



GRAY ZONE
ECONOMICS

ECONOMIC WARFARE: THE FUTURE OF CONFLICT

Wars are no longer fought only with bullets and bombs, but with banks, data and trade routes.

APPLIED ANALYSIS

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The Invisible War

You wake up on a normal workday. The sun is shining. Your family is still asleep. Everything feels normal. Then, the news hits. The local currency is falling. Shipping channels are blocked, and shortages will begin in two or three days. National lending has been suspended. What you hear on television, online and from officials no longer matches. You think to yourself: Why is this happening? We're not at war.

But you are.

A nation can collapse without a single shot fired. Its currency can be frozen, its trade halted, its citizens digitally disconnected from the global economy all within days. This is economic warfare.

The most powerful weapon of the twenty-first century isn't nuclear. It's financial, informational, and systemic. This conflict is fought in supply chains, payment networks and trade dependencies.

Our adversaries are becoming masters of this. Are we?

America's Hidden Battlefield

America's wars no longer start with gunfire. They start with shortages, price spikes, data leaks and market crashes that ripple through everyday life. Economic warfare has already reached our shores. It's just disguised as normal volatility.

The same systems that once made America powerful (open markets, global supply chains, dollar dominance and digital freedom) have become our greatest vulnerabilities. Our adversaries don't need to invade. They only need to disrupt, manipulate and divide.

The next war won't be fought abroad. It will be fought through us, through the very systems we rely on to live, trade and communicate. We built the global economy to make the world safer. Now, that same system is how the world wages war.

What Is Economic Warfare

Economic warfare is the intentional use of economic instruments and systems to weaken, coerce or control an adversary without traditional military engagement. Adversaries employ tools across finance, trade, and resource control to manipulate markets, restrict access to technology or energy, shape narratives or exploit infrastructure.

Modern conflict rarely begins with tanks or declarations. It begins with pressure applied in calibrated, often deniable ways.

How Economic Warfare Works

This form of warfare is one of the most powerful and flexible aspects of hybrid conflict. It targets what makes nations function, money, trade, resources, technology and trust, rather than troops or territory. Unlike large-scale kinetic operations, it requires no formal declaration of war. Financial disruption operations can cripple industries through sanctions or export bans.

Adversaries can destabilize economies by manipulating currencies, markets or debt. Powerful actors may restrict access to energy, food, or technology, disrupting entire societies. Others use investment, loans and financial instruments to create dependency and, ultimately, control. Both state and non-state actors can shape public perception through information, propaganda and economic influence.

Who Wields It

Nation-states aren't the only actors capable of waging economic war. Corporations, financial institutions, organized groups and even individuals can now operate, and succeed, within this form of conflict.

The battlefield has become increasingly democratized and accessible, emphasizing the urgent need to identify, counter and mitigate economic warfare.

Connection to Hybrid Warfare and the Gray Zone

Adversaries use more than just economics in a total war scenario. Hybrid warfare merges conventional military force with non-military tools designed to achieve strategic outcomes just below the threshold of open war. These can include cyberattacks, disinformation, energy coercion, political subversion and economic manipulation, among others.

The space between peace and war is often called the gray zone, where states and non-state actors compete aggressively without triggering direct military retaliation or international intervention. Economic warfare is the most normalized form of conflict and, perhaps, the least understood and least studied.

This battle is rarely a solo operation. It is most effective when paired with cyber operations, influence campaigns and resource coercion. It can become a synchronized strategy designed to overwhelm a target's ability to respond to threats and disruptions. Economic warfare is both a standalone weapon and can act as the backbone of hybrid war strategy.

As globalization deepens interdependence, the tools of commerce and cooperation are becoming tools of conflict. Understanding how those instruments are used, and who wields them, is essential to defending free economies and democratic systems from gray zone threats.

The History of Economic Warfare

Economic warfare, and gray zone threats, have been around since the dawn of economies and warfare. As long as groups have been trading and warring, they have used every means possible to gain an upper hand against the adversaries.

As far back as the 1300s, England and France leveraged wool and wine embargoes during the Hundred Years War to destabilize local economies and gain leverage. This continued across Europe and other regions with blocking trade, supplies and blockades of essential resources. Economic isolation and denial of access have been weapons of war for centuries.

History shows countless examples of the evolution of economic warfare as part of strategic military operations. Britain's naval blockade against Germany during World War I remains one of the clearest early examples of modern economic warfare. By controlling key maritime routes and imposing strict trade restrictions, the Allies effectively cut Germany off from critical imports like food, fertilizer and raw materials.

The blockade caused severe shortages, industrial collapse and civilian malnutrition. It directly contributed to an estimated 400,000 civilian deaths from starvation and disease. Germany's military strength was slowly eroded without decisive battles, demonstrating how control of trade and logistics could win wars through attrition.

As the world became hyperconnected near the end of the century through trade, markets and data, economic warfare continued to evolve. Globalization created both vulnerability and leverage.

The Society for Worldwide Interbank Financial Telecommunication (SWIFT), created in 1973, became a global payments backbone. If a nation or corporation wants to engage in international financial transactions, they must use SWIFT. The European Union imposed sanctions against the Iranian nuclear program in 2012. This resulted in SWIFT cutting off access to over 30 banks in Iran.

