



***“The Impact of National Defense on the Economy, Diplomacy, and International Order”***

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I.

Chairman Thornberry, Ranking Member Smith, and other Distinguished Members of the Committee, it is an honor to be here with you today to assess this strategic and timely subject.

Five years ago when testifying before the Senate Armed Services Committee, then-CENTCOM Commander General James Mattis made a memorable plea for the State Department’s budget: “If you don’t fund the State Department fully, then I need to buy more ammunition ultimately.”<sup>1</sup>

In this oft-quoted statement, Mattis offered an arresting argument for the importance of the State Department and diplomacy in preventing armed conflict and security threats to the United States. I am in full agreement with him. But I believe the opposite is also true: *to strengthen the State Department and American diplomatic and economic influence, we need a large defense budget.*

There is a common misconception in many of our contemporary policy debates about the relationship between military force and diplomacy. Too often we speak of them as antinomies that are in opposition to each other at polar ends of the spectrum of statecraft. Thus one hears calls for a “diplomatic solution” instead of the use of force when it comes to any number of international challenges and security threats.

But a powerful military can strengthen our diplomacy and make peaceful settlements more likely precisely because the possibility of force looms in the diplomatic background. In the vivid image of the strategist, historian, and legal scholar Philip Bobbitt, force and diplomacy function together like the two blades of a scissors. As he has written, “The use of incentives — including the credible threat of force — is one blade of the scissors of which the other is diplomatic negotiation. The scissors don’t function with only one blade.”<sup>2</sup>

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<sup>1</sup> <https://www.c-span.org/video/?c4658822/mattis-ammunition>

<sup>2</sup> <https://www.standard.co.uk/comment/comment/philip-bobbitt-by-not-ending-the-war-we-have-let-in-syria-s-extremists-8606084.html>

## II.

The historical record bears witness to this. American military power played an indispensable role in the creation and sustenance of the international political and economic order for the past three quarters of a century. For the surpassing majority of this era, our military strength helped accomplish much of this without firing a hostile shot.

It bears revisiting this story because even though its basic outlines may be familiar, a closer examination shows that it also offers some insights and cautions for our present moment. Many of us look back with appropriate nostalgia on the United States' vision and leadership during and immediately after World War II on the signature diplomatic and economic initiatives that established the pillars of the international order, including:

- the Bretton Woods agreements that led to the International Monetary Fund, World Bank, the dollar as the global reserve currency, and the international financial system and trade agreements, which together helped rebuild and maintain the prosperity of the free world during the Cold War, while also helping lift hundreds of millions of people out of poverty worldwide;
- the creation of the United Nations, the Universal Declaration of Human Rights, and other international institutions that encouraged the peaceful resolution of differences and respect for human liberty and dignity;
- the Marshall Plan, the creation of the North Atlantic Treaty Organization, the reconstruction of Japan and Germany, and the web of mutual defense treaties that placed the United States at the geopolitical center of the free world with a network of allies unsurpassed in world history.

In recalling this history, we should not forget that without America's military might these institutions would not have been possible – and without America's early Cold War rearmament, they would not have been sustained. By helping defeat Nazi Germany and Imperial Japan, and by deterring further Soviet encroachments in the immediate aftermath of the war, American military power and our atomic monopoly created and protected the initial postwar environment of peace and security in which these initiatives could be undertaken.

Then the United States began to demobilize and dramatically reduce our defense budget in the years 1946-50, reducing our military spending by around 80% from its 1945 apex.<sup>3</sup> The end of World War II warranted much of this reduction. But it was an overcorrection borne of an understandable yet flawed belief that military strength could be decoupled from diplomatic and economic progress, and that a peaceful world order could be sustained without American leadership.

