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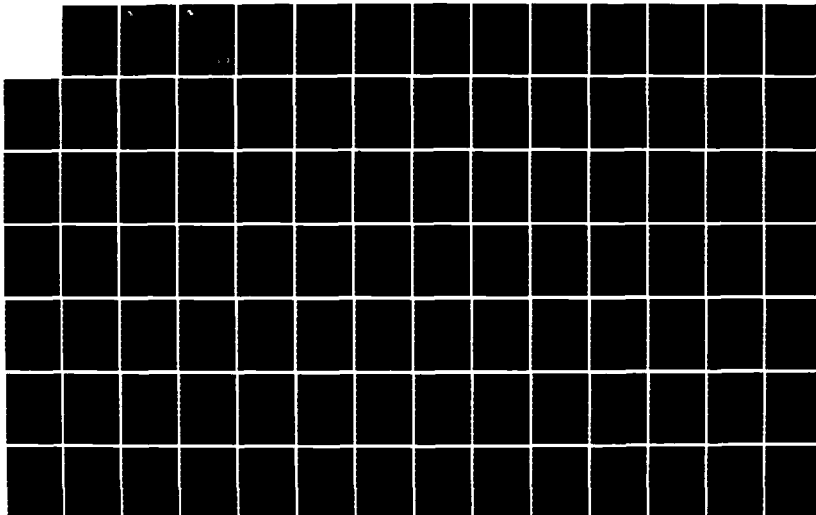
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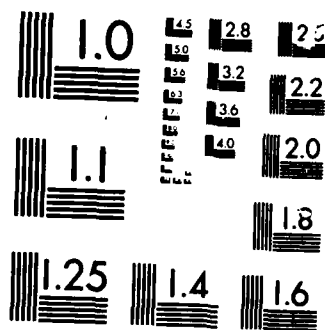
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TASK ONE

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GEOPOLITICS, STRATEGY
AND U.S. INTERESTS

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Executive Panel
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I do not say the French cannot come, I only say they cannot come by sea.

Lord St. Vincent, in 1806,
on the prospects for a French
invasion of Great Britain

PREFACE

GEOPOLITICS AND SEAPOWER

Geopolitics is a much abused term. As often as not it would seem to be employed simply to add portentousness to a text -- as they say in the movie industry, it sounds like "high concept." What is geopolitics? Truly authoritative definition is lacking, but two offerings, written twenty-two years apart, provide insights useful for the purposes of this discussion. Writing in 1942, Robert Strausz-Hupé advised that:

This global scheme of political strategy [elaborated by German geopolitical theorists in the 1920s] is geopolitics....geopolitics is the master plan that tells what and why to conquer, guiding the military strategist along the easiest path to conquest.¹

Not only did Adolf Hitler lack a scheme of conquest worthy of description as a "master plan," but his objectives and his methods after 1938 were very far short of masterly. In 1967, Saul B. Cohen provided a vastly more neutral definition when he said that geopolitics refers to

...the relation of international political power to the geographical setting.²

German Geopolitik was viewed in the United States in the early 1940s as having provided detailed guidance for Hitler's

1. Robert Strausz-Hupé, Geopolitics: The Struggle for Space and Power (New York: Arno, 1972; first pub. 1942), p. vii.
2. Saul B. Cohen, Geography and Politics in a Divided World (London: Methuen, 1964), p. 24.

brand of statecraft. This was a somewhat fanciful proposition on the part of American theorists of international relations and it did not long survive the demise of the Reich (though the leading German geopolitical theorist, Karl Haushofer, was considered very seriously for arraignment as a war criminal at Nuremberg).³ Geopolitics went out of fashion in the United States for nearly forty years. It was guilty by association with German Geopolitik, American politicians were not much given to theory on the grand scale, and it transcended treatment by the evolving methodologies of the American "scientific" study of international relations.

It is a premise of Task One of this study that an understanding of the geographical setting of Soviet-American security relations -- the problems and opportunities provided by geography -- should comprise a critically important input for the making of U.S. national security policy and its derivative national military strategy. Most of the more insightful writings on the shelves of Twentieth Century geopolitical theory have comprised variants on the theme of

3. See Edmund A. Walsh, S.J., Total Power: A Footnote to History (Garden City, N.Y.: Doubleday, 1949), Chapters 1-6. Father Walsh interrogated Dr. Karl Haushofer extensively in October-November 1945. Also valuable are Strausz-Hupé, Geopolitics; Andreas Dorpalen, The World of General Haushofer: Geopolitics in Action (Port Washington, N.Y.: Kennikat, 1966; first pub. 1942); and Derwent Whittlesey, "Haushofer: The Geopoliticians," in Edward Mead Earle, ed., Makers of Modern Strategy: Military Thought from Machiavelli to Hitler (Princeton, N.J.: Princeton University Press, 1941), Chapter 16.

"landpower versus seapower."⁴ The landpower-seapower opposition remains relevant in the 1980s, looking out into the next century, notwithstanding the invention and evolution of the airplane, nuclear weapons, ballistic missiles, orbital spacecraft, and near-instantaneous global communication. The strategic danger to insular maritime Britain, from the birth of the modern states system in the Sixteenth Century to the present day, has always been the prospect of a country or coalition of countries on the continent achieving so unchallenged a position of relative strength in landpower that it/they would be at liberty to organize the great resources of the continent for the purpose of gaining a preponderant position at sea. Ab extensio to a far wider geographical canvas, this same logic mandated American intervention in World Wars I and II and is the rationale for the Eurasian on-shore global containment policy pursued with variable vigor since the late 1940s.

The U.S. alliance systems with NATO-Europe and with Japan, and the functional equivalent of alliance with the Chinese People's Republic, all serve to keep the Soviet Union essentially in a landlocked condition. Soviet power projection beyond Eurasia could be effected only on Western sufferance, given that the maritime alliance led by the United States controls all of the chokepoints that Soviet seapower

4. A useful treatment is James Trapier Lowe, Geopolitics and War: Mackinder's Philosophy of Power (Washington, D.C.: University Press of America, 1981), Chapter 2.

must transit if it is to be loose on the high seas.⁵ Western sufferance may be secured by virtue of the hostage status of Western assets contiguous to Soviet landpower, and may in minor key be evaded by overflight. Nonetheless, the central fact remains that the ability of the Soviet Union to conduct armed adventure in pursuit of Weltpolitik is effectively checkable today by the United States and her allies, with their control of the critical "Rimland" geography of Eurasia, just as Germany's ability to act as a world power was controllable by the British Royal Navy.⁶

A key to the development of potentially preponderant seapower is a hinterland for naval bases either inaccessible to hostile landpower, or which faces no landpower challenge for reason of a successful hegemonic policy. The continental-landpower traditions of Germany and Russia/the Soviet Union were, and remain, the products of necessity. Neither Germany nor Russia has secured, or even come close to securing, to date, the degree of absence of major continental landpower distraction sufficient for a wholehearted bid for achievement of superior maritime power. However, any

5. For a sense of déjà vu, see Alfred T. Mahan, Retrospect and Prospect: Studies in International Relations, Naval and Political (London: Sampson Low, Marston, 1902; first pub. 1901), pp. 139-205.
6. "The Continent of Europe can engage in distant naval operations only with the consent of Britain, not against her." Nicholas John Spykman, America's Strategy in World Politics: The United States and the Balance of Power (Hamden, Conn.: Archon, 1970; first pub. 1942), p. 98. Spykman developed the "Rimland" concept in his book (published posthumously), The Geography of the Peace (New York: Harcourt, Brace, 1944).

Americans in the 1980s who are attracted to the idea of cutting and running from the nuclear dangers inherent in the contemporary, on-shore Eurasian containment perimeter, should be given pause by a little historical reflection. Imperial Germany, facing the certainty (guaranteed by her own war plan!) of land war on two fronts, still found the resources to build a "luxury fleet" that was within qualitative and quantitative reach of the Royal Navy by 1914.⁷ More to the point perhaps, a Soviet Union that suffers from virtually every possible disadvantage with respect to the development and prospective employment of maritime power has constructed a very formidable Navy.

Had there been no "miracle of the Marne" in the second week of September 1914, it is entirely possible that the High Seas Fleet would have been augmented to the point where Great Britain would have been obliged to acquiesce in a German hegemony. Looking to the next century, if the Soviet Union no longer has to prepare for major land war in Europe and Asia, even the monumental achievement of Admiral Gorshkov thus far likely would pale by comparison with what an expanded Soviet imperium could assemble by way of a maritime challenge to the United States. This is the strategic logic of geopolitics of most relevance to Task One of this study.

7. Among a truly vast literature see: Holger H. Herwig, "Luxury Fleet": The Imperial German Navy, 1888-1918 (London: Allen and Unwin, 1980); Ivo N. Lambi, The Navy and German Power Politics, 1862-1914 (London: Allen and Unwin, 1984); and Paul Kennedy, "Strategic Aspects of the Anglo-German Naval Race," in Kennedy, Strategy and Diplomacy, 1870-1945: Eight Studies (London: Allen and Unwin, 1983), pp. 127-60.

1. Introduction

The basic purpose of this study is to enquire as to what U.S. national security policy may ask of the U.S. Navy in the first decade of the Twenty-First Century. Necessarily, the enquiry must identify and discuss trends in regional and inter-regional politics, for their possible relevance to U.S. security interests. Similarly, the enquiry must be alert to trends and even to possible discontinuities in technological capability that should be pertinent to the ability of the Navy to perform its assigned missions. The study provides some detailed discussion of trends in the international economy, with particular attention to the prospects for, and levels of, U.S. trade and investment.⁸ However, the drawing even of tentative conclusions for security policy from economic analyses is an exercise fraught with peril.

In the Twentieth Century thus far, some great powers have pursued security policies that were manifestly absurd, even catastrophic, in economic terms. Germany and Britain both waged world wars (twice, well within living memory of each other) that they could not afford;⁹ while Japan chose to fight in 1941 rather than face dishonor (not to mention revolution at home), notwithstanding her lack of a modern

8. See the Appendix to this Task One report.

9. The extent of Germany's economic unpreparedness for protracted war in 1939 is discussed persuasively in Williamson Murray, The Change in the European Balance of Power, 1938-1939: The Path to Ruin (Princeton, N.J.: Princeton University Press, 1984).

industrial base.¹⁰ Economic factors are important, indeed often prove ultimately to be decisive in arms competitions and quests for military decision. But, statesmen have a tendency to elevate political over economic considerations, and to trust to the skill of their military leaders to enforce favorable decisions before adverse economic consequences mature. The age of mercantilism and profitable war is long past. Super and regional great powers no longer fight for a larger market share, nor do they dispatch gunboats to instruct feckless locals in the principles of prudent fiscal policy and as to the wisdom of timely payment of foreign debts. To the disappointment of some economic theorists of imperialism, it is near-universally appreciated that the United States did not fight in Vietnam in order to safeguard her interest in oil (discovered well after the major U.S. combat commitment of 1965) from the bed of the South China Sea. By way of another example, Britain had excellent economic reasons for not fighting to retake Port Stanley in 1982 (notwithstanding considerations of future wealth from and below the sea around the Falklands and South Georgia).

Without slighting the importance of political, technological, and economic detail as the basis and support for broad propositions on national security policy and Navy rôles, the authors are concerned lest that which cannot be predicted with confidence for a period twenty years hence --

10. See H. P. Willmott, Empires in the Balance: Japanese and Allied Pacific Strategies to April 1942 (Annapolis, Md.: Naval Institute Press, 1982), Chapter 3.

which is to say matters of detail -- takes pride of place over that which can be predicted (with important reservations) with considerable confidence. It is possible to outline the probable structure of the U.S. security condition for the early years of the next century. This Task One Report, therefore, before delving into regional analysis and discussions of trends in trade and investment, seeks to establish clearly the probable structure of U.S. security problems and to relate possible, alternative, national military strategies to that structure.

2. Strategic Geography and the Structure of U.S. Security

(a) American Insularity and the Maritime Alliance

To understand the security problems and opportunities of the United States, one has to begin with geography -- political, physical, economic, cultural. In the most direct terms, the United States is an effectively-insular super-state that is the principal organizer and the only possible leader of, and by far the largest security provider for, a truly global maritime alliance. With custom-designed and suitably eccentric cartography -- "magic maps" -- one can demonstrate the plausibility of virtually any geopolitical theory. However, it is no exaggeration to claim that the United States occupies essentially a central geographical position vis à vis regions of great security interest, and that the oceanic trade (and power projection) routes of the world are the lines of internal communication of the U.S.-led maritime alliance.

Although the United States occupies a central position with respect to lines of communication in Eurasia, it is no less true that the Soviet Union -- occupying the Eurasian Heartland -- holds a central position and has advantageously interior lines of communication vis à vis much, though not all, of Eurasia. The concepts of interior lines of communication and depth of territory or sea for defense do not lend themselves mechanistically to easy and automatic translation into military advantage. Japan discovered that distance, or depth, can mean weakness if reliance is placed upon far-flung and static garrisons insufficiently supported by powerful mobile strike forces. In the absence of fleet superiority, the Japanese concept of a far distant defensive barrier was a prescription for disaster.¹¹

The Heartland position of the Soviet state looks very menacing indeed on a map, vis à vis the Eurasian Rimland "arc" of U.S. security clients ranging from Norway around to South Korea. But, the Soviet depth of geography that renders power projection into the Soviet Heartland so impractical when guided by a scheme of conquest, also renders multiple-frontier defense very difficult or even militarily impractical for Moscow (against determined assault by first-class, or second-class allied to first-class, powers). Maritime power projection by Great Britain and France was logistically far superior to land-power projection by Imperial Russia in the

11. A superb discussion is H.P. Willmott, The Barrier and the Javelin: Japanese and Allied Pacific Strategies, February to June 1942 (Annapolis, Md.: Naval Institute Press, 1983), particularly p. 44.

Crimea, 1854-1856. In 1904-1905, Imperial Russia was neither able nor willing to wage more than a distinctly limited war in Manchuria and Korea against Japan. Furthermore, notwithstanding the advances registered since 1904-1905 in transportation technology, in the Soviet/Russian industrial base, and in relative Soviet/Russian military power compared with her potential enemies, it is plain beyond a reasonable doubt that the U.S.-led maritime alliance could project military power more economically to and beyond the frontier of the Soviet Far East than could the Soviet Union itself.¹²

Location of national territory obviously is important, but so is distance. In terms of defense logistics in Eurasia, 1904-1905 has much to say to today. The strategic meaning of geography has to be specific to political context. Soviet ability to project power from, or defend, its borders in Northern Europe, South-West Asia, and North East Asia is not just an elementary matter for logistic calculation. What is the political-military context? If the Soviet Union is fighting, or anticipating having to fight, in Central, Southern, and Northern Europe, her ability to do more than hold her own -- and probably not even that -- in North East Asia, inter alia, must be in doubt.

12. In practice this might not be the case if, as a "swing" strategy, U.S. maritime power accords the Atlantic and Indian Oceans higher priority than the Pacific. As in 1942, the U.S. armed forces in a future global conflict are going to be confronted with more demands than they have ready resources -- and strategy is about making choices.

Whatever one's judgment on the defense policy issues of the day (commentary on the merits in competing variants of "maritime versus continental/coalition" strategies is provided later in this Report on Task One) there are basic, enduring attributes of the United States as a distinctive security community that, more or less directly, flow from geography. Strategic geography typically is Janus-like in its implications, as some of the points discussed below illustrate.

First, the United States is strategically insular. The military weakness of Canada and Mexico, effectively -- though to a diminishing degree, given the disorder in Central America -- renders the United States an island nation.¹³

Second, to be a military power of note, the United States, by reason of geography, has to be a maritime power. In the Twenty-first Century, as in World War II and World War I, if the United States and her allies do not enjoy, at the minimum, a "working" quality of sea control, then U.S. overseas garrisons cannot be supplied and relieved, expeditionary forces cannot move or be supplied and reinforced -- and, if needs be, rescued so as to fight again. Changes in transportation technology between 1900 and, prospectively, 2010 will not alter the validity of the proposition that a sufficiency of freedom in American use of the sea is the sine

13. The outstanding discussion of this proposition and its implications remains Spykman, America's Strategy in World Politics.

qua non for any of the strategy designs of the leading contending schools of thought on U.S. defense policy.

Third, because of the continental extent of its territory, the immigrant character of virtually all of its people, and a liberal-idealist tradition that reflects philosophy/religion and the blessings of geographical distance (absolute and psychological), the United States is not convincingly reconciled either to a prospectively permanent "guardian" rôle with respect to Rimland Eurasia, or to the use of the instruments of statecraft necessary for effective guardianship.¹⁴ American insularity has bred powerful variants of isolationism/unilateralism of both politically "left" and politically "right" characters.

Fourth, the specific course of American (inter alia) history, necessarily, is a history influenced powerfully by geographical factors. American physical geography, in all its aspects, enabled political separation from the British Empire. The U.S. geographical location enabled the British Royal Navy -- sitting astride the chokepoints through which the naval power of any European state must transit -- to protect the coasts of the United States as effectively as it did the coasts of Britain. Geography has provided the economic sinews of American power, has influenced greatly the outlook, attitudes and expectations of its people, and has -- in large measure -- selected its foreign allies and foes.

14. This, and related, points are developed in Colin S. Gray, "American Strategic Culture and Military Performance," in Asa A. Clark IV, ed., Military Technology, (Baltimore, Md.: Johns Hopkins University Press, forthcoming).

Fifth, the U.S. insular strategic condition is either a strength or a weakness, depending upon relative U.S. maritime power. The paradox is a familiar one. The U.S. Navy could not, through decisive battle, attrition, or any variants thereof, defeat the Soviet Union, any more than the British Royal Navy could defeat directly the landpower of continental Imperial and later Nazi Germany. But, the U.S. Navy would need to win its war -- which, at minimum, would mean securing a working measure of sea control when and where the Western Alliance would require it -- if the war in general were not to be lost. Should Soviet maritime power, of all kinds, succeed in practicing selectively a denial strategy on key SLOCs, then the West must either lose or seek conflict resolution through desperately dangerous nuclear escalation.

Sixth, geostrategically, the U.S. security community is both blessed and cursed by the factor of distance. The loss-of-strength gradient with distance requires careful application to particular cases,¹⁵ but it remains a

15. As, for example, in Albert Wohlstetter, "Illusions of Distance," Foreign Affairs, Vol. 46, No. 2 (January 1968), pp. 242-55.

general truth about transportation and logistics.¹⁶ The oceanic distance surrounding North America that is a hindrance to overseas enemies, particularly when confronted with superior naval power, also is vastly costly in its meaning for the projection of American power. Even with considerable host nation support, U.S. forces in Europe must function and, if need be, fight as expeditionary forces. The need for airlift and sealift assets can be minimized, however, the more one is prepared to select forward garrison locations for people and equipment where one judges they are most needed. Leaving aside, for the moment, the issue of alliance political requirements for American overseas garrisons, it cannot help but be the case that forward garrisons located and sized by what amounts to a political gridlock, contribute to inflexibility in posture and policy; and that garrisons located and sized as much, if not more, for political than for military reasons, may have high opportunity costs in military

16. In the 1920s and 1930s both American and Japanese naval planners calculated that a fleet would lose approximately 10% of its combat effectiveness for every 1,000 sea miles travelled from its base (given that the home base of the U.S. Pacific Fleet until 1940 was San Pedro, this was [or should have been] a depressing calculation with respect to the likelihood of near-term relief for a Philippines under Japanese siege). The attrition that tends to be wrought by sheer distance, terrain and climate have amply been demonstrated by the fate of Napoleon's and Hitler's invasions of Russia. A respected British military historian has observed that "[t]he part played by the Red Army in 1941 in halting the enemy advance has been exaggerated by Soviet historians. Success was due mainly to geography and climate and thereafter to Stalin's determination." Albert Seaton, The Russo-German War, 1941-45 (New York: Praeger, 1970), p. 221. See also Martin van Creveld, Supplying War: Logistics from Wallenstein to Patton (Cambridge: Cambridge University Press, 1977), Chapter 5.

terms. This is not to prejudge here the running debate between self-styled continental/coalition strategists and maritime strategists.

Geopolitical generalities about the U.S. comparative advantage in maritime power over the Soviet Union -- ease of access to the open ocean, absence of land-frontier military distractions, and so forth -- and lectures on the central geostrategic location of the United States vis à vis Rimland Eurasia, in the context of the inherent flexibility conferred by superior maritime power -- have to be considered in the context of the proposition that the maritime alliance of the West faces a threat on one geographical axis of potential advance that must be countered directly at virtually all costs. Specifically, it is fairly orthodox to maintain that peninsular NATO-Europe is the proximate (not ultimate) prize in the Soviet-American struggle, that it faces a landpower threat of daunting proportions, and that there could be no imaginable compensation available elsewhere to the United States for political loss of Western Europe to Soviet control (or contrôle).

(b) Geopolitics and Alliance: The Seapower Versus Landpower Opposition Revisited.

It is partially, though only partially, correct to consider the maritime power of the United States as the functional successor to the maritime power that Great Britain exercised, with specific benefit to the British view, as well

as to the general benefit, of international order, from the second half of the Seventeenth Century until the middle of the Twentieth Century.¹⁷ British maritime power, a concept and a force traditionally held to be synonymous with British power,¹⁸ consistently, if not always competently, was directed in an anti-hegemonic rôle. In the multipolar world of post-Westphalian (1648) Europe, an anti-hegemonic policy generally meant an anti-French policy, given that France, for reasons of demography and, after 1789, of energy of political system, was the country most threatening to the continental balance of power. The First (1905) and Second (1911) Morocco (Agadir) Crises respectively registered publicly, and underlined the extent to which, British threat identification had altered from the traditional to a new enemy.

From the Sixteenth Century, when she was only a minor offshore power, to the mid-Twentieth, when she was advanced in her relative economic decline, Great Britain sought to deny success to territorial or hegemonic imperialism on the part of any continental country or coalition -- a policy, or really precept of statecraft, that could require considerable diplomatic agility (it was not for nothing that Britain was known pejoratively as "perfidious Albion"). The same rationale that for four hundred years moved British statesmen

17. The best treatment of recent times is Paul M. Kennedy, The Rise and Fall of British Naval Mastery (New York: Schribner's, 1976).

18. An idea propagated assiduously, successfully, and with some good reason by Alfred T. Mahan.

to join or organize coalitions to deny continental hegemony, has been the publicly underacknowledged geopolitical leitmotiv for American international security policy since the time (1917) -- though with a temporally extensive lapse in the interwar period -- when Britain no longer had the strength to perform her long-standing European balancing rôle. A continental super-state would be able, if unopposed by land, to translate superior landpower into what might become superior seapower. This was why Britain fought in the First World War. A Germany victorious on land, as a consequence would be at liberty to generate the material basis for victory at sea.

In geopolitical perspective, the Soviet challenge to American security is the same as was the German. Notwithstanding the more obvious differences between the Third Reich and the U.S.S.R., both have sought -- and, in the case of the latter, is still seeking -- political preponderance in Eurasia. Just as Britain could not play an agile balancer of power in Twentieth Century European diplomacy, so -- in her turn -- the United States, of power-balancing necessity, is required to oppose, indeed to organize and lead opposition to, the Soviet drive for hegemony if that drive is to be contained or reversed.

At this juncture it is important to recognize the somewhat changing geopolitical significance of nuclear weapons for American security over the past forty years and, by plausible logical extension, for the next twenty-five.

From the end of World War II until the mid-1960s, nuclear weapons served persuasively -- both in contemporary analysis and in retrospect -- as an effective equalizer, or more than equalizer, for the maritime alliance of the West, in its endeavor to organize and hold a forward, very much on-shore, containing line in Eurasia protecting the Rimland. It should be recalled that in the late 1940s and through much of the 1950s, both the material and moral-political basis for a balance of power in Eurasia quite literally was critically dependent, faute de mieux, upon American forward commitments. The U.S. nuclear arsenal was the security guarantor for Rimland Eurasia against Soviet conquest and/or hegemony. British, and later American, seapower, historically had been effective in laying siege to continental landpower only in the operational context of provision of major distraction by land for the energies of the enemy. The Anglo-American air and maritime threat to Hitler's Festung Europa proved to be decisive while most of Germany's military strength was detained, inextricably, elsewhere.

The Western problem after World War II, once the U.S. expeditionary forces had been demobilized, was that there was no near-term available, or even prospective, Eurasian distractor of Soviet military effort. In the form of atomic weapons, historical good fortune provided the United States and its economically-exhausted European clients with what appeared to be a relatively (relative to conventionally armed forces, that is) inexpensive and very credible means of

containing further realization of Soviet hegemonic ambitions in Europe. In effect, nuclear weapons assumed the rôle for the offshore power formerly filled by militarily strong continental allies. The strategic rationale for "The Great Deterrent" functioning as an "extended deterrent" was eminently reasonable all the while the United States enjoyed what is very loosely termed strategic superiority, and which might better be described as major military advantage.¹⁹ In the jargon of modern strategic theory, the United States could extend nuclear deterrence so as to cover the territories of (some, at least) distant allies because it had, or was believed to have, (vertical) "escalation dominance."

In Soviet geostrategic perspective, from the late 1940s until the early-to-mid 1960s, a NATO-Europe vulnerable to invasion was hostage to moderation in U.S. strategic behavior. Until the Soviet Union acquired a secure second-strike capability against the United States in the mid-1960s, U.S. freedom of direct military action against the Soviet homeland was offset by the damage that Soviet armies could do to vital U.S. interests in peninsular Europe. In American perspective, unmatched U.S. strategic nuclear prowess offset the local gross imbalance in conventional-force capabilities. U.S. strategic nuclear superiority, translating into anticipation

19. See Edward N. Luttwak, "The Problems of Extending Deterrence," in The Future of Strategic Deterrence, Part 1 Adelphi Papers No. 160 (London: IISS, Autumn 1980), pp. 31-7; Anthony H. Cordesman, Deterrence in the 1980s: Part 1: American Strategic Forces and Extended Deterrence, Adelphi Papers No. 175 (London: IISS, Summer 1982); and Walter B. Slocombe, "Extended Deterrence," The Washington Quarterly, Vol. 7, No. 4 (Fall 1984), pp. 93-103.

in the East and the West that the United States would enjoy escalation dominance in any trial by combat, meant that U.S. risks and U.S. interests were tolerably evenly in balance with respect to the security implications of alliance ties.

The rout of American isolationism by Franklin Roosevelt, critically assisted by the abysmal statecraft of Japan and Germany, was confirmed by the Truman Doctrine of 1947, reconfirmed by the outcome of the great debate over the NATO Treaty in the Spring of 1949, and was set in concrete with the activation of SHAPE in 1951 in the immediate aftermath of the Korean shock. "Atlanticism" in the 1950s and through much of the 1960s, if challenged, could refer to the facts that the denial of Soviet hegemony over Western Europe was a vital interest of the United States -- that is to say it was an interest worth fighting to protect (after all, the United States already had fought two wars within living memory for the geopolitical purpose of thwarting hegemonism in Europe) -- and that it would be in the self-interest of the United States actually to wage as much war as might prove necessary in order to protect that interest. "Escalation dominance" refers to the ability deliberately to prosecute a war at higher and higher levels of violence in reasonable expectation of securing an improved political outcome thereby. After the mid-1950s, U.S. strategic superiority, though admittedly more and more dependent upon the securing of a favorable operational context, meant that the United States was not risking literally the survival of American society with the strategic

nuclear threat it posed the U.S.S.R. in support of NATO-Europe.

Since the late 1950s, the "value," on most figures of relative merit, of the United States' geographically forward-located security clients has greatly increased. Whereas the glacis of the Soviet homeland in Europe comprises unwilling (i.e., unreliable) and relatively poor satellites, the United States has a coterie of security clients who are willing (i.e., presumably reliable) and generally economically successful allies. However, Soviet achievements in competitive armament of all kinds since the early 1960s has wrought an unacknowledged, or certainly an underacknowledged, apparent revolution in the relationship between risk and interest of the United States' formal security connection with Western Europe.

The U.S. interest in denying the Soviet Union territorial or hegemonic control over Western Europe is greater today than ever it was in the 1950s or 1960s. Soviet contrôle of Western Europe effectively would resolve the economic problems of the Soviet Union. More or less rigorous integration of Western and Eastern European economies, with terms of trade highly advantageous to Moscow, and within a new security framework provided by the European-wide applicability of the Brezhnev Doctrine, would be a traumatic and probably irreversible development in the balance of world power vastly to the American disadvantage. (This is not to deny either that Soviet direction of a European-wide economy would affect very

adversely the productivity of Western European economic assets, or that the process of executing a controlling influence would not bring with it new security problems for the Soviet Union -- not the least of which would be the unresolved "German Problem"). The "quality of interest" case for U.S. security commitments to NATO-Europe has not diminished in persuasiveness since 1949.

What has altered since 1949, and even more dramatically since, say, 1965, is the quality of risk for the United States that is attached to the NATO commitment -- at least for so long as the structure of NATO's military strategy remains unaltered in its essentials. Over the course of the past twenty years, the Soviet Union has constructed a comprehensive, multi-level nuclear counterdeterrent that has negated the prospective effectiveness of the architecture of NATO strategy. "Flexible response" is "good enough" all the while Soviet leaders lack a truly powerful political incentive to consider very seriously a military solution to a close-to-intolerable political problem. The fact that in political and military logic NATO's strategy no longer should "work" -- because its objective basis in the terms of the East-West military relationship has eroded catastrophically -- cannot serve to remove the objective risk for the Soviet Union that NATO countries, and particularly the United States, might offer a kind and quantity of military resistance that would be

contrary to logic.²⁰ Soviet students of U.S. and NATO strategy debates can hardly have failed to notice the prominence accorded "uncertainty," elevated to the status of a principle of deterrence, and the bizarre concepts of "risks that leave something to chance" and of the "rationality of irrationality".²¹

In American perspective, strictly speaking, denial of Soviet hegemony over Western Europe is an interest well worth fighting for, but it is not an interest of direct and immediate survival value for American society. Given that proportionality is an important principle for the guidance of statecraft, the quantity of sacrifice the United States should be prepared to make in defense of an interest ought to be proportional to the "worth" of that interest. The Soviet military build-up and modernization program has raised the possible price of alliance to an intolerable level for the United States. This is the core of the strategic logic of neo-isolationism. The banner carriers for "America First" in the 1980s include comentator-theorists of both liberal and conservative political persuasion. When stated rigorously and honestly, neo-isolationism as a prescription for U.S. foreign policy does not rest upon the proposition that the United States should be indifferent to international order beyond the

20. See Robert Jervis, The Illogic of American Nuclear Strategy (Ithaca, N.Y.: Cornell University Press, 1984).

21. Lawrence Freedman's widely praised book, The Evolution of Nuclear Strategy (London: Macmillan, 1981), effectively gives up on nuclear strategy as strategy.

