result in a US withdrawal is slim. Still, the signals it would send could be catastrophic.

In addition to creating issues with NATO, Trump in his second term might feel emboldened to fuel populist language on both sides of the Atlantic, cozying up to populist and authoritarian leaders like Hungarian Prime Minister Viktor Orbán, and Brexiteer-in-chief, Nigel Farage. Without the pressure of an election ahead of him, the US president would have to worry even less about optics than he does today. Additionally, the US-German relationship could be in a precarious

25 Alex Ward, "Trump thinks NATO is good now — after French President Macron criticized it", *Vox News*, December 3, 2019.

position; of course, it depends largely on who succeeds Angela Merkel, and how Germany does with its efforts to increase defense spending. However, a second Trump term combined with continuously low German defense spending could easily lead to a near-total breakdown of the relationship.

Lastly, it would also be unsurprising to see Trump make further cuts to the European Deterrence Initiative. EDI currently hovers around $6 billion, which is a 57% increase from the Obama administration's peak funding of $3.4 billion during fiscal year 2017.[26] Decreasing EDI is not, counter to what one often hears in Washington, a disastrous policy decision. It is other, less tangible problems that a second Trump term would cause for the Transatlantic relationship that should be much more concerning.

The Transatlantic Relationship and a new Democratic President

A new Democratic president would likely make repairing the US-European relationship a keystone of their foreign policy strategy. However, the current top three contenders would have different approaches. Bernie Sanders, for example, probably wouldn't place as much emphasis on Europe. Although his approach would undoubtedly be less confrontational, he would likely be just as skeptical as Trump regarding current US military commitments to and within Europe. Elizabeth Warren, on the other hand, has explicitly talked about the importance of the US-European relationship, and is relati-

26 David Welna, "Under Trump, NATO Nations Get More Us Troops and Military Spending," *NPR*, December 3, 2019.

vely mainstream when it comes to her support for NATO and the United States' global allies. She recently said that as president she would recommit to US alliances and reaffirm the United States' "rock-solid commitment to NATO's article 5 provisions."[27] Finally, Joe Biden has a proven track-record of being pro-Europe. For example, in his Munich Security Conference speech in 2019, he said, "the America I see does not wish to turn our back on the world or our closest allies." He added, "this too shall pass … we will be back. We will be back."[28] However, when it comes to the US relationship with Europe, what does "we will be back" really mean? Even under a new Democratic president in the United States, the transatlantic partners must come to terms with the fact that the US-European relationship will look fundamentally different going forward.

If a new president does take the reins in 2020, there are a couple of things they must understand to begin rebuilding the Transatlantic partnership. First, the United States must inevitably accept a more independent Europe. Instead of pushing back on European-wide efforts to strengthen its own defense capabilities, such as Permanent Structured Cooperation (PESCO) and the European Defense Fund (EDF), the US should actively support them. The Trump administration has had harsh words for Europeans regarding these efforts, voicing concerns that PESCO will undermine NATO and become a protectionist vehicle for the European defense

27 Elizabeth Warren, "Donald Trump has Destroyed American Leadership—I'll Restore It," *The Guardian*, December 8, 2019.
28 Arlette Saenz, "Biden Says US Should Remain Committed to its Allies Abroad," *CNN*, February 16, 2019.

Industry.[29] Admittedly, this is not a new phenomenon—multiple US administrations have been highly critical of European efforts to increase capabilities outside the confines of NATO, but it's especially ironic for the Trump administration to double down on this line given how hard they have pushed Europeans to do more in terms of defense. A new US president should reverse course, and actively encourage Europe to take more responsibility for its own defense and foreign policy.

Second, a new US president must also understand that encouraging a stronger, more autonomous Europe may ultimately mean more disagreements between the two continents. But that's not necessarily a bad thing. As Alina Polyakova and Benjamin Haddad argued, "'that is the price one pays for having serious, reliable allies. It is unrealistic to imagine that after asking a partner to take on a larger portion of its own security, your interests will magically align.'[30] A more independent Europe, one that isn't subversive to the United States, means that the United States must become more used to push-back from Europe in response to decisions that negatively affect its own interests. Europe's creation of INSTEX, a special purpose vehicle meant to sidestep US sanctions of Iran, is a perfect example. As Polyakova and Haddad stated, 'although such endeavors are largely symbolic at this stage,

29 Steven Erlanger, "U.S. Revives Concerns About European Defense Plans, Rattling NATO Allies," *The New York Times*, February 18, 2018.

30 Alina Polyakova and Benjamin Haddad, "Europe Alone: What Comes After the Transatlantic Alliance," *Foreign Affairs,* July/August 2019.

they could lead to a more ambitious attempt to promote the euro as an alternative reserve currency, reducing Europeans' dependence on the U.S. dollar and the U.S. financial system.'[31]

At this point, it is impossible to know who might come next in terms of US leadership. It will be undoubtedly difficult for US-European relations to improve under a second Trump term given the animosity brewing for the last three years. A new president, however, could use the opportunity for a clean slate. As long as whomever enters office is comfortable with and supportive of Europe's quest for greater independence, there will be ample opportunities to rebuild damaged relations and create even stronger ties in the future.

Strike First and Strike Hard? Russian Military Modernization and Strategy of Active Defence

Maren Garberg Bredesen and Karsten Friis

On 2 March 2019, Russia's Chief of the General Staff, Valery Gerasimov, gave a speech in which he launched what he called a "strategy of active defense".[32] It summarized Russian security thinking and the modernization of the Russian Armed Forces, and gives a flavor of the next Russian doctrine, expected in 2020. In this brief we will interpret this speech in view of the evolution of Russian military capabilities over the last decade, with emphasis on the role of precision-guided missiles and the role of the Russian Navy. We will argue that Russia is still likely – if not *more* likely – to continue to use

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military force as a foreign and security policy tool.[33]

The Russian Worldview

A military threat is traditionally regarded as a combination of capabilities and intentions. A potential adversary would need to be considered to have both potentially ill intensions and the means to hurt in order to represent a threat. The Russian annexation of Crimea and invasion of eastern Ukraine from 2014 onwards represented a sudden shift in the perception of intension. Experts on Russia tend to agree that the political culture allowing such behavior – 'Putinism' – is here to stay, beyond Putin.[34] In other words, the socio-political structure of Russia as run by a kleptocracy and riddled with endemic corruption is likely to continue for the foreseeable future. Various power circles, related to economic interests and state authority structures (so-called *siloviks* from the intelligence,

33 We will not discuss the army, as it is unlikely to have capacity to undertake protracted offensive fighting. Although it in theory could capture (for example) the Baltic states quickly, it would struggle to keep an occupational force in place for an extended period as this would drain a lot of manpower, logistics and other resources from other flanks. This does not rule out tactical territorial advances in case of conflict with NATO, but the army is unlikely to be the main Russian weapons system in a war. See Pavel Baev (2019c), "PART II: The Re-Emerging Nuclear Dimension in Russian-European Relations", Georgetown Journal of International Affairs, 7 May 2019.

34 See Keir Giles (2019), *Moscow Rules - What Drives Russia to Confront the West*. Washington, D.C.: Brookings Institution Press; Mark Galeotti (2019a), *We Need to Talk About Putin: How the West Gets Him Wrong*. London: Ebury; Mark Galeotti (2019b), *Russian Political War: Moving Beyond the Hybrid.* London: Routledge.

police and military), fight for influence and prestige in a carousel of governance and business deals. Their main fear is of someone – internal or external – undermining or destabilizing this system, to contain and intimidate Russia.[35] Fueled by this paranoid view of the West and an opportunistic 'macho' foreign policy, Russia is unlikely to be on good terms with the West anytime soon. Russia is not considered to pose a direct and immediate threat to Europe today, but it is not friendly either.

GPV 2027 and the Active Defense Strategy

The Russian defense budget has increased significantly over the last decade, and remains the third-largest in the world.[36] Its military modernization program, which has been running since 2008, has been largely successful in making the Russian Armed Forces more agile and up-to-date, despite recent economic hurdles. Russia's new armament program, the GPV 2027 (for the period 2018-2027), gives an indication of Russian defense priorities in the years to come. According to the Norwegian Intelligence Service, it confirms a shift in Russia's threat perception, and consequently the understanding of the purpose of the Armed Forces. While strategic deterrence continues to be the cornerstone of Russian security, a premium is also placed on the more general 'applicability' of

35 Massicot (2019). See also "Russian Strategic Intentions: A Strategic Multilayer Assessment (SMA) White Paper", NSI.
36 Michael Kofman (2019), "Russian defense spending is much larger, and more sustainable than it seems", *Defense News*¸ 3 May; Pavel Baev (2019a), "Is Russia really cutting its military spending?", *Eurasia Daily Monitor*, 16: 65, 6 May 2019.

military force, with major investments in long-range precision-strike capabilities as the main tool. The GPV 2027 also involves a move away from a unilateral emphasis on major direct military conflicts towards a more asymmetric, indirect and complex use of such means.[37]

Gerasimov's Active Defense strategy, while presented as "defensive" against what he perceives as Western political and military encroachment, rather foresees an active and even anticipatory use of military force based on prediction. For Gerasimov, the importance of seizing what he called the strategic initiative has become even more important. Maintaining such an initiative would be supported through a set of measures aimed to strategically deter but also pre-emptively neutralize threats to Russian national security when necessary.[38] Moreover, while Gerasimov still accounted for the integrated use of so-called hybrid tactics in modern warfare, he played up the armed forces as a guarantee of the effectiveness of such means. This strategy also involved an active use of 'limited actions' in cases where Russian interests must be defended or promoted abroad, with Syria being a case in point.

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37 Norwegian Intelligence Service (2019), *Focus 2019*, p. 27,

38 Importantly, "deterrence" in the Russian context appears different from the Western usage of the term: it implies dissuasion and coercion as key elements. It can include non-military active measures to shape the opponent also prior to Armed conflict. See Daniel Flynn (2019), "Russia's evolving approach to deterrence" in 'Russian Strategic Intentions: A Strategic Multilayer Assessment (SMA) White Paper'. NSI, p. 39.

Precision-Strike Capabilities: the New Russian Silver Bullet?

