

PEACEFUL TWILIGHT:
GRAND STRATEGY FOR A POWER IN RELATIVE DECLINE
BY
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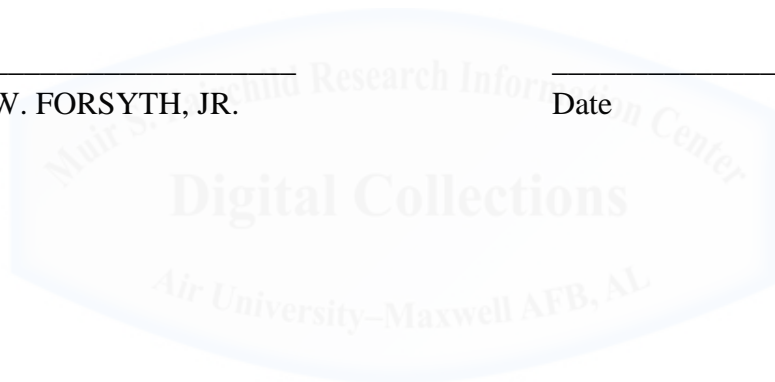
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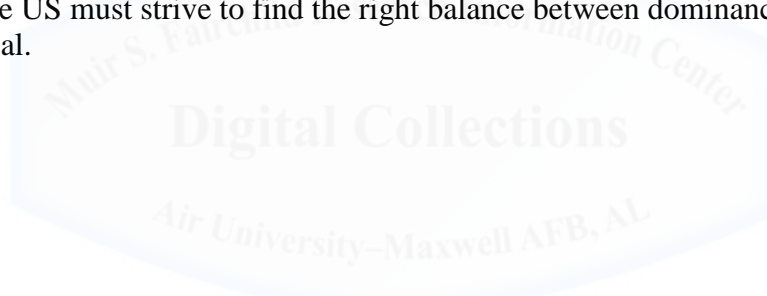
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ABSTRACT

This study investigates the nature of the relative decline of the US and explores the policy implications for US grand strategy. A confluence of internal and external factors including weak economic growth, escalating military costs, and the rise of non-Western states, such as China and India, suggest that the economic costs of maintaining a dominant position in the international order are rising faster than the economic capacity of the United States to support the status quo. Historically, major powers faced with the prospect of decline have not responded well in the face of rising challengers. The fear of ultimate decline and the perceived erosion of power have often caused insecure and declining powers to precipitate great wars.

In this environment, it is critical that the US adopt a grand strategy that minimizes the risk of a major war and prevents overextension while at the same time preserves the current international order responsible for the unprecedented stability and prosperity of the past half century. Neither the current US grand strategy of expanding alliances nor the increasingly popular alternative strategy of offshore balancing is capable of achieving these objectives. To both secure peace and retain the benefits of its position as a world leader, the US must strive to find the right balance between dominance and unilateral withdrawal.



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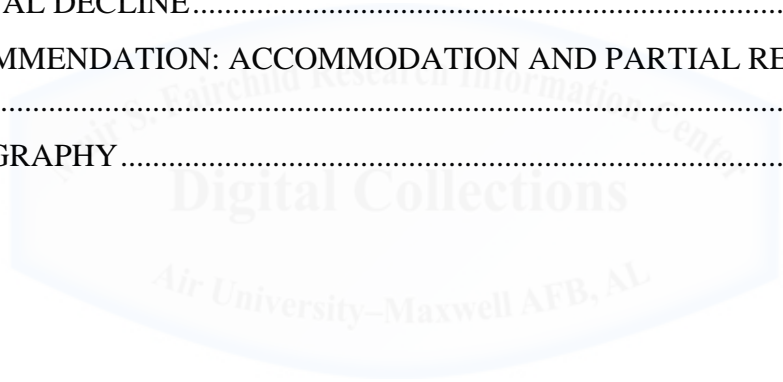
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INTRODUCTION

Operations in Iraq and Afghanistan and the war on terrorism have reduced the pace of military transformation and have revealed our lack of preparation for defensive and stability operations. This Administration has overextended our military.

Barack Obama

The world is on the cusp of momentous change. Over the course of the past century, the United States has maintained a position of preeminence on the world stage economically, militarily and politically. Yet today, the distribution of power in these arenas is shifting. The United States is losing ground as non-Western states, such as China and India, are growing in wealth and power. The United States, with the world's largest economy and most capable military, and as the de facto leader of the liberal international order, still wields a significant amount of influence on the world stage. Yet as other powers rise, new challenges to US leadership and dominance are emerging. The meteoric rise of China in particular has sparked extensive debate on the ability of the US to maintain its position and whether or not China's rise will lead to a military clash or a new Cold War. The rise of the first potential peer competitor since the Soviet Union raises the question: What is the nature of the relative decline of the US and what are the policy implications for US grand strategy?

In *The Rise and Fall of Great Powers*, Paul Kennedy documents how similar economic shifts throughout history not only heralded the rise of new great powers but fundamentally altered the existing international order.¹ Robert Gilpin explains this phenomenon by arguing that the economic costs of maintaining a dominant position in the international order rise faster than the economic capacity of the nation to support the status quo.² As a result, underlying shifts in interest and power will lead to changes in the world's political system that account for the new distribution of power.³ Historically, these periods of transition have been marked by intense geopolitical competition and war.

¹ Paul Kennedy, *The Rise and Fall of Great Powers*, (New York, NY: Random House, 1987), xxii.

² Robert Gilpin, *War and Change in World Politics*, (New York, NY: Cambridge University Press, 1983), 156.

³ Gilpin, *War and Change in World Politics*, 10.

Perhaps the most cited historical analogy is that of Great Britain and Germany. Great Britain, an insular power, separated and protected from the continent by water, maintained dominance of a vast overseas empire with a strong navy. The unification of Germany as a continental power and the rapid growth of the German economy and military, particularly the navy, were viewed as a serious threat to the British Empire. These circumstances culminated with the outbreak of hostilities in World War I. The parallels to the US, the current dominant power protected by vast bodies of water, and China, a continental power with an economy set to rival the United States and renewed interest in military capabilities to protect claims to various offshore island chains, are similar enough to make for a relevant analogy.

Historically, major powers in decline have not responded well in the face of rising challengers. As Gilpin observes, a deep seated “fear of ultimate decline and the perceived erosion of power...has caused insecure and declining powers to precipitate great wars.”⁴ Such wars in turn can hasten the decline of the dominant power, even if victorious. In the example above, the United Kingdom (along with her allies) defeated Germany in World War I yet overextended itself from both a military and economic standpoint. In so doing, the United Kingdom sowed the seeds of its own rapid decline. The US faces similar challenges in the present. In this environment, it is critical that the US adopt a grand strategy that minimizes the risk of a major war and prevents overextension while at the same time preserves the current international order responsible for the unprecedented stability and prosperity of the past half century. This thesis proposes such a strategy.

The Problem

In *War and Change in World Politics*, Gilpin identifies a number of internal and external sources, as well as indicators, of state decline. Internal factors include sluggish economic growth, rising cost of the military, growing public consumption, structural changes in the economy, and the corrupting effects of affluence. External factors include the rise of new rivals, the growing costs of protection, loss of economic leadership, and the diffusion of technology. Taken as a whole, these measures suggest the US is at least on the verge of significant relative decline.

⁴ Gilpin, *War and Change in World Politics*, 239.

Despite such evidence of decline, the US continues to expand its military presence into every corner of the globe. This policy is not only unsustainable but dangerous. This aggressive expansion has contributed to America's fiscal challenges and increased the possibility of a major war as the US has encroached upon the sphere of influence of major foreign powers like Russia and China. The consequences of this strategy in Eastern Europe and the Middle East have been disastrous. This same mistake should not be repeated in Southeast Asia. The US is expanding security guarantees beyond the long-standing alliances with Japan and South Korea in an effort to restrain Chinese freedom of maneuver in the East and South China Seas. This strategy has the potential to either overextend US economic and military resources or ignite a major war that could have global ramifications.

Bad and Good Answers to the Problem

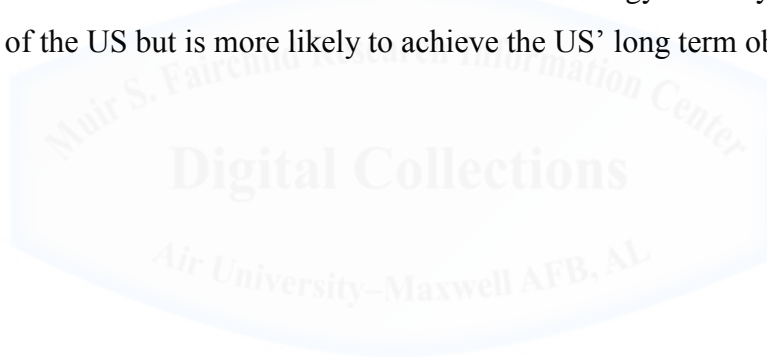
The growing awareness of US overextension has led many to propose the US should radically reduce its overseas military presence and withdraw from its major alliances, a grand strategy commonly referred to as "offshore balancing". Proponents of offshore balancing argue the strategy conserves American power by shifting the economic and military burden of defense to other countries in the region. With the US disengaging from longstanding alliances in Europe and Northeast Asia, American allies would bear the costs of their own defense and the potential for early US involvement in large scale war would be drastically reduced. While superficially attractive, offshore balancing is not politically viable and has the potential to be destabilizing, creating more problems than it solves.

To both secure peace and retain the benefits of its position as a world leader, the US must strive to find the right balance between dominance and unilateral withdrawal. The optimal strategy does away with aggressive attempts at liberal expansion and returns to a defensive posture centered on historic alliances in Europe and Northeast Asia. America's continued overseas presence remains essential to maintaining the peace, prosperity, and stability that has existed since the end of World War II. At the same time, the US cannot afford to expand security guarantees to regions that are not of vital interest to the nation. Out of necessity, this approach will involve accommodating some of the demands of rising powers like China. Accommodation vis-à-vis China, in particular,

provides the US with the opportunity to shed some of the financial burdens of regional management while helping to alleviate an intensifying, unproductive and dangerous security competition.

Thesis Overview

The remainder of the thesis is divided into five chapters and a conclusion. Chapter One and Chapter Two look in more depth, respectively, at the internal and external factors precipitating US relative decline. Chapter Three analyzes current US grand strategy, particularly as it relates to a rising China, and explains why the strategy is both unsustainable and dangerous. Chapter Four looks at the alternative strategy of Offshore Balancing and explains why this seemingly attractive alternative may have been viable in the past but is a poor choice for the US in the future. Chapter Five outlines the contours of a more optimal strategy incorporating the tenets of accommodation and limited retrenchment. The thesis concludes that this strategy not only conforms to the character of the US but is more likely to achieve the US' long term objectives.



CHAPTER 1

The Internal Factors of National Decline

At what point then is the approach of danger to be expected? I answer, if it ever reach us, it must spring up amongst us. It cannot come from abroad. If destruction be our lot, we must ourselves be its author and finisher.

Abraham Lincoln

Gilpin argues that the economic costs of maintaining a dominant position in the international order will rise faster than the economic capacity of the nation to support the status quo.¹ This proposition is based on the fact that the dominant power is obligated to expend significant resources in order to maintain its position and the global order this position is built upon. A large, expensive military is necessary to provide stability and ward of potential challengers. Foreign aid must be dispensed to prop up or support key allies. Finally, maintenance of the international economy places increased demands on national resources. For these reasons, an expanding economy is necessary to maintain a hegemonic position in the international system. But this is unsustainable long term, and at some point, economic growth will fail to match increasing demands. This pattern has repeated itself throughout human history. No great power has been able to stay on top forever.

For the great power, imminent decline is not always evident; and even the significant loss of relative power is often only recognizable with the benefit of hindsight. To better assess the decline of a great power, Gilpin provides both internal and external factors that were present in most of history's waning powers. This chapter will assess whether or not the US is declining according to the five internal factors of Gilpin's theory. These factors are sluggish economic growth, rising cost of the military, private and public consumption increasing faster than the growth of the economy, change in the character of the economy, and the corrupting influence of affluence.²

¹ Robert Gilpin, *War and Change in World Politics*, (New York, NY: Cambridge University Press, 1983), 156.

² Gilpin, *War and Change in World Politics*, 159.

Internal Factor 1: Sluggish Economic Growth

The first of the internal factors that affects political decline are the challenges associated with weak economic growth. As an economy transitions from an underdeveloped and primitive state to one marked by increased investment and more efficient production techniques it encounters a spurt of rapid economic growth. However, this high rate of growth inevitably levels off after a period time when the technology has been fully implemented and future gains become smaller and smaller barring the introduction of some new innovation. As the rate of growth levels off, younger, less developed societies have the potential to catch up as they take advantage of industrialization, technology transfers, and improved business techniques. The United States, more so than most countries, has been able to continually reinvent itself and exploit new technologies to sustain continued economic growth.

Michael Beckley argues that fears the US is losing its innovative edge are grossly over-exaggerated. From 1991 to 2008, the US has not declined but rather increased its technological edge over potential rivals like China. As of 2008, the US's lead in patent applications for emerging high-technology industries such as information technology, biotechnology, nanotechnology, and renewable energy have all increased relative to China's, most by hefty margins.³ Indeed, the open nature of the US political and economic system appears to provide significantly more freedom and incentive to pursue new research and development than does China's controlled economy. While this has helped to sustain the US' status as the world's largest economy for over a century, the economy has not kept pace with US' expanding security commitments around the world.

The statistics for US annual GDP growth, by and large, conform to Gilpin's argument that economic growth will continue to slow over time following the rapid development of industrialization (See Figure 1). The largest period of growth in US history coincided with the industrial buildup that accompanied World War II. After the post-war draw down, annual US growth remained remarkably robust throughout the 1960s and much of the 1970s. Information technology and the internet likewise

³ Michael Beckley, "China's Century? Why America's Edge Will Endure," *International Security* 36, no. 3 (Winter 2011/12): 70-71.

propelled continued economic growth throughout the 1990s. Despite this sustained innovation however, the US continues to witness lower and lower annual growth.

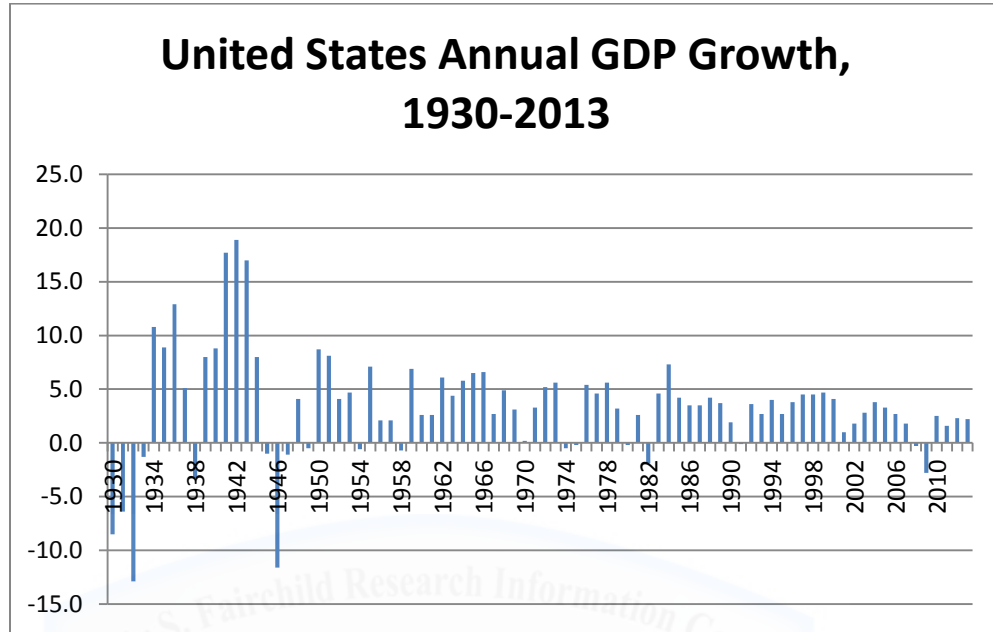


Figure 1. US Annual GDP Growth, 1930-2013

Source: Bureau of Economic Analysis, US Department of Commerce.
<http://www.bea.gov/national/index.htm#gdp>

The last time the economy grew by more than 5% annually was in 1984, exactly thirty years ago. The so-called “dot-com boom” of the mid-90s saw annual growth reach a respectable average of 4.3 percent. However, much of this growth was later shown to be the result of a speculative bubble when the market collapsed in 2000, wiping out many of the gains during this period as many of the new internet companies went bankrupt. Since 2004, growth has remained largely in the 2 percent range or lower. The 2008-2009 recession, the largest global recession since World War II, has continued to place strain on the US domestic economy as unemployment has remained persistently high.⁴ Indeed, some economists argue that the modest 2% gains seen over the past six years are in large

⁴ International Monetary Fund, *World Economic Outlook: Crisis and Recovery*, (Washington, DC: IMF Publication Services, 2009), xii, also available online at <http://www.imf.org/external/pubs/ft/weo/2009/01/pdf/text.pdf>

part attributed to the Federal Reserve's "quantitative easing," essentially the injection into the US economy of \$3.6 trillion in stimulus.⁵

While many argue the program was essential for pulling the US economy out of a potentially disastrous recession, the underlying fact remains that the US economy is not showing signs of any significant rejuvenation necessary to fund the growing costs of the US' global security obligations. Barring a revolutionary technology with the ability to dramatically boost US economic performance, the United States will continue to experience marginal economic growth. This performance might be sufficient to sustain the country's growing population, but it does not adequately address Gilpin's argument that the costs of dominance in the international arena continue to rise as other states modernize and escape out of their previously backwards economic systems. While the US is poised to remain atop the hierarchy of states for the immediate future, the costs are beginning to outstrip the ability to pay.

Internal Factor 2: The Rising Cost of the Military

This trend is most clearly visible in Gilpin's second internal factor, the growing cost of the military. From fiscal years 2000 to 2014, the Department of Defense (DoD) baseline budget grew by over 31 percent.⁶ The 2014 baseline budget for the US Department of Defense was \$578 billion.⁷ However, this number does not capture the full extent of military-related outlays. The addition of supplemental funding for Overseas Contingency Operations, approximately \$200 billion for military pensions and the Department of Veterans Affairs, and roughly \$80 billion a year in interest on the military-related share of the national debt puts the US on track to spend more than \$1 trillion on national security this year alone. To put this in perspective, "the United States will spend about 50 percent more on the military this year than its average through the Cold War and Vietnam War."⁸

⁵ Neal Woolrich, "US Federal Reserve Sowed the Seeds of the Next Crash with Quantitative Easing," *Australian Broadcast Corporation*, October 28, 2014, <http://www.abc.net.au/news/2014-10-28/us-federal-reserve-sowing-the-seeds-of-the-next-crash/5848668> (accessed 4 May 2015).

⁶ Congressional Budget Office, "Growth in DoD's Budget From 2000 to 2014," (Washington, DC: November 2014), <https://www.cbo.gov/publication/49764> (accessed 4 May 2015).

⁷ Congressional Budget Office, "Monthly Budget Review: Summary for Fiscal Year 2014," (Washington, DC: November, 2014), <http://www.cbo.gov/sites/default/files/cbofiles/attachments/49759-MBR.pdf> (accessed 5 May 2015).

⁸ James Fallows, "The Tragedy of the American Military," *The Atlantic*, January/February 2015, 80.