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<sup>3</sup>[https://www.usgovernmentsspending.com/spending\\_chart\\_1940\\_1950USb\\_19s2li011ten\\_30f\\_20th\\_Century\\_Defense\\_Spending](https://www.usgovernmentsspending.com/spending_chart_1940_1950USb_19s2li011ten_30f_20th_Century_Defense_Spending)

From across the Atlantic there soon arrived a messenger with a warning. In his famous “Iron Curtain” speech at Westminster College in Fulton, Missouri on March 5, 1946 Winston Churchill urged “what we have to consider here today while time remains, is the permanent prevention of war and the establishment of conditions of freedom and democracy as rapidly as possible in all countries.” Calling for the establishment of a “special relationship” between the United States and Great Britain, Churchill warned that “from what I have seen of our Russian friends and allies during the war, I am convinced that there is nothing they admire so much as strength, and there is nothing for which they have less respect than for weakness, especially military weakness.”<sup>4</sup>

Less remembered today is the widespread negative reaction that Churchill’s speech triggered. In the words of one scholar, while President Harry Truman appreciated the speech, “The immediate reaction in the country, however, was strongly in opposition. Editorials accused Churchill of poisoning the already difficult relations between the United States and Russia. America had no need for alliances with any other nation, said *The Wall Street Journal*... To Walter Lippmann the speech was an ‘almost catastrophic blunder’.” Hearing of Joseph Stalin’s outraged reaction, Truman “wrote a letter offering to send the [US battleship] *Missouri* to bring him to the United States and promising to accompany him to the University of Missouri so that he too might speak his mind, as Churchill had. But Stalin declined the invitation.”<sup>5</sup>

The skeptical reaction of many Americans to Churchill’s speech showed that just seven months after the Japanese surrender ceremony aboard the *U.S.S. Missouri* in Tokyo Bay ended World War II, our nation had little appetite for either high defense spending or another global conflict, this time with our erstwhile ally the Soviet Union. It was no wonder that the American people and many of our political leaders instead preferred to focus on diplomacy through the United Nations and restoring prosperity through the new economic order.

Yet Churchill’s warning soon proved prophetic. Our initial post-war diplomatic and economic successes almost immediately came under threat from growing communist aggression – including the imposition of communist regimes in Eastern Europe, the blockade of West Berlin, the Soviet Union’s acquisition of its own atomic bomb, Mao Zedong’s victory in the Chinese Civil War, and North Korea’s surprise invasion of South Korea.

In responding to these threats, the United States had no recourse but to our military. While the generosity of the Marshall Plan’s economic aid was essential for rebuilding Western Europe, so was the Truman Doctrine’s military aid to Greece and Turkey, our military planes and pilots that conducted the Berlin Airlift, our military capabilities that led to the creation of NATO, and the permanent basing of American forces in Europe. Realizing anew the need for a strong military in the face of these challenges and especially the outbreak of the Korean War, the Truman

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<sup>4</sup> <http://www.historyguide.org/europe/churchill.html>

<sup>5</sup> David McCullough, *Truman* (New York: Touchstone 1992), 489-490.

Administration beginning in 1950 restored our military spending to protect the new international order and lay the foundations for the containment and eventual defeat of the Soviet Union.

### III.

In our present moment this international order is beginning to erode under growing stress and strain, as revisionist powers such as Russia and China seek to undermine or even overturn the American-led order, while increasing numbers of voices in the United States and Europe take for granted the benefits of the order while questioning the cost, value, and viability of maintaining it. As the historian and foreign policy scholar Robert Kagan observes, “world order is one of those things people don’t think about until it is gone.”<sup>6</sup>

The good news is this world order is not gone -- yet. But it is decaying inside and imperiled outside. The threat to the order posed by Russia and China is most acute and spans the full spectrum of instruments of national power. In Russia’s case this includes its military aggression against Ukraine, intervention in Syria to protect its client in the Assad regime as well as reassert itself in the region as an agenda-setting dominant outside power, coercive use of hydrocarbon exports to vulnerable customers, cyberattacks and other threats towards the Baltic states, and ongoing information warfare against the United States.

In China’s case these measures include its belligerent island-construction and base-building in the disputed areas of the South China Sea, coercive economic measures towards developing countries in the “Belt and Road” initiative, flouting of international human rights standards and repression of dissidents and religious minorities, vilification campaign against Taiwan, forced technology transfer and theft of intellectual property rights, cyber-attacks against the United States and our allies, and information operations inside the United States and other free nations.

