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ALAN COLLINS



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### ✓ Reader's Guide

'Economic security' is an increasingly used phrase but also a relatively under-theorized concept in the political economy literature. This chapter examines how recent thinking on economic security has developed and presents a new conceptual approach to it. There are generally two largely separate discourses on economic security: micro-level analyses concentrate on 'localized' agents such as individuals, households and local communities, whereas macro-level economic security tends to focus on nation-states (or other entities capable of conducting a foreign economic policy) and their engagements in the international economic system. It is the latter discourse that this chapter is concerned with, and in this context the definition of economic security advanced here is *safeguarding the structural integrity and prosperity-generating capabilities and interests of a politico-economic entity in the context of various externalized risks and threats that confront it in the international economic system*. More specifically, it is contended that the pursuit of economic security essentially orientates foreign economic policy (FEP) objectives. The new conceptual framework presented here is centred on eight different 'objective typologies' of economic security, the exposition of which forms the main discursive function of this chapter.

## Introduction

The increasing attention afforded to economic security can be primarily attributed to the broadening of security conceptualization after the end of Cold War. It hence joins other 'new' sectors that have more substantively extended the usual scope of security concerns beyond the traditional politico-military domain (Buzan 1991a; Romm 1993; Sorenson 1990; Walt 1991). Economic security remains a highly contested concept, not least because scholars have approached it from various disciplinary perspectives. Sociologists and anthropologists tend to adopt a micro-level approach. As I later argue, political scientists still working in the framework of traditional security studies have been more concerned with what I refer to as the *economics-security nexus* rather than economic security per se. The new conceptual framework offered here is international political economic in perspective, and thus does not claim disciplinary universalism. However, the very multidisciplinary nature of international political economy (IPE) makes it a useful approach to take by its ability to connect and synthesize different disciplinary insights into a holistic framework of analysis.

In general terms economic security analysis may be divided into two narratives, or what can be called a dyadic narrative. On the one hand, *micro-level economic security* concentrates on 'localized'

agents such as individuals, households and local communities, and is primarily concerned with safeguarding their livelihoods (Liew 2000; Zalewski 2005). In developing country studies this often concentrates on food security issues. On the other hand, *macro-level economic security* generally deals with FEP powers (e.g. nation-states) and their engagement in the international economic system. Notwithstanding the broadening of the domestic-international interface in an era of globalization, these two discourses have remained largely separate in the academic literature. Yet there are of course overlaps between them, for example when FEP powers persist in agricultural protectionism in order to safeguard the livelihood of their rural communities, e.g. Japan, the EU. Thus, state authorities have economic security duties to fulfil at both the micro and macro levels. Furthermore, multi-level analysis that considers the economic security predicaments of both micro-level and macro-level agents are sometimes, but not frequently, presented (Draguhn and Ash 1999; Liew 2000). However, most economic security analyses can be distinguished as either predominantly domestic (i.e. micro-level) or international (i.e. macro-level) in their point of departure, and it is the latter level of analysis that is the focus of this chapter.

## Contemporary thinking on economic security

### Post-Cold War ascendancy

The recent growth in interest in macro-level economic security is very much a product of the post-Cold War period. Hence, it derives from the respective shifts from geo-politics to geo-economics, from military superpowers to economic superpowers, and hence from politico-ideological

competition to economic competition. As Stremmlau (1994) observed in the early 1990s, 'we are entering an era when foreign policy and national security will increasingly revolve around our commercial interests, and when economic diplomacy will be essential to resolving the great issues of our age' (p. 18). Early post-Cold War analyses on the

subject considered the emerging (geo)economic foundations of future security systems (Sandholtz et al 1992). During this time, the focus was very much on how the old bipolar geopolitics had given way to a new tripolar world structure of economic superpowers (the US, EU and Japan), and intense debate surrounded which of these 'triadic' powers or regions would emerge pre-eminent in the twenty-first century (Albert 1993, Hart 1992, Thurow 1992). Thus, economic security analysis was then largely fixated on *geo-economic competition, and endeavours to consolidate regional integration* (e.g. the Single European Market, NAFTA) were broadly aligned to this. A more co-operative approach between the triadic powers emerged, however, by the mid-1990s, with the US and East Asian states drawing closer together within the Asia-Pacific Economic Co-operation (APEC) forum, the EU and US signing the New Transatlantic Agenda in 1995, and the EU and East Asia initiating the Asia-Europe Meeting (ASEM) dialogue framework in 1996 (Dent 2001).

The policy shift toward a more cogent economic security approach was particularly conspicuous in the US (Shirk and Twomey 1996). Economic security became a key issue in discussions within both the National Security Council (NSC) and Council on Foreign Relations (CFR) from the early 1990s. In January 1993, US President Bill Clinton expanded the NSC's membership to include, among others, the Treasury Secretary and the newly created office of Assistant to the President for Economic Policy, thus acknowledging the greater role of economic issues in the formulation of national security policy. Moreover, shared staffing between the NSC and the newly created National Economic Council was intended to bring greater security policy coherence on these issues. Later on in May 1997, a second term report from the Clinton Administration entitled 'A National Security Strategy for a New Century' placed 'to bolster America's economic prosperity' as one of three core objectives, the others being 'to enhance our security with effective diplomacy and with military forces' and 'to promote democracy abroad'. In

these new policy developments, Clinton went beyond previous efforts to operationally integrate US economic policy with national security (DeSouza 2000). Similar shifts to economic security thinking were visible in the perceptions and actions of many other foreign policy elites. The 11 September 2001 terrorist attacks on the US further enhanced comprehensive security thinking amongst security policy circles, incorporating economic security considerations more closely into the strategic calculus. The targets chosen by the terrorists was in itself very significant by intending to cause simultaneous chaos in the US security domain by attacking the Pentagon, and in the economic domain by attacking the World Trade Center, the very totem of American corporate and financial power. The choice of a high profile 'economic' target was important insofar that the al-Qaeda terrorists sought to extend the target spectrum beyond politico-military sites, e.g. embassies, naval vessels.

### The economics-security nexus

Social science studies on the connections between economics and politico-military security have been made for some time. According to Mastanduno (1998), these date back to the 1930s and 1940s when Jacob Viner, E.H. Carr, Albert Hirschman and Edward Mead Earle were the first prominent academics to take an interest in the economics-security nexus. However, the subject was surprisingly neglected in the early post-war period despite being a particularly strong feature of US foreign policy (Leitzel 1993, Mastanduno 1998). It took the global shocks of the 1970s and the emergence of IPE as an academic discipline to essentially change this (Knorr and Trager 1977, Friedberg 1991). Yet, the *economics-security nexus can be and should be differentiated from that of economic security itself. Technical aspects of the former generally include the:*

- *economics of military security (or military security economics):* these concern allocative, productive,

*techno-industrial, infrastructural and cost-price aspects of resourcing military security capabilities;*

- *subordination of economic policies to security policy interests:* involving the use of FEP measures to support wider foreign policy objectives, or 'low politics' directly serving the needs of 'high politics';
- *subordination of security policies to economic interests:* at a general level, this could relate to making the world safe for the expansion of capitalist activities with this typically attributed to a hegemonic state's duties.

It is admittedly often difficult to establish whether a certain policy action was specifically driven by economic and politico-military security objectives when the intention was to realize both, as recently witnessed in both the US's and EU's generally positive approach to China's WTO accession. Furthermore, the view that both economic policy and traditional security policy measures can be used to affect similar intended outcomes is linked to the fungibility of power argument, which contends that threats on the economic front (e.g. sanctions) can achieve security aims, and vice versa. Such actions establish credible links between action in one domain and a goal in the other (Shirk and Twomey 1996). However, the continued preoccupation with this linkage in the mainstream literature may have been at the expense of developing more cogent ideas about what specifically constitutes the pursuit of economic security in the international system.

This problematical and somewhat unrefined (and even sometimes confused) relationship between the economics-security nexus and economic security dates back some time. Knorr's (1977) contribution to the early economic security debate was indicative of the rather negative terms in which many Cold War period scholars thought about economic security. According to him, the manifestation of economic security policies becomes most apparent when a country 'consciously chooses to accept economic inefficiency to avoid becoming more vulnerable to economic

impulses from abroad or when a country stresses national approaches at the expense of international integration' (p. 14). This suggested that high opportunity costs were incurred in making economic security choices: in other words, there were clear trade-offs between pursuing economic security objectives and more 'welfare-rational' economic policy objectives. For example, US Government embargoes on a wide range of US exports to the Soviet Union denied American firms access to this foreign market, thus leading to an under-exploitation of their competitive advantage in a number of industries (e.g. information technology) and the subsequent under-optimization of production and resource efficiencies, leading to net welfare losses. This is because American firms like IBM could have gained greater scale economy cost reductions through expanded export production targeted at the Soviet Union market that generated these efficiencies.

The legacy of this Cold War thinking strongly persists today in that many scholars still equate economic security with aspects of the economic-security nexus, or remain strongly preoccupied with the economic-security nexus rather than advancing theories on economic security itself (Shirk and Twomey 1996; Soeya 1997; Sperling *et al.* 1998). For instance, Harris and Mack (1997) perceived East Asia's 'economic security dilemma' thus: the region's increased wealth has fostered both security-enhancing democratic institutions and interdependence, while also providing the resources to build up military capabilities in potentially destabilizing ways. While such observations on the economics-security nexus may be valid and important, they achieve relatively little in advancing the conceptual analysis of economic security. It is further accepted that the traditional politico-military security sector can impact upon the economic security sector and vice versa, but it is argued here that greater endeavours need to be made to establish the more specific empirical domain of the latter (i.e. area or areas of evidence from the real world from which we may establish the subject study of 'economic security').

## Defining the empirical domain and concepts of economic security

Distinguishing the empirical domain of economic security from the economics-security nexus can be problematic, as recognized by a number of scholars. Buzan *et al.* (1998) ask whether the pursuit of economic security merely represents the securitization of economic issues, and furthermore are scholars simply wishing to define it by their attempts to distinguish between politicized economics and security spillovers from the economic sector into others. They conclude that the question of economic security concerns the relationship between the political structure of anarchy and the economic structure of the market, and avoid merging security and economy into a single analytical construct.

At the fundamental level, security relates to guarding or guaranteeing the safety of some entity from extant dangers. Determining the economic security of *what* and of *who* connects with our prior discussion over micro-level and macro-level economic security. In this context, we must consider the relationship between a FEP power's physical economic functions and capacities (e.g. infrastructural, techno-industrial) on the one hand, and the interests of its associated economic agents (which may be extra-territorial, or transnationalized such as multinational enterprises or migrant workforces) on the other. Hence, this raises the old problem of differentiating agent from structure given their mutually constitutive links. For instance, an agent's (e.g. a firm's) corporate interests may form a critical part of the economy's export capacity (a structural aspect), and this agent may represent a substantial proportion of the FEP power's broader economic structure, e.g. Samsung in South Korea's case. Our discussion on micro-level and macro-level economic security has already acknowledged the connections between localized agents and FEP powers pursuing economic security in the international system with the former's interests in mind. It was also previously implied that FEP protagonists (see Key Ideas 12.1 for terms of reference) are charged with identifying and realizing the economic

security interests of the economic agents deemed to constitute the FEP power, on both an individual (e.g. a firm lobbying the government on a specific market access issue) and collective basis. In this sense, the economic security of both agent and structure in the international system are combined, as will be illustrated further in the exposition of the new conceptual framework later on. This framework is also founded on the notion that establishing more definitive economic security objectives helps better identify economic security motivations behind foreign (economic) policy actions, thus further defining the empirical domain of economic security.

In pursuing their economic security interests, FEP powers must respond to the changing structural configurations of the international political economy and exploiting the opportunities and minimize the risks or threats these create (Leech 1993). Most economic security scholars have focused on the latter but some have adopted a more multi-dimensional approach: as DeSouza (2000) comments, 'security is not only about preventing certain threatening actions, it is about creating opportunities and a preferred set of circumstances for American interests and mutual gain' (p. 37). In a similar vein, Lubbe (1997) perceived economic security as being determined by two key factors, these being: *economic capability*, concerning the ability of FEP protagonists to execute economic and political tasks that delineate the national interest but also help minimize its vulnerability to external pressures and disruptions; and *external environmental*, where large, powerful states that exercise significant structural power can shape the external environment in which economic security objectives are pursued.

Various approaches to defining economic security have been made. From a hegemon-centric perspective that continues to typify much of the FEP literature, Neu and Wolf (1994) contend that economic security is the 'ability to protect or to advance US economic interests in the face of events, developments, or actions that may threaten or block these interests' (p. xi), and that these may derive

from domestic or foreign sources. Some scholars adopt a 'multiple aspect' approach to defining economic security. For example, Cable (1995) first contends that it can refer 'most obviously to those aspects of trade and investment which directly affect a country's ability to defend itself' (p. 306). Second, it can be defined 'in terms of economic policy instruments which are used for purposes of aggression (or defence)' (p. 307), citing sanctions and embargoes as examples. Third, according to Cable, it is based on 'the idea that relative military capacity, or projection of power, may be undermined by relatively poor economic performance and requires an economic policy response' (ibid). These last two definitional approaches suffer from an entwinement with the economics-security nexus, and are therefore not that helpful. In Cable's fourth approach, he contends that there exists 'an even looser concept of economic security which captures the fear of global economic, social and ecological instability' (ibid), thus connecting with the issue of security sector overlap. Sperling and Kirchner's (1997) own multiple aspect approach examines: (1) the concerns of the state to protect the social and economic fabric of society; (2) the ability of the state to act as an effective gatekeeper and to maintain societal integrity; (3) the state's ability in cooperation with others to safeguard the international economic environment from destabilization in order to reinforce military capabilities.

