

# MILITARY POWER, FINANCIAL CRISIS AND INTERNATIONAL SECURITY PANORAMA IN THE 21<sup>ST</sup> CENTURY

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## Introduction: Mearsheimer's Assumptions

The instruments of a country's foreign policy are one, they are discreet just in branches of hard, soft and smart power in the academic mind as a way to simplify the analysis and because of peculiar grammar of means, whether they are diplomatic, military, economic or ideological. Therefore, an assessment of the impacts of the 2008 financial crisis in the international security landscape of the 21<sup>st</sup> century requires the need for caution, rather than a certainty, in relation with their effects on international patterns of power.

Since that looking to the future demands looking to the past, any prediction of the financial crisis implications on international security should refer to the trends of power distribution in the last twenty years. For the elaboration of an international security scenario for the 21<sup>st</sup> century, the effort of analysis to assess whether the expectations built on this recent past of international relations should be maintained, revised or discarded.

For this inquire, this article proposes as focus the two hypotheses formulated at the turn of the century by John Mearsheimer (2001), one of the exponents of the realist theory and responsible for the revitalization of the same for the 21<sup>st</sup> century (Mearsheimer 2009). He stipulated that the U.S. military presence in Asia and Europe, so its role in international relations, would be

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equivalent to the continuity or discontinuity of patterns of economic growth and political integrity in these two continents. His assumptions were based on the understanding that the United States has been the only regional hegemony in the Americas, and as a consequence, since the early 20<sup>th</sup> century, have played the role of balancer against potential external hegemonic states around the world since the claim of imperial Germany to the Soviet Union. The continuity of this role in the future is dependent on expectations of collapse or transformation of Russia and China, the main candidates for regional hegemony in the 21<sup>st</sup> century (Mearsheimer 2001, ch. 10).

Both hypotheses forwarded presented alternatives on the production of power between the United States and its main rivals, in a way to anticipate specific patterns of competition and accommodation. The first Mearsheimer hypothesis considers the maintenance of trends concerning production of relative wealth and political integrity in the decade of 1990 in the 21<sup>st</sup> century, whose results would be:

- The United States would withdraw from Asia and Europe as a result of lack of competitors and threats;
- Faced with these two distinct patterns of power distribution in Europe and Asia. While, in the first region, would set a balanced multipolarity, in the second, an unbalanced multipolarity with China's hegemonic power. Both in one case as in the other, these power redeployments, due to its own logic, would lead to instability and possible wars in the two continents, mainly in the Asian scene;
- Taking into account the perception of threat by the United States and the costs involved, there would be the doubt if they would return to project a military presence for these two regions again.

Alternatively, Mearsheimer presented a second hypothesis, drawn from a scenario in which there was a radical change in relation to economic and political landscapes of the 1990's. Their results would be:

- The emergence of a potential hegemonic status in Europe and/or Asia;
- So that the United States would remain overseas present and articulated in coalitions with other regional powers in one or two regions.

These two scenario formulations raise more questions than enclose them, particularly when considering whether the 2008 Financial Crisis could be the event that triggers new patterns of power distribution under Mearsheimer's second hypothesis. For an initial verification of this hypothesis, this article seeks to address four aspects.

In the first section of the article, that follows this introduction, are presented some indexes to establish that the patterns of international distribution of power before the 2008 Financial Crisis favored a United States' unipolarity. Second, an assessment of the political effects of the 2008 financial crisis and, reasonably, point if Mearsheimer's second hypothesis is being proven in demerit of the first one – in other words, to appreciate in what extent the recent financial crisis promotes power redistribution leveraging rivals to the United States. Third, to identify changes in the pattern of U.S. foreign policy as a reaction to changes in the pattern of power since 2008. Fourth, the paper presents its findings and recommended a research agenda on the production and conversion of power, so that one can establish more robust conceptual bases that allow the development of more consistent diagnostics and prognostics in international security.

#### The United States' Unipolarity: patterns of power distribution until the 2008 Financial Crisis

For the purposes of this article, we adhere to the definition of power of offensive realism: ground forces and nuclear power, for which large population and wealth are prerequisites and considered only when producing the expected negative or positive effect on real power capabilities, that is to say, the military power (Mearsheimer 2001, ch. 4). Still, we adopted this approach with some caution, particularly because Mearsheimer proposal raises an objective observation, but, to some extent, too quantitative when it is proven that qualitative and non-material aspects cannot be disregarded, especially in the contemporary warfare (Biddle 2006). Because of these and other reasons the need for an ongoing research effort to overcome the limitations of data and account for a more reliable correction of international forces is discussed at the last section of this paper.

