

War on the Cheap

Are we serious or not?

By IRWIN M. STELZER

“WE WILL ACCEPT nothing less than total victory over the terrorists and their hateful ideology,” President Bush told the Veterans of Foreign Wars last week. But, as they say both on the streets of New York and the ranches of Texas, talk is cheap. We now have a choice—in the vernacular, it is to put up or shut up.

That choice can no longer safely be postponed. We can tailor our national security policies to the economic resources we are willing to commit to those policies, or we can commit sufficient resources to allow us successfully to implement the policies the president has decided are in the national interest. Put differently, if we want to continue to speak loudly, we will have to buy a big, expensive stick. If, instead, we decide that all we care to spend will buy only a tiny twig, we will have to speak more softly.

The first alternative, which we might call neo-realism (some will call it neo-isolationism) is both practicable and not without appeal. Here is what it would entail. Abandon the idea that we can only be secure if we spread democracy to the peoples of the world, all of whom we assume are yearning to breathe free. Even if they are, it is up to them to work out the means for attaining that goal, just as many of the countries of Eastern Europe did, without Iraq-style interventions on our part. We are not prepared to spend the blood and treasure to help them.

Abandon also the idea that we can participate in the real-world global

economy by pretending that world markets are organized in a way that allows us to achieve Adam Smith-like efficiencies by espousing free trade. We are playing against a stacked deck, as recent experience with China shows.

First, currency manipulation guarantees China an advantage over and above the natural comparative advantage provided by its relatively low wages. Second, a lack of regard for property rights allows the Chinese government and other economic actors to steal American technology and intellectual property. Remember: The Chinese government feels it has made a commendable display of virtue by promising to stop using pirated software sometime in 2007—and that is the government that is supposed to prevent what passes for the country’s private sector from engaging in such thievery. More important, the advantage China gains from distorting the patterns of trade provides the funds it is using to expand its military presence in the Asia-Pacific region, fund military exercises with Russia, and extend the reach of its fighter fleet, nuclear submarines, and aircraft carriers.

So if we are to tailor our policies to fit our unwillingness to shore up our military power in the world, we have to abandon our long-held and, it can be argued, myopic view that more-or-less rigid adherence to free trade serves our geopolitical interests. True, we will sacrifice some of the efficiencies that have brought us a plethora of consumer goods at prices so low that they have offset the devastating impact of high oil prices on consumer budgets. But we will have traded cheap T-shirts for greater control over our monetary policy, and put something of a strain on the resources China

is devoting to its military build-up.

Then, we must reduce our military commitments around the world. NATO now only serves the interests of a Europe that sees it as a handy source of what are called “assets” for its new, underfunded European army. South Korea has made it clear that it considers the presence of American troops in its country, placed there by us to serve as a “tripwire” (read, cannon fodder) in the event of an invasion by the more-than-slightly-mad North Korean regime, a threat to the virtue of its women and the safety of its nation. So bring them home.

In short, just as Ariel Sharon has shortened his defense lines and improved Israel’s security by withdrawing from Gaza, George W. Bush can improve U.S. security by concentrating the nation’s resources here at home, available for defense of the homeland and rapid deployment if direct threats must be dealt with, surgically, elsewhere. There are more examples, but you get the idea. On a limited budget, we have to use scarce resources in a way that maximizes our security.

Call this concentration of limited resources on defending the homeland neo-realism—an adaptation to our unwillingness to devote the resources needed to implement our current policies. It might send chills down establishment spines, but so long as our politicians are unwilling to provide the men and money to meet the commitments inherent in our current policies, it is the road best taken.

But it is not necessarily the road we must take. If we are willing to devote the necessary resources to implement a policy that has at its core the assumption that we can only be secure if we take the fight to the enemy, if we encourage the spread of democracy, if we help form stable nation-states in areas that have traditionally provided a haven for terrorists, we can carry out such a policy. If we really believe that we are in a long-term war with the survival of our values at stake, we can win that war. Call this alternative to neo-realism the Bush-Blair doctrine.

That would entail, first and fore-

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most, devoting to Iraq the resources needed to eliminate what is called the insurgency, to retaliate if Syria refuses to close its borders to terrorists, and to protect the nation's infrastructure.

But there is more to waging war than fielding an appropriately sized battle force. The domestic economy must also be mobilized. Franklin D. Roosevelt could get Henry Kaiser and other shipbuilders to produce two large cargo ships every day during World War II, but George W. Bush can't get the huge American economy to produce enough ceramic inserts for safety vests for soldiers in Iraq. Or armor for their vehicles. That the great American production machine cannot be marshaled to keep the lights on and the air conditioners humming in Baghdad suggests that we are not serious about winning the hearts and minds of the Iraqi people.

Then there is oil. If we seriously believe we are at war with a version of Islam that preaches jihad and finds much of its support in the Middle East, we have to wean ourselves off foreign oil. Not by passing a subsidy-laden, Christmas-tree of an energy bill that will not now, not soon, and probably not ever reduce our imports of oil, but by imposing a tax on imported oil—a tax that forces consumers to pay the costs we impose on society when we fill our tanks, and that is high enough to make more prudent use of oil the economic choice. Such a tax need not increase the flow of funds to Washington's wastrels: It can be offset by parallel reductions in the job-killing, regressive payroll tax.

We must also decide that we are in a game where free markets cannot provide the security we need. Our oil companies, responsible to their shareholders for maximizing profits, cannot be expected to compete successfully for supplies with state-supported entities that are playing a geopolitical rather than a purely economic game. While the Chinese and the Indians vie for Canadian sources, and can draw on their governments for financing and other support that permits them to pay a premium for supplies, our companies must rely on capital

acquired in the free market. And while China can promise "social housing" to Venezuela and weapons to Iran, in addition to money, in exchange for oil, our oil companies cannot. Oil producers do not live by cash alone, and unless our government intervenes on a scale similar to the Chinese, we will lose out in the race for new supplies of crude oil.

We can remain big players in the global economy, using the muscle provided by our vast market to extract concessions from the European Union, which discriminates against America's three most important exports (agricultural products, audiovisual products, and aircraft); to deter China from competing for energy resources on a non-economic basis; and to persuade Latin American countries not to enlist in Hugo Chávez's anti-American crusade. Trade policy in the service of national security might not please free-trade purists, but it should make sense to those whose view extends beyond mere economics to political econo-

my—Adam Smith's term of choice.

Finally, there is the way in which our government has chosen to allocate resources. Instead of building adequate equipment for our troops, it has decided to lavish highway-bill pork on bridges to nowhere in Alaska and South Carolina. Little wonder that the president is finding it difficult to persuade Americans that the sacrifices being made in Iraq—by the narrow segment of society called upon to make any sacrifice at all—are worth bearing. The president likens the battle against Islamofascism to our earlier battle against Nazi fascism. But he has called on America to devote less than 5 percent of the wealth it produces annually to this battle, whereas FDR enlisted close to half of our annual GDP to rid the world of Hitler & Co.

Only if the president and the American people decide to yoke their domestic policy to the requirements of a foreign policy that aims to fight the war on terror, can we win that war. Otherwise, give way to the neo-realists. ♦