

Economic competitiveness and U.S. national security

The United States must bolster the presence of America's highly capable but under-deployed private sector in strategically key regions of the world in order to enhance diplomacy, improve foreign relations and, in turn, safeguard U.S. national security



By General James L. Jones, Jr.

As America considers its global strategy in this still young and opportunity-filled century, we have the chance to deploy a potent but under-utilized asset. This is our nation's vast and highly capable private sector. U.S. businesses and NGOs can help to enhance diplomacy and improve foreign relations, filling the vacuum as our uniformed presence is readjusted after a decade of military and civil reconstruction in Iraq and Afghanistan.

In 'pivoting' ourselves to better face emerging global trends and

an evolving security environment, it is logical to attempt to increase America's influence by capitalizing on the enormous potential of our private sector. Doing so is imperative in this era of global economic integration in which prosperity and security are inseparable. Today, entrepreneurs, investors and innovators are as instrumental as diplomats, generals and politicians in winning friends and influencing attitudes at the all-important grass-roots level of the global community.

Background

Many allies, friends and influential parties in strategically vital regions of the world (the Middle East, South Asia and Africa) remain eager for economic engagement with the U.S. More often, however, they find the Chinese knocking at their door. China's 'go-out' strategy is increasing its global influence and competitiveness in up-and-coming regions while America's economic engagement in many of these areas is slipping behind. Increasingly, leaders in these regions are asking: "Where is America?"

President Barzani of Iraq's Kurdistan region gave powerful expression to the dynamic recently,

noting that "four American companies (in Kurdistan) are worth two Army divisions" when it comes to building goodwill and sustaining influence. Yet he remains frustrated by the relative absence of the U.S. private sector and by obsolete U.S. policies that impede greater American business engagement in a region which has been defined by many as "the next Dubai."

Partly, the absence of America's private sector from less-developed but strategically key areas is the result of market factors and a high level of risk aversion on the part of mature enterprises. The problem, however, is deepened significantly by 20th century impediments erected by the federal government for a world that no longer exists. These range from specific policies, such as over-restrictive travel restrictions that discourage economic interaction, to more general and pervasive problems such as the reflexive distrust and adversarial approach that government too frequently adopts in dealing with the private sector.

In today's global economy and complex security environment, our public and private sectors must work together to advance U.S. interests and

values abroad. This memo suggests strategic areas where we should focus on bolstering U.S. private-sector presence and identifies steps that we can take to foster better positioning.

Kurdistan: the people of Iraq's Kurdish region love America. Kurdistan is a stable, secure and flourishing semi-autonomous region that possesses significant natural resources. America has a long history with the Kurds dating back to Operation Provide Comfort in 1991, when a U.S.-led international military mission rescued the Kurdish population from possible genocide at the hands of Saddam Hussein. The Kurdish Regional Government, now the governing authority in Kurdistan, very much desires the investment and presence of U.S. companies. But with only a few exceptions the response has been disappointing.

In pulling our troops out of Iraq, where we have sacrificed so much, without a comprehensive strategy to fill the vacuum of influence that is left, we would suffer a monumental loss of face. The vacuum would be filled by those who are in opposition to our interests. This would be a grave strategic error.

Our interests in the Middle East are today more significant than ever. The Arab Spring can change the region in a positive way for a long time to come. The potential benefits, however, bump up against numerous dangers, including those posed by Iran's nuclear ambitions, threats to the flow of oil from the Persian Gulf, and the abject failure of the Middle East Peace Process to date.

It is in America's national security interest to obtain influence on every front possible in this strategically consequential region – from Kurdistan to Arab Spring countries such as Libya and most certainly in Syria when the ruling tyrant is forced to depart. The engagement of our private sector with Middle East countries and regions

hungry for economic partnership with the United States can help to increase our influence by building relationships at the grass-roots level where they are most enduring and conducive to international harmony. The risk lies in not having a strategy to deal with each instance as it happens.

Security, economic development, and a rule of law that reflects the will of those that led these revolutions are the three pillars upon which long-term success must be built. The United States has a great opportunity to lead an international effort that can rapidly respond to the demands of the people and avoid the Arab Spring upheavals being captured by radical elements that happen to be better organized, but do not represent the will of the people.

African opportunity

In the case of Kurdistan, fears that the engagement of American-owned companies will undermine America's 'One Iraq Policy' are ill-founded. On the contrary, the ability of the Kurdistan Regional Government to demonstrate what is possible when government and society create a safe, stable and welcoming environment for domestic enterprise and foreign partners will serve as an instructive and inspirational model for the whole of Iraq. At the very least, it represents an opportunity to send a strong message to the Maliki regime that its flirtations with Iran and support of Syria are not what we had in mind when we liberated Iraq from Saddam Hussein.