According to Gilpin “the diffusion of military technology from the dominant state to rising competitors” is one of the fundamental reasons that the costs to the dominant state rise over time.⁹ The United States has developed or refined incredible military technologies over the past several decades including advanced communications systems, stealth aircraft, precision munitions, satellite imagery, and the Global Positioning System (GPS). These technologies have provided the US an incredible advantage on the modern battlefield and now many of them are available to potential competitors at a fraction of the cost that it took for the US to develop them. Additionally, as a result of these successes, the US has grown increasingly dependent on these capabilities and has begun incorporating them into all future vehicles and systems. As combat aircraft become increasingly complex, their costs are beginning to rise exponentially. With many of these technologies now available to potential competitors, the US must constantly be seeking the latest, and unfortunately expensive, technologies to maintain their position of military dominance.

The poster child for the rising costs of military acquisitions is the F-35 Joint Strike Fighter (JSF). The most expensive weapon system in US history, the JSF has received a significant amount of scrutiny in a time of decreasing defense budgets and military downsizing. Billions of dollars over budget and almost a decade behind schedule, *60 Minutes* recently highlighted the aircraft’s troubled production and testing.¹⁰ Intended as a platform that would be used by the Air Force, Navy, and Marine Corps, the JSF was supposed to be an inexpensive and flexible platform capable of fulfilling multiple mission sets and thus cutting down on the costs of additional weapons systems. However, as James Fallows points out, “a plane designed to do many contradictory things—to be strong enough to survive Navy aircraft-carrier landings, yet light and maneuverable enough to excel as an Air Force dogfighter, and meanwhile able to take off and land straight up and down...has unsurprisingly done none of them as well as promised.”¹¹

⁹ Gilpin, *War and Change in World Politics*, 162.

¹⁰ David Martin, “Is the F-35 Worth It?” *CBSnews.com*, 1 June 2014, <http://www.cbsnews.com/news/f-35-60-minutes-david-martin/>.

¹¹ Fallows, “The Tragedy of the American Military,” 84.

In the past, the Air Force designed relatively cheap platforms with minimal frills that were very capable at performing their assigned roles. The F-16 Fighting Falcon, a highly maneuverable single engine aircraft, was capable of dominating the skies in previous eras and costs as little as \$14.6 million.¹² Similarly, A-10 Thunderbolt delivered unparalleled anti-armor and close air support for only \$18.8 million.¹³ Yet, as foreign powers continue to develop more advanced weapons capable of countering these older airframes, the US Air Force feels compelled to develop more capable, more expensive platforms. Fifth generation aircraft like the F-22 Raptor and F-35 lighting costs \$144 million and \$101 million apiece respectively.¹⁴ As these aircraft grow more expensive fewer can be purchased by the military. Furthermore, fewer aircraft mean that aircraft losses, either in accidents or in combat, have a much greater impact on US force projection capabilities. This fact will inevitably affect policy makers and military leadership calculus on where and when to risk employing the shrinking number of assets. At a time when US military commitments are expanding, more expensive technology further compounds the challenges and costs of maintaining the status quo.

It is perhaps unfair to judge the rising costs of defense on the basis of one poorly designed and executed acquisitions program. While the latest weapons are more expensive than previous generations, the nation's soldiers, sailors, airmen, and marines themselves actually account for the largest rate of growth in military spending. As Gilpin notes, "because of competition from other sectors for scarce manpower and resources, greater monetary incentives are required to induce young men and women to forgo the pleasures of civilian life for the regimented life of the barracks."¹⁵ According to the Congressional Budget Office (CBO), military personnel costs increased more than any other area of the defense budget, by 46 percent between 2000 and 2014.¹⁶

¹² US Air Force, "F-16 Fighting Falcon Fact Sheet," <http://www.af.mil/AboutUs/FactSheets/Display/tabid/224/Article/104505/f-16-fighting-falcon.aspx> (accessed 4 May 2014).

¹³ US Air Force, "A-10 Thunderbolt II Fact Sheet," <http://www.af.mil/AboutUs/FactSheets/Display/tabid/224/Article/104490/a-10-thunderbolt-ii.aspx> (accessed 4 May 2014).

¹⁴ Fallows, "The Tragedy of the American Military," 84.

¹⁵ Gilpin, *War and Change in World Politics*, 162.

¹⁶ Congressional Budget Office, "Growth in DoD's Budget From 2000 to 2014," (Washington, DC: November 2014), <https://www.cbo.gov/publication/49764> (accessed 4 May 2015).

Two additional facts highlighted by the CBO help to put growing personnel expense in context. First, military healthcare and treatment of the hundreds of wounded warriors from over a decade of war do not account for any of these growing costs as the CBO counts health care as part of Operations and Maintenance (O&M) budget, not the personnel budget. Second, the number of military personnel is slightly lower in 2014 than it was in 2000.¹⁷ This means the growing costs of military personnel are primarily the result of greater basic or retirement pay and more generous benefits like the military housing allowance. Like more expensive aircraft, the easiest solution to paying for more expensive soldiers is to have fewer of them. Both the Army and the Air Force have conducted sizeable Reductions-in-Force (RIF) in recent years either to meet congressionally mandated end strength caps or to help reign in a ballooning budget. With the US military personnel deployed to nearly 150 countries, growing overseas commitments will continue to stretch an increasingly smaller and more expensive military.¹⁸

Internal Factor 3: Greater Consumption of Public Goods

Increasing incentive pay for people to join or stay in the military is further complicated by growing consumption of public goods, Gilpin's third internal factor.¹⁹ As society grows more prosperous the middle and lower classes begin to demand a greater share of the amenities previously available only to the elite. The United States is no exception to this rule as the number and costs of social programs has exploded since President Franklin Roosevelt signed the Social Security Act in 1935. Currently, Social Security is the Federal Government's single largest program accounting for almost one-quarter of all federal spending. Under current law, the CBO projects Social Security's Old-Age and Survivors Insurance fund will be exhausted in fiscal year 2032, while the Disability Insurance fund will be exhausted in fiscal year 2017.²⁰ Given the widespread

¹⁷ Congressional Budget Office, "Growth in DoD's Budget From 2000 to 2014," (Washington, DC: November 2014), 2, <https://www.cbo.gov/sites/default/files/cbofiles/attachments/49764-MilitarySpending.pdf> (accessed 4 May 2015).

¹⁸ "U.S. Military Personnel by Country," *CNN*, 30 September 2011, <http://www.cnn.com/interactive/2012/04/us/table.military.troops/> (accessed 4 May 2015).

¹⁹ Gilpin, *War and Change in World Politics*, 163.

²⁰ Congressional Budget Office, "CBO's 2014 Long-Term Projections for Social Security: Additional Information," (Washington, DC: December 2014), <https://www.cbo.gov/publication/49795> (accessed 4 May 2015).

popularity of Social Security and growing sense of entitlement, the American population is likely to place enormous pressure on elected officials to save the program for future generations. With no simple solution to this problem, lawmakers are likely to reconsider America's growing overseas commitments and funds required to sustain them.

Social Security is the largest of these challenges but is certainly not the only one. As the economy remains stagnant, the federal government has increasingly relied on more debt to finance its operations including both the military and social services. The CBO projects that the budget deficit for the last few years were the largest deficits relative to the size of the economy since 1946. As a consequence, federal debt held by the public has soared to 74 percent of gross domestic product (GDP); a higher percentage than at any point in U.S. history except a brief period around World War II.²¹ Attempts to bring spending under control have met with limited success. In 2013, the federal government's inability to reach a compromise solution to reduce budget outlays triggered a series of automatic spending cuts known as sequestration.

Even with the cuts imposed by sequestration, the CBO projects that an aging population, rising health care costs, and an expansion of federal subsidies under the Affordable Care Act will continue to drive spending levels higher over the coming years. According to their analysis, this growth of federal debt is unsustainable over the long-term and will inevitably create a significant impact on the national economy.²² The problem could potentially be compounded if interest rates rebound from their present, historically low levels, thereby raising the government's interest payments on the national debt. When debt payments inevitably rise, fewer dollars will be available for day to day operation of the government. While the government may enact new laws that help to extend the life of these programs, like raising taxes or the increasing the eligibility age for benefits, the long term trajectory still shows public consumption rising to unsustainable levels exactly as Gilpin's theory predicts.

²¹ Congressional Budget Office, "The 2014 Long-Term Budget Outlook," (Washington, DC: July 2014), <https://www.cbo.gov/publication/45471> (accessed 4 May 2015).

²² CBO, "The 2014 Long-Term Budget Outlook."

Internal Factor 4: Structural Changes of the Economy

The unsustainable growth of the federal debt is in part attributable to Gilpin's fourth internal factor affecting political decline, namely structural changes in the character of the economy.²³ As shown above, annual GDP growth has become progressively smaller since the industrial boom that accompanied World War II. This is because all economies follow a fairly established pattern of development, transitioning from an agricultural economy to an industrial economy, then into a service economy. While service economies grow as a result of investment in human capital and knowledge creation, the rate of growth is traditionally lower than in the former industrial phase of development. While the United States has retained a fair industrial capacity due to government incentives and tax breaks for companies building automotive or other manufacturing plants in the country, the vast majority of job growth over the past decade has been in the service sector.²⁴

Economists David Autor of the Massachusetts Institute of Technology and David Dorn of the University of Zurich explain that service sector growth is largely a direct result of the automation of routine activities and unskilled labor commonly associated with factory work.²⁵ As assembly line robots and office automation eliminated many jobs for lower skilled laborers, workers specialized in various service functions that demanded social skills which were less susceptible to automation. According to Autor and Dorn, these processes of automation and labor specialization, begun in the 1980s and carried on to the present, are also responsible for another secondary effect, growing wage polarization.²⁶ This occurs when wages grow fastest at both ends of the occupational skill distribution. In other words, high-end, high-skill jobs and the low-end, low-skill jobs experience wage growth while middle class jobs disappear as a result of automation. The results are a hollowing out of the middle class and a growing disparity between the wealthy and the poor. This phenomenon has recently been making headlines as the

²³ Gilpin, *War and Change in World Politics*, 165.

²⁴ David H. Autor and David Dorn, "The Growth of Low-Skill Service Jobs and the Polarization of the US Labor Market," *American Economic Review* 103, no. 5 (August 2013), 1592, <http://economics.mit.edu/files/1474>.

²⁵ Autor and Dorn, "The Growth of Low-Skill Service Jobs and the Polarization of the US Labor Market," 1591.

²⁶ Autor and Dorn, "The Growth of Low-Skill Service Jobs and the Polarization of the US Labor Market," 1591.

Occupy Wall Street movement has staged protests in major cities across the country. These events have garnered significant political attention and may only be a sign of greater challenges to come.

A 2013 study by the University of Oxford estimated that approximately 47 percent of all US jobs were at high risk for being automated over the next decade or two.²⁷ Until recently, robots were only suitable for performing repetitive or routine task-based functions, such as assembly line work. However, because of the rapid development of algorithms enabling pattern recognition, stronger artificial intelligence, and robotics with improved dexterity and advanced sensors, “a substantial share of employment in service occupations, where most US job growth has occurred over the past decades, are highly susceptible to computerization.”²⁸ While robots sound like the stuff of science fiction or something we only imagine at some distant future date, this development is already happening today. A December 15, 2014 article in the *New York Times* highlights that robots have begun replacing bellhops at hotels, clerks at pharmacies, and are now the top sellers for online advertisements at Google.²⁹ On December 30th, Google announced that it will begin testing its first fully functional self-driving cars sometime in 2015.³⁰ As this technology progresses and gains greater acceptance, taxi drivers and long distance truckers are all likely to be out of a job in as little as a decade.

Historically, new technology has always created new jobs while others were displaced. However as robotics grow in sophistication and are able to perform a greater range of tasks once reserved for human beings, often at much less cost, the potential exists for the greater wage polarization than that experienced under the transition from an industrial economy to a service economy. Whether or not this trend towards greater automation will improve or hamper economic growth is far from certain. What is certain

²⁷ Carl Benedikt Frey and Michael A. Osborne, “The Future of Employment: How Susceptible are Jobs to Computerization?”, University of Oxford Study (Oxford, UK, September 13, 2013), 1, http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf.

²⁸ Frey and Osborne, “The Future of Employment,” 44-45.

²⁹ Claire Cain Miller, “As Robots Grow Smarter, American Workers Struggle to Keep Up,” *New York Times*, 15 December 2014, http://www.nytimes.com/2014/12/16/upshot/as-robots-grow-smarter-american-workers-struggle-to-keep-up.html?_r=0&abt=0002&abg=0 (accessed 4 May 2015).

³⁰ Jeremy Hsu, “Google’s Self-Driving Car Prototype Ready to Hit the Road,” *IEEE Spectrum*, 30 December 2014, <http://spectrum.ieee.org/cars-that-think/transportation/self-driving/google-selfdriving-car-prototype-ready-to-hit-the-road> (accessed 4 May 2015).

is that the transition will be marked by growing economic uncertainty as the gap between the rich and poor will continue to grow. This disparity between the affluent and the poor will likely contribute to onset of Gilpin's fifth and most important internal factor of political decline, the corrupting influence of affluence.

Internal Factor 5: The Corrupting Effect of Affluence

The United States is without question one of the most prosperous nations in human history. The citizens of the US enjoy a standard of living unfathomable to billions of people on earth still living in abject poverty. Yet, according to Gilpin, this very prosperity is the principal contributor to the decline of a great power. Over time, affluence has a powerful tendency to change the social values, attitudes, and behavior that originally contributed to the economic rise of the nation. The most superficial aspect of this change is what Gilpin characterizes as the breakdown of the "moral fiber of society."³¹ Perhaps the most prominent example from contemporary American society is the decline of the family as an institution.

Beginning in the 1970s, US divorce rates spiked up dramatically and has remained high while out-of-wedlock child births have increased to unheard of rates compared to past generations. As of 2013, more than 40.6 percent of all children were born to unmarried women.³² Regardless of one's political orientation, there is a general consensus that this will have a profound impact on American society as children raised in single parent households are more likely to drop out of school, disconnect from the labor force, become teen parents, and live in poverty.³³ This in turn will place added budgetary pressures on social services that in many cases are already stretched thin. While the economy is growing, this increased demand for services can be managed; however, during economic decline or stagnation this type of change exacerbates internal political conflicts as different constituencies battle over the allocation of income among competing priorities of protection, consumption, and investment.³⁴

³¹ Gilpin, *War and Change in World Politics*, 165.

³² Bradly E. Hamilton et al., "Births: Preliminary Data for 2013," *National Vital Statistics Report* 63, no. 2 (May 29, 2014): 4, http://www.cdc.gov/nchs/data/nvsr/nvsr63/nvsr63_02.pdf

³³ Mark Mather, "U.S. Children in Single-Mother Families," Population Reference Bureau (May 2010): 1, <http://www.prb.org/pdf10/single-motherfamilies.pdf>

³⁴ Gilpin, *War and Change in World Politics*, 166-167.

This battle is already playing out with growing intensity. Various polling organizations show that the 112th Congress (Jan 2011-Jan 2013) was more divided than any since the American Civil War and President Barack Obama was found to be among the most polarizing presidents in US history.^{35,36} In fact, in over 12 months of surveys, Gallup reports that the American public considers the leadership of the government as the most important problem facing the US in 2014.³⁷ While some might lament the failure of the current generation to produce leaders of the caliber that fill the history books, the problem lies more in a changing society than it does the quality of today's politicians. In an article entitled "The Great Disruption," Francis Fukuyama explains how the shift from an industrialized economy to the information age, enabled by America's great wealth, ushered in an era of freedom of choice in everything from personal beliefs to cable channels.³⁸ Naturally, this unprecedented freedom of choice resulted in a growing divergence of opinions, beliefs, and values, which Fukuyama believes "constituted a Great Disruption in the social values that had prevailed in the industrial-age society of the mid twentieth century."³⁹ American society has essentially fractured into groups with competing interests, the largest of these various groups nominally represented by the two largest political parties in the country.

Historically, both the Republican and the Democrat parties had both a conservative and a liberal wing; today this is no longer the case. While it is beyond the scope of this paper to fully explain the drift of the Republican Party to the conservative end of the political spectrum and the Democrats toward the liberal end, this drift has produced groups who hold diametrically opposed points of view on virtually every issue. The Republican Party has become progressively more conservative favoring a strong military, smaller government, laissez-faire economic policies, and traditional social values. The Democratic Party contrariwise advocates a greater role for government in

³⁵ Dylan Matthews, "It's Official: The 112th Congress was the Most Polarized Ever," *Washington Post*, 17 January 2013, <http://www.washingtonpost.com/blogs/wonkblog/wp/2013/01/17/its-official-the-112th-congress-was-the-most-polarized-ever/>.

³⁶ Jeffrey M. Jones, "Obama's Fifth Year Job Approval Ratings Among Most Polarized," *Gallup*, 23 January 2014. <http://www.gallup.com/poll/167006/obama-fifth-year-job-approval-ratings-among-polarized.aspx>

³⁷ Lydia Saad, "Cluster of Concerns Vie for Top U.S. Problem in 2014," *Gallup*, 2 January 2015. <http://www.gallup.com/poll/180398/cluster-concerns-vie-top-problem-2014.aspx>

³⁸ Francis Fukuyama, "The Great Disruption," *The Atlantic Monthly* 283, no. 5 (May 1999): 55.

³⁹ Fukuyama, "The Great Disruption," 56.

social programs and economic oversight as well as a more progressive stance on social issues. These divergent political positions have coincided with a national shift in the electorate along rural-urban lines. In 1976 and prior, the vast majority of counties were by and large competitive during presidential elections (See Figure 2).

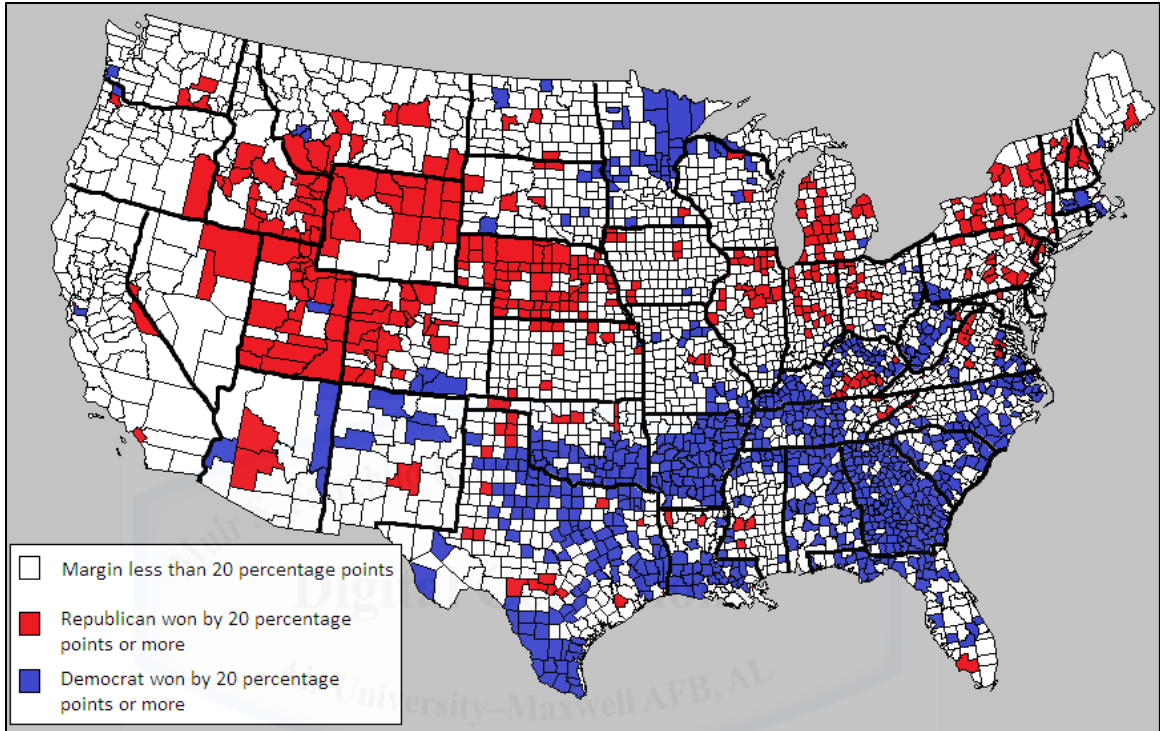


Figure 2 - 1976 Presidential Election

Source: Dave Leip's Atlas of U.S. Presidential Elections, "United States Presidential Election Results," <http://uselectionatlas.org/RESULTS/>

However, over the decades that followed, the rural electorate has become strongly Republican and the urban population strongly Democratic. In the 2012 election, the Republican candidate Mitt Romney won an overwhelming number of rural counties by margins of victory greater than 20 percent, while the Democratic candidate Barack Obama won major cities and urban areas by margins greater than 20 percent (See Figure 3). By modern standards, winning an election by 20 percentage points is a landslide.