A robust effort to protect, reform, and restore the international order will depend of course on American diplomatic prowess and economic dynamism, in addition to committed involvement by our allies old and new. But doing so will also depend on renewed American military strength undergirding our diplomacy and economic engagement. *Our military power provides the security and enabling environment for diplomatic and economic progress to take place.*

Here it bears expanding our perspective on how national power is perceived and understood. From our vantage point here in the United States, and especially within the United States government, we often view our nation’s power and global influence as segmented into its various component parts and through the relevant departments and agencies that marshal and manifest that power. Thus the Pentagon and each of the armed service branches demonstrate our military air, naval, and ground power; the State Department exhibits our diplomatic power; the Treasury and Commerce Departments along with the United States Agency for International Development symbolize the different dimensions of our economic power; and the Office of the Director of National Intelligence, the Central Intelligence Agency, and other agencies represent the power of

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<sup>6</sup> Robert Kagan, *The Jungle Grows Back: America and Our Imperiled World*, (New York: Alfred A. Knopf 2018), 31.

our intelligence tradecraft including collection, analysis, and covert action. Our Congressional oversight committees similarly align in structure with these departments and agencies.

However, when the rest of the world looks at America's power, other nations and leaders most often perceive our national power as a unified whole. Rather than viewing our power through the bureaucratic lens of different departments and agencies, other nations view our power through its effects and results. For them the power of the United States manifests as our ability to exert influence, exercise our will, attract allies and deter adversaries, and shape the outcomes that we desire on the global stage. They perceive American power as the combined and integrated effect of our diplomatic, economic, intelligence, and military strength.

This means that when another nation's foreign minister sits at the conference table across from our Secretary of State, or a foreign finance minister sits across from our Treasury Secretary, that foreign minister or finance minister does not just see the United States' chief diplomat or chief economic official. He or she also sees the world's strongest military, largest economy, and most effective intelligence services reinforcing the Secretary's words.

For the United States, strategic wisdom includes understanding our national power by how its effects are perceived outside our borders and by the results it achieves in the international realm, rather than only as it appears in our department budgets and organizational charts.

#### IV.

Some of our nation's greatest diplomats have appreciated the diplomatic and economic benefits of a strong military. Indeed America's most accomplished Secretaries of State – distinguished names in our diplomatic pantheon such as Marshall, Acheson, Kissinger, Shultz, and Baker -- embraced the need for a robust defense budget and integrated force with statecraft, power with diplomacy.

In 1984 then-Secretary of State George Shultz delivered a speech titled "Power and Diplomacy" wherein he declared "the hard reality is that diplomacy not backed by strength is ineffectual. This is why, for example, the United States has succeeded many times in its mediation when many other well-intentioned mediators have failed. Leverage, as well as good will, is required." In this same speech Shultz went on to criticize the common misconception "that power and diplomacy are two distinct alternatives" when rather "they must go together."<sup>7</sup>

Shultz's Reagan Administration colleague John Lehman, who served as Secretary of the Navy, had a similar view from the other side of the Potomac. Lehman describes "diplomatic power" as "the shadow cast by military and naval power."<sup>8</sup>

What does this principle look like in practice? Following are several diplomatic and economic benefits derived from a strong national defense, illustrated by historical examples.

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<sup>7</sup> George Shultz, "Power and Diplomacy in the 1980s," April 3, 1984, Department of State *Current Policy* No. 561.

<sup>8</sup> John Lehman, *Oceans Ventured: Winning the Cold War at Sea* (New York: W.W. Norton 2018), xii.

None of the following involve the actual kinetic use of force by the American military; they rather demonstrate the many ways that a strong military enhances our nation's diplomacy, economy, and security – often without firing a shot. Specifically, a strong military:

- *Preserves the open lanes of global commerce and finance for the American economy.* On August 14, 1941, before the United States even formally entered World War II, President Franklin D. Roosevelt met with British Prime Minister Winston Churchill aboard the cruiser *Augusta* in Placentia Bay, Newfoundland to issue the “Atlantic Charter” enumerating the post-war goals of the United States and Great Britain. This brief statement contained the seeds of the international order that was to come. Its principles included committing “to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity” and enabling “all men to traverse the high seas and oceans without hindrance.”<sup>9</sup> By protecting the open maritime order and ensuring freedom of navigation as a global principle, the United States military – principally the Navy – helped facilitate America’s postwar prosperity and emergence as the world’s dominant economy. The benefits of this openness extend to our allies and trading partners too, of course. In this sense, the Seventh Fleet has done as much for the economic renaissance of the Asia-Pacific region as the World Trade Organization (WTO) and Asia Pacific Economic Cooperation (APEC). Maintaining an open maritime system and trading lanes also helps prevent conflict ruinous to economic growth. In President Theodore Roosevelt’s memorable observation, “[The United States Navy is] an infinitely more potent factor for peace than all the peace societies of every kind and sort.”<sup>10</sup>
- *Induces fence-sitters to lean our way.* To take just one example, Egyptian President Anwar Sadat’s decision to expel all Soviet military advisors in 1972 came in part from his desire to forge closer ties with the United States, which after years in the Soviet orbit he saw as the stronger and more reliable partner. In the words of one news analysis at the time, “[Sadat’s] expulsion of the Soviets seems to be another cry for American help... a reckless gamble that if he met the American requirement to reduce the Russian presence, then this time Nixon might come to his rescue.”<sup>11</sup> Sadat’s “gamble” did not pay off immediately, of course. The next year brought a deepening crisis in the region culminating in the Yom Kippur War. Yet its aftermath created the diplomatic opening for Secretary of State Henry Kissinger’s shuttle diplomacy that both deepened the United States’ relationship with Israel while also developing a growing partnership with Egypt.
- *Helps secure and preserve peace treaties.* America’s burgeoning ties to Israel and Egypt led eventually to President Jimmy Carter’s leadership in negotiating the Camp David accords and the landmark Egypt-Israel peace treaty. Part of the cement that solidified

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<sup>9</sup> <http://avalon.law.yale.edu/wwii/atlantic.asp>

<sup>10</sup> Quoted in Frederick C. Marks III, *Velvet on Iron: The Diplomacy of Theodore Roosevelt* (Lincoln, NE: University of Nebraska Press 1979), 134-135.

<sup>11</sup> Edward R. F. Sheehan, “Why Sadat Packed Off the Russians,” *New York Times*, August 6, 1972, p. A10.

Camp David came from the American guarantee of large arms packages to both Egypt and Israel, which continue in modified form to this day and were only possible in the first place because of the appeal to Egypt and Israel of the superior quality of American weapons systems. In short, the diplomacy that culminated in Camp David both started and finished with American military strength.

- *Spurs our allies to spend more on their own defense.* While there are legitimate and justified concerns about our allies “free-riding” by not spending enough on their own defense, a robust American military budget can induce our allies to deepen their own commitments. For example, upon taking office in 1981 and launching his massive defense build-up, President Reagan also prioritized persuading America’s allies to increase their military spending. These efforts succeeded in part with our NATO allies but most especially with Japan. Seeing America’s own commitment to defense bolstered the credibility of our alliance and persuaded Prime Minister Yasuhiro Nakasone to overcome domestic opposition and undertake sizable increases in Japan’s military budget and maritime defensive perimeter.<sup>12</sup>
- *Strengthens our economic negotiating posture with allies.* Just as the Reagan Administration succeeded in persuading Japan to increase its own defense spending, in the 1985 “Plaza Accord” the Reagan Administration led by Secretary of the Treasury James Baker successfully negotiated favorable changes in international monetary policy with Japan and America’s other G-7 allies that devalued the dollar and relieved America’s trade deficits. The strong American military and defense commitments to these allies contributed to their willingness to make otherwise difficult concessions on currency policy.
- *Strengthens our negotiating posture with adversaries.* Perhaps the most notable arms control agreement of the past half-century is the Intermediate Range Nuclear Forces (INF) treaty signed by the United States and Soviet Union in 1987 and ratified by the Senate in 1988. Reagan successfully negotiated this treaty – the only one of its kind to eliminate an entire class of nuclear weapons – with Soviet leader Mikhail Gorbachev in part by employing overwhelming military leverage. Specifically Reagan’s controversial deployment of American Pershing II and Ground-Launched Cruise Missiles in Western Europe four years earlier, combined with the overall American defense build-up as well as CIA’s covert action program supplying weapons to Afghan resistance fighters targeting Soviet occupation forces, together brought tremendous pressure on the Soviet system and induced Gorbachev to make significant concessions that he had previously resisted.

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<sup>12</sup> For more on this see Caspar Weinberger, *Fighting for Peace: Seven Critical Years in the Pentagon* (New York: Warner Books 1991), 219-248.