Americas, rather does it claim that a self-regarding prudence of the most basic kind -- a concern for the physical safety of Americans -- suggests strongly that foreign security entanglements, on balance, contribute to American insecurity in the nuclear age. In the words of probably the most articulate spokesman for neo-isolationism today, Robert W. Tucker:

The chief attraction of a policy of withdrawal to this hemisphere is that it would avoid the principal risk a policy of global involvement, with or without alliances, must incur. It would avoid the risk of war and, above all, of nuclear war. ...nuclear missile weapons give substance to the long-discredited isolationist dream. So long as it is clear that they will be employed only in the direct defense of the homeland, they confer a physical security that is virtually complete, and that the loss of allies cannot alter. Instead, alliances must detract from physical security, since it is the prospect of defending allies that may one day result in a war destructive of this security.²²

The neo-isolationist critique of U.S. post-war security policy is a powerful one, provided the geopolitical and defense analytical reasoning upon which it rests is well founded. There can be little doubt, as the scenario discussion below makes explicit, that the possible powder trails to a nuclear war that might engulf the U.S. homeland are concentrated very heavily indeed around peripheral Eurasia. It is the U.S. determination to deny Soviet hegemony over the Rimlands of Eurasia that, in one perspective at least,

22. (Emphasis in the original) Robert W. Tucker, "Containment and the Search for Alternatives: A Critique," in Aaron Wildavsky, ed., Beyond Containment: Alternative American Policies Toward the Soviet Union (San Francisco, Cal.: Institute for Contemporary Studies, 1983), pp. 81-2.

provides the fuel for conflict and even for nuclear conflagration. Looking out to the geopolitical structure of the U.S. security condition beyond the year 2000, it is essential to identify both the key assumptions or, in more competent and honest analyses, hopes that underpin the core of the neo-isolationist argument and the fallacies in that argument. Key assumptions include the following:

1. A belief that the Soviet Union either would not, or could not, pursue its quest for hegemony beyond Eurasia.
2. A belief that, whatever Soviet doctrine may say or be held to imply , in practice a Soviet Union left by the U.S. withdrawal as the security organizer, or guardian, for Eurasia, in practice would be content with the new de facto definition of hemispheric spheres of influence. The Western Hemisphere of the Americas and possibly Oceania (the South West Pacific) would be conceded, of practical geostrategic necessity, to the U.S. security system.
3. A belief that for many decades to come, at the least, the Soviet Union would be so heavily engaged in ordering its new imperium that a political condition akin to a condominium would prevail in superpower relations.
4. A hope that the United States, through wise management of the timing and manner of its security withdrawal, would not leave a vacuum of

countervailing power, an unlocked door that the Soviet Union could push open with minimal need to resort to explicit threats.

5. A hope that the change in the Soviet security condition effected by the U.S. security withdrawal, and the impact on the Soviet political system and culture of (possible/probable) acquisition of new security clients with very different political and social traditions, would have -- cumulatively, in sum -- a benign impact upon the character and purposes of Soviet power.
6. A belief that even if peninsular Europe could not resist some variant of "Finlandization," and even if the Soviet state were able to translate the extension of its geographical security perimeter into much greater strength for the further prosecution of an inalienable bid for global hegemony, oceanic distance and an American defense postural focus upon maritime power and strategic forces (nuclear and non-nuclear) must prospectively forever deny the Soviet Union the ability to lay siege successfully to North America.

There is sufficient truth or plausibility in the above points that, looking to the next century, the generic neo-isolationist challenge to the now forty-five year long Atlanticist tradition of collective security is a serious one. In the historical sweep of the American experience, it remains to be seen whether the interventionism of 1941 to the present

day is an aberration or, generically if not in geostrategic detail, is permanent.

More or less "splendid isolation" should not be confused with "unilateralism," though the two, in practice, may amount to much the same. Insular strategic geography, until the advent of truly intercontinental airpower and missile power in the 1950s (for the United States), permitted a voluntarism, a freedom for unilateral decision to commit or not to commit, that geographical contiguity of threat has not allowed to Eurasian continental states. Even in the missile age, it can be argued that nuclear weapons function effectively as counterdeterrents, thereby failing, prospectively, to effect a revolution in the likely timescale (and geographical scope) of war.²³ Just as British "blue water" theorists and practitioners for four hundred years forged a unilateralist tradition in strategy -- though most definitely not an isolationist tradition vis à vis coalition diplomacy -- exploiting the inherent flexibility in seapower and the then-superior mobility of seapower over landpower (as a general, though not universal, rule), so there is an analogous American school of thought today.

The United States, with her geostrategic long-suits of central maritime position between Asia and Europe-Africa, given the global character of her security concerns, and given

23. This sentence begs a host of questions the detailed discussion of which far exceeds the scope of this enquiry. The point is that both of the rival alliance systems and superpowers have massive incentives not to have resort to nuclear weapons, save perhaps in the direst of strategic emergencies.

the inherent vulnerabilities of a Soviet defense perimeter so extensive (and so substantially flanked by a major, if second-class, enemy -- in China) that it invites threats on multiple axes, cannot help but be interested in principle in avoiding so heavy a specific forward defense commitment that many of her geostrategic advantages effectively would be foresworn. The dilemma is a familiar one. In World War I, Britain had to make an enormous continental landpower commitment to the defense of France, because defeat on the Western Front would mean general defeat in the war. But, the scale of the British commitment to France was so great that potentially very important efforts on the flanks of the Central Powers -- Gallipoli in 1915 for the most obvious example -- virtually were condemned to be conducted too late with too little. The United States today and through the end of the century has to decide where to strike the balance between the allocation of scarce resources to aid in the defense of the vital center -- that is to say NATO's Central Front -- and the allocation of assets for flexible exploitation of the U.S.' comparative (maritime) geostrategic advantages.

By far the most important fact about the structure of the U.S. security condition for the next several decades, and almost certainly for much longer than that, pertains to the basic character of the Soviet-American antagonism. One cannot frame geostrategic propositions soundly in the absence of a clear understanding of the foundation of that antagonism.

Such understanding has to provide the framework within which scenarios are generated and in the light of which strategic policy advice must be assessed.

For reasons both Soviet and Russian, the Soviet Union's quarrel with the United States is with its existence as the only country capable of organizing and executing effective resistance to the expansion of Soviet hegemonic control. The Soviet Union may or may not be an historically familiar, typical great power; it really does not matter because the great powers of balance-of-power Europe were restrained in the scope of their ambition, as practical policy, by the countervailing endeavors of the other great powers. The basis for U.S. hostility to the Soviet Union, today or in 2010, lies both in the nature of the Soviet system as an actor in world politics -- with the motives for outward pressure endemic in the domestic stability requirements of that system -- and in the very structure of the contemporary international system. The Soviet Union is the enemy of the United States because of capabilities, of all kinds, actual and potential.

Soviet-American antagonism superficially will be to a degree specific to time and place, but the superpower quarrel is not "about" Berlin, relative influence in Beijing, or any other geostrategic particular. Soviet power is self-justifying and has no formal geostrategic bounds to ambition short of achievement of a physically-impractical global empire.

Recognition of the systemic character of bipolar superpower conflict does not carry necessary, specific

implications for U.S. military strategy and force structure. However, decisions on strategy and posture are unlikely to be correct if the character of the conflict is not assessed accurately. It would be difficult to improve upon Clausewitz' statement that:

The first, the supreme, the most far-reaching act of judgment that the statesman and commander have to make is to establish...the kind of war on which they are embarking; neither mistaking it for, nor trying to turn it into, something that is alien to its nature.²⁴

The United States could have chosen to wage only a limited war of strategic position against Japan in 1942. For very understandable reasons, the United States elected to wage total war against Japan -- it was Japanese statesmen who misunderstood the nature of the war that they had unleashed. The "war in peace" that is Soviet-American security relations fits by analogy neither U.S. nor Japanese intentions in 1941-42. Soviet intentions, unlike Japanese, are not geographically bounded, while the military expression of those intentions does not lend itself to definitive overthrow in some variant of decisive battle or campaign. Pending the possible maturing and heavy, multi-tiered deployment of U.S. strategic defense technologies, the armed forces no longer can function in a literal sense as the shield of the Republic.

The United States is at considerable liberty, looking out today towards the next century, to decide where, how and with

24. Carl von Clausewitz, On War (Michael Howard and Peter Paret, eds.) (Princeton, N.J.: Princeton University Press, 1976), p. 88.

what, it will oppose Soviet hegemonism, but it is not at liberty to withdraw from what has to be a condition of opposition. The central fallacy of neo-isolationism is the general proposition that the United States can enhance its security by withdrawing from those foreign security commitments that, purportedly, give offense in Soviet eyes. The fallacy lies in the belief that it is the geostrategic detail of the U.S. guardianship rôle that provides provocation to Moscow. Soviet hostility towards the United States will continue until either the Soviet state is transformed, by whatever mix of cumulatively irresistible pressures, or the structure of the world balance of power is altered.

A Soviet Union essentially left "in charge" of security in Eurasia will not have attained thereby any facsimile of a "natural" security perimeter -- notwithstanding the landpower focus of Soviet strategic culture.²⁵ U.S. statesmen, thinking that they should not risk American survival in defense of interests of less than survival quality,²⁶ would find that they would have shifted the geographical terms

25. The concept of strategic culture is explored in: Jack L. Snyder, The Soviet Strategic Culture: Implications for Limited Nuclear Options, R-2154-AF (Santa Monica, Cal.: RAND, September 1977); and Colin S. Gray, Nuclear Strategy and National Style (Cambridge, Mass.: Abt/University Press of America, 1985).

26. A rigorous discussion of criteria for identifying survival, as opposed to vital, interests, is provided in Donald E. Nuechterlein, America Overcommitted: United States National Interests in the 1980s (Lexington, Ky.: University Press of Kentucky, 1985), particularly pp. 10-11.

of superpower competition, inevitably, towards contention over assets closer to survival quality than had been judged to be the case with respect to Rimland Eurasia.

In the 1980s, the Soviet Union, one may be sure, regards her friends and allies of convenience in the Caribbean and Central America as a useful and highly expendable diversion for limited U.S. policy energy. However, in the event of a comprehensive U.S. security withdrawal from Eurasia, Soviet statecraft would begin in earnest to lay siege to the American homeland. Theorists of international relations differ over the probability of major shifts in the balance of power promoting yet greater shifts in the same direction, as "fence sitting" states elect to join a bandwagon in fear that, if they do not, that bandwagon may roll over them. A no-less-popular view holds that an imbalance in power tends to be self-correcting, as successful aggrandizement triggers the opposition that must arrest its progress.²⁷ In an extreme form, this argument holds that should the United States decide no longer to lead an inter-continental Western Alliance, but rather to laager its wagons, or CVNs perhaps, around the Western Hemisphere, Soviet efforts to exploit this historical development inexorably would cause security alarms in Western Europe, China and Japan, to a degree that that which had been politically impossible all the while the United States played alliance leader, would then be possible (because necessary).

27. See Stephen M. Walt, "Alliance Formation and the Balance of World Power," International Security, Vol. 9, No. 4 (Spring 1985), pp. 3-41.

In this hopeful view, a European Defense Community would be forged in tacit coalition with a Sino-Japanese alliance or, at the least, entente très cordiale.

As a Panglossian vision, this happy prospect has everything to recommend it. Unfortunately, responsible U.S. planners in the 1980s and 1990s can have no confidence that the United States in fact would be able to pass the security organizer's baton to the leaders of new architectures for collective defense in Europe and Asia. There can be little doubt that the continuation of a U.S. definition of its security perimeter as lying on-shore in Rimland Eurasia, from Kirkenes to Seoul, does serve effectively to discourage local defense initiatives. But, it is a great leap of political faith to proceed from recognition of major incentives for Eurasian Rimland countries to take suitable charge of their own regional security interests, to belief that such creativity and determination actually would occur in a timely fashion.

It is beyond the mandate of this study for the authors to design ways in which the United States might explore in some safety the devolution of some current Eurasian security duties upon successor security régimes, consistent with the protection of U.S. vital interests. For the purposes of this enquiry, what matters is recognition as a very probable fact that the United States cannot remove itself from the status of Soviet "public enemy number one" by means of redrawing the geographical perimeter of U.S. vital interests. Actual and

potential U.S. capabilities define the U.S. role as principal threat in Soviet calculation.²⁸ For ideological and for realpolitik motives, the Soviet Union voluntarily will never permit the United States a quiet retirement from the perils of nuclear-age power politics, wherein "life, liberty and the pursuit of happiness" can be pursued by a country determinedly inoffensive to Soviet interests in world affairs. It is not the Soviet way in prudent statecraft to place reliance upon voluntary self-restraint on the part of others, if the more certain result of physical incapacitation is available.

There is much to recommend a geopolitical perspective upon the superpower antagonism which argues that, in Soviet eyes, the proximate American offense is its preservation of a large, prosperous, and well-armed "bridgehead" in NATO-Europe. Security and stability in Soviet political (and strategic) culture flows from (Soviet) preponderance. Pluralism in security frameworks is as alien as a desideratum to Soviet state wishes as would be pluralism in the domestic political system of the Soviet imperium. However, the geopolitical referents of Soviet-American competition are not confined as by some law of geopolitics to U.S. security bridgeheads in Europe and Asia. Since the tide of battle turned in World War

28. In addition, Soviet ideology specifies an existential connection between "Imperialism" (the final stage of capitalism) and the danger of war. For the benefit of a credulous Western audience, Soviet leaders talk as if the details of U.S. defense policy are important for "stability" (a very Western, and particularly American, concept) and peace, but their system of beliefs identifies the risk of war with the political character and dynamics of societies and social change.

Two with the failure of the last great German offensive in the East (Kursk) in the summer of 1943, the Soviet Union has secured the Eurasian Heartland, has moved from the status of a regional great power, to being the regional great power, to being the second-class superpower, to being a still-candidate first-class, which is to say global, superpower. But, to be a global superpower the Soviet Union must needs transcend its still substantially land-locked condition and break convincingly out of the Heartland.²⁹

While the United States has enormous positional and logistical advantages over the Soviet Union vis à vis potential conflict in the Western Hemisphere and its maritime approaches, it is well to remember that the strategic meaning and value of geography can alter dramatically with political, as well as technological, circumstances. The disadvantages under which the U.S. Navy would labor in seeking to exercise sea control or to project power in waters close to the Soviet homeland are too obvious to be worth citing here. However, critics of extant U.S. foreign security entanglements are wont to appear to forget, or at least to neglect, the no-less-obvious contemporary advantages enjoyed by the U.S. Navy. Those advantages include a "chokepoint" control denying Soviet forces access to the open ocean scarcely less impressive than

29. This thesis is developed in Colin S. Gray, The Geopolitics of the Nuclear Era: Heartland, Rimlands, and the Technological Revolution (New York: Crane, Russak [for the National Strategy Information Center], 1977), Chapter 3.

that exercised by the British Royal Navy in its heyday.³⁰ The surface navy of Imperial Germany could not effect a sortie onto the sea lines of communication of the Western allies, save through the unacceptable tactic of offering itself up to a very strong probability of total destruction in a decisive battle in the North Sea. Without denying the survival risk to the United States that is inherent in opposing Soviet hegemonic policies in Eurasia, the fact remains that the forward-located allies and friends of the United States, in negative terms, are denying Moscow access to geography critical for Soviet global power projection; while, positively, they provide large naval, land and airpower barriers to Soviet access to the oceanic approaches to the Americas.

Neo-isolationists, and even "unilateralists" who tend to disparage the security value to the United States of the NATO alliance as currently organized in its security arrangements, should be compelled to confront some geopolitical considerations of enduring relevance for the very structure of American security. First, the beginning of wisdom is recognition of the validity of Nicholas Spykman's 1944 dictum that the United States'

30. "5 keys lock up the world! Singapore, the Cape, Alexandria, Gibraltar, Dover. These five keys belong to England, and the five great Fleets of England...will hold these keys!" Sir John Fisher, quoted in Arthur Marder, The Anatomy of British Sea Power: A History of British Naval Policy in the Pre-Dreadnought Era, 1880-1905 (Hamden, Conn.: Archon, 1964; first pub. 1940), p. 473.

...main political objective, both in peace and in war, must therefore be to prevent the unification of the Old World centers of power in a coalition hostile to her own interests.³¹

Spykman simply is repeating for the United States what had been the overriding operating principle for British statecraft since the time of Henry VIII.

Second, the greatest of Twentieth-Century geopolitical theorists, Sir Halford Mackinder, recognized as early as 1943 that this time, predicting Soviet power in the future, the wolf truly would be at the Western door.

All things considered, the conclusion is unavoidable that if the Soviet Union emerges from this war as conqueror of Germany, she must rank as the greatest land power on the globe. Moreover, she will be the power in the strategically strongest defensive position. The Heartland is the greatest natural fortress on earth. For the first time in history, it is manned by a garrison sufficient both in number and quality.³²

Mackinder did not know about the Manhattan Project and -- one should note -- his conception of a "Heartland" to the "World Island" (the dual continent of Europe-Asia) originally was presented in 1904, before the realization of heavier-than-air flight. Nonetheless, this brief passage of 1943 vintage points directly to the third enduring truth of

31. Spykman, The Geography of the Peace, p. 45.

32. Halford J. Mackinder, Democratic Ideals and Reality (New York: Norton, 1962), pp. 272-3. This volume contains entries that span more than forty years in dates of authorship. A useful intellectual biography is W.H. Parker, Mackinder: Geography as an Aid to Statecraft (Oxford: Clarendon, 1982).

geopolitics relevant to U.S. security. Preponderant landpower, if substantially uncontested and distracted by continental enemies still in the field, may be the basis for superior seapower.

If the United States politically, and as a consequence militarily, were expelled, or chose to withdraw, from European and Asian security "entanglements," there would be a very severe danger that what maritime strategists have termed the "sources of seapower"³³ of Rimland Eurasia would not only be denied application to the pursuit of purposes congruent with U.S. interests, but might be enlisted for active participation in support of a new phase of Soviet Weltpolitik. Nuclear-armed, the United States should be secure against invasion, but a Soviet Union conceded preponderance in Eurasia would have the positional, economic, and military basis for initiating a very serious challenge to the United States in the Americas. A Soviet surface fleet no longer "locked up" or blockaded, in the Arctic, the Baltic, the Black Sea, and the Sea of Japan, would need fear no longer being in a crisis status of hostage upon the high seas, nor in time of war compelled to behave as a fugitive if sailing outside the Soviet Union's erstwhile sea bastion areas.

Overall, it cannot be doubted that the European and Asian allies of the United States, to greater and lesser degree, expend proportionately fewer national resources upon a supposedly common security enterprise than does the United

33. See Geoffrey Till (and others), Maritime Strategy and the Nuclear Age (London: Macmillan, 1982), Chapter 3.

States. Furthermore, these Rimland allies constitute a geographically fractured chain of relatively-exposed outposts (or U.S. bridgeheads -- in the Soviet view), commitment to the forward defense of which reduces very greatly the flexibility with which American policymakers might otherwise choose to direct the application of military power. NATO's Central Front, covering immediately assets absolutely essential to the viability of the alliance as currently constituted, simply would have to be held with the utmost determination.

Soviet strategic planners, while possibly hoping -- though probably not expecting -- to achieve a blitzkrieg victory on the Central Front, might suspect that in the event of failure to secure a rapid and fatal rupture of NATO's linear, hard-crust defense, they could impose a theater-wide "Verdun" upon their enemies. In other words, Soviet planners know that NATO would have to expend all available effort to hold on the Central Front: this would not be a battle, or campaign, that NATO could afford to concede in order to fight again another day on more advantageous ground.³⁴

34. The German Chief of the General Staff, Erich von Falkenhayn, selected Verdun for the site of the first great German offensive in the West since the failure at Ypres in October-November 1914, precisely because its mix of military and political-symbolic value was calculated -- correctly -- to leave the French with no choice but to accept battle on terms chosen by the attacker. See C.R.M.F. Cruttwell, A History of the Great War, 1914-1918 (Oxford: Clarendon, 1934), Chapter 15. In practice, as should have been predictable, German prestige came to be as heavily invested in the Verdun campaign as was French. Verdun did contribute towards the potential ruin of the French Army, as intended, but it contributed scarcely less to the ultimate ruin of the German Army.

U.S. military commitments to an interrupted on-shore perimeter, from the North Cape of Norway to Eastern Turkey, risks the U.S. ability to "roll with the punch" and recover, because too great a percentage of U.S. ready military power might be lost in the first battles. Given the advantages of the initiative for Soviet arms, in the context both of very considerable initial numerical (in men and key classes of equipment) ground-force superiority and in ease of rapid reinforcement, it is all-too-obvious why the forward defense commitment to NATO-Europe could place the U.S. homeland at survival risk after the passage of only a few days of theater combat.

However, Americans critical of NATO-European efforts for the common defense, and understandably worried lest there is today a foolish asymmetry between the quality of U.S. risks and the quality of U.S. interests in Europe, should remember that the allies of the United States are contributing their national territories as potential battlefields for the forward, outpost defense of the Americas. Furthermore, it should be understood that a redefinition of the U.S. defense perimeter would simply alter the geographical locale for agonizing decisions, it would not permit the United States indefinitely to evade the harder problems associated with maintaining its security in the shadow of nuclear threats. So great would be the perils of a drastic scale of withdrawal of U.S. security guarantees -- from a known containing line to what? -- and so much is it to the U.S. advantage to keep the

Soviet Union essentially land-locked, that there is everything to be said in favor of exploring rigorously how national U.S. and allied military strategy (or strategies) can be improved so as better to balance ends and means. There is no compelling case for the United States to begin the unraveling of the geopolitical architecture of the maritime alliance of the West. Readers should ask themselves the following question: if the United States flinches from the prospect of nuclear escalation in defense of Norway, West Germany, or Turkey, what risks would be run "for" Spain, Portugal, the Azores, Venezuela, or Panama?

3. Geopolitics, National Military Strategy, and Maritime Strategy.

(a) Clearing the Decks

The rôle of the U.S. Navy in support of a national military strategy which, in its turn, must provide strategic direction of military power in pursuit of goals identified in national security policy, is treated in Task Four of this study. It is not the purpose of this section of Task One to flag specifically the arguments and conclusions of this enquiry as a whole. However, it is important that the themes treated in the main body of this study (Tasks Two and Three) be considered in the context of the contemporary debate over strategy (which looks to the 1990s and beyond). It should be emphasized that the approximate timeframe of most concern here, 2000-2010, is entirely suitable if one wishes to consider candidate changes in national military strategy that have, or logically should have, very substantial implications

for force structure. Moreover, if a non-marginal shift in strategy would require, as almost certainly must be the case, a lengthy period of political preparation at home and within the alliance abroad, then ten to fifteen years of leadtime might prove by no means excessive.

The humorous, though pointed quotation from Admiral Sir John Jervis (Lord St. Vincent) with which this Report began, can serve a useful purpose for this discussion. Sir John, with his ironic caveat -- "I do not say the French cannot come..." -- was underlining the absolute quality of security against invasion enjoyed by a nation whose navy commanded the seas. If the irony in the caveat is ignored as no longer appropriate, and the name of the identified enemy is altered, Sir John's statement fits very well as the tersest of summaries of the role of the U.S. Navy. Suitably expanded, the statement acknowledges what should be obvious -- that naval power alone cannot prevent the defeat of the United States and/or her allies. But, the statement does claim, by plain implication, that naval power of suitable quantity and quality and intelligently used, can prevent the defeat of the United States and/or its allies by the enemy's exercise of its naval power. Given the key rôle of sea lines of communication as the interior lines of the maritime alliance of the West, this is no small matter.

The Soviet Union could lose in the maritime dimension of a major war, yet still win so definitively on land in Europe (and perhaps Northeast Asia as well), that it would be able to

rebuild its seapower so as to pose a maritime threat to the Americas that, apart from the early years of the Republic, would be historically unprecedented in scale. Recent debates in the United States over different variants of maritime and coalition strategy have ill served the cause of balanced public understanding. Under pressure to advocate effectively, rival theorists have succumbed to the temptation to erect convenient "straw" targets for rhetorical assault. In the light of the geopolitical discussion of the previous section, what follows is an attempt to identify the proper relationships among maritime and other kinds of strategies. In keeping with the general character of this part of Task One, the purpose here is policy science -- that is to say exploration of the structure of the policy subject -- and not preferred policy identification.

(b) Maritime and National Military Strategy.

This is a discussion of strategy in regard to the military missions that the geopolitical context of U.S. national security suggests should be important over the long haul. The practical viability of a strategy, however, has to be established with respect to its political acceptability and its tactical feasibility. Effectiveness in a national security undertaking is the product of an application of a sufficient quantity and quality of military power, with suitable military method, in pursuit of achievable goals that would contribute to the ends of high policy. Effectiveness will be elusive, and may be impossible, if there are serious

weaknesses in any of the links in the chain just described. In other words, U.S. national security policy may not succeed if:

- it requires the armed forces to accomplish the exceedingly difficult or impossible. (This was probably true for Germany in both World Wars, was certainly true for Japan in 1941-45, and may have been true for the United States in Vietnam.)³⁵
- strategies, or plans of action, are selected which, even if successful, do not advance achievement of the political goals set by policy.
- the quantity and technical quality of military power developed is insufficient to implement strategy.
- the "fighting power",³⁶ military method, in general the quality of military power acquired --virtually regardless of its quantity -- is incapable of exploiting quantitative advantages or of

35. One of the most interesting questions about Vietnam is whether the U.S. Army could have "won," given the political facts that the Johnson Administration was not seeking the military overthrow of North Vietnam and, therefore, was not prepared to sanction ground forces' action on a large scale beyond the boundaries of South Vietnam. The authors of this Report are sympathetic to the proposition that the U.S. Army, with different strategic direction and better tactics, probably could have achieved some functional equivalent of victory on domestically politically tolerable terms. For a contrasting view, see Edward N. Luttwak, The Pentagon and the Art of War (New York: Simon and Schuster, 1984), Chapters 1-2. Luttwak argues that the U.S. armed forces were -- and remain -- incapable of waging war successfully.

36. See Martin van Creveld, Fighting Power: German and U.S. Army Performance, 1939-1945 (Westport, Conn.: Greenwood, 1982).

compensating for material and/or human numerical weaknesses.

Recognition of interdependencies among the above levels of analysis, and nuanced appreciation of the limits to rational defense planning (near and long term), are not prominent features on the landscape of the U.S. contemporary domestic defense debate. Too much of the public heat of debate is focused upon "disconnected" elements which, though important in and of themselves as contributors to, and constituents of, properly framed arguments, nonetheless serve overall to detract from the quality of debate. For example, opinions differ over the extent of allied enthusiasm for the common defense, while, in addition, there is an on-going debate over the identity of, and meaning of the distinctions among, survival, vital, and major U.S. national interests.

In the absence of a sound understanding of the geopolitical structure of U.S. security, many people do not recognize why Rimland Eurasia, as a barrier against the Soviet Union, protects North America through its ability to deny Moscow the means and the opportunity to use preponderant landpower as the basis for a bid for preponderant seapower. Even if that point is comprehended, which is far from usual, there is widespread conviction that strategic nuclear weapons would render a "Fortress America" eminently cost-effectively defensible. That proposition, which is likely to become more and more popular over the decades immediately ahead, will require very careful geopolitical refutation.

In a stimulating recent essay in defense of U.S. "multilateralism," Charles Krauthammer conceded the strategic logic of the neo-isolationist argument: "In fact, alliances are a threat to U.S. security. They make the United States risk its own national existence for interests (like Europe) on which its physical security does not depend."³⁷ Krauthammer finds himself obliged to take refuge in ideology.

The ultimate response, therefore, to right isolationism must be the assertion that an alliance of free nations, as the locus and trustee of Western values, is a value in itself. In other words, the answer to right isolationism must be Wilsonian.³⁸

It is a thesis of this study that while Krauthammer's argument for the necessity or strong desirability of a superpower United States assuming a global "guardian" rôle for Western civilization -- qua values -- is important and probably valid, there is no need for it to be compelled to bear the weight of traffic in argument that he suggests. To repeat a theme advanced already in this study, there would be no true security in a "Fortress America." A U.S. withdrawal, more or less selectively, from the multilateral and bilateral security structures erected for containment purposes in the late 1940s and 1950s, would alter the global correlation of forces in the Soviet favor (the United States would risk a precipitate "bandwagon" effect, as attentive former-security clients and neutrals saw whither history was tending), and

37. Charles Krauthammer, "Isolationism, Left And Right," The New Republic, March 4, 1985, p. 25.

38. Ibid.

would change the geopolitical terms of the superpower contest greatly to the U.S. disadvantage: it would not conclude the contest. Indeed it would be difficult to imagine any U.S. policy shift more likely to encourage hegemonism in Soviet statecraft than such a U.S. retreat in fear. It should not be forgotten that a decision to defend America much closer to home than previously, could hardly help but be perceived abroad exactly for what it would be, an expression of fear and a loss of nerve and courage.

Commentators on strategy may need reminding that oceans and oceanic distances do not have inherent, permanent strategic meaning. Stated directly, oceans may divide or they may connect, depending upon the balance of advantage in relative maritime power. Absolute distance always must be a factor in the application or projection of power, but, in and of itself it affords no protection. Armed forces necessarily have more combat power the closer they are to their bases, but -- as the U.S. Navy demonstrated on a trans-oceanic scale in the Pacific War from 1941-45 -- maritime power can and will build new, advance bases and can maintain at sea floating bases adequate for most combat support functions. As with the Channel in British history, the value of the Atlantic and Pacific oceans as defensive moats for the United States in the future depends entirely upon the relative maritime strengths of the superpowers. Spanish, French, and German designs and attempts to invade Britain failed uniformly for three and a half centuries not because Britain is an island, but because,

in the words of Sir Julian Corbett, "invasion over an uncommanded sea" was not a practical operation of war.³⁹

In World War II the Imperial Japanese Navy foolishly sought to enhance national security by provision of a perimeter defense very far removed from the home islands. The Japanese forgot that a perimeter barrier of weakly held and mutually ill-supporting, if mutually supporting at all, island "fortresses" and bases, could only be as strong as the mobile reserve (that is to say the navy), available and able to concentrate in a timely fashion for its protection.⁴⁰

Although it is a necessary truth that policy is the master of strategy, it is no less true to claim that foreign policy decisions must be based upon prudent and realistic calculation of the strategic problems that they may create or exacerbate. A U.S. defense community that typically does not think in strategic terms or debate genuinely strategic questions is unlikely to be well equipped to advise the President and the Congress on the costs and benefits of shifts in foreign policy direction for the national safety. It is appropriate that there should be debates over numbers of

39. Julian S. Corbett, Some Principles of Maritime Strategy (Annapolis, Md.: Naval Institute Press, 1972; first pub. 1911), p. 259. Corbett hammers home the point as follows: "With our impregnable flotilla hold covered by an automatic concentration of battle squadrons off Ushant, his [Napoleon's] army could never even have put forth, unless he had inflicted upon our covering fleet such a defeat as would have given him command of the sea, and with absolute command of the sea the passage of an army presents no difficulties." Pp. 259-60.
40. This criticism pervades Paul S. Dull, A Battle History of The Imperial Japanese Navy (1941-1945) (Annapolis, Md.: Naval Institute Press, 1978).

ships, aircraft, and missiles, over the merit of this or that program as a "bargaining chip" for the arms control process, or over alleged "waste, fraud, and mismanagement" by the Department of Defense, but strategy argument is noticeable for its rarity.⁴¹ Military means make sense only in terms of policy ends, and the bridge between the two, requiring a two-way traffic, is strategy.