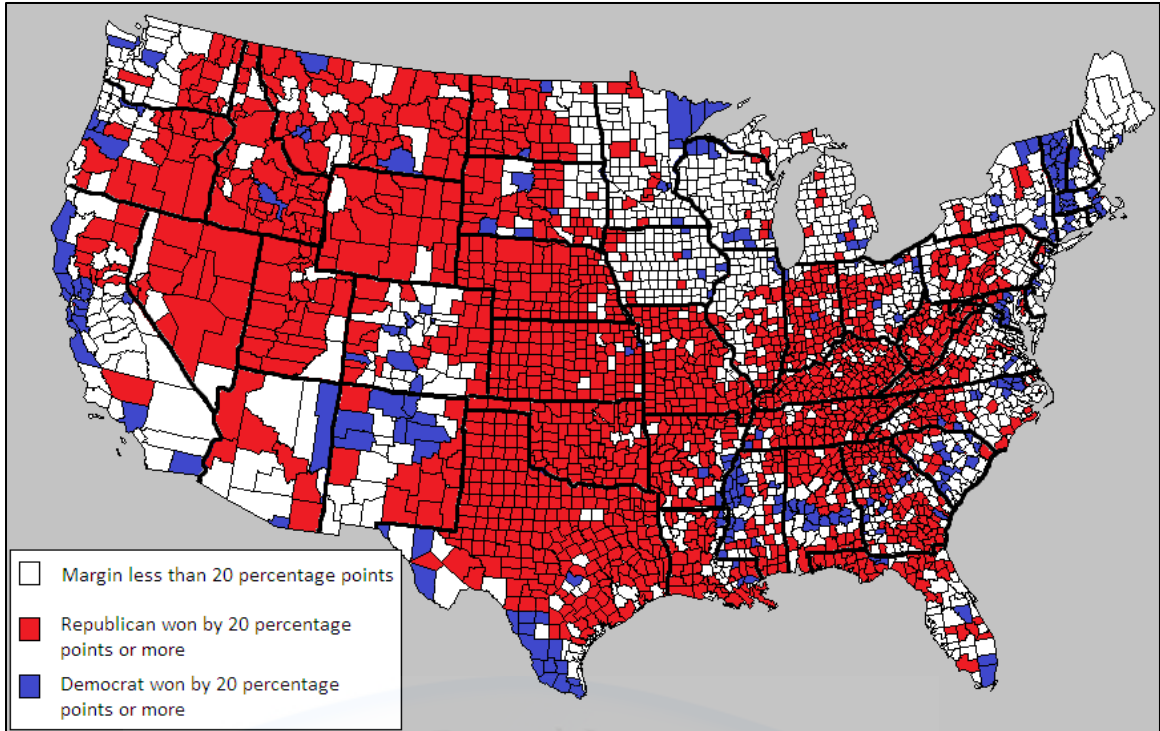


Figure 3 - 2012 Presidential Election

Source: Dave Leip's Atlas of U.S. Presidential Elections, "United States Presidential Election Results," <http://uselectionatlas.org/RESULTS/>

These results reveal that the failure is not one of poor politicians, but because the country is by and large divided into segments that vehemently oppose one party or the other. This transition has only hastened Gilpin's theoretical budgetary battles over the competing priorities of protection, consumption, and investment. A Republican Party politically invested in a strong national defense and smaller federal government and a Democratic Party committed to saving and even expanding the social safety net have engaged in such bitter political strife that they have not even been able to pass a budget in over four years, since 2010, instead operating on stop-gap measures such as "continuing resolutions" in order to fund the government.⁴⁰ Even sequestration, the automatic spending cuts mentioned previously, were equally divided between defense and non-defense spending so as to penalize both political parties in the event they failed to reach a compromise.

⁴⁰ "The Governance Test," *The Economist*, 8 November 2014, <http://www.economist.com/news/united-states/21631144-modest-though-not-radical-budget-goals-are-within-republicans-reach-governance>.

Given the geographic division of these competing groups, successful politicians will be those more likely to exaggerate their conservative or liberal bona fides in order to secure the approval of their politically homogenous districts. As such, the American public should expect the current crisis of divided government to be of a prolonged nature. This will create greater uncertainty for the economy, which itself will continue to be the problems the country is facing from the outside. The United States appears to be facing the quintessential dilemma of a great power as expressed by Gilpin. If the US suppresses consumption of welfare and the social safety net, the consequence can be severe internal social tensions and class conflicts.” The growing scenes of protest from Occupy Wall Street to the riots of economically impoverished minorities like Ferguson, Missouri speak to the potential for greater strife barring a significant economic revival. However, if the US fails to pay the costs of defense “external weakness will inevitably lead to defeat by rising powers.”⁴¹

Gilpin’s internal factors of states in political decline bear a strong correlation to the current economic and political conditions in the United States. While some individual indicators of US economic activity remain favorable, the long term trajectory of the economy remains suspect. Annual growth remains marginal, roughly in line with annual population growth. The modern American military is expensive and growing more so with each passing year. The consumption of public goods such as Social Security is at all-time highs and in danger of exhausting those funds barring a change to the law as it currently stands. The service sector economy, responsible for the majority of recent economic growth is on the cusp of dramatic change as the revolution in robotics is just beginning to unfold. Finally, the impact of affluence on internal political strife and the bitter struggle for funding competing priorities has come to the foreground as gridlock at the federal level has become the chief concern of the American populace. Having shown that the US fulfills Gilpin’s internal factors, we now transition to the international political and material environment to determine if the external factors also undermine the US’ position of preeminence in the international world order.

⁴¹ Gilpin, *War and Change in World Politics*, 167.

CHAPTER 2

The External Factors of National Decline

We are now living through the third great power shift of the modern era. It could be called "the rise of the rest." Over the past few decades, countries all over the world have been experiencing rates of economic growth that were once unthinkable. While they have had booms and busts, the overall trend has been unambiguously upward.

Fareed Zakaria

The defining feature of the post-World War II international landscape was the substantial asymmetry in power enjoyed by the United States. Working for the State Department in 1948, George Kennan remarked that the United States “had 50% of the world’s wealth but only 6.3% of its population.”¹ This asymmetry drove US foreign policy towards building alliances in order to lock in that position of dominance. With such a disproportionate share of the world’s wealth, the United States could afford ambitious projects like the Marshall Plan as a means of cementing alliances in a US-led world-order in order to thwart a direct challenge from the Soviet Union. However, after six decades of dominance, the United States is faced with a number of rising economic and military powers which have significantly cut into her share of the world’s wealth. Historically, a changing distribution of wealth foreshadows a major conflict and a redistribution of power in the international arena. Consistent with Gilpin’s theory, four external factors help drive the dominant nation into decline, namely the rise of new rivals, the increasing costs of protection, loss of economic leadership and the diffusion of technology. This chapter analyzes the effects of each on US relative power.

¹ G. John Ikenberry, *After Victory*, (Princeton, NJ: Princeton University Press, 2001), 169.

External Factor 1: New Rivals

The rising cost of political dominance is primarily driven by an increase in the number and strength of rival nations. Indeed, as Yale University Professor Walter Russell Mead has noted, 2014 witnessed the dramatic return of old fashioned geopolitics.² While the United States and her Western allies would prefer to focus on issues of global governance such as trade liberalization, human rights, and climate change, so-called revisionist powers have grown increasingly assertive in an effort to achieve their policy goals. Russia annexed Crimea and continues to support an insurgency in Eastern Ukraine. China has ramped up both her rhetoric and military maneuvers over offshore territorial disputes in the South and East China Seas. Iran is on the verge of obtaining nuclear weapons and remains active in their support of Syria and Hezbollah in the ongoing conflict in the Middle East. Individually, these issues are much more manageable but in concert, they place undue strain on the US economy through the overextension of the military in an effort to maintain hegemony.

Most belligerent among these rising powers is Vladimir Putin's Russia. Following the 2008 war in Georgia, and the subsequent realization that Russia could employ its military along its periphery without fear of Western military response, the Russian military has undergone a dramatic period of revitalization, reform, and modernization. The most significant of these reforms was a \$720 billion, ten-year weapons modernization program launched in 2010. According to data obtained by *The Economist*, "Russia's defense spending has nearly doubled in nominal terms since 2007. This year alone it will rise by 18.4%."³ Assuming Russia is able to maintain this level of military spending, by 2020 the Russian military will return to a million active-duty personnel, equipped with 2,300 new tanks, 1,200 new aircraft, 50 new surface ships, 28 new submarines, and over one hundred new satellites intended to boost Russia's command, control, and communications capabilities.⁴

² Walter Russell Mead, "The Return of Geopolitics," *Foreign Affairs*, May/June 2014, 69.

³ "Putin's New Model Army," *The Economist*, 22 May 2014, <http://www.economist.com/news/europe/21602743-money-and-reform-have-given-russia-armed-forces-it-can-use-putins-new-model-army>.

⁴ Nikolas K. Gvosdev, "The Bear Awakens: Russia's Military Is Back," *The National Interest*, 12 November 2014, <http://nationalinterest.org/commentary/russias-military-back-9181>.

In addition to this conventional rearmament, a September 2014 State Department fact sheet reveals that for first time since the collapse of the Soviet Union, Russia reached parity with the US in the number of deployed offensive strategic nuclear weapons.⁵ Add to this the fact that Russia's tactical nuclear weapons stockpiles, which are not limited by any existing arms control agreements, are steadily on the rise. According to *Pravda*, Russia now possesses in excess of 5,000 tactical nuclear weapons.⁶ This is a significant concern given Russia's recent actions in the Ukraine, their decision to resume long-range strategic bomber patrols near the Caribbean, Guam, and Alaska, and repeated incursions of European airspace during strategic training exercises.⁷

Russia's behavior has compelled the United States to take Russia more seriously than it has in the recent past. President Obama, a vocal advocate for a nuclear-free world upon entering office, recently approved a national atomic revitalization to build a new generation of nuclear weapons and delivery systems expected to cost \$1 trillion over the next three decades.⁸ If there is any bright spot in this strategic assessment it is the recent collapse of global oil prices. Because Russia's economy is disproportionately dependent upon energy exports, it is likely to force a pause in Putin's military buildup. However, the drop in oil, coupled with the sanctions levied against Russia may only further entrench Putin as he channels growing discontent over the economic downturn against Russia's external enemies.

China, while more subdued than Russia in their military buildup, has taken an increasingly aggressive stance with regards to the territorial disputes surrounding the offshore island chains believed to be resting upon a veritable hydrocarbon goldmine. In addition to the long standing dispute over Taiwan, China lays claim to the Senkaku/Diaoyu island chain in the East China Sea. Both Japan and Taiwan have rival claims over these islands which have led to a quiet military buildup in the region. On

⁵ US Department of State, *New START Treaty Aggregate Numbers of Strategic Offensive Arms*, US Government Fact Sheet (Washington, DC: Department of State, 1 October 2014), <http://www.state.gov/documents/organization/232561.pdf>

⁶ "Russia Prepares Nuclear Surprise for NATO," *Pravda*, 11 December 2014, http://english.pravda.ru/russia/politics/12-11-2014/129015-russia_nato_nuclear_surprise-0/.

⁷ "Russian Planes to Patrol in Caribbean, Gulf of Mexico," *BBC*, 12 November 2014, <http://www.bbc.com/news/world-europe-30028371>.

⁸ William J. Broad and David E. Sanger, "U.S. Ramping Up Major Renewal in Nuclear Arms," *New York Times*, 21 September 2014, <http://www.nytimes.com/2014/09/22/us/us-ramping-up-major-renewal-in-nuclear-arms.html>.

November 23, 2013, China unilaterally declared a new Air Defense Identification Zone (ADIZ) over a substantial portion of the East China Sea sparking a flurry of protests from the United States, Japan, and South Korea.⁹ While China does not yet have sufficient aerial refueling or early warning capability to cover the entire ADIZ, the move has nevertheless raised tensions between China and Japan. In another provocative move, satellite imagery recently confirmed that China had begun construction of a military base near the Senkaku/Diaoyu islands.¹⁰ For its part, Japan is likewise responding aggressively, flagrantly denying or violating China's maritime and ADIZ claims. This security competition between Japan and China increase the potential for miscalculation and escalation of conflict in the region.

China has similar disputes with Vietnam over the Paracel Islands and with the Philippines, Malaysia, Brunei, and Vietnam over the Spratly Islands in the South China Sea. Even if China's motives are altruistic and it is earnestly seeking a peaceful rise, its rapid growth in influence and capabilities is of deep concern to these neighboring nations with whom they have territorial disputes. Recently, Vietnam pressed the United States to lift its arms embargo against their country following China's decision to erect an oilrig in Vietnamese territorial waters. When the United States did so, it sparked significant discussion on broader security cooperation between the two countries.¹¹ Such concerns also led the Philippines to sign a ten-year defense agreement with the United States.¹² Effectively, the United States is being drawn into and an intense security competition with China for access to and influence in the region.

Security competition is likely to increase even faster as China continues to build a modern blue-water navy in order to protect its interest overseas, especially their growing

⁹ Jun Osawa, "China's ADIZ over the East China Sea: A "Great Wall in the Sky"?" Brookings Institute, 17 December 2013, <http://www.brookings.edu/research/opinions/2013/12/17-china-air-defense-identification-zone-osawa>.

¹⁰ Prashanth Parameswaran, "Is China Building a Base Near the Senkakus?" *The Diplomat*, 23 January 2015, <http://thediplomat.com/2015/01/is-china-building-a-base-near-the-senkakus/>.

¹¹ Laura Koran, "Decades After Bitter War, U.S. and Vietnam Step Toward Defense Partnership," *CNN*, 2 October 2014, <http://www.cnn.com/2014/10/02/us/u-s-defense-sales-vietnam/>.

¹² Juliet Eilperin, "U.S., Philippines Reach 10-Year Defense Agreement Amid Rising Tensions," *Washington Post*, 27 April 2014, http://www.washingtonpost.com/world/us-philippines-to-sign-10-year-defense-agreement-amid-rising-tensions/2014/04/27/a04436c0-cddf-11e3-a75e-463587891b57_story.html

dependence on oil coming from the Persian Gulf.¹³ According to a recent congressional report, by 2020, China is expected to have 351 submarines and missile-firing warships deployed, while the US Navy is expected to decrease to 243 ships and submarines, with only 67 of them deployed to the Asia-Pacific region.¹⁴ Another side effect of China's naval growth and increased presence in the Indian Ocean is a comparable buildup of the Indian Navy, with the growing potential for conflict that such an arms race naturally engenders.¹⁵ This buildup is of obvious concern to the United States as evidenced by the expanding commitments of the armed forces at time when the budgets are shrinking and the force is being downsized.

Iran, the weakest both economically and militarily of America's potential adversaries is arguably the one with which we should be most concerned precisely because their very weakness leads them to exert their influence through the proliferation of terrorist groups and other irregular forces across the Middle East. The premature withdrawal of US military forces from Iraq has opened up a window of opportunity for Iran to increase their influence in an already unstable region. The Arab Spring that erupted in 2010 toppled or significantly weakened Sunni governments across the Middle East opening the door for Iran to expand their support of Shiite minorities throughout the region.

The seeming trepidation of the United States in following through on warnings issued against Iran's ally Syria over the use of chemical weapons was a clear boost for Iran. Furthermore, while the US has been preoccupied with containing the Islamic State of Iraq and the Levant (ISIL), a group ironically focused on toppling the Syrian regime of Bashar Al-Assad, Iranian-backed Shiite Militias have overrun the government of Yemen, capturing the capital of Sanaa in September of 2014.¹⁶ Yemeni President Abed Rabbo Mansour Hadi, an ally in the fight against Al-Qaeda in the Arabian Peninsula (AQAP),

¹³ John J. Mearsheimer, *The Tragedy of Great Power Politics*, (New York, NY: W.W. Norton & Company, 2014), 379.

¹⁴ U.S.-China Economic and Security Review Commission, *2014 Report to Congress* (Washington, DC: Government Printing Office, November 2014), 17.

¹⁵ N.C. Bipindra, "India to Unveil First Warship to Deter Chinese Submarines," *Bloomberg*, 22 August 2014, <http://www.bloomberg.com/news/2014-08-21/india-to-unveil-warship-to-deter-chinese-submarines-near-coast.html>.

¹⁶ Amal Mudallali, "The Iranian Sphere of Influence Expands Into Yemen," *Foreign Policy*, 8 October 2014, <http://foreignpolicy.com/2014/10/08/the-iranian-sphere-of-influence-expands-into-yemen/>.

was ousted in a coup d'état in January 2015 allowing Iran to provide greater material support to militants and terrorist groups in Yemen.¹⁷

During this same period, the United States has entered into negotiations with the Iranian government in an effort to increase transparency and prevent Iran from developing nuclear weapons.¹⁸ Even if these talks succeed and Iran permits inspections of previously unmonitored nuclear sites, the negotiations themselves are undermining the US' relationship with Saudi Arabia and Israel, the US' traditional allies in the region. In addition to hindering US counterterrorism efforts in the Middle East, deteriorating relations with Saudi Arabia could lead to greater destabilization as the Saudis look to others, possibly irregular forces such as ISIL, to counter Iran's designs in the region. Either way, the United States seems fated to expend the nation's blood and treasure in a region that has decreased in importance as a result of the US energy boom.

External Factor 2: Rising Cost of Protection

These growing threats are a legitimate concern for neighboring nations and many of them are responding by increasing their defense budgets and military posture accordingly. However, in most cases these efforts are insufficient to truly meet the perceived threat and instead they are relying on US intervention should the situation escalate into hostilities. According to Gilpin's theory, "because the dominant power will defend the status quo in its own interest, lesser states have little incentive to pay their 'fair' share of these protection costs."¹⁹ While the US possessed 50% of the world's wealth in 1948, as of 2008 that percentage was down to 32.6%.²⁰ Yet while the US' share of the world's wealth continues to decrease, the US' military commitments continue to grow.

The so called "free-rider problem" is certainly not a new phenomenon, both the US and the Soviet Union complained of defending free-riding allies during the Cold War.

¹⁷ Guy Taylor and Tom Howell Jr., "Yemen Coup Shows Obama Lacks Middle East Terror Strategy, Critics Say," *Washington Times*, 25 January 2015, <http://www.washingtontimes.com/news/2015/jan/25/yemen-coup-shows-obama-lacks-middle-east-terror-st>.

¹⁸ "Iran Nuclear Crisis: Can Talks Succeed?" *BBC*, 25 November 2014, <http://www.bbc.com/news/world-middle-east-11709428>

¹⁹ Robert Gilpin, *War and Change in World Politics*, (New York, NY: Cambridge University Press, 1983), 169.

²⁰ James B. Davies, et al., "World Distribution of Household Wealth," (Helsinki, Finland: United Nations University, February 2008), 9, http://www.wider.unu.edu/publications/working-papers/discussion-papers/2008/en_GB/dp2008-03/.