For a diagnosis of the period before the 2008 financial crisis, there are indexes which indicate that in the early years of the post-Cold War there was a disproportionate and continuous concentration of power around the United States. This section seeks to identify some of these data and their systemic consequences in terms of patterns of international relations.

According to data processed by professor Gilberto Dupas (2007), between the 1970s and 2000s, even before the 2008 Financial Crisis, the 'large core countries' – including the United States, Germany, Italy, France, Spain, England and Japan – have accumulated 63% of global wealth (see Chart 1 in Appendix). On the other hand, the 'large peripheral countries' – which includes, according to Dupas, the BRICS plus Argentina, Turkey, Poland, Iran, Indonesia, Mexico and Thailand – have accumulated only 14%. In comparative terms, the 'big central countries' maintained a pattern of international wealth distribution so concentrated that even the high growth rates of emerging powers were not able to reduce the gap.

That places the large core countries in comfortable position in demerit of large peripheral countries, which would give to the last ones a more fearful, reactive and defensive international position. Now, although insufficient to prove systemic changes, the high growth rates of most large peripheral countries were fundamental domestically for their respective modernization processes and, in some cases, even consolidation and legitimization of their internal political orders. Thus, this international condition has approached a relationship of asymmetrical interdependence in the relation of these countries with an international order too benign to core countries. Such condition would foster the coordination, initially defensive, in blocks among some of those countries, such as the G-20 and the IBSA initiative (de Oliveira and Onuki 2000).

However, although there are magic models in predicting patterns of power from the comparison of GDP growth across countries (for example, Organski and Kugler 1981; Tammen et al. 2000) in the International Relations literature, this kind of index is transient and does not point immediately critical changes in the international power system in terms of offensive realism. It happens because is historically and conceptually well developed that the accumulation of wealth does not automatically mean military power (Mearsheimer 2001, ch. 3; see also Aron 1986 and Gilpin 1981). Therefore, even

a preliminary assessment of the international distribution of power should not be limited to a consolidated index of wealth production.

A second index available and closer to the realistic understanding of power – but still inconclusive for a definitive comparison of combatants capabilities – is the compilation of the main military expenditure between 1998 and 2008. In Chart 2 of the appendix, it is more explicit the growing U.S. military protuberance in the post-Cold War, starting from a expenditure level, in 1998, equivalent to the other eight largest military budgets to a level, in 2008, equivalent to the sum of the other fifteen largest military budgets in the world. This change basically reflected the expansion of expenses in the “Wars on Terror” in Afghanistan and Iraq. On the other hand, it is still possible to see the inclusion or the rise of non-Western countries that have managed to bring their budgets to levels equivalent to the European countries.

A third more objective power index is the post-Cold War distribution of nuclear capacity. The Table 1 of the Appendix provides a quantitative and preliminary, but useful, overview of the inventories assets of nuclear artifacts. It is noted, first, the maintenance of the traditional advantages of Russia and the United States in comparison to the other nuclear powers, but with some reduction in quantitative terms. A second point to draw attention in Table 1 is the equivalence on the number of nuclear warheads between Asian and European countries around the year 2006 and the expectation of the first ones overcoming the last during the second decade of the 21<sup>st</sup> century. It has important consequences, especially in giving greater dissuasive capacity to the countries of the region when dealing with extra-regional powers, giving Asia a higher range of own security dynamics. It does not mean, however, a greater possibility on the part of Asian countries to interfere in matters of other regions, because of the very limited numbers and uses in the Asian region of such nuclear capabilities.

A consolidated assessment of these three indexes allows establishing some partial considerations during this stage of the study.

The first refers to an international systemic condition until 2008 favorable to the United States because there was no demographic or economic data suggesting infeasibility in maintaining U.S. military supremacy. On the contrary, the international concentration of wealth pointed by Dupas suggested

the possibility of maintaining this international correlation of forces during, at least, the medium term.

This distribution of power and its ability of perseverance express a unipolar international system. This configuration of power, although theoretically possible, was only marginally considered in the theory of international relations until the end of the Cold War (Jervis 2009). Because of that, although relevant, this research agenda is not substantive (Brooks and Wohlforth 2008; Ikenberry et al. 2009 and 2011; Kaufman et al. 2007; Wohlforth, 1999) and subject to important criticism (Layne 2006; Lima 1996). Still, there is some reflection on the international patterns pointed as characteristic of unipolarity that allows adding some points to the propositions presented by Mearsheimer (Diniz 2006).

