

Remarks as prepared for the Economic Club of Florida

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Thank you very much; it's a pleasure to be here. Specific thanks to Dominic and Marjorie for extending me this invitation, Jenny for making sure all the pieces came together, and Ash Williams for making the suggestion in the first place, as well as providing that gracious introduction. I'm honored to address you today.

However, before I can get on with that, I'm obligated to tell you that I'm giving these remarks in my personal capacity, and to my knowledge they do not reflect the views of my employer, Systems Planning and Analysis, the Department of Defense, or any other part of the United States government. Assuming all the lawyers are happy now, let me lay out what I'm going to be discussing with you today.

In thinking about what topics would be most impactful to a forum like this, I of course reviewed the Economic Club's recent speakers. Not sure I should've done that because it's a rather intimidating list. However, I noticed that despite the prestigious resumes of many other speakers, they are heavily biased towards the financial world – of course something one should expect at the Economic Club. I however am not, and so accordingly I thought the best use of your time and mine would be to discuss some broad perspectives on the world, U.S. national security, and how these two items fit together, leveraging my experiences working in the national security sector in Washington D.C; a subject all the more relevant given the upcoming inauguration of a new president.

Now titling a talk like this is always going to be difficult, but in the end, I decided that calling this “What’s been going on around the world and why you should care” is probably as good

and direct a title as any. In the interest of time, I'm not attempting to cover the entire world country by country. We'll focus instead on regions, principally those of key importance to the United States, and what's been happening in these over about the last decade as well as what the future might look like. Once we cover each major region, we'll then explore briefly what the trends we see mean for U.S. military and national security policy as the administration changes. That said, this timeline requires me to avoid great depth on any one subject, and so if I omit or gloss over any area of intense interest, please do bring that up during the Q&A section later. I will do my utmost to limit my remarks to no more than 30 minutes in order to allow for as many follow-on questions as possible, and allow this gracious audience mercy as a reward for having paid attention to that point.

Framing Points

Before we go any further, there are three overarching points to be made. These are what an academic might call framework; you can think of them as the scaffolding that will hold up my later points. Since we are in the Economic Club, the first one concerns the cost of the military. Despite what you might have heard from ill-informed commentators, and I want to harp on this one a bit, defense spending is not the cause now, nor has it been since at least 1965 – which is the furthest back I can find data for - of U.S. national debt or the U.S. national deficit. The evidence supporting this claim is as clear as day. Since I'm in front of a group of people who really understand budgets, finance and the economy, let me spell it out in detail. In real terms – meaning adjusted for inflation and using official government budgets – since 1965 defense spending has increased by about 10%. Over that same period, U.S. GDP has increased by greater than 300%, with federal outlays, that is what the government spends, following GDP in terms of trend.

Now this is a smart room, so I'm sure everybody realizes that this means that while since 1965 the U.S. is in real terms 3x as rich and the government spends 3x as much in total, it only spends 10% more on defense. Ergo, defense spending is not causing the debt.

If you want to address that, things like entitlements, which have grown at far greater rates than defense spending, are where you ought to look – but my purpose is not to suggest political programs so much as make the case that defense cuts as a way to reduce the debt and/or deficit are fundamentally missing the issue and moreover punishing a sector of government that is not causing the problem.

The next point I want to argue relates to the world writ large, and that is that influence on the world stage is a zero-sum game.

Now I assume not everyone has a background in game theory where the term “zero-sum” comes from, so I'll explain it succinctly. A zero-sum problem is one in which there must be

both a winner as well as a loser. For one side to gain, the other, or the others if there are many players, must lose. This idea perfectly represents relative national influence on our home planet. As an example, look at the situation in Syria over the last few years.

Whatever you think the Obama administration should've done, the choice made to not intervene gave an opening that Russia and Iran exploited, increasing their influence. The result of this was not that Russia and Iran increased the pot of influence available and just took the increase for themselves; no, the pot stayed the same size, but the U.S. share went down. Practically speaking there are a host of effects that flow from this loss of influence, from supposedly US vetted rebel groups ignoring US warnings not to fight alongside Al Qaeda affiliated groups – which the NYT reported was an issue in the struggle for Aleppo (29 October) – to the Russians repeatedly ignoring ceasefires and breaking promises to not bomb purely anti-Assad moderate rebel groups. While I've

chosen to use Syria as the example here, rest assured that additional examples are numerous and widespread, from Yemen to the Philippines to Europe. So, remember as we survey the world that influence is indeed a scarce and valuable resource.