However, as the sole remaining superpower the United States has assumed this role for a disproportionate number of the world's countries. The United States has standing collective defense agreements covering upwards of 55 nations including most of Europe, Latin America, Southeast Asia, and Northeast Asia.²¹ The North Atlantic Treaty Organization (NATO) is a classic example of the free rider problem. Although all of NATO's members have a common interest in collective security, they have no common interest in paying the cost of providing that collective good.

NATO recommends that all member countries' defense expenditures equal or exceed at least 2% of the nation's gross domestic product (GDP). However, according to the latest available figures from 2013, only four countries, the US (4.4%), United Kingdom (2.4%), Greece (2.3%), and Estonia (2.0%), currently meet that requirement.²² Indeed, 20 of NATO's 27 member nations spend less than 1.5% on their national defense.²³ Likewise, the US' allies in the Asia-Pacific consistently underfund defense, assuming the United States will pick up the tab. Of the US' Asian allies, only South Korea (2.6%) spends at a respectable level, all the others spend less than 2% on defense (Australia (1.6%), New Zealand (1%), Japan (1%), Thailand (1.5%), Philippines (1.3%)).²⁴

Despite the lack of any formal military treaty obligations, the United States has expanded military operations into the continent of Africa. Established in 2007, United States Africa Command is charged with deterring and defeating transnational threats, protecting US security interests, preventing future conflicts, and supporting humanitarian and disaster relief efforts.²⁵ Following the failure of the international community to bring a halt to the 1994 genocide in Rwanda, the concept of an international "Responsibility to Protect" (R2P) has been elevated to something of a new international norm. According to the United Nations (UN), "sovereignty no longer exclusively protects States from

²¹ US Department of State, "U.S. Collective Defense Arrangements," <http://www.state.gov/s/l/treaty/collectivedefense/> (accessed 5 May 2015).

²² North Atlantic Treaty Organization, "Financial and Economic Data Relating to NATO Defence," NATO Press Release, (Brussels, Belgium, 24 February 2014), 6. http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_topics/20140224_140224-PR2014-028-Defence-exp.pdf

²³ NATO, "Financial and Economic Data Relating to NATO Defence."

²⁴ World Bank Database, "Military Expenditure (% of GDP)," <http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS> (accessed 5 May 2015).

²⁵ US Africa Command, "Cornerstones," <http://www.africom.mil/about-the-command/cornerstones> (accessed 5 May 2015).

foreign interference; it is a charge of responsibility where States are accountable for the welfare of their people.”²⁶ In other words, if a state is unable to protect its population from genocide or other war crimes, the international community has an obligation to intervene with military force to bring an end to the hostilities.

During the Libyan Civil War in 2011, the United Nations Security Council adopted resolution 1970, which explicitly referenced R2P in order to bring a halt to the widespread attacks against the civilian population by the Libyan regime of Muammar Gaddafi.²⁷ Despite the impression that this was primarily a European-led operation, the truth remains that it would not have been possible without the direct intervention of US forces. According to the New York Times, “shortages in allied intelligence-gathering aircraft, aerial refueling tankers, and precision-guidance kits for bombs proved the United States remained the backbone of any NATO offensive.”²⁸ The fact that America’s most capable European allies were incapable of performing this operation without the US is further evidence that the US is overpaying for the international security of its allies, a pattern that is unsustainable given the country’s current economic trajectory discussed in the previous chapter.

External Factor 3: Loss of Economic Leadership

The economic challenges facing the United States bring us to the third of Gilpin’s external factors, the loss of economic leadership. In his theory Gilpin tends to group economic and technical factors as something of a single unit. In other words, economic production and superior technology go hand in hand.²⁹ Over time the loss of technological leadership results in degraded economic performance. While this is certainly true, economic leadership is not wholly tied to superior technology. Consequently, some additional insight into challenges of US decline can be gained by considering the issue of economic leadership separately.

²⁶ United Nations, “Responsibility to Protect,” <http://www.un.org/en/preventgenocide/adviser/responsibility.shtml> (accessed 5 May 2015).

²⁷ United Nations Security Council, Resolution 1970, 26 February 2011, [http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/1970\(2011\)](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/1970(2011)).

²⁸ Thom Shanker and Eric Schmitt, “Seeing Limits to ‘New’ Kind of War in Libya,” *New York Times*, 21 October 2011, <http://www.nytimes.com/2011/10/22/world/africa/nato-war-in-libya-shows-united-states-was-vital-to-toppling-qaddafi.html>

²⁹ Gilpin, *War and Change in World Politics*, 175.

The Western Allies, in particular the United States, as the principal founders of the post-World War II international order, established the current global financial institutions in their own image. Consider two of the most prominent, the World Bank and the International Monetary Fund (IMF). While these organizations have an international orientation that carries some semblance of objectivity and independence, in many ways they do promote Western, and in particular US interests. The World Bank was established with the goal of reducing poverty. In pursuit of this objective, the World Bank provides loans to countries around the globe. Many of these loans, however, include conditions that reflect the interests, politics, and financial power of the US and her Western Allies.

The tendency of favoring Western interests can be seen in the loans provided as part of the World Bank's current "Millennium Development Goals," which include stipulations for achieving gender equality and environmental sustainment.³⁰ While few in the West would object to these ideals, other cultures do not necessarily share these same concerns or at least place them at the same level as other, more basic economic concerns. Environmental sustainment may simply be one more obstacle to achieving the modern, fossil-fuel driven economy currently enjoyed by rich, industrialized nations. Similarly, while the IMF is a "cooperative institution that seeks to maintain an orderly system of payments and receipts between nations," it too conveys significant advantages to the US as the dominant state in world affairs.³¹

The use of the dollar as the world's preeminent global reserve currency enables the US to run sizable annual deficits financed by borrowing from the rest of the world at cheap interest rates.³² During the 2008-2009 financial crisis, the preeminent position of the dollar resulted in a substantial influx of capital into the US from poorer countries seeking financial security contrary to standard economic models that predict capital should flow from richer to poorer countries.³³ Indeed, the fact that the US has weathered the financial crisis better than Europe and the developing world is largely a result of this

³⁰ World Bank, "Millennium Development Goals: Promote Gender Equality and Empower Women by 2015," <http://www.worldbank.org/mdgs/gender.html> (accessed 5 May 2015).

³¹ David D. Driscoll, "The IMF and the World Bank, How Do They Differ?," International Monetary Fund, August 1996, <https://www.imf.org/external/pubs/ft/exrp/differ/differ.htm> (accessed 5 May 2015).

³² Eswar Prasad, "The Dollar Reigns Supreme, by Default," *Finance and Development* 51, no 1. (March 2014), <http://www.imf.org/external/pubs/ft/fandd/2014/03/prasad.htm>

³³ Prasad, "The Dollar Reigns Supreme, by Default."

ability to tap foreign investment to run Keynesian deficits during times of crisis. However, this privileged position has come increasingly under fire.

Leading the charge are the five major emerging national economies: Brazil, Russia, India, China, and South Africa, colloquially referred to by the acronym BRICS. Despite fierce rivalries amongst themselves, these five countries all agree that the wealthy countries of the West wield too much power in institutions like the World Bank and the IMF. As a result, at the 2014 BRICS summit, all five nations signed a deal to create the \$100 billion New Development Bank seen by many as a challenge or at least an alternative to the World Bank. Moreover, the group also created a “Contingency Reserve Arrangement” with an additional \$100 billion in funding that will serve as their version of the IMF to better manage financial crisis.³⁴ While the New Development Bank falls short of the World Bank’s \$223 billion in capitalization, it has the potential to be a powerful force in world affairs and offers the BRICS the potential for much greater influence in the global economy at the expense of the United States.³⁵

The New Development Bank, however, is only one of the potential challengers to Western-dominated global financial institutions. China itself is spearheading a new “World Bank for Asia” known as the Asian Infrastructure Investment Bank (AIIB). Formally established in October 2014 by 21 participating Asian nations, the AIIB is expected to have an initial capital base of \$50-100 billion.³⁶ While World Bank loans support everything from environmental protection to gender equality, the AIIB intends to ignore these “universal” (i.e. Western) values in favor of funding hard-hitting infrastructure projects that will facilitate economic growth across the region.³⁷

This initiative has sparked a heated diplomatic confrontation as the United States actively campaigned and persuaded nations to boycott the new bank and recommit to existing global financial institutions. Among the 21 nations that signed on to the new investment bank, Australia, Indonesia, and South Korea were conspicuously absent, not

³⁴ Katy Watson, “Brics nations to create \$100bn development bank,” *BBC*, 15 July 2014, <http://www.bbc.com/news/business-28317555>

³⁵ World Bank, “Everything You Always Wanted to Know About the World Bank,” Treasury Fact Sheet, <http://treasury.worldbank.org/cmd/pdf/WorldBankFacts.pdf> (accessed 5 May 2015).

³⁶ “Why China is creating a new “World Bank” for Asia,” *The Economist*, 11 November 2014 <http://www.economist.com/blogs/economist-explains/2014/11/economist-explains-6> (accessed 5 May 2015).

³⁷ “Why China is creating a new “World Bank” for Asia,” *The Economist*.

wanting to run afoul of the United States.³⁸ The other notable omission in the AIIB was that of Japan. Despite its status as the third largest economy in the world, Japan was intentionally excluded as they too are seen by China as already having too great an influence in existing global and regional institutions.³⁹ While the United States will certainly retain a significant amount of influence in the world, rising nations like China have become increasingly impatient with promises for reform that will give them a greater voice in global financial institutions. As a result, China and the other BRICS have begun taking matters into their own hands to challenge the economic leadership of the United States.

External Factor 4: Technology Diffusion and the Loss of Technical Leadership

The final external factor of decline is the loss of technical leadership as the leading power's technological advantage begins to wane. According to Gilpin's analysis, "there is a historical tendency for the military and economic techniques of the dominant state or empire to diffuse to other states in the system."⁴⁰ An army equipped with gunpowder and modern firearms could initially dominate an opponent armed only with more primitive weaponry. Inevitably, however, new weapons find their way into the hands of other nations seeking to catch up to the dominant military power. The situation today is little different.

Many of the technological innovations painstakingly developed in the United States, and which contributed to overwhelming conventional military superiority, are now easily and readily accessible on the world market. In the 1960s, the Advanced Research Projects Agency, part of the US Department of Defense, funded the development of the first packet switching network ARPANET from which the Internet later evolved. Today, even the poorest countries on earth can access the corporate knowledge of mankind via the Internet. Satellite imagery, painstakingly developed under the Eisenhower administration in order to spy on Soviet bomber and missile complexes without risking the lives of U-2 pilots, is now ubiquitous. Google Earth and comparable resources allow anyone on earth to access imagery of US military installations without ever having to pay the exorbitant cost of engineering, launching, or maintaining a sophisticated spy satellite.

³⁸ "Why China is creating a new "World Bank" for Asia," *The Economist*.

³⁹ "Why China is creating a new "World Bank" for Asia," *The Economist*.

⁴⁰ Gilpin, *War and Change in World Politics*, 176.

The Global Positioning System (GPS), another project developed and funded by the DoD, is no longer exclusively for the use of the United States and the DoD. Anyone with a relatively cheap receiver can utilize the capability without contributing a cent to the expensive satellite constellation which delivers the capability. Of course, these particular technologies have a dual commercial use that has contributed to its rapid dissemination. Yet modern, purely military technologies developed by the United States however, are likewise proliferating rapidly. Stealth technology, precision munitions, night vision technology, and many other such advances that have provided American military forces conventional superiority are now readily available or under development among rising powers.

In order to remain its dominant power position, the US is compelled to invest in increasingly expensive technologies that may or may not deliver a decisive strategic advantage over increasingly capable opponents. Another aspect of this technological diffusion is the historical “tendency for the loci of technological innovations to cluster and shift from one economy to another.”⁴¹ For instance, the Industrial Revolution had its beginnings in Great Britain but as the technology began to diffuse, the United States supplanted Great Britain as the hub of future industrial-era innovations. Whether or not the United States is on the verge of ceding technological leadership to another part of the world is a subject of great debate. The rapid rise of China has led many to question whether or not it is on the cusp of seizing the mantle of innovation. As noted earlier, China’s form of government and certain restrictions on the free flow of information make it unlikely to supplant the US as the predominant innovator as indicated by the paltry number of patents issued in China when compared to the US.

China, however, is not the sole source of competition in the realm of innovation. In his book *Wired For War*, P.W. Singer argues that Japan, and to a lesser extent South Korea, are both surging ahead of the US in the area of robotics, which he considers to be the next Revolution in Military Affairs (RMA).⁴² As a result of this, Singer suggests that Japan is highly undervalued in global power projections. Certainly, the United States has a substantial military robotics program as evidenced by the unceasing headlines about

⁴¹ Gilpin, *War and Change in World Politics*, 182.

⁴² P.W. Singer, *Wired for War: The Robotics Revolution and Conflict in the 21st Century*, (New York, NY: Penguin Press, 2009), 243.

drone strikes on terrorist targets. Despite any US lead in this arena, the number and competence of competitors is expanding rapidly.

Ironically, one of the drivers for the diffusion of robotic technology is the explosion of commercial applications for drones. For example, farmers in Europe and Japan have begun using drones to monitor soil temperatures and moisture levels, improve fertilizer allocation, and perform pest control. As a result, Japanese farmers have been able to boost yields by about 15%.⁴³ In the United States however, operating commercial drones is largely banned by Federal Aviation Administration regulations.⁴⁴ The US is hindered from tapping into US civilian innovations and improvements that could later be adopted for military use. To maintain America's innovation edge, the federal government is going to have to grapple with the challenges new technology cause with an antiquated regulatory environment.

Even if the locus of innovation might not be shifting from the United States to a single challenger, the modern information age suggests that US innovative supremacy is at risk. In the modern world, because everything is on a network, it is vulnerable to compromise at the hands of hackers employed for purposes of corporate or military espionage. Multiple new sources have recently reported the extensive scope of Chinese espionage efforts. In July 2014, three Chinese nationals were arrested and charged with cyber intrusion of Boeing, Lockheed Martin, and other US defense firms as well as the theft of data on dozens of US military projects including the C-17, F-22, and F-35.⁴⁵

In January 2015, documents stolen by former National Security Administration contractor Edward Snowden were published in Germany. The documents confirmed that Chinese cyber espionage efforts had been able to extrapolate Top Secret data on the US' most sophisticated military aircraft including the F-35 and B-2.⁴⁶ Unsurprisingly, the latest Chinese fighter aircraft, including the J-31, bear an uncanny resemblance to US 5th generation stealth fighter aircraft. Given the capability to compromise US networks, collect valuable information, and reproduce US military designs China need not become

⁴³ "Unmanned Aircraft: The Robot Overhead," *The Economist*, 6-12 December 2014, 11-12.

⁴⁴ "Unmanned Aircraft: The Robot Overhead," *The Economist*, 12.

⁴⁵ Wendell Minnick, "Chinese Businessman Charged With Hacking Boeing, Other Arms Companies," *DefenseNews*, 19 July 2014, <http://archive.defensenews.com/article/20140719/DEFREG02/307190017/Chinese-Businessman-Charged-Hacking-Boeing-Other-Arms-Companies>

⁴⁶ Franz-Stefan Gady, "New Snowden Documents Reveal Chinese Behind F-35 Hack," *The Diplomat*, 27 January 2015, <http://thediplomat.com/2015/01/new-snowden-documents-reveal-chinese-behind-f-35-hack/>

a new locus of innovation in order to challenge the US for supremacy. China, and any other cyber-savvy state, can accumulate the benefits of US research and development for a fraction of the cost.

While the United States does not appear to be on the verge of a sudden, catastrophic collapse, her share of the world's wealth and military power are clearly declining at the expense of rising powers. The following chapter will examine current US strategy and how US decline will necessitate a change in order to avoid overextension of the economy and military.



CHAPTER 3

Why the Current US Strategy is Unsustainable...and Dangerous

After World War II...we built relationships, alliances and international organizations. By doing so, we enhanced our power, our ability to influence, and our ability to protect our national interests. These institutions are as vital today as when they were formed. They need constant adjustment to reflect the realities of today and tomorrow...but what remains unchanged is the critical importance of these alliances to achieve global stability.

Chuck Hagel

The origins of current US grand strategy arose from the ashes of World War II. Following the collapse of the multi-polar international order as a result of WWII the United States, as the dominant power in the world, had three broad options open to it. The United States could dominate or exploit the weaker states ravaged by the war, the course chosen by the Soviet Union in the aftermath of the war, setting up a buffer of satellite states held in place by threat of force. The second option open to the United States was to simply pack up and go home as the country had done after World War I. Given the specter of the Soviet threat and the fact that isolationism had failed to keep the United States out of the Second World War, this option was likewise abandoned. The final option, and the one ultimately taken, was to convince the other states to participate in a mutually acceptable post-war international order.¹

The United States established a number of international institutions and durable laws and norms that would establish the US in a position of world leadership without the continual exercise of force to keep smaller states in line. When this international order was threatened by mutual suspicion between the United States and the Soviet Union, many of the international institutions created remained confined to the Western world and her allies and a series of defensive military alliances were added to the mix. Due to the very real threat of nuclear annihilation, violence in the Cold War was largely limited to

¹ G. John Ikenberry, *After Victory*, (Princeton, NJ: Princeton University Press, 2001), 50.

regional proxy wars in Korea, Vietnam, Afghanistan and a handful of other minor hotspots.

In the broader Soviet-US struggle, the American-led system that had developed generated wealth and power that provided a significant competitive advantage while the Soviet system grew stagnant. Simultaneously “this Western grouping of democracies presented a sufficiently unthreatening face to the Soviet Union during its time of troubles that its leaders were willing to move forward with domestic reform and a reorientation of their foreign policy.”² In other words, the economically dynamic and militarily defensive nature of the American-led order was one of the primary reasons that the Cold War ended peacefully. Following the collapse of the Soviet Union, these institutions and alliances endured and were intended to be the foundation of a peaceful world order open to erstwhile adversaries. Indeed, Francis Fukuyama facetiously questioned whether the triumph of liberal democracy over communism heralded the “end of history.”³

The Shift from Defensive Alliances to Aggressive Expansion

Unfortunately, the prospect of extending the liberal international order would be a much greater challenge than many had imagined. The crises in the Balkans in the 1990s resulted in NATO conducting offensive operations for the first time in its history, against nations that had not attacked any member of the alliance. Operation Allied Force, the 1999 bombing campaign over Kosovo, was conducted against a nation committing atrocities within its own borders. This shift towards offensive action, even if conducted in the name of humanitarian intervention, flouted “long-established international relations and diplomatic principles, in particular the idea of non-intervention and non-interference in the domestic affairs of sovereign states.”⁴

During this same period, NATO expanded twice, adding ten former Warsaw Pact nations into the alliance. Russia opposed both the bombing of ethnic Serbians in Kosovo and the expansion of NATO into Russia’s historical sphere of influence but was too weak at the time to prevent either as they struggled to rebuild their political institutions and economic capacity in the wake of the Soviet collapse. Both these trends, the expansion

² G. John Ikenberry, *Liberal Leviathan*, (Princeton, NJ: Princeton University Press, 2011), 227.

³ Francis Fukuyama “The End of History?” *The National Interest* (Summer 1989).

