

Session 4 - Economic Warfare - Brief Summary of Reader

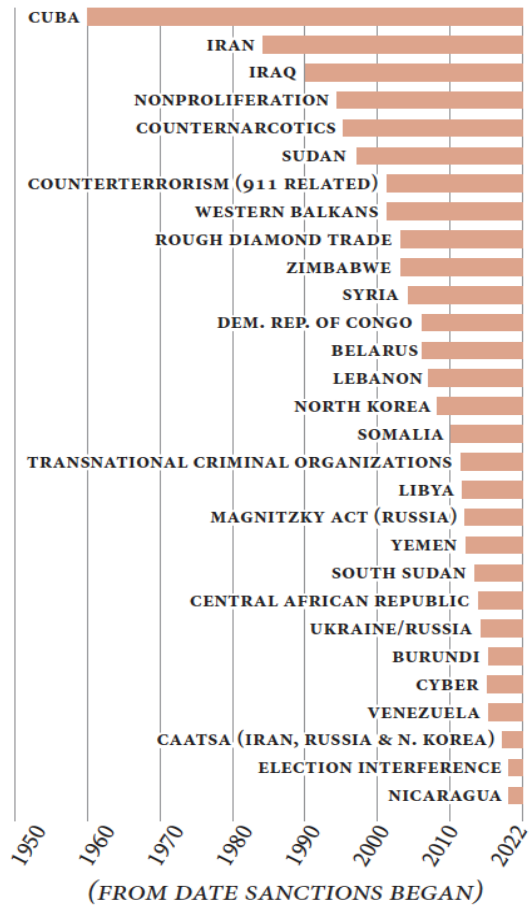
Definition - Attacking an adversary's economy with all tools deemed appropriate, including military, to weaken its will or ability to resist one's demands and coerce a behavioral change through regime change, or by forcing its elites or population to pressure its leadership to accept the initiating state's demands.

Table 1: Economic Warfare Measures (Not Exhaustive)

OVERT
<p>Conventional Measures – Sanctions</p> <ul style="list-style-type: none"> Denial of foreign assistance, loans, and investments Trade embargoes and/or boycotts Shipping and insurance restrictions Freezing or seizing assets under U.S. or allied jurisdiction Restricting or prohibiting arms transfers Denial of credit, including by third parties Prohibiting economic transactions involving targeted countries, citizens, or businesses Travel restrictions Pressure on partner countries to also engage in the above ("secondary sanctions") <p>Extraordinary Measures</p> <ul style="list-style-type: none"> Blockading ports and other transportation nodes Attacking / sabotaging national infrastructure Attacking / sabotaging others supporting the target Attacking industrial and agricultural production capabilities Interfering with government operations and communication networks through cyber-attacks Killing non-combatants to weaken morale and disrupt production
COVERT
<p>All "Extraordinary Measures" Plus:</p> <ul style="list-style-type: none"> Industrial espionage (state sponsored) Intellectual property theft (state sponsored) Fomenting labor unrest and strikes Counterfeiting currency Bribing / entrapping government officials or business leaders for favorable economic decisions Talent / labor recruitment or sponsoring defection

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**Graph 1:
U.S. Sanctions Programs**

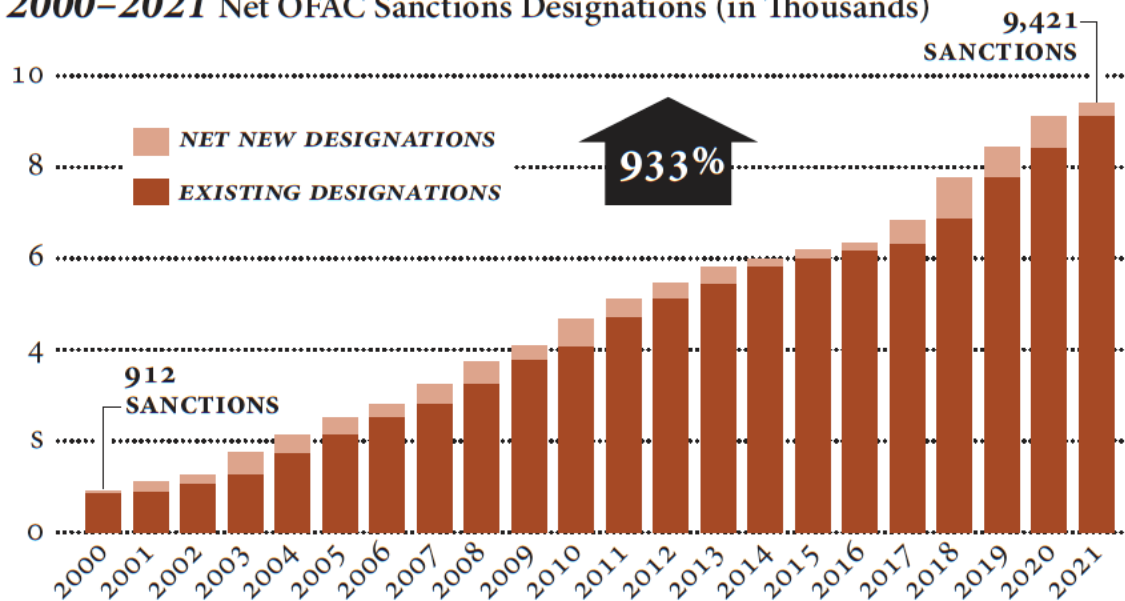


SOURCE: Council on Foreign Relations

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PROS	CONS
Objectives achieved 35% of time Objectives partially achieved 14%	22% of cases failed to achieve objectives No outcomes can persist decades
Democratic & human rights objectives most effective	Combatting terrorism, destabilizing regimes & resolving territorial disputes least effective
Alternative to destruction of war	Collective punishment of civilian population
US large economy & control of \$ has greatest impact	Presidential power to impose evades congressional oversight

Graph 2: U.S. Sanctions Use Increases Substantially from 2000–2021 Net OFAC Sanctions Designations (in Thousands)



SOURCE: US Treasury, 2021 Sanctions Review. October 2021, p.2

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Table 2: Sanctions Imposed on Russia After Its February Invasion of Ukraine

- Denial of foreign assistance, loans, and investments
- Russian Central Bank asset freeze
- Add additional government and private persons/entities (including numerous “oligarchs”) to U.S. SDN list
- Limit access to SWIFT
- Partial ban on Russian oil purchases
- Block most U.S. exports, including high-tech components
- Ban Russian airlines from U.S. airspace
- Prohibit U.S. investment in Russia
- Sanction Nord Stream 2 pipeline
- Prohibit Russian ruble and foreign denominated bonds trading

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Impact of Sanctions on Russia

- Predictions of 50% GDP decline and economic collapse have proven unfounded
- Russia oil revenue up 50% from pre-war levels. Higher global prices more than offset any volume decline.
- Only 1/2 of the G-20 countries (which constitute ~85% of global economy) are sanctioning Russia.
- Non-sanctioners include China, India, Turkey, South African, Saudi Arabia, Indonesia, Mexico & Brazil
- Latest estimates for Russia’s 2022 GDP see a decline of 4-8% with inflation approximately 15%