As a final framing point, and one that is likely most salient to this group, I firmly believe, and ample evidence supports this claim, that our Nation's great prosperity depends in no small measure on the U.S. led, liberal world order – to be clear I mean liberal here as is in the classical sense of Adam Smith not modern politics. Since I'll be referring to the liberal world order often in this talk, please remember that the modern definition actually bears no relationship to the classical one in this case. Getting back to the point at hand, I assert to you that the liberal world order which so benefits us is only possible because of America's enormous global influence – in the form of not only finance but also ideas – all of this in no small measure underwritten by U.S. military strength.

Thus, I assert that the health, credibility, and capability of the U.S. military is now and will remain a key factor in ensuring continued American prosperity. In an election where both candidates have argued against international trade, one more than the other of course, and elements of both parties have openly called for what would in effect be a return to isolationism, this point is all the more important to make. As a good analyst, I do not present assertions without evidence, and so here are a couple of pieces to back my claim. The first of these is that the internet, including nearly all financial transactions, depends for its function on the existence and reliability of a relatively small number of undersea fiber optic cables. If these cables were damaged or cut, global internet connectivity would collapse and the economic fallout would be disastrous; think about having no e-commerce and what that would mean. Why doesn't this happen? Because the U.S. led liberal order has established norms against such behavior, and the

U.S. military is there to punish any would-be transgressors. For the same reason, outside of very marginal regions of the world, piracy no longer exists. More generally speaking, the U.S. military underwrites the global free movement of goods and services, making modern trade possible – as an example consider for a moment how cargo ships could be affordably ensured for transit in a truly lawless ocean – this not only benefits a vast majority of the world, but also increases American influence at the expense of those who do not share our values – refer to my last point about the zero-sum game. As you may be able to tell, all three of these framing points could be made into their own discussions, but in the interest of time, let's now use these framing points to examine recent world events.

Survey of the world

To me it makes sense to start close to home, so let's talk about our neighbors first. Canada had an election in 2015, and

replaced a prime minister who was seen as very close to the US with one who is extricating Canada from direct involvement in fighting ISIS over American objections, though he remains committed to housing Syrian refugees. To our south, Mexico is economically vibrant, though suffering from a decades long drug war that is devastating whole regions of the country. It is unclear how this war can plausibly be concluded, as profit incentives continually replenish the ranks of those who wish to fight the government to produce and export narcotics.

Moving further south, Latin America is a rather mixed bag. While recent years have seen the democratic fall of an anti-American regime in Argentina and challenges to others in Venezuela, Bolivia, and elsewhere, these latter regimes have so far weathered these challenges. Brazil, which under President Lula da Silva and his successors has tracked steadily away from the United States, remains in turmoil following the impeachment of its elected

president, and continues to suffer from incredible domestic political corruption. At the same time, Colombia is as close to peace with its Marxist rebel separatists as it's ever been, and it remains to be seen what the future relationship between the United States and Cuba might look like, with some commentators arguing the opening is rewarding bad behavior and others asserting this opening will at the very least improve an acrimonious bilateral relationship, if not portend the fall of Communism in Cuba altogether.

Heading west across the Pacific brings us to East Asia, a region central to the US economy. First, the good news. The US continues to maintain strong alliance relationships with many nations in the region, but most importantly Japan and South Korea, which along with Australia, are the only three countries outside of NATO that have treaties formally committing US nuclear weapons to their defense. However, it is unclear how these

relationships will fair under President Trump given some of his campaign statements questioning the value of our alliances. On the other end of the spectrum is China, where the strongest leader for at least two decades is spearheading an effort to challenge and replace the United States as the preeminent power in East Asia. This is not hyperbole folks, I'm simply stating a fact. China is an unabashedly revisionist power that benefited greatly from US distractions in the Middle East after 9/11, using this time to make large leaps forward in military capabilities and coerce its much smaller neighbors, many of whom; like Thailand, Malaysia, Cambodia and now increasingly the Philippines which for the record had been a strong US ally, are bowing to Chinese pressure. To be clear, when I say pressure, what I mean is that China is trying to rewrite the rules of the liberal international order I discussed earlier, the one that figures so prominently in American prosperity, so this should be of preeminent concern to all

Americans. Whatever minor areas like piracy the US and China may find temporary common ground on, the fact remains that the Chinese view of the world is at its core incompatible with the current international system. While this contest may not come to global war, and I hope it doesn't, it is still very much a contest that will determine the values that govern the world going forward – authoritarian, mercantilist, and repressive on one hand, or individual freedom, capitalism, and openness on the other.