⁴ Dag Henriksen, *NATO’s Gamble: Combining Diplomacy and Airpower in the Kosovo Crisis 1998-1999*, (Annapolis, MD: Naval Institute Press, 2007), ix.

of NATO and the transition towards offensive intervention were viewed with growing mistrust in Russia. When the George W. Bush administration supported preliminary plans for a third round of NATO expansion to admit Georgia and Ukraine at a NATO Summit in 2008, Vladimir Putin stated that such a move would be viewed as a direct threat to Russian security.⁵

Shortly after the NATO summit, Russia invaded Georgia and took control of the breakaway provinces of Abkhazia and South Ossetia. Rather than viewing this as a strategic move, choreographed to signal Russian opposition to further Western encroachment, the West treated Russia as the aggressor and talks accelerated on the question of Ukrainian admission into NATO. When Ukrainian President Viktor Yanukovich rejected a 2013 European Union economic agreement in favor of a Russian counteroffer, a series of protests erupted across the country and set in motion a chain reaction that culminated in the Russian invasion of Crimea and support for pro-Russian separatists in eastern Ukraine. The vast expanse of the Ukraine helped to undermine both Napoleon's and Hitler's attempted invasions of Russia and has always been a vital, strategic buffer for the country.

In hindsight, it should be obvious that Vladimir Putin could not sit idly by and allow Ukraine to become a Western stronghold right on Russia's doorstep. The expansion of the democratic, liberal world order is certainly a noble cause. However, the aggressive pace of expansion, the ominous specter of NATO offensive actions and willingness to interfere in the internal affairs of sovereign nations, and the disregard for Russia's legitimate security concerns have produced the exact opposite outcome from the one sought.

War to Extend the Democratic Peace

The events in the Balkans in the 1990s foreshadowed a similar change in US policy that would occur under the George W. Bush administration. Following the terrorist attacks of September 11, 2001, the United States would embark on two lengthy wars in Afghanistan and Iraq. Although the merit of these wars remains contentiously debated, in recent years there seems to be a general consensus that the Iraq War was a

⁵ John J. Mearsheimer, "Why the Ukraine Crisis is the West's Fault," *Foreign Affairs*, Sept/Oct 2014, <https://www.foreignaffairs.com/articles/russia-fsu/2014-08-18/why-ukraine-crisis-west-s-fault>

strategic blunder, the consequences of which the US continues to deal with today.

Unable to muster the support needed for a UN security resolution authorizing the use of force, the United States and a “coalition of the willing” initiated the 2003 Iraq War to rid Saddam Hussein’s regime of weapons of mass destruction (WMD). While the genuine fear of WMD falling into the hands of extremists or terrorists was the motive for the war in Iraq, the vision for the war was much broader.

Reasoning that liberal, democratic states do not engage in armed conflict against other liberal democracies, Bush concluded that US security would be furthered by the spread of liberal democracy to the Middle East. President Bush thereby embarked on the questionable program of democratic regime change. Unfortunately, the utopian vision of liberal democratic peace not only failed to materialize but made the strategic situation worse than it had been before. The United States military spent billions of dollars waging the war while the enemy responded with a low-cost, low-tech insurgency that ultimately proved effective in achieving the withdrawal of US troops from Iraq. After a decade of nation building, counterinsurgency, and sectarian infighting, the Obama administration withdrew American combat troops in 2011, only to reinsert them in 2014 as ISIL was on the verge of toppling Baghdad.

Other Middle East ventures, in particular the 2011 NATO intervention in the Libyan Civil War were equally disastrous. Like the operations in the Balkans, NATO intervention was conducted under the auspices of humanitarianism in order to stop the killing of civilians caught between the warring factions. In effect, this tied the hands of the Gaddafi regime and contributed to his downfall. In both Iraq and Libya, dictators were toppled but liberal democracies did not rise from the ashes. Instead, the region has descended into chaos and instability, opening the door for Islamic extremist organizations like ISIL to multiply and metastasize.

Pivot to the Pacific

Having made the strategic mistake of aggressive, liberal expansionism in Eastern Europe and the Middle East, the US is now on course to repeat history in Asia. The impressive rise of China has been the subject of extensive discussion and debate for well over a decade. Will China’s rise remain peaceful? What are the implications for international order as China overtakes the United States as the world’s largest economy?

Will China assume a larger, more active role in international institutions? While many have offered answers to these and other related questions, there is no consensus on what China's rise means for the future of international relations and world order.

Realists such as John Mearsheimer suggest that China's growing power will inevitably lead to conflict with the United States and her allies in Asia.⁶ Alternatively, G. John Ikenberry has argued that the American-led liberal international order with its rules and institutions provide an unusual capacity to accommodate rising powers such as China.⁷ Indeed, China has benefited greatly in the current order and has little reason to challenge the United States unless it feels threatened. Unfortunately, current US strategy towards China, in addition to being unsustainable, is dangerously close to triggering a Chinese backlash similar to Russia's.

During the Cold War, the United States had a clearly defined adversary in the Soviet Union that drove a strategy of containment. The situation with China on the other hand is much more complex and has resulted in a paradoxical strategy mix of engagement and hedging. Over the past couple of decades the United States has supported a broad range of economic and institutional engagement with China that has enabled her sustained economic development. At the same time, China's prosperity has fueled a military modernization that has led to concerns over how the country intends to use its newfound power. These concerns have led the US to adopt a hedging strategy, exemplified by President Obama's so-called "pivot to the Pacific." In practice, this means America's actions do not reflect her publicly expressed policy.

While the United States insists that it "welcomes a strong, peaceful, and prosperous China playing a greater role in world affairs" it has instead embarked on an expansion of military alliances and partnerships with most of China's neighbors designed expressly to limit China's role in the world.⁸ Zhu Feng, professor of international studies at Peking University, argues this policy guarantees China's peaceful rise because the unipolar, US-led world order has "reduced China's balancing options and compelled

⁶ John J. Mearsheimer, *The Tragedy of Great Power Politics*, (New York, NY: W.W. Norton & Company, 2014), 361.

⁷ Ikenberry, *Liberal Leviathan*, 345.

⁸ US Department of State, "U.S. Relations With China," Department of State Fact Sheet, 21 January 2015, <http://www.state.gov/r/pa/ei/bgn/18902.htm> (accessed 5 May 2015).

China to bandwagon with the United States.”⁹ While the United States has fostered a substantial number of global and regional alliances, China’s ability to do the same has been severely limited. From Zhu Feng’s point of view, China has no local allies with whom they could challenge US superiority and therefore they are unlikely to do so. Several important factors cast doubt upon this rosy prognostication.

The Strategic Encirclement of China is a Recipe for War

First and foremost, although China has not engaged in a significant number of wars since the communist victory in the Chinese Civil War, those that did occur were either the result of territorial disputes with neighbors or a direct response to perceived threats to Chinese national security. The current situation in the Asia-Pacific region features both of these characteristics. Historically, China’s territorial and border disputes with the Soviet Union and India in the 1960s led to a series of minor clashes for control of the contested territory. These clashes were largely restrained given the remoteness and limited economic value of the territories contested. China’s present territorial disputes likewise involve remote, sparsely populated regions. The economic value of these regions, however, is much greater than in previous disputes.

The explosive population growth across Asia over the past half century has created increased demand for water, food, and oil. Most of these territorial disputes are directly related to one or more of these commodities. The various disputed offshore island chains mentioned previously have the greatest potential for miscalculation and conflict. While most of these islands are nothing but uninhabited rocks in the South and East China Seas, they rest upon seven billion barrels of proven oil reserves as well as estimated 900 trillion cubic feet of natural gas.¹⁰ To put that in perspective, proven natural gas reserves of the United States, currently the top producer in the world, amount to approximately 338 trillion cubic feet.¹¹

In addition to this incredible energy bonanza, these islands have become an increasingly important food source as pervasive overfishing has driven fishermen further

⁹ Zhu Feng, *China’s Ascent: Power, Security, and the Future of International Politics*, ed. Robert S. Ross and Zhu Feng, (Ithaca, NY: Cornell University Press, 2008), 37.

¹⁰ Beina Xu, “South China Sea Tensions,” Council on Foreign Relations, 14 May 2014, <http://www.cfr.org/china/south-china-sea-tensions/p29790>

¹¹ US Energy Information Administration, “International Energy Statistics,” <http://www.eia.gov/cfapps/ipdbproject/IEDIndex3.cfm?tid=3&pid=3&aid=6> (accessed 5 May 2015).

into disputed areas in search of greater supply. A 2012 report by the International Crisis Group highlights the recent escalation of unilateral fishing bans and harassment or arrests of fishermen that is being conducted in the shadow of competing sovereignty claims.¹² While this is not as attention grabbing as the scramble for oil, over 1.5 billion people live in the countries surrounding the South China Sea and many of them depend heavily on fishing for food and employment.

The scarcity of water is also likely to increase the importance of China's inland territorial claims like the contest for energy and food has done in offshore claims. China has roughly a fifth of the world's population, yet only 7% of its fresh water. This water crisis in Beijing and much of northern China has led to a massive engineering scheme known as the South-to-North Water Diversion Project.¹³ As of 2014, the People's Republic of China has spent over \$79 billion dollars on the first phase of the project, which diverts a substantial portion of the Yangtze River to northern China.¹⁴ Later phases of the project include plans to add a western corridor that will divert water directly from the Himalayan Plateau. Such a scheme is likely to increase the hostility between China and her neighboring states that reside downstream from one of the major rivers that begin in the Himalayas. The very real competition for dwindling resources adds a dangerous context to many of China's territorial disputes than has previously existed and increases the potential for violent conflict in the region.

The second factor driving the potential for war is China's historic response to a perceived danger of strategic encirclement. Communist China's two largest conflicts in the second half of the twentieth century, the Korean War (1950-1953) and the Sino-Vietnamese War (1979), were "directed against what Beijing perceived to be a gathering danger—a hostile power's consolidation of bases at multiple points along the Chinese periphery."¹⁵ General Douglas MacArthur's assessment that the Chinese would not enter the Korean War when the US advanced north of the 38th parallel proved to be a significant miscalculation that brought the Chinese into direct conflict with American

¹² International Crisis Group, "Stirring Up the South China Sea," 23 April 2012, 5, [http://www.crisisgroup.org/~media/Files/asia/north-east-asia/223-stirring-up-the-south-china-sea-i.pdf](http://www.crisisgroup.org/~/media/Files/asia/north-east-asia/223-stirring-up-the-south-china-sea-i.pdf)

¹³ Gordon G. Chang, "China's Water Crisis Made Worse by Policy Failures," *World Affairs*, 8 January 2014, <http://www.worldaffairsjournal.org/blog/gordon-g-chang/china%E2%80%99s-water-crisis-made-worse-policy-failures>.

¹⁴ Chang, "China's Water Crisis Made Worse by Policy Failures."

¹⁵ Henry Kissinger, *On China*, (New York, NY: Penguin Press, 2011), 375.

forces. After three years of conflict, the war ended in stalemate with a substantial US military presence left in Korea to this day.

The second of China's major wars was the 1979 invasion of Vietnam. During the US war in Vietnam, the Chinese instinctively sided with the Vietnamese in order to repel the more menacing threat to Chinese security. Once the perceived threat of American imperialism was removed however, China willingly invaded Vietnam to suppress the next great threat to the state, namely, the Soviet Union. The Sino-Soviet split of the 1960s left China with a hostile superpower threatening their northern frontier. When Vietnam invaded and occupied Cambodia in 1978, the Chinese viewed the event as an attempt by the Soviet Union to expand its influence along China's southern border as well.

American statesman and diplomat to China, Henry Kissinger explains how "preventing an Indochina bloc linked to the Soviet Union became the dominant preoccupation of Deng [Xiaoping]... Vietnam was formidable enough. But if it realized its aim of an Indochinese Federation, it would approach a bloc of 100 million in population."¹⁶ To prevent the strategic encirclement by hostile powers, China brazenly invaded Vietnam despite the fact that Hanoi and Moscow had just signed a mutual defense treaty less than a month before the invasion.¹⁷ In both the Korean and Sino-Vietnamese Wars, China risked confrontation with a nuclear armed superpower to prevent the encirclement of their nation by hostile powers. The current US approach to China is built around increasing the number of alliances with China's neighbors precisely to contain any grand ambitions. If history is any guide, such a strategy is more likely to lead to conflict than peace.

The Resurgence of Nationalism

Growing Chinese nationalism is a third factor that undermines Zhu Feng's hypothesis that China will continue to bandwagon rather than challenge US supremacy. As China's has advanced from a largely agrarian, rural society to an increasingly urban, industrial economy, her citizens have begun to exhibit a greater sense of pride and attachment in the nation and its achievements. Similar events occurred in Europe in the

¹⁶ Kissinger, *On China*, 346.

¹⁷ Kissinger, *On China*, 340.

19th and 20th centuries that unleashed a wave of European nationalism that directly contributed to the Napoleonic and World Wars, wreaking havoc on both the continent and the world. The historical backdrop of this rising nationalism is the Chinese Communist Party's recent emphasis in state education on “*bainian guochi* -- the ‘century of national humiliation’—an arc of events extending from China’s defeat in the Opium Wars of the mid-nineteenth century to the Japanese occupation of Chinese soil during World War II.”¹⁸

Pride in China’s newfound prosperity and growing importance in the world are only natural, especially when framed in light of perceived oppression and exploitation at the hands of foreign powers. Much of this nationalism, however, is actively encouraged by the government to buttress its legitimacy in the face of growing domestic challenges and the economic and social upheaval that have accompanied China’s industrialization. Recent pro-democracy protests in Hong Kong, ongoing Tibetan unrest, and violence in the Muslim province of Xinjiang are increasingly being blamed on “hostile foreign forces” led by the United States. In the first ten months of 2014, the *People’s Daily*, the Chinese government’s official state run news service ran “42 articles so far this year blaming China’s domestic woes on hostile ‘Western,’ ‘foreign,’ or ‘overseas,’ forces,” triple the number of similar pieces during the same ten month period the previous year.¹⁹

The effectiveness of this campaign can be seen in the advent of the so called “angry youth”, a swath of patriotic, and tech savvy youth intent on defending China’s name and honor.²⁰ Many people predicted that the internet and greater access to information, even accounting for the effects of Chinese censorship, would lead to a rebirth of the 1989 Tiananmen Square demonstrations that had pressed for liberal reform. Instead, as China has surpassed the United States to become the world’s largest user of the Internet with over 238 million people online, the most zealous users of the Internet have not been protestors against authoritarianism but young Chinese nationalists.²¹

¹⁸ Evan Osnos, *Age of Ambition: Chasing Fortune, Truth, and Faith in the New China*, (New York, NY: Farrar, Straus, and Giroux, 2014), 140.

¹⁹ Peter Ford, “China Targets ‘Hostile Foreign Forces’ in Crescendo of Accusations,” *Christian Science Monitor*, Nov 9, 2014, <http://www.csmonitor.com/World/Asia-Pacific/2014/1109/China-targets-hostile-foreign-forces-in-crescendo-of-accusations>

²⁰ Evan Osnos, *Age of Ambition*, 134.

²¹ Osnos, *Age of Ambition*, 137.

While nationalism is a powerful force subject to manipulation by the Communist Party, once it is stirred up it is often difficult to control, even for an authoritarian regime.

In 2005, after the Japanese approved a new textbook that critics claimed glossed over its wartime atrocities, “angry youth” groups mobilized tens of thousands of Chinese protestors who took to the streets and vandalized the Japanese embassy in Beijing and consulate in Shanghai, despite government attempts to disperse the crowds.²² The power of nationalist fervor was again on clear display in September 2012 when the family that owned the Senkaku Islands sold them to the Japanese government, triggering protests and riots across a number of Chinese cities that had to be suppressed by police in paramilitary camouflage and riot gear.²³ Chinese nationalism and rhetoric leveled against subversive Western powers may for a time distract from the effects of crony capitalism and the growing disparity between rich and poor as long as China can continue to engineer impressive economic growth.

The ability to engineer continued economic growth, however, is a subject of great debate. A significant or prolonged economic lapse, coupled with the growing infringement on the rights of increasingly affluent Chinese citizens may well produce a storm that faux-vitriol against subversive Western powers is unlikely to assuage. In such circumstances, survival for the Communist Party might necessitate the provocation of a confrontation with the West that will tap the energy of Chinese Nationalism and paper over the internal inconsistencies and domestic challenges to Communist rule. If the history of Europe is any indicator, fomenting nationalism is tantamount to playing with fire. It only takes a spark to ignite a firestorm that consumes everything in its path.

In addition to nationalism, China’s changing demographics will present the government with a severe challenge that may best be resolved through expansionist warfare. China’s one-child policy, culture preferences for male children, and the spread of sonogram technology has resulted in an astonishing increase in the abortion of female fetuses over the past several decades. It is estimated that by the year 2020, China is likely to have 24 million “bare branches,” men of marrying age who are unable to find a

²² Jonathan Watts, “Violence flares as the Chinese rage at Japan,” *The Guardian*, 16 April 2005, <http://www.theguardian.com/world/2005/apr/17/china.japan>.

²³ Evan Osnos, *Age of Ambition*, 335.

spouse.²⁴ There is compelling evidence that societies with a high male-to-female sex ratio are prone to societal and inter-societal violence.²⁵ According to researchers Valerie Hudson and Andrea den Boer, this violence not only manifests itself at the individual level but the collective level as well. Their explanation of the relationship between young, unmarried men and collective aggression deserves to be quoted at length: “Young males participate in collective aggression to acquire the resources needed to attract a mate, and we should expect a great majority of the militants to come from the section of the population with the fewest resources...It is likely then that controlling elites astutely underwrite such risky undertakings as territorial expansion or colonization, especially when the alternative is having the aggressive tendencies of male citizens directed at themselves.” As the gender imbalance continues to grow, the Chinese Communist Party may be faced with decision of dispersing these individuals in expansionist campaigns in order to avoid growing domestic disorder and violence. In effect, they would be exporting violence abroad in order to suppress it at home.

The Hazards of Expanding Alliances

A fifth factor, which is often overlooked or downplayed, that must be considered regarding a potential Chinese challenge to US supremacy is that the conflict might not necessarily be the result of Chinese provocation. As stated above, current US strategy is predicated on expanding defensive alliances to the greatest extent possible in order to deprive China of the potential to build a rival coalition. This strategy proved effective in the Cold War to some extent because all parties involved had a vested interest in averting a nuclear exchange between the two superpowers. Yet war was not totally averted as both the United States and the Soviet Union both engaged in long and costly proxy wars in the struggle for world supremacy. The United States suffered defeat at the hands of the Vietnamese while the Soviet invasion of Afghanistan heavily contributed to their subsequent political and economic collapse.

Given the context and completely different cast of characters in the South China Sea, few expect any potential Sino-Chinese conflict to involve a nuclear exchange. A conventional conflict of some sort on the other hand is a very distinct possibility. Most

²⁴Osnos, *Age of Ambition*, 47.

²⁵ Valerie Hudson and Andrea den Boer, *Bare Branches: Security Implication of Asia's Surplus Male Population*, (Cambridge, MA: MIT Press, 2004), 200.

of the nations involved in these disputes know this and as a result, US allies in the region may take advantage of US security guarantees to achieve their local political objectives. As John Mearsheimer has pointed out, “China’s neighbors understand that time is not working in their favor, as the balance of power is shifting against them as well as the United States. They therefore have an incentive to provoke crises over territorial claims now, when China is relatively weak.”²⁶ Such a scenario would draw the United States into combat over a region where the US has no vital national interests other than freedom of navigation and a vague notion of regional peace and stability.

The US interest in maintaining freedom of the seas is important because of the extensive regional and international trade that passes through the region. However, China’s economy is likewise heavily dependent on this trade and any attempt to inhibit this freedom is just as likely to be damaging to China as it is to the United States. Likewise, the concern of regional stability is a noble and desirable aim; however, the question is whether or not a strong US military presence in the region contributes to or detracts from this goal. Any escalation or provocation on the part of a smaller US ally has the potential to escalate a regional squabble into a major war between two of the world’s largest militaries. Given China’s national interests in keeping these sea lanes open, US military presence in the region may potentially do more harm than good by escalating tensions and providing opportunity for a concerned third party to provoke a broader military dispute that has the potential to weaken China.

