

# COUNCIL OF COUNCILS

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Panelist Paper

## **Perils for Medium and Minor Powers**

### **From the Weaponization of Interdependence**

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**Juan Battaleme**, Argentine Council for International Relations

### **Complex Interdependence as a Structural Limitation**

Since Robert Keohane and Joseph Nye proclaimed complex interdependence to be the dominant structure in the international system, debates about its virtues and risks have continued. The risks result from asymmetries of political, economic, and military power and capacity. Each risk created by asymmetries has consequences for policy decisions.

Interdependence unlocks new possibilities and capacities for states thanks to increased connectivity and exchange, but at the same time sets limits on foreign and domestic policy options, causing tensions within and among many countries at different levels of economic development.

American globalization is both still accepted and increasingly resisted. Other globalization projects have appeared and are beginning to function as alternatives to the status quo—

China's Belt and Road Initiative and Japan's Open and Free Indo-Pacific Initiative, for example. Likewise, the European Union, though facing its own conundrums in the face of institutional weakness and the resurgence of nationalism, still has sufficient resources to boost its vision for broader integration.

Globalization builds on two factors. One is communications infrastructure, and the other is the capacity to maintain information flows through a limited and concentrated series of nodes. For example, the development of the telegraph gave England an advantage in administering its empire, expanding its economy, and providing security at the beginning of World War I. London was the centerpiece and node of European globalization at the time.

The newest race to build communications infrastructure, commonly known as the fifth generation or 5G race, exemplifies asymmetrical interdependence. Political decisions in one node have unpredictable consequences and implications for middle powers. In a multi-network world, the core nodes are few, and linked to each other or to sub-nodes. Central nodes afford greater political leverage, as they are choke-points in a particular network of interest.

This situation is fairly common in daily life. There are multiple communications and cell phone companies to choose from, but only three corporations own operating systems (Apple's iOS, Google's Android, and Microsoft's now discontinued Windows phone), and those major players set the conditions and limits for their users. To access what they offer, corporations usually ask for a series of concessions or permissions, typically in relation to data, and if the user does not agree to it, access is denied. A similar situation exists in the complex world of international finance and banking when people pay for an app: a few institutions serve as gatekeepers to these networks.

On the surface, there are plenty of alternatives; but below it, options are concentrated. This concentration is difficult to perceive and complex to interact with for countries lacking in capabilities and capacities. At best, these countries will have differentiated internet access; at worst, they will have fragmented, limited, or delayed access.

Several intergovernmental discussion forums and meetings exist for any political issue, but few are influential. Those considered significant reflect a concentration of power, which corresponds to the existing distribution of global power. The internet belongs to humanity, but only a few groups of states have the ability to control it, gain exponential advantages from that capability, and determine how it will develop. This creates an opportunity and incentive for it to be used as a weapon.

This century is characterized by the ability to gain or obtain access to specific geographical areas, resources, and information, along with the ability to block access. To paraphrase Admiral Alfred Thayer Mahan, whoever "commands the sea, controls the world." Today, whoever controls information flows controls the world.

The ability to grant or deny access to networks underlies several of the most important contemporary geopolitical competitions. If access means following and accepting specific rules established by one of the great powers, then those who cannot or will not accept those rules

look to alternative options. They can look for other powers to give them what they seek or something resembling it, seek lower-quality access, or ensure access through subterfuge, including illegal methods. All of these options undermine geopolitical stability.

Henry Farrell and Abraham L. Newman recently described two issues that arise with the expansion and centralization of networks in only a few central nodes.<sup>1</sup> Networks (including communication infrastructure, financial exchanges, and physical production) have both an unequal capacity for influence and different effects, given that networks with fewer nodes provide fewer benefits than networks with more substantial connections.

As networks grow, new nodes attempt to connect to the networks that have more ties, which adds value to existing networks. In doing so, networks form a structure, generating a lock-in effect. Once established, a lock-in effect is both hard to challenge and self-reinforcing, for two reasons. First, existing networks have better access to nodes. Second, competing networks must prove they will provide a superior benefit and, at the same time, attract a significant number of actors to join it.

Interdependence can be used as a weapon in two ways. The first is known as a *panopticon effect*, the ability to observe and collect critical information from network flows. This advantage emerges from the ability of a particular group of countries and companies to physically and legally access the information passing through its nodes, allowing them to monitor the activities of allies or rivals. Permanent information monitoring allows countries and companies to understand and operate on intentions and tactics, helping to prevent, deter, or derail actions they consider dangerous or against specific interests.

The second way interdependence can be used as a weapon is the *chokepoint effect*, which is based on a state's privilege to use its capacity and infrastructure to limit or penalize a third party's use of a network. It can be onerous and painful to replace critical geographies, materials, and operating systems. When a handful of actors are able to limit access, they have the capacity to coerce others, which raises security concerns.