Somewhat generalized and uni-dimensional definitions of economic security are offered by Green (1996)—'the absence of threat of severe deprivation of economic welfare' (p. 22), Wang (1998)—'the concern about economic security is the state of mind that is constantly worrying about falling under the danger line' (p. 22), and by Thakur (2000)—'the maintenance of given levels of welfare and state power through access to resources,

finance, and markets' (p. 230). In general, then, most economic security analyses are premised on the pursuit of 'power and plenty' objectives in a foreign economic policy context, and thus establishes some common ground between neo-liberal and neo-realist views on economic security's empirical domain. As Katzenstein (1976) noted, prosperity (i.e. 'plenty') represents a neo-liberal core concept, while the prime concern of neo-realists is the exercise and interplay of economic power in the international system. Moreover, although radicalist thinkers question the conventional materialist notions of prosperity, they would not necessarily deny the importance of pursuing some alternative interpretation of it, such as sustainable development.

### KEY POINTS

- The growing interest in economic security analysis should be understood in a post-Cold War context, centring on the respective shifts from geo-politics to geo-economics, from military superpowers to economic superpowers, and hence from politico-ideological competition to economic competition.
- Linkages between economic policy and traditional or politico-military security policy—the economics-security nexus—have always existed but have become increasingly entwined.
- Despite this closer inter-linkage, the study of the economics-security nexus and economic security are not the same and one often gets confused with the other in the academic literature. Furthermore, many studies of 'economic security' do not explain what is meant by the term.
- In general most economic security analyses are premised on the pursuit of 'power and plenty' and this establishes some common ground between neo-liberal and neo-realist views of economic security.

## A new conceptual approach to economic security

### Introduction

The pursuit of economic security broadly defines FEP objectives. The conduct of FEP itself can be said to fall into two domains (Dent 2002). The first of these can be referred to as *technical policy realms*, which themselves can be sub-categorized into a *core* element (trade, FDI, international finance, and foreign aid policies) and an *associative* element (e.g. industry policy), whereby the former possesses a more overt and cognitive international focus while the latter is subordinately allied to the former in some functionally supportive, often competitiveness-enhancing manner. The second domain is *economic diplomacy*, which broadly concerns the means and parameters within which trade, investment and other international economic relations are conducted between representative agents of different FEP powers. Economic diplomacy can be generally viewed from different levels of engagement, modalities, exercises of power, and bargaining processes.

Furthermore, our model of FEP analysis incorporates three 'orienting' interactive dimensions: (1) *cognitive-ideological approaches* relate to key ideological 'nodes' of thought (e.g. liberalism, neo-mercantilism), value-system traditions, the accommodation of economic culture and other ideational or value-based factors that shape the thinking behind FEP formation; (2) *contesting 'actor-based' influences* examine how different domestic (e.g. trade unions, industrial associations), international (e.g. foreign governments, international economic organizations) and transnational actors (e.g. TNCs, transnational civil society) seek to affect FEP formation; (3) the third concerns the conceptual framework of 'generic' economic security objectives itself, which is outlined in the latter half of this article. Thus the pursuit of economic security forms just one (but nevertheless central) aspect of FEP formation. Key terms of reference used in our analysis can be found in Key Ideas 12.1.

### KEY IDEAS 12.1

#### Key terms of reference

Key terms of reference used throughout this analysis are as follows. *FEP formation* is a general term for the structure, conduct and process of foreign economic policy. *FEP protagonists* relate to actors that are responsible for the directing (political or quasi-political leadership) or managing (bureaucratic leadership) of foreign economic policy. These normally relate to central government representatives but can also include those from sub-state units (e.g. local government), supranational or inter-governmental units such as the EU, and even, in some cases, representatives drawn from business or civil society. *FEP powers* refer to the polities that these protagonists represent. These are typically nation-states or some other state-form and can include sub-state units (e.g. states within a federated union such as the US), supranational or inter-governmental units (e.g. the EU), city-states (e.g. Singapore) or quasi-states (e.g. Taiwan). Lastly, *stakeholding FEP constituencies* relate to any groups with a direct interest in, or even leverage over FEP formation. These can include FEP protagonists themselves, as well as representations from business, civil society and institutional communities.

### Establishing a definition of economic security

The new conceptual approach to economic security advanced here is founded on a definition that emphasizes a *threat-minimizing and opportunity-maximizing take on economic security, the pursuit of which involves safeguarding the structural integrity and prosperity-generating capabilities and interests of a politico-economic entity in the context of various externalized risks and threats that confront it in the international economic system*. Here, 'politico-economic entity' broadly equates with an FEP power with respect to its own territorial economy and

extra-territorial (e.g. transborder or transnational) economic interests. Hence, FEP protagonists may work to safeguard the transnational commercial interests of its home-based or hosted foreign multinational enterprises (MNEs). Thus, FEP powers are focused on different forms of transnational economic space. This may be relatively localized and comparatively distant, for example where the global connections of 'home-based' firms are extensive. Moreover, FEP powers may work with others to safeguard the security of their transnational economic space through regional and multilateral modes of co-operation, e.g. the EU and WTO.

The 'structural integrity' aspect of the definition relates essentially to maintaining the internal construction of the economy during its interactions in the global economy, and its ability to meet the basic demands of economic agents located therein. Where meaningfully applied, this can be linked to proximate notions of the economy's survival in the international system and thus the prevention of its structural collapse—a rare event in absolute total terms although this depends on your interpretation of 'structural collapse'. Some appear in a new politico-geographically defined form, e.g. East Germany. Structural integrity is therefore an essential economic security objective. The 'prosperity-generating capabilities and interests' aspect broadens the conventional boundaries of the economic security concept beyond its usual attention to minimizing direct and immediate economic vulnerabilities. Safeguarding prosperity-generating capabilities and interests works towards this objective anyway through reducing the future scope for economic security risks, vulnerabilities and threats, constituting a sort of 'insurance policy' or 'preventative medicinal' approach. The development and safeguarding of the prosperity-generating capabilities and interests may concern 'technical' (e.g. trade-industry policies) or 'relational' (e.g. economic diplomacy) aspects. Moreover, these can too be linked to welfare maximization—both localized and global—and the externalization of FEP interests, such as championing the interests of home MNEs in their operations abroad.

In comparing these last two aspects of the base definition, safeguarding the 'structural integrity' of the FEP power is more defensive in connotative action, whereas safeguarding 'prosperity-generating capabilities and interests' relates more to promotive or enhancing actions. As such, 'safeguarding' in this latter context involves proactive measures for advancing the FEP power's economic security interests. Instances include foreign economic policies that cultivate certain prosperity-generating functions within the economy, such as the development of strategic export production capabilities, e.g. semiconductors in the IT sector. Strengthening economic diplomacy ties with other FEP powers may also foster trade, foreign investment or finance-related linkages that serve similar economic security objectives.

### The objective typologies of economic security

The objective typologies of economic security presented here further develop both the concept and definable pursuits of economic security, as well as the contention that it provides a suitable focal lens for FEP analysis. These typologies may be considered facets of the same analytical lens, which refract in different ways in accordance to various factors such as issue-linkage, interdependence variables, fungibility of power, etc. The objectives of FEP are naturally difficult to compartmentalize, made more so by their differential modalities, e.g. tactical, strategic. However, attempts at classification are viable if a *generic* rather than *specific* approach to classifying different types of FEP objectives are considered. This new framework of economic security analysis is based on eight different typologies.

#### Supply security

In basic terms, this concerns the securing of key supply chains involving foreign sources. It therefore relates particularly to the various structures of supply through which an FEP power acquires foreign materials, components and technologies, and exercises of economic diplomacy may be

necessary to maintain the integrity of these structures. These structures in turn ultimately serve the supply base of the economy, which itself may be thought of in infrastructural terms from the perspective of economic agents (i.e. individuals, firms) who stand to gain external economies of scale and scope from an enhanced supply-base. Thus, supply security can affect the ability of producers to remain or improve their competitiveness, to access key materials and technologies, and help retain the economy's general prosperity-generating capabilities and interests.

In a globalizing world economy, supply diversification (rather than self-dependence) plays an important element of a vulnerability management strategy of economic security, especially in specific circumstances or a general environment marked by closed, costly or unpredictable access. This tends to be the case when foreign FEP powers or firms impose certain supply restrictions, or where oligopolistic-monopolistic concentration exists in the international markets. Both situations can create quantitative and cost uncertainties for 'supplied' FEP powers and producers therein, compromising their ability to respond effectively to changes in international competitive conditions. Foreign economic policy measures—both 'policy-technical' (e.g. trade policy) and economic diplomacy actions—are utilized to address such economic security predicaments. For example, US aid is currently used to develop the oil exporting capacities of ex-Soviet Union republics as a means to diversify America's dependence on Middle East sources.

#### Market access security

This broadly concerns the FEP power's securing of the best access possible to key foreign markets. This is particularly crucial for export-oriented economies with small domestic markets, although this has become a prime economic diplomacy objective of all FEP powers. Exploiting foreign market potential has long been perceived as a means to generate prosperity for the exporting country, essentially through the foreign 'earnings' procured by export sales. It is also increasingly linked to the

'structural integrity' dimension of economic security by foreign market access helping facilitate domestic techno-industrial restructuring by providing outlets for extra-nationally produced goods from relevant industrial sectors. For example, the development of ascendant sectors, such as biotechnology, often depends on attaining minimum efficiency scale levels of production, and domestic demand alone may be insufficient to help reach this position. Likewise, alleviating the economic and social hardships associated with the structural decline of 'sensitive' industries in western economies, such as steel, may be achieved by improved foreign market demand for these products.

Large economies, like the US and Japan, tend to enjoy the benefit of domestic market self-sufficiency, and therefore one could argue they are not so concerned with market access security. Of course, it is more complicated than that. The US, for instance, is compelled to seek improved market access owing to its persistent trade deficit predicament: exports must help pay for its burgeoning import bill. Japan's aggressive export policies and practices, and its huge trade surpluses, can be primarily attributed to the state's lingering neo-mercantilist ideology and the global market strategies of Japanese MNEs. Furthermore, foreign market competition has intensified for all firms and has thus become a prominent FEP issue. This is largely because globalizing processes have made markets more porous from both the domestic and foreign perspective. Domestic market-oriented firms now face greater competition from foreign rivals, and thus must look to foreign markets themselves to compensate. Similarly, firms now compete more with others outside their respective domestic markets than before. Thus, European and Asian firms compete more vigorously for US market share and across a wider range of product sectors.

#### Finance-credit security

This entails ensuring insofar as possible the financial solvency of the FEP power in the international system, as well as its maintenance of access to, or

influence or control over sources of international credit. In recent times, this has become an acute economic security concern of developing countries in the context of Third World debt and other countries that have lately required significant IMF assistance, e.g. South Korea and Argentina. The pursuit of finance-credit security is perhaps the most problematic of all economic security typologies. Developments in financial globalization have made at least national-level attempts to maintain finance-credit security in the international system an extremely complex and difficult task (Kahler 2004). The risk of exchange rate volatility has increased for many FEP powers over recent years, owing primarily to the ever larger and unpredictable international currency transactions that occur daily in global money markets.

The role of increasingly powerful currency speculators has been at the centre of most financial crises over the last decade or so, most notably during the EU exchange rate mechanism crisis of 1992/93 and the East Asian financial crisis of 1997/98. Indeed, cooperative acts between FEP powers have come to increasingly characterize their pursuit of finance-credit security objectives. Connections here may be made to the complex interdependence of financial globalization, and how therefore deepening connectivity between different national and regional financial systems presents the imperative for greater cooperation on matters of international finance. Thus, finance-credit security interests are closely aligned to those of systemic security and alliance security. Those FEP powers with very large foreign exchange reserves (e.g. Japan, China, Taiwan) have tended, though, to rely on these resources as the basis for pursuing an independent finance-credit security policy. However, there are very few that are conceivably able to attain this position given the financial reserves available to foreign currency speculators, as Hong Kong (the world's sixth largest forex retainer) found out during its efforts to maintain exchange rate stability through market interventions at the time of the East Asian financial crisis (see Case Study 12.1).

#### Techno-industrial capability security

Developing the ability of the economy to generate prosperity, productivity and other welfare-creating factors through techno-industrial means involves maintaining the economy's position as close as possible to the technological frontier. This may derive from indigenous or foreign sources, and relate to issues of access and acquisition of foreign technology. These capabilities may be deployed to meet specific foreign economic policy objectives (e.g. export competitiveness, attracting high-tech foreign investment, improving the FEP power's relative techno-industrial position in the international economic system, etc.); conversely, certain FEP actions (e.g. trade-industry policy, economic diplomacy) may be used to assist the development of techno-industrial capabilities. Moreover, there is a strong 'strategic' association with the improvement of an FEP power's techno-industrial capabilities. Green (1996) defines a strategic industry as one that 'is essential to the economic and national security interests of the state and one that engages in an activity that affects the national economy with critical forward and backward linkages through the existence of positive externalities' (p. 31). As such, certain forms of strategic industrial activity perform key 'structural integrity' functions through the roles they play via upstream and downstream linkages. This can be seen by the importance of steel production in manufactured products, and information technology as a critical process in service provision. In addition, the underlying technology of strategic industries often provides the foundation for productivity growth, and thus the potential for advancing the FEP power's prosperity-generating capacities and interests. This is particularly found in higher-tech industrial activity by its ability to add value and positively transform both the structural and prosperity-linked prospects of the FEP power.