The sixth and final argument against the belief that China will not challenge US supremacy is the credibility of the US’ expanded system of alliances. The underlying assumption behind establishing a mutual defense agreement is that it delivers an effective deterrent to a would-be aggressor. The Soviet Union genuinely believed that an attack upon Western Europe would result in US retaliation with the potential for nuclear escalation. In a situation where US vital interests are at stake, deterrence is a credible strategy. The threat of the Soviet domination of Europe, a region with unquestionable cultural and economic ties to the United States, which the US had just shed blood and treasure to liberate from the Nazis, was just such a vital interest. Domestic political

²⁶ Mearsheimer, *Tragedy of Great Power Politics*, 382.

support was virtually assured should the US be called upon to defend against Soviet aggression.

The deterrent value of new alliances in the South China Sea on the other hand is of questionable credibility. The typical American has limited to non-existent knowledge of the region or the security agreements that the United States has entered into. The fractured US political environment described in chapter 1 calls into question the US' willingness to stand behind these agreements should there be an outbreak of hostilities between China and one of her neighbors. A perfect example is the mutual defense agreement between the US and the Philippines signed in April 2014. The move was certainly intended to give China second thoughts about any military posturing or aggressive behavior towards the Philippines. However, there is growing evidence that the move may be having the exact opposite effect. In a recent interview with a Filipino national security advisor, journalist Howard French records the local belief that Chinese "gamesmanship—the goal being to cut the United States down to size in what China regards as its own backyard—seems to be one major impetus behind China's new assertiveness." Consequently "China might now view the Philippines as a *more* attractive target."²⁷

The weak US response to the crises in Ukraine, as well as public fatigue after a decade of war in Afghanistan and Iraq only further perpetuate the perception that the US does not have the stomach for another fight unless there is a significant threat to national security. Of the disputed territories in the South China Sea, China has controlled the Paracel Islands since 1974 when it seized them from the South Vietnamese. It is unlikely that China will ever leave the islands despite ongoing Vietnamese objections. Similarly, China's establishment of a permanent military presence around Scarborough Shoal during a 2012 standoff effectively placed the shoal under Chinese control. The Spratly Islands remain the only disputed area that is not under complete physical control of China.²⁸ The unilateral seizure of these islands would certainly cause an international uproar and a slew of diplomatic protests, but it is unlikely to generate the domestic support needed to merit a US military response. This is likely to be the case even if

²⁷ Howard French, "China's Dangerous Game," *The Atlantic*, November 2014, 102.

²⁸ Michael McDevitt, "What should US policy be in the South China Sea?" *East Asia Forum*, 9 December 2014, <http://www.eastasiaforum.org/2014/12/09/what-should-us-policy-be-in-the-south-china-sea/>

Filipino military vessels are sunk at the hands of the Chinese in the operation. Short of a surprise attack upon the Philippine Islands proper, the US is unlikely to engage in military operations and even then, US political leaders are likely to remain divided over the wisdom of US intervention.

The Costs of War

The issues listed above corroborate the hypothesis that the drive to extend US military alliances and security guarantees to South East Asia increase the potential for conflict with China and as such would constitute a strategic blunder equivalent to the drive to spread democracy in the Middle East. A war with China would not only be disastrous to the world economy but prohibitively expensive and virtually impossible to “win.”

In the Middle East, America’s adversaries responded to US technological superiority with relatively cheap asymmetric tactics or capabilities on the low-end of the spectrum of conflict. The ubiquitous use of Improvised Explosive Devices (IEDs) flourished in both Iraq and Afghanistan, causing the majority of US casualties. To counter these incredibly cheap but effective weapons, the United States responded with the rapid development and deployment of heavily armored Mine-Resistant, Ambush Protected (MRAP) vehicles. At an average cost of \$1 million apiece, the US spent an astonishing \$50 billion to thwart a low-tech, low-cost threat to American troops.²⁹ In a potential conflict with China, the challenge is more likely to come on the high-end of the spectrum.

The US ability to project power across the globe is dependent on robust intelligence, firepower, and maneuver capabilities supported by long logistical tails to maintain American military forces spread out around the globe. Heretofore, US air and naval superiority has guaranteed unhindered access to any region of the globe where military operations are being conducted. Potential adversaries like Iran or China recognize this and are developing strategies to counter traditional US advantages. These strategies, commonly called Anti-Access/Area Denial (A2/AD), utilize long range, stand-off weapons designed to prevent the US military from entering an operational area (the

²⁹ Alex Rogers, “The MRAP: Brilliant Buy, or Billions Wasted?” *Time*, 2 October 2012, <http://nation.time.com/2012/10/02/the-mrap-brilliant-buy-or-billions-wasted/>

anti-access part) and shorter range weapons to limit US freedom of action within the operational area (the area denial part).³⁰

In this scenario, a \$13 billion aircraft carrier, and all the air power it can bring to bear in a potential conflict, can be held at bay by a handful of relatively cheap long-range cruise missiles. Currently, the US strategy for defeating A2/AD is by doubling down on joint operations in an attempt to achieve “cross-domain synergy.”³¹ Rather than address the root cause of ballooning military expenditures, this strategy merely calls for more closely integrating the increasingly expensive weapons systems currently under development. Consequently, the United States will continue to spend exorbitant amounts of money on military systems that can be countered using relatively cheap, asymmetric alternatives. If executed, this strategy would demand that the US operate its most expensive weapon systems at the furthest extent of its own exterior lines, while holding the enemy at risk in their most defensible zones.

Unlike the Soviet Union, China has profited greatly under the current international order. It is in their economic and national interests to behave as a responsible member of the international community. The growing US military presence in the region and the expansion of military alliances beyond areas of vital national interests however, presents China with a security dilemma that they cannot afford to ignore. America’s system of alliances and global institutions are indeed essential to the preservation of a peaceful world order. Their rapid expansion, without regard for the security concerns of key regional actors, however, has done more to damage America’s reputation in the world and undermined the very order we seek to perpetuate. Simultaneously, this aggressive expansion has contributed to both America’s fiscal challenges as well as her domestic political discord. As this has become ever more apparent, a desire to reduce US overseas commitments has increased in popularity, giving rise to an alternative grand strategy known as offshore balancing. This alternative strategy is the subject of the following chapter.

³⁰ US Department of Defense, *Joint Operational Access Concept (JOAC)*, 17 January 2012, i. http://www.defense.gov/pubs/pdfs/JOAC_Jan%202012_Signed.pdf

³¹ *Joint Operational Access Concept*, 14.

CHAPTER 4

The False Hope of Offshore Balancing as a Solution to National Decline

You should remember also that what you are fighting against is...loss of empire and danger from the animosities incurred in its exercise. Besides, to recede is no longer possible, if indeed any of you in the alarm of the moment has become enamored of the honesty of such an unambitious part. For what you hold is, to speak somewhat plainly, a tyranny; to take it perhaps was wrong, but to let it go is unsafe.

Pericles

The failure of the protracted and costly wars in Iraq and Afghanistan to achieve US foreign policy objectives has given new life in both academic and policy circles to a strategy commonly referred to as offshore balancing. The fundamental premise behind the concept of offshore balancing is that a powerful, but geographically isolated (i.e. offshore) state exploits the rivalry among regional actors to maintain a balance of power and thereby prevent a potentially hostile state from acquiring hegemony. In the event that such regional competition fails, then the offshore state can step into the contest on one side in order to restore the balance of power.¹ Historically, the strategy of offshore balancing has been employed by both the United Kingdom and the United States due to their favorable, insular geography.

UK and US History of Offshore Balancing

The United Kingdom maintained an offshore balancing strategy throughout its existence as the dominant naval power. As John Mearsheimer explains, “between 1840 and 1860, Britain controlled nearly 70 percent of European industrial might...nevertheless, the United Kingdom did not translate its abundant wealth into actual military might and attempt to dominate Europe.”² Instead, the British periodically allied with various continental powers to counter rising threats such as Napoleonic

¹ John J. Mearsheimer, *The Tragedy of Great Power Politics*, (New York, NY: W.W. Norton & Company, 2014), 42.

² Mearsheimer, *Tragedy of Great Power Politics*, 235.

France, Wilhelmine Germany, and Nazi Germany. The United States likewise has a long tradition as an offshore balancer.

George Washington, in his farewell address articulated a policy of non-intervention that would guide the country's foreign policy for well over a century. Noting the country's great distance from Europe, he implored: "Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalry, interest, humour, or caprice? It is our true policy to steer clear of permanent alliances with any portion of the foreign world. So far, I mean, as we are now at liberty to do it."³ Not until the Spanish American War in 1898 would the US acquire overseas territories and the military power necessary to defend them. Even then the US' historical aversion to a large standing army confined US military growth largely to naval power.

Despite being the preeminent economic power at the time of the outbreak of World War I in 1914, the US army was tiny compared to those of Europe. With an end-strength of roughly one hundred thousand, the US army was not only dwarfed by the major powers of Europe, but was smaller than the armies of lesser powers such as Romania or Serbia.⁴ When the United States did enter the war in 1917, Americans did not go into combat in great numbers until the following year. In World War II, the American army did not cross the English Channel until four years after France had fallen to Germany. By the time of the D-Day invasion, the Soviet Union had been at war with Germany for a full three years. When Pearl Harbor was bombed, the Japanese had already been bogged down in China for over four years. In all of these instances, by staying back until regional rivals had bloodied each other, the United States emerged from both world wars with a vastly superior power position.

From Offshore Balancing to Global Engagement

Following World War II, the United States would abandon this strategy in favor of closer integration with Europe and Asia. This was driven in part by liberal idealism and the desire to formulate an international framework that would prevent another

³ George Washington, President of the United States, (Farewell Address, Mount Vernon, VA, 19 September 1796), available at <http://www.ourdocuments.gov/doc.php?doc=15&page=transcript>

⁴ Mearsheimer, *Tragedy of Great Power Politics*, 303.

recurrence of world war. It was also driven out of the necessity to counter the fear of Soviet aggression. With Germany and Japan devastated by the war, Russia's historical rivals were in no position to counter Soviet attempts at expansion. Consequently, the United States could no longer remain offshore despite having a monopoly on nuclear weapons.

Theoretically, the United States could have threatened nuclear war over any attempted Soviet invasion of Western Europe. The credibility of any such threat however would have been dubious without a US presence in Europe. If the United States was not committed enough to defend Europe with troops, one could reasonably question whether or not they would risk nuclear war over it. Even after the creation of the Inter Continental Ballistic Missile, the US permanently stationed large numbers of troops in Europe, Asia and the Middle East to contain Soviet ambitions. When Soviet satellite states like North Korea and North Vietnam attempted to expand the communist world, rather than joining the war late as a last resort, the United States committed early to these wars. While the presence of US forces overseas could not prevent these politically unpopular, smaller wars where nuclear attacks would have been unjustified, they were ultimately successful in preventing the recurrence of a world war.

Following the collapse of the Soviet Union, some politicians questioned the need for the United States to maintain such a strong overseas presence. Republican presidential hopeful Patrick Buchanan campaigned heavily on this issue in both 1992 and 1996. Arguing that the US was repeating the mistakes that led to the overextension and demise of the British Empire, Buchanan called for a return to the traditional American foreign policy of non-intervention.⁵ His presidential campaigns were soundly defeated and his proposals largely derided as isolationist. Around the same time, Christopher Layne, a professor of international relations at the Naval Postgraduate School, raised the issue in the academic circles by calling for a return to offshore balancing.⁶ This position likewise, failed to gain any considerable following throughout the boom years of the 1990s.

⁵ Patrick J. Buchanan, *A Republic Not An Empire*, (Washington, DC: Regnery Publishing, 1999), xi.

⁶ Christopher Layne, "From Preponderance to Offshore Balancing: America's Future Grand Strategy," *International Security* 22, no. 1 (July 1997): 86.

Despite the absence of any existential threat to US security, there was little political rationale for withdrawing American forces or terminating fruitful alliances and partnerships that had been established during the Cold War. This remained largely unchanged until the 2003 invasion of Iraq. The political and international fallout from the war called into question the wisdom of US intervention around the world. This has resulted in both an academic and political resurgence in the popularity of offshore balancing as a potential alternative.

The Growing Popularity of Offshore Balancing

In November 2011, *New York Times* columnist Thomas Friedman authored an op-ed in support of President Obama's decision to withdraw American troops from Iraq. In his article, Friedman argued that America needed more cost-efficient ways to influence geopolitics in Asia than keeping troops there indefinitely and that exploiting the natural competitions in this region (between Iran and Iraq in particular) might be the solution.⁷ Later that same month, author and columnists Peter Beinart characterized President Obama's shift in foreign policy as a transition towards offshore balancing. As he explains it, "Instead of directly occupying Islamic lands, we're trying to secure our interests from the sea, the air and by equipping our allies. That's in large measure what the Obama administration is trying to do in East Asia too."⁸ When framed in this manner, this change certainly sounds characteristic of offshore balancing. Yet this strategy, as implemented by the Obama administration, deviates from the strategy as articulated by its most vocal proponents. As Stephen Walt, the leading advocate of offshore balancing explains "Obama's version of this strategy remains highly interventionist; the only difference is that Washington now uses drones, cruise missiles, and Special Forces instead of large land armies."⁹ In this respect, President Obama's foreign policy is a shift to offshore balancing in name only. As such, the assumption remains that it is the US' responsibility to solve regional security issues and as a result, fails to address the underlying problem of US economic and military overextension.

⁷ Thomas L. Friedman, "A Long List of Suckers," *New York Times*, 1 November 2011, <http://www.nytimes.com/2011/11/02/opinion/friedman-a-long-list-of-suckers.html?hp>

⁸ Peter Beinart, "Obama's Foreign Policy Doctrine Finally Emerges With 'Offshore Balancing'," *The Daily Beast*, 28 November 2011, <http://www.thedailybeast.com/articles/2011/11/28/obama-s-foreign-policy-doctrine-finally-emerges-with-off-shore-balancing.html>

⁹ Stephen M. Walt, "A Bandwagon for Offshore Balancing?" *Foreign Policy*, 1 December 2011, <http://foreignpolicy.com/2011/12/01/a-bandwagon-for-offshore-balancing/>

Proponents of the strategy argue that true offshore balancing does not commit US forces to every region of the world but rather aims to conserve American power while allowing regional actors to balance against one another. As Christopher Layne explains, offshore balancing delivers three distinct advantages over the current US strategy. First, over time new great powers will emerge. Offshore balancing would allow the US to maintain its relative position in a multi-polar world, while the existing interventionist strategy will inevitably provoke a geopolitical backlash. Second, US hegemony fuels terrorism against the US by groups such as Al Qaeda. As Layne argues “9/11 itself is a reminder that US predominance has spawned new ‘asymmetric’ responses to US preeminence.”¹⁰ Finally, Layne states, in the absence of any credible peer or near-peer competitor “the US will succumb to the ‘hegemon’s temptation’—employing its formidable military capabilities promiscuously and becoming entangled in conflicts that it could avoid.”¹¹ Given these advantages, Layne contends that “an offshore balancing strategy would have two crucial objectives: minimizing the risk of U.S. involvement in a future great power (possibly nuclear) war, and enhancing America's relative power in the international system.”¹² To achieve this end, Layne argues that the United States should withdraw from its current alliance commitments in Europe and Asia.¹³ In this view, America remains the sole superpower because we stayed out of the slaughterhouse of WWII until after all the other great powers had nearly killed one another. Today, the situation appears exactly opposite; the United States has inserted itself in the middle of nearly every major regional competition on the planet. The US has assumed the historic role of Germany in keeping Russia out of Europe, of Japan in balancing China, and of the Ottoman Empire in pacifying the Holy Land. This situation is viewed as a recipe for disaster which can only be escaped by withdrawing from these regions and returning to the US’ historic position as a remote offshore balancer.

¹⁰ Christopher Layne, *The Peace of Illusions: American Grand Strategy from 1940 to the Present*, (Ithaca, NY: Cornell University Press, 2006), 7.

¹¹ Layne, *The Peace of Illusions*, 7.

¹² Layne, “From Preponderance to Offshore Balancing,” 86.

¹³ Layne, “From Preponderance to Offshore Balancing,” 86.

Offshore Balancing...A Recipe for Global Instability

Having explored the evidence of US relative decline and the proposition that the status quo is both dangerous and unsustainable, is offshore balancing the solution to US woes? The remainder of this chapter will argue that adopting an offshore balancing strategy would be a massive overreaction that would spawn more problems than it would solve. The first and foremost reason this solution is not a viable alternative is the historical fact that the American system of defensive alliances has achieved its fundamental objective of preventing a repeat of the world wars that devastated much of the globe during the 20th century. An active US foreign policy and the commitment of military forces overseas “carved out a vast ‘free world’ within which an unprecedented era of peace and prosperity could flower in Western Europe, East Asia, and the Western Hemisphere.”¹⁴ Certainly, tensions with the Soviet Union at times rose to dangerous levels but ultimately the threat of nuclear war and the presence of the US in these regions ultimately broke the cycles of war that had previously defined them. Nobody knows exactly how the world would have evolved over the past seventy years had the United States shrugged off the burden of leadership after World War II but in hindsight it is reasonable to conclude that it would not have been as peaceful or prosperous as the world we currently live in. Should the United States fully commit to a strategy of offshore balancing, serious geopolitical instability would almost certainly ensue on a number of fronts. The crisis in Ukraine, Russia’s military modernization, and Vladimir Putin’s ambitions to restore Russia as a great power on the world stage has created significant anxiety across much of Europe. In the absence of a credible American defense, would Vladimir Putin, a man who considers the collapse of the Soviet Union as the “major geopolitical disaster of the century” be content with stopping his incursions in the Ukraine?¹⁵ A decision to withdraw US military forces and security guarantees, at a time when Europe is increasingly divided and struggling economically invites further Russian inroads into the region. The United States stayed in Europe, risking nuclear war to prevent Soviet expansion there. While the threat of nuclear war has certainly diminished,

¹⁴ Robert Kagan, “Superpowers Don’t Get to Retire,” *The New Republic*, 26 May 2014, <http://www.newrepublic.com/artile/117859/allure-normalcy-what-america-still-owes-world>

¹⁵ Vladimir Putin, President of Russia, “Annual Address to the Federal Assembly of the Russian Federation,” (address, 25 April 2005) http://archive.kremlin.ru/eng/speeches/2005/04/25/2031_type70029type82912_87086.shtml

the threat to European unity and prosperity is just as real. To abandon commitments in Europe risks undermining the entire post-World War II international order and the peace and prosperity that flows from it. Similarly, strong nationalist tendencies and historic animosity between China and Japan have a much greater chance of spiraling out of control should the United States withdraw. In the Middle East, a military withdrawal risks heightening already high tensions between Sunni Saudi Arabia and Shi'a Iran which could have destabilizing effects on the world's supply of oil.

A second problem with the proposal of offshore balancing is that it would likely lead to a collapse of the nuclear non-proliferation regime. In the 70 years since the United States dropped atomic weapons on Japan, eight nations have officially acquired and tested nuclear weapons. The total comes to nine if Israel, a likely possessor of such weapons, is included. Absent the US guarantees of protection, commonly referred to as the US "nuclear umbrella" this number is likely to rise rapidly. Without the US, South Korea and Japan would feel compelled to acquire nuclear weapons in short order to protect themselves from their historical adversaries North Korea and China, respectively. The situation in the region could become even more volatile when considering the latent animosity that still exists between South Korea and Japan that dates back to the conduct of occupation forces during WWII. Nuclear deterrence theory has been explored in great detail by a number of theorists, but throughout history such theories only involved two actors (or two groups of actors). The situation in Northeast Asia would now involve four nuclear armed states with powerful nationalist and racial animosities that could spiral out of control as a result of a single actor. Given the schizophrenic and saber-rattling behavior of North Korea's dictators over the past six decades, this is in itself a dangerous gamble.