Basic national security policy carries strong implications for, but by no means predetermines, choices in national military strategy. Study of American political culture, and its derivative "strategic culture," married to some broad judgments as to trends in political attitudes and behavior, suggests strongly that the United States in practice will have two classes of options for its basic national security policy in the first decade of the Twenty-First Century, variants of containment and variants of withdrawal. Two additional classes of options should be cited for the sake of typological comprehensiveness, variants of "rollback" and variants of condominium -- but these are believed by the authors to be wholly impractical politically.

Containment is by definition a defensive policy, at least in the near term, but its several purposes may be advanced by offensive political tactics, just as the strategic defensive does not preclude the tactical offensive. The overriding proximate purpose of containment is to hold what we (the U.S.-organized and/or supported elements of the contemporary

41. This is one of the less controversial claims advanced in Luttwak, The Pentagon and the Art of War, passim.

international order) have, and certainly to deny Western or neutral geopolitical assets to the Soviet imperium. However, it is recognized in the West both that effective, negative (if not passive) containment buys time for the evolution of the Soviet system -- hopefully, if not probably, in a security-benign direction -- while a more active process of containment may provide fuel for benign change in the Soviet system.⁴² More realistically perhaps, an active containment policy may seek to provide important distractions for Soviet energy, thereby reducing the energy available for application against the Western Alliance (obvious examples would include security-tie dalliance with Beijing, military assistance for Afghan freedom-fighters, and the encouragement of political destabilization in Poland).

Multilateral Containment

A guiding policy concept of containment is, in principle, though almost certainly not in practice, consistent with three classes of preference concerning explicit foreign security commitments: multilateral, bilateral, and unilateral. The multilateral, collective, or coalition approach to containment is, of course, the path pursued by the United States since 1949 with NATO, for a while with SEATO, somewhat off-stage from formal membership with the long defunct Baghdad Pact-CENTO, and still with ANZUS (notwithstanding contemporary

42. In which regard see Richard Pipes, Survival Is Not Enough: Soviet Realities and America's Future (New York: Simon and Schuster, 1984).

difficulties with New Zealand). The potential benefits of collective security are virtually self-evident. The United States has in its "column" countries more or less critically situated geographically to deny the Soviet Union access to the North Atlantic and the Pacific. Moreover, in addition to providing strategic territory for forward defense, the NATO-European countries contribute in absolute terms large quantities to Western ready military power.

The price of collective security, however, is by no means cheap. Alliance-wide decisions have to reflect compromise among policies preferred by each member from its own parochial, if perhaps locally valid, perspective. The military arrangements for the defense of NATO-Europe flow not so much from a rational analysis of how best the alliance could thwart Soviet designs in war, but rather more from the bequests of the thirty-five years of coalition history, much less than comprehensively updated to adjust suitably to a cumulatively dramatic shift in the multi-level military balance between East and West. Understandably enough, NATO-Europe:

- sees security more in terms of a visible strength and steadiness of U.S. commitment, than in persuasive architecture and detail for actual military defense;
- does not, indeed cannot, have a concept of "theater war" in Europe. NATO-Europe knows or believes that it would be the immediate battlefield. American concerns for a global strategy, and interest in preserving

a sanctuary status for North America, generally are viewed in Europe with little enthusiasm (to be polite). U.S.-authored strategic theory intended to develop a more powerful war-fighting design for deterrence, tends to be discounted in Europe as being founded upon a desire to limit the U.S. liability (contrary to the spirit and even the letter of the 1949 NATO Treaty), and to be discouraged on the grounds that risk-bounding for the United States also means risk-bounding for the Soviet Union;

- is concerned lest U.S. containment policy outside of Europe might function, Sarajevo-like, to detonate a catastrophe in the NATO area;
- seeks both security against the Soviet threat and political/psychological reassurance against the prospect of war.⁴³ In practice, these needs can be, to an important degree, mutually exclusive.

Endeavors to identify, negotiate, and implement strategically rational defense plans for the Western Alliance suffer from recurring and debilitating mutually supportive sources of essentially political interdiction. First, the European members of the coalition, without exception, see in the magic formula of "flexible response" a framework for pre-war deterrence that works through the manipulation of Soviet perceptions of risk. The more plausible the prospect

43. See Michael Howard, "Reassurance and Deterrence: Western Defense in the 1980s," Foreign Affairs, Vol. 61, No. 1 (Winter 1982-1983), pp. 309-24.

of a conflict in Europe escalating rapidly so as to engage the homelands of the superpowers and their so-called "central strategic systems," the more robust is the deterrence barrier to war, or so the European aspiration insists. It is no accident, as Soviet commentators are wont to say, that, in practice, NATO-Europe repeatedly has declined to dedicate a suitable, and affordable fraction of its ample resources to provision of a local military capability so formidable that the burden of decision to escalate should be placed on Soviet shoulders.

Second, supporting the first point, is the body of strategic theory which suggests that nuclear weapons have overthrown utterly the meaning and character of warfare, as warfare has been understood for the entire duration of recorded history. With respect to possible major military conflict between East and West, so the story proceeds, one can, or should, no longer think of force within the framework of a theory of "war." Armed forces will be deployed and, in extremis, used, not in search of victory, or even to deny victory to the enemy, but rather to signal resolve and to provide some objective basis to enemy fears that Armageddon is nigh. The well-written contemporary tracts on nuclear strategy by Lawrence Freedman in Britain and Robert Jervis in the United States⁴⁴ -- building on the foundations laid in the later 1950s and the 1960s by Thomas Schelling and Bernard

44. Respectively, The Evolution of Nuclear Strategy, and The Illogic of American Nuclear Strategy.

Brodie⁴⁵ -- in effect deny the military utility of military force (and thereby do very great violence to the logic in the arguments of Clausewitz).

In sum, a United States seeking to contain the Soviet hegemonic drive through multilateral organization for security, has to contend with geostrategically key allies who have theoretical "cover" for insisting, in practice, upon defense preparations that draw a highly dubious distinction between deterrence and defense.

Bilateral Containment

Without explicitly foreswearing multilateral military diplomacy, the United States could choose, for the long term, to reinforce, or forge new, bilateral security connections with countries of particular strategic value. Leading contenders for special U.S. attention must be Britain, West Germany, Norway and Turkey in Europe, and China and Japan in North East Asia.⁴⁶ It should be noted that there is a special quality already to U.S. bilateral security relations with Britain, Germany, Norway, and Turkey, while U.S. security relations with China, such as they are, and with Japan, are

45. Thomas Schelling: The Strategy of Conflict (Cambridge, Mass.: Harvard University Press, 1960); Arms and Influence (New Haven, Conn.: Yale University Press, 1966). Bernard Brodie, ed., The Absolute Weapon: Atomic Power and World Order (New York: Harcourt, Brace, 1947); Escalation and the Nuclear Option (Princeton, N.J.: Princeton University Press, 1966); War and Politics (New York: Macmillan, 1973).

46. The case for a special defense relationship with Canada is so obvious as to require no discussion here.

fairly strictly bilateral in character already. The high geostrategic value of these countries to the United States necessarily renders them of extraordinary geostrategic importance as targets for neutralization by the Soviet Union.

The public rhetoric of wartime diplomacy that emanated from Washington in the period 1941-45 was replete with references to free world allies, the newly conceived United Nations, collective security and the like. But, the reality was that in Europe the United States took serious notice of the views of only one other country, Great Britain; while in its conduct of war in the Pacific the United States took serious notice of no country's views other than its own. After the fall of Malaya and Singapore, the British Royal Navy lacked the capacity to act in the Far East (having been withdrawn, of absolute necessity, to Ceylon -- and even to East Africa -- and Australia), while Washington never even pretended to treat the Australian and New Zealand governments as equal allies. (In the Combined Chiefs of Staff arena in Washington, and at the series of Anglo-American heads-of-government conferences, Britain at least had some limited ability to influence the course of the Pacific War. However, the British influence essentially, and insistently, was the negative one of attempting to minimize the U.S. effort in the Pacific, pending decision against Germany in Europe.) The most important element of "bilateralism" in the American conduct of the Pacific War was not between countries, rather was it between the U.S. Navy and the U.S. Army.

Should the multilateral security arrangements of recent decades come unraveled -- for whatever blend of reasons -- a policy of global and geostrategically forward containment might still be feasible. It is asserted from time to time that, in U.S. strategic perspective, NATO really is a U.S.-German alliance. There is some sense in this assertion. West Germany is extraordinarily exposed to danger; it is -- as a consequence -- extraordinarily dependent upon the security provided for it by the strongest member of NATO, the United States; and the U.S. strategic position in peninsular Europe would not be viable, in any dimension (military, economic, political), without a friendly government in Bonn. Nonetheless, for reasons of strategic geography, history, and culture (not of sentiment anywhere near alone), the key country for U.S. security in the "European theater" is Great Britain, and by a wide margin.

It is probably no exaggeration to say that if Britain were to leave NATO, for example because a Labor Government deemed the nuclear policies of the alliance to be intolerable, there would be a terminal weakening in the Atlanticist consensus that sustains the NATO commitment within the U.S. political system. The U.S. military commitment to NATO-Europe always has been contingent upon NATO-Europe behaving in a manner perceived by Americans as reflective of a strong desire to resist the common foe to the East. No American President would be likely to succeed in explaining to the American people and Congress that a trans-Atlantic arrangement for

collective security from which Britain had defected, was worthy of continuing American adherence. In terms of strategic geography, a NATO already deprived of the certain availability of French territory, ports and airspace, would be a plain military absurdity if Britain's attitude were one of strict neutrality or worse. The Western maritime approaches to Central and Northern Europe are commanded by British geography, as statesmen as diverse as Philip II of Spain, Louis XIV, Napoleon, and Hitler all could attest.

This discussion of a possible bilateral orientation in U.S. containment policy should not encourage the view that the United States would be very much at liberty, in nearly all cases, to pick and choose the allies of greatest value and convenience. Great Britain, one may be sure, would prefer a U.S. security guarantee to no such guarantee, virtually regardless of the character of U.S. security policy more broadly for Europe as a region. British statesmen know just how narrow the Channel and even the North Sea have become in the Twentieth Century. One may be sure that British governments would do all in their power to persuade the United States not to define a new containment or blockade perimeter for Soviet power in Europe strictly as having an offshore character.

On the other side of the world, the United States must be very strongly interested indeed in exploiting Japanese geography strategically for the blockade of Soviet maritime assets in the North Pacific. Such a blockade would protect

China's oceanic flank and should help encourage China to behave in ways that would discourage the Soviet Union from "swinging" military forces from Central Asia and Siberia for employment in Europe. Bilateral though the several U.S. security arrangements may be in North East Asia, the United States would discover that were it to attempt to divest itself of its long-extant commitment to the territorial integrity of South Korea, the reaction in Tokyo and in Beijing would be very negative. American strategic planners and commentators should remember that the Japanese are as sensitive to adverse security developments in the Korean peninsula, as the British have been vis à vis the Low Countries (and Antwerp, in particular). The proximate casus belli for the Russo-Japanese War of 1904-1905 was a Russian move to secure hegemony over Korea. Furthermore, from the geostrategic perspective of Beijing, a strong U.S. military posture in Japanese and South Korean territory and waters, preferably with considerable offensive potential, is a vitally important constraint upon Soviet freedom of action against the Chinese heavy industrial base in Manchuria.

These examples, focusing upon the geostrategic offshore "twins" of Britain and Japan, are intended simply to illustrate the historically enduring general truth that when one enlists allies, even very selectively and on a nominally bilateral basis, one also incurs at least some obligation to be sensitive to their unique geopolitical perspectives.

There is always the danger that readers will deduce more from a silence in analysis than is intended. By any standards of size and location of strategic geography, as well as scale and quality of political, economic and military assets, there can be no question but that France is a very important member of the Western Alliance -- notwithstanding its post-1966 absence from the military organization of NATO. However, it is the judgment of the authors of this study that France, relatively speaking, is not as important as Britain or West Germany as a bilateral security partner for the United States. Without Britain or West Germany, NATO, if it could survive at all -- which would be very problematical -- would be a very different alliance. No similar claim can be advanced concerning France.

In 1985, for the first time, the French Government formally adopted a policy of extended nuclear deterrence for West German territory. Furthermore, it is a fairly open secret that French policymakers genuinely are concerned that West Germans should see in the Franco-German alliance a robust alternative both to a U.S.-dominated NATO nexus that may one day prove politically fragile, and to some variant of entente with the East. It would be easy for a cynical American policymaker to see in French diplomacy little more than a bid for greater regional influence. However, there are grounds for believing that France truly is anxious over the long-term direction that might be adopted by West German policy and is seeking to help preclude any German return to "rogue elephant"

behavior. On balance, the now long-standing French security stance of independence in thought, word and even prospectively, many deeds, probably functions to the net benefit of the Western Alliance. Nonetheless, the facts remain that France has starved its conventional forces of resources for very many years in pursuit of a technically viable independent deterrent (the force de frappe), and that the uncertainties deliberately promoted by French security policy could work both to strengthen or to detract from deterrence in Europe.⁴⁷

Unilateral Containment

Having discussed multilateral and bilateral approaches to the U.S. containment of Soviet power, it remains but to review very briefly the "unilateralist" alternative.⁴⁸ This is one of those many subjects in security debate that lends itself so easily to ridicule and peremptory dismissal that it is rarely considered fairly. It would be reasonable to observe that a unilateralist approach in U.S. security policy most probably is incompatible with a guiding policy concept of

47. See David S. Yost, France's Deterrent Posture and Security in Europe: Part I: Capabilities and Doctrines, and Part II: Strategic and Arms Control Implications, Adelphi Papers No. 194-195 (London: IISS, Winter 1984/85).

48. See Keith A. Dunn and William O. Staudenmaier, Strategic Implications of the Continental-Maritime Debate, The Washington Papers, No. 107 (New York: Praeger [with the Georgetown Center for Strategic and International Studies], 1984), pp. 14-16. For a moderate unilateralist tract, see Jeffrey Record, Revising U.S. Military Strategy: Tailoring Means to Ends (Washington, D.C.: Pergamon-Brassey's, 1984).

containment -- or, at least, of containment on-shore in Eurasia. This is not quite true.

Unilateralism, empathetically, if not sympathetically appraised, implies not so much a U.S. determination to act alone, unilaterally, as rather a determination not to permit some friends and allies to deny the United States the ability to act as, when, and where U.S. policy calculation deems essential in defense of vital U.S. interests. There is, of course, a potential central tension between the unilateralist option and alliance ties. Given the partial-family character of NATO, risks run by the United States in the conduct of a unilateral venture, would be risks in some measure shared by U.S. allies. Throughout the discussion in this Report the point is made that leadership of the Western Alliance is of net, and of large net, security benefit to the United States. It is recognized here also, very readily, that the geostrategic benefit of the alliance structure does not come as a "free good" to the United States.

Sensibly prudently framed, the unilateralist perspective should be stated as a determination to secure for the United States such freedom of unilateral policy action as it may occasionally need, to the extent possible, consistent with the integrity of the terms and conditions of alliance maintenance. The basis of unilateralist reasoning is the following:

- The United States, alone among Western countries, is a truly global power.

- In the global competition for relative advantage of position, which is one way of characterizing Soviet-American antagonism in geopolitical terms, it is only the United States among the Western (and Asian) allies that has the -- essentially maritime -- capacity to act "out of [home regional] area" on more than a very modest scale.⁴⁹
- Although all the NATO allies pay lip-service to the strategic significance of "out of area" issues, in practice, their eyes, like their strategic assets, are locked firmly onto local dangers. NATO-Europe would like to "decouple" regional instabilities in the Middle East, South Asia, Central America, and so forth, from the politics of security in Europe. As a NATO member possibly acting vigorously "out of area," the United States, with the global unity of her behavior, couples security in Europe to dangers in distant places. It follows that, in practice, the NATO-European allies can function as a serious drag upon an American policy that uniquely is obliged to take a global view of security threats.
- The politics of security assurance and reassurance in NATO have obliged the United States to purchase and sustain a very heavily Europe-oriented military force posture. This may be criticized on three

49. A constructive recent discussion of this subject is William T. Tow, "NATO's Out-Of-Region Challenges and Extended Containment," Orbis, Vol. 28, No. 4 (Winter 1985), pp. 829-55.

complementary grounds. First, an unhealthily large fraction of (supposedly) general purpose military power is tied down in, or is committed to, the forward, on-shore defense of NATO-Europe, and hence is (admittedly variably -- as the Vietnam War demonstrated) unavailable for use elsewhere in the world.

Second, the balance among and within the armed services reflects the prospective fighting priorities for a large war in Central Europe. Third, the character and missions of the U.S. armed forces do not reflect, strictly, what must follow from the NATO commitment. There is no inexorable military necessity for the U.S. Army to deploy heavy armored divisions in defense of the inner-German border, or to stockpile six POMCUS sets for marriage with U.S.-despatched reinforcing divisions. These arrangements are substantially political in purpose. The NATO "layer cake" national corps defense design was, and remains, intended to deny the reality, or even the appearance of the possibility, of the Soviet Union moving westwards against West Germany alone. Furthermore, military deployments do have political significance in perceptions. A degree of U.S. disengagement from forward ground defense in Central Europe, no matter how sensibly intended to effect a strategically rational reallocation of defense tasks within the

alliance, inevitably would be interpreted as a lessening of U.S. political commitment to NATO-Europe.

Unilateralism can be advanced as an expression of frustration with the inability of the United States to act as effectively as it feels it must out of the NATO area, because of the political and military constraints imposed by the alliance as it functions, and is organized militarily, at present. However, alternatively and far preferably, unilateralism can be advanced as a desirable adjustment to a changing geostrategic context. Without denying the political logic, for deterrence in Soviet minds and the reassurance of allies, of very visible forward military deployment in Central Europe, the United States could argue, persuasively, that the objective material conditions for a more equal security partnership between American and Europe now exist. The point could be made that it is very wasteful of scarce resources for the United States to continue to assume a ground defense role in Europe on the contemporary scale, given the material and financial ability of NATO-Europe to provide much of the necessary fighting power at much less cost.

A unilateralist perspective is one that anticipates the United States acting substantially alone. It need not imply U.S. action over the opposition of NATO allies; it need not preclude allied approval; and it need not require restructuring and redeployment of the U.S. armed forces. However, this orientation in containment policy does imply a U.S. willingness to act without alliance-wide approval, even

in the face of considerable opposition, if need be. Moreover, to the degree to which it may lead to an active U.S. policy out of the NATO area, the U.S. armed forces could not be permitted to be so specialized in capability, or so restricted politically in their deployment options, that commitment beyond Europe would be extraordinarily difficult.

Withdrawal

By way of sharp contrast in purpose with a policy of containment -- in its many variants of multilateralism, bilateralism, and unilateralism -- a policy of withdrawal would be intended, to the extent geostrategically feasible, to remove the United States from harm's way. Withdrawal, neo-isolationism, Fortress America, -- select your preferred description -- would change dramatically the geopolitical referents for rival positions in the U.S. defense debate, but not the fact of such a debate. From the point of view of U.S. defense policy and the framers of national military strategy, where would lie the outer defensive works of Fortress America? Presumably a policy leitmotiv of withdrawal to the Americas would have to mean the redrawing of a U.S. defense perimeter around "the Americas" North of the equator -- so Fortress America would include Canada in the North and Venezuela and Colombia in the South.

U.S. security retirement to the Western Hemisphere need not imply a revival in application of the Monroe Doctrine. In the spring of 1982 the U.S. Government demonstrated by its

actions where the balance of U.S. interests lay between Britain and Argentina. South America below the equator is, and is likely long to remain, geostrategically very remote from the principal axes of U.S.-Soviet engagement. However, the prudent U.S. defense planner should anticipate that the geostrategic meaning of South America likely would change, albeit probably rather slowly, in the security context specified here. In short, if the United States were to dismantle her trans-Atlantic security commitments, then -- sooner or later -- the Soviet Union would come to exercise effective control over littoral peninsular Europe, and Soviet strategic "reach" would begin a process of extension down the coast of West Africa. Readers should recall the Nazi-German threat to the United States that American geopoliticians predicted in the very early 1940s.⁵⁰ A Germany victorious in Eurasia would thereby have acquired the basis for construction of the means to exploit the newly won access to the oceans and to conduct a true Weltpolitik. It is easy to frighten the credulous with large red arrows on small maps, but the U.S. body politic should not need reminding, in the mid-1980s looking out to the early years of the next century, that it does not have a stable "backyard" South of the Border.

(c) Choice of Strategy

The national military strategy adopted and pursued by the United States, of course, should be congruent with support of

50. See Spykman, America's Strategy in World Politics.

the policy goals that ought to be its justification. In practice, policy can be so vague or so influenced by a desire to stimulate particular domestic and foreign perceptions of will, that, in effect, it yields no guidance of real utility to defense planners. If the global containment of Soviet power is the central guiding purpose for U.S. national security policy, with the proximate goal of denying Moscow a substantially unchallenged hegemony over Eurasia, then the framework for U.S. strategy design is not difficult to identify -- though room remains for important debate over means and methods.

The authors of this Report endorse both ideological and geostrategic rationales for a forward containment policy. Given that domestic American support for a prudent containment policy is keyed to official presentation of national security objectives in terms of values and ideology, and that politicians are expert manipulators of the appropriate symbols of cultural politics, the discussion here focuses upon the geostrategic rationales for policy and military strategy.

The maritime alliance of the West, being strategically on the defensive, enjoys what is known as the "defender's advantage" in motivation: that is to say that Western countries should be more strongly committed to holding what they have than the Soviet Union should be to securing gains, ceteris paribus. The caveat is important. Advantages in relative capability, real or imagined, can more than compensate for a nominal asymmetry in political commitment (as

the whole of recorded history reveals). Moreover, a general truth, such as the "defender's advantage," is always vulnerable to falsification in particular cases. The leading generic scenarios for the outbreak of a major war between East and West come in four classes, and sidestep the "defender's advantage" in different ways.

1. A Soviet crisis-of-empire. The U.S.S.R. strikes westwards in order to secure control of an external environment that is destabilizing the imperium.⁵¹
 2. War by miscalculation. War occurs after the manner of July-August 1914, as one event leads to another, with neither East nor West originally having intended to fight.
 3. War from a contemporary imbalance of power. The "defender's advantage" is more than offset by a sufficiently favorable ratio in military power on the side of the country on the strategic offensive. This favorable imbalance in military power leads the aggressor to believe that he can now control the risks he would be running.
 4. War in order to forestall a steep adverse decline in the balance of power (or correlation of forces). The
51. This is one, but only one, of the classic motives for imperial expansion. Empires as different in time and circumstance as the Roman and the British sought to protect their territorial empires by maintaining a measure of hegemonic control over paid/intimidated client states beyond the imperial frontiers. An outstanding case study is Edward N. Luttwak, The Grand Strategy of the Roman Empire from the First Century A.D. to the Third (Baltimore, Md.: Johns Hopkins University Press, 1976).

Soviet Union decides to fight now -- rather after the fashion of Japan in 1941 -- because the military-political balance is predicted with high confidence to decline very sharply against it in the years ahead. Provided military staffs have a persuasive story showing how victory, today, is probable, much of the usual inhibition against military adventure will be absent.⁵²

The geostrategic reality of the West's interrupted, on-shore containing line in Eurasia is considerably stronger than superficial study of a map could lead one to believe. In principle, the Soviet Union, utilizing the value of the initiative, could select vulnerable targets of opportunity that would not lend themselves easily to local defense. But, in practice, a flagrant act of Soviet aggression that was

52. If Thucydides is to be believed, this fourth scenario was the precipitating cause of the Peloponnesian War. "The Spartans voted that the treaty had been broken and that war should be declared not so much because they were influenced by the speeches of their allies as because they were afraid of the further growth of Athenian power, seeing, as they did, that already the greater part of Hellas was under the control of Athens." The Peloponnesian War (London: Cassell, 1962), p. 62. The case of Japan cited in the text is one of the clearest examples in history of how a prudent rearmament program on the part of a status quo power, the United States, provided an exceedingly powerful incentive for a dissatisfied power to fight as soon as possible. The U.S. Two-Ocean Naval Expansion Act of June 1940 -- with construction to be completed in 1946-48 -- would preclude any prospect of naval victory for Japan in the Western Pacific. In the words of a British naval historian: "the Two-Ocean Naval Expansion Act doomed the Imperial Navy to second-class status.... This was the argument that pushed Japan into war." Willmott, Empires in The Balance, p. 61.

geopolitically very limited in its immediate goal, would forfeit the potentially (large) war-winning value of surprise in aid of securing only a modest gain. Successful local Soviet offensive action -- against Norway or Turkey, for example -- might trigger the unraveling of NATO, if NATO-Europe decided that the action in question demonstrated that the alliance could neither protect nor, plausibly, promise to liberate. Nonetheless, more probable results of Soviet aggression on so limited a scale would be general Western mobilization and, if time permitted, rearmament, and the conduct of a geographically constrained scale of military response at times and places of U.S. or NATO choosing.⁵³ In short, one important function of relatively weak forward defenses is to compel the enemy to fight, albeit perhaps only on a modest scale, and thereby declare the intensity of his intentions.

53. "Horizontal escalation," as this tactic is known, has not been debated competently of recent years. Execution of such escalation, it should be emphasized, would reflect the facts that attractive steps in vertical escalation would not be available and that the premier general-purpose force instrument of the maritime alliance, superior naval power, inherently is suitable for such missions (by way of contrast to heavy, mechanized Army formations). Critics of "horizontal escalation" point, correctly, both to the impossibility of finding strategic compensation through gains on the Soviet flanks for the short-war loss of NATO territory in Central-Western Europe, and to the dangers of vertical escalation that would accompany horizontal escalation. The critics, by and large, have created a "straw target." In the context of a stalemated NATO-Warsaw Pact ground war in Central Europe, "horizontal escalation" would be nothing more than common sense; while should NATO lose a ground war in Europe, a United States determined to continue the war would be compelled to pursue a peripheral strategy.

The following points should not be neglected when one considers the national military strategy suitable for a United States determined to continue its long-standing policy of global containment, and, by extension, the subject for treatment in Task Four of this Report, the rôle of the U.S. Navy in the early years of the Twenty-First Century.

1. The alternatives to a U.S. national military strategy designed to deny as much as possible of Rimland Eurasia to Soviet hegemony, include a very strong possibility of a Soviet Union in effective strategic command of littoral Eurasia and at substantial liberty, as a consequence, to initiate what would amount to a maritime siege of North America.
2. Surprise is not a reliable substitute for military muscle. It can be a force multiplier, but it is an eminently fragile quality in defense planning. NATO's theoretical vulnerability to surprise attack, should Pact forces wheel out of what appeared to be an exercise mode into an actual invasion, is too well known to be worth elaboration here. However, in practice it is very unlikely that Soviet political and military leaders would either assume the achievement of strategic surprise or would rely upon its force multiplying efficacy to endure much beyond the first clash of arms.
3. In principle, though possibly not in practice, NATO has more than sufficient ready, and readily mobilizable, military forces deployed on, and committed to, the

Central Front so as to impose a relatively slow campaign of attrition on the Pact attacker.

4. Soviet forces might well succeed in seizing the North of Norway, but such an action would be far removed from securing reliable access to the North Atlantic. Soviet seizure of airfields and ports in the North of Norway would be a very great inconvenience to NATO and would place enormous strain on very limited British air defense assets but would not necessarily preclude NATO's maintenance of an effective blockade in the GIUK gap. However, Soviet seizure of airfields south of Evenes (Narvik) would render a forward maritime strategy by NATO in the region increasingly hazardous.⁵⁴ (In practice, the authors believe that Soviet military power is more likely to be on the defensive than the offensive on the Northern Flank.)⁵⁵
 5. On NATO's Southern Flank, strategic geography would seem to be designed to foster a stand-off. Pact forces might "break through" into the Mediterranean, but what good
54. A useful high-morale discussion is Hugh K. O'Donnell, Jr., "Northern Flank Maritime Offensive," U.S. Naval Institute Proceedings, Vol. III/9/991 (September 1985), pp. 42-57.
55. But, NATO planners should not take undue comfort from the prospect of a favorable naval balance in the Norwegian Sea. It should be recalled that Germany, through boldness, deception, bluff, speed, and superiority in the air, seized strategic objectives in Norway in April 1940 despite the fact that the Royal Navy enjoyed an unchallengeable local command of the sea. Prospectively, the 1940 "analogy" should be invalidated by the ability of NATO to project maritime airpower ashore, even in the far north.

would that do them? Soviet forces in the Mediterranean -- both those (if any) that survived the first clash of arms, and those that might be surged forward once the "barrier" of NATO's Southern Flank had been ruptured -- would be going nowhere of near-term strategic importance.

6. Soviet forces in trans-Caucasia and Central Asia certainly could invade Iran and head for the Gulf and the Arabian Sea, but -- again -- so what? It is inconceivable that the United States and her allies in Europe and Asia could accept any measure of wartime dependence upon Gulf oil that would require the forward defense of the Gulf oil-fields. If this is so, as it certainly should be, it has to follow that the U.S. and allied navies need not plan to secure and maintain a quality of sea control suitable to protect the relevant tanker routes to Europe and Japan, preeminently. Soviet forces committed to the seizure and occupation of territory in the Middle East and South West Asia would be Soviet forces committed to a theater of operations irrelevant to the outcome of a relatively short war and exposed to counterattack in the event of a protracted conflict.
7. The "two ocean" problem that the U.S.S.R.'s strategic geography poses for the U.S. Navy may be a dilemma for American uniformed planners and operators, but it is a net asset for the West of enormous significance. The Soviet Union has no choice other than to contemplate the

prospect of a two-front war. But even that definition is optimistic for Moscow, given that the Asian "front" encompasses, potentially, the entirety of the frontier with China and, more plausibly still, confrontation with an American military power anchored in South Korea and on an island chain reaching from Luzon in the Philippines, through Hokkaido in Japan, the Aleutians and then to Alaska -- and expressed in the form of a manifestly superior maritime power projection capability. The importance in Soviet calculation of the second front in Asia (a certain second front with U.S. maritime power and a possible second/third front vis à vis China) must depend upon how optimistically they would view the prospects for a rapid favorable decision in the West.

