

TAIWAN AND THE DANGEROUS ILLOGIC OF DETERRENCE BY DENIAL

MELANIE W. SISSON

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EXECUTIVE SUMMARY

What strategy should the United States use to deter China from using force against Taiwan? Some argue that deterrence requires convincing China that it would lose in a military contest, a strategy known as deterrence by denial. An alternative strategy, deterrence by punishment, attempts to convince China that even if it could win, the costs of trying would be so great that they would outweigh any possible gains.

Policymakers should choose a strategy by analyzing its costs and risks, balanced against the extent of the U.S. interests at stake. This policy brief concludes that the costs and risks of deterrence by denial are not justified on the basis of U.S. interests. Although there are many compelling reasons to prefer that Taiwan remain democratic and retain its affinity with the West, these outcomes are not so vital as to merit a strategy for which the immediate consequence of failure is high-end war with a nuclear-armed adversary.

A strategy of deterrence by punishment, by comparison, is pragmatic. It retains options for U.S. policymakers even if it fails – it neither produces immediate war, nor precludes a subsequent decision to go to war either to defend against or to expel an aggressor. So too is there reason for measured optimism that deterrence by punishment will work. The United States has real leverage, and an increasingly resolute set of partners, with which to convince China that aggression will be enormously costly.

INTRODUCTION

China's ostentatious gymnastics in a corner of Taiwan's airspace in October 2021 were as good as throwing catnip in the air for an already agitated contingent of U.S. national security professionals. Following the days-long incursion anxious observers pointed out, once again, the dangers of China's military growth, its burgeoning ill intent, and the real possibility that the United States just might not win an outright war waged over an island that sits just 100 miles off China's coast.¹

This alarmism culminated in calls for U.S. Defense Secretary Lloyd Austin and his 2022 National Defense Strategy (NDS) to prioritize "high-end conflict" – which refers to "large-scale, high-intensity, technologically sophisticated conventional warfare"² – with China above all else and indeed to treat everything else as negligible "small stuff."³ This time, however, these entreaties were accompanied by a new and troubling assertion from Rep. Elaine Luria, a Virginia Democrat. She chimed in with the surprising argument that there should be a

Taiwan exception to the War Powers Act.⁴ In other words, Beijing must understand that when it comes to Taiwan, the U.S. president won't have to waste time dithering with Congress but instead can quickly proceed with a military response against a nuclear-armed power with long-range strike capabilities. Rep. Luria apparently believes that this special status, which has not been extended to any other state including formal U.S. treaty allies, is necessary to deter China from seeking to conquer the island by force.

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Those arguing that the best way to prevent China from attempting to take Taiwan is to demonstrate that the United States can deny Beijing a military victory have proved adept at constructing narratives that use the urgency of the moment to smuggle in important assumptions about U.S. interests and about how deterrence works.⁵ When made explicit, the case that the interests at stake are vital is a commingling of the values-based imperative to defend democracy, empirically unsupported claims that a failure to defend Taiwan will degrade U.S. credibility, and theories about the criticality of preventing China from achieving regional hegemony.

Seeking to deter China from conquering Taiwan is the right policy. However, claims that it is best done through a strategy of denial are more a post-Cold War reflex than a product of careful analysis. A defense strategy designed around the premise that deterrence requires showing China that it would lose in a military contest puts the

U.S. military on a war footing. It puts U.S. forces in a state of heightened readiness that makes pressured reactions more likely than deliberate responses. This is especially dangerous for two nuclear-armed states with considerably different political systems, wildly divergent strategic cultures, and lines of communication that can generously be characterized as anemic.

A strategy of denial for Taiwan, moreover, is expensive and limiting. It requires the NDS to be designed around a one-war construct and to confine the Department of Defense's mission focus to preparing for and possibly prosecuting that war.⁶ Such an orientation is inflexible and incentivizes a jealous guarding of capacity that inhibits the United States from behaving like a global power with global interests.⁷ For instance, prominent advocates of deterrence by denial responded to Russia's menacing military posturing around Ukraine in early 2022 by discouraging the United States from increasing its military commitments to Europe in favor of conserving it for use in the Indo-Pacific.⁸

Investing in deterrence is like paying interest on a debt that might not actually be owed, and so the goal of the United States should be to keep that interest payment as low as possible. Those arguing for a defense strategy designed to achieve deterrence by denial are of the view that the minimum investment and the maximum investment are the same — that deterrence effectiveness can only be achieved by convincing China that it would not win a war with the United States. Whether this is wise or reckless depends upon whether such a maximalist approach returns more value than does the alternative of a strategy of deterrence by punishment. This alternative seeks to convince Beijing that even if it could win the war, the costs of doing so would outweigh the benefits.