Similarly, without US forces in the Middle East, Saudi Arabia would pursue nuclear weapons to protect themselves against perceived Iranian threats. Should Iran successfully build nuclear weapons, Saudi Arabia may follow this path anyway. As long as American troops remain in the region, however, there is still a chance that they may follow in the footsteps of Germany, Japan, and others who have trusted in the US nuclear umbrella to keep their nation secure. There is a great debate among international relations scholars on what effects nuclear proliferation will have on world peace.

Kenneth Waltz has argued that the world has enjoyed incredible peace and prosperity since 1945 and that nuclear proliferation will only increase their deterrent effect, undermining the incentives for waging war.¹⁶ Scott Sagan on the other hand, argues that states and their military organizations, especially in those lacking a strong history of civilian control, often operate with biases and inflexible routines that may lead to breakdowns in deterrence which could lead to deliberate or accidental nuclear war.¹⁷ This debate is by no means going to be resolved any time soon, but given the great uncertainty that surrounds it and the stakes that are riding on it, the logical choice at this point is maintain America's nuclear umbrella in order to sustain the non-proliferation regime that has worked well for the past forty five years.

The Absence of a Regional (Internal) Balancer

A third problem with the offshore balancing argument is that in the most important regions there is no single, credible regional balancer to counter the perceived threat. In order to balance against a perceived aggressor a state can either mobilize additional resources, commonly known as "internal balancing" or they can "externally balance" by forming defensive alliances to counter the threat.¹⁸ Regarding a potential offshore balancing strategy against China, John Mearsheimer notes that it could not happen for two reasons. First, none of China's neighbors is powerful enough to contain China by itself. In other words, no state can muster the additional resources needed to counter China on its own. Second, the great distances that separate the countries along China's periphery make a coalition unlikely without US leadership and involvement.¹⁹

Examining the first of these claims, there are only three potential regional actors that could aspire to balance China: Japan, India, and Russia. None of these countries are capable of mustering the additional resources needed to balance China independently. Japan, the "Land of the Rising Sun," may itself be on the decline. As a 2012 report on the extent of Japanese international engagement notes Japan's "debt is 200 percent of annual gross domestic product (GDP), Japan's population is aging at the fastest rates in the world while the birth rate is decreasing steadily, and the nation's energy security

¹⁶ Scott D. Sagan and Kenneth Waltz, *The Spread of Nuclear Weapons: A Debate Renewed*, (New York, NY: W.W. Norton & Company, 2003), 4, 45.

¹⁷ Sagan and Waltz, *The Spread of Nuclear Weapons*, 47.

¹⁸ Mearsheimer, *Tragedy of Great Power Politics*, 156.

¹⁹ Mearsheimer, *Tragedy of Great Power Politics*, 385.

faces an uncertain future.”²⁰ To put this in perspective, Japan’s debt to GDP ratio is the highest in the world, exceeding the debt ratios of the Europe’s most profligate spenders, the so called PIGS (Portugal, Italy, Greece, and Spain).²¹ Similarly, according to a 2013 UN report, Japan is aging faster than any other developed country in the world.²² In addition to these facts, the absence of nuclear weapons and Japan’s constitutional prohibitions against a standing military and waging war mean the country is in no position to military contain China.

India is the opposite of Japan in many of these respects. India is a nuclear armed power, has a growing economy, and is home to a young and growing population in excess of 1.23 billion people.²³ Unfortunately, India is also racked by a number of significant domestic issues that will inhibit a foreign policy dedicated to containing China. While India’s large population remains a potential source of latent power from which to build a powerful, industrialized economy or even a large army, rampant poverty and limited education opportunities for the masses are likely to undermine this. With an average population annual growth rate of 1.3%, which has been fairly consistent over the past decade, India adds approximately 15 million people to their population every year.²⁴ To put that in perspective, between 2001 and 2011, India added 181 million people, nearly the entire population of Pakistan.²⁵ The challenges of supporting a sixth of the world’s population on only 2 percent of the world’s land area will create monumental domestic challenges that are likely to distract from an expanded foreign policy that includes countering China.²⁶

²⁰ Randall Schriver and Isabella Mroczkowski, “Japan’s Global Engagement: A Mapping Study of Japan’s Global Role and Contributions” (Project 2049 Institute, April 2012), 7
http://project2049.net/documents/japan_global_engagement_2012.pdf.

²¹ Mike Patton, “The Seven Most Indebted Nations,” *Forbes*, 29 September 2014,
<http://www.forbes.com/sites/mikepatton/2014/09/29/the-seven-most-indebted-nations/>

²² United Nations, Department of Economic and Social Affairs, Population Division (2013). *World Population Ageing 2013*. ST/ESA/SER.A/348. <http://www.un.org/en/development/desa/population/publications/pdf/ageing/WorldPopulationAgeing2013.pdf>

²³ CIA World Fact Book, “India,” <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html> (accessed 5 May 2015).

²⁴ World Bank Database, “Population Growth (Annual %),”
<http://data.worldbank.org/indicator/SP.POP.GROW/countries> (accessed 5 May 2015).

²⁵ “Key facts and figures about India’s population,” Open Knowledge, 25 June 2014,
<http://knowledge.allianz.com/demography/population/?1656/key-facts-and-figures-about-indias-population>

²⁶ World Bank Database, “Land Area (sq km.),” <http://data.worldbank.org/indicator/AG.LND.TOTL.K2> (accessed 5 May 2015).

Resource scarcity, environmental challenges, endemic poverty, and limited access to health care are all likely to be exacerbated as India's population approaches 1.6 billion by mid-century. As these trends continue, they will negatively influence India's ability not only to govern itself but will undermine any ability to harness the latent power of their population in order to project power abroad. In addition to the challenges that will be foisted upon India simply as a result of demographics, the country is also struggling with rampant political corruption. India's so called "season of scams" in 2011 saw corrupt politicians and businessmen abscond with billions of dollars through corrupt business dealings and fraudulent government subsidies.²⁷ Additionally, over 29.5% of the Indian population, roughly 363 million people (more than the entire population of the United States) live below the poverty line.²⁸ With such figure, new stories reporting government corruption involving billions of dollars understandably led to a rise in public outrage and protests.

Indian Prime Minister Narendra Modi, elected in 2014 and touted as a liberal reformer, has so far proved a disappointment in addressing many of these grievances.²⁹ Even if Modi can begin to make headway on these issues during his tenure as Prime Minister, India's historical rivalry with nuclear armed Pakistan is likely to distract from any foreign policy that attempts to focus its resources on an emerging China. It is clear from these issues that India has a long way towards tackling its domestic challenges before it can seriously consider diverting the resources needed to balance against China.

The only remaining regional power that could theoretically check the rise of China is a resurgent Russia. Based solely upon Russia's status as a nuclear-armed state and the nation's history as a formidable military power, Russia certainly could present China with a greater challenge than Japan or India in the military sphere. Unfortunately, Russia's military capabilities cannot be divorced from her unfavorable geography and economic and demographic trends. While Russia and China do share the sixth largest land border in the world, it resides in sparsely populated regions of both countries (See

²⁷ "A Rotten State," *The Economist*, 10 March 2011, <http://www.economist.com/node/18332796>

²⁸ Mahendra Kumar Singh, "New Poverty Line: Rs 32 in Villages, Rs 47 in Cities," *The Times of India*, 7 July 2014, <http://timesofindia.indiatimes.com/india/New-poverty-line-Rs-32-in-villages-Rs-47-in-cities/articleshow/37920441.cms>

²⁹ "Yes, Prime Minister," *The Economist*, 16 October 2015, <http://www.economist.com/news/asia/21625857-more-moderniser-market-reformer-narendra-modi-relies-his-bureaucrats-yes-prime-minister>

figure 4). Russia's poor access to warm water ports and limited naval capabilities are unsuited for checking potential Chinese expansion where it is most likely to occur in the East and South China Seas.

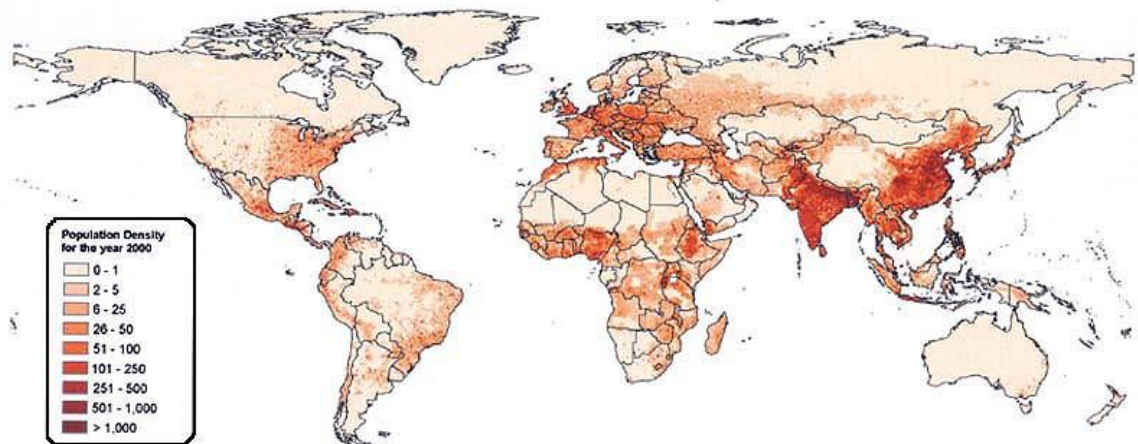


Figure 4. Global Population Density in 2000

Source: Food and Agricultural Organization of the United Nations.
<http://www.fao.org/docrep/009/a0310e/a0310e06.htm>

In addition to the challenges of geography, the other pillars of Russian power (manpower and energy) appear to be eroding. Russia's massive population and her ability to put a large number of men under arms has historically been the backbone of her ability to project power. As Zachary Keck notes, during World War II "Stalin sapped the military might of Nazi Germany less because of the strategic or tactical genius he possessed, and almost entirely through his willingness to expend the lives of his citizenry. According to some estimates, the Soviet Union lost somewhere between 22 and 28 million people during WWII."³⁰ Astounding numbers considering the US and the United Kingdom lost less than a million apiece during the same period. Yet today, Russia is facing a serious depopulation crisis due to low birth rates, high death rates, and widespread abortion.

³⁰ Zachary Keck, "Russia is Doomed," *The Diplomat*, 5 March 2014, <http://thediplomat.com/2014/03/russia-is-doomed/>

During a period when the rest of the world is rapidly urbanizing, 10 of the 25 fastest shrinking cities in the world belong to Russia.³¹ Nizhniy Novgorod, Russia's fifth largest city, is shrinking at an astonishing rate of 15,000 people a year.³² Recognizing the impending crisis, Vladimir Putin implemented a number of laws to incentivize increased childbirth and encourage immigration to little effect.³³ While Russia's population actually increased ever so slightly in 2014, the first increase since 1991, evidence suggests that this reversal is only a temporary phenomenon. According to Igor Beloborodov, one of Russia's leading demographers, "Russia has not managed to beat the depopulation crises. What we see now is a temporary tendency, a result of the baby boom of 1980s...by 2020 Russia will face another wave of disappearing population."³⁴ If demography is indeed destiny, Russia's days as a world power capable of challenging China are numbered.

The other substantial source of Russian power has been the country's vast energy reserves. Several times in the past decade, Moscow has wielded her energy potential as a weapon in order to exploit Eastern European dependence on Russian oil and gas. Ironically, this very source of power has actually become Russia's Achilles Heel. According to the European Bank of Reconstruction and Development, "In 2012 Russia remains highly dependent on its natural resources. Oil and gas now account for nearly 70 percent of total goods exports.... Oil and gas revenues also contribute around half of the federal budget. The non-oil fiscal deficit has averaged more than 11 per cent of GDP since 2009, while the oil price consistent with a balanced budget is now in the region of

³¹ Joshua Berlinger, "The 28 Fastest-Shrinking Cities in The World," *Business Insider*, 22 October 2012, <http://www.businessinsider.com/cities-that-are-shrinking-2012-10?op=1>

³² Anna Nemtsova, "Death and Recession in the City That Shrinks by 15,000 People a Year," *Newsweek*, 15 October 2014, <http://www.newsweek.com/2014/10/24/death-and-recession-worlds-fifth-fastest-shrinking-city-277382.html>

³³ Cesar Chelala, "Russia Need to Start Looking After Its Health," *The Moscow Times*, 25 September 2014, <http://www.themoscowtimes.com/opinion/article/russia-needs-to-start-looking-after-its-health/507818.html>

³⁴ Anna Nemtsova, "Death and Recession in the City That Shrinks by 15,000 People a Year," *Newsweek*, 15 October 2014, <http://www.newsweek.com/2014/10/24/death-and-recession-worlds-fifth-fastest-shrinking-city-277382.html>

US\$115 per barrel and rising.”³⁵ In the wake of the US energy revolution, the price of crude oil has plummeted well below US\$50 per barrel.³⁶

The low price of energy coupled with US and European sanctions against Russia over the crisis in Ukraine have actually facilitated closer Sino-Russian cooperation. In 2014, Russia and China signed two energy deals worth more than \$400 billion that “will make Russia rely more on China both economically and politically,” according to Lin Boqiang, director of the Energy Economics Research Center at Xiamen University.³⁷ Indeed, despite their historical differences, Russia and China are more likely to cooperate with one another than become potential challengers for the foreseeable future. The recent events in Crimea are a case in point. While China did not outwardly support the Russian annexation of Crimea and its activity in eastern Ukraine, condemnation was likewise conspicuously absent. Indeed, the most vocal protests made by China during the whole affair were directed against Western-imposed sanctions on Russia.³⁸ Should China ever engage in similar behavior in the East or South China Sea, Russia is likely to return the favor and attempt to shield China from the effects of sanctions and international condemnation. While Russia is likely to remain a major player on the world stage, particularly in Eastern Europe, the economic and demographic trends and the geopolitical landscape make it unlikely that Russia will be capable of diverting resources towards containing China.

There is No External Balancing Without the United States

While no single state in Asia is powerful enough to balance China individually, any potential coalition without US leadership is equally problematic. Among the three powers, there is no clear leader and the vast distances of the Pacific make cooperation difficult. Asia would essentially transition from a bipolar rivalry between China and the US coalition into a multi-polar environment with multiple competing groups. According

³⁵ European Bank for Reconstruction and Development, “Diversifying Russia: Harnessing Regional Diversity,” (13 December 2012), 4. <http://www.ebrd.com/news/publications/special-reports/diversifying-russia.html>

³⁶ Nasdaq, “Crude Oil,” <http://www.nasdaq.com/markets/crude-oil.aspx?timeframe=10y> (accessed 24 March 2015).

³⁷ James Paton and Aibing Guo, “Russia, China Add to \$400 Billion Gas Deal With Accord,” *Bloomberg*, 10 November 2014, <http://www.bloomberg.com/news/articles/2014-11-10/russia-china-add-to-400-billion-gas-deal-with-accord>

³⁸ Gary J. Schmitt, “Why China Won’t Condemn Russia Over Crimea,” American Enterprise Institute, 29 September 2014, <http://www.aei.org/publication/why-china-wont-condemn-russia-over-crimea/>

to Kenneth Waltz this is highly destabilizing because “in a multipolar world dangers are diffused, responsibilities unclear, and definitions of vital interests easily obscured.”³⁹ In a bipolar competition, a loss for one side appears as a gain for the other. Consequently, any event in the region is of concern to both sides and responses occur promptly. In a multi-polar Asia, would India be prepared to go to war over Chinese aggression in the Senkaku Islands? Would Japan risk a conflict with China over disputed territory along the Sino-Indian border? Both are doubtful. This uncertainty makes potential gains seem greater than likely losses that could occur in a war. As Hugh White rationally concludes, should the US withdraw from the region “Asia would soon become divided into competing camps in a classic balance-of-power system, punctuated by serious wars.” This is the same type of environment that existed in Europe prior to the outbreak of the world’s most devastating wars.

Political Activity by Other Means

The fourth problem with offshore balancing is that it is largely a strategy proposal devoid of political context. The US military is not just stationed around the globe to fight wars but to achieve broader political ends. For offshore balancing to be considered as a serious alternative to the existing interventionist US strategy, it has to have the support of the nation’s civilian political leadership. There is no evidence that any such position has widespread support among either US political party. During his campaign for the presidency, Barack Obama repeatedly emphasized his intention to end the war in Iraq and withdraw American troops from combat. On a small scale, such a statement is perfectly in line with a broad strategy of offshore balancing. While President Obama kept his promise to end the war and withdraw troops, as noted above, the rise of ISIL and the political fallout that accompanied his portrayal of the terrorist organization as a “junior varsity” basketball team forced him to reverse course and recommit troops to a region he had tried to leave.⁴⁰

The political reality overrode the idealistic vision of withdrawal that President Obama campaigned on. This is only a small example. Were this strategy attempted

³⁹ Kenneth N. Waltz, *Theory of International Relations*, (Long Grove, IL: Waveland Press, 1979), 171.

⁴⁰ Peter Baker, “A President Whose Assurances Have Come Back to Haunt Him,” *New York Times*, 8 September 2014, http://www.nytimes.com/2014/09/09/us/politics/a-president-whose-assurances-have-come-back-to-haunt-him.html?_r=0

wholesale, with the US disengaging “from its current alliance commitments in East Asia and Europe” as Christopher Layne and Stephen Walt have argued, the political pressure to reverse course would be unbearable for even the most idealistic of politicians.⁴¹ Given the US vast economic interests in virtually every region of the globe, the stability that has resulted from US global military presence, and the sheer momentum that inhibits drastic course correction to US foreign policy, it would be practically impossible for a candidate to win the presidency on an “offshore balancing” platform. Even if it were possible to get elected on such a platform, implementing such a vision would face insurmountable hurdles that would prevent it from being carried out.

The Benefit of Global Leadership

The final problem with the proposal of offshore balancing is that it ignores the numerous benefits that accrue to the US as the leader of the international order. In withdrawing to our shores, the US would effectively be relinquishing the ability and prerogative to set the global agenda. As Robert Kagan argues “Communism may have failed, but authoritarianism and autocracy live on. And it is that form of government, not democracy, that has been the norm throughout history....A liberal world order, like any other world order, is something that is imposed, and as much as we in the West might wish it to be imposed by superior virtue, it is generally imposed by superior power.”⁴² Liberal democracy and the freedoms and prosperity that accompany it are the direct result of the US and her Western allies setting the global agenda.

Certainly, the case can and has been made that many of the international institutions and organizations that broadly support America’s agenda will continue under their own momentum. In support of this view, Princeton professor Robert Keohane has argued that US hegemony is not essential to the maintenance of the existing international order. This is predicated on the belief that international order is difficult to establish but easy to maintain. According to his argument “nonhegemonic cooperation is possible and is facilitated by international regimes.”⁴³ The principles, norms, rules, and decision making procedures that constitute the existing international regime, now that they have

⁴¹ Layne, “From Preponderance to Offshore Balancing,” 87.

⁴² Robert Kagan, “Superpowers Don’t Get to Retire,” *The New Republic*, 26 May 2014, <http://www.newrepublic.com/artile/117859/allure-normalcy-what-america-still-owes-world>

⁴³ Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*, (Princeton NJ: Princeton University Press, 2005), 50.

been firmly established, will continue to operate in the absence of a hegemon to enforce the rules. Indeed there is a great deal of truth to this argument. However, as the author himself acknowledges, because the United States has remained the world's dominant power in the 31 years since he first published his work, "we have not really seen a test of whether institutions will last 'after hegemony.'"