If Soviet leaders believe that their forces could inflict a definitive defeat upon NATO in Europe in the course of two-to-four weeks, and that Soviet nuclear capabilities would function very reliably as a counterdeterrent, then virtually any military setbacks in the Far East, or along the Chinese frontier, could be endured, pro tem.⁵⁶ Indeed, in that context, Soviet anticipation of suffering even considerable disadvantage in Asia should not serve usefully to enhance deterrence.

56. It should be noted that the authors are predicting for the next century a Chinese People's Liberation Army (PLA) very much more competent than that of the mid 1980s. We are well aware of the relative logistic advantages of the U.S.S.R. in Central Asia (vis à vis Xinjiang) and, overall, of the lack of strategic and tactical mobility of the PLA and, as a consequence, its lack of offensive potential.

But, if Soviet leaders: (a) were far from confident that a definitive theater victory in Europe would in practice be secured in days or a few weeks; or (b) feared that an undefeated (save in Europe) United States, undamaged at home, would choose and be able to continue to prosecute global war; or (c) expected to suffer very great nuclear damage at home in the course of winning a campaign or war in Europe -- then, the prospect of loss in the Far East would have to assume a status of very considerable importance, and should enhance deterrence usefully.

Common sense as well as contemporary defense reformers remind us that strategy is an exercise in the making of choices. In practice, many important choices are, and should be recognized as, foreordained by geopolitics. Moreover, as William Kaufmann insists, U.S. freedom of action in choice of strategic objectives is somewhat constrained by the fact that the overall strategic posture, and certainly the political purpose of the Western Alliance, is defensive in character.⁵⁷ To the substantial degree to which U.S./NATO choice of strategic objectives must flow from the scale, kind, locations, and assessed intentions of a Soviet attack, Western strategy is generically reactive in nature. The flexibility with which superior naval power can be applied is important in principle, as the United States and NATO seek to

57. William W. Kaufmann, "Force Planning and Vietnam." Paper prepared for the USMA Senior Conference, "Vietnam - Did It Make A Difference?" West Point, New York, May 30-June 1, 1985, pp. 7, 13.

shape an overall strategy that leans on relative Western strengths and exploits relative Soviet weaknesses. But, the strategic value of superior naval power is to a degree offset by the very substantial inaccessibility of the Soviet Union to the direct application of power from the sea,⁵⁸ and the geostrategic vulnerability of peninsular Europe to the long-suit of Soviet power, mechanized ground forces.

The principal restriction upon choice of strategy for NATO and for the United States is geopolitical in nature. Whatever the U.S./NATO choice among military instruments and the operational methods chosen for their employment, the primary immediate objective of the alliance has to be to defeat a Soviet invasion of West Germany (in the first instance). In so far as NATO is concerned, though not necessarily the United States as a separate national security community, Western Europe, from the Baltic to the Adriatic, does comprise prospectively the main theater of operations. Arguments over the implications of this inalienable fact comprise the heart of the recent debate over U.S. national military strategy. Much of this debate -- between self-described continentalists/coalitionists and maritime

58. Sir Halford Mackinder defined what first he termed "The Geographical Pivot of History," and later the "Heartland" of the "World Island" of Eurasia, in terms of its inaccessibility to seapower. See Mackinder, Democratic Ideals and Reality, pp. 241-64.

advocates⁵⁹ -- has reflected considerable mutual misunderstanding (some, no doubt, willfull in origin), the attacking of imaginary debating positions, and an absence of history-based prudence. A U.S. Navy-oriented analysis of the geostrategic situation of the West yields a number of propositions.

First, U.S. (and allied) maritime advantage is critically important -- not just desirable, but literally essential -- for the deterrence of war, in that the credible promise of the U.S. exercise of sea control is a necessary precondition for the conduct of protracted armed conflict in and about Eurasia-Africa. U.S. ability to enforce a long-war on the Soviet Union could be defeated if U.S. strategic nuclear forces were insufficient to impose escalation discipline, or if the United States was denied "working control" of the key SLOCs.

Second, if NATO's ground and tactical air forces go down in defeat in a matter of days, U.S. and allied naval forces cannot provide immediate strategic compensation through the achievement of success of comparable strategic value elsewhere. Furthermore, there is no way in which NATO's maritime assets could be employed in the course of a European campaign of, say, two-weeks duration, such as to have a truly major impact

59. The leading continentalist tract is Robert W. Komer, Maritime Strategy or Coalition Defense? (Cambridge, Mass.: Abt, 1984). There is no comparable work on the maritime side, though the closest approximation thereto probably is Record, Revising U.S. Military Strategy, notwithstanding Record's differences with some expressions of official Navy thinking.

on the battle of the Central Front. (There is nothing very surprising about this: British and Anglo-American naval power could not intervene directly, respectively, to thwart the execution of the Schlieffen Plan in August-September 1914 or the Ludendorff Offensive of March 1918.)

Third, if NATO's ground and tactical air forces can remain in the field "somewhere" in Western Europe, U.S. and allied naval power would play an essential role in NATO's military recovery -- through provision of "working control" of the SLOCs and, increasingly, through flexibility in sea-based power projection against a Soviet imperium that is vulnerable to attack on many geographical axes. Some proponents and critics of "The Maritime Strategy" have tended to debate the strategy out of its appropriate operational context. U.S. and allied naval power is not going to save NATO-Europe in the event of a catastrophe, May 1940-style, on the Central Front. But, sensible proponents of the case for the importance of Western maritime preponderance do not claim otherwise.

Fourth, U.S. "working control" of the relevant lines of maritime communications will be essential whether or not a Soviet ground-forces' offensive can be held in Central Europe. In U.S. perspective, war in Europe might be only a campaign, it need not comprise the war. Always assuming the functioning of strategic nuclear counterdeterrence, in the event of U.S. military expulsion from continental Europe, the U.S. Navy again would assume its historic rôle of being the first line of the nation's defense.

Fifth, the contemporary U.S. debate over "The Maritime Strategy" allegedly versus a continental strategy, thus misses the point. There are, of course, very important force-structural and operational questions meriting debate that have to do with the detailed character of the fleet and how it should be fought in carefully specified circumstances. But, the debate should not be over the relative merits of a landpower or seapower emphasis in U.S. national military strategy. The belief that the debate should be so framed betrays an imprudent obsession with one, admittedly exceedingly important, problem -- the difficulty of holding and repelling a Soviet ground assault in Central Europe.

The authors of this Report yield to no one in their recognition of the strategic importance to the United States of keeping the Soviet Union essentially land-locked, and healthily distracted from the full-fledged exercise of (maritime) Weltpolitik by continental security problems (NATO in the West, China in the East, unstable clients in Eastern Europe, and fanatical Moslems to the South). However, that recognition, and acknowledgment that the cutting edge of Soviet military power lies in its ground forces, should not translate into an argument for a stronger U.S. Army and tactical air force at the expense of the U.S. Navy. These points will bear repetition:

1. The prospect of protracted armed conflict should prove particularly deterring to the Soviet Union.⁶⁰ The entry price the United States must pay in order to threaten plausibly to impose such a conflict comprises (a) a very convincing strategic nuclear counter-deterrent, and (b) preponderance at sea (though not, of course, preponderance everywhere at sea).⁶¹
 2. It would be vastly preferable for the Soviet Union to confront the prospect of a protracted conflict with a U.S. bridgehead intact in continental NATO-Europe, but the case for a U.S. Navy able to ensure U.S. use of maritime SLOCs for transportation and for power projection is equally strong, whether or not the protracted conflict includes an active continental NATO-European dimension.
 3. The argument that the U.S. Navy could sink the Soviet Navy in its surface (and attack submarine) entirety and yet still contribute not at all to the defense of the NATO Central Front is a popular trivialization in
60. See Colin S. Gray, Protracted War: The Lessons of History (Fairfax, Va.: National Institute for Public Policy, 1984).
61. For an argument of timeless value on the meaning of "command of the sea" and what it permits, see Corbett, Some Principles of Maritime Strategy, Part II, Chapter 1.

strategy discussion.⁶² (The same point could have been made with reference to Admiral Jellicoe's Grand Fleet of 1914, with equal lack of cogency.) Lest the point is still obscure -- only ready, deployed ground and tactical air forces can preclude a Soviet blitzkrieg victory in a one-to-two-week war in Central-Western Europe. U.S. and allied maritime power is not relevant to that mission (the arguments to the contrary are not persuasive). The case for very strong U.S. naval forces is: (a) to keep NATO "in the field" in a war that lasts more than a few days; (b) to exploit Soviet weaknesses on its flanks in a protracted war; (c) if needs be to enable the United States to wage a protracted war in Asia and Africa should Europe "fall"; and (d) truly in extremis, to contest a seige of the Americas if the Soviet Union should achieve hegemony over Eurasia and set about the translation of her superior continental landpower into a challenge for (selectively local) maritime superiority.

As happens not infrequently in defense debates, the orientation towards particular disagreements over naval force posture, operational deployment and missions (e.g., over large

62. Guilty parties include Komer, Maritime Strategy or Coalition Defense, Chapter 7 (particularly pp. 67-8), and Luttwak, The Pentagon and the Art of War, pp. 111, 261-64. Some of the roots of Komer's misunderstanding of the character and value of maritime power are revealed in his brief and inaccurate treatment of the contribution of the British Royal Navy to victory in 1914-18. Pp. 43-4. Komer, and others of his persuasion, would benefit from Richard Hough, The Great War at Sea, 1914-1918 (Oxford: Oxford University Press, 1983).

carriers versus small carriers, power projection versus sea control), is having the effect of putting the debate over national military strategy out of focus. From the public literature of the mid-1980s, one could derive the impression that the case for and against a 600 ship U.S. Navy with fifteen carrier task forces hangs critically upon the answers to such questions as: should the Navy promptly assault the home bastions of Soviet naval power in the event of war? And, could success on "the flanks" contribute vitally to the defense of NATO's Central Front? This is a classic example of the wrong questions generating, necessarily, irrelevant answers.

NATO and the United States cannot choose between strength at sea and strength for the holding of Western Europe on land. Why? Because NATO cannot hold on land if it cannot control its trans-Atlantic SLOC. A maritime strategy is mandated for the United States by reason of the geography of its competition with the Soviet Union. Some critics of U.S. naval augmentation and modernization are committing the error of reducing the hypothetical future war almost strictly to the brief campaign for an initial decision in Central Europe (victory -- that is to say stalemate après 1914; or defeat -- that is to say après May 1940) -- neglecting to enquire what might happen next. To be fair, or perhaps to spread the blame, proponents of "The Maritime Strategy" who choose to place emphasis upon the (very) short-war contribution of the U.S. Navy, feed continuation of this error.

Given the strong plausibility of the propositions that the ability to sustain a protracted global conflict may be critically important for the deterrence of war, and that nuclear counterdeterrence renders protracted U.S.-Soviet armed conflict very probable indeed -- whether or not NATO "holds" in Central Europe -- several caveats must be noted concerning the development and operational uses of naval power.

First, the Western Alliance as a whole obviously should not construct a maritime-overbalanced reply to what is, in the first instance, essentially a landpower threat. However, it does not follow from this elementary point that the United States should not have a maritime-heavy orientation in its general purpose forces.⁶³

Second, U.S. and NATO maritime power should not be used in such a way as to enhance the prospect of a precipitate rate of escalation.⁶⁴ For the enhancement of pre-war deterrence it is important that Soviet leaders should anticipate their Western foes being willing to adopt any and all means necessary to defeat Soviet strategy: those means include endeavors to exploit differences of interest and commitment within the Soviet empire; denial of any absolute sanctuary status to Soviet home territory; and willingness to

63. This argument is advanced ably in Record, Revising U.S. Military Strategy.

64. Pertinent discussion is provided in Linton F. Brooks, "Escalation and Naval Strategy," U.S. Naval Institute Proceedings, Vol. 110/8/978 (August 1984), pp. 33-7. The dangers of nuclear escalation at sea are well emphasized, indeed over-emphasized, in Desmond Ball, "Nuclear War at Sea," International Security, forthcoming.

use nuclear weapons. However, in operational practice the United States, Canada, and Great Britain, pre-eminently though not necessarily exclusively within NATO, may choose to accord Soviet territory sanctuary status in order to minimize the risks to American, Canadian, and British territory. If Murmansk and Vladivostok were to be assaulted fairly promptly, Soviet leaders would have good grounds for replying against Norfolk, San Diego, Halifax, and Portsmouth. Assuming that the initial blows against Murmansk and Vladivostok were non-nuclear in character, it is worth recalling that the Soviet Union could find it technically very difficult indeed to effect a similarly non-nuclear reply.

Lest there be any misunderstanding, the second caveat reflects no more than a concern for due consideration in planning and force execution. Certainly it does not assume that assaults against the Soviet coasts must be unwise under all circumstances, that freedom of choice, the initiative, necessarily will rest with the United States, and certainly it does not assume that U.S. maritime strategy is committed to an immediate offensive against the coastal bastions of Soviet seapower.

As suggested already, even if the essence of strategy, or perhaps of the quality required of a strategist, is the moral courage to make difficult choices, the real scope for strategic choice in U.S. national military strategy is rather less than frequently is asserted to be the case. Contrasting historical examples of choices would be the correct U.S.

decision of December 1941, in effect, to abandon the Philippines, and the incorrect British decisions in January and February 1942 to allow their December 1941 determination to reinforce Singapore to stand (the 17th Indian and 18th British infantry divisions, that would have been invaluable in Burma, were sacrificed in a plainly lost cause, largely because Churchill was not prepared to brave Australian wrath). If the United States continues down the path of global containment, employing a mix of multilateral and bilateral alliance ties as the political framework, and notwithstanding some historical ebb and flow in U.S. domestic enthusiasm for forward military commitments outside of the NATO area, geostrategic and political considerations serve vastly to narrow the scope for U.S. strategy innovation. In principle, the United States could choose to emphasize in her national military strategy:

1. Strategic forces (offensive and defensive);
2. Landpower;
3. Seapower.

A Strategic Forces' Orientation

In practice, the requisite superiority, or military advantage for escalation dominance, literally may not be achievable through strategic forces. Moreover, for good or ill, since the latter part of the 1960s the United States explicitly has eschewed strategic superiority -- the basis in the 1950s for extended deterrence -- as a strategic policy

objective. The SDI might serve to restore some genuine U.S. strategic-force advantage if weaponized in multi-layer form and married to strategic offensive forces modernized to defeat emerging Soviet active defenses. But it would be prudent for American planners and commentators in the 1980s to recognize the plain aversion in Western political culture to such a bid for the restoration of superiority.

So long as the United States lacks the ability to limit the level of damage that it might suffer at home as a consequence of nuclear operations that escalated out of a theater conflict, U.S. strategic forces must be relegated to the status of shield, and not sword, of the Republic. The shield role is critical. In effect, U.S. strategic forces, whatever the balance as between offense and defense in the posture, can function usefully in war fairly strictly as a counterdeterrent: that is to say they should be capable of denying Soviet leaders any attractive options for escalating out of a stalemated or losing theater, or more likely multi-theater, campaign(s), in search of victory through the functional equivalent of a Napoleonic "decisive battle" in the homeland-to-homeland mode.

This is not to suggest that a strategic-nuclear standoff does not cast a shadow over local and theater conflict, inclining combatants to caution lest Clausewitz' "grammar of war"⁶⁵ and "friction"⁶⁶ produce a combat

65. Clausewitz, On War, p. 605.

66. Ibid., pp. 119-21.

slide to a scale of violence that was not desired. But it is to suggest that the "generous margin" of strength that the Dutch-American geopolitical theorist Nicholas Spykman claimed to be necessary for a "positive foreign policy," is unlikely to be secured through improvements in the strategic forces' posture.⁶⁷ Spykman, writing in 1942, spoke of the value of "a margin of force which can be freely used." In terms of an objective analysis of the strategic forces' balance, though not in terms of contemporary U.S. political perception, the aircraft of SAC and of the U.S. Navy provided such a margin in the 1950s. The prospects for restoration of U.S. freedom of action vis à vis its strategic forces must be judged to be dim.

A Landpower Focus

Next, there is a cluster of strategic luminaries who claim, in the mid-1980s, that: (a) there is a stand-off, at best, in the strategic forces' balance; (b) Western maritime power is, and will remain, greatly superior to Soviet maritime power, but that the Soviet empire, unlike the Japanese Empire, is not at all vulnerable to pressure at, or from the, sea (the U.S.S.R. does not have important SLOCs, vulnerable and valuable insular possessions, coasts easy of access to seaborne assault that are close to the centers of national power, and so on); and (c) that therefore, in the words of

67. Spykman, America's Strategy in World Politics, p. 21.

Edward Luttwak, "the ground-forces divisions are the basic currency of East-West strategy."⁶⁸

Not for the first time, indeed really for the third time --previous ventures being in 1951-52 and 1961-65 --some U.S. strategists, official and unofficial, are repeating what Sir Douglas Haig told Lloyd George in 1916-18, and George Marshall told Churchill in 1942-44, that there is no effective alternative to meeting the continental superpower enemy on his own terms (with landpower in the principal theater of operations, that is to say on the ground in Europe). Four generic difficulties beset the advocates of a heavy continental-landpower orientation to U.S. national military strategy.

First, in preparing so substantially nearly for the worst case event of a Soviet attack in Europe, the United States would risk being severely deficient in flexible, usable military power relevant to most other insecurity scenarios around Rimland Eurasia (the Gulf, for the most obvious example). U.S. policymakers would be doing the reverse of capitalizing upon U.S. geostrategic strengths were they to lock up more and more military power in, and committed to, a European "garrison."

Second, proponents of a continentalist-landpower focus should not be permitted, in the excitement of debate, to neglect the point that the continent most in question is an ocean away. If the war is decided in Europe in 10-14 days,

68. Luttwak, The Pentagon and the Art of War, p. 120 (see also p. 64).

with minimum -- or less -- notice for prior mobilization, then SLOC protection and support of NATO's flanks may well be close to irrelevant. But, what if the war is not over in 10-14 days? More to the point perhaps, what if NATO fares poorly in the field but the U.S. President wishes to continue the war in regions apart from peninsular Europe? This second point must be extended beyond the reminder that U.S. landpower overseas must rest upon working control of the seas, to include the caveat that a Soviet enemy either thwarted on land or so successful on land that he fears U.S./NATO nuclear initiatives in desperation, will need to be discouraged from launching preventive/preemptive nuclear attacks.

Third, as Richard Betts has been arguing of recent years, conventional deterrence is not reliable.⁶⁹ One must add, somewhat hastily, that no form of deterrence can be thoroughly reliable. Notwithstanding the apparent fact that conventional deterrence is strengthened very usefully by the awesome nuclear dangers that loom over it, there can be no complete escape from the logic which holds that robust conventional capabilities may, on balance, reduce deterrence. Substantial ramparts of non-nuclear stopping power necessarily must flag a NATO intention to attempt a non-nuclear defense. There is much to recommend such a course, but proponents of non-nuclear defense have to face the possible problems that: (a) they may

69. Richard K. Betts: "Conventional Deterrence: Predictive Uncertainty and Policy Confidence," World Politics, Vol. XXXVII, No. 2 (January 1985), pp. 153-79; and "Compound Deterrence vs. No-First-Use: What's Wrong is What's Right," Orbis, Vol. 28, No. 4 (Winter 1985), pp. 697-718.

be offering the Soviet Union a non-nuclear option for theater war and, thereby, may be reducing seriously the risks that Soviet leaders anticipate as they consider military adventure; and that (b) a very successful non-nuclear defense could well motivate the Soviet Union to escalate in a quest for victory.

History is replete with cases of the failure of conventional deterrence. Conventional deterrence undoubtedly is different, to a degree, between nuclear-armed coalitions. But, nonetheless, it would be prudent to be alert to the dangerous possibility that the benefit to NATO of a military condition wherein very early resort to nuclear weapons would not be essential, may have to be paid for in the coin of some diminution in overall deterrent effect.

Fourth, it is very far from certain that a U.S. continental-landpower reorientation would "work." In theory there is no difficulty translating the economic assets of NATO into designs for conventional forces, strategy, operational art, and tactics, but practice is likely to be very different. It is worth mentioning the non-trivial point that one is not in the realm purely of speculative theory with regard to the probability of NATO actually fielding a truly robust conventional defense. There is to hand, after all, thirty-five years of continuous coalition experience. That experience has to suggest to an unprejudiced observer that the prospects of NATO purchasing and then sustaining a quantity and quality of military power suitable to offset the Soviet

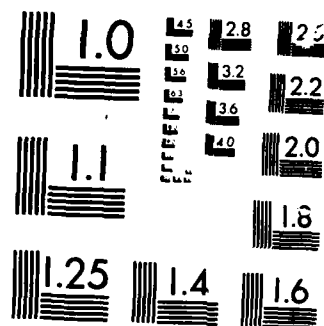
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MICROCOPY RESOLUTION TEST CHART

ground forces on their own terms, are not overly good. At the very least, given the fate of the "Lisbon goals" of 1952, of the Kennedy version of "flexible response" in the 1960s, and of the Carter Administration/NATO 1978 Long-Term Defense Program (LTDP), it is not unreasonable to say that the burden of proof rests upon those who argue that NATO can field a very robust conventional deterrent.

This fourth point has two distinct dimensions, the general military and the political. The latter dimension refers to the fact that there are very severe limits upon what the U.S. Army could achieve for the defense of Central Europe, virtually no matter how well favored it was to be in terms of relative funding preference in the defense budget. Forward defense on the Central Front is a coalition enterprise. While the U.S. Seventh Army can improve its ability to defend its two corps areas, there are very practical limits to the extent to which improvements in the "fighting power" of U.S. ground forces can substitute for major deficiencies on the part of allies. The U.S. Congress, one may be certain, would not permit an augmentation of the U.S. ground defense rôle in Europe.

Major questions pertain to the feasibility of NATO fielding a truly reliable conventional "war-fighting" deterrent in Central Europe. U.S. "military reformers," and others, busily have been rediscovering the wheel of recent years

(e.g., "maneuver"),⁷⁰ and have been seeking inspiration in the performance of the Wehrmacht on the Eastern Front,⁷¹ in Normandy, and on the frontiers of the Reich on the Siegfried Line. The purpose of this discussion is not to distinguish the more from the less plausible ways in which NATO's landpower might be developed and employed effectively. Instead, the purpose here is to suggest to readers that the chorus of criticism to which variants of U.S. maritime strategy currently are subjected, does not rest self-evidently upon a fully persuasive landpower story.

The ranks of continental-landpower enthusiasts contain advocates of: field fortification (après the Siegfried, not the Maginot, Line) -- undampened by the political rejection of this option by the Federal Republic of Germany; of "emerging technology" (ET) -- though the critical distinction between weapon and force survivability continues to elude many; deep-strike and follow-on forces attack (FOFA) -- which probably would be an exceedingly expensive way of attempting that which military history suggests to be incapable of having decisive effect; maneuver -- an idea as old as war itself which has come to assume near-mystical significance in the

70. See William S. Lind, Maneuver Warfare Handbook (Boulder, Colo.: Westview, 1985). A thought provoking critique of the military reformers is Richard K. Betts, "Dubious Reform: Strategism versus Managerialism," in Asa A. Clark IV, and others, eds., The Defense Reform Debate: Issues and Analysis (Baltimore, Md.: Johns Hopkins University Press, 1984), Chapter 5.

71. See Dennis E. Showalter, "A Dubious Heritage: The Military Legacy of the Russo-German War," Air University Review, Vol. XXXVI, No. 3 (March-April 1985), p. 4-23.

reformers' credo, notwithstanding the politically-mandated maldeployment of NATO's more mobile, "maneuver" ground assets, the absence of "maneuver forces" in deep theater reserve, and the inconvenient fact of a lack of depth of geography in the theater...and so on and so forth. There is much to be said in favor of all of these elements - fortification, new technology, interdiction, and maneuver -- but, severally or in combination, they do not yield anything even close to a guarantee of successful defense.⁷² Utilizing deception for surprise, and then attempting disruption of the NATO "front" through deep armored/mechanized penetration and widespread Spetsnaz and airborne force employment, Warsaw Pact forces might achieve an unraveling of NATO's defenses so devastating at the outset of war that recovery would be improbable. This is not a prediction, but it is asserted here as a distinct possibility that requires frank recognition if those who argue in a "landpower versus seapower" mode, in favor of the former, are to be answered suitably.

On both political and military grounds the case for the United States continuing to make a continental landpower commitment is a strong one. Nonetheless, advocates of a greater U.S. landpower contribution to NATO in Europe, albeit for the best of motives, are encouraging U.S. policy to move in the wrong direction. The task of defending NATO-European

72. The difficulty of judging how well NATO might fare "on the night" is well illustrated in Barry R. Posen, "Measuring the European Conventional Balance: Coping with Complexity in Threat Assessment," International Security, Vol. 9, No. 3 (winter 1984-85), pp. 47-88.

territory on the ground should be a mission primarily, and increasingly, entrusted to Europeans. NATO-European countries, now long-recovered from the ravages of World War II, should not be treated as wards of Washington, but rather as allies. These European allies need to believe that to the degree feasible their destiny is in their own hands. Moreover, if Americans are to remain tolerably content with their entangling alliance connection with Europe, it is most important that the terms of implementation of that connection be judged to be just. In short, Europeans should be seen to do as much as they are able towards their own defense -- not merely as little as they deem consistent with U.S. Congressional tolerance -- and, as a consequence, U.S. society should not be assessed to be needlessly at very early nuclear risk for reason of allied unwillingness to provide the locally affordable means of sustaining a non-nuclear defense.⁷³

Consideration in detail of the purposes and character of the necessary U.S. continental commitment to NATO-Europe, appraised in the context both of the prospects for success in the land battle and of the political evolution of the alliance, transcends the mandate directing the course of this analysis.

73. See Earl C. Ravenal, "Counterforce and Alliance: The Ultimate Connection," International Security, Vol. 6, No. 4 (Spring 1982), pp. 26-43.

A Maritime Emphasis

Here, as in the discussion of "a landpower focus," the subject is the focus or emphasis for the United States, not for the Western Alliance as a whole. It should go without saying (a) that the most serious strategic problem facing NATO-Europe is the possibility of invasion by Warsaw Pact ground forces, and (b) that that problem has to be met on its own ground-forces' terms. But, given the very great economic strength of the U.S.' Eurasian allies, it does not go without saying that continental campaigning à la Eisenhower should be the principal emphasis in U.S. general purpose force planning.

It is true that in NATO-wide, though not necessarily, more narrowly, U.S. perspective, continental Europe is the only "theater" in which a major war directly could be "won." However, war in Europe could be lost not only in Europe, but also indirectly as a consequence of an interrupted trans-Atlantic SLOC, and through Soviet ability to "swing" forces from the Chinese frontier to the European theater (as Stalin did with many of his divisions from Siberia and Central Asia in November-December 1941). Furthermore, in circumstances short of war in Europe, the U.S.-organized and led alliance structure in Europe and Asia would be placed under potentially fatal strain were the Soviet Union able to deny the West (and Japan) access to Gulf oil.

If the territorial security of Western Europe could be defended only by a much augmented and modernized U.S. Army and

by U.S. tactical air power, then there would be a strong case for reorienting U.S. military investment priorities. However, plainly that is not, and will not be, the situation. Indeed, it is no exaggeration to say that the very strong emphasis placed upon the forward NATO commitment by the Carter Administration reflected not so much a careful appraisal of U.S. national military strategy, but rather a political belief that, in the aftermath of Vietnam, the NATO track was relatively non-controversial in the U.S. Congress.

The authors of this Report are neither "maritime" nor "continental" strategists, as those misleading labels have been employed of recent years. They recognize that war against a great continental power cannot be won, though it can be lost, at sea. The U.S. armed forces should be "balanced" both with reference to capabilities provided by the alliance as a whole, and with regard to the specific objectives into which U.S. vital interests translate: they should not be "balanced" as by some astrategic algorithm of "fair shares" for the separate services, or without reference to the existence of front-line allies who, one should presume, are even more interested in repelling Soviet landpower than is the United States.

Endorsement of a maritime emphasis in U.S. national military strategy --with its expression in force structure -- does not mean that one:

- is blind to the character of the Soviet threat to the territorial integrity of NATO-Europe;

- fails to recognize the relative inaccessibility of the Soviet imperium to pressure from the sea;
- is determined to hazard U.S. CVNs in severely contested areas on the Soviet maritime frontier at the very outset of a war, ... and the like.

The case for a maritime emphasis in U.S. national military strategy rests upon the following considerations, to risk repeating themes already introduced in this discussion:

- Recognition that it is politically essential and militarily efficient for NATO-Europe to provide the overwhelming majority of the ready and rapidly mobilizable ground forces for local defense.
- Recognition of the fact that "working control" of key SLOCs would be absolutely essential if NATO were to be able to sustain a conflict in Europe, and/or if the United States were to prosecute a more protracted war -- regardless of how the campaign in Europe had developed.
- Recognition of the likely global character, or certain global potential, of a protracted conflict, and of the importance of providing such distraction on the very far-flung flanks of Soviet power as can be achieved. If NATO can hold in the center, it will begin to be very important indeed that Soviet leaders feel pressed in the Far North, in Southern Europe, and -- above all -- feel over-extended in Europe as a

consequence of the probably latent Chinese threat that flanks their entire position in the Pacific.

- Appreciation of the fact that although the benchmark for adequacy in military preparation is provided by the test of hypothetical battle in the event of a Soviet invasion, the United States and her allies are operating day by day in a condition of "war in peace." There are few security problems in "peacetime" to which U.S. naval power is not more or less relevant. Always assuming an adequate framework for the deterrence of major war in Europe, the "real action" in East-West security relations through 2010 will involve regional problems and, both for political and military reasons, U.S. naval forces will comprise the lion's share of, as well as the sine qua non for, Washington's response. (This is not to deny that the willingness or unwillingness of U.S. public opinion to commit armed forces in regional conflict is not steady over time). The proliferation of military high technology in the Third World, means that a U.S. naval task force capable of operating against Soviet maritime power in the North Atlantic may not be greatly over-designed if it is to function reliably in regional conflict.