In his speech, Gerasimov displayed a particular appreciation for precision-strike capabilities, the proliferation of which in Russia is profoundly changing its ability to deter, threaten or destroy an adversary.[39] The most accessible examples are the *Kalibr* cruise missiles, which can mounted on both submarines and other vessels, and the ground launched *Iskander*. The 9M729 *Novator* cruise missile, which triggered the break-up of the INF Treaty due to its long range, is another.[40]

The evolution of thought surrounding the use and strategic effect of precision-strike capabilities is reportedly subject to experimentation in Russian doctrinal thinking and seems to be characterized by an innate tension between the defensive and offensive.[41] Indeed, precision-strike capabilities provide Russia with a broader range of options. For example, Russia can plan the level of enemy losses to correspond to its aims

39 Office of Naval Intelligence (2015), 'The Russian Navy: A Historic Transition', *Office of Naval Intelligence*, December 2015, 33.
40 Furthermore, Russian Tu-160 *Blackjack* bomber planes have been observed in Norway with dual-use (nuclear/non-nuclear) long-range cruise missiles (*Raduga* Kh-101/AS-23 *Kodiak*) that can reach all European territory either from Russian heartlands or the Norwegian Sea. See Douglas Barrie (2019), "Kh-101 missile test highlights Russian bomber firepower", *IISS Military Balance Blog,* 8 February 2019; LtGen Morten Haga Lunde (2019), Speech at Oslo Military Society, 12 February 2019,
41 Tor Bukkvoll & Roger McDermott (2017), "Russia in the Precision-Strike regime – military theory, procurement and operational impact", *Norwegian Defence Research Establishment*, 1 August 2017.

of deterrence and coercion.[42] According to Defense Minister Sergei Shoigu in 2017, the development of high-precision weapons may even allow Russia to leave nuclear deterrence in favor of conventional deterrence.[43] Russia could threaten to launch a set of high-precision and high-impact strikes severe enough to degrade the enemy's military-economic potential. This would be a particularly useful strategy of coercion in a limited conflict e.g. one taking place in Russia's border regions. In a larger conflict, the use of precision strikes could also be a bid for escalation control by threatening to reinforce their use with limited nuclear strikes, signaling to the enemy that the last stage before the nuclear threshold has been reached.[44]

Some also note that Russia's precision-strike capability development increases Russia's offensive potential, which in turn might make military force a more readily-available tool of

42 Roger N. McDermott & Tor Bukkvoll, 'Tools of Future Wars – Russia is entering the precision-strike regime', *The Journal of Slavic Military Studies* 31:2, 198- 201; Dave Johnson (2018), 'Russia's Conventional Precision Strike Capabilities, Regional Crises, and Nuclear Thresholds', *Livermore Papers on Global Security* No.3. Lawrence Livermore National Laboratory, Center for Global Security Research. February 2018.

43 Sergei Shoigu quoted in 'Ministr oborony Rossii provel ustanovochnuyu lektsiyu kursa "Armiya i obshchestvo"' ['Russia's Minister of Defense held an overview lecture at the course "Army and Society"'], Russian Ministry of Defense, 12 January 2017.

44 Daniel Flynn (2019). For more on the seamless integration of nuclear and non-nuclear deterrence see Katarzyna Zysk (2018), "Escalation and Nuclear Weapons in Russia's Military Strategy", *The RUSI Journal*, 163:2, pp. 4-15

Russian foreign policy.[45] Gerasimov's remarks about 'limited actions' seem to support this view. With both Russia and the US having left the INF treaty, the conventional and nuclear military balance in Europe is bound to be reshaped, pushing first-strike capabilities – whether conventional or nuclear – to the fore. For example, in the immediate aftermath of the US withdrawal from the treaty, Shoigu was quick to bury the treaty by declaring that by 2020 Russia will create a ground-based version of the sea-based *Kalibr* system and a ground-based missile system with a long-range hypersonic rocket.[46] The fact that systems like *Iskander* are mobile is another point: it is assumed that Russia might choose to shuffle this system as a 'trump card' rapidly across the north-western flank when necessary, constituting a form of coercive '*Iskander* diplomacy'.[47] As of 2019, Russia has ten combat brigades of *Iskander-M*.[48]

Enhancing precision-strike with speed further amplifies the threat. In his speech, Gerasimov made due mention of Russia's newest weapons complexes, like the *Avangard* (hypersonic glide vehicle), *Zircon* (hypersonic, sea-based missile) and *Burevestnik* (nuclear-powered, nuclear-tipped cruise missile). By using long-range, high-speed precision weapons, Russia

45 Norwegian Intelligence Service (2019), p. 22; Tor Bukkvoll & Roger McDermott (2017), p. 39.

46 Matthew Bodner (2019), 'Russia bids farewell to INF Treaty with fresh nuclear development plans', *Defense News*, 6 February 2019.

47 CSIS Missile Defense Project.

48 The Iskander-M SRBM (Short-range Ballistic Missile) possesses a maximum range of 500 km and carries payloads between 480 and 700 kg.

can also use minimal force to strike at enemy strategic targets from the rear (or from the sea), forcing the enemy into submission without the platforms having to enter the theatre of active conflict, let alone violating the sovereignty of other states until the moment of attack.

Importantly, as can be inferred from Gerasimov's speech, current Russian doctrinal thinking emphasizes offensive strikes and the initial phase of war as decisive, not prolonged defense. Pre-emptive action constitutes a key element here, where there is no contradiction between pre-emptive countering of an attack, counter-offensive and being offensive.

The Russian Navy

Since the inception of its military modernization program, Russia has had an ambition to restore a blue water navy by 2050. However, this has been put on hold due to several factors. The quality and capability of the yards are varying, and economic sanctions have had some impact on shipbuilding. There is also an ongoing debate about the viability of larger vessels in a conflict dominated by cruise missiles. These factors have made Russia pursue a pragmatic solution, converting modest maritime platforms into strategic assets by arming them with heavy weapons like the *Kalibr* cruise missile. Indeed, Russia has invested significantly in conventional capabilities in the maritime domain and is likely to continue to do so until 2025.

While this development seems to be forced mainly by economic considerations, it may also force a shift in Russian operational thinking. For example, in the event of a conflict

between Russia and the West, littoral areas like the Norwegian coast could be particularly valuable for Russia to deploy its combination of small vessels and long-range precision-strike capabilities in order to establish a coastal rim of denial. This could be reinforced by anti-air and anti-ship assets on shore and would, among other consequences, severely threaten Norwegian Sea Lines of Communication (SLOCs).[49]

In 2014 the Northern Fleet was established as a separate Joint Strategic Command and remains key to Russia's nuclear second-strike capability. One of the most important Russian long-term investments in strategic capabilities is the *Borei'*-class ballistic missile submarine. So far, three units have been completed and are sailing with the Northern and Pacific fleets.[50] In total, the Northern Fleet currently has around six operational strategic submarines (*Strategic Submarine Ballistic Nuclear, SSBN*) and around eight operational attack submarines (*Submarine Ship Nuclear, SSN/ Submarine Ship Gui-*

49 Tor Ivar Stømmen (2016), «Ein strategi på leirføter», *Necesse* vol 2, no 2; Ståle Ulriksen (2016), «Den russiske marinen – status og fremtidsutsikter», *Necesse* vol 2, no 2.; Ståle Ulriksen & Åse Østensen (2019), "Building on Strength – Proposals for US-Norwegian cooperation on the Operational and Tactical Level", *Concept Paper* 2/2019, Norwegian Naval Academy; Ina Holst-Pedersen Kvam (forthcoming 2020) «Russisk maktprojeksjon i og fra kystsonen: Implikasjoner for Bastionforsvaret», *Necesse*; John Andreas Olsen (ed.) (2017), *NATO and the North Atlantic: Revitalising Collective Defence.* London: RUSI, Whitehall Paper 87.

ded Nuclear, SSGN) in the Northern Fleet.[51] It is the SSN/SSGN attack submarines that have caused the most Western concern recently, of which the *Severodvinsk*-class submarine is the newest and least detectable.[52] One submarine is operational, while another is in sea trials (*Kazan*), five more under construction and two more ordered. The *Severodvinsk* can carry both conventional and nuclear missiles. It is considered particularly threatening to naval group formations with its anti-ship missiles, thereby threatening the NATO transatlantic SLOCs.[53] The new frigate *Admiral Gorshkov* can also be equipped with *Kalibr* or other precision missiles. More ships of this class are expected to be delivered over the next few

51 The Northern Fleet has 2 Victor III, 4 Sierra I and II, 6 Akula and 3 Oscar II SSN og SSGN, plus Severodvinsk og Kazan, in total 17 submarines, plus some «special subs» and some older diesel subs. It is assessed that 1 Victor III, 2 Sierra II, 1 Akula, 2-3 Oscar II, Severodvinsk and maybe Kazan are operational, i.e. totalling 7-9 SSN and SSGNs. In addition, the Northern Fleet currently has about seven larger battleships operational (1 battle cruiser, 1 cruiser, 4 destroyers, and 1 frigate), and some under long-term overhaul. More corvettes are expected in the next few years. In addition, it has three regiments of fighter jets, five helicopter squadrons, three air defence regiments, two mechanised infantry brigades and one naval infantry brigade. This is a corrective note, as IISS numbers are frequently too high since they include non-operational units (IISS, 2019; Kvam, 2020)

52 Norwegian Intelligence Service (2019), *Focus 2019*, p. 25.

53 Rolf Tamnes (2017), "The significance of the North Atlantic and the Norwegian Contribution", in John Andreas Olsen (ed.) (2017), *NATO and the North Atlantic: Revitalising Collective Defence.* London: RUSI, Whitehall Paper 87, p. 25.

years.[54] Recently, the Navy also announced that it will equip its latest class of corvettes in the Pacific, *Gremyashchiy*, with hypersonic anti-ship cruise missiles.[55]

The Russian Navy has also sought to achieve better strategic effect by moving and concentrating naval platforms between key theatres, as demonstrated recently during an exercise off the Norwegian coast, which featured a Russian flotilla comprised of vessels from the Northern, Baltic and Black Sea fleets.[56] Russia has also used the Black Sea, Pacific and Northern Fleets to provide air defense for Russian units in Syria. The Black Sea Fleet has gained status as a multiregional force due to its tactical versatility and ability to rapidly dispatch to the Mediterranean Sea. Even more interesting in Syria, perhaps, was the way in which Russia demonstrated that it is starting to overcome its traditional reliance on railways for logistics by using a mixed and greatly enhanced system of SLOCs and Air Lines of Communication (ALOCs) to project power well beyond its periphery.[57] Reportedly, two helicopter carrier ships are being built in the Black Sea to support such operations.