While many of the institutions and alliances survived even after the end of the Cold War, despite realist predictions to the contrary, there has never been a real test of their durability in the absence of US dominance. Arguably, the only reason they survived was because it was in the interest of the world's leading power for them to do so. Should the United States take a more hands-off approach to world governance, other countries will almost certainly seek to impose their views or establish rival institutions to advance their particular interests. The world is a safer, more prosperous place because of the active involvement of the United States in maintaining world order. To universally withdraw from the world risks plunging the earth back into anarchic competition among the most powerful states in a scramble for control and influence that dominated the 19th and 20th centuries. As a strategy, offshore balancing is destabilizing, impractical, and politically unrealistic and as such it is a false solution to America's economic and military overextension.

CHAPTER 5

Recommendation: Accommodation and Partial Retrenchment

But if the empire can no longer support the expense of keeping up this equipage, it ought certainly to lay it down; and if it cannot raise its revenue in proportion to its expense, it ought at least, to accommodate its expense to its revenue.

Adam Smith

In the near future, the United States of America will face some difficult choices. The internal challenges of anemic economic growth, rising military costs, and growing consumption of public services cannot be funded indefinitely by growing debt. Likewise, the rising cost of political dominance driven by the increase in the number and strength of rival nations will inevitably undermine the United States' ability to function as a global hegemon benevolently imposing "Pax Americana" on the world. The debate over American grand strategy is usually framed as a binary choice between preserving the status quo and unilaterally abandoning America's global security commitments. As the preceding chapters have argued, the internal and external challenges facing the United States reveal that the status quo is both unsustainable and dangerous. Similarly, a comprehensive shift to offshore balancing is an absurdly unrealistic political option for the nation's civilian leadership and fails to recognize the significant benefits that America's overseas presence has conferred upon the country and the world over the past seventy years.

According to Gilpin, this dilemma has historically produced a form of paralysis whereby the dominant nation "neither concedes to the just demands of rising challengers nor makes the necessary sacrifices to defend its threatened world."¹ The challenge facing the United States however, need not be artificially framed as a choice between these two extremes. The Greek philosopher Aristotle once described a virtue as the mean between the extremes of excess and deficiency.² In the present reality, the struggle for US

¹ Robert Gilpin, *War and Change in World Politics*, (New York, NY: Cambridge University Press, 1983), 166.

² Aristotle, *Nicomachean Ethics*, trans. C.D.C. Reeve, (Indianapolis, IN: Hackett Publishing, 2014), 1107.

primacy is excessive while a move toward offshore balancing would be deficient to meet the needs of both global security and US foreign policy. To both secure peace and retain the benefits of its position as a world leader, the United States must strive to find the right balance between primacy and unilateral withdrawal. Out of necessity, this will involve accommodating some of the desires of rising powers.

The Theoretical Options Available to a Great Power in Decline

Returning to the theoretical framework used earlier to explore the extent of US decline, Gilpin provides a comprehensive list of options available to the declining power in order to bring costs and resources into balance. The first option is to eliminate the source of the challenge by means of war.³ In the modern era, nuclear weapons make such a move self-defeating. The second option is to increase revenue through greater internal taxation or conquest to acquire tribute.⁴ The fractured domestic political environment and competition for dwindling resources inhibit greater internal taxation as a feasible solution. Likewise, the acquisition of tribute via conquest, while an option to historic empires, is not compatible with the character of the United States as a liberal republic.

The final option is to reduce foreign policy commitments. This option consists of three variants: unilateral abandonment, burden sharing through expanded alliances, and retrenchment coupled with concessions to the rising power.⁵ Unilateral abandonment is equivalent to the modern concept of offshore balancing, a system whose ills have been described in chapter four. The system of burden sharing through expanded alliances is the equivalent of the status quo. Since World War II, the United States has sought to expand alliances to every region of the world in hopes of sharing both the burden and the benefits of security. Unfortunately, as demonstrated in chapter two, while the system has produced greater security, it has utterly failed to disperse the growing cost as smaller nations continue to free-ride off American security promises. The third variant, limited retrenchment coupled with concessions to the rising power, is closest of Gilpin's potential options to the recommendation advocated in this paper.

Toward A Balanced US Foreign Policy in Asia

³ Gilpin, *War and Change in World Politics*, 191.

⁴ Gilpin, *War and Change in World Politics*, 192.

⁵ Gilpin, *War and Change in World Politics*, 192-193.

What would limited retrenchment and concessions look like in the present scenario? Essentially, the United States would restrict its military footprint in Asia to its historic alliances with Japan, South Korea, and Australia. These alliances are of such long standing and importance to global stability that any move offshore risks throwing the region into chaos. While the US alliance with Japan will remain a point of contention with China, it serves the important function not only of deterring Chinese aggression but also “restrains Japan, serving as the ‘cork in the bottle’ that contains possible Japanese militarism and dampens the historical Japan-China rivalry for regional dominance.”⁶ In the long run, the US-Japanese alliance is beneficial to both the US and China. However, the US should withdraw from (or let expire) the security guarantees made to the Philippines, Vietnam, and other regional actors in order to remove a US military presence from the South China Sea.

The expansion of the US alliance system in this region has only heightened the security competition between China and the US. Just as the expansion of NATO into Eastern Europe rekindled geopolitical tensions with a proud Russia, the expansion of US alliances with most of China’s neighbors risks further overextending the military and potentially drawing the US into an unwanted and potentially unwinnable war. Political Scientist Robert Jervis notes that a potential solution to escaping a security dilemma that neither side desires is that “one side must take an initiative that increases the other side’s security.”⁷ Without the American boogeyman stoking security competition, China will have greater incentive to cooperate through international arena to resolve territorial disputes with its neighbors for several very important reasons.

First, China has enormous political impetus to avoid initiating conflict in the South China Sea. As *Financial Times* correspondent Geoff Dyer remarks “to win a bigger role in the world, it is not enough to be wealthy; a country also needs to secure trust.”⁸ Chinese efforts to establish the Asian Infrastructure Investment Bank described earlier or arguments in favor of elevating the yuan to the status of an international reserve

⁶ Michael Mastanduno, *Power, Order, and Change in World Politics*, ed. John Ikenberry, (Cambridge, UK: Cambridge University Press, 2014), 172.

⁷ Robert Jervis, *Perception and Misperception in International Politics*, (Princeton, NJ: Princeton University Press, 1976), 82.

⁸ Geoff Dyer, *The Contest of the Century: The New Era of Competition with China-and How America can win*, (New York, NY: Random House, 2014), 277.

currency on par with the dollar will fail if China cannot build trust and credibility as a responsible member of the international community. As the nation's second largest economy and second most populous nation, it is natural for China to desire a role in world affairs commensurate with their growing stature. As long as China feels secure, aggressive behavior toward smaller neighbors is likely to subside because the long term negative consequences will outweigh the potential short term gains that would be achieved by such actions.

Secondly, China's economy is entirely dependent on foreign trade. Right now, the Chinese government can deflect criticism of any aggressive actions in the South China Sea on the need to respond to the perceived threat of a large and expanding US military presence. Without that US presence, however, Chinese actions can no longer be disguised as self-defense and would be universally interpreted by the international community as overt bullying of weaker neighbors. Aggression against smaller neighbors would risk undermining her relations with major trading partners in the US, Europe, and Asia. Similarly, Chinese aggression in the South China Sea could potentially turn their primary economic sea lanes into a battleground that would greatly debilitate the commerce upon which their economy relies. As political scientist Avery Goldstein points out "a rising China that taps its increasing military power to act in a highly assertive or aggressive fashion would risk a reaction jeopardizing the foundations of its newfound strength."⁹ China has powerful economic incentives to behave itself as a responsible nation with regards to the territorial disputes in the South China Sea. The US presence there only escalates the tension and provides China a rationale for greater military activity.

Objections to Making Concessions to a Rising Power

Gilpin labels the option described above as the most difficult of any of the potential alternatives available to the dominant, yet declining, state for two important reasons.¹⁰ First, concessions made to a rising power are often viewed as an attempt to appease their ambitions. The diplomatic policy of appeasement has become synonymous with British Prime Minister Neville Chamberlain and his solution for avoiding war with

⁹ Avery Goldstein, *China's Ascent: Power, Security, and the Future of International Politics*, ed. Robert S. Ross and Zhu Feng, (Ithaca, NY: Cornell University Press, 2008), 82.

¹⁰ Gilpin, *War and Change in World Politics*, 193.

Nazi Germany. As a result of its subsequent failure to prevent World War II, appeasement has fallen into disrepute and “has been regarded as inappropriate under every conceivable set of circumstances.”¹¹ Second, retrenchment by its very nature reinforces the perception of waning power. This in turn damages the prestige of the dominant power and produces negative effects on both allies and rivals. Rivals are motivated to press their advantage while allies begin to question the fidelity of their protector and may actually switch sides in an attempt to protect themselves from imminent aggression.

A final challenge to this third way is raised by John Mearsheimer. According to Mearsheimer, there is a natural tendency for government officials, military leaders, and policy think tanks in both Washington and Beijing to identify the other side as the number one threat to their national security. In the face of a growing security competition, there will inevitably be some individuals on both sides who will “recommend deep-seated cooperation with the other side, perhaps even including appeasement of the adversary on certain issues. Over time, we would expect these individuals to be marginalized in the discourse and policy debates.”¹² Although Mearsheimer does not explicitly state why he would expect these individuals to be marginalized there are several good reasons. First, as stated above, any mention of appeasement instantly draws an analogy to the failure at Munich and risks a political backlash. Second, the political environment naturally favors the alarmists. Politicians and military personnel cannot simply ignore China’s growing military power. They have a moral obligation to plan for potential confrontation. As such, money and influence is more likely to flow into the organizations that exaggerate the threat than it is to those who downplay it. While both countries are better off avoiding conflict, there are powerful incentives to plan for it. This in turn perpetuates the security competition with conflict essentially becomes a self-fulfilling prophecy.¹³

Munich and the Power of Analogies

The first objection listed above is that any concessions made to the rising power are equivalent to appeasement. In his book *Analogies at War*, Yuen Foong Khong relates

¹¹ Gilpin, *War and Change in World Politics*, 193.

¹² Mearsheimer, *Tragedy of Great Power Politics*, 394.

¹³ Jervis, *Perception and Misperception in International Politics*, 76-77.

how statesmen “consistently turn to the past in dealing with the present.”¹⁴ People naturally invoke historical parallels when confronted with challenging foreign policy problems. Given that foreign policy decisions are often made by way of historical analogies, the appeal to Munich is a potent accusation. The failure of Chamberlain to appease Hitler’s ambitions in Europe or to keep the United Kingdom out of another war makes Munich one of the most powerful and oft cited analogies in history. Consequently, its application to the US-Sino relations needs to be seriously considered.

The underlying assumption of this analogy is that China harbors the same insatiable lust for power as Nazi Germany. But does China really resemble Nazi Germany? While it seems clear that China desires greater regional influence and is not in favor of continued US primacy in their own own back yard, their conduct in recent decades does not support the hypothesis that they are determined to conquer Asia at all costs. As former Australian intelligence analyst Hugh White notes, “China is ambitious, but it is also cautious and conservative. It seems willing to balance its desire for increased influence with its need to maintain order, and to avoid too direct a conflict with the United States.”¹⁵ In this respect, China is the opposite of Nazi Germany.

Another important difference between Munich and the present situation is the character of the concession being made. At Munich, Chamberlain agreed to Hitler’s demand to annex the Sudetenland without the consent of government or people of Czechoslovakia. Chamberlain sacrificed the Czechs in order to avert another world war. In the present situation, the Chinese have not demanded and the US would not condone the annexation of any sovereign nation to the Chinese. In the proposal above, the concession proposed is the withdrawal of American combat forces from the South China Sea and the cessation of military alliances with some of China’s neighboring states in order to diffuse the security competition in the region. Vietnam, the Philippines, and China’s other neighbors would all retain their sovereignty. Additionally, the United States would not be conferring any endorsement or recognition of any of China’s claims to uninhabited island chains in the South China Sea. The status of territorial disputes

¹⁴ Yuen Foong Khong, *Analogies at War: Korea, Munich, Dien Bien Phu and the Vietnam Decisions of 1965*, (Princeton, NJ: Princeton University Press, 1992), 3.

¹⁵ Hugh White, *The China Choice: Why America Should Share Power*, (Collingwood, AU: Black Inc.,2012), 168.

would remain subject to both international law and arbitration. The pending case between the Philippines and China at the Permanent Court of Arbitration in The Hague on the legality of conflicting claims would continue.¹⁶

Despite these differences, there is still a lesson that can be drawn from the Munich analogy beyond the conventional wisdom that appeasement only fuels the desire for even greater conquests. This typical interpretation is drawn with the benefit of hindsight into Hitler's character and ambitions. Placing ourselves in Chamberlain's shoes and considering the choice he faced with the knowledge then available to him, his decision to sacrifice the Sudetenland in 1938 to avoid another major European war, while somewhat cruel, seems on the whole reasonable. The Sudetenland possessed a large German population and was beyond the range of the UK's ability to project power inland. It was hardly a suitable place to draw a red line.

Chamberlain's true failure came after Nazi Germany absorbed the rest of Czechoslovakia in March 1939, when he decided that the red line would be drawn in Poland. It is impossible to know for certain, but "evidence suggests that Hitler was surprised when Britain and France went to war over Poland, and might have held back had he known they would."¹⁷ Chamberlain's mistake was that he failed to make absolutely clear that Great Britain was fully committed to fight for Poland. The implications for American foreign policy in the South China Sea is not that we should avoid making any concessions to China but that we should make absolutely clear the limits of those concessions and what the red lines are that the US is prepared to enforce.

The Psychological Impact of Retrenchment

The second objection levied against accommodating China is that it reinforces the perception of weakness and will have deleterious effects on both regional allies and rivals. If the United States appears to be backing down to China or sacrificing Vietnam and the Philippines, then seeds of doubt could be sown in the minds of other US allies in the region. Japan or South Korea in particular might begin to question US resolve and ability to come to their defense in the face of Chinese aggression. This certainly is a legitimate criticism, however, the sad truth remains that the US can no longer afford to

¹⁶ Shannon Tiezzi, "The Philippines' UNCLOS Claim and the PR Battle Against China," *The Diplomat*, 1 April 2014, <http://thediplomat.com/2014/04/the-philippines-unclos-claim-and-the-pr-battle-against-china/>

¹⁷ White, *The China Choice*, 169.

guarantee the security of every corner of the globe. The rise of a coherent and prosperous China committed to global and regional institutions, greater international trade, and more secure in their own back yard presents a singular opportunity for the US to transfer some of the financial burdens of regional security to China while helping alleviate an increasingly intense security competition.

As long as the US military maintains bases and personnel in Japan and Korea, fears over US commitment to the defense of its historic allies in the region will be minimized. Japan remains the world's third largest economy and a major trading partner with the US. The sheer size of Japan's economy means it will remain of significant importance to US foreign policy. Likewise, a hostile North Korea, intent on perfecting their nuclear arsenal and the means to deliver it to the United States strongly suggests that the US has a vested interest in remaining in South Korea. This is in stark contrast to the weak US ties to the nations of South East Asia.

Accommodators Marginalized?

A significant challenge to this approach is the tendency for both sides to label the other as the number one threat to their national security. In time, this focus tends to marginalize groups and individuals advocating a more conciliatory approach. The present situation bears this out. In the last couple years the US military has shifted its focus from counterinsurgency and counterterrorism toward fighting a peer or near-peer competitor (a pseudonym for China) in an Anti-Access/Area Denial (A2/AD) environment. Likewise, China has invested heavily in A2/AD stand-off weapons as well as a blue-water navy, complete with aircraft carriers in order to compete with the United States. In this type of environment, alarmists tend to secure greater political and financial backing than those advocating compromise. Several factors may help to mitigate this objection.

First and foremost, is the fact that the United States is already drawing down the size of the military in response to difficult fiscal environment. Technology like Unmanned Aerial Vehicles have enabled the US to maintain a presence in parts of the world like Pakistan and Yemen on the cheap, but these too have their limits and side effects. At some point, the US will be forced to recognize that it cannot maintain the same global footprint that it has in recent decades. The second reason that compromise

could potentially win out in the policy debate is the widespread sentiment of fatigue. The United States has spent more than a decade engaged in two costly wars with little to show for it. As a result, the US has already shown more reticence to deploying forces into combat in Syria and northern Iraq. The United States is not completely withdrawing from Asia. Forces stationed in the Japan and Korea will remain in theatre, helping to ease the perception that the US is backing down to China. Finally, the United States has very weak ties to the nations in the South China Sea and no economic interests other than maintaining the free flow of trade and freedom of navigation, which are both in China's interests as discussed above. Slowly extricating the US from the South China Sea will not draw the same international backlash or domestic opposition as other areas recognized as vital national interests.

Conclusion

Following the collapse of the Soviet Union, the United States and her Western allies shifted from a system of defensive alliance toward an offensive, aggressive program to expand the liberal world order. Offensive NATO operations in the Balkans along with the rapid expansion of the alliance into Eastern Europe have unintentionally provoked an aggressive Russian counteroffensive in the Ukraine. The decision to invade Iraq in 2003 and establish a democracy backfired in every conceivable way. Rather than a peaceful model for the Middle East, the entire region has descended into chaos and sectarian warfare. Today, the United States is on the cusp of making these same mistakes in Asia to the detriment of its long term objectives.

The United States, like any nation or people, is motivated by three fundamental forces: fear, interest, and honor. Of the strategies discussed in this paper, alliances and containment, offshore balancing, and accommodation, only the latter is capable of adequately addressing these three concerns. America's security is not served either by overextending US security guarantees to every corner of the globe or completely withdrawing to its own borders. It is only by taking an intermediate position that the US will truly be secure. By maintaining a strong overseas presence with historic allies in Europe and Asia, the US preserves the stability of the existing international order while reducing the risk of a major war. At the same time, suspending the impulse to encroach upon the territory of other rising powers avoids intimidating or provoking potential

adversaries which only further intensify security competition and multiply the threats to American security.

After security, America's second goal is continued prosperity. The US has a vested interest in a peaceful and prosperous Asia. As Asia's economy continues to grow, it will play a greater role in America's own economic prosperity as a market for goods, a source of trade, and a place to invest. This prosperity hinges on two key factors: stability and access. Once again, accommodation remains the strategy best suited to these requirements. America's growing military presence in Asia is intended to increase stability. In actuality, it is only stoking the fires of security competition and increasing tension for every nation in the region. At the same time, this security competition is more likely to damage the economic openness and integration upon which this prosperity is based. Conversely, a US strategy of offshore balancing would not only degrade US access to the region but ironically produce the same negative effects of security competition as China's neighbors would all significantly ramp up their investment in their militaries to compensate for the absence of US forces. China, as one of the greatest beneficiaries of the current economic system, has a vested interest in a peaceful and prosperous Asia. As such, maintaining a less threatening US presence in Asia would greatly enhance regional stability, minimize the negative economic side effects of security competition, and preserve US access to the region.

Finally, which strategy best upholds the honor of the United States of America? In many ways the strategies discussed in this paper reflect distinct aspects of American character and identity. The drive to expand American influence and ideals reflects the belief that the United States is exceptional, and therefore uniquely qualified to lead. Democracy, capitalism, freedom, and human rights are ideas and values worth spreading to all peoples. Conversely, the argument for offshore balancing reflects a deep seated belief that the US only reluctantly accepts the burden of world leadership to preserve order for the common good. America does not view itself as a global dictator but as a modern day Cincinnatus, willing to lay aside that power after the crisis has passed. While both views reflect some of the truth they are also both incomplete. The United States could not choose either approach outright without betraying a core tenant of its national character. The middle strategy between primacy and unilateral withdrawal

satisfies both concerns. Maintaining a presence overseas upholds peace, order, and stability, but a presence with discretion will more successfully promote US values.



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