4. U.S. Interests and Objectives

(a) Introduction

In the pages that follow, there are reflected certain unspoken assumptions. These assumptions, any of which are open to challenge and amendment, should be looked on as the initial conditions from which analysis starts. The assumptions are that:

- The U.S.S.R. will continue to pose the major military threat to the United States throughout the period in question. It will continue to function as a totalitarian state hostile to the United States and to Western democratic values. It will not be seen as a particularly useful or attractive economic, political, or cultural model in the world at large, but will be cultivated by countries of the Third World as a useful source of political and military support in certain circumstances.
- The Western Alliance system, while it may fray around the edges, will not collapse. The United States, Western Europe and Japan will become more, not less, dependent on each other in the economic sphere (see appendix) and will continue to share a broad common set of interests in political and military affairs.
- The developing world will, as in the past, be a major source of violence, conflict and disorder, much of which will be fuelled by internal problems that have

little to do with East-West tensions or superpower interests. This disorder, however, will offer opportunities or create requirements for superpower involvement of various kinds that in some situations will present substantial risks of escalation.

- No catastrophic external events are allowed for, such as the collapse of the free world financial system, the disintegration of the Warsaw Pact, or a major Sino-Soviet or U.S.-Soviet war.

This analysis does not seek to cover more than a rather narrow range of possible developments over the next 25 years. That there will be surprise events is virtually certain and some are bound to have profound effects on the course of international relations. One need only reflect on the impact of the Iranian hostage event to see the truth in this proposition. The reader is warned, therefore, that surprise must be recognized even if it is not dealt with explicitly.

For this reason, if no other, the contingencies that are described later must be looked on as illustrative of a political process or trend. They are in no sense predictive nor can any specific probability of occurrence be assigned to them. They are no more than a convenient vehicle for demonstrating what sort of outcome might be expected in the future from the political processes one can discern in the present.

At a very high level of generality, U.S. interests can be stated as follows:

1. Maintain the territorial integrity of the United States and the security of its citizens from external attack and other threats.
2. Promote U.S. economic prosperity and domestic tranquility.
3. Promote world order, including the maintenance of favorable or tolerable regional power balances, and support for generally accepted norms of international behavior (non-use of force in settling international disputes, and so forth) for the purpose of maintaining international stability.
4. Help promote the political and economic success of compatible political systems.

These interests translate as follows into objectives:

1. Integrity and Security

- Deter the outbreak of conflict directly threatening the United States, its treaty allies and other countries important to it.
- end or contain conflict at the lowest level consistent with U.S. national interests. (It is a particularly important U.S. objective to prevent any conflict from escalating to the use of nuclear weapons).
- Make difficult and, where feasible, prevent the acquisition of nuclear weapons by non-nuclear weapons states.

- Urge and assist allies to maximize their conventional contribution to deterrence and mutual defense, in order to reduce the risk of early escalation to nuclear conflict.
- Improve U.S. and friendly states' ability to deter terrorism through both national and multi-lateral mechanisms.
- Be prepared to participate in international peacekeeping activities.

2. Prosperity and Tranquility

- Maintain U.S. access on fair and reasonable terms to both raw materials and markets (including access to the resources of the seabed).
- Deter and defend against attempts at physical denial of sea and air lines of communication critical to the maintenance of the economies of the United States and its allies.
- Improve the legal framework and enforcement mechanism for controlling immigration into the United States.

3. World Order and International Norms of Behavior

- Support regional balances of power to provide a framework of order.
- Establish and maintain international regimes, where they are consistent with U.S. interests (governing the

exploitation and use of important international resources, etc.).

- Establish and maintain, through bilateral and multilateral agreement, arrangements that contribute to the stability of the international political and security system and to the reduction of the risk of major conflict (this objective is designed to cover mutual security arrangements, as well as arms-control-related agreements).

(b) Strategic Nuclear Forces - Navy

Of the two major deterrence tasks, i.e., deterring both nuclear and conventional attacks, it is assumed that deterring nuclear attack will continue to rest on the triad concept for the indefinite future, with the Navy's SSBN force proceeding as planned at present to comprise approximately 20 Ohio class boats by the turn of the century. It is also assumed that no substantial new strategic nuclear missions will be acquired by the Navy, and that if they are, they will be fulfilled by additions to the SSBN force.⁷⁴ Since the SSBN force by the end of the century will not depend for deployment or support on foreign bases, or on a need to effect passage through foreign controlled waterways, the SSBN deterrent force is essentially independent of international political change,

74. Widespread deployment of the TLAM-N Tomahawk SLCM on a wide variety of hulls may place this judgment at risk. The future strategic significance of SLCM seems to be no more than modest -- but developments in strategic defensive technologies may cause that condition to alter.

except as may be negotiated in international arms control agreements. For this reason, the Navy strategic nuclear mission, strategies and forces will not be considered further in this Task.

(c) Conventional General Purpose Naval Forces

These forces, together with U.S. air and ground forces have the generalized mission of deterring conventional attack on the United States, its allies and friends or dealing with an attack if it occurs. Most, although not all, of the specific Navy missions relate to this deterrence and war-fighting objective. (The deterrent mission should be understood to include the use of military forces to establish a "presence" whose purpose is to influence a political event or bring about a desirable political outcome.)

The specific naval missions that are associated with the objectives set forth immediately above are:

- Protection of U.S. SSBN forces and destruction of Soviet sea-based strategic and general purpose naval forces in wartime.
- Peace-time and war-time support of U.S. forces deployed in, or committed to, treaty allies (e.g., NATO-Europe, Japan, South Korea) or present in other foreign territories.
- In a crisis or conflict, the defense of SLOCs important to the military, economic and political interests of the

United States, its allies and friends, and interdiction of enemy SLOCs.

- Support for allies and friendly states involved in conflicts to which the United States is not a party (e.g., UK in the Falklands war, Israel in the 1973 October war).
- Provision and support of projection forces (e.g., Grenada, Lebanon).
- Establishment of a military presence for deterrent or other political ends in crisis situations.
- Search, rescue, relief, scientific research, mapping and other non-combatant activities.

(d) U.S. Regional Priorities

The geographical areas of primary importance to the United States in terms of deterring or containing conflict can be identified by a number of criteria: (1) proximity, as in the case of the Caribbean basin; (2) importance to the free world economy; (3) sources of critical resources, e.g., the Persian Gulf, Southern Africa; (4) strategic significance as a barrier, buffer, choke point, launching pad, military storage facility and the like, as in the cases of Northern Scandinavia, Azores, Pakistan or Turkey; and, finally, importance to the United States for general political, cultural, historical and psychological reasons, e.g., Israel, Australia and New Zealand.

(e) Scenarios

Judgments about the likelihood of the future outbreak of conflict, or of other developments inimical to U.S. interests, involve a high level of subjective analysis and uncertainty. Nevertheless, one must try to identify circumstances or specific developments that (1) involve significant risk of U.S. involvement in conflict; (2) create a political situation broadly affecting the national security interests of the United States and its allies; and (3) affect fulfillment of certain naval missions or generate new ones.

North America

- Breakdown of central government control in Mexico, or alternatively the radicalization of the Mexican government which becomes virulently anti-American and pro-Soviet.
- The election of a government in Canada that is neutralist in philosophy and that is committed to withdrawal of Canada from NATO and from bilateral military cooperation with the United States.

Europe

- Election in one or more NATO European countries of radical nationalist parties such as the West German "Greens," which unilaterally institute nuclear free zones and place significant restrictions on the deployment and operations of NATO forces on their territory (e.g., Scandinavian nuclear free zone).

- The reduction or withdrawal of U.S. ground forces from Europe in the face of continuing shortfalls in the defense efforts of the major NATO countries.
- Outbreak of a Turkish-Greek war.
- A major revolt in Eastern Europe (e.g., East Germany or Poland) that requires the intervention of Soviet forces, involves serious armed conflict within the Warsaw Pact, and generates a major flow of refugees and perhaps non-Soviet troops into Western Europe.
- A Soviet military action to seize and hold territory on one or the other of NATO's flanks.

East Asia

- Soviet-Chinese reconciliation and a cooling of U.S.-Chinese relations.
- Aggressive remilitarization of Japan.
- Vietnamese efforts to exercise hegemony in Southeast Asia.
- A North Korean attack on South Korea (or the reverse).
- Chinese reincorporation of Taiwan by force.
- A radical Philippine regime succeeds the current government and abrogates the treaty and base agreement with the United States.

South Asia

- Renewed Indo-Pakistani conflict, with indirect Soviet and PRC involvement and the threat or actual use of Pakistani or Indian nuclear weapons.

- Soviet pacification of Afghanistan and establishment of a pro-Soviet Baluchistan giving the U.S.S.R. direct access to the Indian Ocean.

Caribbean Basin and Latin America

- Rise of radical or repressive anti-American regimes in one or more Caribbean Basin states, generating a massive flow of illegal immigration into the United States.
- Interruption of the flow of Venezuelan oil to the United States
- Installation of additional Soviet military facilities in the Caribbean Basin.
- Radicalization of a major South or Central American state, resulting in strong anti-American and pro-Soviet leanings or ties.

Middle East

- Any of several permutations of Arab-Israeli, Persian Gulf hostilities, including those involving the threat or use of an Israeli nuclear weapon, and/or the direct involvement of Soviet forces.
- Scenarios involving the spread of Shiite fundamentalism, particularly among Persian Gulf states and the North African littoral states, or a victory of Iran over Iraq and the imposition of a Shiite fundamentalist regime there.
- Soviet support for a pro-Soviet faction in an internal uprising in Iran.

Africa

- Major Black-White conflict in South Africa, with the possible complication of covert involvement of Cuban advisors and troops, and provision of Soviet arms.

These scenarios are listed not because they are very likely to occur, but because they are, at a minimum, plausible, and because they provide a reasonable test of the ability of U.S. military forces to operate in environments that involve:

- Differing levels of threat.
- Selective withdrawal or total absence of allied help.
- Selective denial or absence of bases, facilities, access, overflight rights, etc.
- Potential use of nuclear weapons by current or future nuclear-armed states.
- Creation of new missions for U.S. military forces (e.g., control of sea-borne immigration).

(f) Other Factors

There are certain general trends that specific scenario analyses may expose very inadequately or not at all, which will have an important bearing on the politico-military environment of the next twenty-five years. They are:

- Military modernization costs.
- U.S. and Allied defense expenditures.
- Manpower.

- Bases and Access.

Military Modernization Costs and Allied Defense Expenditures

Among virtually all U.S. allies, there has been a levelling off and in some cases a significant decline in defense expenditures. Where increases have occurred, they are generally not much above the rate of inflation. For several reasons this pattern seems likely to persist over the next quarter century.

First, in virtually all the major developed countries there is sharp competition between defense and social welfare programs for budget resources. Since defense budget levels are discretionary to a far greater extent than are expenditures on medical, unemployment, pension and other social programs, defense tends to be the first to be cut when shortfalls in revenue occur. It is a general truth that in coalitions among states that vary very greatly in size of economies, the smaller members tend to pay disproportionately little towards the common defense. In some cases the argument is made that the smaller countries in question are providing their national territory as a forward glacis for the alliance (Denmark, Norway, possibly the Netherlands and Belgium). In other cases (Germany preeminently) the additional argument is advanced that "host country support" for allied garrisons is very extensive and does not find its way into accurate quantitative measures of comparison with regard to relative burden sharing. Rather more relevant, however, is the point

that the scale of defense contribution of a relatively (economically) small member of a large multinational security coalition tends to be determined on political grounds internal to the peacetime functioning of the coalition, rather than with direct reference to the calculated scale of external threat.

The security of Denmark, Holland, Belgium, Norway, or even Canada, is a function of an overarching framework of East-West political relations, influenced by the military balance between the two rival coalitions, and scarcely if at all by the direct Danish, Dutch, etc., defense effort. If the United States were to double the level of its defense effort, there would, or should, be traceable consequences for U.S. security. If Denmark or Canada were to double their defense efforts, the impact on Danish or Canadian security would be trivial at best. In these circumstances, the economically lesser members of a coalition, to continue to enjoy the benefits of a security largely produced for them by coalition partners, have to do enough to satisfy the minimum political demands of the countries that are providing for the major part of the common military effort.

Second, growth rates in much of the developed world have been sluggish in recent years and in Europe, at least, are unlikely in the next twenty years to match those of the 1960s and 1970s. In the European NATO countries defense expenditures have averaged about 3.5% of GNP for several years. This percentage is unlikely to rise, given powerful

pressures to maintain social programs. The fact that GNP growth itself is likely to be modest, suggests that there will be no major new resources made available to alliance military purposes.

An obvious consequence of this projection is that the equipment inventories of U.S. NATO allies are likely both to shrink in number and to age significantly. The reason simply is that modernization costs continue to rise faster than procurement budgets. In virtually all major weapons categories, e.g., ships, aircraft, armor and munitions, two- to five-fold increases in unit costs over a ten-year period are the norm.

It would be prudent, therefore, to assume for planning purposes that the military contributions of U.S. allies probably will decline -- meaning fewer ships, aircraft, armored fighting vehicles, and above all, lower manpower levels. Obviously, an event that created a real sense of alarm among allies, for example a major East-West crisis in Europe or a radical shift in the power balance in Northeast Asia, could alter this assessment and shift defense spending curves upward, but no crisis short of the imminent threat of major conflict is likely to slow the steady decline in the size of most Western combat forces.

Manpower

The manpower problem is the third overarching element deserving attention. Most of the U.S.' European allies,

together with Japan and even the United States itself, are experiencing very low birthrates, in some cases below replacement levels. There will likely be a dramatic decline over the next twenty years in the number of available military recruits between the ages of 18 and 24 years.

The expected decline in the United States is dramatic, with the drop between 1985 and 1995 in the number of 18-24 year olds estimated at about 17%. The numbers are similar or worse in Japan, and in Northern and Central Europe. The consequences of this decline for the recruitment of military manpower are obvious, and they may be particularly serious for allied naval forces because in a competitive manpower market the special demands of extended sea-duty reduce the attractiveness of a naval career.

It should be noted in this connection that the Soviet Union has a similar manpower problem, at least in the Great Russian component of the Soviet population. Although Soviet leaders have the option of recruiting from the large Moslem minorities, which have maintained fairly high birth rates, the prospect of a predominantly non-Russian Soviet military carries serious implications for the future stability of the Soviet system. Indeed, in demographic terms the United States may face a similar problem if Hispanic immigration continues at its current high level, but the political implications in a Western democracy are not as potentially destabilizing.

It is worth noting that basic U.S. policy on military manpower is entirely astrategic. The ending of the draft in

1973 was wholly the product of post-Vietnam politics. Since the late 1970s, successive U.S. administrations have laid more and more rhetorical emphasis upon the importance of the United States being prepared to wage a protracted conventional conflict, yet reintroduction of compulsory military training remains a politically untouchable topic. The strategic logic for deterrence and defense of the United States and its allies investing in a mobilization base for global protracted conflict already is accepted by the U.S. Government. What is lacking is the political courage to turn declaratory policy into action policy. If no very clear and present danger to the Republic appears over the next two decades, it is prudent to predict that the American political system will continue to believe that its youth should not be inconvenienced by national service.

Bases and Access

The potential vulnerability of U.S. military forces to the unanticipated closure of foreign bases or denial of access is self-evident. Yet, in the forty years since the end of World War II there have been a large number of instances where bases have had to be abandoned, or where access to important air and sea facilities has had to be relinquished, without there being any long-range, truly crippling effect on the U.S. ability to project naval power. Some instances, like the temporary closing of the Suez Canal, the return of Okinawa to local jurisdiction and the U.S. departures from Vietnam,

Thailand and Taiwan, have required major readjustments in operations and contingency plans. No single loss of basing rights in the future would prove fatal for the grand design of U.S. maritime strategy -- anymore than it has in the past -- though the loss of Subic Bay in the Philippines would be a particularly heavy blow.

Naval forces have certain inherent advantages over land and air forces in operating in forward areas without nearby bases. They can, for example, usually find civilian ports for replenishment, some repair, and for R&R. Also, much can be done with under-way support for refuelling and replenishment at sea. But forward bases reduce both costs and improve efficiency for the operational forces.

Because forward bases on foreign territory are hostage to local politics, it is difficult to make informed predictions about their future availability. Subic Bay is still available despite continuous political turmoil in the Philippines and it may well continue to be available for decades to come. The Midway is still home-ported in Japan, and capital ships stop in Japanese harbors on a routine basis despite continuing anti-nuclear agitation in Japan. It is probably generally true to predict, however, that over the next quarter century U.S. bases on foreign soil will be subject to increasing restrictions and conditions on use established by host governments. These restrictions almost certainly will involve enlarging the scope of local government control over base operations (criminal jurisdiction, PX

operations, etc.) and host-government veto power on operations beyond national borders that do not have a direct bearing on the defense of the host country. Furthermore, one should remember that attempts by host governments to control the storage, transit and temporary presence of nuclear weapons have a long history. These will continue and may indeed become stricter and more comprehensive over the next few decades -- particularly if there should be a conflict in which a nuclear weapon is used, for example in an Indo-Pakistani or Arab-Israeli war. The Navy's policy neither to confirm nor deny the presence of nuclear weapons on U.S. vessels has served well in the past and, notwithstanding some recent developments in the South West Pacific, there is no very good reason to believe that it will not continue to serve adequately in the future. The recent action of New Zealand in requiring assurances that no nuclear weapons are present as a pre-condition for U.S. ship visits to New Zealand ports, should not, on the evidence available to date, be viewed as a precedent that might take hold on a broader geographic scale over the next few years. However, the U.S. Navy should be alert to the fact that several countries satisfied with the "neither confirm nor deny" formula are troubled over potential local political difficulties pertaining to port visits by U.S. naval vessels that carry nuclear land-attack cruise missiles.⁷⁵

75. The Australian Government, for example, is far short of enthusiastic over seeing the South West Pacific as a deployment area for strategic nuclear offensive forces.

In peacetime the Navy should be able to operate in most of the world's oceans with relative ease, since most of the essential functions of naval bases, except those maintained for intelligence purposes, are very similar to those performed by civil ports world-wide -- that is replenishment, repair and crew rest. Civil ports for the most part will be available. In situations of acute tension or conflict, denial of port access will be selective in any given area but probably not total. At a minimum, ports of the party to the dispute that the U.S. is supporting almost certainly will be available. The problem will lie in adjusting to what could be very sudden, unexpected "dislocations." (One recalls for example, how easy it would have been to have had a capital ship caught and immobilized in the Suez Canal when it was closed in 1967.) Prudent contingency planning for the unexpected therefore is essential, as is the maintenance of a significant surge capability for underway replenishment at long distances for whatever indeterminate, but probably short term, period it takes to find substitutes for shore facilities or access that are denied.

Related to the matter of bases and access is the question of maritime navigation rights, and whether U.S. refusal in July 1982 to become a party to the U.S. Convention on the Law of the Sea (LOS) is likely to affect future naval operations.

There is an argument that the LOS Convention simply codified customary international law with respect to transit and navigation rights and that since they have an existence

separate from the LOS Convention, adherence to the treaty is not a requirement for the continuing enjoyment of those rights. The historical record since July 1982 suggests that this is the case in practice. There have been no incidents affecting U.S. naval operations that can be attributed to U.S. refusal to adhere to the Convention, nor has any country threatened to withhold traditional navigation rights from the United States. It is probably fair to conclude, therefore, that while there may be future problems in the area of navigation rights, e.g., unilateral closure of straits or declarations of closed seas, they will not be founded on the LOS Convention and the U.S. failure to accede to it. Rather they will be actions of individual countries attempting to impose their own rules in violation of customary international law. This is nothing new. Nasser's closure of the Gulf of Aquaba, and Indonesia's and Canada's recurrent efforts to exercise sovereignty over various states in the Indonesian archipelago and the Canadian Arctic respectively, come to mind as modern examples. Each will have to be dealt with individually as they occur and in most cases they probably can be resolved satisfactorily since there is broad consensus among maritime nations for the maintenance of long-standing navigational rights.

5. Regional Analysis of the Prospects for Conflict

(a) North America

The two scenarios proposed for North America are similar in the sense that both involve a fairly radical (but

constitutionally legitimate) change in regimes, the results of which would have a significant impact on U.S. security interests. Neither Mexican nor Canadian foreign or security policies have reflected any acute sense of external threat in recent memory. (Canada's defense expenditures are the lowest in term of percentage of GNP of all NATO countries except Luxembourg, and Mexico's is the lowest of all countries in Latin America.) None of this is surprising since neither faces any conventional threat from its nearest neighbor, the United States, and the Soviet threat is primarily the strategic nuclear one, which is somewhat unreal and abstract. In any case, this threat is for the United States to deal with, since neither Mexico nor Canada have any role in strategic policy, planning or operations. Both countries are more spectators than players in the nuclear deterrent game. Canada does have an important role in strategic early warning and in defense against the air-breathing threat from the Soviet Union through its participation in NORAD. But these responsibilities, particularly in the age of missiles, is more warning and intelligence support than a combat function.

Under these circumstances, both countries have a certain scope for radical change in security policies that most countries faced with more immediate and severe external threats do not. Moreover, since neither country can exert much influence on the security policies and actions of the United States, except in the limited case of North American air defense, where Canadian air space is involved, political

frustrations develop that are often relieved by overt demonstrations of independent action. That certainly has been true of U.S.-Canadian economic relations, wherein the Canadians from time to time have introduced restrictive trade and investment policies designed to redress in one or another sector the overwhelming weight of the U.S. economy on that of Canada. Although these restrictions are often more damaging to Canada than to the United States, they do assert Canadian autonomy and evoke widespread political support among Canadians. It is entirely possible, therefore, that in this environment, future Canadian governments could expect similar broad public support for a more "independent" security policy with anti-American (and perhaps anti-NATO) elements.

Mexican relations with Cuba can be seen in somewhat the same light. Since U.S.-Cuban relations have been frozen for over two decades, Mexico sees potential for an independent foreign policy initiative that can be publicly identified not only as distinctively Mexican, but also distinctively non-American. For a country like Mexico, opportunities for diplomatic and political initiatives that play themselves out on an international stage and enhance the prestige of the Mexican Government are highly prized. To the extent that they have no U.S. content, they also play to Mexican nationalism, and to latent anti-American sentiments in the Mexican public. Against this background, it is not difficult to imagine future governments of either Canada or Mexico taking steps to

distance themselves from American security policies in a number of areas.

In Canada this might take several forms. First, it could pull its small military forces out of NATO (perhaps earmarking them for U.N. peacekeeping). Second, Canada could take itself out of NORAD, perhaps in connection with SDI, which, if it reaches the field test stage, presumably will involve Canada because of its geographical location athwart principal threat corridors from the Soviet Union. Third, Canada might close down other U.S. intelligence facilities based on Canadian soil, although because Canada shares intelligence information with the United States, the UK and Australia on a broad basis, unilateral Canadian withdrawal from joint intelligence operations conducted in Canada seems remote. The benefits to Canada far outweigh the costs and they are benefits that would be denied in the case of Canadian withdrawal.

Fourth, the Canadian Government could withdraw from joint North Atlantic ASW operations. Such a move would be a political setback for the United States and for NATO. However, Canada's actual contribution is small and non-critical. The withdrawal of its three diesel submarines, and twenty-three destroyers from North Atlantic ASW operations would hurt, but not critically.

Another possibility, either linked to, or possibly independent of any Canadian action vis à vis NATO, would be unilateral declaration of a Canadian nuclear free zone. For the U.S. Navy, the most important effect of such a declaration

would be to limit or curtail port visits, since it is highly doubtful that Canadian authorities would be satisfied with the Navy's policy of neither confirming nor denying the presence of nuclear weapons aboard American ships. If the recent behavior of the New Zealand Labour Government is any guideline (which it may well not be), it seems possible that a major change in Canadian leadership could result in a similar initiative, which would be far more damaging than the New Zealand case.⁷⁶ Furthermore, future reversal of a Canadian declaratory anti-nuclear policy, however defined, would likely be difficult, since any subsequent government would be hard-pressed to muster the political support for what would be seen as a "pro-nuclear" statement.

This discussion very deliberately has ignored the security nightmare scenario of a "Balkanized" Canada -- a Canada that has its francophone elements seek and acquire independence. The authors of this report have followed Canadian foreign and defense policy trends for many years,⁷⁷ have tracked the shifting domestic political and economic fortunes of the Parti Quebecois, and remain firmly convinced that a generically unfriendly (to the United States) Quebec is most unlikely to emerge as a politically independent

76. In late January 1985, New Zealand Prime Minister Lange announced that New Zealand would deny a U.S. request for a port call by a U.S. naval ship unless his government was assured that the ship was not carrying nuclear arms. The denial was conveyed formally in a letter to the U.S. Embassy in Wellington on 31 January 1985.

77. For example, see Colin S. Gray, Canadian Defense Priorities: A Question of Relevance (Toronto: Clarke, Irwin, 1972).

actor in North America over the time period of interest for this report.

Looking at this problem in global terms, the growth of the anti-nuclear movement in the Western world has been slow but fairly steady. Nuclear-related deployments and other activities that were easily and quietly accomplished in the 1950s and 1960s are now routinely the focus of large, broadly based public debate and well organized opposition. Lifting politically-imposed restrictions on nuclear-related operations, once in place, will involve a major investment of political capital that few democratic governments are likely to make except under extreme duress. In this respect the New Zealand episode is both instructive and sobering and could be held to suggest the need for a careful re-examination of the requirements for naval tactical nuclear weapons.

Specifically, if as seems now to be the case, up to one third of the U.S. Navy surface combatants are to be equipped with dual-capable cruise missiles, the Navy could become an easy target for anti-nuclear agitation abroad. On balance, the authors of this report are inclined to play down the broader and longer-term significance of the current problem with U.S. Navy port visits to New Zealand.⁷⁸

North America should be looked at in the wider context of events in the Caribbean basin and Central America, since there is little direct U.S. naval interest or mission related to a likely threat originating in or related to either Canada or

Mexico. The Caribbean basin, is therefore, logically treated next.

(b) The Caribbean Basin

For the past twenty-five years, Cuba has been the focus of U.S. security concerns in the Caribbean. There is little reason to think that this will change markedly over the next twenty-five years, although this single focus may be diluted if, as may well happen, Nicaragua or some other state in the region turns radically Marxist and becomes, like Cuba, a satellite of the Soviet Union.

The strategic importance of the area hardly needs elaboration here. Its geographic proximity alone, combined with the position of Cuba commanding the Southern flank of the Florida Straits, warrants a high U.S. priority for this area.

Economically, most of the basin is poor and likely to remain so. Per capita GNP ranges from a few hundred dollars in Haiti to a few thousand in the Bahamas, but the average is certainly no more than \$2000. While the bigger islands -- Cuba, Haiti and the Dominican Republic -- have sizeable populations, as do the major Central American nations, there are numerous small principalities such as St. Christopher-Nevis, French Guiana, Belize, St. Vincent, and Grenada with populations of only a few tens of thousands. The endemic poverty of the area, combined with fragile political and economic systems that are characteristic of many of the

Basin states, foreshadows a high potential for political instability over the next quarter century.

Among the island nations, Cuba is by far the largest and most powerful. It can be assumed that Cuba will continue its efforts on behalf of Marxism throughout the area and will be quick to provide arms and technical support when opportunities present themselves. Those opportunities, in turn, whether internally or externally inspired, are likely to occur on a regular basis. Many of the smaller islands have no security forces worthy of the name. Indicative of the vulnerability of the regimes in the Caribbean Basin was the coup that occurred on St. Vincent Island in 1980 when a small party of armed men "seized" the government. The coup was quickly put down by the arrival of the police from St. Vincent's island neighbors, but the incident was an archetypical example of what will undoubtedly occur more often in the future and with which, if the local police and other forces are inadequate, U.S. forces may well be called upon to deal. In short, more Grenadas are by no means improbable, particularly if the islands in question might offer useful real estate for Cuban, Soviet or other non-friendly military or intelligence operations.

It is important to note that U.S. Gulf ports now handle a significantly greater volume of maritime trade than do Atlantic ports (385 versus 311 million tons in 1981) and most of it transits either the Florida or Yucatan straits. Moreover, in a major European crisis, materiel reinforcement of U.S. forces committed to NATO will in large part come from

Gulf ports. As a trade route, therefore, it is clear that the Caribbean is extremely important now and will continue so to be for the indefinite future. At the end of the Century, transit complications may also arise when ownership of the Panama Canal reverts fully to the Panamanians. Whatever the resolution of the current problems of Nicaragua and El Salvador, there will be a high premium on having friendly, or at least non-hostile, governments both in Panama and its neighboring countries of Costa Rica and Colombia.

Finally, events in the Caribbean basin have an important social and political impact in the United States. Aside from the obvious negative, international psychological effects of the replication of Soviet supported regimes like Castro's in the U.S. backyard, there are some very practical problems that have arisen independent of Soviet activities in the area, notably drug running and illegal immigration. These two phenomena are the product of social, political and economic factors in the Caribbean (and, in the case of drugs, further South as well) that cannot easily be reversed and that are likely to endure for the indefinite future. To the extent that the American response involves surveillance and control of the sea approaches to the United States, a combined naval and coast guard mission of considerable dimensions can be foreseen, particularly since the issues of drugs and immigration are now the focus of national political attention.

All of the scenarios for the Caribbean Basin are entirely plausible, especially since they are in keeping with recent

historical precedents. Since the Basin is, in part a collection of politically unstable islands and, in part, a group of mainland countries with long coastlines, it presents unique naval-related requirements. Force projection, intervention, quarantine, blockade, surveillance by sea and all other classical naval missions are likely to be regularly required of the U.S. Navy over the next quarter century in this area of the world.

(c) South America

The South American political scene is a difficult one to predict, since individual countries have shown large swings from the radical right to the radical left or from either extreme to the center at seemingly random but frequent intervals. As this is being written, we are witnessing a return to democratically elected governments in Argentina and Brazil after years of repressive military rule. No one can predict whether this is a temporary aberration or a long term trend, but one can say with some confidence that the United States has only limited ability to ensure the installation or maintenance of democratic regimes, or to influence the nature and policies of whatever regimes currently are in power. The United States can exhort, can offer aid or can apply military supply sanctions (as in the 1970s to Nicaragua, Guatemala, Argentina and Chile) and, in public and private diplomacy, can try to apply other forms of pressure. But, none of these are likely to be very effective and none are cost-free in terms of

U.S. long-term political interests and relationships in the area.

From a security viewpoint, it does not seem very probable that the Soviet Union will be looked on for the indefinite future as a strong friend and ally by any major South American state, although some states are or will be prepared to buy Soviet military equipment. This is particularly true if the United States arbitrarily continues to deny to South American states certain equipment that it sells willingly to other foreign countries -- modern jet fighters, for example. More substantive political or military relationships with the Soviet Union, entailing the presence of Soviet military advisors, trainees or technicians, except those temporarily associated with the sale of specific Soviet weapon systems, seem unlikely. South America is not an area of high international tension and cross-border violence. The opportunities for Soviet meddling are limited, and in any case they have little to offer this part of the world in political or military terms. Economically, however, there is and will continue to be a brisk Soviet-Latin American trade.