'Higher-tech' industry itself is, of course, a relative term depending on whereabouts on the techno-industrial ladder FEP powers are generally positioned, but all have an interest in promoting strategic industry development. High-tech industry

## CASE STUDY 12.1



## The 1997/98 East Asian financial crisis

The 1997/98 financial crisis made a profound impact on East Asia, bringing about significant political and economic change to many countries in the region. The crisis also clearly demonstrated the power and influence of financial speculators in the international economic system, and the general risks associated with 'ungoverned' financial globalization. The 1997/98 crisis caused much soul-searching within the IMF, not least because only in 1996 had it praised Thailand for recent reforms it had made in its financial policies. Attempts at future crisis aversion at the regional level have centred on ASEAN Plus Three (APT) frameworks of cooperation between the Association of Southeast Asian Nations (ASEAN) and the Northeast Asian states of Japan, China and South Korea. Both the Chiang Mai Initiative of bilateral currency swap agreements between APT member states (16 agreements concluded by 2005 totalling \$40 billion) and the Asian Bond Market Initiative (devised to foster longer-term regional financial governance development) may be understood as regional economic security endeavours that seek to better manage the growing financial and economic interdependence between East Asian states. In addition, the crisis further revealed how finance-credit security depends not just on

financial resources or inter-state cooperation but also on smart approaches to international financial policy. Leading up to the crisis, most if not all of the region's governments had embarked on programmes of financial liberalization from the late 1980s and early 1990s onwards. However, in many instances this was implemented within a weak institutional framework. In other words, financial markets were liberalized but without a proper institutionalization of market order. For example, firms were now free to borrow large sums from foreign banks and other financial institutions but these were not closely monitored or supervised by the government authorities. Consequently, the huge foreign debts run up by firms significantly compromised the finance-credit security interests of these East Asian states. It was no surprise, therefore, that those that had developed smart regulatory and institutional capacities in their international finance policies, such as Taiwan and Singapore, came through the regional crisis contagion relatively unscathed. While, then, financial liberalization may serve the finance-credit security interests of FEP powers by improving access to sources of foreign credit, smart regulatory approaches to international financial policy per se are equally, if not more important.

competition and cooperation between developed FEP powers has been well documented. For developing FEP powers, strategic industry or trade policies may be vindicated in economic welfare terms in that developing countries are promoting the development of infant industries, which eventually intensifies international competition in a positive, global welfare-enhancing manner in the future (Krugman 1986). Furthermore, WTO rules still permit developing countries to subsidize new industries where necessary and to ensure that subsidies are result-oriented through the imposition of performance standards (Amsden and Hikino 2000).

**Socio-economic paradigm security**

This concerns the 'defence' of a society's preferred socio-economic paradigm (e.g. East Asian

developmental statist, European social market, Anglo-Saxon market liberal, and Middle Eastern socio-religious forms of 'economic model') and its welfare goals where defined. It often entails the resistance of foreign pressure to adapt to new international norms that are associated with a counter-paradigm. For those FEP powers with a strong statist tradition, as found in East Asia, this may relate to various levels of resistance (e.g. societal, state bureaucratic) to neo-liberalism. In addition, certain states may deem it a critical objective of their foreign economic policy to defend their socio-economic paradigm against others perceived to directly threatening it. Taiwan's FEP in relation to China may be seen thus, although socio-economic paradigm security should not be equated with the defence of sovereignty rights. This economic security typology also

involves maintaining the integrity of the socio-economic paradigm and the prosperity-generating capabilities and interests that may be associated with it. The latter entails issues of prosperity distribution (e.g. growth with equity) and prosperity-generating method (e.g. free markets or guided markets?). In addition, socio-economic paradigms evolve over time in their adaptation to changing domestic and international conditions. However, certain paradigmatic fundamentals (e.g. underlying ideologies and cultural values; embedded institutional and relational frameworks) may remain largely unchanged. For instance, the ideals of liberty and individualism are intrinsic to neo-liberalism, just as the importance of institutionalized state-society relations are to developmental statism.

We may see the concept of 'socio-economic paradigm' as interchangeable with parallel concepts of 'economic system', 'capitalist culture', or 'socio-business order'. The international system is characterized by balances of convergence and competition between the different socio-economic paradigms of FEP powers, or groups of FEP powers. In a generalized example, many currently subscribe to the view that Anglo-Saxon 'market liberal' capitalism has proved itself superior not just to communism but also other capitalist paradigms. They point to evidence from the 1990s, where resurgent US, UK and Australian economies clearly outperformed their continental European and East Asian capitalist counterparts. Their reasoning was premised on the argument that in an era of globalization, those economies that had liberalized and deregulated were best positioned to exploit opportunities arising in an increasingly barrierless world economy and its emergent transnational economic spaces. The extent to which such neo-liberal convergence between different capitalist systems has occurred is highly debatable, and the US's economic troubles in the early 2000s offers scope for revisionist analysis on the above argument.

**Transborder community security**

This involves the addressing of local regionalized concerns that may either precipitate transborder

economic crises or concern localized interdependence issues, e.g. sub-regional economic integration projects. These often centre on transborder spillovers or externalities that require market failure correction policies, and hence the management of a shared transborder economic space. They may thus also focus on issues from other security sectors such as pollution, drug trafficking and economic migration (Kulkarni 1995, Mathews 1989). The development of transborder communities may therefore emerge out of the need to tackle common economic security challenges. The geographic scale of these communities tends to range from sub-national locales (e.g. provinces) contiguous to those from neighbouring countries to wider regional collectives involving a group of nation-states. Moreover, it is generally the case that relatively small FEP powers that are surrounded by a large number of others are more susceptible to transborder community security issues. It will often be the case that the structural integrity and development of participating FEP powers' economies are in some way closely connected, or that potential future changes in one can have a profound impact on another. This may be particularly applicable to those states with larger neighbours (such as Canada and the US, Ireland and the UK, Taiwan and China) and may therefore entail dependency relationships.

Drawing upon an example from East Asia, Singapore's 'growth triangle' relationship with the Malaysian province of Johor to the north and Indonesia's province of Riau to the south and west is essentially driven by the imperatives of the city-state's own techno-industrial restructuring (see Case Study 12.2). Other kinds of sub-regional projects that seek to develop or manage transborder economic spaces are evident around the world, and in contrast may be founded on pre-existing transnational business networks or common natural resource management, e.g. international river zones. Addressing both the interdependence opportunities and threats associated with transborder community security issues are hence linked to safeguarding an FEP power's prosperity-generating capabilities and interests in a number of ways. Issues arising from

other new security sectors, such as transborder immigration and pollution, are accepted to have a potentially profound impact upon these capabilities and interests. In the early 1990s, Sweden provided funds to Poland that were designed to minimize the latter's 'export' of acid rain, which was decimating parts of Sweden's agriculture industry as well as incurring substantial clean-up costs. This provides an example of how the pursuit of transborder community security objectives often connects foreign economic policy with 'new sector' foreign policy domains, in this specific case with foreign environmental policy. Mitigating adverse transborder spillover effects may involve different economic diplomacy responses, ranging from defensive unilateral measures (e.g. strict immigration regulations) to acts of cooperative bilateralism, to

the development of plurilateral or multilateral frameworks in which comparatively broad transborder community security challenges may be mutually confronted. With respect to the 'interdependence opportunities' dimension, different FEP powers can exploit these through cultivating effective transborder divisions of labour (see Case Study 12.2) or by rational and equitable approaches to sharing common transborder resources. Overall, the more localized nature of transborder community security issues differentiate them from those related to the maintenance of systemic security, which tend to be more global in nature.

### Systemic security

This concerns the common interests of FEP powers in upholding the integrity of the international

## CASE STUDY 12.2



### The Indonesia–Malaysia–Singapore Growth Triangle (IMSGT)

The Indonesia–Malaysia–Singapore Growth Triangle (IMSGT) arrangement is East Asia's most developed and formalized sub-regional economic zone project. It was established by a Singapore Government policy initiative in the late 1980s to assist the techno-industrial restructuring of the city-state's economy. A small island off the end of the Malay Peninsula, Singapore has limited resources and space to develop a wide range of industries. Maintaining Singapore's position as one of Asia's most advanced regional export production platforms remains a prime developmental objective of the government. As the economy has moved up this ladder so relatively lower-tech, labour-intensive production (e.g. textiles, basic electronics) has had to make way for higher-tech productive activities (e.g. biotechnology) in the industrial estates spread across the island. The aim of the IMSGT was relocate these production processes just offshore, to either the Johor province of Malaysia to the north and to the Riau province of Indonesia to the south and west of Singapore. This was a strategy for retaining high value-added MNE investment and productive activities in Singapore rather than the MNE relocating their entire operations to some other East Asian location, such as China. We can also see

how supply security and techno-industrial capability security typologies apply here, as well as transborder community security issues. Malaysia and Indonesia also benefit from the IMSGT arrangement in terms of increased flows of the gradually higher-tech investment being displaced in Singapore. Both Johor and Riau's economic development has improved quite significantly as a consequence, thus further developing each province's transborder community security interests with Singapore as the destinies of all three economic zones became increasingly bound together. As part of the IMSGT, industrial estates were jointly established by Singapore's Economic Development Board (EDB) and Indonesian authorities on the Riau Islands of Batam (in 1991) and Bintan (in 1992) to attract 'over-spill' investment from Singapore, especially from Japanese multinationals. Joint infrastructure development projects both here and between Singapore and Johor assisted the parallel development of transnational production and distribution links being forged by MNEs operating in the IMSGT area. Riau and Johor continue to provide a source of low-cost labour and resources, and Singapore continues to act as the core of this transborder sub-regionalized economy.

economic system, entailing cooperative and concessionary acts to uphold multilateral regimes of systemic governance, facilitate inter-state bargains and maintain overall systemic stability. Hence, there is a strong international public goods dimension to this economic security typology, regarding more specifically issues of the provision, distribution and consumption of these 'goods'. Furthermore, systemic security would be emphasized by neo-liberals as being a most important pursuit of economic security generally; although neo-liberals tend to question the viability of pursuing economic security objectives anyway. This argument is based on their view that capitalism (the dominant economic paradigm) by its very nature propagates a state of constant insecurity in the international economic system that derives from the competitive dynamics it creates. As Buzan (1991a) comments, 'capitalism is by definition a competitive system, the whole dynamic of which depends on the interplay of threats, vulnerabilities and opportunities in the market' (p. 235). Thus, neo-liberals generally contend that economic security is a mirage and at best can only be achieved in relative terms, although this is surely a universal predicament that applies to any pursuit of security. Neo-liberals further propose that economic insecurity is not to be feared but embraced insofar as positive responses to foreign competitive threats lead to disciplined improvements in efficiency and productivity. In addition, attempts by losers of this competitive game to 'securitize their plight' merely represents a desperation to change the game's rules (Buzan 1998: 109). More generally, neo-liberals tend to subordinate vulnerability issues in the pursuance of 'plenty', which can only be optimized in a free and open global economy.

However, whether or not economic security is a mirage is not the issue, but rather whether FEP powers *respond positively* to the conditions of economic insecurity that confront them: addressing economic insecurity poses a set of opportunities as well as threats, both of which should not be avoided. Moreover, the maximization of global welfare is contingent upon the security (i.e. stability) of the international economic system: a 'free and open

global economy' ultimately depends on the provision of international public goods to ensure both its stability and its positive development. It could therefore be argued that maintaining systemic security is the de facto core economic security concern of neo-liberalism, with systemic support being the neo-liberal FEP power's implicit path to pursuing economic security. Furthermore, even ardent neo-liberal FEP powers follow broader economic security aims and strategies (Leech 1993, Mastanduno 1998, Moran 1993, US Council on Competitiveness 1994).<sup>1</sup> We should also consider the neo-liberal institutionalist view regarding complex interdependence and the need for cooperative exercises in international economic security (Keohane and Nye 1977, Axelrod 1984, Oye 1986). The governance architecture of systemic security primarily lies in multilateral economic institutions such as the WTO and IMF, which in turn are key depositories and custodians for the aforementioned international public goods. Regional institutions such as the EU and APEC may also contribute positively towards systemic security where multilateral utility functions have been developed.

From another perspective, Marxists and structuralists stress that economic security concerns arise from significant asymmetries in both global economic development and balances of power within the world capitalist system, from which an accordingly uneven distribution of economic vulnerability occurs amongst FEP powers. Those in the periphery and semi-periphery naturally possess higher vulnerability coefficients, their relative weakness making them more susceptible to economic security risks and exogenous threats. This predicament can be linked to Lee's (1999) argument that the economic security interests of weaker FEP powers are focused on maintaining their structural integrity.

<sup>1</sup>If the tenets of hegemonic stability theory are applied, the hegemonic state is seen as the systemic guarantor or underwriter motivated by the need to enable its competitive producers to expand into a stable and open global market environment.