- *Makes us more attractive to potential allies and partners.* The peaceful end of the Cold War prompted several former Warsaw Pact nations in Central and Eastern Europe to want to join their erstwhile adversaries in NATO. The Clinton Administration astutely made the strategic decision to expand NATO and welcome these new countries. Their desire for NATO membership stemmed in part from idealistic eagerness to join the democratic transatlantic community, but it also stemmed in part from a calculated assessment of the military balance. The American military had proven stronger and more resilient than the Soviet military and Warsaw Pact, and these nations wanted to align with the dominant force – especially as a hedge against any future Russian designs on their territory.
- *Provides new channels for diplomatic leverage and intelligence collection.* An advanced and effective military also appeals to other nations who desire training from American forces and acquisition of American materiel. These security assistance programs in turn provide the United States further channels of influence for other policy goals. This takes place through several pathways, including the relationships built by American technical experts embedded within foreign defense ministries and militaries for training, equipping, and maintenance of these weapons systems; the diplomatic leverage that comes from foreign governments relying on American weapons systems; and the information and intelligence gathering that such relationships facilitate. Numerous historical examples illustrate these benefits. For example, our arms sales and close partnership with Israel have produced incalculable benefits including information on Soviet weapons systems used by other Middle Eastern militaries and combat testing of our systems such as the F-15 and F-16 performances against Syrian Air Force Mig-21s and Mig-23s in 1982.<sup>13</sup> In a different vein, our close military ties with Egypt provided vital communications links with senior Egyptian leaders during the revolutionary chaos of 2011 when virtually all other channels broke down.
- *Helps promote and strengthen democracy and human rights.* America's security assistance programs have played an underappreciated role in supporting the democratic transitions and improved respect for human rights in numerous other nations. For example, our arms sales and military alliance with the Republic of Korea in the 1980s gave the Reagan Administration leverage and multiple channels of influence to help encourage South Korea's transition in 1987 from a military dictatorship to a democracy. Security assistance can function as a stick as well as a carrot, such as our termination of aid to the Indonesian military in 1999 for human rights violations in East Timor. At their best our security assistance programs can help promote principles of human rights and democratic governance such as civilian control of the military, non-combatant immunity, and the rule of law.

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<sup>13</sup> <http://www.airforcemag.com/MagazineArchive/Pages/2002/June%202002/0602bekaa.aspx>

- *Improves humanitarian relief operations and enhances the United States' public diplomacy.* Our military's primary mission is not to engage in humanitarianism but rather to defend our nation, deter our adversaries, and if necessary fight and win wars. Nonetheless, in some severe natural disasters and crises of acute need, the military's singular capabilities can provide relief efforts that could otherwise not be undertaken. The US Navy's leadership in the immediate aftermath of the December 2004 tsunami that devastated Southeast Asia stands as a cardinal example. In addition to the thousands of lives saved in Indonesia, the Navy's efforts provided a demonstrable boost in public attitudes towards the United States in this majority Muslim country. This in turn improved America's diplomatic posture and standing in a crucial region for the fight against militant jihadism.<sup>14</sup>

## V.

The prevailing international order, so successful in promoting America's prosperity and preventing a great power war over the last 75 years, now faces an unprecedented combination of challenges and an uncertain future. What is certain, however, is that any hopes of reforming and preserving this order in alignment with America's interests will depend in part on a maintaining a strong national defense and integrating that force with our diplomatic and economic goals.

Finally, what can Congress do? Several suggestions come to mind:

- First and most fundamentally, I encourage the House Armed Services Committee to continue demonstrating your admirable leadership in restoring and increasing our defense budget, as well as supporting the efforts of other committees to maintain an adequate international affairs budget;
- Second, use your convening power to hold hearings like this, perhaps also conducting field hearings in key parts of the country, to highlight the connection between military strength and our overall national power and influence;
- Third, in your oversight hearings, encourage senior officials from the Executive Branch to reassert America's leadership of the international order and deterrence of threats to that order from hostile peer competitors;
- Fourth, use your influential pulpits to communicate this message to the American people.

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<sup>14</sup> Bruce A. Elleman, *Waves of Hope. The U.S. Navy's Response to the Tsunami in Northern Indonesia*, Newport Paper 28 (Naval War College Press 2007). Available at <http://www.dtic.mil/dtic/tr/fulltext/u2/a463367.pdf>