One of the most serious security related developments that has a significant probability of occurring is the indigenous development by Argentina and Brazil of a nuclear weapons capability. Neither is a signatory to the Nuclear Non-Proliferation Treaty (NPT), both have fissionable materials programs and the Argentines, at least, have from time to time publicly suggested the existence of a peaceful

nuclear explosives program. In the next twenty-five years, both could certainly produce weapons in significant numbers, together with militarily suitable delivery systems. The motivation for pushing in this direction is primarily psychological -- to acquire membership in the nuclear club. Neither faces a threat remotely justifying a nuclear weapons program. But if one or both were to acquire nuclear explosives, it would probably stimulate others to similar efforts and would add another and dangerous source of uncertainty on a politically volatile continent.

For all of its political turbulence, however, it is difficult to envision a major South American state so radicalized and truculent as to be a direct and present danger to the United States. It is not a continent where cross-border conflict is endemic (though irredentist claims are by no means absent), as in the Middle East, Asia and Africa, nor is it a Continent that feels threatened militarily by external powers. For many years Latin America has been the region spending the least on military establishments. Peaceful it is not, but the conflicts tend to be intra-state in character. For all of these reasons, it does not seem that South America is likely to be a major security concern for the United States in the period of concern for this study.⁷⁸

78. Because of its size, location, and economic potential, Brazil probably warrants a caveat from this overall judgment. The authors certainly are not predicting that Brazil will come to function as a fuse for regional instability -- indeed, if anything, the reverse is likely to be the case.

It should be recalled that the authors choose to assume that the Western Alliance does not come unraveled between the mid 1980s and 2010: in other words the Soviet Union will continue to find major two-front security distractions in Eurasia. In the unlikely event that the United States were to redraw its defense perimeter back to the Americas, South America and the Caribbean Basin would begin to assume a front-line status in Soviet-American security relations.

(d) Western Europe

To the extent that the most immediate threat to U.S. security comes from the Soviet Union, the most demanding deterrent mission for U.S. forces has been and will continue to be in Western Europe. The central weight of Soviet and Warsaw Pact forces rest here and there is no plausible scenario that one can postulate for the next twenty-five years that would change this force equation significantly, with one possible exception -- a full scale Sino-Soviet war. Even in that event, the Soviet Union would continue to have good reason to maintain major ground and air forces in and around Eastern Europe both in order to maintain a deterrent to any NATO intervention and to discourage any Eastern European effort to exploit the Soviet Union's preoccupation in Central Asia and the Far East.

It is precisely the immense military force on both sides of the NATO-Warsaw Pact line that reduces drastically the likelihood of serious conflict between them. The most

worrisome scenarios for the future are those that affect the balance of forces, specifically those that would seriously reduce or impair those of NATO without a comparable reduction on the Warsaw Pact side. The scenarios are the ones noted previously -- a major measure of U.S. withdrawal, the self-neutralization, or worse, of a NATO member (e.g., Greece, Denmark, the Netherlands), and/or the coming to power of the Green Party in West Germany or one of its counterparts in another NATO country, with subsequent severe restrictions on nuclear weapons, troop movements and deployments, exercises, and the like. Less dramatic but also worrisome would be accelerated erosion of the Western European military effort under fiscal pressure from competition between the expensive European social welfare programs and the demands of defense.

One or more of these events seem reasonably likely over the next quarter century. The specific effects on the military balance in Europe will vary, obviously, depending on the circumstances, but one general effect likely will be to transfer more of the NATO deterrent burden to U.S. strategic and theater nuclear forces. Indeed a trend toward such transferral has been evident for many years and shows no promise of being reversed in the future, notwithstanding the renewed fashionable status of the proposition that NATO's "conventional deterrent" should be improved.

One effect of the transfer is to increase opportunities for political exploitation by the U.S.S.R. Such exploitation does not involve the direct use of military force against a

NATO member, an act that is likely to remain an unattractive risk for the U.S.S.R. However, decreasing involvement of Western European Alliance members in the process of deterring Soviet military attack increases the possibility that the U.S.S.R. could employ coercive political leverage against them.

For example, suppose that Norway and Denmark, perhaps with Sweden and Finland, were to create a nuclear-free zone, a "Baltic Sea of Peace," or something similar with a view to distancing Scandinavia from the superpower confrontation and to meeting growing internal public demand for action to slow the pace of the nuclear arms competition. The United States would find it difficult in this event to maintain public support for efforts to bolster flank deterrence (prepositioning in Norway, naval exercises and deployments in the North Atlantic) and more difficult also, operationally, to maintain a militarily useful presence. Without any real countervailing military power facing it, the U.S.S.R. would then be free to lean on Scandinavia for political and other concessions (e.g., removal of U.S. intelligence facilities from Northern Norway, joint U.S.S.R.-Finnish military "consultations," enlargement of Soviet "rights" on Spitzbergen).

Similarly, Greek withdrawal from NATO could create serious problem in the Eastern Mediterranean, particularly if such defection were followed by a policy of "evenhandedness" that served to open up Greek airfields or ports to the Soviet

Navy, on the model of Egypt prior to 1972. This situation could well stem from renewed Turkish-Greek violence if the Greeks came to believe that the U.S. and other NATO countries had failed to support Greece in such a crisis. Greece might not only withdraw from NATO but also turn to the U.S.S.R for support in countering Turkey.

For the last thirty years, the NATO flanks have been an integral part of the general European force balance. They have enjoyed a high degree of protection from the "seamless web" of extended deterrence. For years it has been assumed, probably correctly, that trouble anywhere along the Warsaw Pact-NATO demarcation line would mean trouble everywhere on that line. But if, in peacetime, for whatever reason, the flanks become detached in a politico-military sense, the Soviet Union would be in a position to erode NATO's geostrategic position. Such erosion could be very serious: (a) in the South for Soviet ease of military access/logistic support to the Middle East and for the increase in influence that the Soviets would be positioned to attempt through the Eastern and Central Mediterranean; (b) in the North for pressing outwards the Soviet maritime frontier towards the open oceanic Western flank of NATO; and, (c) in general, for the perceptions it would promote of a "tide of events" running in the Soviet favor -- with the consequence of encouraging some countries feeling newly vulnerable to hedge their bets and be more "flexible" in their policies.

Turning the coin over and looking at the European scene from a Warsaw Pact perspective, a major variable must be the East European economic system. If their economies function reasonably well, Eastern European states automatically acquire somewhat more room to maneuver in political terms: The enlargement of East-West trade, the acquisition by Eastern Europeans of new technologies and development of other ties with the West, would then follow. If the economies do not prosper, as in Poland, the result is dangerous internal tension. Technological modernization of Eastern European economies which depend heavily on trade and loans from the West, slows; productivity falls; prices rise; and popular discontent grows. Since the Soviet economy, in most circumstances, will be in similarly poor or perhaps even worse condition, no economic help from that quarter can be expected. At its worst, economic malperformance could lead to open revolt, as it did in Poland, with the ever-present possibility of Soviet armed intervention. If this were to occur in Poland or East Germany, the event could be a bloody one, with major cross-border flows of refugees and possibly some East-West border violence. It is difficult, however, to see this scenario as a catalyst for a major European war unless one or more Western European countries were themselves engaged in supporting such a rebellion, particularly since it will unquestionably be a Soviet objective to contain and quell revolt as quickly as possible. This is an objective that NATO-Europeans undoubtedly would share, if only out of sheer

fright at the possible consequences of a continuing and perhaps escalating violence.

To predict economic performance over twenty-five years is probably foolish, but it should be safe to say that unless the management system is reformed drastically, the Soviet economy cannot flourish. While this will not mean that it cannot continue to support a formidable military establishment, it does mean that the U.S.S.R. will have little to offer by way of economic support for its satellites and Third World clients. This being so, the pressures will not be toward integration of the Eastern Bloc economies with that of the Soviet Union, but rather the reverse. Eastern Europe will look West not East for markets, capital, technology and probably also raw materials and fuel. The Soviet Union will not lose political control of its satellites in this situation, but it will certainly not be encouraged to undertake high risk political ventures that require the determined support of its Eastern European allies. The Rumanian example of independent action could well be replicated and strengthened over the next couple of decades elsewhere in Eastern Europe, particularly in East Germany and Poland, narrowing severely Soviet freedom of political action toward Western Europe.

However, a word of caution is in order here. While economic matters increasingly must concern the U.S.S.R. over the next twenty-five years, the priority it has always attached to the security of its European border will remain undiminished. It would be quite illusory to imagine that the

new Gorbachev, or any successor, regime would, out of economic necessity, so loosen its politico-military grip on Eastern Europe as to threaten the security of the Soviet state. While a continuing process of alienation is a reasonable prediction of the state of Soviet-Eastern European political relations, an alienation that an enduring, indeed systemic, economic malperformance certainly will exacerbate, the U.S.S.R will move swiftly and brutally to suppress any overt rebellion in Eastern Europe. Soviet behavior over the past forty years can leave no room for doubt on this point.

In summary, the European scene reflects the major trends, political in the West, economic in the East, which have been apparent for some time and which are likely to persist in the future. These trends will affect the military and political effectiveness of the alliance systems on both sides, but not necessarily in a symmetrical way. An argument can be made that for NATO, politico-military vulnerabilities are on the Flanks, while for the Warsaw Pact they are most apparent in the Center. What this suggests is an uneasy, unsettling future, with both sides being as much under pressure from their own constituencies as from each other. There will remain, however, a strong undercurrent of politico-military stability along the East-West border in Central Europe, since conflict there probably will look no more attractive or less risky over the next quarter century than it has in the last one.

(e) East Asia

The history of East Asia since the end of World War II is a chronicle of violence that has no equal anywhere in the world. Indochina, of course, takes pride of place, with forty years of uninterrupted conflict. The participants have changed over the years -- the French, the Americans, the Cambodians, the Chinese -- but the war goes on. In addition to Vietnam, one must note also the Chinese Civil War, Korea, the Malaysian insurgency, the Indonesian colonial war with the Dutch and the communist uprising in 1965, and the continuing Moslem insurgency in the Philippines.

Despite this dismal picture, East Asia has prospered in the last three decades as no other region of the developing world has, and it is a prosperity that promises to continue since it is quite broadly based. East Asian economic development involves not only raw materials, as in Southeast Asia, but also manufacturing of all kinds and, increasingly, services such as construction, finance and engineering.

The scenarios listed tersely in section 4(e) of this Report cover a reasonably broad range and, with the exception of the remilitarization of Japan, could happen at any time with little warning. But close examination of those scenarios suggests that there are countervailing circumstances which may reduce the likelihood of occurrence. For example, South Korea is outdistancing North Korea by virtually every measure of national power, and it is difficult to postulate a very credible set of incentives either for Chinese or Soviet

collusion in a North Korean attack on the South. A solo North Korean attempt which certainly cannot be excluded by assumption, would be a very high risk, high cost venture, at least for so long as U.S. forces remain. Unless South Korea falters badly, both politically and economically, the disparities in power will continue to grow in South Korea's favor.

Taiwan is something of a problem (indeed almost an embarrassment) for both China and the United States. But forcible seizure of Taiwan by the PRC does not seem likely. It would be a costly and difficult operation with little certainty of success. As long as Taiwan maintains its current defensive, non-provocative military stance, it poses no military threat to the mainland. Obviously, a drastic political change on either side of the Taiwan straits might lead to a test of arms, particularly if there were a new, radicalized regime installed on the mainland. The probability of this, however, seems small. If Hong Kong reverts to PRC sovereignty peacefully and on schedule, it may offer a model for future reversion of Taiwan sometime in the next century. In any case, a diplomatic solution seems a more likely outcome than a PRC invasion of the island. As in the case of Korea, the costs and risks of such an invasion appear unacceptably high for the predictable future.

In Southeast Asia the security problem is Vietnam. But Vietnam has little capacity and no incentive to intervene either in the Philippines or Indonesia. A broader war is

plausible with Thailand, but such an event almost certainly would be tied to events in Cambodia and the sanctuary Thailand offers to Cambodian rebels. Even if the Cambodian civil war were to drag on for many years in the future, as it well may, given the strong support the PRC is willing to give the Khmer Rouge, it is far from clear that the Vietnamese would want to launch a large scale attack on Thailand with the attendant risk of inciting a PRC response. Singapore and Malaysia are geographically removed from the Indochinese threat as well as from China and thus they are reasonably secure from external attack. So long as the United States can deploy its naval power effectively unchecked in the South China Sea and the Gulf of Siam, it is probably correct to maintain that Singapore and Malaysia are absolutely secure against external attack. A similar judgment pertains to Australia and New Zealand.

The Soviet presence and future activities in Southeast Asia are difficult to analyse. Their original involvement was clearly Vietnam-related. The Soviets saw clear benefits in supporting a member of the socialist camp against the United States. For the U.S.S.R., it was a low-risk opportunity to distract the American military establishment in a major way. Also it offered the U.S.S.R. a means of containing and reducing PRC influence in Southeast Asia and of playing on the historical fear and hostility of Indochina towards the Chinese state.

With the end of U.S. involvement in Vietnam, the Soviets acquired a permanent naval presence in Cam Rahn Bay which gives them a potential naval counter to the American presence in the Philippines, and the foundation for a naval capability both in the South China and the Andaman seas which historically are unprecedented for them. How the Soviets will use this capability is not clear. They have no great economic or strategic interest in Southeast Asia itself. Rather, their interests are derivative, in the sense that the Soviets are militarily represented in an area that is of vital interest to the PRC and to U.S. treaty allies, Japan, Australia and New Zealand. It is a small presence, however, and one that would be difficult to support and reinforce in the event of major hostilities in the area. In short, it does not look like a promising location for the peacetime stationing of large conventional air, ground or naval forces, and still less as a support base in the event of conflict with the United States or the PRC. Nonetheless, it cannot be ignored since it has unquestioned utility for naval operations both in the Pacific and Indian Oceans.

A Sino-Soviet reconciliation that would bring a major relaxation of tensions on their long border, a major redistribution of the military forces stationed on it, and perhaps a degree of cooperation in other areas of mutual concern, is not impossible but remains highly improbable. Suspicions run deep on both sides and while both will probably find it in their interest to reduce tensions, there is little

if any prospect of their implementing a renewal of collaboration on security matters.

Continuing Sino-Soviet tension, however, does not necessarily guarantee Sino-U.S. detente. There was a substantial period in recent history during which the Chinese were hostile to both the U.S.S.R. and the United States -- a phenomenon that could recur in the coming years. It could be induced by U.S. actions, for example, with respect to a contingency involving Taiwan, or by another radical shift in the character and philosophy of the PRC Government. If, for example, the current "four modernizations" programs were to falter badly, a resurgence of conservative Marxism (or Maoism) could well alter Chinese relations with the United States, the U.S.S.R., and other Asian countries.

As noted earlier, the recent history of East Asia is a violent one. One must therefore be very cautious about predictions of the future. The next quarter century may be more peaceful than the previous one, but it may not. On the plus side is the strong economic performance of most of the major Asian countries. There is no question that the Pacific Basin now rivals the Atlantic as a major focus of the free world economic system. Economic prosperity does not guarantee political tranquility, but it does give the beneficiaries of such prosperity a stake in preserving it -- something that conflict seldom does.

Politically, there are a number of unresolved issues that burden the relationships among the major powers (e.g., the

Kuril Islands, Korea, Taiwan, the Sino-Soviet border) but for several years now a fragile but stable equilibrium has existed and it may well continue for the indefinite future. As noted earlier, the risks associated with upsetting this equilibrium are very high for all the major powers.

On the negative side are the endemic political instabilities of the area, particularly in Southeast Asia: there are powerful religious, ethnic and historical factors that work against long term stability. These include: The growth of Islamic fundamentalism throughout the area, Vietnamese hegemonic aspirations in Indochina, strong Malaysian and Indonesian fear of China (and of their Chinese minority populations), and the overarching weight of China itself, with its political, economic and military potential. All of these create an environment conducive to continuing tension and future violence. The Association of Southeast Asian Nations (ASEAN), which has developed rapidly as a political force in the area since the fall of Saigon, has been quite effective as a mechanism for quiet discussion and coordination of political action among its members. However, it does not have, nor is it likely to acquire, the muscle to deter or deal directly with serious conflict as, for example, in Cambodia.

Having said that, there remains the hard fact that the most important U.S. interests in East Asia are centered either on island nations or on countries directly accessible from the sea. The Pacific basin has become an immensely important

trading area for the United States and it will continue to grow in this dimension over the next twenty-five years. As a security concern, however, it has by some measures declined in importance. The United States has fewer forces in, and committed to, Asia than at any time since the end of the Korean War, and the U.S. military basing structure has shrunk proportionally in that same period.

Over the next twenty-five years, the major focus of U.S. national interest will be in the Northeast -- Japan and Korea. It seems probable that both countries will maintain capable military forces, with the Japanese gradually enlarging their air defense and naval capabilities, although they are likely to remain quite modest for a country of Japan's wealth. Both Korea and Japan will remain staunch allies of the United States and both will continue to depend on the U.S. nuclear deterrent. However, trade issues will remain a major source of political tension between the United States and these two countries.

In Southeast Asia, and particularly the Philippines, the next twenty-five years are less easy to predict. The Philippines now have a domestic political problem of very serious proportions. The likely disappearance of Ferdinand Marcos in the near future does not in any sense guarantee a period of political tranquility or economic prosperity. Quite possibly the reverse will be the outcome. The fact that there are no obvious successors suggests the possibility of a military junta. But the military have shown no particular

competence in the practice of their own profession, much less at government. Whatever the outcome, Clark Field and Subic Bay will remain at risk. Although both are major sources of employment and revenue for the Philippine Government, one should not assume that these factors will be determinant if the bases become an issue in Philippine domestic politics. One needs only to remember the fate of Asmara in Ethiopia and Peshawar in Pakistan, where similar economic arguments could be cited, but which, in the end, were overwhelmed by politics.

In summary, while one should not write off Philippine bases, they are not so secure that long term planning can afford to assume their continual availability. Neither should one assume that their function can be transferred to other countries in Southeast Asia. Certainly no ASEAN state is prepared to host a permanent American military presence now, and short of a major attack or the threat of it by the Vietnamese, China or the U.S.S.R. on one of them, they are unlikely to welcome such a presence in the future.

(f) The Middle East

For the purposes of this Report, the Middle East will be defined so as to include the North African states and the Persian Gulf area.

There is no unified field theory for this immense and diverse agglomeration of states. There is very little agreement on the nature of U.S. interests in the region, still

less about the nature of the threats to them, and none at all on what to do about them.

Within the U.S. policy establishment, some believe Persian Gulf oil is the dominant factor and that our security planning must focus in the first instance on guaranteeing a steady flow of oil to the West for the indefinite future. Others believe that Israel is the issue, although there is then a deep division among those who hold to this view as to whether the question is how to settle the Palestinian problem and other unresolved elements of the Arab-Israeli dispute equitably, or whether it is how best to support the state of Israel (as the Israelis define it), to ensure its survival. A third group sees the problem in terms of U.S.-Soviet competition for influence and presence in the area, a competition that involves substantial military assistance to their client states and other security related actions by both parties in an effort to maintain or improve their respective positions.

Obviously, no clear choice among these positions can really be made here since oil, Israel and the U.S.S.R., all have a major impact on U.S. security planning now and will continue to do so in the future. Moreover, they are by no means the only major factors that structure the Middle East security problem (or insecurity condition, perhaps). International terrorism certainly has a prominent place, as does the spread of Islamic fundamentalism. However, from a

U.S. military perspective, oil, Israel and the U.S.S.R., offer a reasonable triad of starting points.

Oil: Although the United States has reduced drastically its dependence on Persian Gulf oil, and other friendly Western countries have diversified their sources of supply, the Gulf is still the location of the largest known oil reserves in the world and the Gulf states continue to dominate the export market. In twenty-five years time, the Gulf will continue to be important to the West and, in fact, may well number the Soviet Union among its customers, since Soviet oil production apparently has peaked. No alternative technologies beyond those known today are likely to take up more than a small fraction of the world energy requirements early in the Twenty-First Century that are currently met by oil. Fast breeder and fusion reactors are a long way from commercialization, and various renewable systems -- solar, wind, tides, and the like -- will remain interesting, special purpose sources of energy, but of limited utility on a global basis. No industrial society is going to run on solar energy or on windmills. Given the world's oil dependence and its corollary -- vulnerability to interruption of supply -- one needs to examine carefully the potential sources of interruption.

The first and perhaps most likely interruptive event would be internal to the area. The Iran-Iraq war can be viewed as archetypical. Most of the Gulf states are small in population, have little in the way of military capabilities,

and because of the high dependence on "guest workers" to keep their economies and societies running are potentially very vulnerable to various forms of internal disorder, violence and terrorism. A new threat to internal stability could be an Islamic fundamentalism exported from Iran, as occurred some years ago with the seizure of the Saudi Great Mosque.

The target of most concern to the West, of course, would be Saudi Arabia. Common sense suggests that survival of the highly personal rule of the Saudi royal family cannot be assumed over the next twenty-five years, despite all that is written about the differences between Saudi Arabia and Iran. The real question is what might be done to forestall, reverse, or mitigate the effects of a palace coup, popular uprising, or externally supported insurgency that threatened the oil exports of Saudi Arabia. The question cannot be answered in the abstract. The actual circumstances, of course, will determine realistic options, but it will be important to specify very carefully what the objectives are. If the primary objective is to maintain the flow of oil to the West, then the options are likely to be very different from a priority objective that involves, for example, support or installation of a politically friendly regime in Saudi Arabia. The first objective may be fairly easy to accomplish by simply exploiting the need every regime has for money. A regime more hostile to the West than Iran would be difficult to imagine. But, Iran continues to sell oil in large quantities to the West. The second objective, which is more ambitious, could be

very difficult to secure. If it involved military intervention, then it is also potentially at odds with the oil-flow objective, since the oil production structure of Saudi Arabia is extraordinarily fragile and vulnerable to sabotage.

If the threatened interruption of the oil flow is of the sort currently being experienced as a result of the Iran-Iraq war, i.e. an interdiction campaign against the sea lines of communications, then the problem becomes a more straightforward military one of protecting those sea lines by destroying the opponents' capabilities to attack them.

A U.S. military response to an externally supported insurgency (or outright invasion) of a major oil producer in the Gulf like Saudi Arabia and the UAE, would also almost certainly involve U.S. naval operations, given the geopolitical circumstance of the Gulf States with respect to their most dangerous near neighbor for the indefinite future, Iran, and the more distant potential threat, the U.S.S.R. With respect to the latter, acquisition by the Soviet Union of assured access to a port/airfield complex in the Gulf area, i.e. in Iran or Pakistan, would improve substantially Soviet ability to operate air and naval forces in a Gulf crisis. There is little current prospect for the Soviets obtaining such a facility, but the political uncertainties in this part of the world may well provide an opportunity for acquiring a base over the next twenty-five years (for a possible scenario, see the discussion under [g] South Asia below). The reverse

of the coin must also be emphasized. U.S. and Western dependence on military access to Gulf ports and airfields is not by any means assured in a crisis and, with a change in regime, in Oman for example, could be denied in peacetime as well.

Israel: With five major Arab-Israeli conflicts in the last thirty-seven years (1948, 1956, 1967, 1973, 1982), it would be rash indeed to predict peace and tranquility in Arab-Israeli affairs over any significant period in the future. Given a high probability of future Arab-Israeli conflict, a priority mission for U.S. military forces in the event of such a conflict could well be deterrence of Soviet intervention on behalf of an Arab state. That this is a realistic mission is demonstrated by the 1973 war, which saw apparent preparation for Soviet intervention (the alert of airborne forces) and actual Soviet materiel supply (e.g., SCUD missile shipments to Egypt during hostilities). In general, U.S. military planners also would have to assume that American materiel resupply for Israeli forces might be necessary, as was the case in the October War of 1973. Deterrence of an Arab-Israeli conflict is probably not a realistic objective for U.S. military forces, since it is not in the U.S. interest to be thought of either by the Israelis or the Arabs as a prospective direct combatant in such a conflict. An assumption of automatic U.S. military involvement is probably a necessary condition for deterrence to work in the Arab-Israeli environment, and that

is an assumption that the United States is not likely to want to encourage.

For both of these missions -- deterring Soviet intervention, and military resupply -- no easy assumptions can be made about the availability for U.S. forces of facilities en route or of access to civilian ports or airfields either in Europe or North Africa. These were constraining factors in 1973, when resupply operations to Israel became critical, and it is only prudent to assume that they will be as bad or worse in the future, at least if the hostilities are confined to Israel and the Arab states. If the Soviet Union were to become involved as a combatant (as opposed to a supplier), or if a country like Libya were to take advantage of the conflict to attack Egypt or, perhaps, the U.S. fleet, the access constraints might be eased. But, worst case assumptions with respect to access and overflight should be a part of any contingency planning for Arab-Israeli conflict.

Soviet Union: The Soviet Union has a mixed record in the Middle East. It became a major military supplier after the Suez crisis of 1956, first to Egypt and then to Syria and Iraq, and it has remained Syria's main source of military supply to the present day. (Since the outbreak of the war with Iran, Iraq has been a buyer of both Soviet and French equipment, while the Egyptians turned from the U.S.S.R. to the United States and Western Europe following the 1973 October War). The Soviets have been cautious military actors in all of the conflicts to date, perhaps in part because they have

had well founded doubts about the military capabilities of their clients with respect to the Israelis, and in part because they had no doubts about the potential severity of a U.S. reaction on behalf of Israel if Soviet forces became directly involved on behalf of the Arabs. In other words, classical deterrence probably has had some effect on limiting these conflicts, although there may well have been other factors at work as well

These factors will continue to be important in the future, although the Soviet position has weakened considerably in the Arab world in the past decade, and probably will continue to do so over the next few years. Beyond that, the most that can be said is that the Soviets will take advantage of opportunities to maintain and improve their position in the Arab world, using the vehicle of military supply as an important mechanism. The U.S.S.R. is not likely, however, to engage in military operations that involve a high risk of response from the United States; nor is the U.S.S.R. likely to be able to improve markedly its poor political image in the area. In this connection, Islamic fundamentalism is as hostile to the U.S.S.R. and to Communist ideology as it is to Western political and social philosophies. This is not an ideological force that is exploitable by the U.S.S.R.

In North Africa the Soviet position is also weak except for the case of Libya. Morocco and Tunisia have been cautiously friendly to the United States and cool to the U.S.S.R. for many years, although both are constrained by

Pan-Arab factors in their freedom of action vis à vis the United States. Algeria is a more difficult and prickly problem, but U.S. relations with Algeria are reasonably correct. The Soviets are the major supplier for the Algerian military forces and probably will remain so for the indefinite future, though Algeria has made some attempts to diversify its arms purchases.

U.S. on-going efforts to upgrade and arrange emergency access to North Africa facilities, particularly airfields, in connection with the RDF concept, must be looked upon as a highly speculative venture. Access to North African facilities is almost certain to be denied in any Arab-Israeli conflict, while in all other contingencies the Moroccan and Tunisian Governments will make a case-by-case determination. Since both the Moroccan and Tunisian Governments are weak, despite their longevity, no one should have any illusions about their readiness to commit themselves readily to potentially controversial acts, such as offering help to U.S. military forces. Possible successor regimes cannot be identified in either country, but President Bourguiba is eighty-two years old. Tunisia, therefore, very shortly will experience its first succession since it achieved independence in 1956.

(g) South Asia

India, Pakistan and Afghanistan rank very low on the scale of U.S. priorities -- and with good reason. They are in

a distant, inaccessible area of marginal economic importance to the U.S. and its most important allies. There are no social or cultural ties of significance to the United States in this region, and for a variety of reasons political relations consistently have been uneasy and difficult with the major South Asian countries.

From a strategic standpoint, however, the area is of some interest to the United States. The Soviet and Chinese presence to the north, and close Soviet relations with India and Chinese relations with Pakistan, have involved the area in Great Power politics to a much greater degree than their intrinsic importance on the world stage would seem to warrant. Moreover, the Soviet invasion of Afghanistan has reminded both the subcontinent and the world at large of the special geopolitical position Afghanistan has held for 2500 years. Over the centuries, the territory now called Afghanistan has been occupied by the armies of Darius, of Alexander the Great, and of Tamerlane and Gengis Khan, among others, on their way to conquer India. In more recent times it was the forces of Russia and Britain that maneuvered and fought (though never directly) for preeminence over the Afghan state. In a sense then, the present conflict in Afghanistan has some very ancient and very relevant precedents.

However, there are other elements on the sub-continent that are new and worrisome. The first of these is that the enmity between Pakistan and India has led to three outbreaks of major violence between 1947 and 1971 and innumerable

localized conflicts that have continued to the present. India has demonstrated its ability to build and detonate a nuclear device. Pakistan has developed a clandestine nuclear explosive program that, while it may not have produced a workable device, must by this time be very close to doing so. If Indo-Pakistani fighting were to recur sometime over the next twenty-five years, for example in response to an Indian attack on the major Pakistani nuclear facilities, the danger of a nuclear war would be significant, particularly since Pakistan cannot hope to prevail against India in a conventional war.

The consequences of a nuclear war occurring on the Soviet and Chinese southern border between their respective "allies" are difficult to foresee since the possibilities range from a concerted Sino-Soviet collaborative effort to contain and stop the fighting quickly, to a major Sino-Soviet confrontation as each backed its client state.

A second scenario that merits consideration is the possibility, flowing perhaps from the current Afghan-Soviet war, or perhaps from some future Indo-Pakistani conflict, of the creation of an "independent" Baluchistan under Soviet sponsorship. Such a state would be carved out of Southern Pakistan and Afghanistan, would portend the effective disappearance of Pakistan as an independent national entity, and for the first time in history would offer the Russians direct access to the Indian Ocean. It is worth noting that both the Indians and the Pakistanis take this possibility

seriously and both are prepared to discuss it openly with Westerners at great length.

The United States has only marginal influence on the Sub-continent and there is little it can do politically or militarily to shape the course of events there. Nonetheless, despite this region's geographic distance from, and socio-political strangeness for, the United States, there are serious potential problems there that merit continuing U.S. attention and the employment of whatever ameliorating actions may be available.

(h) Sub-Saharan Africa

Despite the facts that Africa is the second largest continent after Eurasia and occupies a very central geographical location vis à vis Europe, America, the Middle East and the Sub-continent, and despite the fact that by the year 2010 it will rival China in total population, Africa remains for most analysts the Dark Continent that it was for Nineteenth Century imperialists.