### Alliance security

This economic security typology is essentially subservient in character in that it broadly entails maintaining and developing international economic partnerships with state and non-state actors in pursuance of those economic security objectives already discussed. These partnerships may take various forms, ranging from donor–client alliance relationships to looser cooperative or coordinative arrangements between relatively equal partners. As one would expect, the pursuit of economic alliance security objectives is essentially predicated on cooperative ventures. Indeed, we have previously highlighted how the complex interdependence associated with advancing globalizing processes presents an a priori case for FEP powers to adopt a more cooperative approach to economic security generally.<sup>2</sup> This is certainly what neo-liberal institutionalists would stress, and moreover that non-state actors may play a critical part in this cooperative process. Milner (1992) argues in her examination of cooperative behaviour in international relations that cooperation concerns goal-directed behaviour that produces mutually shared benefits over and above those yielded by non-cooperative behaviour. Different types of this behaviour include: *tacit cooperation*, which occurs without communication or explicit agreement; *negotiated cooperation*, which derives from an explicit bargaining process; *imposed cooperation*, where the stronger party in relationship forces the other(s) to enter into cooperative arrangement, its coercive features making this somewhat anomalous although there are clear links here to hegemonic stability theory.

The problematics associated with this latter category is linked to a broader dilemma emphasised by Lee (1998), who contends that, for an FEP power, it must on the one hand seek to ‘preserve its internal autonomy and economic sovereignty from being exploited by external interference’, while on the

<sup>2</sup>As Cable (1995) comments, ‘contemporary global conditions often call for a cooperative rather than a confrontational pursuit of an economic security that is a shared condition rather than a goal of individual states’ (p. 305).

other ‘it needs to invite external forces in order to ensure the enhancement of domestic welfare’ (p. 21). Neo-realists would certainly concur that economic alliance security interests are subject to the vicissitudes of anarchic inter-state competition, whereby alliances quickly form and then quickly dissolve or are soon re-negotiated in accordance to changing nation-state interests over time. Thus, cooperative frameworks of economic alliance security are essentially transient in nature, and are ultimately dependent upon coincidental alignments of national interests forming in the international economic system.

### Inter-relationships between different typologies

When examining what inter-relationships exist between different economic security typologies, we should initially make the point that the first four typologies discussed (supply, market access, finance-credit, techno-industrial capability) can be viewed as more ‘technical’ policy focused, whereas the second four (socio-economic paradigm, transborder community, systemic, alliance) are generally more relational in nature or economic diplomacy focused. Furthermore, certain relationships between typologies may be co-reinforcing or even conflictual, thus creating in the latter case dialectical tensions between different foreign economic policy goals. To begin with, there are natural overlaps between these different typologies. For example, securing better access to sources of international credit may be deemed either a supply security or finance-credit security objective. Techno-industrial capability security may also be served by supply security where, for example, an infusion of foreign technology through inward FDI or other means enhances the latter. Furthermore, the pursuit of socio-economic paradigm security and market access security interests may be mutually aligned, as we mentioned in connection with the US’s exposition of neo-liberal advocacy and free trade and free markets generally. An instance of conflicting economic security interest can arise

when FEP powers are fostering certain foreign economic alliances and market access deals (e.g. bilateral free trade agreements) that may run to the pursuit of systemic security interests (e.g. upholding WTO multilateralism). In addition, the hierarchy of typologies in any set of generic FEP objectives will be primarily determined by the

interaction of contesting influences from different stakeholding FEP constituencies and cognitive-ideological approaches adopted by FEP protagonists. Moreover, the aforementioned tendency of these typologies to sometimes overlap can make constructing such a hierarchical ordering difficult to establish.

#### KEY POINTS

- The pursuit of economic security broadly determines how a nation-state or other state-like entity defines their foreign economic policy (FEP) objectives.
- We can define the pursuit of economic security itself as safeguarding the structural integrity and prosperity-generating capabilities and interests of a politico-economic entity (e.g. a nation-state) in the context of various externalized risks and threats that confront it in the international economic system.
- Eight different ‘objective typologies’ of economic security may be developed from this definition that help us further conceptualize and theorize on economic security analysis, especially with respect to identifying different types of economic security interests.
- These objective typologies are: supply security, market access security, finance-credit security, techno-industrial capability security, socio-economic paradigm security, transborder community security, systemic security, alliance security.
- Understanding the inter-linkages between these different objective typologies is also important, for example how the pursuit of one may be in conflict with another, or work in concert with another.

## Conclusion

Economic security is an increasingly discussed but still much under-theorized concept. This chapter has presented a new conceptual framework of economic security analysis as an attempt to advance its theoretical development. In setting its context, we have examined the key theoretical and methodological issues pertaining to economic security analysis. Important distinctions have been made between the dyadic pursuits of micro-level and macro-level economic security, as well as between economic security generally and the economics-security nexus. Regarding the latter, it has been argued that it is particularly important to distinguish between their respective empirical domains whilst acknowledging inter-sectoral connections

between the politico-military security and economic security. This was examined at various fundamental levels that in turn provided the discursive platform for the base definition of the new conceptual framework presented here, which posited that the pursuit of economic security entailed *safeguarding the structural integrity and prosperity-generating capabilities and interests of a politico-economic entity in the context of various externalized risks and threats that confront it in the international economic system*. Moreover, it was this pursuit in its multifarious forms that broadly oriented the foreign economic policy (FEP) objectives of states and state-like powers (e.g. the EU, local provincial governments). From this definition,

a series of eight different 'objective typologies' of economic security were developed. These form the substantive structure of the new conceptual framework, and hence provide the analytical lens through which we can understand the definable

generic nature of FEP objectives. It is therefore hoped that this chapter has also made a valuable contribution to the linked discourses of economic security and foreign economic policy analysis.

## ? QUESTIONS

Why is it important to distinguish between micro-level and macro-level studies of economic security?

How did the end of the Cold War impact upon economic security analysis?

Why is it important to distinguish between economic security analysis and the economics-security nexus?

Why is it that in the international economic system it is not just nation-states that we need to consider the economic security interests of?

Under what objective typology or typologies of economic security would you assign to this situation: Managing a fresh water resource shared by two neighbouring countries? Explain your reasoning.

Under what objective typology or typologies of economic security would you assign to this situation: Region-level endeavours to address international worker migration issues? Explain your reasoning.

Under what objective typology or typologies of economic security would you assign to this situation: Averting the collapse of multilateral trade negotiations at the WTO? Explain your reasoning.

Under what objective typology or typologies of economic security would you assign to this situation: Policies aimed at attracting high-tech inward foreign direct investment? Explain your reasoning.

Under what objective typology or typologies of economic security would you assign to this situation: Singapore's signing of a free trade agreement with the United States? Explain your reasoning.

Under what objective typology or typologies of economic security would you assign to this situation: Japan conferring a new multi-billion dollar foreign aid programme to Southeast Asia? Explain your reasoning.

## FURTHER READING

■ **Buzan, B., Wæver, O., and de Wilde, J. (1998), *Security: A New Framework of Analysis*, Boulder, Co: Lynne Rienner.** There is a chapter on economic security that views the concept from the author's groundbreaking work on 'securitization'. The whole book is very thought-provoking.

■ **Dent, C.M. (2002), *The Foreign Economic Policies of Singapore, South Korea and Taiwan*, Cheltenham: Edward Elgar.** The theorization on economic security presented in this chapter primarily derives from this work. Here, I place the pursuit of economic security as the main determining factor of foreign economic policy objectives generally.

■ **Kahler, M. (2004), 'Economic Security in an Era of Globalisation: Definition and Provision', *Pacific Review*, Vol. 17(4), 485–502.** This article critically examines economic security in today's globalizing world economy. Amongst other things, it questions whether economic security issues can be identified as being specifically national in an era of globalization, and moreover cautions against thinking that globalization just brings greater economic insecurity for nation-states and regions.

■ **Lee, C. (1999), 'On Economic Security', in G. Wilson-Roberts (ed.), *An Asia-Pacific Security Crisis?: New Challenges to Regional Stability*, Wellington, NZ: Centre for Strategic Studies.** This paper makes a very good review of other key works and offers some useful ideas also on the economic security conceptualization.

## IMPORTANT WEBSITES

● <http://www.whitehouse.gov/nsc/> US National Security Council is the President's principal forum for considering national security and foreign policy matters with his senior national security advisors and cabinet officials.

● <http://www.whitehouse.gov/ecom/> This provides details of the US White House's economic security policy.

● <http://www.security-policy.org/papers/1992/92-T140.html> Centre for Security Policy paper on putting security into the 'Economic Security Council' (ESC), which is in the White House and reports directly to the President.

● <http://www.globalpolicy.org/soecon/un/reformindex.htm> Global Policy Forum paper on the Economic and Social Council (ECOSOC); the principal UN body coordinating the economic and social work of the organization.

● Visit the Online Resource Centre that accompanies this book for lots of interesting additional material: [www.oxfordtextbooks.co.uk/orc/collins/](http://www.oxfordtextbooks.co.uk/orc/collins/)

 Chapter Contents

- Introduction
- What is coercive diplomacy?
- Theories and requirements for success
- The challenge of defining success
- Western use of coercive diplomacy 1990–2005
- Why coercive diplomacy is hard
- Conclusion

 Reader's Guide

Coercive diplomacy involves the use of threats and/or limited force in order to convince an actor to stop or undo actions already undertaken. The use of threats/limited force may, but need not, be accompanied by offers of inducements in order to enhance the adversary's incentive to comply with the coercer's demand. Coercive diplomacy has become part and parcel of Western conflict management since the end of the Cold War, but the Western states have been bad at translating their overwhelming military superiority into coercive diplomacy successes. In addition to explaining this failure, this chapter will relate coercive diplomacy to other threat-based strategies such as deterrence and compellence. It will explain the increasing resort to coercive diplomacy since the Cold War, indicate when the strategy is likely to be employed by Western-led coalitions, explain why coercive diplomacy succeeds and fails, identify the limitations of the strategy, and assess the prospects for its successful use in the future.

## Introduction

The principal strategic challenge facing the Western states and the international community as a whole during the Cold War was the avoidance of great power war. The risk that a local armed conflict could escalate into nuclear war between the two superpower blocs naturally put a premium on policies and instruments that sought to prevent this worst case scenario. The principal mission performed by Western military forces during this period was thus to deter the Soviet Union from attacking their homelands. This mission disappeared with the collapse of the Soviet Union and was replaced by the more challenging one of managing the disorder emanating from civil or ethnic wars within weak or failing states, mass violations of human rights committed within the borders of sovereign states, and efforts by a small number of states and non-state actors to acquire or develop weapons of mass destruction (WMD). Instead of preventing Western adversaries from acting, the principal post-Cold War challenge has been to persuade, coerce and, on occasion, force them to change their behaviour.

This shift has had a profound effect on strategic thinking and the way in which force is threatened, used and legitimized. Whereas Western threats and use of force primarily had been justified with reference to national security and the need to avoid war and counter the spread of Communism, the need to protect human rights, promote democracy and prevent the spread of WMD took centre stage in the course of the 1990s. The overriding concern was no longer to avoid great power war and escalation. Instead, Western policy makers became convinced that international peace and stability were better served by the spread of human rights, democracy and market economy.

The Clinton Administration played a key role in this development as it replaced the American Cold War strategy of containment with a strategy

dedicated to 'enlarge the community of democratic nations'. Inspired by the democratic peace theory which holds that democracies do not go to war against each other, the Clinton Administration argued that it served 'all of America's strategic interest—from promoting prosperity at home to checking global threats abroad' (Gowa 1999: 3). Most Western states and international organizations followed suit, and sustainable peace defined in terms of peace building and the establishment of democracy became the objective of the increasing number of military interventions launched by the international community.

The favourable geopolitical environment characterized by an overwhelming Western military superiority and a low risk of hostile great power intervention generated pressures on as well as incentives for Western policy makers to use threats and force in order to promote their new policy agenda and manage the armed conflicts emanating from the weak and failing states in the international system. It is therefore not surprising that they began to use coercive diplomacy and force more often than had been the case during the Cold War. Coercive diplomacy was employed against Iraq in the run-up to the 1991 Gulf War and subsequently in the various crises created by the Iraqi unwillingness to cooperate with the United Nations (UN) inspectors seeking to determine whether Iraq had terminated its WMD programmes; it was employed by the Western powers in the Balkans in their attempts to manage the armed conflicts in Bosnia and in Kosovo; and the United States employed it against the military leadership in Haiti to reverse the overthrow of the first democratically elected president.

The September 11 attacks on the World Trade Center and the Pentagon in 2001 reinforced this trend by increasing the American willingness to threaten and use force to counter the threats emanating from mass casualty terrorism, WMD

proliferation and failing states (The White House 2002). Since September 11 coercive diplomacy has been employed in attempts to coerce Iran, Iraq, Libya, and North Korea to stop their development of nuclear weapons; and in attempts to coerce the Taliban in Afghanistan to stop supporting al-Qaida. Finally, it has also been employed in the so-called war against terror to coerce states, terrorist groups and non-state actors from cooperating with al-Qaida and affiliated groups.

Success does not explain the increased resort to coercive diplomacy. Coercive diplomacy failed to coerce Iraq to comply fully with UN and US demands between 1990 and 2003; it failed to coerce the Taliban to stop supporting al-Qaida; success came at a high cost in Bosnia and Kosovo where thousands were killed before the North Atlantic Treaty Organization (NATO) in the end had to bomb the Serbs to the negotiating table; and its effectiveness with respect to coercing non-state actors and terrorist groups to stop their support and cooperation with al-Qaida and its associates is unclear. To date, the strategy's potential for peaceful conflict resolution has only been realized three times: in 1994 when Haiti's generals were coerced to step down; in 2001 when Pakistan was coerced to stop supporting the Taliban; and in 2003 when Libya was coerced to terminate its support for terrorism and its nuclear programme. In spite hereof the strategy is likely to remain central to Western conflict management because of the continuing need to stop or undo hostile and destabilizing actions.