First, the United States would concentrate military capabilities so much superior than the other countries that it would give them the condition of command of the common areas in the planet: the Earth orbital space, the oceans and the airspace above 15.000 feet, beyond the reach of most ground-air anti-aircraft systems (Posen 2003). Although this condition does not mean omnipotence, especially by the dynamics of specific strategic and tactical engagements on land and in coastal areas in the age of missiles (Biddle 2006; Hughes 2000), it would give the United States the ability to project long-ranging forces and, consequently, greater leeway in international affairs than any other country or coalition of countries of the contemporary international system. That would be a distinctive and superior condition when compared to other current great powers – notably China and Russia – that would have just the sufficient capacity to guarantee their autonomy and timely involvement in regional issues, but not for some action or more protruding involvement in other regions on the globe.

Second, rivals to the United States would not be able to accumulate power (internal balancing) or collect alliances (external balancing) significantly without causing the perception of threat and, thus, balance actions by their own regional neighbors, which could be strengthened by balancing actions overseas by the United States (offshore balancing). Thus, unipolarity would be characterized by a threshold power concentration in which the competition for systemic change would be counterproductive and the establishment of the challenge for countries that wish to review the political *status quo* to shape

regional changes of power that are not destabilizing or, at least, perceived as such (Wohlforth 1999).

Third, the sum of U.S. capabilities and the capabilities of its main allies appears to configure an international order in which the security and values of the United States could not be significantly threatened. It would limit the action of its major rivals to a type of soft balancing, applied to limitation and wear of U.S. power, yet too narrow to cause a structural change in the international system without a problem or a systematic error of production and use of power by the United States (Nye Jr. 2010; Pape 2005). Therefore, this feature of international action would make more sense as a defensive way to limit the U.S. action by organizing blocks within international regimes.

A final possible consideration is in connection with a significant change in the relative weight of Europe and Asia in the international system. The indexes of power distribution described above allow drawing attention to a clear transfer of power from Europe to Asia. Taking into account the impacts of the 2008 Financial Crisis on the European wealth, it is possible to see a worsening of this redistribution of power because of the difficulty that possibly the European countries have to maintain their military expenditures and capabilities. In the international post-2008 Crisis reality, besides a scenario of a relative Asian nuclear strategic advantage on European countries, it was already registered in 2012 the overcoming of this region in military expenditure in comparison to European countries (IISS 2012, 31).

Still, it is important to call attention again to the fact that higher rates of population and wealth do not translate immediately into military power. The superiority in technology and equipment of Asia when compared to Europe has been, historically, the rule rather than the exception in the comparison between the two regions. However, Europe has always been able to avoid military subjugation to Asia. The reverse, however, was possible in several moments and became continuous from the 17<sup>th</sup> century. Since then, European countries have always been able to maintain an advantage in military power on Asian countries (Parker 1996 and 2005).

From systemic and objective analysis, it is still possible to identify that differentiated regional developments between Europe and Asia enter in greater competition for security and power inside the Asian continent when compared

to the European. It would result in more instances of use of force, possibilities of change in the distribution of power and, consequently, greater U.S. attention. It would in fact strengthen the relevance of the Mearsheimer's hypotheses, that is to say, the need to check if the first hypothesis would explain the European scene, while the second hypothesis would favors the understanding of the Asian panorama. It means assessing the impacts of the 2008 Financial Crisis on the main rivals of the United States in Europe and Asia: Russia and China.

#### Implications of the 2008 Financial Crisis in Russia and China

The 2008 Financial Crisis had distinct political and economic effects on Russia, China and the United States, as well as their conditions of security and ability in projecting power securing its interests. Keeping as reference the assumptions of Mearsheimer, it is important to consider, first, whether the 2008 crisis favored the accumulation of power and any possibility of regional primacy to Russia and China to, further, compare these observed effects on the relative strength conditions of the United States.

In Russia's case, the financial crisis had two major economic effects. On the one hand, an imbalance in its balance of payments due to the reduction of its energy exports to Europe. Moreover, the extent of the downturn in economic activity in this region due to a structural crisis in the Euro zone will not allow a recovery of that Russian revenue as early and negative impacts will continue to exist in its reserves (Sotner-Weiss 2009).