Africa is important to the West for its minerals and for some strategically useful real estate, particularly on its East Coast; but, in most respects, it presents more a set of insoluble problems than exploitable opportunities. In Western eyes, the heart of the problem is the tribal, ethnic, religious and regional rivalries that make central government for most African states difficult and economic development ineffective. In this environment, political stability cannot be assumed in either the short or long term, and thus any

security-related capital investments (facilities and the like) or special political arrangements in the security field must be looked upon as transitory assets. This is particularly true of Somalia, whose geographical position is interesting for the U.S. Navy since it commands the entrance to the Red Sea and could offer a useful base for operations in the Persian Gulf, Arabian Sea and Indian Ocean. But, Somalia is a country that has been continuously at war with Ethiopia (and off and on with Kenya) since the 1960s. It cannot be considered a model of stability even by Africa's generous standards. Kenya, and its port of Mombasa, is somewhat more attractive politically, but it too is no rock to which important security assets can be attached safely. Ethiopia, which was once host to a large U.S. intelligence installation at Asmara, is not likely to be open to U.S. access of any sort for the indefinite future, and the Sudan, because of its internal political problems, is an unattractive candidate. Thus, despite the geostrategic attractiveness of this area, the political environment militates to the contrary: there can be assumption in military contingency planning that base sites easily could be obtained.

The rest of sub-Saharan Africa, with the exception of South Africa, is not a major strategic concern. The states of the region, particularly Zaire, do produce important minerals, but their availability, in most circumstances, cannot be guaranteed by military means. In a crisis, direct air access across Africa to the Indian Ocean would be of potential

military interest, but this is a politically unattainable goal. West Africa is of some strategic interest, if only because it would be highly desirable to keep the Soviets out of the littoral countries and thus restrict their potential for operating in the South Atlantic. This is not likely to happen soon in Angola, however, where the Soviet Union, via its Cuban proxies, is firmly in place (see below).

The Republic of South Africa presents a difficult subject for predictive analysis. On the one hand, the South African Government has demonstrated thus far not only a total determination, but also a substantial ability, to maintain apartheid whatever the cost. On the other hand, both internal and external opposition to apartheid continues to grow. Most analysts believe that South Africa can and will defend itself and the apartheid structure more or less indefinitely, despite the fact that the cost will rise and the level of violence will increase.

From the U.S. standpoint, the oppressive policies of the South African government suggest that South Africa will in the future become the focus of increasingly severe trade sanctions and other measures employed by the U.S. Congress, motivated by outraged American public opinion. At the same time, the situation of the frontline states -- Angola, Zimbabwe and Mozambique -- will tend to encourage the continuing presence of the Soviets and Cubans there. If this picture is correct, the Republic of South Africa becomes a null-set in security terms for the U.S. While its mineral

wealth, in one way or another presumably will continue to flow into world markets, its territory will be unavailable to the West for support of any peacetime or crisistime military operations.

Looking at the future, there are two other major potential crises in Africa worth mentioning. These are:

(1) population growth in the face of a continuing decline in agricultural production; and (2) a rapid increase in Islamic fundamentalism.

The Malthusian population-food problem needs no elaboration here. Unresolved, it will make the widespread starvation in the Sahel and Ethiopia seem like a mere warm-up to the human and ecological catastrophe that threatens Africa in the next twenty-five years.

The Islamic fundamentalist phenomenon is of a different order and is difficult to project. Nowhere has the fundamentalist movement taken hold more firmly and quickly than in those parts of Africa which have a heavily Moslem population. The one characteristic that can be predicted with reasonable confidence is the future alienation of Moslem Africa from the West and its values. Trade in oil, minerals and other African commodities no doubt will continue with the West, but political, cultural and social intercourse almost certainly will suffer. Whether African Islamic fundamentalism will transform otherwise friendly states into actively hostile ones, as happened in Iran, cannot now be determined, but the prospect of such a development is worrisome.

6. The International Economy and National Security

The Appendix, "Trends in U.S. Trade and Investment," provides a detailed predictive survey of economic conditions through into the next century. The following is a terse summary of the major trends:

- Trade with the Pacific will expand faster than trade with the Atlantic.
- Trade with developing countries will expand faster than trade with developed countries. Asian NICs will expand their trade faster than even Japan.
- Trade in services will increase faster than trade in goods. The integrated communication and computer system will make new services more tradeable.
- There will be more substitutability of resources. Different energy sources will be traded off for one another. Strategic minerals will become less strategic.
- There will be far more joint venture production. The model will be less of large firms from different countries fighting it out, than of large firms dividing projects among themselves.
- The United States will become more focused on niches and less interested or able to compete in every aspect of a sector. Production will be specialized when done alone.
- The importance of economies of scale will have to be rethought in terms of the ability to change course flexibly.

- The United States is likely to export basic resources and food at one extreme and very sophisticated products and services at the other. The middle ground will mainly be left to others. That is where we will import.
- The chronic trade deficit in merchandise will evaporate more quickly than many imagine. Today, in mid-1985, for the first time since 1914, the United States is a net debtor to the rest of the world. Within two years, the United States likely will surpass Mexico and Brazil as the largest net debtor. As investment flows begin to decline, trade adjustments will occur.
- The over-strong dollar cannot continue indefinitely; it should be down in value at least by 30 or 40 percent by the end of the decade.

As the U.S. Navy considers the economic foundations of its ability to support national policy beyond the year 2000, one fact above all others requires explicit recognition. Specifically, cumulative changes in the structure of the U.S. economy, and of the roles of American enterprise in the international economy, mean that the United States will be less and less able to conduct a wartime mobilization in defense material. This fact may or may not matter, depending upon the duration of war of interest to Navy planners. However, for several reasons outlined immediately below in this summary section, the authors of this report wish to bring some strategic implications of the current trends in the international economy to the attention of readers.

First, it is Navy policy to be ready and able to wage protracted, global, non-nuclear conflict. The deterrent rationale for this policy is plain and generally persuasive. But, how "protracted" is protracted? If one presumes as one must, that the United States would be fighting and mobilizing -- and seeking to replace combat losses -- the increasingly heavily specialized U.S. domestic economy is not at all well organized to effect a material mobilization. For a war that might last for three to six months, U.S. defense industry would need to produce no more than spare parts and ammunition, and perhaps effect some very rapid civilian/military conversions. But, what if the global conflict were to last six months to three years (and beyond)? The general benefits of free trade, however ignored in practice by most countries, are self-evident in economic theory and in international political expediency in peacetime. But, the consequences of an American economy substantially unguided in its development by national security considerations is a defense mobilization capacity potentially critically dependent upon off-shore procurement of truly basic items (for example, of computer-controlled machine tools).

Second, the regional defense prospects for North East Asia and for Europe are, and will remain, sufficiently fragile that the United States should seek maximum economic independence from supply of manufactured end-items and of strategic raw materials from those areas. It would be grossly imprudent for U.S. defense planners to assume that in

the event of war they would enjoy continued access to European or Asian markets. To understate the problem, no one can predict the likely course of a global non-nuclear war over a campaigning period lasting months and possibly years. However, one can predict, at a minimum, that the industry of NATO-Europe would be severely disrupted and probably heavily damaged and that a U.S. process of defense material mobilization could afford to place no reliance whatsoever upon supply of critical items from that region. Furthermore, through a mix of physical interdiction and political intimidation, it is not difficult to see how the Soviet Union could discourage active Japanese participation in a Western defense.

As noted already, whether or not one chooses to worry about the ever diminishing autarchy of the Americas as a defense mobilization base, is very much a matter of policy choice geared to assumptions about the likely duration of war. The authors of this report are not seeking to be alarmist. But, they do note that The Maritime Strategy, resting sensibly upon arguments about the balance of incentives and disincentives to nuclear-weapon employment, opens the strategic policy window upon the prospect of a genuinely protracted conflict. We would remind readers that the American economy that mobilized for war in 1940-45 and 1950-53 was not the American economy of the late Twentieth Century.

This is not by any means a counsel of despair, but it is an invitation to take the problem seriously -- if, that is,

current policy is held so to require (and we believe that it does, with its emphasis upon the deterrent significance -- and prospective defensive needs -- of protracted conflict).

Indeed, the authors of this report believe that the whole subject of what might be termed "the political economy" of protracted conflict requires detailed, realistic treatment.

The more that one can rescue defense planning from the astrategic, not to say immoral, clutches of SIOP-RISOP "exchanges," and the like, the more one has to confront historical and geographical realities in the conduct of war and defense preparation for and in war.

Official Navy thinking, as reflected in The Maritime Strategy, and as likely to be strengthened over the next several decades by the weaponization of strategic defense research in the United States and the Soviet Union, obliges U.S. defense planners to think in terms of campaigns and, indeed, to have resort to an old fashioned concept, of the conduct of war. The trends in U.S. trade and investment as described and predicted in the Appendix to this report do not point persuasively to any strong shifts in geographical direction of U.S. vital interests, but they do point, cumulatively quite alarmingly, to a U.S. economy so specialized in its roles in the international economy that it could not serve usefully as an instrument for defense mobilization in a timely fashion.

7. An End-Note on Levels of Analysis, Or "Of Woods and Trees"

The authors recognize all too clearly the potential dangers as well as the advantages of the analytical approaches adopted in this Task One. Geopolitical analysis, the principal thrust of sections 2 and 3, through its subordination of local detail may tempt the bold theorist to discover broad trends and persisting patterns that exist only in his imagination. The geopolitics of Soviet-American relations is the realm of "grand theory." The regional and even single-country analysis that occupies sections 4 and 5 is subject to the opposite danger to that most troublesome for the geopolitical theorist. Specifically, the greater the richness of local detail fueling the analysis, the greater the likelihood that any broader meaning -- or, indeed, perhaps even any meaning at all -- to possible events will escape notice.

Given that political prediction is a highly inexact science, this Report on Task One has been structured so as to proceed top-down rather than bottom-up. The U.S. Navy for the Twenty-First Century cannot be shaped on the basis of strategic requirements flowing from detailed political predictions. No amount or quality of study in the mid 1980s can unlock the details of what has yet to occur. It is for that reason -- recognition of the futility of prediction in detail -- that the regional analysis of conflict scenarios has been provided at a fairly generic and illustrative level. The point is not that details do not matter, of course they do

matter, rather is it that details of the future by definition are not knowable and no effort of scholarship can transcend that fact.

What can be done, and has been attempted above, is to understand and explain the structure of security problems -- a structure that enables the reader to make sense of hypothetical events, be those events such as to sustain continuity or to effect discontinuity. Sections 2 and 3 of this Report take the broadest feasible view of the Soviet-American competition and explain that:

- The Soviet Union is a land-locked continental superpower, compelled by contemporary geostrategic circumstance to devote the lion's share of its defense preparatory effort to the reduction of the U.S. "bridgehead" of NATO-Europe, and the intimidation of the Chinese enemy in the East (the PRC being in functional alliance with the United States, NATO-Europe, and Japan, for obvious reason of congruence of survival interests).
- The alternative to the United States defining its defense perimeter so as to cover much of "Rimland" Eurasia would not be a quiet and major (nuclear) risk-free national life, rather would it be the need to define another defense perimeter (presumably covering much of the Americas). In the event of a U.S. withdrawal from entangling security connections in Eurasia, military means and policy ends might not

be so well meshed as some neo-isolationist critics of global containment predict. Bereft of U.S. support, every country in Europe and Asia, in time, would have to accommodate to a measure of Soviet hegemonism that would reflect the reality of a very large multi-regional imbalance of power in the Soviet favor. The "outer bastions" of Fortress America would have fallen, and the Soviet imperium then truly would be unleashed to organize and exploit the economic and geostrategic assets of Eurasia for Weltpolitik. Geopolitically, the Soviet Union and the United States would reverse roles as besieged and besieger.

- The idea is simply naive that nuclear weapons, sheer oceanic distance, a very strong U.S. Navy, and Soviet imperial policing problems, could guarantee a near absolute quality of security to a United States returned chastened, though wiser, from abroad. A United States denied allies in, or strategic access to, Eurasia, would find that Soviet maritime power, newly liberated from its "bastions"/cages would push back the American defense perimeter from the Western approaches to Europe to waters much closer to the U.S. homeland.

The main point of geopolitical analysis is to remind readers that events with local causes and apparently limited consequences may nonetheless have more than local meaning.

Geopolitics, for the purposes of this Report, is about the geostrategic terms of a Soviet-American rivalry that is rooted in factors systemic to the Soviet state and, just possibly, systemic to international politics. The political-geographic referents of the rivalry determine the degree to which the Soviet Union must devote her available assets to the landpower needs of potential major conflict in Eurasia, and the degree to which she is at liberty to devote those assets to a more direct challenge to the essentially insular United States -- specifically, from the sea (assuming a stand-off in strategic nuclear power).

In long-term and overall perspective, the "trees" of possible conflicts in particular countries and regions make sense in terms of the "wood" of the key concept and indeed physical reality of strategic access -- for the United States to Europe and Asia, and for the Soviet Union to the Americas.

Appendix

Trends in U.S. Trade and Investment

Introduction: Trade, Investment, and Military Security

This discussion of future trends in U.S. trade and investment is presented as an appendix because, in the judgment of the authors of the Report, the economic prospects detailed here are very much supportive of the geopolitical arguments advanced in the main body of the text. U.S. economic interests increasingly will be stronger in the Americas and the Pacific Basin than in Europe and the Middle East. But, Western Europe's geostrategic importance as a Rimland barrier to a still essentially land-locked Soviet Union, provides more than ample compensation for the relative decline in the U.S. economic interest in that region. For reason of length of internal lines of communications from the major centers of national power, the Chinese flanking position, climate, and terrain, the Soviet Union is relatively less well placed to develop military threats to vital U.S. interests in the Pacific than it is vis à vis U.S. interests in Europe.

The economic analysis in this appendix identifies some trends that cannot help but have major implications for U.S. security policy. For example, a greater international specialization in economic activity could well mean that any U.S. endeavor to effect a defense mobilization effort would be

critically dependent upon continuing trading access to geostrategically distant and exposed suppliers (West Germany, South Korean, Japan, for example). If a process of wartime defense mobilization is integral to U.S. policy concerning the deterrence and conduct of a genuinely protracted, potentially global, and possibly conventional-only conflict, then the international division of industrial labor has to be a matter of great importance for U.S. national security policy. The standard arguments against legislative restraints on international trade generally are sound on strictly economic grounds, but they should not be permitted dogmatically to preclude very selective restraints for reasons of national security.

U.S. Trade in 1984: A Summary:

- In 1984 the U.S. trade deficit reached \$123.3 billion, up from \$69.4 billion in 1983. The rate of import growth was triple the rate of export expansion. Exports totaled \$217.9 billion; imports were \$341.2 billion.
- The manufacturing trade deficit deteriorated to \$88.5 billion in 1984, from \$38.2 billion in 1983. Manufactured exports increased 8.1% while manufactured imports grew by 35.9%.
- in 1984 petroleum and product imports increased \$4 billion to \$59.2 billion. Imports averaged 5.5 mbd. in 1983. The average price per barrel fell to \$29.24 from \$29.68.

- U.S. agricultural exports climbed from \$36.5 billion in 1983 to \$38.2 billion in 1984.
- Service trade, which is harder to measure, continued to be in surplus. U.S. service exports exceeded \$40 billion.
- in 1984 the U.S. trade results deteriorated with all major regions. The U.S. trade deficit with Japan increased from \$23.6 billion in 1983 to \$36.8 billion in 1984. The U.S. trade deficit with the European Community rose significantly from \$1.5 billion in 1983 to \$13.3 billion in 1984.
- The following Table briefly summarizes the U.S. trade balance by region in 1984. All figures are in millions of dollars, seasonally adjusted.

U.S. REGIONAL TRADE IN 1984

U.S. Trade Partner	U.S. Exports	U.S. Imports	Balance in 1984	Change from 1983 to 1984
Japan	23,575	60,371	-36,796	-15,132
Canada	46,524	66,911	-20,387	- 6,085
EEC	46,976	60,267	-13,291	-11,723
OPEC	14,387	28,062	-13,675	- 4,086
Non-OPECLDCs	60,034	98,819	-38,785	-12,683
Other	26,369	26,747	-378	- 4,200*
Total	\$217,865	\$341,177	\$-123,384	\$-53,900*

Source: U.S. Department of Commerce, International Trade Administration

* Figures may not add because of rounding

Asian-Pacific Region

Recent economic performance by the Asian-Pacific countries is impressive, particularly when compared with that of other traditional United States trading partners. Since

1975, the average compounded growth rate of the five so-called "miracle" countries (South Korea, Hong Kong, Singapore, Taiwan and Japan) was 8.2%, roughly three times the comparable growth rate of the European Community. Similar gains were evident in Indonesia and Malaysia. Since 1978, U.S. two-way trade with the twelve principal friendly powers in the region has grown by 75%. In 1983 alone, this trade reached \$136 billion, exceeding the \$116 billion total for trade between Europe and the United States. While U.S. global trade in 1983 grew by only 0.5%, that with the Asia-Pacific region trade grew by 8%. During this period, the Asia-Pacific region also replaced Western Europe as the principal foreign market for United States agricultural exports. The region now accounts for one-third of total foreign sales by U.S. agricultural producers.

Preliminary data for 1974 indicate that U.S. exports to the Asian-Pacific region totaled \$54.6 billion, while U.S. imports from the region were valued at \$114 billion, yielding a deficit of roughly \$60 billion (versus a deficit of \$34 billion in 1983). The region currently accounts for more than 50% of the U.S. global deficit and approximately 31% of total U.S. trade.

The current investment picture is equally impressive. U.S. investments in the Pacific have an estimated value of \$30 billion. U.S. foreign direct investment in the region grew by 65% during the 1979-1984 period, as compared with a global increase totaling only 39%. Joint ventures are an area of

particularly intense activity. Obviously taking advantage of the highly skilled, productive, and relatively inexpensive labor in the region, U.S. businessmen have invested in \$16 billion worth of joint ventures on 1984, projected to rise to \$28 billion by 1989. (For more discussion of U.S. Direct Investment Abroad -- USDIA -- see the discussion below.)

The ASEAN countries alone represent the fifth largest U.S. trading partner (behind the European Community, Canada, Japan, and Mexico). U.S. trade with ASEAN grew by 11.5% in 1984, more than 4% of total United States export sales.

At the same time that the Asian-Pacific region witnessed unprecedented levels of trade and investment ties with the United States, the region also has enjoyed thriving trade relations among the countries within the region itself. Intra-regional trade accounts for well over half the total of exports and imports of the fourteen principal trading countries. Perhaps most impressive, fully 70% of all developing country exports come from the newly industrializing countries of the Asian-Pacific region.

There are many reasons to expect that the current economic surge throughout the region will persist into the next century. Fundamental economic conditions are sound in virtually every respect. This appears true particularly when the situation in the Asian-Pacific area is contrasted with that of the other developing countries and with Europe (see below). Of course, the projected sustained economic momentum of the region need not necessarily entail a continued

dependence upon the United States as a major trading and investment partner: that will depend importantly on the ability of U.S. business to compete effectively in these hotly competitive markets. Nevertheless, despite such imponderables, it is prudent to expect that this region will hold out the most promise of potential long-term economic ties with the United States for the following reasons:

- The region possesses a huge, skilled, disciplined and rapidly expanding labor force. This force may be expected to expand by nearly 55% by the year 2000 (compared with projected expansion in the United States of only 10%.)
- This match between an already highly developed technological base and an educated and expanding work force does not appear to be jeopardized by any serious identifiable bottlenecks, especially given current and projected trends in the world energy-supply and pricing markets.
- Governments in the region seem generally committed to continuing the prudent domestic fiscal and monetary macroeconomic policies which have thus far encouraged the "economic miracle" of the eighties. Fledgling efforts at official regional cooperation so far have yielded a modest program of cooperative manpower training (only China has abstained from participation).

Nevertheless, there remain at least two possible obstacles which might significantly affect the growth

prospects of the region and alter its long-term importance to the United States economy: Protectionism in the international economy and inadequate domestic capital markets. These issues are taken up in the following sections devoted to Japanese and Chinese (PRC) economic prospects.

Japan

It is a plausible conjecture that although the Asian-Pacific area will present the most attractive and dynamic growth markets beyond the year 2000, Japan's share of this growth will diminish in comparison to her past economic performance. There are several explanations for this qualified optimism:

(1) Japanese growth rates have been trending downward. Growth rates of 10% per year from 1955 to 1970 were followed by declining growth in the 1970s (around 5%) and rates averaging 3% in 1980, 1981 and 1982. The earlier dynamic Japanese growth was favored by (a) a growing and skilled labor force (2% growth per year), (b) consistent and broad technological innovations, (c) high savings rates and (d) inexpensive supplies of energy. Each of these positive factors has more recently turned less favorable. Labor force growth has leveled off; technological innovations have become more difficult to achieve in the competitive service sectors and in the high technology and manufacturing sectors; savings rates - both personal and business - have declined (from a 1974 high for personal savings of 23.1% to 15% in 1984); gross

fixed business capital formation declined (from 20.9% in 1970 to 15.7% in 1980).

(2) Rising budget deficits have provoked alarm recently. The tax burden has been increasing as growing public transfer payments continue to raise fears that official borrowing needs will "crowd out" the private sector in the credit markets. Public confidence has been declining amidst growing uncertainties about the future.

(3) Any slowdown in Japanese growth would in turn depress the foreseeable growth rates of many key Pacific Basin countries. Japan currently buys nearly 7.2% of total imports from the free world. Key Pacific Basin countries have relied on growing sales to the Japanese market to fuel their own economic growth (during the 1980s, for example, South Korean exports to Japan grew by 29%; Taiwan and Malaysia's exports to Japan grew by nearly 25%; Thailand and Hong Kong's by about 20%; Singapore's by 33%; the Philippines by nearly 14%).¹ Obviously, any significant Japanese slowdown could retard overall regional growth prospects.

(4) Certainly the major longer-term threat to Japanese economic prosperity is growing protection sentiment fueled by unprecedented Japanese trade surpluses (a projected \$50 billion surplus with the United States in 1984 following a 1984 bilateral surplus of \$37 billion). To the degree that the trade (and investment) data may be viewed as indicators of

I. These figures are derived from Yutaka Josai, "Japan's Growth Problem," in Arnold Harberger, ed., World Economic Growth (San Francisco, Cal.: Institute for Contemporary Studies, 1984), pp. 56-57.

growing Japanese dependence upon export-led growth in key, concentrated sectors, the prospects of "trade wars" clearly threaten her longer-term viability as a major trading partner. Unfortunately, this element of the future scenario is perhaps the most difficult to incorporate into a qualitative forecast.

Nevertheless there are several valid reasons to estimate that spiraling protectionism will not necessarily undercut the optimistic growth forecasts for Japan and the Asian-Pacific Basin.

(a) Much of the current U.S. deficit is directly attributable to the strong U.S. dollar. Neither U.S. nor Japanese officials have disputed the contention that two-thirds of the 1984 merchandise trade deficit of \$37 billion between the United States and Japan is accounted for by the dollar's strength. Much of this strength may in turn be attributed to U.S. deficits, high interest rates and strong economic growth. In short, the current trade imbalance may represent short-run conditions in financial markets rather than basic structural obstacles to penetrating the Japanese import market.

(b) There is a growing appreciation that protectionist measures invite retaliation and a general ratcheting-down of overall levels of global economic growth. Exporting industries, industries engaged in importing from Japan (who resist the imposition of quotas or other voluntary restraints), the farm lobby (fearful that protection of

merchandise sectors may invite retaliation against U.S. farm this anti-protectionist sentiment.

(c) Increasing awareness of the inflationary impact of protection has been quite evident in the current debate over mounting U.S. trade deficits. (The inflationary effect of 1984 quotas on Japanese auto exports has been estimated at \$650 per unit.)

(d) There has also been a growing awareness that two-way trade generates a definite synergistic pattern of benefits regardless of the presence of "deficits" or surpluses." For example, Japanese imports into the United States provide a stimulating discipline for U.S. competitors. Also, by holding down inflationary price pressures, imports can help curb labor wage demand increases, thus benefiting overall corporate profit performance.

(e) Finally, and perhaps most significantly, strong support for a "softer" response to Japanese-U.S. trade imbalances has been voiced within the national security community. So long as Japan remains a crucial strategic partner, the concern over the politico-strategic implications of economic tensions should serve to moderate more strident protectionist responses.

It should also be noted that even in the event that the Japanese markets prove resistant to increased openness and the overall trading balances thus might continue to favor Japanese surpluses, this could in turn increase incentives for foreign investors to leap over the barriers of trade to invest

directly in Japanese enterprise. This has become a common tactic in recent years. The result, in terms of long-term United States interests in the country, would be to substitute critical two-way investment ties for the previous two-way trade ties. In either case Japan would continue to represent a principal United States partner in the Asian-Pacific region. (See the discussion of USDIA below.)

Future U.S.-Japanese trade prospects may be summarized in the following points:

- Japan will continue as a key U.S. trading partner. The deficit will continue to be large, but over time it will decrease in relative significance. As Japanese investment in the United States declines in relative terms, so too will Japan's trade surplus with the United States.
- The United States has more land in cultivation to feed the Japanese than the Japanese do. Japan will continue to be the major market for U.S. agricultural exports. In time Japan will loosen its barriers to the import of U.S. beef, citrus fruit, and tobacco.
- Japan will for the foreseeable future continue to run significant balance of payment surpluses with the United States on manufacturing goods. Japan will become an exporter of more and more sophisticated manufactured goods as it loses its cost advantages for items like steel and basic electronics to such countries as Korea, India, and Brazil.

- The Japanese market for manufactured goods will open up only marginally. Japan will increase imports of high-technology U.S. manufactured products just enough to head off major protectionist reactions in the United States.
- As Japan spends more on its own defense, it will increase its imports of U.S. military equipment.
- There will be more and more joint U.S.-Japanese production ventures, and the shipment of components back and forth between the two countries will increase significantly.
- Japan, which now runs a large service trade deficit, will become a major exporter of services, particularly telecommunication, data processing, and software services.

The People's Republic of China (PRC)

Certainly no single market holds out more promise for long-term growth in U.S. trade and investment than does the PRC. Unfortunately, perhaps no other market is equally susceptible to the vagaries and unpredictability of political interventions which can distort such mutually beneficial economic exchange. Given this elementary uncertainty, it is nevertheless possible to suggest the likely contours of U.S.-PRC economic ties by 2010 -- assuming the successful implementation of the liberalizing reforms announced in October 1984, and assuming no major retreat from the general

direction of liberalized capitalist practices both at home and in foreign economic relations.

The recent record of U.S.-PRC trade relations provides no grounds for euphoria. Although U.S. exports to the PRC grew by 38% to \$3.0 billion in 1984, this was still below the level attained in 1980 and the 1981 all-time high two-way trade level of \$5.5 billion. On the other hand, U.S. imports from the PRC grew by 36% to a record high of \$3.4 billion, yielding a slight increase in the U.S. deficit with the PRC of \$0.4 billion.

One can safely predict that the structure of U.S.-PRC trade is likely to undergo a major transformation. Trade in recent years has largely consisted of U.S. exports of wheat to the PRC and imports of textile products from the PRC. Chinese success at shifting from collectivized to private agriculture in 1982² yielded a record grain harvest of 400 million tons and an annual average productivity increase of 12% per year since 1978. This has resulted in a sharp cut-back by 4.2 million tons of contracted purchases from the United States under a four year pact which stipulated annual purchase of 6 million tons. At the same time, in response to new textile import restraints adopted in 1984, the Chinese shifted some food purchases to alternate suppliers, including Canada. The PRC is attempting to increase agricultural productivity while redeploying up to 150 million of the 350 million peasants currently employed in farming. If successful, these policies

2. This reform involved providing 15 year leases on private plots.

would alter the nature of U.S.-PRC two-way trade. As China's needs for both sophisticated technology-related services and intermediate manufacturing inputs increase, U.S. exporters should anticipate expanded markets in these sectors. Especially promising prospects exist for increased sales of more sophisticated technologies and related service contracts, provided strategic export control procedures under COCOM and the U.S. Export Administration Act do not effectively curb such transfers.

There are many additional reasons to anticipate a marked increase in future U.S.-PRC trade.

(a) In part because of the tremendous success in improving agricultural productivity, foreign exchange reserve has risen to \$17 billion. In turn, this comfortable reserve position makes possible a dramatic increase in PRC imports from abroad under the ambitious rural industrialization schemes announced last year.

(b) Foreign indebtedness is low at \$3.75 billion. This level of debt could grow to \$15 billion under realistic projections without imposing a difficult debt-service obligation, or necessitating related austerity measures to curtail foreign purchases.

(c) Since 1981 the PRC has placed \$5 billion in the Euro-markets. The government has announced its intention to spend \$14 billion on new technology imports alone during the period 1986-1990.

U.S. Trade and Investment Trends with Developed Countries

(A) Canada

Canada continues to be the largest trading partner of the United States. The most likely forecast is that this two-way trade dependence will continue.

In 1984 Canada accounted for 22% of U.S. exports and 20% of imports. Total two-way trade was \$113.2 billion, of which U.S. exports totaled \$46.3 billion and U.S. imports totaled \$66.9 billion. In turn, Canada's dependence on the U.S. market has increased: whereas in 1980 sales to the United States represented 63% of total Canadian exports, by 1984 sales to the United States represented more than 76% of total Canadian exports. Canada enjoyed a \$15 billion trade surplus in 1984, attributable largely to automobile shipments (\$40 billion in 1984) under existing free trade arrangements and to defense production-sharing agreements. By 1987, when the final cuts of the Kennedy Round take effect, fully 80% of Canadian exports to the United States and nearly 70% of U.S. exports to Canada will be duty-free. Overall two-way trade surged to \$110 billion in 1985. U.S. imports from Canada increased by 27% in 1985, reflecting increased purchases of motor vehicles and parts, internal combustion engines, aircraft, gold, aluminum and crude petroleum imports.

There are two additional important considerations which argue for a continued high level of trade interdependence between Canada and the United States.

(a) Canada looms large as a key provider of vital energy supplies. In 1984 the value of U.S. energy trade with Canada was \$10 billion. Canada is the principal U.S. foreign source of natural gas and electricity. It is plausible that the overall global decline in commodities and petroleum products will make the dependable United States market an attractive asset in Canadian economic planning. Huge oil reserves exist in Canada's Western provinces, and those provinces have expressed interest in further lowering existing barriers to trade.

(b) The incumbent Canadian government (under P.M. Mulroney) is committed to closer trade integration with the United States. Negotiations for expanded free trade agreements are continuing (especially for liquor, cosmetics, furniture).