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54 Franz-Stefan Gady (2019), "Russia's New Admiral Gorshkov-Class Stealth Frigate Enters Final Shipbuilder's Trials", *The Diplomat,* 14 August 2019.

55 H. I. Sutton (2019), 'Russian Navy to Deploy New Zircon Hypersonic Missile to Pacific', *Forbes*, 5 November 2019,

56 IISS Military Balance (2019), p. 174 – 175.

57 Roger N. McDermott (2015), 'Russia's Strategic Mobility and its Military Deployment in Syria', *RUFS Briefing No 31*. Swedish Defence Research Agency. September 2015.

Conclusions

Although Russia is not regarded as an imminent military threat to NATO or EU member states, the volatile socio-political system in Russia makes it an uncomfortably unpredictable neighbor for most Western states. Russia's continued criticism of Western values and institutions combined with the continuous non-violent attacks on the Western democratic institutions and digital infrastructure, reinforces this. The Active Defense Strategy speaks of a General Staff that is more confident and pro-active in thinking about the instrumentality of Russian military power across a spectrum of future scenarios, both near and far. This includes development of means to achieve technological parity with the West and ways of using advanced weapons complexes in a game of political-military coercion. Moreover, the Russian military modernization program, including enhanced firepower and a renewed naval capability, the experience from the war in Syria and the increased number of exercises all indicate a more agile and potent military adversary than a decade ago. In particular, the precision-guided cruise missiles, including those of long range, are of concern. They represent a potential for deep strikes on Europe from a long distance – whether from sea or land – with minimal warning. In other words, the smaller hybrid operations often associated with Russian actions in Ukraine are not representative of the broader military development in Russia. Rather, what we see is a military force with increased firepower and mobility, capable of conducting complex joint operations.

Russia's limited resources have forced it to think outside the box. What could be uncomfortable about this situation is

that, from a tactical military point of view, it promulgates a first-strike approach from the Russian side. In case of an escalating political conflict, the calculation may be that it will achieve more by striking early than by waiting for broader Western mobilization. If, in a future Russian constellation of power, the military leaders are hawkish and the political leaders weak, this would be a concerning scenario.

Modern Deterrence Challenges and Swedish Interests

Leo Michel

Around the globe, deterrence and nuclear weapons issues have returned to the forefront of international attention, but in conditions that differ significantly from the Cold War era. The new strategic environment could affect Sweden's security and prosperity in profound ways. Hence, the rising generation of Swedish leaders—especially in government, academic, media and private sector positions involving foreign and defense affairs—needs to keep abreast of modern deterrence challenges.

Deterrence: a Few Basics

While Cold War strategists never developed an agreed definition of deterrence, today the term generally is understood to apply where: a potential aggressor declines to take action

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against another, such as a military invasion, because it fears unacceptable retaliation – a situation known as "deterrence by punishment"; or the potential aggressor declines to take action because it fears the other can prevent that action from succeeding – a situation known as "deterrence by denial". Often, public debates focus on the "punishment" approach (e.g., using nuclear-armed missiles and/or aircraft against the aggressor's homeland), although deterrence "by denial" (e.g., employing air and missile defenses, or conventional ground forces) can be effective in some scenarios and have less catastrophic results for both sides. Indeed, these deterrence methods are not mutually exclusive: a potential aggressor might be effectively deterred because it simultaneously fears unacceptable retaliation and harbors doubts regarding its ability to overpower its target's defenses.

That said, there is no simple formula to calculate the strength (or vulnerability) of a specific nation's approach to deterrence. The size, composition, and readiness of its military forces are obviously important, but hard to quantify factors also play a critical role. These can include a nation's history, strategic culture, leadership psychology, and confidence—or lack thereof--in its allies and partners. Moreover, such assessments influence both sides of a potential conflict. The renowned British strategist, Michael Quinlan, captured the essential dilemma faced by national security decision-makers when he observed: "Deterrence is a concept for operating upon the thinking of others".

Understanding the particular dynamics of nuclear deterrence is especially difficult. Empirical data on the effects of nuc-

lear weapons in wartime is limited to the experiences of Hiroshima and Nagasaki in August, 1945, when the U.S. used one relatively low yield weapon against each target, killing an estimated total of 300,000 persons. However, in that case, the Americans acted without fear of incurring a nuclear response. Once nuclear weapons are available to both sides in a conflict, their destructive power raises the question of whether a military "victory" is attainable in any meaningful sense. At the same time, the mere existence of a nuclear arsenal cannot guarantee deterrence. If a nuclear power lacks confidence in the reliability and survivability of its deterrent, if it lacks credible planning for nuclear scenarios, or if its leaders are believed to rule out nuclear use even in the most extreme circumstances, an aggressor could be tempted to exploit such information or perceptions to its advantage.

Changing Nature of Deterrence

Deterrence is not a static condition, and it has evolved since the Cold War in at least three important ways. First, deterrence is in transition from a "bipolar" to "multipolar" environment. During the Cold War, the U.S. and Soviet Union engaged in an essentially bipolar contest for global leadership, which came to the brink of nuclear conflict during the Cuban missile crisis in 1962. That near-death experience paved the way for an almost 30 year stand-off, where geostrategic and nuclear arms competition co-existed with various arms control and other efforts to preserve and enhance strategic stability. Today, despite having substantially reduced their nuclear arsenals, the U.S. and Russia once

again see each other as geo-strategic adversaries, especially following the Russian invasion of Ukraine in 2014.

However, Washington and Moscow now must cope with multipolar challenges, as well. The U.S. sees China's military (including nuclear) modernization efforts and its pursuit of regional dominance as a major challenge to American and broader Western interests in the Asia-Pacific region. Hoping to deepen its ties with China, Moscow has been careful not to openly express concerns with Beijing's expanding power and influence, but one wonders if their "strategic partnership" is durable. North Korea's nuclear weapons and ballistic missiles are another post-Cold War phenomenon, obliging the U.S. to update its deterrence thinking and bilateral alliance relationships in the region (especially with Japan, South Korea, and Australia). Unlike North Korea, Iran has stopped short of becoming a nuclear-armed state, but its nuclear activities have become a source of concern within and beyond the Gulf region.

A second evolution since the Cold War involves "extended deterrence". Extended deterrence means that a country is both able and willing to deter aggression not only against its own territory, population, and vital interests, but also against that of an ally or group of allies. During the Cold War, the "linkage" between U.S. strategic nuclear forces and several thousand U.S. nuclear weapons forward-based in and around Europe became the *sine qua non* of the American commitment to deter or, if necessary, repel a Soviet attack. With the end of the Cold War, the U.S., France and U.K. slashed their nuclear arsenals, and NATO substantially redu-

ced the role of nuclear weapons in its deterrence and collective defense strategy.

Meanwhile, the geography of extended deterrence changed; the most plausible flashpoint for military confrontation with Russia moved from the old inner German border to the Baltic allies and Poland. Today, while not questioning the continuing need for U.S. extended deterrence, some Europeans have argued that the relatively small number of U.S. forward-based non-strategic nuclear weapons—less than 5 percent of the total present on European territory during the Cold War—are no longer essential for that purpose and should be withdrawn from Europe. Others, especially those in northeastern Europe who feel most exposed to Russian pressure, oppose their withdrawal, at least in the absence of Russian elimination of their much larger arsenal of non-strategic nuclear weapons.

A third transformation involves the impact of new technologies on deterrence. During the Cold War, the U.S. and Soviet strategic programs—as well as the much smaller French and U.K. programs—prioritized nuclear weapons. Indeed, those weapons and delivery systems continue to play a central role in Russian, U.S., French, and UK deterrence strategies, but the intersection of technological change and the new, multipolar threat environment complicates deterrence calculations. Several trends since the early 1990's are of particular concern. The proliferation of nuclear, missile, and related technologies made it possible for Pakistan and North Korea to join the ranks of nuclear weapon states, and their pace of development has generally exceeded expectations. In addi-

tion, new technologies have facilitated the development and proliferation of non-nuclear and dual-capable weapons that can have strategic effects. These include new precision-guided intermediate and longer-range strike weapons, ranging from cruise and ballistic missiles, to unmanned but armed submarine vehicles, to new hypersonic delivery vehicles designed to penetrate missile defenses. Meanwhile, other categories of advanced technologies—offensive cyber, anti-satellite, artificial intelligence, autonomous weapon systems—pose a particular threat to intelligence, surveillance, and reconnaissance assets, as well as command and control networks, that constitute a vital backbone for nuclear deterrence.

Implications for Sweden

To paraphrase Leon Trotsky's dictum on war: "You may not be interested in nuclear weapons, but nuclear weapons are interested in you". Although Sweden is a non-nuclear weapon state in full compliance with the Treaty on the Non-Proliferation of Nuclear Weapons and other international commitments, it cannot be indifferent to changes in the international security environment that threaten to halt or reverse progress in reducing nuclear arsenals, the risk of their use, and the spread of nuclear weapons beyond the nine states either declared or considered to hold them.

Take, for instance, developments involving Russia. Americans and Europeans might not fully agree on the details of Russian doctrine, and there is some debate over whether Russia has a so-called "escalate to de-escalate" strategy, which could lower the threshold for nuclear use in a crisis. But there

is broad transatlantic agreement that Russia's nuclear modernization program has been extensive, that it maintains a large stockpile (estimated at some 2,000 warheads) of non-strategic nuclear weapons in addition to its strategic forces, and that it has engaged, in recent years, in what amounts to "nuclear saber rattling" with its conduct of military exercises (some of which have included simulated nuclear attacks), and menacing rhetoric. When Russia's nuclear programs are viewed alongside its conventional force improvements and, especially, its military posture and exercises opposite the Baltic States, there is little doubt that Moscow aims to increase its overall capability for rapid power projection in the region, making it more difficult for NATO to assist a threatened ally or partner. Russia's violation of the 1987 Intermediate Nuclear Forces Treaty, which ultimately led to the agreement's recent demise, was consistent with other efforts by Moscow to establish "escalation dominance" in the Nordic-Baltic region.

Meanwhile, NATO's consensus on nuclear policy is under stress. By way of background, while NATO is a self-declared "nuclear alliance," it does not own nuclear weapons. Instead, the strategic forces of the Alliance, particularly those of the U.S., are the "supreme guarantee of the security of the Alliance," while the independent strategic nuclear forces of the U.K. and France have a deterrent role of their own and contribute significantly to the overall security of the Alliance. But the three "nuclear allies" are not the only allies capable of participating in nuclear missions. This is because, over the years, NATO has developed "nuclear-sharing arrangements" under which U.S. nuclear gravity bombs based in Europe could be released, only upon U.S. presidential authoriza-

tion, to a small number of NATO allies with special combat aircraft and crews able to conduct nuclear missions under NATO command and control.