Moreover, the financial crisis has given the opportunity for a flight of capital from Russia, less because of the effects of the crisis itself, but ultimately as an accumulated perception of political risk before the expansion of the Russian state under Putin about all instances of social life, especially business. Since 2000, several statist shocks were given by Putin government on corporations in Russia, including those backed by foreign investment. The Russian invasion of Georgia also reinforced this perception of risk reviving bitter memories of the Cold War by Western foreign investors (Sakwa 2008). Finally, the 2008 financial crisis exacerbated the tensions of dispute in current power inside the Russian elite since the 1990's between corporate oligarchies - *silovarchi* - and the new political elite of Putin's era - the *silovarchi* (Maknoff 2010, 08; Stratfor 2010a). Because of all of it, in the first half of 2009 the volume of direct investment in Russia had fallen around 45% (Maknoff 2010, 4-5).



As a consequence of reducing exports and capital flight, the Russian government has been forced to reduce their capital reserves - the third largest in the world - to support the Russian banking sector and the main economic sectors: energy and minerals. Therefore, the economic effects of the financial crisis in Russia were quite serious, as is evident in the contraction of its GDP and industrial production (see Charts 3 and 4 of Appendix).

However, it is important to advance the analytical scope to the political implications of these economic effects.

A first political implication derived precisely from the reduction of the European demand for Russian oil and gas. On the one hand, it reduced the European sensitivity to the Russian supply and, so, the possibility of handling these complex interdependence relations. Second, it reduced the main Russian recipe for investment in modernizing the infrastructure, the park producer of oil and gas and its armed forces, which had been occurring continuously in the Putin era. Particularly in the latter case, between 2000 and 2008, Putin had expanded the military budget and started a program of re-structuring the conventional Russian armed forces (Aldis and McDermott 2003; see Duarte 2012), whose improvement of performance could already be observed in the offensive to Georgia (McDermott 2009).

A second political implication was the reduction of reserves for public investments for the provision of social welfare, which is reaching the legitimacy of the Russian government with the sectors of society. Until the 2008 crisis, the Russian population, especially the urban, was complacent about the growing concentration of power in the hands of Putin to be outweighed by the benefits of economic expansion. With the economic downturn and government compensation, it has begun to occur public demonstrations of discontent and popular uprisings (Maknoff 2010, 9).

Third, in the last years before the 2008 crisis, Russia implemented a campaign for reversion of democratizing movements that occurred in the former Soviet republics since the 1990's. Especially in Central Asia and the Caucasus, the elites pro-Russia were released again to positions of command or key of the political life of the countries of this region primarily through financial support to political parties and direct investments of Russian state and private corporations. This program of political reframing of its near abroad was

perceived as especially necessary because of the expansion of the North Atlantic Treaty Organisation in direction to the east and the U.S. presence in Central Asia in competition for their natural resources, and then according to the War in Afghanistan. However, among the various political implications observable in Russia, this is the lower end, because, historically, Russia has been able to maintain influence over these regions at low cost (Goodrich and Zeihan 2010; Stratfor 2010b).

Finally, Putin's Russia has been meaning to rehearse movements to reassert itself internationally through the establishment of partnerships with countries outside the region rivals or dissidents in the United States through the provision of loans and subsidized sales of weapons, natural resources and energy. However, the effects of the financial crisis in Russia render the maintenance of such subsidies, which has been limited to Russia to more indirect actions in forums and international regimes.

For all these reasons, the 2008 financial crisis does not seem to have favored Russia, on one hand, in the production and international projection of power, and in the creation of regional advantage or opportunity, on another. Thus, Russia remains relevant as a great power in Europe, but the 2008 financial crisis restricts its available power resources, historically concentrated in the western portion of the country, in demerit of a less active presence in Asia.

The processes of economic growth and modernization of Chinese society are notorious, which resulted in a limited direct impact of the financial crisis compared with other countries in the world. Still, despite this resistance of China to the crisis, its leaders are extremely apprehensive about the future because of the much more significant impacts of American and European recessions in Chinese exports. Therefore, the growth assumptions for the next years are decelerating. Although the impact of the crisis in the direct rate of investment appears to have been temporary, the reduction on the Chinese trade balance remains until the current dials (see Chart 5).

After two decades of growth, a slowdown would not bother most countries. But China is different. Political and social stability, and even integrity, lie in maintaining growth. The enormous scale of foreign investment and exports around the coastal and more populated provinces that provides China with enough surplus to increase the welfare of the interior provinces and

thus minimize the severe concentration of income between urban and rural areas and between coastal and inland provinces. It is by state intervention that there is an attenuation of this imbalance. Exemplary, this is the case of the most western provinces of Xiang and Tibet, whose variations between local income produced and per capita income are striking and result of state intervention in the redistribution of wealth produced among the Chinese provinces (compare maps 1 and 2 in Appendix).