(B) Western Europe

The prospects for increased trade and investment ties between the United States and Western Europe by the year 2010 appear problematic: Trade with the European Economic Community (EEC) has been sluggish in the first half of the 1980s. While U.S. agricultural exports have fallen dramatically (especially oilseeds, animal feedstuffs and corn), U.S. imports from the EEC soared by 31% in 1984. U.S. imports surged across-the-board for all EEC countries, particularly from Ireland (50%), Italy (46%), the Netherlands (37%) and Germany and France (35% each). Especially sensitive

sectors of growing U.S. imports included steel pipes and tubes (231%), aircraft (59%), specialized industrial machinery (53%), petroleum products (46%) and passenger automobiles and motor vehicles parts (33%). In part because of a slow (6%) growth in U.S. exports in 1984, the U.S. trade deficit rose from \$2 billion in 1983 to \$14 billion in 1984.

Obviously among the most critical factors shaping the longer-term climate for U.S.-EEC trade will be the ability of the principal governments to resist protectionist pressures from those sectors worst affected by import surges. For the same reasons detailed above, there is scope for cautious optimism in this regard. Similarly, there has been a strong record of U.S. export performance recently in sales of ADP equipment, office machines, and electronic components (as well as synthetic resins, cotton, rubber, plastics and non-monetary gold). These trends indicate that the structure of U.S.-EEC trade may be shifting towards reduced agricultural sales to Europe in favor of increased shipments of manufactures, more sophisticated technologies, and services. The ability of the major contracting parties of the GATT to extend GATT rule-making to agriculture, services, and trade-related investment areas - as called for in the U.S. 1984 Omnibus Trade Act - would provide a major impetus to U.S.-EEC trade relations. Such negotiations could also remove -- to at least improve -- the two most dangerous potential sources of friction (agriculture and services).

Nevertheless, the West European growth scenario is difficult to project. The prospects for a vigorous expansion of high technology venture capital firms is grim, given the lack of adequate capital market infrastructure; the deadening effects of official regulations governing new enterprises; heavy subsidization of declining sectors; poor market information networks; and employment protection laws and pension schemes which impede factor mobility. Agriculture is in disarray and the imminent incorporation of Spain and Portugal promises to worsen the already virtually uncontrollable growth of farm surpluses. These surpluses not only drain the EEC budget (85% of the total budget is currently committed to Common Agricultural Policy subsidies and surplus management programs). Also they portend increasing closure of the EEC market to any increased exports of U.S. farm products, especially should negotiations for a new GATT-arrangement fail. The probability that U.S. farm subsidies will be drawn down as part of an overall budget-cutting scenario, opens up the further likelihood of tension as U.S. farm prices fall to market-clearing levels and farmers seek to sell increasing quantities abroad. Perhaps more than in any other trade sector, the possibility of a spiraling vicious circle of protectionism and trade wars threaten agricultural trade in the coming years.

The investment picture appears to offer marginally brighter prospects for U.S.-EEC economic relations in the future. (See the discussion of USDIA below.)

The prospects for the future of U.S.-Western European relations may be summarized as follows:

- Europe will become more and more protectionist and a less dynamic exporter of products. U.S.-European trade will increase much less vigorously than trade with other parts of the world. Europe will become less of a real competitor in third markets, but will resort to subsidies which will impoverish its own people but, for the next decade, will allow it to export its inefficiently produced agricultural and manufacturing products.
- In an effort to reverse the productivity slide, some smaller European countries such as Belgium, Netherlands, Ireland, and perhaps the Scandinavians may be willing to cheat on the rest of Europe in order to inject new life into their economies by importing up to date technology.
- If Margaret Thatcher is elected to yet another term, as is quite possible, Britain could break with the European protectionist trend (and perhaps even put some brake on it) and become a larger importer of U.S. goods and services.
- First indications are that "Esprit," the European joint research effort, will not be able to reverse Europe's decline.
- In the 1990s, as the economic decline causes more protest at home, one should expect renewed efforts to attract U.S. and Japanese investment in joint ventures with

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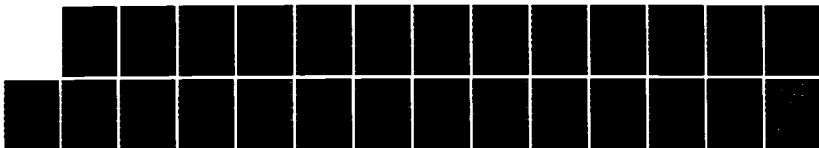
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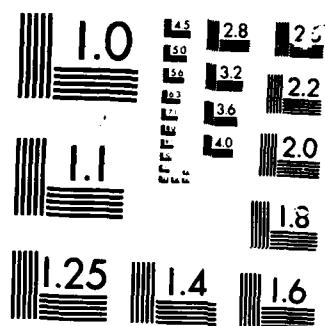
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MICROCOPY RESOLUTION TEST CHART

failing European firms. Investment, not trade will be emphasized.

The Middle East

The long-term prospects for U.S. trade and investment in the volatile Middle East are perhaps the most difficult to predict with any degree of reliability. In 1985 only 18% of United States petroleum supplies are coming from the Arab OPEC nations, and of that figure fully half is supplied by Saudi Arabia. (By comparison, 20% of United States foreign crude oil supplies come from Mexico. After Mexico, the second largest U.S. supplier is Canada.) Together, Mexico, Canada and West Europe provide 45% of current U.S. imports. The diversification of U.S. supplies away from the Middle East has been abetted by the closing of many Caribbean refineries most of whose crude oil supplies were from Arab OPEC nations. In addition, the United States is filling the Strategic Petroleum Reserve with a projected 750 million barrels of crude oil, which would provide a 180 day supply at 1975 consumption and import rates. Although the dependency of the United States upon Middle East supplies of crude oil has shifted appreciably in the wake of the 1974 embargo and the price increases of 1974 (and especially, 1979), nevertheless, trade with the region remains a growing and potentially dynamic area of future mutually beneficial exchanges.

The trend in the 1980s thus far has been towards gradually reduced deficits (in 1980 and 1981) running to

slight surpluses for the United States in 1982 (about \$1 billion), 1983 (\$4.3 billion), and 1984 (\$1.7 billion). The region will likely continue to provide attractive markets for U.S. agricultural exports (especially rice and corn) and for military- and security-related transfers (especially aircraft).

A particularly promising area of bilateral trade relations remains in U.S.-Israeli trade. Even given the overall decline in U.S. exports to the region in 1984, exports to Israel gained by 12% and imports from Israel rose by almost 40%. The recent conclusion of a bilateral Free Trade Agreement between the United States and Israel can be expected to yield continuing high rates of expansion in trade and investment relations through the coming decades. Of course, military- and security-related sales and transfers can be expected to provide a significant proportion of such projected longer-term sales and transfers.

Investment prospects in the region likewise appear to promise expanded U.S. ties to the region, albeit selectively. There remains, of course, the possibility that perceived mounting risks associated with growing political and military tensions could reverse these expansive investment trends. (See discussion of USDIA below.)

Latin America

Despite a recent slowdown associated with the global recession and exacerbated by the contraction of imports due to

major debt-rescheduling problems, the long-term prospects for expansion in trade and investment flows between the United States and Latin America are very promising.

The region remains heavily dependent upon the U.S. market. In turn, the United States recently has expanded its exports to the region (a 15.6% increase in 1984). Most of this export growth was in manufactured goods. U.S. imports from the Western Hemisphere LDC's grew by nearly 15% in 1984, comprising manufacture and agricultural and petroleum products. (Imports of Mexican petroleum products increased by nearly 70% in 1984.)

Within the region, trade prospects seem particularly favorable with Mexico. Mexico accounted for 75% of the increase in U.S. exports to the region in 1984, including nearly 90% of the growth in manufactured exports. Until recently, it had been feared that debt-service obligations would short-circuit the record of sustained dynamic growth in real income (averaging 6.8% from 1955 to 1982). The recent record has demonstrated an impressive ability to undertake difficult measures of macroeconomic and microeconomic change in pursuit of international and domestic recovery. Tight fiscal policy slashed the official budget deficit from 8.7% of GDP in 1983 to about 6.5% in 1984. GDP itself increased by more than 2% in 1984 despite this fiscal austerity. The government has succeeded in bringing down the inflation rate from 100% in 1982 to 80% in 1983 and 60% in 1984, accompanied

by growing trade surpluses (nearly \$14.7 billion in 1983).³

Although the Mexican recovery has been particularly impressive, there is good reason for optimism about long-term economic growth in the hemisphere as a whole. Although in 1982 the trade surplus of the six largest Latin American debtors covered a mere 5% of their interest payments on outstanding debt, by 1984 the surplus equaled 87% of total interest payments. (For the sixteen largest Third World debtors as a whole, the current account deficits have plunged from a high of \$55 billion in 1982 to \$12 billion in 1984.) Mexican international reserves have swelled to \$8.5 billion, enabling prepayment of the principal as well as interest on obligations coming due.

Similarly, Brazilian economic performance holds out a promise that the "debt bomb" may indeed be defused as a major threat to regional growth (and to increased trade and investment inter-dependence with the United States). In 1983, the Brazilian government implemented a package of measures aimed at stable, non-inflationary recovery: deliberate undervaluation of the cruzeiro fueled export growth to the United States as the U.S. recovery took off. Official deficits were reduced, real gross domestic product grew by 4%, and the Brazilian trade surplus rose to \$13 billion.

3. Given more or less steady expansion of GDP at about 6% per year, recent estimates suggest that foreign debt will decline from 52% of GDP in 1984 to 32% by 1990.

Even Argentina has provided optimists with a heartening, although still seriously troubled, economic performance. In the face of overwhelming inflation (approaching an annual rate of 1500% in late 1984), the Argentine government embraced an IMF austerity plan which calls for a halt to growth in the money supply. Real GDP grew at a healthy pace in the first three-quarters of 1984 and buoyant exports yielded a \$3.7 billion trade surplus for the year.

Despite these trends, it remains clear that any optimistic projected growth scenarios could be seriously undercut by any number of outstanding problems:

(a) The international debt problem could be exacerbated by an upward ratcheting of U.S. interest rates. Such upward pressure could have the salutary effect of strengthening the dollar and thus potentially increasing export sales from some of the Third World nations to the United States. But at the same time, such an increase would raise global debt service obligations and the cost of dollar-denominated petroleum imports constraining Third World importing capability and possibly triggering global recession.

(b) Several outstanding trade problems between the United States and the Western Hemisphere remain potential sources of protectionist pressures. These include: U.S. complaints of increasing import tariffs and stiffer licensing requirements since 1981, associated with the region's balance-of-payments crises during this period; increasing performance requirements enforced upon would-be investors in the region; refusal of key

countries of the region to sign the Subsidies Code of the GATT, resulting in a spate of countervailing duty petitions (CVDs) in the United States which do not require any tests of material injury; and growing tensions concerning the protection of intellectual property rights which have in turn threatened patent and trademark protection, thus inhibiting investment and transfers of technology.

The Caribbean Basin

An area of especially promising long-term growth is the Caribbean Basin. Under provisions of the U.S. bilateral and regional trade and investment program (the Caribbean Basin Initiative--CBI) a twelve-year extension of one-way duty-free access to the U.S. market has been provided to those nations in compliance with designation criteria. Excepted products are textiles, apparel, footwear, petroleum products, leather goods and canned tunafish. The program also places a ceiling on duty-free entry of sugar. This program provides a greater security of access than that of the Generalized System of Preferences and is expected to yield considerable growth in new, non-traditional export sectors. Trade with a region has grown rapidly in the recent past. There was a 7.7% rise in U.S. exports in 1984, resulting in a decline of the U.S. trade deficit with the region from \$3.6 billion in 1983 to \$3.0 billion in 1984. Although U.S. imports of crude petroleum and petroleum products may be expected to continue to decline, the CBI should function to arrest any overall decline in U.S.

imports from the region (particularly ores, electronic components and inorganic chemicals).

Bilateral investment may be expected to increase under provisions of the CBI providing favorable treatment for joint ventures, subcontract manufacture, licensing, and a variety of off-shore operations. (See discussion of USDIA below.)

Africa

The trends in U.S. trade with the African region indicate sharp declines since 1980, attributable largely to reduced purchases of petroleum products from Egypt (down 44% in 1984 from the already low 1983 levels) and reduced purchases of crude petroleum from Nigeria and of natural gas from Algeria. The likely configuration of U.S. imports from Africa will be affected to a large degree by the ability of the region to continue to penetrate U.S. markets for refined petroleum products which, as opposed to crude oil and natural gas, have substantially increased recently. The collapse of Nigeria, looming economic uncertainties in Egypt and Algeria, political instabilities in the Maghreb, and the immense infrastructural problems of sub-Saharan Africa, do not suggest a significant role for these developing areas, in contrast to the newly industrializing countries of other regions discussed above.

One exception to this modest scenario is South Africa. Trade between the United States and South Africa currently exceeds \$4.4 billion per year. The United States remains

South Africa's most important trading partner. Continuation of such large-scale trade will depend importantly upon the progress of internal political reform and the impact of consequent bilateral export controls, divestment measures and related sanctions imposed both by the U.S. Government and by private firms active in such two-way trade. Another important factor will be the extent to which the United States and its major allies continue to depend upon South Africa as a major supplier of strategic minerals (e.g., chromium, manganese, platinum and vanadium). The record of South Africa in the international marketing of manufactures is generally poor, attributable in part to the long distances involved in foreign trading and in part to the reluctance of South African industrial corporations to establish manufacturing and trading subsidiaries in Europe, Japan or the United States. South Africa compares unfavorably with other NICs in pricing, marketing research and overall marketing strategy. Given continued resistance to South African products and services on political grounds, the overall growth prospects for two-way trade remain ambiguous and generally discouraging in comparison with other regions. Nevertheless, the crucial issue of dependence upon South African shipments of strategic minerals will make such bilateral trade more critical than overall magnitudes of trade flows might otherwise suggest.

Eastern Europe and the U.S.S.R.

Existing-trends in U.S. trade and investment with Eastern Europe and the Soviet Union do not promise any substantial increase in the relatively minor share which these exchanges represent in overall U.S. economic relations over the longer term. While percentage increases in two-way trade in 1984 rose substantially over the earlier period, overall trade remains relatively small. Furthermore, much of this trade has occurred in sectors which may not represent good prospects for increases over the coming decades.

U.S. exports to the U.S.S.R. rose by 64% to \$3.3 billion in 1984, following a sharp decline in the previous year. Most of this growth was accounted for by an increase in exports of wheat and corn to the Soviet Union. As a result, the U.S.S.R. currently accounts for 77% of total U.S. agricultural exports. Under the provisions of a bilateral grain agreement which took effect in October 1984, higher purchase ceilings have been established than were provide under the previous agreement.

U.S. imports from the Soviet Union in 1984 rose to \$0.6 billion, accounted for principally by increased U.S. purchases of fuel oil and chemicals.

During the same period, U.S. exports to Eastern Europe rose 2% to \$0.9 billion, a figure still far below earlier levels. Export sales of soybeans, hides and skins, and phosphates accounted for nearly all this growth. U.S. imports from the East Bloc rose 59% to \$1.8 billion, but this increase was accounted for principally by increased imports of fuel oil

and steel from Rumania. More than one-half of U.S. imports from the East Bloc currently originate in Rumania.

It is clear from the data available at present that the prospects for any considerable expansion in U.S. trade and investment with the East Bloc remains doubtful. Some of the principal factors which will impede any increased role for these exchanges in the overall U.S. trade and investment picture include:

(a) Outstanding indebtedness and debt service obligations of the region will constrain the ability of these countries to expand imports or to invest in infrastructural and capital improvements to restructure their lagging economies.

(b) Persistent structural rigidities inhibit the ability of these national to absorb new imports of capital equipment and technology.

(c) Competitive export subsidization by European and American exporters which has theretofore stimulated purchases from the West at concessionary interest rates, has become the subject of intense negotiations. It appears likely that future trade will be subject to market (or near-market) rates of interest. Any such return to normal economic and commercial considerations in the trade and credit fields should cap the growth of U.S.-East bloc trade.

(d) Continued oversight of sales of sophisticated goods with military or dual-use application also should constrain effectively any increase in high technology transfers.

Such policies, formulated principally within COCOM and implemented by national authorities, may -- if prudently enforced -- exercise a chilling effect on a broad range of technologically sophisticated machinery and services.

(e) Continued political tensions threaten the further extension of MFN status with a number of East Bloc nations. In recent years Policy suppression of the Solidarity Trade Union and Rumanian taxation of emigrants have jeopardized MFN extensions.

(f) A large area of uncertainty concerns the future potential for sustained sales of U.S. agricultural products to the Soviet Union and the East Bloc. Each of the preceding arguments (including concerns over strategic trade controls) pose serious threats to the viability of expanded U.S. agricultural exports to the region. Perhaps more importantly, Soviet relaxation of restrictions on private sector farming has the potential to yield unprecedented agricultural productivity increases, lessening overall demand for U.S. corn, wheat and other grains. Since these commodities have represented the bulk of U.S. trade with the East Bloc, what prospect of these markets stagnating in the future would seriously retard any long-term growth in economic activity with the region.

Sectoral Trends: A Summary

Agricultural Products

- The United States, Canada, and Australia will continue to be the largest producers of basic agriculture. North America will export large quantities of food, importing only tropical and specialized products.
- Efforts to produce a green revolution, better hydroponic production, and to restore the fertility of salt saturated lands will continue. Some progress will be made, but increased population pressures will make sure that the demand for U.S. agricultural products remain strong.

Natural Resources (except energy products)

- Strategic minerals will become less strategic. Through a combination of stockpiles and major breakthroughs in the substitution of one product for another, all or almost all of the bulk strategic materials will be less vulnerable to cutoff in the future. The United States will continue to import these materials, however.
- Copper, in particular, will be much less needed. (Fiber optic cables will replace copper cables in most new telecommunications systems.)
- There will be major breakthroughs in the recycling of materials, this too will hold down demand.
- Although the raw resources market will recover somewhat from today's historical lows, "the limits to growth"

alarmists will not be proved correct in the short to medium term.

Energy Resources

- U.S. coals exports will increase significantly.
- U.S. imports of pipe-lined natural gas from Canada and Mexico will increase slowly. U.S. imports of liquified natural gas are unlikely to rise much above present low levels.
- U.S. oil imports will rise slowly. Imports will come more from Indonesia, Mexico, Nigeria, and the North Sea and less from Iran, Iraq, Saudi Arabia, and other Middle Eastern Countries.
- Alaskan oil exports to Japan and Asia will increase significantly.
- Refined products will make up a growing portion of total U.S. energy imports.
- Conservation will continue to hold down the growth in U.S. energy demand.
- A breakthrough on a solar powered battery is possible. If it happens, U.S. demand for foreign oil could fall in absolute terms.
- Breakthroughs in fusion energy are more distant.

Basic Manufactured Goods

- U.S. exports will be more specialized; imports will take a larger and larger percentage of general products. Thus the United States will move more into special niches in steel, autos, textiles, and other products. Other

countries, particularly developing countries, will provide more of the general type goods.

- Developing country imports will displace many Japanese imports in the United States.
- The pharmaceutical industry will move more offshore.
- There will be far more joint ventures between U.S. and foreign firms. Licensing and franchising agreements will proliferate: this will lead to a blurring of the distinction between trade and investment. This could lead to less trade in relative terms.
- Surplus capacity will lead to lower real prices in many areas of low technology industrial goods.

High Technology goods

- The United States and Japan will compete as the leading exporters of high technology products. Europe will lag. Korea, Brazil and perhaps India could become more important in some niches.
- As communication and computer technologies continue to merge and as CAD/CAM grows more sophisticated, it will become harder and harder to stop the flow of technology, knowledge, and information among countries. It will become far more difficult for the United States to prevent the flow of information and products to the U.S.S.R. and its allies. Over time, as a consequence of its own commercial interests, the United States is likely to relax its restrictions on exports to the U.S.S.R. Significant exports could follow.

- Brazil, India and several other countries will try for a time to install "infant industries" to create their own domestic high technology industries. They are likely to have only limited success. After they stumble, they may be compelled to import large amounts of U.S. and Japanese technology in order to try to catch up.
- U.S. firms will be granted greater antitrust waivers. The U.S. Government will implement something that resembles an industrial policy for these sectors. Some success in exporting will follow.

Construction/Engineering

- The United States has been a major exporter of construction/engineering services. We have lost much of our market overseas because of better foreign competition, subsidies by other firms' home countries, and falling demand for macro-construction projects.
- Expect continued declines in the relative share of U.S. construction engineering overseas. They will have to work more and more in collaboration with companies in the host countries.
- Foreign construction firms are now winning major contracts in the United States. U.S. military contracts may have helped U.S. firms acquire expertise that is more useful for military than for commercial projects. For example, U.S. firms supposedly are better at vertical tunneling than are their competitors. Foreign firms do better at horizontal tunnel building.

Traditional Services

- Expect less and less of the value of trade to be carried on ships. More and more will be carried by plane and over the telecommunication system.
- The production of goods is becoming more decentralized; as a consequence the transportation element of trade may become relatively less important.
- Ships will be used mostly to carry bulk cargos such as ores, food, and petroleum products. Manufactured, and particularly technologically sophisticated goods, will be shipped less. When they are shipped it will be more likely to be as components and parts than as completed products.
- International aviation will be more rationalized in part because improved international communication links will compel it. Business travel will to some extent be replaced by tele-conferencing. Tourist travel will play a larger and larger role.

High Technology Services

- The merger of telecommunication and computer technologies will allow for the instantaneous transmission and reception of voice, data, and video between practically any two points in the world. Costs will continue to decline.
- Services will become more tradeable and will play a larger and larger role in total trade. Today the trading

of services usually requires investment, this will be less true in the future.

- Financial conglomeration will proceed rapidly. Individuals will be able to use credit and debit cards to purchase goods and services anywhere in the world. The cost will instantly be deducted from bank accounts at home.
- There will be far more choice of television and broadcast entertainment. People will be able to select from national or international programs. Some will be free (except for watching the advertising); more will be on a paid basis.
- There should be a significant expansion of sales of accounting, legal, health, and consulting services from the United States. Leasing and franchising will also increase. The sale of educational services in the United States (to foreign students) and via the telecommunication network will continue to grow.

U.S. Direct Investment Abroad (USDIA)

The most recent benchmark survey of United States Direct Investment Abroad (USDIA) revealed that as of 1977 there were 3,540 U.S. multinational firms operating 35,789 foreign branches and affiliates. This section will review salient trends and geographic distribution patterns which will suggest those regions most likely to represent significant proportions of USDIA by the year 2010. We will review USDIA trends in

Western Europe, the Newly Industrialising Countries (especially in the Asia-Pacific Region), China, South and Central America, Canada, the Middle East and Africa.

(a) Western Europe

By 1982 Western European countries accounted for 45% of all USDIA. The United Kingdom alone accounted for 14%. Other major host countries include Germany (7.2%), Switzerland (6.0%), the Netherlands (4.0%), France (3.5%) and Belgium - Luxembourg (2.6%). Total USDIA in the ten countries of the European Economic Community was more than \$78 billion in 1982, exceeding 35% of total USDIA.

In general future prospects for expanded USDIA in Europe remain clouded by uncertainties. Much of the explosive postwar growth can be attributed to postwar replacement investments; moves to expand production behind EEC tariff barriers; efforts to capitalize on internally liberalized and growing markets; restoration of currency convertibility; and free repatriation of earnings. Beginning in the early 1950s there occurred a general shift of USDIA towards developed countries such that, by 1977, 75% of total USDIA was concentrated in the developed countries of Europe, Canada, and Australia. Since 1977 these trends have shifted away from Europe to favor the developing countries of Asia and Latin America. Controlling for the special case of negative disinvestment in the Netherlands Antilles,⁴ USDIA in the

4. This negative flow reflects borrowing in Eurodollar bond markets by U.S. affiliates located in the Antilles. These affiliates subsequently remit these funds to their U.S. parents (\$28 billion of remittances in 1982).

developing countries would have grown at twice the rate of increase of USDIA in the developed countries to represent 29% of total USDIA.

(b) The Newly Industrialising Countries (NICs)

It may be projected further that USDIA will flow in the direction of the more developed New Industrialising Countries (NICs).

Recent analyses suggest that new investments are related more to efforts to market products locally or regionally, as opposed to new investments intended to open up new sources of supply for raw materials. Those investment flows targeted toward selling in local or regional markets tend to be directed at the better-off NICs which enjoy larger per capita incomes and better potential for long-term growth. The principal host countries among the NICs include: Argentina, Brazil, Hong Kong, Mexico, the Philippines, Singapore, South Korea and Taiwan. During the period 1977-1982, the average annual rate of growth of USDIA in these eight countries alone was 13.3% in contrast to the rate of growth of USDIA in the developed countries (8.2%) and the developing countries as a whole (10.8%). During this same period, USDIA increased by about \$12 billion, a figure which represents 16% of the total increase in the U.S. stock of foreign investment. By 1982, 11% of total USDIA, more than \$25 billion, was located in these eight NICs.

It is especially significant that the recent spate of problems associated with international indebtedness has

created a climate conducive to greater receptivity on the part of the NICs to increased equity (and portfolio) investment from all sources. Equity investment appears to offer a welcome source of capital infusion without associated debt service obligations. This increased receptivity to foreign capital investment augurs well for a substantial growth in the coming decades of USDIA in the critical NICs of the Asian-Pacific Rim and the Western Hemisphere.

USDIA in Japan remained a modest \$6.9 billion, or 3.1% of total USDIA, at year-end in 1982. This relatively small proportion may be explained partly by Japanese restrictions on investment, which are being reformed or eliminated only gradually. Progress in the liberalization of access for investors to the Japanese market should make Japan one of the most important future areas for USDIA.

Since 1966, most of the growth of USDIA has been concentrated in Hong Kong (from \$126 million to \$2.9 billion, average annual rate of growth from 1966 to 1982 equals 22%); Singapore (from \$30 million to \$1.8 billion for an average annual rate of growth of 30%); South Korea (from \$42 million to \$817 million for an average annual growth rate of 20.3%); Taiwan (from \$58 million to \$620 million for an average annual growth rate of 16%); Thailand (from \$51 million to \$594 million for an average annual growth rate of nearly 17%).

With the exception of India,⁵ there appear to be no significant economic impediments to continued growth in such investment in the coming decades. Investment data therefore reconfirm the conclusion, based upon trade flow data, that these nations will most likely predominate as the principal economic partners of the United States into the next century.

(c) The People's Republic of China (PRC)

The PRC appears poised to pursue increased foreign investment more aggressively as part of its strategy of development, without incurring onerous foreign debt obligations. Until recently, the overall investment picture has not appeared so promising. Since 1979, total foreign investment was only \$3.7 billion, of which fully \$1.1 billion was for oil prospecting in the South China Sea. Total U.S. investment in the PRC is about \$1 billion. Official policy seeks to increase the role of foreign investors principally by means of joint ventures which would provide the PRC with critical technologies.

While it is reasonable to expect that U.S. investors will enjoy increased access to the lucrative Chinese investment arena, several obstacles pose difficulties. Disincentives to increased investment include: poor infrastructure; high energy costs; high rents; a difficult communications network; looming energy bottlenecks; government insistence on a

5. India continues to represent a very small proportion of USDIA, as a result of a long history of official discouragement of such investment. Should official policies change, some increase could be expected. There was a 7.8% increase in USDIA in India in the 1977-1982 period, from \$318 million to \$463 million.

thirty-year limit on joint ventures before reversion to Chinese control; continuing bureaucratic delays (especially in the customs service); official restrictions on conversion of yuan earnings into foreign currencies; and the general vagueness and seeming unpredictability of overall policy direction and implementation.

(d) South and Central America

USDIA in Central And South America represents 14% of total USDIA, down from a 38% share in 1950. This decline may be attributed to a shift toward European and, subsequently, Asian markets combined with domestic Latin policies of nationalization, expropriation and other restrictive measures. Inflation and depreciation have further eroded the book value of USDIA in the region.

Prospects for improved domestic economic performance, discussed in the preceding section on trade, may equally ameliorate the generally disappointing picture on the investment sector. Those countries which have displayed impressive rates of growth in USDIA since 1966 include Argentina (from \$758 million to almost \$3 billion for an average annual rate of growth of 8.9%); Brazil (from \$882 million to \$4.4 billion for an average annual rate of growth of 11%); and Peru (from \$651 million to \$2.3 billion for an average annual rate of growth of 8.1%).

(e) Canada

Canada continues to rank first amount host countries for USDIA. About one-fifth of USDIA (\$44.5 billion) is in Canada

(as opposed to nearly one-third of USDIA in Canada in 1957). Much of the increasing USDIA has concentrated in petroleum exploration and production, pipelines, refineries and mining.

Foreign investment flows between Canada and the United States remain exceptionally high. In 1983, U.S. investment in Canada totaled \$47.5 billion, roughly 20% of total U.S. investment abroad. Canadian private direct investment in the United States totaled \$11 billion. Because such investment patterns, after some time lag, are tied historically to related trade increases, these investment patterns will likely support increased two-way trade in the future.

Future prospects for USDIA in Canada will depend importantly upon the continued implementation and/or revision of the Foreign Investment Review Act (FIRA) of 1974 and the National Energy Program. Under provisions of the FIRA, Canadian government approval is required of all foreign acquisitions of Canadian-owned companies. In addition, new foreign direct investment and expansions of existing operations into new industries require approval.

Partly in response to the FIRA and the National Energy Program (which favors Canadian-owned petroleum companies over foreign-owned companies), there was net U.S. disinvestment in Canada in 1981 and 1982, reducing the Canadian share of USDIA to 20.1%, the smallest proportion in the recorded history of USDIA.

In 1983 there was a 2.9% gain (to \$47.5 billion from \$46.2 billion in 1982). Future trends will depend critically

on official policy. Recent events indicate a softening of Canadian attitudes towards regulating direct investments. Given Canadian capital needs, it may be expected that Canada will continue to host a substantial proportion of USDIA in the coming decades.

(f) The Middle East

USDIA in the Middle East has lagged behind the growth rate for other developing regions. There has to date been little activity in manufacturing, trade, or financial services -- fields which have witnessed rapid growth in other regions. Most USDIA has instead concentrated in the volatile and politically uncertain petroleum industries. In 1983 there occurred a 26% increase in USDIA. This investment continued to concentrate primarily in petroleum.

Future prospects for USDIA in the region are not so optimistic as for other developing regions. As the United States continues to diversify in search of more reliable sources of crude oil, and as attractive investment prospects in politically more stable and hospitable regions increase, overall penetration of the Middle East by USDIA is likely to remain relatively modest. One exception may be U.S.-Israeli investment facilitated by the new Free Trade Agreement. USDIA in Israel rose from \$252 million in 1977 to \$505 million in 1982, an average annual rate of growth of nearly 15%.

(g) Africa

Today only about 2% of USDIA is in African countries, primarily in mining and petroleum activities. Rapid earlier

growth in such USDIA occurred in Egypt, Libya and Nigeria, but recent political uncertainties do not hold out the prospects for significant expansion with the obvious exception of South Africa (see the discussion of South Africa above).

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