Against this backdrop, the Obama administration has been unable to craft a remotely effective response, with the Washington Post's Josh Rogin reporting that even calling China "an adversary" was banned by the Obama White House, as if that would change reality. Accordingly support is building in South Korea for that country to develop its own nuclear weapons, while Japan just revised its pacifist constitution to allow for stronger and quicker military responses. On top of all this, North Korea continues to be

a nagging pain in the side of the international community, having conducted two nuclear tests in 2016 alone despite a brutal sanctions regime, which is certainly an additional contributing factor in South Korea's flirtations with their own nukes. The Trump administration will thus have to figure out not only how to effectively confront China and shore up certain shaky US alliances, but also leverage China if they wish to attempt to ratchet down tensions on the Korean peninsula.

Pushing further west, it is worth briefly mentioning here that tensions on the Indian subcontinent between India and Pakistan, both nuclear armed states, are dangerously high. India has responded to recent unrest they believe caused by Pakistan in Kashmir with military strikes into Pakistani territory. This should be especially concerning given that both India and Pakistan have nuclear use doctrines which allow for very quick escalation from

conventional attacks, such as those that have occurred in the very recent past, to nuclear employment.

South Asia's neighbor, the Middle East, likely to no one's surprise remains a region of high interest to the US. While a few dozen countries can be said to reside in this region, really any dynamic you'd like to understand can be boiled down to just two – Iran and Saudi Arabia. In Iran's case, buoyed by a release of cash resulting from its agreement to the much-touted nuclear deal, Iran is active in a host of conflicts in the region, supporting violent proxies in places like the Palestinian territories, Syria, Lebanon, and Yemen. These proxies moreover seem to be growing increasingly bold, with Yemeni rebels under Iranian support firing cruise missiles at US warships in October of last year. Faced with this challenge, Saudi Arabia and its close Sunni allies in the Gulf – remembering Iran has a Shi'a Muslim majority unlike most of the Middle East which is Sunni – have responded in kind, pursuing

more muscular responses than in years past, most prominently in Yemen, where recent reports indicate that the Saudi funded and led bombing campaign is causing extensive civilian casualties.

Saudi Arabia is also reportedly interested in pursuing its own nuclear weapons. In fact, a retired Pakistani general revealed that Saudi diplomats had recently flown to Islamabad, Pakistan to make exactly such a request of the Pakistani government, whose weapons program likely historically benefited from Saudi funds; a fairly disquieting type of quid pro quo.

Beyond these interactions, Syria remains a festering mess, and potentially holds the designation of the worst place to live in the world today. Massive civilian casualties and war crimes by all sides continue to pervade this conflict, which as many of you know was essential to the formation of ISIS. On that note, I do want to take a minute to make a few fundamental points about ISIS that are rarely made in public debate, to the detriment of the American

public. First, ISIS is not an existential threat to the US, they happen to be an annoyance and good at insighting fear, but you are far more likely to be killed in an automobile accident than any kind of terrorist attack. The numbers aren't even close. What ISIS is good at though, and the media is their key enabler here, is making themselves seem like the most dangerous thing ever witnessed. Are they frightening? Sure, as much as a bunch of a cowards that prey on women and children can be. However, they are an order of magnitude easier and less dangerous challenge than contending with China, Russia or North Korea, and pose an incomparably reduced challenge to the survival of the United States. Should we confront them? Absolutely, to quote Donald Rumsfeld, who regardless of what you think of him was great at one-liners, "they want to meet their god, we just arrange the meeting." It is really important to make sure we understand the threat of ISIS in context though, and don't get distracted swatting

proverbial flies as an alligator approaches. That said, the campaign against ISIS seems to be going slowly but generally well, although it remains to be seen whether ISIS-held territory can be entirely retaken and in that event, what Middle Eastern governments are willing to do to prevent an “ISIS 2.0” from emerging in a few years.

While the Middle East burns, Western Europe faces trials of a different nature. Structurally, the European model of integration is under threat from a right-wing backlash across the EU angry at the open borders and ceding of national sovereignty required for EU membership, and from a left-wing backlash against German-led austerity measures directed towards the continent’s economic problem children. Confidence in many of the principles and institutions undergirding modern Europe is eroding, most shockingly exemplified by Brexit. Many Europeans feel their values are being threatened by refugees from the Mideast and North

Africa swarming their borders and coasts. Democracy itself seems in some cases to be under siege, most directly in Hungary and Poland, where leaders are clamping down on liberties such as freedom of the press. Europe is assuredly at a crossroads, and only time will tell whether the European integration project continues or whether popular revulsion might irrevocably derail it. On top of all this, Eastern Europe faces the most serious threat to their security and sovereignty seen since the Cold War in an increasingly strident and bellicose Russia; a topic I'll now move to.

