

A GRAND STRATEGY ESSAY

A Framework for Thinking about Domestic Foundations

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Working Group on Foreign Policy and Grand Strategy

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Outline

Three questions arise when considering the domestic foundations of US global strategy. First, are domestic elements of power relevant to the formulation of a successful strategy? Second, which elements are relevant? Third, how might policymakers incorporate relevant domestic factors into a global strategy?

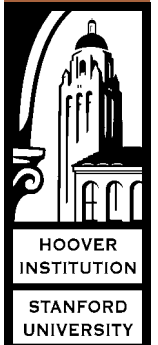
The Relevance of Domestic Foundations in Developing US Global Strategy

If strategy is the art of applying means in prescribed ways to achieve desired ends, a successful strategy depends, in part, on a clear assessment of both required and available means.

The critical role played by the domestic sources of national power in enabling foreign policy has been recognized by strategic thinkers throughout recorded history. Writing around 500 BC, Sun Zi provided estimates for the cost of fielding military forces, adding, “When the army engages in protracted campaigns, the resources of the state will not suffice.”¹ One century later, Thucydides emphasized that Pericles’s recommended multi-year campaign plan against Sparta was explicitly predicated upon the superior economic resources of Athens.² Many prominent eighteenth- and nineteenth-century political economists and government officials — Adam Smith, Alexander Hamilton, David Ricardo, Friedrich List, and John Stuart Mill, etc. — wrote extensively about the domestic economic wellsprings of national power, although they often reached different conclusions regarding the implications for a nation’s security strategy.

The US-led allied victory in the Second World War is more widely attributed to the overwhelming industrial productive capacity of America’s “Arsenal of Democracy” than to sage generalship. Likewise, the culmination of the Cold War is best explained

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as primarily delivered by US economic depth and reach, augmented by an appealing political ideology and culture. Deliberative strategies were not unimportant in achieving such fortuitous outcomes. However, it is clear — to employ a sports metaphor — that the ability to invest in maximizing the weight, height, and speed advantages of the American teams also makes it much easier to develop winning game plans.

US global preeminence will likely be challenged and possibly erode in the coming decades. Robert Gilpin has argued that there is usually increasing tension between a dominant power's spending on consumption (especially the provision of social welfare) and its investment in protection.³ Faced with the rise of a contending state or coalition, the leading power must opt over the long-term either to increase its efficiency in an effort to ease this tension, or to bring costs and resources into balance by weakening the rising challenger, lowering costs by further expansion (perhaps a hoped for outcome of the 2003 invasion of Iraq), or reducing foreign policy commitments.⁴ Regardless of which strategic course of action America adopts to maximize its security in the evolving international environment, it is essential that there first be a careful calculation of the anticipated domestic resources required to support and sustain the implemented policies.

Defining the Domestic Foundation of America's Global Power

Calls to strengthen the domestic foundation of US global power and influence can only be heeded if the foundation is defined and agreed upon. The primary means that the United States has for advancing its interests in the world are its security apparatus (comprised of military and intelligence capabilities), its economic influence, and the appeal of its political system and culture (which is difficult to quantify). A comprehensive global strategy needs to consider the use of means available in the short-term, but it must also ensure the breadth, depth, and general availability of the resources required to achieve medium- to long-term goals.

It is evident that the United States must maintain robust armed forces and intelligence services. The ability to do so in coming decades could be impaired, especially in the case of the armed forces, by a host of problems including massive projected cost increases in sustaining active-duty military personnel and providing their health care and retirement pay, as well as the expenses associated with the acquisition and maintenance of weapons and intelligence collection systems. Consequently, there may be insufficient defense funds for research, development, testing, and evaluation (RDT&E), essential procurement, and training.⁵ It might be argued, however, that these are challenges that can and should be managed by the Department of Defense with proper executive and legislative oversight, and are too

granular for consideration within the framework of an overarching international security strategy.

On the other hand, there are a set of issues that if not satisfactorily resolved may threaten US economic competitiveness, diminish the attractiveness of American ideology, institutions, and society, and eventually limit the nation's ability to field adequate military forces. These problems include:

1. *Fiscal*: In the short- to medium-term, the risk is of a sell-off of foreign holdings of US bonds (foreigners control over half of the US bond market and one-fifth of the corporate debt market) and a diminution of American power that obtains from the dollar serving as the world currency.⁶ There is a related risk, in the longer-term, of unsustainable increases in health care and retirement transfer payments, in some scenarios pushing federal debt as a share of GDP from 73% in 2012 to 200% in 2037, inevitably crowding out future investments in human and material capital.⁷
2. *Education*: In making a case that America is losing its traditional competitive edge in the field of education, the Council on Foreign Relations Independent Task Force Report on US Education Reform and National Security described the relevance of education to national security: "Human capital will determine power in the current century, and the failure to produce that capital will undermine America's security. Large, undereducated swaths of the population damage the ability of the United States to physically defend itself, protect its secure information, conduct diplomacy, and grow its economy."⁸ Current immigration and visa policies are often cited as an important contributing factor to the posited decline in America's stock of human capital.
3. *Physical Infrastructure*: The quantity and quality of physical infrastructure enables America's economic productivity and resilience. The most thorough periodic analysis of US infrastructure is published by the American Society of Civil Engineers. Its 2013 report assigned an overall combined grade of "D+" for sixteen categories of infrastructure (down from "C" in 1988) and calculated necessary improvement costs at \$3.6 trillion.⁹
4. *Other Possible Areas of Concern*: Research and development (for now, America's level of funding and the portion of GDP allocated to R&D remain high by global standards, albeit while China's R&D spending is rapidly rising)¹⁰; energy supplies (of late, more relevant to American allies and the stability of global markets than to the US specifically); the robustness of the US industrial manufacturing base (down from about 28 percent of GDP in the mid-1950s to 11.7 percent in 2010)¹¹;