Besides the attendance of less wealthy provinces, the surplus of Chinese exports have also been applied in the modernization of the country so that, in the medium term, China will be able to mitigate its large external vulnerability for its growth and expand its domestic consumer market, which is still much reduced.

Thus, the reduction of surpluses on external transactions limits the capital available for performing these two operations in a continuous and balanced way. More than that, it is confirmed that income concentration was exacerbated after the financial crisis of 2008 (see Chart 5). Therefore, the social pressure rises as domestic groups realize that the government measures have been insufficient to deal with the problem of wealth redistribution. In fact, there are mutually excluding demands for gain in the share of wealth between rural and urban areas that reflect the directory of the Communist Party. The Chinese solution has been subsidizing domestic production through artificial mechanisms, basically subsidies and intense public investment, thus avoiding unemployment. But it is noted that exports and domestic consumption have been the exponents in support of Chinese growth after 2008 crisis.

The Chinese external vulnerability, besides internal tensions, has had important implications for Chinese foreign policy, raising the tension in its relations with its neighbors. The contraction of the international market demands that the access to natural resources be more efficient and cheaper for that its exports and modernization do not be stagnated. Thus, China needs to raise the competitiveness of its products by reducing the costs of production and distribution of its manufactures.

It has led China to conduct an almost mercantilist foreign policy in the use of the entire range of possible diplomatic resources to reduce this external vulnerability through increased access to natural resources and other measures

related to the protection of shipping lines through their trade pass. In this sense, the recent Chinese foreign policy has invested in three areas of action with respective and important geopolitical consequences.

First, China has increased its presence in Central Asia, formerly members of the Soviet Union, for access to energy resources. As a result, this Chinese presence in some of these countries, especially in Kazakhstan, has caused some distancing the relations between China and Russia.

Second, China has been investing substantially in agreement with Pakistan, Sri Lanka, Bangladesh and Myanmar to establish maritime warehouses logistical hubs for the flowing of natural resources and manufactures between these warehouses and China. This Chinese network in South Asia has led to the perception of threat by India which, in turn, signed unprecedented military cooperation agreements with the United States and Japan.

Third, with the identification of natural resources in the South China Sea, the Chinese suits for maritime sovereignty in the region have become more acute, causing friction and apprehension of several countries such as Vietnam, Malaysia, the Philippines, South Korea and Japan (see map 3). This seems to be a case of security dilemma, because there are occasional cases of diplomatic tensions and a regional climb of investments in navies. Additionally, this competitive environment created the opportunity to approximation or consolidation of the U.S. military cooperation with several countries in the region. This 'renaissance' of the U.S. presence in Asia was recently released as a pillar of its foreign policy for the 21<sup>st</sup> century.

Therefore, although the economic implications of the 2008 Financial Crisis in China appear to have been minor when compared to Russia and even compared to most countries, its domestic and regional political implications seem to establish relevant challenges to the Chinese political leadership, particularly because China has no ideological pretensions or proposals of alliances or regional arrangements that may favor some kind of appeasement with its neighbors (Walton 2002, 208).

This regional perception of Chinese rise becomes particularly acute when one considers that China has the second largest military budget in the world. In the post-Cold War, this budget was invested in the training of China to deny or at least significantly increase the costs of an intervention,

particularly the U.S., in its sovereignty. More recently, China began investing in an aircraft carrier and a program to increase the capacity of its expeditionary land forces. While these capabilities are not sufficient for an effective and inter-regional projection of power or to face the United States, China already has the largest navy in East Asia (IISS 2012), which hold, in the evaluation of their neighbors means to meet more compelling regional intentions of Chinese foreign policy.

This correlation of capabilities, perceptions and actions may suggest the manifestation of the second conceptual prediction of international patterns of unipolarity indicated above. The rise of a regional power in search of some equalization - to safeguard or dispute - with the unipolar power causes the perception of threat and, thus, balance actions - internal and external - in parts of Asian countries and the opportunity for offshore balancing by the United States.

Therefore, from the data presented, it is possible to speculate the occurrence of the first Mearsheimer hypothesis in Europe and an anticipation of the occurrence of the second event in Asia. That is, the 2008 financial crisis have highlighted the re-distribution of power and political patterns potentially threatening or challenging the United States in Asia, China, than in Europe, Russia. These regional changes tend to impact the Americans perceptions and calculations, so, in its military presence and engagement with security issues in the two regions. Following the Mearsheimer propositions, in the medium term, this would offer greater pressure on China and greater latitude for Russia.