The choice of strategy will be driven by policymakers' views about whether maintaining the status quo in China-Taiwan relations is

essential to U.S. national security or just desirable and about whether deterrence by denial is more or less likely to fail than deterrence by punishment. Neither is a strictly answerable question, and yet it is the responsibility of policymakers to arrive at an answer nonetheless. It is therefore especially important to make the basis of the two views on deterrence explicit — their assumptions, the concepts that drive them, and the evidence that supports them.

TWO STRATEGIES OF DETERRENCE: DENIAL AND PUNISHMENT

Because “deterrence” has become shorthand for so much of what the U.S. defense enterprise is and does today, it is necessary to begin an examination of the two views by defining the term. Deterrence is a strategy that seeks to achieve a specific policy outcome by convincing another actor to behave in the way the United States prefers. More specifically, a strategy of deterrence uses available means — military power, economic leverage, diplomatic finesse, and even values-based affinity and cultural appeal — to convince another actor to refrain from acting.

Decades of theorizing about strategies of deterrence during the Cold War produced two general forms: deterrence by denial and deterrence by punishment. Deterrence by denial captures the intuitive notion that a rational actor, in this case a state, will not act if it expects to gain nothing from doing so. A strategy of deterrence by denial thus is one that “involves threats, active and passive, designed to make a potential attack appear unlikely to succeed so as to convince the potential attacker to abandon it; plus the use of force to make a real attack unsuccessful causing the attacker to abandon it.”⁹ Modern advocates of deterrence by denial characterize the imperative over Taiwan as persuading China that opposing military forces would “deny [it] the ability to invade and hold Taiwan.”¹⁰

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Deterrence by denial aims to shape an adversary’s choice by persuading the adversary that its prospects of achieving gains are vanishingly low, whereas deterrence by punishment aims to operate on anticipated costs. This difference is significant for two reasons. First, when it fails, deterrence by denial immediately produces war — a military effort to prevent territorial aggression from succeeding. Deterrence by punishment, by contrast, does not endeavor to block the success of an initial use of force and even accepts that aggression might achieve its territorial objectives. Second, deterrence by punishment’s focus on costs widens the aperture of available tools beyond the military. Cold War strategists early on recognized both military and nonmilitary measures for increasing the costs of an adversary’s actions, such as imposing “trade restrictions” and the loss of “moral standing and hence political standing,” among others.¹¹

While deterrence by punishment is not designed to convince an adversary that it would lose an outright war, this does not mean that it excludes the use of force or that all costs are imposed after the fact. To the contrary, in the case of China and Taiwan, strategies of deterrence by punishment could increase China’s anticipated costs by making Taiwan a harder target — which the United States long has done, and can continue to do, through arms sales and defense consultation. A strategy designed to deter by increasing the costs of Chinese action might also include supporting Taiwan’s direct defense through limited and very carefully selected operations and through similarly curated military operations against Chinese interests in other regions.

Moreover, an initial strategy of deterrence by punishment doesn't preclude a subsequent decision to participate directly and fully in a war either to defend against or to expel an aggressor, though such a decision would constitute a transition from a deterrent strategy to a war-fighting one. The key point is that in a strategy of deterrence by punishment, military means are included not because they would deny China success in taking Taiwan by force but rather because they would increase the costs China would face both during the attempt itself and for some period after.

Military planners in the Pentagon and in partner agencies overseas have given great attention to the specific military operations that China would initiate and those that the United States and its allies might undertake in response.¹² When determining the merits of strategies of deterrence, however, the only directly relevant consideration is feasibility. For denial, the question is whether the United States feasibly could mount a military effort to rebuff an invasion or to break a blockade. Although war games conducted both by the Department of Defense and other organizations largely warn that the prospects of U.S. military victory is uncertain if not low, the scenarios begin from the premise that the United States has the wherewithal to engage in the conflict in the first place.¹³ Advocates of a strategy of deterrence by denial do not see a need to generate the capability wholesale but rather to enhance it.