Africa: The strategic importance of Africa is clearly on the rise. The region is rich in human capital and natural resources, and offers unmatched potential. Recognizing these realities, the Chinese, in particular, are highly active diplomatically and economically on the continent. While China applies a full-court press for influence and economic engagement,

we are perceived as content to adopt a relatively passive posture with regard to competing on the continent. As President Kagame of Rwanda commented recently, "It's interesting to note that as America pivots towards Asia, Asia is pivoting toward Africa." If America ignores the staggering opportunity in Africa, others will fill the void. The consequences of our inertia will be felt in still more losses of American jobs, an increasing absence of strategic relationships, and the erosion of goodwill that could otherwise be within our grasp. Let there be no mistake: Africa wants the United States to be "present and not absent."

This is a pivotal time for Africa. It is an enormous continent that can be influenced either by China offering a troublesome model of state capitalism and the subordination of human rights to political objectives, or by the United States and Europe, possibly offering a better future based on free enterprise, competitive markets and fundamental human rights. The decision to establish the U.S. Africa Command (USAFRICOM) was based on an understanding of the continent's strategic importance and the need for us to engage more rigorously at both the civilian and military levels. If this engagement is to be successful, it must include the energetic participation of the U.S. private sector, which is uniquely suited to bring beneficial investment, trade and economic development to the table.

Africa, every bit as much as Asia, represents the competitive battleground of the future. The sooner we realize this fact, the sooner we can adjust our global strategy to commit the full weight of our national influence to this continent.

Eastern Europe: NATO has welcomed into its fold new members from Eastern Europe, countries that love freedom, respect America and



U.S. private sector involvement can help to prevent radical elements from exploiting the Arab Spring

are eager to participate in the global economy and embrace modernity. The United States has enormous national interests at stake in fostering the maturation of these countries and solidifying our political and economic ties with each of them. The nations of the former Soviet Bloc have wide-ranging needs and offer tremendous opportunities as their people continue their journey from oppression and poverty to freedom and prosperity. Again, our private sector can play an instrumental role in facilitating this journey, developing closer strategic ties and winning for America greater influence that will pay dividends for many years to come.

The U.S. government has the need, the opportunity and the capability to foster greater private-sector engagement in strategically vital areas around the globe. Here are some specific steps the U.S. government can take to facilitate economic diplomacy as an enabler of national influence and foundation for goodwill abroad:

- Better integrate the private sector into diplomatic strategic planning, programs, priorities and operations;
- Ensure that the private sector has a forum for providing input and support to combatant commands and U.S. country teams;
- Bolster State Department efforts

to identify market opportunities and partnership for the U.S. private sector in key strategic areas abroad;

- Improve the Commerce Department's process for approving ambassadorial advocacy for firms seeking work and contracts overseas;
- Sponsor regional trade and investment fairs at home and abroad with an emphasis on areas where the U.S. private sector is underrepresented and our strategic interests are significant;
- Increase the tempo of U.S. trade missions to key strategic areas;
- Vigorously pursue trade promotion, market access, and investment liberalization arrangements between the U.S. and strategically vital countries;
- Improve the agility and resourcing of our export promotion and financing effort to expand economic engagement abroad energetically, appropriately and sustainably;
- Exercise presidential leadership to set a tone strongly supportive of government's legitimate and important role in promoting the U.S. private sector's interests and engagements internationally;
- Embark on a complete overhaul of our Export Control laws and

policies to enhance American companies' ability to compete with the globalized world.

Conclusion

In sharp contrast to the 20th century, we now live in a multi-polar world, one which we largely created as a result of the enormous sacrifice of two World Wars and the vision that ensued. With the demise of the Soviet Union, the 20th century world has disappeared. We now face new challenges to our accustomed role, but these do not mean that we cannot be just as successful in this new century as we were in the last.

It will take work, discipline, tenacity and vision by all of us. For those upon whose shoulders falls the mantle of leadership, more will be asked. The nation will demand that our leaders make decisions for the common good and that they set the example by how those decisions are made. There is no doubt that the world still wants and needs America; the question today is whether America is able to rise to that challenge. The answer will be determined by our elected leaders and by the courage that they demonstrate in tackling issues that all Americans know must be addressed.

When a nation cannot bring itself to take on the issues it knows it must address for its own good, then surely that is the first true sign of decline. We should never let that happen. ■

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