However, it is still important to consider if the impacts on the 2008 financial crisis had more forceful implications in their home country, the United States, so that may have weakened the possibility conditions of their differentiated ability of projecting military power in the international system and, subsequently, its international agenda.

The Role of the United States in the 21st Century International Security:  
Erosion of the Command of the Commons?

Similarly to the proceeded in the previous section, the preliminary assessment of the impacts of the 2008 financial crisis on the foreign policy agendas of the

United States provides an overview of the international security agenda of the 21<sup>st</sup> century.

In the American case, the financial crisis and economic recession deepened the debt. However, the effects in the defense posture are not yet critical, although there are adjustments that need attention.

The economic situation seems to be the final justification for the reversal of the increase pattern in the defense budget, which came occurring every year since 2001, amassing a real increase of about 75% and as a percentage of GDP from 3 to almost 5% (IISS 2010, 22). It is in this sense that we note a reduction in the rate of annual increase in the budget of a pattern of more than 5% between 2007 and 2009 for an increase of 1% in 2010 and a reduction of the U.S. military budget by 1.3% in 2011 (Silva Filho and Moraes 2012, 27-38).

The military budget cuts were, first, to reduce the transfer of funds for financial aid and international regimes as instruments of foreign policy, standard still very skewed by accounting of commitments in Afghanistan, Iraq and even Pakistan (IISS 2010, 25)<sup>2</sup>. Thus, it is important to contrast these effects of the financial crisis on the agenda of the security policy of the United States since the end of the Cold War to evaluate its effects.

Additionally, it is explicit the U.S. decision to cut military budget and discomfit good portion of the contingent and material size used in Iraq and Afghanistan. For example, most of the components of the aircraft carrier groups used in Iraq will not be re-oriented to the Pacific, but will be kept in low regime readiness in the United States. Thus, these units will be available in case of extreme necessity, but, in fact, they will be at minimum levels of maintenance that safeguard its roadworthiness. Therefore, Secretary Gates also has completely revised the previous administrative orientation from *Transformation* and, thus, building a military capability that would guarantee the primacy slack around 2020 (Duarte 2012, 26-27). The new focus of expenses

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<sup>2</sup> Additionally, there is an accumulated debt to the United Nations and also an effort to increase the sharing of IMF's costs with emerging powers, including Brazil, and in fact there is the construction of a perception of irrelevance of these institutions (Tealik 2008).

has been by the modularity of the fighting forces and by the gain of versatility to cope with various threats in the security landscape characterized in international short and medium term.

Finally, there is a critical overview of the reduction of U.S. troops. However, it is necessary to pay attention to two facts. First, the numbers of effective troops are considerably expressive and supported by more resources and that any other country (see IISS 2012, ch. 2). Second, the U.S. armed forces rely on a global basis system and on the still existing command of common areas, which allow a capacity without a parallel of displacement and concentration on its fighters' capabilities.

Given these economic and military considerations, it is interesting adjustments in U.S. security policy.

Its international agenda in the post Cold War has been to maintain its global primacy, which is based on three pillars: (i) the support of its ability to project power; (ii) neutralization or reduction of the ability to project power on the United States by other powers; (iii) and preserve regional political structures that perpetuate these advantages (Diniz 2006).

Following this agenda, the great American legacy of the Cold War is that the United States maintains what Barry Posen in 2003 called the command of commons, that is, its almost absolute domain of space (understood as the Earth's orbit), its "command of the maritime lanes of communications" from the oceans, and its ability to impose and sustain air supremacy above 15 thousand feet in any given area of ground military action. Given the importance for the United States to maintain this condition of operation and the existence of efforts with effective results to denial such access, especially the maritime ones by Iran and China; a proposal to orientate U.S. military capabilities for the maintenance of the command of commons in the 21<sup>st</sup> century has been recently submitted to Congress by the program Air-Sea Battle (U.S. Department of Defense 2011)<sup>3</sup>.

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<sup>3</sup> A clear allusion to the Air-Land Battle program, designed in order to face the terrestrial capabilities of the Warsaw Pact in the 1980's (see Duarte 2012, 14-16).

In practical terms, this first item on the agenda of the United States also continues through alliances with countries whose geographic locations are particularly useful in the employment of its means of force, making them the global projection by providing bases for pre-positioning of equipment, ammunition and supplies (Diniz 2004; Duarte 2003; Proença Jr and Duarte 2003).