The difficulty of translating Western military superiority into coercive diplomacy success came as a

surprise to Western governments in both Bosnia and Kosovo. This difficulty is less surprising from a theoretical perspective as the existing theories regard coercive diplomacy as a high-risk, hard-to-use strategy. But the theoretical understanding of the coercive diplomacy remains wanting in several respects. A better understanding of the strategy and its requirements for success is therefore required to enhance the strategy's potential for resolving conflicts short of war.

### KEY POINTS

- The end of the Cold War rivalry made it easier for Western states to threaten and use force because the risk of uncontrollable escalation vanished.
- Coercive diplomacy has become an integral part of Western crisis and conflict management.
- Western military superiority should make coercive diplomacy easier to conduct successfully.
- It has proved difficult to use coercive diplomacy to stop or reverse acts of aggression, end (support for) terrorism and end WMD programmes.
- Coercive diplomacy will continue to play a central role in Western conflict management in the foreseeable future because the need to stop or undo undesirable actions remains a key challenge.
- Understanding the conditions under which coercive diplomacy succeeds or fails represents a major challenge for theory and practice.

but not Western willingness to engage military in any conflict

## What is coercive diplomacy?

Coercive diplomacy seeks to resolve crises and armed conflicts without resorting to full-scale war. It relies on threats and the limited use of force to influence an adversary to stop or undo the consequences of actions already undertaken. The use of threats and

limited force (sticks) may be coupled with the use of inducements (carrots) to enhance the adversary's incentive to comply with the coercer's demand, but the stick has to instil fear in the mind of the adversary for the strategy to qualify as coercive diplomacy.

If compliance is not caused, partly at least, by fear of the coercer's threat, then coercion has not taken place. A strategy that stops aggression or a WMD programme by buying off the opponent constitutes appeasement, not coercive diplomacy.

**Compellence** is another term for coercive diplomacy, but it covers a broader set of phenomena. Whereas coercive diplomacy only covers reactive threats employed in response to actions taken by an adversary, compellence also involves threats aimed at initiating adversary action. A threat to coerce a state to give up part of its territory would thus count as compellence but not as coercive diplomacy because the latter only covers situations where the adversary has made the first move.

It is also the reactive nature that distinguishes coercive diplomacy from its sister strategy of **deterrence**, which involves the use of threats to influence adversaries not to undertake undesired actions in the first place. Deterrence is used before the adversary has acted whereas coercive diplomacy is employed once the adversary has taken the first step. Deterrence was the cornerstone of the Western strategy employed against the Soviet Union during the Cold War. The Western states threatened to respond to a Soviet attack by using nuclear weapons in the hope that it would convince the Soviet leadership that an attack on the Western states would be too costly. If a deterrent threat fails to prevent an attack, the coercer then has to consider whether to respond by threatening to use force to influence the enemy to stop the attack and withdraw, to use limited force to influence the enemy to do so, or to use full-scale or brute force to force it to stop and withdraw.

Whereas the use of threats and limited force count as coercive diplomacy, the use of brute force to defeat the attacker does not. Coercive diplomacy is employed in order to avoid or limit the use of force. It is an influence strategy that is intended to obtain compliance from the adversary without defeating it first. It leaves an element of choice with the target; it has to make a decision whether to comply or fight on. **Full-scale or brute force**, on the other hand, aims at defeating the adversary. It does not seek to influence but to control by imposing compliance upon the adversary

by depriving it of any say in the issue at hand. The 2001–02 Afghanistan War illustrates this difference. The United States initially threatened to attack the Taliban regime unless Osama bin Laden and other key al-Qaida leaders were handed over and their training camps closed. Non-compliance then led to American air strikes on key military installations coupled with threats of escalation. In the first phase of the war, the United States refrained from attacking the Taliban frontlines and from providing direct military support to the Northern Alliance, the Afghan groups that were fighting the Taliban. It also, somewhat unconvincingly, offered to leave the Taliban regime in place if it complied with US demands. When the United States became convinced that compliance was not forthcoming, it escalated its use of force to defeat the Taliban. At that stage the American strategy changed from influence to control.

The distinction between limited force and full-scale/brute force is crucial because resort to brute force means that coercive diplomacy has failed. It is important to understand that this distinction is not based on the amount of force used. It is not a question of the number of bombs dropped on the adversary. The distinction rests on the purpose that the use of force seeks to accomplish and the element of choice left to the adversary. Coercive diplomacy uses limited force as a bargaining tool. It is used to increase the costs of non-compliance and to threaten with more of the same unless compliance is forthcoming. It always leaves room for the adversary to decide whether to comply or not. Brute force does not leave such a choice; its purpose is to defeat the adversary. The resort to brute force means that diplomacy has been abandoned and that the coercer has lost faith in negotiation and decided to impose its will by force.

The distinction can be difficult to make in practice, but a useful rule of thumb is that use of air and sea power usually will be limited in nature as it leaves the decision whether to comply or suffer more attacks to the adversary. The air campaigns in the 1991 Gulf War and the 1999 Kosovo War provide examples of the use of limited force as part of coercive diplomacy strategies. The ground war that followed the air campaign in the Gulf War signified

Coercive diplomacy may work only if the use of force is convincing

a shift from coercive diplomacy to brute force. Once the land campaign began, force was no longer used to 'persuade' Iraq to withdraw its forces from Kuwait, but to physically throw them out. As a consequence, the initiation of the land war also meant that coercive diplomacy had failed.

Note that this definition of 'limited' force allows for major use of force. The strategic air campaigns waged against Germany and Japan during the Second World War thus constitute limited force according to this definition even though the number of bombs dropped and the damage inflicted were enormous. For this reason limited force is typically defined as 'demonstrative' or 'symbolic' use, meaning 'just enough force of an appropriate kind to demonstrate resolution and to give credibility to the threat that greater force will be used if necessary' (George 1993: 10; see also Art 2003: 9). This definition is vague and hard to employ in practice, which is why this chapter defines limited in terms of how force is used rather than in terms of how much. The practical implication is that the scope for coercive diplomacy success is broadened. NATO's air campaign in the Kosovo conflict is thus counted as a coercive diplomacy success in this chapter, whereas the more conventional definition employed by Art, George and others will result in the coding of this case as a failure.

The distinction between coercive diplomacy and full-scale use of force cannot be made solely on the basis of how force is used, however. When coercive diplomacy is used as part of an escalation sequence which culminates in brute force, as was the case in the 1991 Gulf War, the 2001–02 Afghanistan War, and the 2003 Iraq War, it has to be determined whether the coercer was pursuing a peaceful

solution or merely using threats and limited force in order to legitimize the resort to brute force that followed. One way to do this is to consider whether the coercer deliberately made demands that it knew that the adversary could not meet, and whether the adversary was denied sufficient time to comply. If that is the case, the conclusion must be that the coercer preferred war to adversary compliance. It has been debated in the wake of the 2003 Iraq War whether the Bush Administration preferred regime change to compliance in order to get rid of Saddam Hussein once and for all. If that were the case, the American use of threats in the run-up to the war would not qualify as coercive diplomacy.

#### KEY POINTS

- Coercive diplomacy seeks to resolve crises and armed conflicts short of full-scale war.
- It is a reactive strategy relying on threats, limited force and inducements to influence an adversary to stop or undo the consequences of actions already undertaken.
- Coercive diplomacy is an influence strategy that leaves the choice between compliance and defiance to the adversary.
- Full-scale or brute force is a control strategy that deprives the adversary of any choice by forcing compliance upon it.
- Escalation from limited to brute force means that coercive diplomacy has failed.
- Use of threats and limited force only constitute coercive diplomacy if the coercer prefers compliance to full-scale war.

## Theories and requirements for success

Whereas the study of deterrence, which enjoyed a dominant position in the field of strategic studies during the Cold War, has produced books and

articles enough to fill an entire library, the works on coercive diplomacy and compellence do not fill more than a bookshelf. Whereas an internet search

for deterrence produces 7.81 million hits, coercive diplomacy and compellence only produce 94,700 and 17,500 hits respectively.

Although the practice of coercive diplomacy, as it has been defined here, has always been an integral part of crisis and conflict management, theorizing about it has not been a popular pastime. Only two major theoretical works exist: Thomas C. Schelling's *Arms and Influence* (1966), which coined the term compellence, and Alexander L. George et al.'s *Limits to Coercive Diplomacy* (1971), which pioneered the study of coercive diplomacy. These classic works continue to shape the study of coercive diplomacy today. Schelling, inspired by game theory, deductively identified five conditions that he considered necessary for compellence success. Since Schelling was primarily interested in discerning the general conditions influencing the use of compellence, he did not try to formulate

#### KEY IDEAS 13.1

Schelling's necessary conditions for compellence success

1. The threat conveyed must be sufficiently potent to convince the adversary that the costs of non-compliance will be unbearable.
2. The threat must be credible in the mind of the adversary; he must be convinced that the coercer has the will and the capability to execute it in case of non-compliance.
3. The adversary must be given time to comply with the demand.
4. The coercer must assure the adversary that compliance will not lead to more demands in the future.
5. The conflict must not be perceived as zero-sum. A degree of common interest in avoiding full-scale war must exist. Each side must be persuaded that it can gain more by bargaining than by trying unilaterally to take what it wants by force.

(Adapted from Schelling 1966: 1, 3–4, 69–76, 89)

specific policy prescriptions or confront his conditions with empirical evidence.

In contrast, George and his associates employed an inductive research strategy with the objective of developing a policy-relevant theory. They used a set of questions confronting policy makers wanting to use coercive diplomacy as their point of departure and relied on Case Study analysis to identify a total of 14 factors influencing the outcome of coercive diplomacy attempts. George and his associates distinguish between contextual variables and conditions favouring success, and the idea is that they should be used by decision makers at different stages of the policy making process. The contextual variables should be used initially to decide whether coercive diplomacy is a viable strategy in a given crisis. The success variables only enter the decision-making process in the second stage if analysis of the contextual variables suggests that a coercive diplomacy strategy may work. The success variables are then supposed to help policy makers in the task of conceiving an effective strategy.

The main strength of Schelling's theory is its coherent and parsimonious nature. But parsimony is also its greatest weakness as its highly abstract nature makes it difficult to use in practice. Schelling offers no help to policy makers wanting to know how to devise a potent threat, to make a threat credible in the mind of the opponent or assure the adversary that compliance will not lead to new demands. Schelling himself gave up when asked by the Johnson Administration to use his theory to devise an air campaign against North Vietnam in 1964. The administration then had a go itself but the result—Operation Rolling Thunder—failed to coerce the North Vietnamese to comply with US demands (Kaplan 1983: 330–6).

The problem is exactly the opposite with the George and Simons' checklist as the high number of factors makes it hard to use and coercive diplomacy outcomes difficult to explain. It is hard to know which of the many factors actually cause success or failure in a given case. According to George and Simons, success is unlikely unless all their nine success conditions are present but logically the

#### KEY IDEAS 13.2

George and Simons' checklist of factors influencing the use of coercive diplomacy

##### Contextual variables

1. Global strategic environment
2. Type of provocation
3. Image of war
4. Unilateral or coalitional coercive diplomacy
5. The isolation of the adversary

##### Conditions favouring success

1. Clarity of objective
2. Strength of motivation
3. *Asymmetry of motivation*
4. *Sense of urgency*
5. Strong leadership
6. Domestic support
7. International support
8. *Opponent's fear of unacceptable escalation*
9. *Clarity concerning the precise terms of settlement of the crisis*

*Italicized factors are deemed 'particularly significant' for success.*

(George and Simons 1994: 271–74, 287–88, 292)

presence of their four 'particularly significant' conditions should suffice. One would expect the opponent to comply if it fears unacceptable escalation, perceives the balance of interest as unfavourable, feels the need to comply as urgent, and regards the terms of settlement as clear. Even more problematic is the failure to operationalize several of the factors in a way that makes it possible to measure whether they apply or not in a given crisis. The three of the four conditions deemed 'particularly significant', asymmetry of motivation, opponent's fear of unacceptable escalation and urgency for compliance, can only be measured after the fact. This significantly reduces the analytic value of their checklist.

#### KEY IDEAS 13.3

Jakobsen's (1998) *ideal policy* identifying the conditions that the coercer must meet to maximize the chance of success to stop or undo acts of aggression

1. A threat of force to defeat the opponent or deny him his objectives quickly with little cost.
2. A deadline for compliance.
3. An assurance to the adversary against future demands.
4. An offer of inducements for compliance.

Jakobsen's *ideal policy* attempts to overcome the weaknesses in Schelling's and George's work. The *ideal policy* was developed with two objectives in mind. The first was to reduce the number of success conditions to a more manageable number. For this reason it is narrower in scope and developed to apply to attempts to counter aggression only, but its logic should hold for attempts to counter terrorism and WMD acquisition as well. The second was to operationalize the success conditions to make it possible to determine whether they apply or not in specific crises. To minimize the risk of excluding important factors, the *ideal policy* incorporates Schelling's necessary conditions for success and the conditions that George and Simons deem particularly significant.

The first success condition in the *ideal policy* is designed to make the threat so potent that non-compliance will be too costly for actors that have resorted to force. Opponents who have resorted to force have signalled a willingness to accept high costs to achieve their goals, making it reasonable to assume that threats of force will be required to make non-compliance too costly in most cases. The poor record that economic sanctions have with respect to stopping or reversing military aggression supports this assumption (Jakobsen 1998: 27). That sanctions usually take a long time to work is another reason why they are ill suited for stopping military

aggression, which in most cases will require swift action.