Concluding our survey of the world with its largest country, I want to offer a quote written by Alexis de Tocqueville, the Frenchman who famously chronicled early American democracy. Tocqueville wrote in the 1830s and I quote: "There are now two great nations in the world which, starting from different points, seem to be advancing toward the same goal: the Russians and the Anglo-Americans. The American fights against natural obstacles;

the Russian is at grips with men. The former combats the wilderness and barbarism; the latter, civilization with all its arms. America's conquests are made with the plowshare, Russia's with the sword. To attain their aims, the former relies on personal interest and gives free scope to the unguided strength and common sense of individuals. The latter in a sense concentrates the whole power of society in one man. One has freedom as the principal means of action; the other has servitude." My how times don't actually change. Recovering from the breakup of the Soviet Union, Russia has over the last five years especially asserted an aggressive foreign policy aimed at recovering its lost influence, which includes such action as invading Ukraine, intervening in Syria to support a murderous dictator, and threatening the territories and sovereignty of many of its European neighbors. Despite an economy reliant on oil, Russia under Putin has continued to prioritize military investments, fielding advanced

weapon systems and using them to great effect. Concurrently, the Russian military is transitioning away from conscripts to professionals, and Russian officials have made dire threats, including that of nuclear strikes, against the US and our allies, which is all the more worrying given the centrality of nuclear weapons to Russian national security thinking. Russia has also modernized its previous Cold War approach to information warfare, and for years has conducted campaigns to discredit media they don't like and bolster misinformation they produce themselves. Included in this bag of tricks is meddling in US and European elections. Make no mistake, much like China, Russia is a revisionist power seeking to rewrite the rules of the international order to better suit its needs and reverse the trajectory of the last twenty years of American and general global prosperity. As with a school yard bully, weakness simply invites more aggression.

Taking everything we've discussed together then, what do we see as informed observers of the world? I offer three key takeaways. First, global trajectories are heading in the wrong direction if you support a liberal, prosperous world order. While the US has and should continue to pursue terrorists that threaten us, Russia and China have emerged as serious, and credible challengers in their regions to the United States, and lesser challenges from Iran and North Korea have grown significantly. While great power conflict is not inevitable, it is more likely than at any time for the last 30 or so years. Second, this first takeaway is not well understood by the American public or even most political elites – you need only rehash the presidential campaign for proof of this. While our candidates traded insults, Xi Jinping continued reforming the Chinese military to better operate in high end combat – like that it would see against the US, and Vladimir Putin ordered massive no notice exercises designed to demonstrate

Russian society's readiness for war involving its military forces as well as civilian population. We are facing a truly existential struggle to maintain the world we've built, the relative prosperity we've enjoyed, and the peace we've cherished for seventy years. If we are to resist these emboldened anti-American competitors, the public must understand the criticality of this struggle and be supportive of it, even when sacrifices in other areas are required. Third, the military must be properly resourced to deal with this new era. As uniformed leaders have testified on multiple occasions, all branches of the military are suffering from crises in readiness – which for the record means that when called to fight many more Americans will be wounded or die because they lack the sufficient numbers and modern fully-maintained equipment needed to dominate. Our military personnel are being worked to the breaking point as time at home decreases in order to maintain forces overseas to fight enemies like ISIS, while simultaneously deterring

nations in multiple regions from attacking our vital interests – and in the age of long-range missiles and cyberwarfare, this includes deterring attacks on our home soil; an idea that for decades was unthinkable. You may have heard other commentators point out the size of the US military budget, or numbers of specific US forces like aircraft carriers, relative to adversaries in order to suggest we have more room for reductions. Well let me be clear: no adversary – or ally – of the US deploys its forces globally in defense of its interests as we must. We are the perennial “away team” because so many of our sources of essential materials, and markets for our goods, are overseas. As we realized immediately prior to two World Wars and after 9/11, to prevent them from eventually “coming here” we must resist them “over there.” And to sustain one unit forward to fight or to deter aggression, you need about three others at home. That’s the key piece of information to understand when trying to right size our military. In

this light, strict comparisons of our military's total size to those of adversaries becomes irrelevant, and it is abysmal that the military remains saddled by the 2011 budget control act, even though defense spending is not the cause of our nation's financial stresses. Congress is most assuredly shirking its Constitutional duty to resource "the common defense."

The good news however is that none of these problems are unsolvable. All that's required is leadership, courage and communication with public, as many great presidents and congressional leaders have done throughout history. The real question now is which of our contemporary leaders have the courage and conviction needed to reprise this role.

Thank you very much. I'm happy to take your questions now.