The presence of those weapons has been especially controversial in Germany, where the Social Democratic Party earlier this year appointed a commission to re-evaluate its positions on foreign and security policy, including Germany's role in those nuclear-sharing arrangements. In past years, there has been widespread concern in NATO that if the Germans were to break ranks on nuclear sharing arrangements, other participating European allies would follow suit and either terminate the basing arrangements and/or no longer maintain their dual-capable aircraft and crews able to perform nuclear missions. This could cause some Americans to question the underlying value, costs, and risks of maintaining extended deterrence, as it would appear that Europeans (except for the French and British) were prepared to shirk their fair share of the nuclear risks and responsibilities.

NATO solidarity also could be affected by developments in the arms control field. Over more than five decades, several types of U.S.-Soviet and, later, U.S.-Russian formal agreements, coordinated actions, and risk reduction accords have demonstrated that adversarial or hostile states can still have important interests of military policy in common. From the first Strategic Arms Limitation Treaty in 1972 to the New Strategic Arms Reduction Treaty in 2010, the sides have progressively increased transparency and predictability, and decreased the size of their nuclear arsenals without sacrificing either side's ability to deter the other or to modernize, within

agreed constraints, their respective deterrents. With the collapse of the INF Treaty, New START is the last remaining bilateral agreement limiting strategic weapons and delivery systems, but it will expire on February 5, 2021, unless Washington and Moscow agree before then to extend its provisions by another five years, as permitted by the treaty. Moreover, as of mid-November, the sides have not announced a start date for formal negotiations.

This situation is worrisome. It is far from clear, for example, that the current U.S. administration appreciates that its NATO allies expect to see a robust arms control posture by Washington as a *quid pro quo* for their continued support to enhancements to NATO's nuclear posture and its preservation of nuclear-sharing arrangements required to respond to Russia's behavior. Furthermore, if the administration is perceived as indifferent or hostile to extending New START, it will risk losing the approval of the Democratic-controlled House of Representatives to fund the nuclear modernization and missile defense programs. This is why a number of prominent American experts have proposed a pragmatic approach, which would include extending the New START agreement while initiating high-level "strategic stability talks" in various formats—bilaterally with Russia, trilaterally (to include China), and eventually multilaterally (to include France, the U.K., and potentially others). The purpose of these talks would not be to negotiate new arms control treaties in the short term, but to have an in-depth discussion of each side's strategic concerns and to identify practical measures to reduce the risk of war—which is, after all, the shared objective of deterrence and arms control.

Beyond its regional neighborhood, Swedish diplomatic, security, economic, and humanitarian interests could be affected, to varying degrees, by developments far from its borders. A failure of deterrence on the Korean peninsula would have dramatic consequences. These might include a sharp deterioration in U.S. relations with China and Russia, a reappraisal of U.S. alliances with Japan and South Korea (if brash action by Washington was perceived as partly responsible for a conflict), and a significant transfer of U.S. military assets from Europe to meet urgent warfighting tasks in Asia. A military conflict between nuclear-armed India and Pakistan, as the latter's prime minister warned in August in an op-ed in the New York Times, would have "consequences for the whole world". As well, the continued unraveling of the 2015 Joint Comprehensive Plan of Action that placed limits on Iran's nuclear programs could further heighten military tensions in the Gulf region—where the U.S. and Iran narrowly avoided a direct military clash over the summer—and rekindle interest in Turkey, Saudi Arabia, and Egypt in acquiring a nuclear weapons capability of their own.

That Swedish officials and non-government experts have, since the end of the Cold War, tended to focus their analysis and engagement on nuclear non-proliferation and disarmament issues rather than acknowledge the contribution of Western nuclear forces to deterrence is perhaps understandable. And some might see a more public discussion of deterrence and the role of nuclear weapons as unnecessary and/or politically counterproductive. But enhanced understanding of the nuclear dimensions of deterrence would complement, not detract from, Swedish interest in non-proliferation and

arms control. At the same time, while Sweden is not a NATO ally, its growing national defense effort—reflected in areas such as enhanced readiness, increased investment, strengthened bilateral and multilateral defense cooperation efforts, and hosting of and participation in multilateral exercises focusing on territorial defense—substantially contributes to conventional deterrence of potential Russian aggression in the Nordic-Baltic region.

Finally, if one accepts that there will be *a continuing role for nuclear weapons as part of an effective Western deterrent against any such aggression*, then Sweden logically should take a long, hard look before joining efforts that delegitimize the possession of nuclear weapons or dilute the primacy of the NPT. Indeed, the Swedish government's announcement in July that it will not sign the UN Treaty on the Prohibition of Nuclear Weapons "in its current form" is, perhaps, a grudging recognition of that hard reality.

Author's note: For further reading on this subject, please see: "Strategic Deterrence Redux: Nuclear Weapons and European Security," by Leo Michel and Matti Pesu, FIIA Report 60, September 2019 and "Exploring the Role Nuclear Weapons Could Play in Deterring Russian Threats to the Baltic States," by Paul Davis, J. Michael Gilmore, David Frelinger, Edward Geist, Christopher Gilmore, Jenny Oberholtzer, and Danielle Tarraf, RAND Corporation, Fall 2019.

An Arms Race—Artificial Intelligence is Redefining Geopolitics

Aurore Belfrage

It is time for European governments to reinvent their strategies. Power will shift to the nations that can best build, attract and tax the profits of Artificial Intelligence. Elon Musk tweets that the AI arms race might cause WW3, China is set on world domination, and European governments' main response is to pledge more money.

Developing Artificial Intelligence (AI) is not easy, nor does it follow a straight line. Do not expect the opportunities to be evenly distributed across our globe. It will unfortunately take at least a decade before we know for certain that success is a result of first mover advantages. It is widely accepted that with intelligent algorithms, automation and robotics, most sectors can increase productivity with lower labor costs: jobless growth. AI is changing all facets of society and sometimes

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at exponential speed. The impact on *who* works and *how* will be significant and many predict that we'll need a new definition of 'work'. A question that has been less thoroughly explored is *where* we will find AI hubs and which countries, companies or individuals will dominate the new world order.

AI is the defining geopolitical factor of our time. AI is changing the game in terms of security, intelligence, production, healthcare, transport and media. It is an arms race and the resources required to develop sophisticated AI are capital, talent and most importantly, data.

Capital – Investing in AI technology seems like a no-brainer (pun intended) and is in line with how nations traditionally act. Strategies are ceremoniously declared, and budgets allocated to funds or technology companies with a vague but ambitious objective to support future AI companies. The topic is clearly hot in the corridors of power and over the last few years several countries have declared their focus on and ambitions in technology. President Macron launched a fund of €10 billion for AI investments, while the British Chancellor's budget included a significant commitment to investing in technologies such as AI. However, the truth is that capital is a commodity and if Europe is to stand a chance, we need to rethink our strategies and find additional ways to address the real bottlenecks affecting AI development.

Mapping the capital flows and analyzing the power players' underlying interests and alliances is key to predicting and understanding the consequences for geopolitics. Identifying the key venture funds in Silicon Valley and their political or non-political agenda is an obvious starting point. The

next layer of influence is global kingmakers like Soft Bank's Vision Fund. Their investment portfolios are an indicator of what types of technology and entrepreneurs might succeed. Finally, we must remember who the main investors in the most influential funds are, as well as those investing in (or sitting on the boards of) both a sophisticated AI company like Facebook, Amazon or a smaller company like Palantir for that matter. Power is shifting and private ownership structures are playing a role in geopolitics. Capital is a fundamental part of building transformative AI, but it is not enough to win the race.

Talent – Attracting and retaining the right talent is a real challenge, as very few people actually know how to build neural networks for machine learning. A handful of companies and governments are systematically scouring the market for tech talent and are thereby dominating the global output of relevant AI. Newly-graduated data scientists, developers and mathematicians are being offered substantial salaries by a few tech companies who have completely distorted the market for everyone else. This could have long-term democratic consequences as society, the economy and our infrastructure are being reengineered by AI, alongside a few companies and governments pursuing particular values and strategies.

To make matters worse our educational systems are archaic, geared to creating job-seekers and not job-creators. The parents and countries that are rethinking how to equip the next generations with the right tools to flourish in an AI-powered entrepreneurial economy will have the advantage.

Data – Data is the fuel of the AI economy. Whoever controls the data controls the world and AI is developed using vast amounts of data. We might think of it as masses of examples that the algorithms can practice deduction on – the more the better. The Economist wrote that data is the oil of our era. That is to say, AI-companies with access to the biggest pools of usable data flourish. Moreover, AI development is self-perpetuating – more data results in better AI and better AI provides more data.

Others and I predict that the future economy will be dominated by data-rich tech giants with a massive first mover advantage. They not only have access to huge stockpiles of data, but also the network power and expertise required to analyze it. Today, the players on the forefront of AI are the likes of Google, Facebook, Alibaba, Tencent/WeChat and Amazon. Where are they based? Which nations earns the tax revenue? Which nations can leverage the talent pools and innovative cluster thinking? China and the US. The geopolitical consequences of this shift of capital, talent and firing power in terms of sophisticated Artificial Intelligence are unparalleled.

Why is tax revenue a factor? The answer is that AI is likely to fundamentally change our labor markets and have a catalyzing effect on the current trend of wealth concentration, making it even harder for the working and middle classes. Thus, we might need to rethink allocation of capital to citizens – some call this universal basic income. However, one can only reallocate what one has, so we predict that the host nations of successful tech giants will have the financial

buffers to take care of all its citizens if it chooses to do so. Governments also sit on data gold mines. By opening up public databases and responsibly cooperating with scientists, academics and trusted commercial companies, countries can nurture the growth of AI and attract the necessary talent.

In the West, we are uncomfortable with sharing public data, but China's goal is to become the leader in AI by 2030. It currently has three key advantages in the AI arms race: a big pool of data engineers, 750 million internet users and, more importantly, a state committed to sharing data with trusted commercial partners. We need to accept that AI is not a level playing-field. For example, in terms of healthcare, Chinese AI companies have access to 1.4 billion radiology scans and diagnoses are developing rapidly and saving lives, identifying and treating cancer with greater precision and swiftness. In the near future, these are the companies likely to be supporting doctors and treating patients all over the world. If we act now, maybe there will be a German or Swedish competitor, developed with our European preferences for privacy, transparency and security in mind.