Similarly, for a strategy of deterrence by punishment, the threshold condition for consideration is whether the United States has the means to impose costs other than by using direct combat. Undoubtedly, the United States possesses military means sufficient to that task, and the nature of the globalized economy and regional relationships are such that there exist numerous ways in which military, economic, and diplomatic tools can be used to damage China's interests.¹⁴ A senior Pentagon official

commented that the allied response to Russia's invasion of Ukraine in February 2022 makes clear that the United States can use its "primacy in the global financial system... in ways that can absolutely pummel aggressors."¹⁵

If both strategies of deterrence are feasible, then on what basis should policymakers prefer one over the other? Assuming that U.S. policymakers are rational actors, this preference should be determined by their views about the net benefits of a successful outcome and the probability of a strategy's failure to deter.

IS THE TAIWAN STATUS QUO ESSENTIAL?

Whether the status quo in China-Taiwan relations is essential to U.S. national security cannot be considered in isolation from decades of growth in China's economy, change in its influence with regional neighbors, its recent investments in more distant geographies, and additions to its military capabilities. None of this needs recounting in detail here, suffice to say that China has grown on material and relational indicators, and that those changes have been noticed.¹⁶

China's marked and intentional period of development has coincided with 30 years of missteps in the United States. During this period, U.S. foreign policy couldn't stop tripping over its own feet, the U.S. domestic economy caused and suffered a debilitating, global financial crisis, the country's internal politics degraded in tone and in substance, and its national response to a pandemic revealed a polity more willing to tolerate the avoidable deaths of close to 1 million fellow citizens than to undertake marginal individual deprivation. Even for those disinclined to take at face value the metrics and measurements that place China at 10 feet tall, it is difficult to discount concern about the states' respective trend lines.

The juxtaposition of China's strides with America's stumbles has generated unease among national security professionals about the distribution of power in the international system. This unease, in turn, has occasioned a revisiting of realist theories of international relations, with much reference made to power transition theories¹⁷ by way of description and warning, and to balance of power theories as sources of policy prescription.¹⁸

If one ascribes to the mutually reinforcing views that the United States is in relative decline and that China has revisionist intentions, then the lesson to be taken from power transition theories is that Beijing's efforts to reshape the regional order will very likely persist, expand, and, inevitably, lead China to press its claims even to the point of war with the United States. Left to its own devices, power transition theory offers either a fatalistic shrug or wry counsel that the best a war-avoidant hegemon can do is to manage its own slow, sad decline through concession and accommodation.

However, for those who don't favor the British model of graceful reinvention from globe-striding hegemon to globe-striding hegemon's special friend, balance of power theory seems to offer recourse. Foundational to balance of power theory is the conviction that hegemons set the terms in their own neighborhoods and are unlikely to cooperate, much less to concede, when interregional conflicts of interest arise. Were China to achieve regional military superiority, that is, the United States would have to accept getting less of its way more of the time or would increasingly need to run the risk of war in pursuit of its goals. Although balance of power theories acknowledge that other sources of leverage factor in, it is military might that is the bellwether — economic and diplomatic tools might be the push, but armed force is the shove.

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But even those who might accept this theoretical argument about the long-term consequences of hegemonic confrontation might not be convinced that it will be precipitated by a Chinese attempt to conquer Taiwan.¹⁹ Worst-case predictions that subjugation of the island will provide China with the strategic leverage it needs — and deprive the United States of the political leverage it has had — describe dangers that are highly speculative, logically tenuous, and non-falsifiable. Some prominent analysts, for example, argue that Taiwan's performance as a democracy means that a failure to defend it would cause grievous damage to the perception and to the reality of U.S. global leadership.²⁰ Others have elaborated on this theme to make more specific claims about the effects of damage to U.S. credibility and about the economic consequences of Chinese regional dominance.²¹

Regarding the issue of credibility, the concern is that were China successfully to invade Taiwan, other U.S. partners and formal treaty allies would become vulnerable to Chinese predation. This progression both implicitly accepts the inevitability of China's hegemonic appetite and suggests either that the United States would abandon its regional allies or that they would worry enough about that eventuality to jump ship first. There is little empirical support, however, for this general claim, which presumes that credibility is transferable over time, across actors and issue areas, and is unconditioned by context much less by treaties.²² The premise that the informal U.S.-Taiwan relationship, dating from 1979, should carry such weight relative to

longer-standing formal U.S. alliances with Japan, the Philippines, Australia, New Zealand, Thailand, and South Korea is equally questionable. Were either the United States or its partners to believe these structures so fragile, they would hardly be worth the price of entry, much less the costs of maintenance that both sides are expressly still willing to pay.²³ It bears noting that Russia's invasion of Ukraine, which aspired to NATO membership but never achieved it, seems to have increased, not degraded, the demand for formal alliance with the United States.