The proliferation of communication infrastructure and digital technologies is giving rise to a transition in the international order. Middle-power countries are facing the dark prospect of interdependence being used as a weapon. Because middle-power countries rely on multiple networks to compete and develop, the rise of borders between networks and the growing need to choose one platform over another will limit their foreign policy options in terms of costs, linkage politics, and agenda setting.

### **South America's Panopticon and Chokepoint Cases**

In South America, the United States and United Kingdom applied the panopticon effect in an observational capacity for security concerns, not in response to an actual threat. Edward Snowden's release of sensitive information about joint surveillance programs among the U.S. National Security Agency (NSA), UK Government Communications Headquarters (GCHQ), and other intelligence agencies in North Atlantic Treaty Organization (NATO) countries shed light on multinational companies' active intrusion programs and information collection efforts.<sup>2</sup>

Between 2010 and 2013, the NSA spied on Brazilian and Mexican political authorities and companies to gain knowledge on their global energy-production processes, financial services, projects, and corporate developments. U.S. agencies exploited their government's policy of an open and free internet by using the Prism and Stellarwind programs to obtain vast amounts of information. Consequently, then President of Brazil Dilma Rousseff proposed building Brazil's own independent internet to break the dominance of private U.S. and European infrastructure.

Simultaneously, the GCHQ deployed a similar program with two objectives. The first was to spy on Argentine communication networks. Given increased political tensions between the Argentine and British governments over the Malvinas Islands, GCHQ tried to monitor information traffic, especially emergency and military communications. The second objective was to influence public opinion about the Malvinas Islands, in both Argentina and its regional partners, through a misinformation campaign known as Operation Quito.

In 2012, thanks to a combination of panopticon and chokepoint effects, the ARA *Fragata Libertad*, the most important training and diplomatic vessel in the Argentine Navy, was held in the port of Tema, Ghana. The hedge fund Elliott Management initiated legal action in Ghana's lower-level courts to try to enforce the previous U.S. and UK court rulings in its favor to collect the unpaid debt from Argentina's 2001 default. Elliott Management could monitor the ship's course, anticipate its movements, and use its full capacity to litigate against Argentina everywhere. The situation led to one of the most significant diplomatic complications in recent times, all based on the extortion of one of the Argentine Navy's most important symbols.

In response to these actions by U.S. and UK groups, China now claims to be a reliable partner in the future development of 5G. China is now collecting support for broader cooperation to the detriment of other potential partners and is telling Argentina to join its networks with theirs. In addition, Nicolás Maduro's autocratic regime in Venezuela has strengthened its political alliance with China and Russia and has begun developing its 4G network with them as partners, providing them the opportunity to work directly in Latin America. All kinds of surveillance technology, especially on biometric data, are therefore being deployed in Venezuela and in other countries in the region. The Chinese also developed the so-called carnet de la patria, or homeland card, an identity card for Venezuelan citizens so they can receive official assistance during a humanitarian crisis. This could give China and Russia the opportunity to create their own panopticon system in a country that offers all the resources they need.

### **Policy Concerns: How to Deal With Structural Change and Limitations**

Tensions between Huawei and the Donald J. Trump administration over 5G have made it clear that the use of interdependence as a weapon is on the rise. As the two major players look for new partners in Latin America, the region is beginning to feel the effects of that competition. Although 4G infrastructure throughout Latin America is either of U.S. or European origin, the reckless use of their information advantage has opened up space for Latin America to consider alternatives in the development of 5G lines or supplements in existing networks.

The discovery of active U.S. and UK information monitoring programs breached Latin American trust and put the United States and the United Kingdom in an awkward diplomatic situation. However, the Brazilian and Argentine governments had to rebuild those relationships, for several geopolitical and strategic reasons. This political advantage begins to fade as China becomes more active in the communications field and the digital world. Even if Latin America expects similar conduct from China, working with the country could be unavoidable as Western dominance diminishes. For example, it is highly probable that in the signal communications field, a larger Chinese influence in South America will have harmful effects on U.S. information gathering.

Middle powers such as Argentina do not have the capability to build their own networks; therefore, certain reinsurance should be considered to keep them connected to Western networks and even help to strengthen them. The strategic restriction should be a political guide for those who lay the foundation on which connectivity is built; otherwise, the world will be one of fractured networks competing with each other, unable to secure the benefits achieved so far.

#### **Notes**

1. Henry Farrell and Abraham L. Newman, "Weaponized Interdependence: How Global Economic Networks Shape State Coercion," *International Security*, Volume 44: Issue 1 (Summer 2019,) p. 42-79, [http://mitpressjournals.org/doi/full/10.1162/isec\\_a\\_00351](http://mitpressjournals.org/doi/full/10.1162/isec_a_00351).

2. Andrew Fishman and Glenn Greenwald, "Britain used spy team to shape Latin American Public Opinion on Falkland," *The Intercept*, April 2, 2015, <https://theintercept.com/2015/04/02/gchq-argentina-falklands/>.