It's obviously important to be prudent with taxpayers' money and when public institutions invest in technology, they have rigorous processes and requirements in place to ensure they invest in robust and tested tech. The price is unfortunately that this by definition means that there will be very little public investment in cutting-edge technology, with the natural consequence that there is very little public influence on what type of tech is being built and on what value base the algorithms will be created. We must hope the

commercial powers at play have our publics' best interests and democratic values at heart.

The Russian president Putin states that whichever country becomes the leader in the AI sphere "will become the leader of the world". Elon Musk tweeted; "competition for AI superiority at national level" is the "most likely cause of WW3". To be a serious candidate in the global AI arms race, governments need to not only address capital requirements but more importantly understand their role as a partner and key source of fuel – i.e. data. Success hinges on investing in high-risk AI technology, rethinking our educational system and allowing researchers and companies to develop artificial intelligent and train algorithms on data derived from hospitals, prisons, schools, energy consumption and demographics.

Many reports state that the risks of AI being used maliciously are increasing, and for good reason. We need to be very cautious when redeveloping the foundations of society. It is already clear that AI can cement biases, increase gender gaps, jeopardize personal security and autonomy, reduce transparency, create legal challenges for liabilities and make cyber security more vulnerable. However, if we let ourselves be paralyzed by the risks or halt development in order to think through all the aspects, we might find ourselves overrun by less prudent players in an amrs race that is accelerating.

AI is not just about technology – it comes with moral, social, security and practical considerations. Additionally, I would argue that we need a sense of urgency. If we aim high in Europe, governments and AI talent can work together to improve diagnosis in healthcare, fight terrorism more effec-

tively, treat young people with mental illness far earlier, send fewer innocent people to jail, use environmental resources more efficiently and much more. Europe needs to wake up to the fact that AI is redrawing the political map and we need to rethink many aspects of our society to keep up.

Containing Emerging Technologies Impact on International Security

Jean-Marc Rickli

On May 6, 2018, the European General Data Protection Regulation (GDPR), which entered into force in 2016, was transposed into all EU countries' legislation. The core of GDPR is the protection of EU citizen's fundamental right to data protection. The same month, at the technology Code Conference in California in May 2018, Mary Meeker, partner at one of Silicon Valley's top venture capital firms, Kleiner Perkins, warned European regulators that "while it's crucial to manage for unintended consequences, it's also irresponsible to stop innovation and progress, especially in a world where there are a lot of countries that are doing different things." She was, in a way, summarizing Silicon Valley's self-perception that, "technology is the answer to all our problems. Now, please get out of our way."[58] This example illustrates how differently the governance and the impact of emerging technology are perceived on either side of the Atlantic. In a time when artificial intelligence (AI) and tech-

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nologies of the Fourth Industrial Revolution are achieving major breakthroughs, it is crucial to adapt global governance structures so as to accompany the beneficial uses of these technologies and to avoid their malicious uses. Despite what 'technoptimists' from Silicon Valley think, international governance of emerging tech is very much needed. Below, I will review some potentially malicious uses related to AI and then addresses the global governance of emerging technologies.

The Fourth Industrial Revolution, a term coined by Klaus Schwab, the founder of the World Economic Forum, is characterized by "a fusion of technologies that is blurring the lines between physical, digital and biological spheres."[59] While railroads, electricity, and the rise of computer technology characterized earlier industrial waves, artificial intelligence, robotics, 3D printing, biotechnology, neuroscience, the internet of things and quantum computing are the building blocks of the current revolution.

Artificial intelligence, which emerged in the early 1950s, has only since the early 2010s reached profoundly disruptive potential. For instance, the amount of computing power used in AI has been increasing every 3.5 months since 2012, an increase of a factor of 300,000 at the time of writing.[60] Such growth is transformative and raises security concerns.

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59 Klaus Schwab (2016). "The Fourth Industrial Revolution: What it Means, How To Respond," *World Economic Forum*, 14 January.

60 Dario Amodei and Danny Hernandez. "AI and Compute," *OpenAI Blog*, 16 May 2018.

Tesla's and Space X's CEO Elon Musk and the late theoretical physicist Professor Stephen Hawking are amongst the most famous personalities that have raised concerns about future developments of AI. A recent study by an interdisciplinary group of AI experts, philosophers and political analysts also warned against the malicious uses of artificial intelligence in three security domains: digital, physical and political.[61]

Due to limited space, it is impossible to review all potential malicious uses of AI, or to touch upon the other emerging technologies. However, we can already see areas where AI could be used in a nefarious way. AI's comparative advantage is that it can scale up at a superhuman speed any activities in which enough digital data can be used. Machine-driven communication tools coupled with videos, pictures and voice-editing algorithms are unleashing unseen ways for mass manipulation. Deepfake technology, which uses AI deep learning techniques to swap faces over, has democratised the ability to create perfect visual manipulations.[62] Voice-mimicking assistants such as Google Duplex can now reproduce anyone's voice. Generative adversarial networks (GANs), which are algorithms relying on two neural networks competing with each other, can create highly realistic forged videos of policymakers and state leaders (or anyone) making fake statements. The combination of voice and image forgery

61 Miles Brundage, *The Malicious Use of Artificial Intelligence: Forecasting, Prevention and Mitigation,* University of Oxford: Future of Humanity Institute, February 2018.

62 Alessandro Cauduro. "Live Deep Fakes – You Can Now Change Your Face to Someone Else's in Real Time Video Applications", *Medium*, 4 April 2018.

has now made any piece of media on the internet suspect. A recent study looking at the state of Deepfake development showed that more than 14,000 Deepfake videos can be found on the Internet and these videos, mostly porn videos (96% of them targeting only women), have been watched more than 134 million times.[63] This is all the more disturbing considering that first Deepfake video was created only in November 2017.

Beyond malicious uses of AI, its weaponization has become a growing matter of concern for the international community and the United Nations. Since 2014, through the UN Convention on Certain Conventional Weapons (CCW), governmental experts debate whether lethal autonomous weapons systems should be banned as well as how such weapons should be constrained so as to guarantee an appropriate level of human control over the decision to kill human beings. Developments of such weapons offer indeed frightening prospects, not just because of their killing and disruptive power but also because of the ease with which these weapons could proliferate, especially in the cyber domain, as well as used as surrogates in future warfare.[64] Turkey announced that it will deploy autonomous weaponised drones, Kargu-2, equipped with facial recognition features that could work in swarms in early 2020. The level of autonomy and the precision of facial recognition is still unclear but this illustrates a worry-

63 Deeptrace (2019). *The State of Deepfakes: Landscape, Threat, and Impact.* Amsterdam, Deeptrace, September. /

64 Andreas Krieg and Jean-Marc Rickli (2019). S*urrogate Warfare: The Transformation of War in the Twenty-first Century.* Washington: Georgetown University Press.

ing trend in the weaponization of AI.[65]

Many experts point out, however, that current threats related to AI do not stem from the prospects of any artificial general intelligence (AGI) or superintelligence that would go rogue and eradicate humanity, but from the misconceptions and malfunctions of AI applications applied to our daily life as well as from their failure to integrate with different platforms or legacy systems.[66]

Machine learning algorithms work by processing thousands (or sometimes millions) of pieces of data to be operational. The issue of data integrity and biases is an area of growing concern in algorithm development. For instance, a recent study conducted at MIT demonstrated that an algorithm trained to perform image captioning that was trained with a set of pictures depicting death would then interpret any pictures taken from a Rorschach test as a murder. Norman is, for its inventors, the "world's first psychopath AI."[67] This experiment was conducted to raise awareness about data biases. Concrete current operational problems point to the same problem: a lack of a global unified governance in AI. For instance, a recent study has counted 84 documents worldwide containing ethical guidelines or principles for AI that clustered around five principles: transparency, justice

65 Wolfe Franck (2019). "Companies Developing Lethal Autonomous Weapons, As Groups Seek Ban, Report Says," *Avionics International*, 2 December.

66 Missy Cumming and al. (2018). *Artificial and International Affairs: Disruption Anticipated*, Chatham House Report, June.

67 Pinar Yanardag (2018). Norman World's First Psychopath AI," *MIT Media Lab*, 1st April.

and fairness, non-maleficence, responsibility and privacy. The conclusion of this study, however, points out that there is 'substantive divergence in relation to how these principles are interpreted; why they are deemed important; what issue, domain or actors they pertain to; and how they should be implemented.'[68]

Strides have been made in terms of cooperation to combat the weaponization of AI but such initiatives have not been adequate so far to address the issue. Indeed, for instance, the UN Governmental Group of Experts on Lethal Autonomous Weapons Systems has finally come up with a list of 11 agreed principles.[69] Yet, as the Article 36 NGO, specialized in reducing harm from weapons, rightly observed, 'the experts are tasked with adopting 'consensus recommendations in relation to the clarification, consideration and development of aspects of the normative and operational framework on emerging technologies in the area of lethal autonomous weapons systems' – a mandate that leaves ample room for initiatives pointing in radically different directions.'[70] Thus, initiatives coming from the private sectors and the civil society have tried to fill this gap. The Campaign to Stop Killer Robots, which preemptively seeks to ban fully autonomous weapons,

68 Anna Jobin, Marcello Ienca an Effy Vayena (2019). "The Global Landscape of AI Ethics Guidelines." *Nature Machine Intelligence*, 2 September, pp. 389-399.

69 UN CCW (2019). R*eport of the 2019 Session of the Governmental Group of Experts on Emerging Technologies in the Field of Autonomous Weapons Systems*. 25 September.