For many who argue that the Taiwan status quo is vital to U.S. interests the concern is economic. They forecast that China would undertake exclusionary trade partnerships and practices that would ultimately decrease U.S. national prosperity.²⁴ This is not an unreasonable concern, but it is countered by today's trade patterns. The United States is not particularly economically dependent upon the countries of East or Southeast Asia, and in fact is doing more to exclude itself from the Indo-Pacific's economic future than it is pursuing policies that will make the United States integral to it.²⁵ The concern also reflects an assumption that the U.S. economy and population would not or could not adjust to such changes were it to become necessary to do so.²⁶ This proposition stands in contrast to widely accepted theoretical claims about the dynamism of capitalist economies, as well as the current behavior of U.S. and international companies. Several large tech companies are diving into the Taiwan-dominated sector of semiconductor manufacturing, which suggests a responsiveness to even the possibility of disruption, not just the reality.²⁷

In short, the uncomfortable truth for policymakers is that there is no basis in fact by which to be convinced that Taiwan either is, or is not, the first step in an inevitable progression toward Chinese regional hegemony, or to know the consequences of that hegemony or the extent to which China's invasion of Taiwan would do irreparable damage

to U.S. alliances and the functioning of the global order. They must determine the United States' interest in retaining the Taiwan status quo based on reason, judgment, and considered conviction alone. Not so for the matter of deterrence effectiveness. On this question, policymakers have at their disposal a robust theoretical literature and a growing accumulation of empirical evidence.

THE RISK OF DETERRENCE FAILURE

Since 1979, the United States has underwritten Taiwan's uneasy status by threatening a costly response in the event of a Chinese effort to resolve the dispute through violence. The particulars of such a response remain unspecified to leave the possibility of direct military involvement on the table — an intentional ambiguity designed to engender restraint in both China and Taiwan.

Until recently, the United States largely has been cautious about giving even the appearance of breaking faith with three joint communiqués with China. In these statements, the United States acknowledges the Chinese position that Taiwan is part of China and therefore limits the scope of acceptable bilateral diplomatic and military activities.²⁸ As China's military capability has grown, however, some in the United States have become restive about this U.S. policy and posture. In 2016, not only did then-President-elect Donald Trump break with decades of scrupulously unofficial diplomatic relations by having a phone call with Taiwan President Tsai Ing-wen, but so too did incoming members of his administration by openly questioning whether the United States should continue to adhere to the communiqués at all.²⁹

In the years since, China's military growth has continued to alarm the United States. Equally importantly, China's behavior in Hong Kong has diminished the plausibility of any near-term reunification premised on Taiwan retaining

its political, economic, and social structures. Beijing's use of an expansive national security law in 2020 to revoke Hong Kong's freedom to express its liberal values — for example, through an uncensored press and the exercise of citizen speech and assembly — has made it difficult, if not impossible, to take China's "one country, two systems" policy at face value.³⁰ And there is strong evidence that a large majority of the Taiwan people have no interest in unifying with China under those terms.³¹ The combination of an increase in China's hard power and in its domestic draconianism has both amplified the intensity of U.S. attention to the cross-Strait relationship and produced changes in U.S. diplomatic and defense behaviors. Since assuming office in January 2021, the Biden administration has been increasingly overt in its diplomacy with Taiwan. It adopted its predecessor's stance that widened the scope of acceptable interactions between the U.S. diplomatic corps and their Taiwanese counterparts, it extended an invitation to the island's de facto ambassador to attend the presidential inauguration, and it included Taiwan in the Summit for Democracy.³²