and the frequently decried dysfunction of the US government and national political processes are additional issues that could develop over time into major constraints on US foreign policy strategy.

One must be cautious about inviting too many domestic factors into the global strategy tent lest foreign and international security policies lose purpose and direction. That said, drawing from Stephen Krasner's list of seven attributes of a successful grand (or perhaps any effective) strategy, at least four potentially relate to a state's domestic foundations:

1. A set of policies that can realize the strategic vision;
2. Heuristic power to define policies for unforeseen challenges;
3. Organizational and administrative structures within the state that can effectively implement these policies;
4. Resources, and hence domestic political support, to pay for these policies.¹²

With this in mind, a convincing case can be made that at least some of the aforementioned domestic components of national power — especially the first three: fiscal, education, and physical infrastructure — are means that must be carefully considered when setting strategic goals.

Integrating Domestic Sources of National Power into a Global Strategy

The domestic sources of a realistic and sustainable global strategy could be factored into the development of that strategy in several ways.

At a minimum, one might explicitly subject strategic goals to a critical means test and list as assumptions or requirements relevant domestic resources.

Alternatively, maintaining or achieving certain domestic capacities might be stipulated as strategic ends. This approach would be merited if shortfalls conceivably place the nation's strategy and security at severe risk.

There also may be instances in which specific strategic ends and ways might substantively strengthen key aspects of the domestic foundations of national power. Ensuring access to vital resources, especially oil, has played a crucial role in shaping US foreign policy since the 1970s (though its salience may be declining). Thus, those global resources — and the intellectual, material and spatial accessibility thereof — that are essential to maintaining a sufficiently strong American political-economic

base should also be clearly identified in the formulation of a national security strategy.

Last, as noted above, a viable strategy presupposes the existence of organizational and administrative structures that can effectively plan and implement the strategy.¹³ To the extent that domestic elements of national power serve as important ends or means of global strategy, one must examine whether relevant structures are fit to the purpose.

Notes

- 1 Samuel B. Griffith, trans., *Sun Tzu: The Art of War* (New York: Oxford University Press, 1971), p. 73.
- 2 Rex Warner, trans., *Thucydides: History of the Peloponnesian War* (London: Penguin Classics, 1972), pp. 119-123.
- 3 Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1990), p. 189.
- 4 Gilpin, pp. 188-192.
- 5 See Anthony H. Cordesman, "The DoD Threat to US National Security," Center for Strategic and International Studies, June 20, 2013; and Admiral Gary Roughead (USN Ret.) and Kori Schake, "National Defense in a Time of Change," Brookings Institution, February 22, 2013.
- 6 See Francis E. Warnock, "How Dangerous is US Government Debt?" Council on Foreign Relations, June 2010, <http://www.cfr.org/financial-crises/dangerous-us-government-debt/p22408>.
- 7 US Congress, Congressional Budget Office, "The 2012 Long-Term Budget Outlook," June 2012, http://www.cbo.gov/sites/default/files/cbofiles/attachments/06-05-Long-Term_Budget_Outlook_2.pdf.
- 8 Council on Foreign Relations, "Task Force Report on US Education Reform and National Security," March 2012, p. 4, <http://www.cfr.org/united-states/us-education-reform-national-security/p27618>.
- 9 American Society of Civil Engineers, "2013 Report Card for America's Infrastructure," March 2013, p. 67, <http://www.infrastructurereportcard.org/a/#p/home>.
- 10 National Science Foundation, "Science and Engineering Indicators 2012," pp. 4-5, <http://www.nsf.gov/statistics/seind12/pdf/overview.pdf>.
- 11 Cordesman, p. 64.
- 12 Stephen D. Krasner, "An Orienting Principle for Foreign Policy," *Policy Review*, October 2010.
- 13 Ibid.

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The certainties of the Cold War, such as they were, have disappeared. The United States now confronts several historically unique challenges, including the rise of a potential peer competitor, a rate of technological change unseen since the nineteenth century, the proliferation of nuclear and biological capabilities, and the possible joining of these capabilities with transnational terrorist movements. There has been no consensus on a grand strategy or even a set of principles to address specific problems. Reactive and ad hoc measures are not adequate.

The Hoover Institution's Working Group on Foreign Policy and Grand Strategy will explore an array of foreign policy topics over a two-year period. Our goal is to develop orienting principles about the most important policy challenges to better serve America's interests.

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