It is not enough merely to issue a threat of force, however. The nature of the military action threatened is very important. To make non-compliance too costly, the coercer must threaten to defeat the adversary or deny him his objectives quickly with little cost in terms of blood and treasure. The threat has to be designed in this way to accomplish two things. The first is to create the fear of unacceptable escalation in the mind of the opponent, which George and Simons emphasize as particularly significant for success. A threat to deny the opponent what it so desperately wants is the most direct way to do this. The second is to make the threat credible in the eyes of the opponent: threats of quick, low-cost defeats are essential to this end. In light of the difficulties that Western democracies have with respect to sustaining domestic support and suffering casualties in conflicts not threatening their vital interests, opponents will regard Western threats involving a commitment to fight a protracted war in such conflicts as bluff. A threat to fight a prolonged war will only be credible in the eyes of the opponent if the coercer's vital interests are directly threatened. In practice this means that the coercer not only needs to enjoy a significant military superiority, it must also be capable of denying the opponent the ability to retaliate and impose costs on the opponent. The coercer must in the words of Byman *et al.* (1999) enjoy 'escalation-dominance'. The lack of escalation dominance and the perception that vital interests were not at stake explain the failure of the Western powers to coerce the Bosnian Serbs between 1992 and 1995. Western coercion was invariably countered by a variety of Bosnian Serb responses aimed at undermining Western resolve. Typical were empty promises to comply with Western demands, threats aimed at deterring the Western powers from executing their threats and acts of escalation such as hostage-taking. The Bosnian Serbs used hostage-taking of UN personnel to neutralize NATO air strikes with great success between April 1994 and July 1995, when the Western powers took effective measures to reduce

the vulnerability of their troops in Yugoslavia to retaliation (Jakobsen 1998: 107).

To maximize credibility, a threat of quick defeat backed by the required capability is not sufficient, however. A deadline for compliance must accompany it. The literature on misperception and deterrence failure shows that decision makers finding themselves in no-win situations are likely to interpret the actions and signals made by their opponent in a manner consistent with their own expectations and desires (Jervis 1976). An actor being asked to stop or undo an act of aggression or terminate a costly WMD programme can hence be expected to be prone to wishful thinking. It follows that failure to set a deadline for compliance is likely to be interpreted as evidence that the coercer lacks the will to implement the threat. Opponents will simply not perceive a threat of force as credible unless it is accompanied by a deadline for compliance. A deadline for compliance hence constitutes the second condition in the *ideal policy*. Apart from reducing the risk of misperception and miscalculation, a deadline also serves to reduce the scope for delaying tactics and counter-coercion.

Assurance against new demands must also be included in the *ideal policy* to enhance the prospects of success. As pointed out by Schelling, the opponent's incentive to comply will be significantly reduced if he fears that compliance will merely result in new demands. George and Simons make the same point when they stress clear terms of settlement as a 'particularly significant' condition for success. The Finnish refusal to hand over a few small islands to the Soviet Union in 1939 illustrates the importance of providing assurances. Fear that compliance would result in more demands played an important role in their refusal, which triggered the Winter War (Jakobson 1961: 139).

Use of inducements is the fourth and last ingredient in the *ideal policy*. Inducements should be used as sweeteners or face-savers to help an opponent fearing the coercer's threat to comply with a minimum of humiliation. By increasing the opponent's incentive to comply inducements help to prevent zero-sum situations (Schelling's fifth condition),

and they also serve to give assurances against future demands more credibility. The cases summarized below clearly demonstrate that the use of inducements enhance the prospects of success. Inducements are involved in most of the successes and absent in most of the failures. The findings are not so strong as to suggest that inducements are necessary for success, but strong enough to suggest that inducements are important facilitators that may make the difference between success and failure.

The *ideal policy* improves upon Schelling's and George's lists of success conditions in at least three ways. First, it can explain the outcome of attempts to use coercive diplomacy to stop/undo military aggression just as accurately with fewer conditions. Second, all the conditions in the *ideal policy* framework are operationalized so that it becomes easier to determine whether they are present or not in a given case. Third, it is an analytical tool that requires little knowledge about the opponent. It rests on the claim that one can explain and predict outcomes of coercive diplomacy attempts against aggressors by focusing on the policy pursued by the coercer and black-boxing the opponent. If the coercer lacks the capability and the will to meet the requirements of the *ideal policy*, coercive diplomacy can be expected to fail. While it goes without saying that a coercer needs a good understanding of the adversary and actionable intelligence to devise the most effective mix of threats and inducements in a real world crisis, the *ideal policy* remains useful because it highlights what the coercer at a minimum must do to succeed.

This said, implementation of the *ideal policy* does not guarantee success. Whereas non-implementation

of the *ideal policy* is a recipe for failure, its implementation only maximizes the probability of success. A coercive diplomacy attempt meeting the requirements of the *ideal policy* may fail due to factors outside the coercer's control, such as **misperception or miscalculation by the opponent, or because the opponent prefers to fight and lose to preserve honour rather than complying with the coercer's demand.**

It cannot, and is not intended to, say anything about the contextual factors influencing the use of coercive diplomacy. For example, it cannot explain why a government decided (not) to implement the *ideal policy*. A complete theory should also specify the conditions under which Western governments will be willing to meet the requirements for success. These conditions are discussed further in the conclusion.

#### KEY POINTS

- Coercive diplomacy is an understudied strategy.
- Schelling and George laid the foundations for the study of coercive diplomacy.
- Jakobsen's *ideal policy* framework focuses on the use of coercive diplomacy to counter aggression.
- The *ideal policy* framework explains and predicts coercive diplomacy outcomes with a minimum of success conditions on the basis of the coercer's actions only.
- A complete theory should also specify when the success conditions are likely to be met.

## The challenge of defining success

Defining coercive diplomacy success is easy in theory. Coercive diplomacy succeeds when the communication of a threat or the use of limited

force produces adversary compliance with the coercer's demands. Similarly, failure occurs if the threat or limited use of force does not result in

compliance with the coercer's demand. In practice several factors complicate the task of measuring success. First, most studies of coercive diplomacy define success in binary terms: coercive diplomacy either fails or succeeds. The problem with this approach is that success in most cases is a question of degree. Coercers may settle for partial compliance or reduce their demands in the negotiation process that coercive diplomacy by definition involves. To give an example, Serbia only complied with NATO's demands regarding Kosovo in 1999 after NATO had lowered its demands. This has led some to claim that Serbia was not coerced by NATO, and that Serbian compliance resulted from NATO's concessions and the loss of Russian support.

This example also illustrates a related second problem: that it will often be difficult to isolate the effect that the threat of force or the use of limited force has had in a specific case. As discussed earlier, compliance must partly be caused by fear for coercion to have taken place. This was undoubtedly the case in Kosovo, as Serbian compliance (and Serbia's loss of Russian support) would not have been forthcoming in the absence of NATO's air campaign. The stick does not have to be sufficient for success, however, since it would certainly be wrong to regard a case where both inducements and sticks proved necessary for compliance as a coercive diplomacy failure. The question to ask is consequently not whether the stick employed as part of coercive diplomacy strategy was sufficient for success, but whether it was a necessary contributing factor.

Third, success should be regarded as a function of the amount of coercion required for compliance. Ideally, coercion should not be required at all to solve disputes. But if the threshold from persuasion to coercion is crossed, the degree of successfulness is negatively correlated to the amount of coercion (and inducement) required for compliance. When the threshold between limited and brute force is crossed, coercive diplomacy fails. The challenge, in short, is to obtain compliance without having to use force. As the Chinese military thinker Sun Tzu has observed, winning without fighting 'is the true pinnacle of excellence'.

Finally, it is important to distinguish between tactical/temporary and strategic/lasting success. Western use of coercion has generally been protracted affairs involving a series of inconclusive coercive diplomacy exchanges that resulted in tactical/temporary successes followed by new acts of non-compliance. Western use of coercion in Bosnia from 1992–95 is a case in point. It involved seven major coercive diplomacy exchanges each involving (1) acts of aggression committed by the Bosnian Serbs, (2) a response from the Western powers in the form of a demand coupled with a threat of force and (3) the response to this threat from the Bosnian Serbs. Three of these exchanges can be considered tactical/temporary successes because Western threats coerced the Serbs to back down and comply with Western demands. From a strategic perspective, they cannot be considered successes, however, because compliance did not last for long.

These considerations lead to the operationalization of success depicted in Table 13.1. Coercive diplomacy successes resulting from the use of threats and sanctions (inducements may, but need not be employed) are classified as cheap successes, whereas successes resulting from the use of limited force count as costly ones. Escalation to brute force means that coercive diplomacy has failed.

#### KEY POINTS

- Coercive diplomacy succeeds when a threat or limited use of force is necessary for compliance.
- Escalation from limited to brute force represents failure.
- Coercive diplomacy success is a question of degree.
- Success is negatively correlated with the amount of coercion (and inducements) required to obtain compliance.
- It is important to distinguish between temporary and lasting successes.
- To be genuine, coercive diplomacy success has to be lasting.

**Table 13.1** Success is a function of the amount of coercion required for compliance

Strategies	Diplomacy	Coercive diplomacy (CD)		War
<b>Instruments</b>	Persuasion and inducements	Threats, sanctions (and inducements)	Limited force (and inducements)	Full-scale/brute force
<b>Degree of success</b>	CD not needed for success	Cheap CD success	Costly CD success	CD failure

## Western use of coercive diplomacy 1990–2005

Western use of coercive diplomacy involving threats and use of limited force has sought to end and undo acts of aggression, acts of terrorism and attempts to acquire WMD in the post-Cold War era. To qualify as a case of coercive diplomacy, explicit threats, sanctions or limited force have to be employed by a Western coercer. Cases involving implicit threats and shows of force such as the crises between the United States and China over Taiwan have consequently been excluded from the list below. The cases have been identified in the studies listed in the guide to further reading at the end of the chapter and the coding is based on the information provided in these studies.

The literature shows that coercive diplomacy primarily has been employed to stop and undo acts of aggression. A total of 21 coercive diplomacy exchanges have taken place between Western states and various aggressors in eight different conflicts. Twelve exchanges ended in failure, five resulted in temporary successes followed by new acts of non-compliance, three resulted in costly lasting successes requiring limited use of force, and only one resulted in cheap success in which compliance was obtained without a shot.

The *ideal policy* identifying the minimum requirements for success was only implemented to the letter in six exchanges, all of which resulted in temporary or lasting successes.

Western governments have sought to stop four WMD programmes during the period. Nine coercive diplomacy exchanges ended in four temporary successes followed by subsequent non-compliance, two failures, one cheap success and two exchanges were ongoing at the time of writing. In none of the cases was the *ideal policy* implemented, as it proved impossible to use force to deny the adversary's objectives quickly with little cost. Threats of force were not employed explicitly during the negotiations, which led to Libya's decisions to terminate its WMD programmes and its support for terrorist activities in 2003. On the contrary, assurance against regime change was crucial for success.

Finally, Western states used coercive diplomacy against state sponsors of terrorism and al-Qaida on eight occasions. It is difficult to tell whether it had any effect against Iraq and Sudan, it failed against al-Qaida and the Taliban on three occasions and two cheap successes were obtained against Libya and Pakistan. The *ideal policy* was only employed to the letter against Pakistan.



## KEY POINTS

- The Western states only obtained six lasting successes in 36 coercive diplomacy exchanges and five of them were preceded by failures in earlier exchanges.
- Coercive diplomacy only scored three cheap successes in 36 attempts.
- Use of the *ideal policy* resulted in success but it was only implemented in seven exchanges.
- The Western states are most likely to use coercive diplomacy to counter acts of aggression.
- Threats and limited use of force are very difficult to employ successfully to stop terrorism and WMD.

## Why coercive diplomacy is hard

Several factors complicate the use of coercive diplomacy and some of them are inherent in the nature of the strategy and in attempts to use it to counter aggression, terrorism and WMD acquisition. The difficulties are further compounded by practical challenges related to the design of effective strategies meeting the requirements for success.

### Inherent difficulties

Coercive diplomacy is tough because the requirements for success are contradictory. To succeed, the coercer must frighten and reassure the adversary at the same time. It must create fear of uncontrollable escalation and a sense of urgency in the mind of the adversary and convince it that compliance will not lead to further demands in the future. It is no easy task to use threats or limited force without hardening the adversary's motivation to resist, and equally hard to offer inducements and assurances to prevent this without appearing weak.

That success ultimately rests on perceptual, psychological and emotional factors adds to the difficulty. Since success hinges on cooperation from the adversary, there is always a risk that misperception or miscalculation will defeat even a well-executed strategy meeting all the requirements for success. Adversaries finding themselves in what they may perceive as no-win situations will be prone to

wishful thinking. That this was the principal reason why coercive diplomacy failed to persuade Saddam Hussein to withdraw his forces from Kuwait prior to the start of the fighting in 1991 cannot be ruled out.

The likelihood that this might happen is enhanced by the fact that compliance requires a visible change in behaviour, for instance withdrawal of military forces or termination of a nuclear programme. As a consequence, compliance is not only likely to be perceived as humiliating, it may also be positively dangerous for the adversary's leaders since their surrender may be perceived as a betrayal and trigger attempts to overthrow them by democratic or military means. Standing up to the coercer may also make the leadership more popular since the use of coercion may produce a rally-around-the-flag effect. History shows that populations and groups tend to unite behind their leaders in times of crisis or war; even unpopular leaders may benefit from this effect.