Some former and current U.S. defense officials and analysts have also called for deterring China by abandoning strategic ambiguity while equipping and posturing the U.S. military to fight and win a high-end contingency in Taiwan.³³ The appeal of this approach is based less on rigorous theorizing and analysis of current conditions, however, than on the legacy of a unique moment in post-Cold War history. In the aftermath of the Soviet Union's collapse, U.S. dominance meant there was no need for much concern about the local balance of capabilities even in important geographies — most prominently the North Atlantic Treaty Organization (NATO)'s eastern flank and over Taiwan. The apparent ease of U.S. high-tech military success in the Gulf War, moreover, convinced then-Secretary of Defense William Perry that conventional capabilities could supplant nuclear weapons in U.S. strategies of

deterrence for "regional conflicts that would involve the confrontation of armored forces (as opposed to guerrilla wars)."³⁴

Although Perry was writing at a particular moment in military affairs and in the global distribution of power, conviction about the deterrent value of conventional, technology-enabled superiority proved durable. Indeed, it regained prominence in 2014 in the form of the Third Offset, a body of thinking and writing emanating from high levels of the Pentagon.³⁵ Participants in the activities that generated the Third Offset Strategy interpreted China's and Russia's increasingly direct pursuit of their interests, especially where their interests conflicted with those of the United States, as the product of a growing confidence in their military capabilities. If left unaddressed, their confidence would continue to grow, and territorial aggression would become more likely. The conclusion drawn at the time was that the best U.S. response was to seek to reestablish conventional military-technical superiority.³⁶

This view, however, is at odds with recent history that indicates that demonstrating war-fighting dominance is not necessary to prevent territorial aggression. Between 1991 and 2018, the United States used its military as part of a strategy it believed necessary to deter others' unwanted behaviors in more than 80 instances.³⁷ Thirty-five of these deterrent efforts were responses to concerns about the possibility of territorial aggression — with notable instances in Bosnia; along NATO's eastern flank; and in the Taiwan Strait crises of 1995 and 1999. In 32 of these cases, the targeted actor refrained.³⁸ Notably, although some types of military activity did increase the probability of deterrent success, the size of nearby U.S. military presence was not a significant factor.³⁹

This record of U.S. success in deterring territorial aggression likely reflects the potential aggressor's anticipation of a combination of costs: the commitment of military assets and

personnel, the loss of both in battle, and the ongoing price of subjugating the local population; the international political costs of violating an entrenched norm and, in some cases, explicit international accords; and its anticipation of the threatened military, economic, and diplomatic costs of reprisal. Why these factors would prove ineffectual for China today, even over an issue as significant as Taiwan, is unclear. It is particularly so given indications that Taiwan itself would mount a considerable defense, with a 2019 poll showing that 61.6% of the Taiwan people surveyed would “resist” such an incursion.⁴⁰ Taiwan’s own military capabilities, funded in 2020 at \$11 billion to China’s \$250 billion (and arguably limited for other reasons as well), are inadequate to deny China territory, but they are sufficient to make an attempt at taking the island by force and holding it quite costly.⁴¹

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The argument in favor of pursuing deterrence by denial is especially problematic when considered in conjunction with the rich body of work developed to explain why wars happen, even when the military balance suggests that they shouldn’t. Cognitive explanations highlight instances in which leaders have chosen war even “in the face of certain ‘military suicide’” to remind us that decisionmakers are subject to irrationality and are in other ways fallible. Measurements can be misinterpreted, behaviors misconstrued, and unconscious biases and pathologies hard to recognize and resist.⁴² From rationalist explanations come warnings that leaders operate in information-constrained environments and have incentives to conceal,

and so uncertainty about measurements of military capacity, much less estimates of military capability, much less assessments of national resolve can be reduced but not eliminated.⁴³

Leaders, in other words, are not reliably good at measuring relative power, at predicting conflict outcomes, or at resisting the judgment-clouding effects of fear, the allure of honor, or the appetites generated by interest. All told, there is less reason to believe that China and the United States would arrive at similar conclusions about their relative capabilities than there is reason to fear that they would not. The collective weight of theory and history thus should engender measured optimism about the effectiveness of deterrence by punishment and significant wariness about the effectiveness of deterrence by denial — particularly given that the latter strategy would do more to invite war than to prevent it.