The second agenda item is being materialized by the construction of two architectures. The first is a ballistic missile defense around Europe, but potentially with installations in Japan and the Pacific. Beyond the ballistic shield, this project focuses primarily on support Space Command through a network of satellites and radar systems positioned on the surface of various countries. The second architecture is a multiple monitoring network, based primarily by the use of unmanned vehicles (BAMS - Broad Area Maritime Surveillance), which may allow wide scope of observation of maritime activities in most countries.

The third agenda item began in the Bush era and was only strengthened by the 2008 crisis. The United States has articulated bilateral and multilateral limited relations with the objective of producing some kind of restraint or even friction with its main rivals: Russia and especially China.

In Europe, the United States has encouraged military agreements outside the Organization of the North Atlantic Treaty (NATO) - escaping the rigidity of this alliance, especially by private agendas of France and Germany. Exemplary is the case of the ongoing agreement among Poland, Romania, Hungary and the Republic around a limited military alliance external to the NATO: the Visegrad 4. Interestingly, it is precisely placed on these countries that are advancing bilateral agreements with the United States to install the network bases of anti-ballistic shield in Europe. In Asia, initially bilateral relations among India, Australia, Japan and South Korea to develop a broad coalition monitored under the coordination of the United States maritime presence to articulate in the Indian and Pacific oceans for, as discussed above, contain China.

This description of the U.S. security agenda allows advancing some final considerations of the article.



### **Final Thoughts: An Agenda for Research in Production and Conversion of Military Power**

On a consolidated assessment of the effects of the financial crisis in the international security landscape, four general trends can be pointed out.

First, the financial crisis has led Russia to suspend, at least temporarily, its recent initiative to balance the primacy of U.S. power.

Second, China's breakneck economic growth over the last twenty years has allowed the country to maintain the second largest military budget in the world. However, it does not reflect an equal rise of its international influence and military might. On one hand, its economy has a great structural and external vulnerability that entails the use of artificial mechanisms for its support in times of shrinking international market, which constrains its excess capital to harmonize its wealth distribution and social discrepancies. On the other hand, China has a big regional challenge to overcome or accommodate the competition for security and containment actions by its neighbors, in combination with the United States, which its regional actions have caused.

Third, there are already data indicating the reduction of the ability of U.S. traditional European allies to conduct operations around the world. It confirms not only the rise in Asia instead of Europe, but it reinforces the U.S. perception of the need to update its list of alliances and military presence overseas. It also helps explaining the recent initiatives of President Obama of reaching bilateral expanded agreements and relations into other continents, mainly with India, Indonesia, Australia, Japan and South Korea. In this transition environment, the reduction of U.S. commitment in other regions, and with multilateral mechanisms that do not concern uprightly solutions for convenience, may be a consequence.

It allows registering the caution of the United States to seek mechanisms of balance and intervention at low cost after the profligate involvements in Afghanistan and Iraq. Thus, both in terms of media monitored and sensing and in terms of military presence, the United States seek technological and political mechanisms that ensure efficient performances and delegated to countries that have foreign policy objectives converging with theirs.

Fourth, in comparing the relative abilities of the United States, Russia and China, it is possible to point the maintenance of a wide U.S. lead. As well pointed by Nye Jr. (2010), no country maintained its armed forces at levels as high as those of the United States after the Cold War. It produces a reserve of veterans troops expanded for years of revision and updating doctrine, organization frameworks and operation plans that, if well managed, will maintain a qualitative edge in military capability over Armed Forces maintained over long periods of peace. Comparing Russian and Chinese cases, one can point a relevant distinction in terms of capability of military employment. Russia suffered a breakdown, which in some cases reached two-thirds of the officer cadre, and recognizes the need for major investment and restructuring their forces. China, however, has been conducting an extensive modernization in bases of unclear evaluation and certification of skills.

Anyway, Russia and China focus their defense policies to confront regional threats, mainly border ones (Duarte 2012), while the United States does not have the same kind of regional constraints and, moreover, have incentives to keep its presence and involvement in other regions, particularly in Asia.

Thus, from the final test of Mearsheimer's hypothesis, one can conclude the possibility of occurrence of the first one in Europe – namely, U.S. disengagement with the possibility of developing a multipolar with benefits to Russian interests – and the occurrence of the second event in Asia. That is to say, the perception of important changes in the distribution of power demanding the U.S. action in anticipation of the evolution of a systemic condition that allows China's rise. Accordingly, the expectation that sets is a scenario of increased competition and attrition in Asia in short and medium terms and relative stability in Europe; and on medium and long terms, of the escalation of competitive relations for security and national interests in Europe.