70 Article36 (2019). "Struggling for Meaning at the CCW." Geneva, 20 November.

has been instrumental in raising international awareness on the moral dilemmas and dangers of artificial intelligence, encouraging wider engagement on the topic. In December 2017, the largest professional engineer's organization, IEEE, published a code of conduct, the primary goal of which is to ensure that every technologist prioritizes ethical considerations in the design and development of autonomous and intelligent systems.[71]

Increasingly, leading actors in the tech industry are recognizing the importance of ensuring the positive development of AI and have been spearheading initiatives to address the issue. Among such initiatives is the Future of Life Institute, which gained particularly high visibility in 2015 for issuing an Open Letter that gathered over 8,000 signatures, on *Research Priorities for Robust and Beneficial Artificial Intelligence*. The priorities put forth in the letter and its accompanying paper include verification measures, security against unauthorized manipulation, and methods for continuous and reliable human control of AI as important areas of research.[72] A similar initiative, the Partnership on AI, is a non-governmental organization founded by a coalition of tech giants: Amazon, Google, Facebook, IBM, Microsoft and Google. The partnership aims to raise awareness of AI technologies and develop and share best practice in the research, deve-

71 IEEE (2017). *Ethically Aligned Design: a Vision Prioritising Human Well-Being with Autonomous and Intelligent Systems*, Version 2,

72 Stuart Russell, D. D. (2015). "Research Priorities for Robust and Beneficial Artificial Intelligence." *AI Magazine,* 36(4), pp. 105-114.

lopment and fielding of AI technologies. Similarly, OpenAI, a non-profit AI research company sponsored by individuals such as Peter Thiel and Elon Musk, and by companies such as Microsoft and Amazon, seeks to build safe artificial general intelligence and ensure that AGI's benefits will be as widely and as evenly distributed as possible.

Currently, leaders in the tech industry and the scientific community, as well as think-tanks and NGOs, play the most active roles in awareness-raising and cooperation on AI. Going forward, it will be essential to increase the engagement of a large range of actors, from private and start-up companies to governments and international organizations, in order to institute a comprehensive system to safeguard the future applications of AI in our daily lives.[73]

The disruptive potential of artificial intelligence but also of the other technologies derived from the so-called Fourth Industrial Revolution as well as their accelerated rate of advancement signal that we could soon be living in an unrecognizable world. What distinguishes the technological revolution we face today from past periods of change is the degree of control humans are surrendering to machines whose decision-making processes we do not fully understand. Moreover, with the development of AI comes the risk that this incredibly powerful technology will be used for malicious purposes. The forgery of digital pictures, sounds or films is just an early example of the ways individuals might use AI for malicious purposes. The weaponization of artificial intel-

73 World Economic Forum (2019). *Global Technology Governance: a Multistakeholder Approach*. Geneva: WEF, October.

ligence and autonomy offers new ways of fighting wars. Of course, accidents and unintended effects can also have detrimental consequences.

A global system of governance on AI that provides transparency in terms of AI applications (perhaps not in fundamental research, as some sensitive experiments might need protection) establishes norms of AI development, certification and application, and effectively monitors compliance, is therefore not merely a valuable foresight but a prerequisite in ensuring that AI is developed as a force for good. This will require the combined effort of the private and commercial sectors, academia, governments and international and non-governmental organizations. A holistic and comprehensive governance system should therefore be developed.

Illicit Finance and National Security

Joshua Kirschenbaum

Authoritarian Influence in a Financially Globalized World

The volume and complexity of cross-border capital flows is a relatively new, post-Bretton Woods phenomenon. And while the use of economic and financial influence to pursue geopolitical ends is certainly not novel, the rise of authoritarian actors who understand how to harness such operations in an environment of financial globalization is more recent still. For this reason, analysts tend to commit a category error when assessing the effectiveness of Western anti-money laundering (AML) and financial transparency measures.

Yes, the European and American AML regimes are inconsistent, more inefficient than they should be, and less effective than they need to be. But not because, as the truism has it,

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most money launderers are not prosecuted, most corruption assets are not seized, and most suspicious activity reports are not read. U.S. and EU regulatory regimes are not fit for purpose precisely because they are designed to support criminal law enforcement investigations. The key analytical insight that will produce a more effective approach is to stop thinking of the problem as one of AML and start thinking of money laundering as a subset of illicit finance. Illicit finance encompasses a range of financial activity facilitating everything from organized crime and public corruption to weapons proliferation, terrorism, active measures or interference operations, and strategic economic influence campaigns.

These softer security threats are no less pressing because they are often harder to attribute, harder to identify, and harder to quantify. The export of corrupt business practices may or may not be strategic or top-down. But the unjustified enrichment of domestic elites absolutely poses a security risk when it creates a constituency indebted to an authoritarian government. Or, more fiendishly ambiguous still, a constituency indebted to a company or businessperson that may or may not be acting to further the interests of an authoritarian government. Acquisitions in key technology sectors by investors from authoritarian countries may have purely commercial motivations. They may also be designed to steal technology or intellectual property or to gain access to sensitive user data. Or they may be something in between.

The implications of this analysis for policies designed to counter illicit finance, particularly activity emanating from authoritarian countries and entering the Western financial system

through cross-border flows, are threefold: we need better supervision, better information, and a change in mentality.

Better Supervision

Both the Europe and the United States must update their supervisory frameworks, which are out of date. The EU has created a single market for financial services and, inside it, a common currency area with centralized prudential supervision, while relegating AML (or, better, counter-illicit finance) duties to national supervisors. This arrangement inevitably introduces coordination problems and creates resource mismatches in small jurisdictions with outsized financial sectors. It can also feed a vicious circle in which weak enforcement breeds a sector, or elements of a sector, dependent on dirty or opaque money, which in turn makes it politically more difficult to tackle the problem. Overall, penalties for violations have been modest.

In the United States, by contrast, banking supervision is strong, with large, dissuasive fines for AML violations. Enforcement drops off, though, for non-bank institutions, including securities firms, payments companies, and private investment funds, the last of which are exempt from AML requirements. The EU has imposed AML requirements on these funds for a number of years, although there have not yet been any major enforcement cases.

Better Information

The EU and the U.S. allow largely unrestricted financial flows and foreign investment but fail to track the money

with systematic rigor. An effective effort to counter illicit financial activity that poses a security risk will rely as much on high-quality data and comprehensive information as on supervision and enforcement. Examining the main forms of foreign investment one by one, it is apparent that none is particularly well-monitored.

Portfolio investment in publicly traded stocks and bonds is the single largest category. Governments know far less about who owns these securities than one might assume. In the U.S., for example, equity ownership is reportable at a five percent threshold, but there is not an equivalent requirement for bonds, including U.S. Treasuries, i.e. sovereign debt. Just as important, both domestic and cross-border securities trades in the U.S. and Europe can be layered through multiple actors, so that the underlying client is often unknown to the parties involved. This opacity is standard practice for stock and bond trading but is considered unacceptable for domestic or international funds transfers.

Ownership of non-publicly traded companies is even less transparent. Foreign direct investment (FDI) surveys face multiple challenges, including the channeling of investment through offshore shell companies, often for tax minimization purposes. The biggest issue, though, is that governments are unequipped to track investment routed through private equity or venture capital funds. FDI surveys do not see through these funds to their underlying investors. The solution is a separate reporting stream piped directly and confidentially to funds' supervisors, who are sometimes but not always a banking supervisor. These reporting streams should list the

identities of funds' investors at the beneficial ownership level and the assets held by the funds. These reports should be updated on a regular basis. Access to this information would help policymakers in a number of ways, not least by improving foreign investment screening.

Foreign investment screening itself is another key tool in the toolkit. The Committee on Foreign Investment in the United States was recently strengthened by new legislation and is quite robust. The two outstanding question marks are the committee's inability to review greenfield projects and uncertainty about its treatment of the aforementioned private investment fund with foreign limited partners. In the EU, the action is still very much at the national level, although the EU has recently created a non-binding, advisory review mechanism. Screening varies widely by member state but is moving in the right direction.

Real estate, another huge asset class, often poses less of a direct security threat, although strategically located parcels can pose an important exception. The more typical concern is simply complicity in the laundering of corruption or criminal proceeds and, possibly, the creation of a commercial constituency dependent on facilitating the business. Here, too, governments fail to collect comprehensive information, typically allowing residential and commercial property to be held by legal entities, including shell companies, without reporting their beneficial owners. The United States has piloted a temporary program to collect purchasers' ownership information at the time of purchase through title insurance companies. This program is designed to collect the informa-

tion through the Treasury Department at the national level, although property ownership is generally recorded at the local or county level. By all accounts, the pilot has gone well. It should be made permanent and nationwide, and it should be expanded to collect sellers' information too. The Canadian province of British Columbia has taken a different approach and is in the process of rolling out a program in which local tax and land authorities will collect the information.

In the last major category, bank deposits, the EU has been more aggressive than the U.S. Under the fifth AML Directive, the EU will create centralized registers of bank accounts at the beneficial ownership level. In the United States, equivalent information is available to law enforcement upon request but is not centrally compiled.

Beyond tracking foreign investment, there are two big additional information gaps. First, The United States has persisted in allowing the creation of anonymous companies, which facilitates all manner of illicit activity and makes investigations needlessly slow and difficult. The EU ended anonymous companies with the fourth AML Directive and is moving to public registers under the fifth. In the U.S., legislation to end anonymous companies has passed the House of Representatives and secured the endorsement of the White House. It seems that the end of this glaringly retrograde practice is in sight. Second, neither the U.S. nor European countries track cross-border payments in a centralized database. These databases would provide invaluable information for investigations, particularly when tracking the flow of funds through accounts held at multiple institutions in multiple jurisdictions.

All of these information collection measures, but especially the creation of centralized cross-border payments databases, are powerful. If abused they could become dangerous. It is therefore imperative to maintain strict access and audit rules to protect civil liberties. Refusing to collect this information while allowing ongoing unimpeded flows, however, is a recipe for failure.

An Evolution in Mentality

As much as any particular law, regulation, or practice, countering the security threat posed by illicit financial activity is equally about augmenting authorities' missions and coaxing them to work together in new and creative ways. The illicit finance challenge demands efforts from disparate groups – financial supervisors, law enforcement, and intelligence agencies – that generally do not work together or share a common approach, even if they are part of the same government.

Financial supervisors are concerned primarily with safety and soundness, investor protection, and market integrity. They are well-equipped to assess institutions' risk controls, but they are not usually tasked with identifying, and then determining the scale and purpose of, large-scale illicit flows through banks under their supervision. Yet they may be best placed to spot the activity and to make other agencies aware of the bigger picture beyond a given criminal case. Law enforcement agencies and prosecutors, by contrast, are expected to spend their limited time on investigations out of which a criminal case can be made. Winning a criminal money laundering

case, even with all the training, resources, and information in the world, is difficult. Prosecutors must prove both that the activity stemmed from or facilitated an underlying criminal offense and that the perpetrators had knowledge of this fact. Intelligence agencies, of course, are tasked with seeing the bigger picture and focusing on the security threat, not what is provable in court. Yet they by definition lack the training, inclination, and access to information to tackle the illicit finance threat on their own.