By the 21st century, control over financial architecture had replaced control of territory as the most decisive lever of power. Those lessons from past centuries now play out in milliseconds. What once required fleets and blockades can now be done with code, capital or a single policy signature.

What Economic Warfare Means Today

The 21st-century battlefield is increasingly invisible. Nations compete not only by crossing borders but by controlling financial systems, data flows, algorithms and infrastructure dependencies. The result is a new era of gray zone competition, where lines between commerce, policy and conflict blur completely. The weapons are policies. The battlefields are ports, payment networks and digital platforms.

The Russia–Ukraine conflict is the clearest real-time case study in modern economic warfare. When Russia continued their invasion of Ukraine in 2022, the United States and its allies launched a coordinated sanctions campaign. It became one of the largest economic warfare battles in recent history.

Russia was completely cut off from SWIFT. All of its foreign reserves were frozen. Hundreds of companies withdrew from Russia overnight. Even high ranking individuals in the Russian government were sanctioned and faced severe penalties and disruptions to their businesses.

The result?

The Russian ruble initially collapsed. But the Russian government had countermeasures and allies in their own economic front. Moscow stabilized their currency through capital controls and forced energy payments in only rubles. Then, they rerouted their trade toward China, India and Turkey.

This is a financial war fought in real time, with both sides adapting faster than any economic model can predict. Economic warfare can cripple nations, but it can also catalyze adaptation, just like any other form of warfare. Russia's economy became more isolated and state-controlled, demonstrating that economic warfare can trigger restructuring instead of immediate collapse.

China and Taiwan: Semiconductors and the Supply Chain Front

A new oil of the digital emerged during the start of the 21st century. Semiconductors are one of the most crucial chips for developing nearly every type of electronics worldwide, from consumer electronics, industrials and defense and national security equipment. The struggle for semiconductors is the next frontier of economic warfare expanding across Southeast Asia.

Taiwan produces roughly 60% of global semiconductors and over 90% of the advanced computer chips that the entire world, especially the western world, requires for its economic and military dominance. This gives Taiwan a strategic asset and makes it a target of vulnerability.

The United States passed the CHIPS Act in 2022 with the goal of denying access to China for much of the leading edge chips. Beijing, in return, invests heavily in domestic production of chips as well as control over rare earth minerals around the globe. There is a supply chain and economic battle for the future of technology, production and innovation.

In this gray zone economics, mining, fabrication and control might matter more than carrier strike groups for global dominance.

The Global Pattern: Interdependence as Vulnerability

The thread connecting both of these cases is simple and direct: globalization in the last 100 years has created interdependence which birthed new forms of coercion, control and manipulation. These challenges show up in economic warfare.

In the past, new markets made trade possible and efficient across the world. Nations decentralized their financial trade and built reliance on one another. Leaders outsourced for lower cost and turned a blind eye to how materials were produced. This has led to fragile economies, supply chains, payment systems and data infrastructures. These fragilities have created strategic chokepoints in new arenas of conflict and deterrence.

Deterrence through markets has replaced deterrence through arms. The threat of economic exclusion or dependency now shapes national behavior as surely as nuclear deterrence once did.

The Next Great Front

Economic warfare is no longer an emerging concept. It is the operating environment of modern conflict, a new front in the gray zone where power is exercised through money, markets, data and dependency. The nations, institutions and individuals that understand this reality will shape the future. Those that don't will be shaped by it, destroyed or left behind on the battleground.

In this new era, deterrence isn't built through arms alone. It's built through resilience through the ability to protect, adapt and recover from economic coercion. Every citizen, company, organization and government agency must be prepared and capable. To do that, we must treat economic warfare as a discipline of national security.

Like nuclear deterrence or counterterrorism, economic warfare demands its own field of study. It requires frameworks, data and doctrine with ways to measure aggression, anticipate escalation and build resilience. Without that understanding, policymakers and citizens alike will mistake warning signs for normal volatility. We must learn to identify the threat, assess vulnerabilities, counteract the aggression, monitor its evolution and adapt faster than our adversaries.

America has faced every kind of war, from independence to cyber conflict, but the next one may be fought through the very systems that make our lives possible. The outcome will depend on how quickly we recognize the battlefield and how willing we are to defend it together. If we can learn to see the economy as terrain, we can learn to defend it as a nation.

About the Author

Austin works at the intersection of product strategy, finance and national security, focusing on the design of decision systems that help institutions operate under uncertainty. His work centers on translating reality into priorities, constraints and rules so decisions are made early, calmly and consistently rather than reactively or under pressure.

He currently leads platform strategy for Finance & Risk Solutions at Dun & Bradstreet, shaping shared services, AI/ML-powered analytics and self-service platforms across a global portfolio. He also serves as Chief Financial Officer of the Special Operations Association of America, where he focuses on capital stewardship, governance and operational sustainability in support of the special operations community.

In parallel, Austin has supported humanitarian evacuation and family reunification efforts during active conflicts, coordinating with NGOs and congressional offices under severe information and time constraints. He is a founding member of the Global Counterterrorism & Threat Intelligence Research Institute at UT Dallas and works on applied research at the intersection of data science, economics, OSINT and national security, with a particular focus on economic warfare and gray-zone competition.