CALIBRATING RISK AND REWARD

When a deterrence strategy has high-end war with a nuclear-armed adversary as a direct and immediate outcome of failure, the burden is on its proponents to demonstrate both that vital interests are at stake and that there is no alternative approach with an equal or greater likelihood of success. The case made to justify a strategy of deterrence by denial over Taiwan is wanting on both counts. Arguments that position Taiwan as the lynchpin of Chinese hegemony, that describe the sequential loss of U.S. regional friends and allies as inevitable, and that warn of the resultant ill-effects on U.S. security and prosperity are almost wholly speculative. Neither have proponents yet provided empirical evidence to support claims about the effectiveness of deterrence by denial relative to deterrence by punishment, despite the confidence with which it is regularly asserted.

It is both understandable and necessary for China to be the central preoccupation of U.S. defense strategy. But although Congress's tolerance for exceptionally large bills emanating from the Department of Defense has proved astonishingly durable, defense strategists still need to come to terms with the fact that even if the United States can spend its way to enduring military superiority in the Indo-Pacific — and it is far from clear that it can — this will not guarantee Chinese forbearance on Taiwan or anything else. China already has demonstrated that it is quite willing to pursue its own interests even when doing so requires challenging the United States, and Beijing is unequivocal about its goal of eventual, official reunification with Taiwan.

Deterrence by punishment, by contrast, has two bites at the apple: it can succeed either by convincing Beijing not to act or, in the event Beijing is undeterred, it can succeed by reinforcing the U.S. commitment to and leadership of the liberal order through the imposition of severe consequences on China for violating it.

Even if, in the long term, Chinese regional hegemony would be dangerous for the United States, war over Taiwan is not the only way the United States can forestall it. In fact, U.S. preparations for war might prove counterproductive. Highly militarized posturing for denial implies that what is at issue over Taiwan is regional military dominance — and not, as the United States often insists, an international political order that prizes self-determination, economic exchange, and unimpeded access to the global commons. Moreover, for a denial strategy to succeed, it must convince Beijing not to act. If it fails, the United States is at war, and there is little reason to believe that such a war won't end in nuclear conflagration. Deterrence by punishment, by contrast, has two bites at the

apple: it can succeed either by convincing Beijing not to act or, in the event Beijing is undeterred, it can succeed by reinforcing the U.S. commitment to and leadership of the liberal order through the imposition of severe consequences on China for violating it.

A strategy of deterrence by punishment is pragmatic. The United States has real leverage with which to make threats that aggression will prove enormously costly for China. It can take proactive measures to increase the cost of any attempt at force, including by using the latitude granted by President Ronald Reagan's signing statement to the third communiqué in 1982, which makes clear the U.S. intent to minimize the gap between Taiwan's defensive capabilities and the offensive "threat posed by the [People's Republic of China]." Arms sales and other forms of assistance thus can support Taiwan's own efforts to develop a robust whole-of-society defense posture.⁴⁴

The United States also can identify sanctions that, if levied in coalition with local and global allies and partners, would very likely inhibit China's financial transactions and severely damage productive sectors of its economy. That same coalition can impose stringent export controls and limit China's access to semiconductors — many of which are produced by Japan, South Korea, and the United States — and squeeze its access to energy supplies. These measures would require considerable international cohesion, but there are positive indicators that regional partners are inclined to be resolute. Australia's position on China has hardened, and, notably, Japan has become more open in signaling its support for Taiwan.⁴⁵ A severe sanctions regime would, of course, come at a cost to the United States and to the global economy. Yet outright war would do the same, and then some, depleting U.S. military capability and exacting the unrecoverable cost of lost lives.

The United States cannot eliminate the risk that China might act on Taiwan. The decision is in China's hands, and so all strategies of deterrence might fail. This means that the real work for policymakers is to select the strategy that accurately reflects not only how much cost the United States is willing to impose, but also how much cost it is willing to accept. Although

there are many compelling reasons to prefer that Taiwan remain democratic and retain its affinity with the West, these outcomes are not so vital as to merit the costs that the strategy of denial puts at risk: the loss of U.S. servicemember lives, and an increased probability of catastrophic nuclear war.

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ABOUT THE AUTHOR

Melanie W. Sisson is a fellow in the Brookings Foreign Policy program's Strobe Talbott Center on Security, Strategy, and Technology, where she researches the use of the armed forces in international politics, U.S. national defense strategy, and military applications of emerging technologies.

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