Success will entail a change in mentality, better information-sharing, and tighter coordination, both within governments and across borders. Illicit financial facilitators understand and exploit all of these obstacles and frictions. The first step to success is a deeper understanding of why we have failed.

Follow the Money and End Up in Real Estate in Strategic Areas

Patrik Oksanen

According to Swedish Security Police, the pattern of how Russian intelligence and security services acts indicates preparations for war. In March 2019, they stated that they also saw a pattern of "platform building" to establish foothold, years after that Finnish Security Police issued a warning saying real estates could be used by "little green men" in a conflict. This brief will look into two cases from the two Nordic countries that involves the suspicion of laundered money. Thereafter, there will be a discussion on how strategic property acquisitions can be countered.

Russian Dirty Money

Through various leaks, investigative journalism and warnings from authorities, the magnitude of the problem with dirty Russian money has been exposed. The exact amount is hard to measure, but the champion of Magnitsky legislation, Bill

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Browder, has estimated that $1 trillion illicit money from the former USSR-countries is in Europe today.[74]

The Organized Crime and Corruption Reporting Project (OCCRP) published the story of the 'Laundromat' in 2014 which in detail described how 20,8 billion USD were moved through 19 Russian banks to over 5000 companies in 96 countries. Money from the "Laundromat" was in the most harmless cases used to buy luxury goods and properties, but also for subversion. Among the findings was a case of a Polish non-governmental organization that pushed the Russian agenda in the European Union. It was run by Mateusz Piskorski, a Polish pro-Kremlin party leader, who was arrested for spying for Russia but is now released while waiting for court.[75]

The outflow of money from the Russian Federation continues. During the summer of 2019, Europol warned according to Reuters for "huge inflows of criminal money" from Russia and China. The combination of high burden of proof with "zero cooperation" from Russia exacerbated the problem according to the interviewed Europol official, who also stated that "investments in real estate would be one of the main final solutions" in the laundering chain.[76] Money laundering is also a perfect tool to divert money for subversive measures. This could be direct funding, such as in the above-mentioned case of Piskorski.

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74 Schartzkopff, F. & Magnusson, N., 2019, "Browder Says Europe May Be looking at $1 Trillion in Dirty Money," *Bloomberg,* 7 March.

75 OCCRP, 2017, "The Russian Laundromat Exposed", 20 March.

76 O´Donnell, J., 2019, "Europol highlights Russian money as biggest laundering threat", *Reuters*, 13 June.

Another potential case, as has been reported by SVT, is a Russian immigrant who, under unclear identity has gained Swedish citizenship. He managed to make a net profit of at least 6 MSEK in a real estate affair from a jailed Russian businessman.[77] This person has also been denied accreditation as a journalist (for a so-called alternate media site connected to the Sweden Democrats) at the Swedish parliament due to security reasons after recommendations from the Swedish security police who noted that the person has had contacts with Russian security services and had been acting under multiple identities. [78]

Laundered money can be used to corrupt Western banks as well as lawyers and politicians, but it can also be as an investment. Real estates are good tools to establish presence and influence. Investments in real estate in strategic areas could be useful for Russia in time of a conflict or for kinetic operations. A base for special operations forces or surveillance and intelligence would give a foreign aggressor advantages against an unknowing and unprepared defender.

Finland and the Case of Airiston Helmi

The last decade, Finland has been proficient in monitoring Russian real estate acquisitions in strategic areas. Since Finland allowed foreigners to purchase property in the early 2000s, over 5600 property objects have been sold to Russian

77 Rosén, E., Aronsson, C. & Öhman, D., 2016, ”SD-tjänstemannen gjorde miljonvinst med rysk affärsman – ’potentiell säkerhetsrisk’”, *Sveriges Radio*, 23 September.
78 Mårtensson, R., 2019, ”Putilov nekas åter ackreditering till riksdagen”, *Omni*, 25 April

citizens, according to public broadcaster Yle.[79] The top year was 2008 when over 900 properties were bought by Russians. This led to interest from Finnish media which started to report concerns regarding estates close to strategic places, and especially when the real estates seemed to lack business logic or visible personal use. The reporting continued over the years with some notable events.

The paper Iltalehti[80] published in 2015 a story together with a map over Finland which illustrated 139 Russian real estates located close to communication hubs (such as telecommunication, electrical grid, railroads and roads) and military bases. Italehti noted that the buyers were Russian businessmen or companies registered in Finland with direct or indirect connections to Putin´s administration and/or the KGB.

The method of the purchases was described by the paper as being active and determined. Preparations to acquire properties have been conducted well in advance. Local politicians were engaged, and some local government had even supported the establishment through publicly funded roads and by connecting the real estate to the local grid of water and electricity.

In 2016 Hufvudstadsbladet reported concerns from the Finnish Security Police about real estate affairs like those described by Iltalehti two years earlier. In a letter to the

79 Rappe, A., 2018, ”Sommarstugor kan vara gömställen för utländska makter – i Kimito väcker ryskägd fastighet förundran”, *YLE*, 19 February.
80 Tuula, M., 2015, ”Maakauppoja strategisissa kohteissa”, *Iltalehti*, 12 March.

administrative committee in the Finnish parliament, the Security Police raised the risk for these properties being used by "foreign powers" (which should be read as Russian Federation) in time of crisis[81]. These properties could be used to quarter special operations forces, and/or cutting important lines of communications in a conflict.

Still, it would take two more years before Finnish authorities reacted with visible and public action. In the meantime, the drone of the public broadcaster Yle was downed on the ice outside Pargas in Åboland archipelago when they tried to film the property of Pavel Melnikov, the owner of Airiston Helmi. When they reached the drone, the camera had disappeared[82].

In September 2018, I brought a group of Swedish editorial writers to the residence of the Finnish president Sauli Niinistö. During the on the record conversation the President talked about the Russian neighbor and used an old saying "a Cossack takes everything that is loose", to underline that nothing could be loose when you deal with the Russian Federation. Two days later Finland launched a historical hybrid counterattack against the properties of Pavel Melnikov.

Even if the official language focused on money laundering, the underlaying message was clear. The President was informed months before, according to Finnish media reports. Whether he had the upcoming operation two days later in

81 Lundberg, S., 2016, "Ryssar köper fastigheter åt gröna män i Finland", *Hufvudstadsbladet*, 1 November.

82 Rappe, A., 2018 "Ryska tomter: Sex fall som väcker frågor", *YLE*, 18 February.

his mind or not when he met the Swedish journalists could of course never be confirmed, but in the weeks before, Finland had conducted several exercises with hybrid scenarios, one of them was based on green men without insignia in the forests of Joensuu in the East of Finland.[83]

When the operation was launched on 22 September 2018, it involved raiding 17 properties. A no-fly zone was set up in an unprecedented operation that included cooperation between several authorities. In total 400 persons were involved with a quarter from the police. In the raid 3,5 million euros were found together with the 210 terabytes of data, a vast amount. It corresponds to somewhere over 13 000 ordinary USB-sticks.

The company Airiston Helmi started already in 2007 to buy properties in the archipelago; close to strategic sea-lanes, military protection areas and airstrips. During the years Airiston Helmi had built large houses, dredged harbors and built large piers. Some of the properties had large number of antennas as well as advanced security arrangements. Two decommissioned Finnish navy vessels were bought, and despite demands in contract, had not been repainted.[84]

The combination of a non-existing business logic of the investment, together with the strategic placement between Turku (Åbo) and Åland islands are indication of dual use

83 Oksanen, P., 2018, ”En kossack tar allt som är löst sade presidenten, sen skruvade Finland fast Åbolands skärgård”, *Hela Hälsingland*, 25 September.
84 TT, 2018, ”Säkerhetspolitik bakom finsk jätterazzia”, *Aftonbladet*, 25 September.

purpose. In a hybrid scenario Russian special forces would have several bases to start operations from which could aim to delay and complicate the defense of the non-militarized, but strategically important, Åland islands. Russian Spetsnaz operating from inside the archipelago would be a serious challenge for the Finnish amphibious brigade´s movement.

It should also be noted that Pavel Melnikov denied any wrongdoing, including money laundering. He stated in an interview with Helsingin Sanomat that he fell in love with the Archipelago during sailing, that he 'collects islands', and that Airiston Helmi was more like a hobby than anything else. He explained the sophisticated surveillance system with that he is not there so often but would like to have control and to know 'if anything sad happens'.[85]

The Police investigation is expected to end during 2020 but dismantling of the real estate empire in the archipelago is already ongoing. Airiston Helmi is put under liquidation and some properties were sold during the summer. [86]

The Holy God Mother of Kazan in Västerås

This is the story of a church founded by KGB and Stalin, suspected money laundering, suspected infiltration of the planning board, a priest who is also CEO for a company investigated by the tax authority and a developer who is convicted for drug dealing with connections to Russian orga-

85 Hänninen, J., 2018, "Airiston Helmis miljoner kommer från skatteparadis, säljare och köpare var samma", *YLE*, 27 September.
86 Wiklund, A., 2019, "Tre av Airiston Helmis öar sålda för en halv miljon", *YLE*, 19 September.

nized crime linked with FSB. And all this is going on a couple of hundred meters from the strategic airport in Västerås.

This story was published by the newspaper VLT in Västerås in March 2019 and the defense minister Peter Hultqvist stated in one of the articles "we have noted what is going on".[87] The story started in 2012 when VLT first reported interest from the Moscow Patriarchy of the Russian Orthodox church to establish the first construction of an own church in Sweden.

Västerås has one of the longest runways in Sweden, the town itself is close to strategic bridges over the Lake Mälaren and Stockholm is not too far away from the strategic harbor of Gävle (important if the prepositioned USMC brigade in Trondheim should move to the Baltic Sea region). The location is also close to the Swedish army´s general staff in Enköping and to the military communication hub there.

When the Newspaper started to dig (with the contribution of the author of this brief) some of the findings were noteworthy: a 22 meter church cost 35 MSEK (~$3,6m) to build and is owned by a small local congregation with around 100 members. The church will also include annex with kitchen and the possibility to stay overnight. A place to accommodate people. The Moscow Patriarchy in Sweden have in total around 1000 members. The congregation stated openly the building was made possible by donations from Russia.

In part the newspapers investigation could link money

87 Laggar, M., Lundblad, M. & Nordström, D., 2019, "Försvarsministern välkomnar VLT:s granskning, vi har noterat vad som pågår", *VLT*, 20 mars.

from the Russian businessman Pavel Gerasimov, owner of the Gerda group, to the construction. The priest Pavel Makarenko was also acting as the CEO of the, by Gerasimov owned, Swedish company NC Nordic Control AB. An import-export company without warehouse and with revenues around 40 MSEK. The business is officially conducted from a business hotel on Lidingö.