In addition to these complications that apply to the use of coercive diplomacy in general, its use to counter aggression, terrorism and WMD pose special problems of their own. Such cases are especially hard, because actors engaging in such behaviour are fully aware that force might be used to stop them. Most actors fearing hostile military responses will be deterred from resorting to force or terrorism or embarking on a high-cost, high-risk gamble to acquire WMD. Actors engaging in such behaviour

## CASE STUDY 13.1

### Failure in Afghanistan

#### Pre-9/11 context

At the time of the September 11 attacks, the United States was already engaged in a coercive diplomacy campaign against the Taliban regime. Cruise missiles had been employed in an attack on al-Qaida targets in 1998 and the following year sanctions were imposed in an attempt to coerce the Taliban to extradite Osama bin Laden. The Taliban flatly refused to force him out or hand him over to an 'infidel nation', however (Crenshaw 2003: 328).

#### US response to the 9/11 attacks

On 20 September 2001 the United States issued a public ultimatum to the Taliban demanding that the Taliban immediately hand over the al-Qaida leadership and close the terrorist camps in Afghanistan. These demands were accompanied by threats of force and an offer to leave the Taliban regime in place. While the credibility of the threats was enhanced by military preparations, strong international support and successful coercion that cut the Taliban off from Pakistani support, the Taliban had good reason to question the American offer to leave the regime in place. The Taliban response was defiant. It engaged in counter-coercion and refused to hand over Osama bin Laden and associates. The United States then began to bomb military airfields and the few high-value targets that Afghanistan presented to US air power: command centres, air defence systems and leadership residences. The United States also began

to provide military materiel and financial support to the Northern Alliance, the Afghan groups that were fighting the Taliban.

#### Escalation to brute force and failure

On 11 October the United States offered to end its use of force in return for compliance with the American demands. Now regime change had been added to the list of demands. The Taliban regime now had to go but prospects of participation in a future Afghan government were held open for moderate members of the existing regime. The Taliban responded with defiance and the United States then began to bomb Taliban frontline positions and offer direct military support to the Northern Alliance. The Taliban had no response and their regime quickly collapsed.

#### Was the Taliban impossible to coerce?

The Taliban had no reason to doubt American resolve and threat credibility could not be higher. Their failure to comply may consequently stem from belief that the US would seek their overthrow whether they complied or not, religious/ideological beliefs ruling out compliance, an inability to comply or a combination of the three. If the Taliban effectively depended upon financial and military support from al-Qaida for regime survival as the Central Intelligence Agency (CIA) concluded (Woodward 2001), then it may simply not have been able to comply with US demands.

are likely to perceive their vital interests as threatened and regard the issues at stake in zero-sum terms. As a consequence, the room for compromise that coercive diplomacy requires for success may simply not exist. This will almost certainly be the case if the coercer is demanding regime or leadership change, as was the case in Haiti, Afghanistan and in the crisis preceding the 2003 Iraq War. Leaders fearing for their hold on power or their lives have little incentive to comply unless they are faced with certain defeat and offered very juicy inducements such as golden exiles. The American ability to do this paved the way for coercive success in Haiti in 1994, but it is unlikely to be possible very often.

Similarly, threats and limited use of force will not impress terrorists willing to die for their cause.

Finally, the political scope for offering inducements to such adversaries may be very limited. This problem was underlined by the argument made by the British and American governments during the 1990–91 Gulf conflict that Saddam Hussein did not deserve any inducements, because he should never have attacked Kuwait in the first place. A similar logic applies to state sponsors of terrorism, terrorists and actors pursuing WMD. Offers of inducements to convince North Korea and Iran to stop their nuclear programmes have thus been criticized along the same lines.

## Practical problems

In addition to the inherent difficulties, practitioners trying to put a strategy together face a set of **practical problems**, of which **five** stand out as particularly hard to overcome. To devise an effective mix of threats and inducements the coercer needs a **good understanding of the adversary's mindset**, motivations, interests, behavioural style, and decision-making process. In addition, **actionable intelligence** is required to target the adversary's forces, bases and WMD installations. A poor understanding of the adversary and lack of intelligence has been a major obstacle limiting the effectiveness of Western coercion in the post-Cold War era. The widespread tendency in the West to label adversaries as rogue, irrational, fanatical, fundamentalist, crazy and uncivilized is quite indicative of this problem, and it has been compounded by the inability to penetrate their societies and organizations to obtain the intelligence required to threaten with effective military action. The problem has been particularly acute with respect to terrorist groups and the Iranian, Iraqi and North Korean nuclear programmes.

It is not only the different nature of the adversaries that complicates the use of Western coercion. Their **tendency to rely on irregular or asymmetric military strategies such as guerrilla warfare or terrorism also complicates the use of coercive diplomacy by making it hard to threaten and, if need be, defeat the opponent's military strategy quickly with little cost**. Actors, be they states or non-state actors, adopting such strategies offer few high-value targets to destroy or hold at risk and deny Western forces the ability to rely on air power to win quickly with little cost. As a consequence threats and use of force either have little utility or require high-risk operations involving ground troops over an extended period of time. The Serbian success with respect to neutralizing the effectiveness of NATO air power forced NATO to contemplate a high-risk invasion with ground forces, and the effectiveness of guerrilla strategy with respect to neutralizing Western military superiority is also illustrated by the success of the insurgents in Iraq in 2003–2005. The cases summarized above demonstrate that the ability to deny Western forces quick

low-cost victories have a strong deterrent effect upon Western decision makers in crises and conflicts that do not threaten their vital interests directly.

A related problem is the difficulty of verifying compliance with respect to terrorism and WMD. While it is easy to verify whether an aggressor withdraws or not, it is **very hard to verify whether a state stops covert support for terrorist activities, whether terrorist groups cease from engaging in terrorist activities or whether states or non-state actors stop clandestine efforts to acquire WMD**. This has been a problem in all the WMD and terrorist cases listed above.

A fourth practical problem is **the need to coerce several opponents with conflicting interests at the same time**. This will often be the case **when coercive diplomacy is being used to manage internal conflicts where several parties are fighting each other**. Western decision makers faced this problem in Bosnia and Kosovo where the parties fighting the Serbs on several occasions resisted Western attempts to find a diplomatic solution and sought to persuade Western states to help them defeat the Serbs instead. The Kosovo Liberation Army (KLA) was highly successful in this respect as its policy of attacking Serbian civilians to provoke Serbian forces to retaliate against Kosovo Albanian civilians in the end convinced NATO leaders of the need to use force against the Serbs and deploy a large peacekeeping force in Kosovo. Thus the KLA effectively got NATO to evict Serbian forces from Kosovo, something it could never have done by itself.

A fifth problem stems from **the need to engage in coalitional coercion**. **Western coercion is usually coalitional and conducted with a mandate from an international organization such as the UN or NATO**. While coalitional coercive diplomacy holds a number of advantages in terms of burden sharing, enhanced legitimacy and increased isolation of the adversary, these advantages may be offset by the difficulty of creating consensus on the need to threaten and use force. Since coercive diplomacy is a high-risk and potentially high-cost strategy, states tend to free ride and be unwilling to put their troops in harm's way in conflicts that pose no direct threat to their own security. As a consequence, coalitional consensus on the need to threaten and use force usually requires the presence of one or more great

## CASE STUDY 13.2

### Costly success in Kosovo

#### The context

Kosovo had long been regarded as **a powder keg** when violence finally broke out in spring 1998. The Serbian security forces responded to the armed bid for independence launched by the KLA with excessive use of force, which immediately drew international condemnation and mediation aimed at ending the violence.

#### Half-hearted coercion

NATO governments threatened to undertake air strikes in June 1998 unless the fighting ended and the Serbian forces were withdrawn from Kosovo. Threat credibility was undermined by Russian opposition and visible opposition to the use of force within NATO, however, and the situation was further complicated by KLA insistence on independence and their unwillingness to meet with American negotiators. Western governments consequently settled for a symbolic deployment of 50 observers and turned a blind eye as the Serbs launched a major offensive to defeat the KLA.

#### Temporary success

In October implementation of a coercive strategy meeting the requirements of the *ideal policy* paved the way for a deployment of 2,000 unarmed observers in Kosovo. To obtain Serbian compliance NATO postponed its deadline twice and allowed more than 20,000 Serbian personnel to remain in Kosovo. The underlying sources of conflict were not addressed and since the KLA was not party to the agreement and vowed to fight on, few believed that the agreement would serve to end the violence.

#### Escalation to limited use of force

Continued fighting resulted in peace negotiations, the failure of which resulted in a NATO ultimatum demanding that Serbs sign the proposed peace

agreement or face air strikes. The proposed agreement gave NATO unimpeded access to all of Serbia, involved a deployment of a large NATO force in Kosovo and a referendum on the future status of Kosovo that could only lead to independence. The Serbs were not offered any inducements or assurances to facilitate their compliance, and the context was not conducive to coercive diplomacy success: China and Russia opposed the use of force forcing NATO to attack without a UN mandate, several NATO members had questioned the wisdom of resorting to force and the United States had publicly ruled out the use of ground forces. Against this background it is hardly surprising that Milosevic decided to fight and hold out for a better agreement rather than comply. By ruling out the use of ground forces NATO guaranteed Milosevic that Kosovo would not be taken from him unless he agreed to hand it over, and this left him with considerable leverage.

#### Explaining Serbian compliance after 78 days of bombing

Milosevic exploited this leverage to obtain a better agreement than the one he had been offered before the bombing. The final agreement made no mention of a referendum on Kosovo's future, affirmed Serbia's sovereignty and territorial integrity, NATO was not granted access to Serbia proper, and the NATO force deployed in Kosovo had a UN mandate and Russian participation. In addition to these inducements and assurances, three other factors account for Milosevic's decision to comply. The first was NATO's ability to maintain its unity and escalate its bombing campaign, the second was a credible threat of a ground invasion if the bombing failed, and the third was the loss of Russian support. Taken together these new factors meant that the requirements of the *ideal policy* had been met.

powers that are willing to take the lead and bear most of the costs in blood and treasure that the use of force involve (Jakobsen 1998: 138–9).

Even with effective great power leadership coalitional coercive diplomacy may still lack the necessary credibility in the eyes of the adversary, however. **Disagreements within the coalition may convince the adversary that the coalition will either fall apart once the battle has been joined or fail to escalate the**

**use of force sufficiently to make non-compliance too costly**. Belief that they would be able to undermine coalition unity by engaging in counter-coercion and propaganda campaigns probably provides an important part of the explanation why Saddam Hussein refused to withdraw from Kuwait without a fight in 1991 and why it took a 78-day bombing campaign to persuade Serbian President Milosevic to do so from Kosovo in 1999.

**KEY POINTS**

- It is difficult to frighten and reassure the adversary at the same time.
- Compliance hinges on psychological, perceptual and emotional factors outside the coercer's control.
- Coercive diplomacy against aggressors, terrorists and actors seeking WMD is especially hard because such opponents are likely to perceive the issues at stake in zero-sum terms.
- It has proven difficult to obtain the knowledge and intelligence required to devise effective coercive strategies.
- Actors relying on terrorism or guerrilla strategies are hard to target and coerce militarily.
- It is extremely difficult to verify whether opponents have stopped terrorist activities or WMD programmes.
- Coalitional coercive diplomacy requires great power leadership to be effective.

**Table 13.2** Western use of coercive diplomacy to stop/undo acts of aggression 1990–2005

Location	Demand	Adversary	Coercive strategy*	Outcome
<b>Iraq</b>				
Round 1 1990–1991	Withdraw from Kuwait	Iraq	Sanctions Threats of force Deadline	Failure; escalation to limited force
Round 2 January–February 1991	Withdraw from Kuwait and leave heavy weapons behind	Iraq	Sanctions Limited use of force Deadline	Failure; escalation to brute force
<b>Slovenia</b> 1991	End aggression	Serbia (Yugoslavia)	Sanctions Deadlines Inducements Assurances	Failure; compliance not caused by coercion
<b>Croatia</b> 1991–92	End aggression	Serbia	Sanctions Deadlines Inducements Assurances	Failure; compliance not caused by coercion
<b>Bosnia</b>				
Round 1 June 1992	End shelling of Sarajevo airport and interference with relief operation	Serbia and Bosnian Serb Army (BSA)	Weak military threat Sanctions Deadline Inducements Assurances	Temporary success
Round 2 August–November 1992	End aggression and interference with relief efforts	Serbia and the BSA	Weak military threats No-fly zone Tighter sanctions Inducements Assurances	Failure

**Table 13.2** (Cont.)

Location	Demand	Adversary	Coercive strategy*	Outcome
Round 3 April 1993	End aggression and sign peace plan	Serbia and the BSA	Weak military threats Threat to arm Bosnian forces Tighter sanctions	Failure
Round 4 August 1993	Withdraw forces from positions overlooking Sarajevo	Serbia and the BSA	Weak military threats Deadline Inducements Assurances	Failure; appeasement not coercion
Round 5 February 1994	Withdraw heavy weapons from Sarajevo	Serbia and the BSA	<i>Credible military threats</i> Deadline Inducements Assurances	Temporary success
Round 6 April 1994	Stop offensive; withdraw from Gorazde	Serbia and the BSA	Limited use of force Threats of escalation Deadline Assurances	Temporary success
Round 7 August–September 1995	Stop attacks and cease military activities, withdraw heavy weapons	Serbia and the BSA	<i>Limited use of force</i> Deadline Inducements Assurances	Costly success
<b>Haiti</b>				
Round 1 1991–92	Step down and restore president to power	Haitian military	Ineffective sanctions	Failure
Round 2 1993 to April 1994	Step down and restore president to power	Haitian military	More sanctions Deadline	Failure
Round 3 May–September 1994	Step down and restore president to power	Haitian military	<i>Credible military threat</i> Deadline Inducements Assurances	Cheap success
<b>Somalia</b>				
Round 1 1992 to May 1993	End fighting and interference with relief operation; hide weapons	Several Somali clans	<i>Threats and limited use of force</i> Deadlines Inducements Assurances	Temporary success

Table 13.2 (Cont.)

