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Buying Trouble? National Security and Reliance on Foreign Industry

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protagonists maneuver and engage in battle, and Dupuy employs the TNDM in order to predict the results. Following the engagement, the war ends quickly—aggressors are repulsed and sue for peace under international pressure.

This work is valuable for several reasons. First, it presents broad and succinct surveys of present, post-Cold War areas of conflict, which remind us of how the Cold War kept them obscure. An example is the political and cultural conflict over ethnic Hungarians in Romania. Further, Dupuy neatly describes the workings of the modern battlefield, discussing likely strategies and the impact of modern (but not high-technology) weapons on the commander's decision-making process.

However, there are a few drawbacks: by constructing each of the ten scenarios so as to force a major battle, Dupuy overlooks some important considerations. Thus foremost of these is that Dupuy's governmental leaders decide quickly, almost cursorily, that war is a better solution to their problem than peace, making only limited, failed attempts to achieve a diplomatic solution. Once at war, there is little definition of either the conflict's political goals or of military objectives that are to achieve those goals. Most of the wars postulated are limited, in that one opponent does not attempt to overthrow the other's government; the wars are fought for their own sakes rather than the achievement of a political goal.

The conflicts described are very short. Dupuy's "Second Korean War," for example, consumes exactly thirty-one days. Again, the brevity of these scenarios derives from Dupuy's focus on

the battle. Once a single battle for a certain scenario has been modeled, simulations become less valuable. Thus Dupuy is forced to conclude his scenarios rapidly, with cease-fires that were apparently agreed to with as little forethought as the decisions to initiate hostilities. Unfortunately, as current events in Bosnia and Nagorno-Karabakh have shown, regional conflicts are rarely resolved so quickly or cleanly.

Future Wars is really designed for those readers who favor computerized war games and simulations. The in-depth scenario play, which focuses on simulated combat of maneuver units up to brigade level, provides a level of detail rarely found elsewhere. However, the cost of this specificity is a cursory treatment of why and when these regional states would truly see war as a valid solution to their external problems—why war would be more advantageous than peace—and little of how war could be prevented. Thus this book, while an interesting snapshot of several important regional conflicts, does not offer the level of predictive analysis on "future wars" that one might expect from such a distinguished military historian.

ROBIN MYERS
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Miskel, James F. *Buying Trouble? National Security and Reliance on Foreign Industry*. Lanham, Md.: Univ. Press of America, 1993. 204pp. \$24.50

This is an excellent economic analysis of the strategic risk involved in offshore

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production of military products. It should be of great interest to defense planners concerned with the costs of maintaining the defense industrial base during force reductions.

In his review of the buildup of the defense industry in the 1980s, Miskel states that, like other domestic manufacturers, the defense industry turned to offshore sources for materials and components. He addresses the validity of the concerns raised by recent government studies of purchasing defense services and products from foreign manufacturers.

For example, he refers to the performance of the defense industry (both military transport and production) during Desert Shield and Desert Storm. It met the challenges posed by the Gulf war in spite of significant reliance on foreign suppliers—in particular, foreign merchant marines carried about 45 percent of the cargo. Miskel estimates that the government wartime subsidization of domestic industry for the increase in materiel was close to \$1.2 billion for sealift and airlift, and \$2 billion for manufacturing.

He tries to allay the fears of the risk of foreign interference with shipments, arguing that because the U.S. economy is so significant to the export market, no foreign government would risk interfering with defense deliveries. Also, direct foreign investment in the United States, particularly from Japan, is so great that governments would not endanger retaliation against these assets with a threat to defense supplies in times of crisis. In short, Miskel believes, the domestic defense industry should be as

free to benefit from global suppliers as are other sectors.

Miskel's academic background is in European and Soviet history, and he has had experience as Deputy Assistant Associate Director of the Federal Emergency Management Agency. These factors may explain why the book is more concerned with commonsense economics than with theoretical issues. There are several issues that Miskel does not consider: whether the defense industrial base is a case of externalization (i.e., in which knowledge gained from domestic production provides decisive cost advantages in production); the unevenness of defense production (shipyards that can produce nuclear submarines or aircraft carriers are highly capital-intensive and not easy to scale down); the broader context of protection versus free trade, or technical change and growth; and the rebirth of American industrial competitiveness under the pressure of free trade, and its implications for the defense industry. It is not at all clear that a protected industry will remain highly competitive. In fact, the case appears to be just the opposite—it has been the developing countries, such as Chile, that have experienced the most dynamic economic growth.

The book treats only cursorily the risk of advanced foreign technology becoming available to potential adversaries, in spite of the many examples from the Cold War in which key technologies were sold to the Soviet Union regardless of Defense Department restrictions. Of course, providing regional hegemons with easy access to affordable smart weapons is not a pleasant thought

for strategists, but Miskel ignores the even greater nightmare that overseas defense suppliers might become future adversaries. It appears that such scenarios as that are reserved for war games and Tom Clancy novels.

However, this work is valuable for its logical approach to the strategy of preserving a domestic defense industrial base, and for its estimate of the costs. In the near-term political environment, the idea that there is a threat involved in obtaining offshore defense supplies does not stand up to rigorous scrutiny. In an era when hard decisions must be made about the size of the uniformed services, the level of operations, and the pace of weapon development, subsidies to domestic transportation and manufacturing sectors deserve examination. Dollars spent preserving a domestic defense industrial base must necessarily reduce funds available for other purposes. Economic policies that developed from World War II experiences and the threats of the Cold War may not offer the same benefit in our current environment.

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Fallows, James. *Looking at the Sun: The Rise of the New East Asian Economic and Political System*. New York: Pantheon, 1994. \$25

James Fallows's latest book about Japan and the East Asian political economy proves what everyone was told about looking at the sun too long during an eclipse—Fallows's perspective has been blinded by the rising sun of

Japan's economic machine. Despite his temporary loss of sight, he has applied his faltering model to make suggestions for an American economic renewal.

Fallows is the Washington editor of *The Atlantic Monthly* and served as a speechwriter in the Carter White House. He is the author of two books, *National Defense* and *More Like Us*; the former a light attempt at defense reform, while the latter was a cursory overview of the relationship between the United States and Japan. To do research for this work, the author went to Japan in 1986, spending nearly four years there, and traveled in East Asia.

This book's purpose is to demonstrate how the United States uses the wrong economic models to understand Asia's commercial success. The Japanese do not embrace the economic principles of Adam Smith and David Ricardo—the essentially Anglo-American model of global free trade and classical *laissez-faire* economics. Under our model, "fairness" and "playing by the rules of the game" count for something, and a level playing field demands that everyone view the game through the free-trade lens that America and Great Britain have officially espoused.

Fallows argues that the "new" Asian political economy does not follow the same rules because it is not playing the same game. The author postulates that the Japanese are following the writings of Friedrich List, a German who established a different economic system stressing national production bases, with the consumer playing second fiddle. Fallows argues that this system, a hybrid of neo-mercantilism, is Japan's