The company has problems however with the Swedish tax authority Skatteverket who has demanded 13,8 MSEK from the company because of wrongdoings in taxes.[88] In the investigation Skatteverket noted things that should not belong in the business of NC Nordic Control. The office of NC Nordic Control AB was raided in order to secure evidence.

Skatteverket concluded that the company has, with the highest probability, been used to carry some of the owner Pavel Gerasimov personal costs, such as travels, restaurants, hotels, limousines and champagne in Petersburg, Monaco, Paris and Nice. But there are also other, and larger sums involved.

NC Nordic Control AB was also doing business with a third company, Supertransport Logistic AB in Malmö. The billing between these three entities drew the attention of Swedish tax authorities. Skatteverket concluded that "a CEO and business leader who uncritically accepts, books and also pays bills with high sums for other companies without controlling the legitimacy, that is not a normal procedure".

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88 Laggar, M., Lundblad, M. & Nordström, D., 2019, "Rysk kyrka byggs nära Västerås flygplats, pekas ut som säkerhetshot", *VLT*, 19 March.

Among notable things done by NC Nordic Control is the purchase of a luxury car from 1920s, a Hispano Suizan, which is parked in warehouse belonging to Supertransport Logistic. During the investigation the wife of the owner of Supertransport was a board alternate in the board of NC Nordic Control AB, she was later replaced by the daughter of the priest Makarenko. An expert, who did not want to participate with name, read the investigation from Skatteverket and to VLT concluded "sales, without any delivery, points in a direction to hide money, either to launder money or to use them for another purpose".[89]

In the investigation from the tax authority, there are some direct links between NC Nordic Control AB and the congregation in Västerås. NC Nordic Control paid the rent for the congregation when it rented a church building from the Church of Sweden for 45 000 SEK. The company also ordered 2000 religious books. Another bill is for a fire safety consultant to work on the new church. The bill includes an "alarm box" and consult work for building permit.

In the autumn of 2017 shortly after Skatteverket decided to claim 13,8 MSEK from the company, Pavel Makarenko leaves as CEO for Nordic Control AB. However, the links to the congregation remains in place. Makarenko´s successor as CEO is the person who 2016 was the auditor of the con-

89 Laggar, M., Lundblad, M. & Nordström, D., 2019, "Bygget betalades med fuskfaktura på uppdrag av prästen Makarenko: 'Pekar i en riktning att dölja pengar'", *VLT,* 19 March.

gregation, a person who changed names between the roles. [90]

The developer that was contracted to do the work of the prefabricated wooden church, which is imported from Russia, is a person with connections to organized crime. The address of the developer´s company, and the villa of his ex-wife, was raided in February 2019 by Swedish police. The target was a Russian national who was under suspicion of car insurance fraud, crimes committed together with a former FSB officer.

The developer himself is a former Estonian convicted drug smuggler. In 2001 he was jailed in seven years and he is described by police sources to Expressen, as a person well known both to Estonian and Swedish police. A police source was quoted by Expressen saying "Russian and Estonian criminals must not be let free to start common business in Sweden".[91]

As the acting director of Stockholm Free World Forum Oscar Jonsson stated to VLT "There is a working relation between the Russian security services and organized crime where the criminal networks do jobs for the services when needed. This makes it hard to see when one of them ends and the other starts".[92]

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90 Laggar, M., Lundblad, M. & Nordström, D., 2019, "Rysk kyrka byggs nära Västerås flygplats, pekas ut som säkerhetshot", *VLT*, 19 March.

91 Svanberg, N. & Malmgren, K., 2019, "Jagad rysk politiker gripen i räd", *Expressen*, 22 February.

92 Laggar, M., Lundblad, M. & Nordström, D., 2019, "Rysk kyrka byggs nära Västerås flygplats, pekas ut som säkerhetshot", *VLT*, 19 March.

On the inside of the planning board. Pavel Makarenko had two persons acting on the congregation's behalf. Already in the article from 2012 in VLT, a Christian democrat alternate in the board was interviewed. This person was then inside the board during the whole process, without any protocols of conflict of interest. A second alternate, from the Moderate party, acts in a meeting as translator for the priest, although the priests speaks Swedish, in a meeting with the Airport. This meeting was held while the decision was on the boards table. The Moderate alternate does not report conflict of interests.

After many, hard to follow, turns in the planning board the decision to let the church be built is taken by only the chairman. A procedure which received heavy critic from the auditor which the municipality brought in.[93] The chairman of the boar from the Centre Party, stated as an excuse for why he alone and not the working committee or the board itself took the decisions, that he just tried to be service minded'.

The final piece of the puzzle in assessing the risks with the project in Västerås is the Moscow patriarchy itself. The church was restored under Stalin during the WWII and put under control of NKVD, the predecessor of KGB which later turned into FSB and SVR.

In the Estonian Foreign Intelligence yearly report for 2019, the Church influence operations in Ukraine is described, and that the Church is a front of Russian security services. The

93 Lundblad, M. & Adolfsson, M., 2019, "Svidande kritik mot hanteringen av bygglovsärendet", *VLT,* 16 May.

Estonians express the role of the church in the Putin regime in general as:

> *Having transformed it into a de facto state church, the Kremlin is interested in using the institution as a decoration and defender of the legitimacy of the regime, which is why Patriarch Kirill, who has led the Church since 2009, has enjoyed the constant political and financial support of the Russian leadership.*[94]

In Estonia the construction of a church in Tallinn is believed to have channeled money to the pro-Kremlin Edgar Savisaar of the Centre Party.[95] Estonian security police believed Savisaar demanded 3 million Euros beside the building cost of 1,5 million Euros. The money was coming from the railway-oligarch Vladimir Yakunin, former KGB and a personal friend of president Putin. There are also examples from Georgia, Moldova, Montenegro as well as Bulgaria of influence work.[96]

In the FOI-report "Tools of Destabilization" from 2014, the Church is pointed out as an important player to build Russian patriotism and love of the Motherland. It is also contributing to the idea of Russky Mir, the Russian world, as an alternative to liberal western values. The priests are used to

94 Välisluureamet (Estonian Foreign Intelligence), *International security and Estonia*, 2019.

95 Jones, 2015, Estonia: Pro-Kremlin Mayor Detained over Bribery Accusations, *OCCRP,* 23 September.

96 Laggar, M., Lundblad, M. & Nordström, D., 2019, "Moskvapatriarkatet ett av Kremls verktyg - pekas ut som påverkansvapen", *VLT*, 20 March.

bless the weapons of the Russian Federations, from handguns to nuclear weapon.[97]

In Paris, a high-profile project of building a Russian orthodox church as a cultural project has raised the same concerns as in Västerås, that it is more than a religious project. Another aspect is also Moscow is battling for control in the Russian Orthodox world, pushing back the other Russian orthodox church which traces itself from exile after Russian Revolution. [98]

Adding all these elements together, the pattern of the Västerås case indicates funding and the project itself has at least indirect blessing from the Kremlin. It fits well into the aim of advancing the interest of the Moscow Patriarchy abroad through the building of churches. But as in the Finnish cases, the geography is notable, and the church could be used in more ways than as a house of God.

Conclusions

The cases from Finland and Sweden presented in this essay could be labelled as "multipurpose money laundering cases". By letting a slice of the laundered money cake go to a project with long term potential, Russian security interests can be advanced.

The decision to use money in this way could either be from

97 Winnerstig, M., *Tools of Destablization*, FOI-R--3990--SE, FOI, 2014.
98 Higgins, A., 2016, "In Expanding Russian Influence, Faith Combines with Firepower", *The New York Times*, 13 September.

direct demands from Russian security structures or seen more as a "patriotic contribution". The latter means that it is done more or less voluntarily with a certain degree of free will, either altruistic or as a way to get leverage inside Russia. Even if the real estate never will be used as bases and platforms for armed men the investment in them are still money laundering, hence the label "multipurpose money laundering".

The cases from Sweden and Finland raises several policy questions. Some of them are already dealt with from Finnish and Swedish side. After ten years of debate Finland is taking measures against foreign real estate buyers. In 2020 a new law comes into place, where the central element is that buyers from outside EU and EEA-area needs a permit to acquire the property[99]. This gives the Finnish state the tool to stop affairs that could be a threat to national security. However, this do not stop people like Pavel Melnikov, i.e. Russians obtaining passport from Malta or Cyprus, to buy properties.

In Sweden, the debate concerning strategic interest has been broader with a different angle because the cases that has been brought to the public have concerned the acquisition and control of strategic properties such as harbors. During the summer of 2019 suggestions from the government´s investigative committee landed on the defense minister's table.[100] It proposed new measures for the Swedish state to act to uphold security interests, which included state control with the possibility to raise demands or even prohibit sales of properties such as harbors, airports, energy constructions and telecom-

100 Swedish Government, 2019, *Utredning föreslår förbättrat skydd för totalförsvaret*, 4 June.

munications, as well as real estate in strategic areas. Local governments would also be responsible under law to take the interest of total defense into account in their decision-making. During November the stakeholder´s possibility to react on the proposals were ended, a Government proposal is expected during 2020.

A lot of policy questions remains nonetheless, such as how society could strengthen resilience to safeguard security values on the local level. Key issues include posing demands from state to local level and educating local officials. The examples from Finland and Sweden also show how Western democracies work with silo with few connections in between and it leads to late reactions on new problems. Cooperation must be much better between different branches of government as well as within the society as a whole.

Sharing information and understanding of information is a crucial part. The lack of structures to share information, in ways local government could understand, is harmful. The challenge is not easy; how can information be shared so that a planning board understands that the key person in an application to the board is under scrutiny from tax authorities, and that the project itself carries problems of Russian power and influence? And how do we do this without jeopardizing personal integrity along the way or undermining rule of law and equally under the law?

In this context the efforts to detect and fight money laundering must increase. Otherwise it will be hard to tell the difference between an ordinary cottage owned by an ordinary law-abiding person and a cottage which is a tool for a foreign

malign power in the grey zone.

The changing character of conflict is not only due to innovation in military affairs, but as much about how society is changing. Influence in the modern world is equally about how to manage perennial questions of deterrence, alliances and the nature of war, as well as how the revolution of information and communication-technologies, the globalization of finance and the progress of AI plays out.

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