Location	Demand	Adversary	Coercive strategy*	Outcome
Round 2 June–October 1993	End fighting, disarm and hand over power to representative councils	Several Somali clans	Threats and limited use of force	Failure; escalation to brute force
<b>Iraq</b> 1996	Withdraw from Iraqi Kurdistan	Iraq	Attack with 44 cruise missiles** Expansion of no-fly zone	Costly success
<b>Kosovo</b> Round 1 June 1998	End violence, start negotiations, withdraw forces	Serbia	Sanctions Weak military threats Deadline Inducements Assurances	Failure
Round 2 September– October 1998	End violence, withdraw some forces, accept deployment of observer force	Serbia	<i>Sanctions</i> <i>Credible military threats</i> <i>Deadline</i> <i>Inducements</i> <i>Assurances</i>	Temporary success
Round 3 February–March 1999	Give NATO access throughout Serbia; withdraw from Kosovo, accept referendum on independence	Serbia	Sanctions Credible military threats Deadline	Failure
Round 4 March–June 1999	End violence, withdraw from Kosovo, accept peace plan	Serbia	<i>Sanctions</i> <i>Limited use of force</i> <i>Deadline</i> <i>Inducements</i> <i>Assurances</i>	Costly success

\* Italic indicates implementation of the *ideal policy*.

\*\* Unilateral US attack. All other cases are coalitional.

Table 13.3 Western use of coercive diplomacy to suspend or end WMD programmes 1990–2005

Location	Demand	Adversary	Coercive strategy	Outcome
<b>Iraq</b> Round 1 1992–93	Stop violating the no-fly zones and obstructing UN inspections	Iraq	Sanctions Limited use of force	Temporary success
Round 2 December 1997– February 1998	Stop obstructing UN inspections	Iraq	Sanctions Credible military threats Deadline	Temporary success
Round 3 November 1998	Stop obstructing UN inspections	Iraq	Sanctions Credible military threats Inducements	Temporary success
Round 4 2002–2003	Declare all WMD programmes, plants and materials; cooperate with UN inspectors	Iraq	Economic sanctions Air strikes Credible military threats Threats of regime change Deadlines	Failure; partial Iraqi compliance triggers US-led escalation to brute force
<b>Libya</b> Round 1 1992–1997	End WMD programmes; cease terrorist activities; hand over terrorist suspects; provide compensation	Libya	Sanctions Weak threats of force Threats of regime change	Failure
Round 2 1997–2003	End WMD programmes; cease terrorist activities; hand over terrorist suspects; provide compensation	Libya	Sanctions Implicit threats of force Carrots Assurances	Cheap success
<b>North Korea</b> Round 1 1993–1994	Freeze nuclear programme	North Korea	US sanction Threats of UN sanctions and force Inducements Assurances	Temporary success
Round 2 2002–	End nuclear programme	North Korea	US sanctions Indirect threats of force Inducements Assurances	?; ongoing negotiations
<b>Iran</b> 2002–	End nuclear programme	Iran	Weak threats of sanctions and force Deadlines Inducements	?; ongoing negotiations

**Table 13.4** Western use of coercive diplomacy to stop support for or use of terrorism 1990–2005

Location	Demand	Adversary	Coercive strategy*	Outcome
<b>Libya</b>				
Round 1 1992–1997	End WMD programmes; cease terrorist activities; hand over terrorist suspects; provide compensation	Libya	Sanctions Weak threats of force Threats of regime change	Failure
Round 2 1997–2003	End WMD programmes; cease terrorist activities; hand over terrorist suspects; provide compensation	Libya	Sanctions Implicit threats of force Carrots Assurances	Cheap success
<b>Iraq</b>				
1993	Stop targeting the US	Iraq	Attack with 23 cruise missiles**	?
<b>Sudan</b>				
1998	Stop support and use of terrorism	Sudan and al-Qaida	UN and US sanctions Attack with 6–7 cruise missiles**	Sudan?; al-Qaida failure
<b>Afghanistan</b>				
Round 1 1998–2001	Stop support and use of terrorism; hand over Osama bin Laden	Taliban and al-Qaida	Attack with 60–70 cruise missiles** Sanctions	Failure
Round 2 September–October 2001	Stop support and use of terrorism; hand over al-Qaida leadership	Taliban and al-Qaida	Sanctions Credible threats of force Deadline Inducements	Failure; escalation to limited force
Round 3 October 2001	Stop support and use of terrorism; hand over al-Qaida leadership; accept power sharing arrangement	Taliban and al-Qaida	Sanctions Use of limited force and threats of escalation Deadline Inducements	Failure; escalation to brute force
<b>Pakistan</b>				
2001	End support for Taliban; support US war against Afghanistan	Pakistan	<i>Threats of sanctions and force**</i> <i>Deadline</i> <i>Inducements</i> <i>Assurances</i>	Cheap success

\* Italic indicate implementation of the *ideal policy*.

\*\* Unilateral American use of coercive diplomacy. All other cases are coalitional.

## Conclusion

Coercive diplomacy is an attractive strategy because it can be used to stop and/or reverse acts of military aggression, terrorism and attempts to acquire WMD with limited or, at the best of times, no use of force. While coercive diplomacy is a low-cost strategy when it succeeds, failure may be very costly as the coercer then faces the grim choice of backing down or executing his threat. This is a choice that Western policy makers have been faced with time and again since the end of the Cold War. The strategy's potential for peaceful conflict resolution has only been realized in three of the 36 coercive diplomacy exchanges listed in this chapter. A total of six lasting successes in 36 attempts is hardly an encouraging success rate, and it serves to underline the principal conclusion drawn in the literature: that it is a high-risk, hard-to-use strategy.

The conditions for success are clear in the abstract and coercive diplomacy generally succeed when the Western states meet the requirements of the *ideal policy* framework: (1) make credible threats of force and/or use limited force to defeat the adversary's gains quickly with little cost; (2) issue deadlines for compliance; (3) offer inducements; and (4) reassure opponents that compliance will not trigger new demands. The problem is that Western governments rarely devise coercive strategies that meet these requirements. As a consequence, the main problem is not misperception, miscalculation or irrationality on the part of Western adversaries, as it is often claimed (see e.g. Tarzi 2005). The main problem is that the Western states either lack the will to threaten and use force in the manner prescribed by the *ideal policy* framework, or conversely, when the willingness to do so exists, they fail to couple the stick with adequate inducements and credible assurances.

It is a paradoxical feature of coercive diplomacy that the prospects of cheap success are highest when the coercer is willing to go all the way and escalate to brute force if need be. Unfortunately for Western

decision makers it was all too apparent that they lacked the willingness to do so in most of the coercive diplomacy exchanges they were involved in during the 1990s. Western policy makers were very reluctant to put their troops in harm's way in Somalia, the Balkans and in Haiti. After the traumatic withdrawal from Somalia, the Western and especially the American preoccupation with force protection undermined the initial attempts to coerce the military leadership in Haiti and the Serbs in Bosnia and Kosovo, and it also played a major role in deterring Western governments from launching a timely intervention to stop the genocide in Rwanda in 1994.

This problem did not go away after September 11; it continues to apply to most contemporary conflicts that are unrelated to the war on terrorism. Western governments remain extremely reluctant to threaten and use force credibly to end armed conflicts on the African continent, for example, preferring to leave the management of these conflicts to the UN and Africa's regional organizations. As was the case in the 1990s, coercive diplomacy will only be employed effectively to counter aggression in conflicts that pose no direct threat to Western security, provided that the prospects of military success are high and the risk of casualties low. Very few contemporary conflicts fit this description.

The problem is the opposite when Western states use coercive diplomacy to counter terrorism and WMD acquisition. In these conflicts September 11 has made a huge difference. After the fall of the Taliban and Saddam Hussein, few actors engaged in terrorist and WMD activities are likely to doubt Western resolve with respect to threatening with and using force. In these conflicts the principal problem from a coercive diplomacy perspective is that Western decision makers tend to see these confrontations in zero-sum terms and make demands that give the adversaries little incentive to comply. American demands for regime change are likely to crowd out the prospects of coercive diplomacy

success in most cases, as it gives the opponents no incentive to cooperate. American demands for regime change made coercive diplomacy success next to impossible to obtain in the confrontations with the Taliban and Saddam Hussein, and credible assurances that regime change would not be pursued were key in the successful negotiations that coerced Libya to terminate its support for terrorism and its nuclear programme. Similarly, it is hard to see the regimes in North Korea and Iran giving up their nuclear programmes as long as they have good reason to believe that the United States is seeking their overthrow.

While the Libyan case suggests that coercion coupled with skilful use of assurances and inducements can coerce states to end WMD programmes, the prospects of success look considerably less bright

with apocalyptic terrorist groups like al-Qaida. The principal problem here is not unwillingness to use inducements and assurances, but lack of feasibility. Such groups are hard to locate and target militarily, engaged in a zero-sum struggle and willing to die for their cause. Against these actors it is only possible to use coercive diplomacy indirectly to coerce state sponsors and less radical terrorist groups to stop their cooperation with al-Qaida and affiliated groups.

It is in short unlikely that coercive diplomacy will have a higher rate of success in the foreseeable future than it has enjoyed since the end of the Cold War. Western governments will simply not be able to meet the requirements for success very often. Western policy makers would therefore be well advised to strive harder to prevent the need for coercive diplomacy from arising in the first place.

## QUESTIONS

- Why has the Western use of coercive diplomacy increased since the end of the Cold War?
- What distinguishes coercive diplomacy from brute force?
- Consider the pros and cons of the definition of limited force employed in this chapter.
- How do you determine whether the coercer wants to avoid the use of force or is using coercive diplomacy to legitimize it?
- List the advantages and limitations of the *ideal policy* framework.
- Why is it difficult to define coercive diplomacy success?
- Does the implementation of the *ideal policy* yield the predicted results?
- List the factors complicating the use of coercive diplomacy.
- ✓ Why is coercive diplomacy unlikely to become more successful in the foreseeable future?
- How could Western governments reduce their need for coercive diplomacy and force to counter aggression, terrorism and WMD?

## FURTHER READING

- Art, Robert J. and Cronin, P.M. (eds.) (2003), *The United States and Coercive Diplomacy, Washington D.C.: United States Institute of Peace*. Applies refined version of George's theory to sixteen new cases. Useful for its case studies but analytic value reduced by inconsistent coding of cases and outcomes as well as vague definitions of key concepts.

- Bratton, P.C. (2005), 'When Is Coercion Successful? And Why Can't We Agree on It?', *Naval War College Review*, 58/3: 99–120. Good review of the various definitions of success employed in the coercion literature.
- Byman, D. and Waxman, M. (2000), *Confronting Iraq: U.S. Policy and the Use of Force Since the Gulf War*, Santa Monica, CA: RAND, MR-1146-OSD. Analyses use of coercive diplomacy against Iraq 1991–1998.
- Freedman, L. (ed.) (1998), *Strategic Coercion: Concepts and Cases*, Oxford: Oxford University Press. Discusses strategic coercion, coercive diplomacy and compellence and contains eight case studies.
- George, A.L., Hall, D., and Simons, W.E. (1971), *The Limits of Coercive Diplomacy: Laos, Cuba, Vietnam*, Boston, MA: Little, Brown. The initial formulation of George's theory applied to three cases.
- George, A.L. and Simons, W.E. (eds.) (1994), *The Limits of Coercive Diplomacy*, Boulder, CO: Westview, 2nd revised edn. Refined version of theory presented in 1971 volume applied to seven cases.
- Jakobsen, P.V. (1998), *Western Use of Coercive Diplomacy after the Cold War: A Challenge for Theory and Practice*, London: Macmillan. Develops and tests the *ideal policy* concept in three cases and identifies the conditions under which Western governments are most likely to threaten and use force.
- Jentleson, B.W. and Whytock, C.A. (2005–06), 'Who "Won" Libya? The Force–Diplomacy Debate and Its Implications for Theory and Policy', *International Security*, 30/3 (Winter): 47–86. Refinement of George's theory applied to Libya.
- Pape, R.A. (1996), *Bombing to Win: Air Power and Coercion in War*, Ithaca, NY: Cornell University Press. Very influential work introducing the distinction between punishment and denial to the study of coercion. Contains five case studies.
- Schelling, T.C. (1966), *Arms and Influence*, New Haven, CT: Yale University Press. The theory of compellence is presented and the concept is distinguished from deterrence and brute force.

## IMPORTANT WEBSITES

- <http://www.crisisgroup.org> The International Crisis Group's website contains high-quality analysis of ongoing and potential armed conflicts.
- <http://www.globalsecurity.org> GlobalSecurity.org contains useful background information on armed conflicts past and present as well as developing news stories in the fields of defence and security.
- <http://www.rand.org> The Rand Corporation's website contains excellent studies of coercion and air power available in full text.

Visit the Online Resource Centre that accompanies this book for lots of interesting additional material: [www.oxfordtextbooks.co.uk/orc/collins/](http://www.oxfordtextbooks.co.uk/orc/collins/)