A more rigorous reader of this article can point out that the considerations presented so far are too subjective. This accusation is correct and brings out the fragility of the theoretical tools from the field of International Relations for the analysis of security issues. So some methodological final paragraphs are relevant in defense of an agenda of research of the attributes of military power, necessary for the advancement of tools for the analysis of international security landscape of the 21<sup>st</sup> century.

The neorealist conception from the Kenneth Waltz (2002, originally 1979) theory of international politics points out as central the analysis of the international system to assess the differences in capabilities between states. These differences of capabilities define international patterns of competition for power and security, as well as the possibilities of each actor to manage and operate the system. Still, as well Mearsheimer points out, any claim of systemic analysis of international relations passes through the need of assessing the properties of military power to conclude these different capabilities. However, most authors dealing with the field of international security, including the realistic, offers unsatisfactory propositions of military power.

Starting by Waltz himself, he disregards the role of nuclear weapons and the effective use of conventional forces as elements of change in the system. In addition, he summarizes the production of military capacity to invest in high technology and its application on dissuasive use (Waltz 2002, 252-258). Already the neoclassical realists – like Stephen Brooks, William Wohlforth and Paul Kennedy (Brooks and Wohlforth 2008; Kennedy 1989) – limited the consideration of military power to economic and quantitative data, like the total military budget, the investment in military research and development, and capability of industrial mobilization. Mearsheimer is the one who makes further investigation of military power by pointing as its elements large ground forces and nuclear weapons, besides air and maritime forces as means of support and projection of the first ones. Mearsheimer yet qualifies the properties of these elements of military power by the possibility of disproportionate effects of non-material factors as a sound strategic climate and diseases. Additionally, he recognizes as important but does not define how to analyze the variations of mobilization and conversion of potential power in real. Finally, only Gilpin takes into account how particular aspects and techniques of production and employment of military power are a vector of change in the system (Gilpin 1983, 40).

This state of the literature of International Relations directed harsh critics to the field (for example, Kugler 1993). The best summary of these was prepared by Stephen Biddle (2006). He makes three main critics that characterize the fragility of this literature in the understanding of military power. First, military capability and military institutions are not the same

thing, because an armed force wins and losses fighting capability over time, and this is therefore a dynamic property and primarily relational. The evaluation of the relative capability of a country's military power must be constantly updated and take into account the conditions on the forces, the provision of geographic space and the character of employment between the armed forces involved, especially because defensive and offensive employments are essentially distinct.

Second, such conditions relating to military power depend essentially of non-material aspects related to the employment of combat forces. Therefore, it is important to take into account several studies that present that the employment of military power in the modern environment of great lethality depends crucially on the quality of each individual soldier and collective quality of an armed force in correspondence to its doctrine and organization (Bailey 2003; English and Gudmunsson 1994; Grossman 1996; Hughes 2000; Simpkin 1980). This is the main element that makes the relative conditions of power, on the one hand, dynamic and not static and, moreover, different of conclusions simply based on quantitative firsts budget, material or technology between two armed forces. Biddle points out that numbers and high tech just maximize the military power according to a high performance employment.

Third, Biddle criticizes the lack of methodological rigor and historical case studies for development of conceptual propositions from which scholars can elaborate diagnoses and prognoses of contemporary international security.

A first consequence of this lack of analytical apparatus is the imprecision on the qualification of the relative abilities of the United States in each region of the globe. For example, in comparison with the possibilities of projecting American power in Europe and Asia, is necessary to access countries' differentiated political conditions of alignment, the quantitative skills, but mostly qualitative, military power and even the different effects of geography in each scenario.

Another consequence of this weakness is the exaggeration and precipitation of conclusions. For example, if we take the indexes reported by Mearsheimer, Wohlforth and Kennedy as indexes of military power, it is possible to conclude that China has greater military power than Russia right now. However, the Russian development in organization, doctrine and military

technology throughout its military history, besides its nuclear arsenal, put it in better shape to deal with regional security challenges than China.

Therefore, despite the assessment of changes and economic and political trends are important to analyze prospects for international security, these factors allow us understanding the intentions, goals and perceptions of the States. From a standpoint of systemic analysis of international relations, hierarchies of preferences of these states are influenced mainly by the relative capabilities of military power.

So, if there is no advance towards a solid understanding of the grammars of military capabilities, the analysis of international security becomes hostage to the official communications of the foreign ministries, with all its expedient and diversionary contents, and indexes data that allow, as undertaken in this article, only preliminary assessments of contemporary international security.

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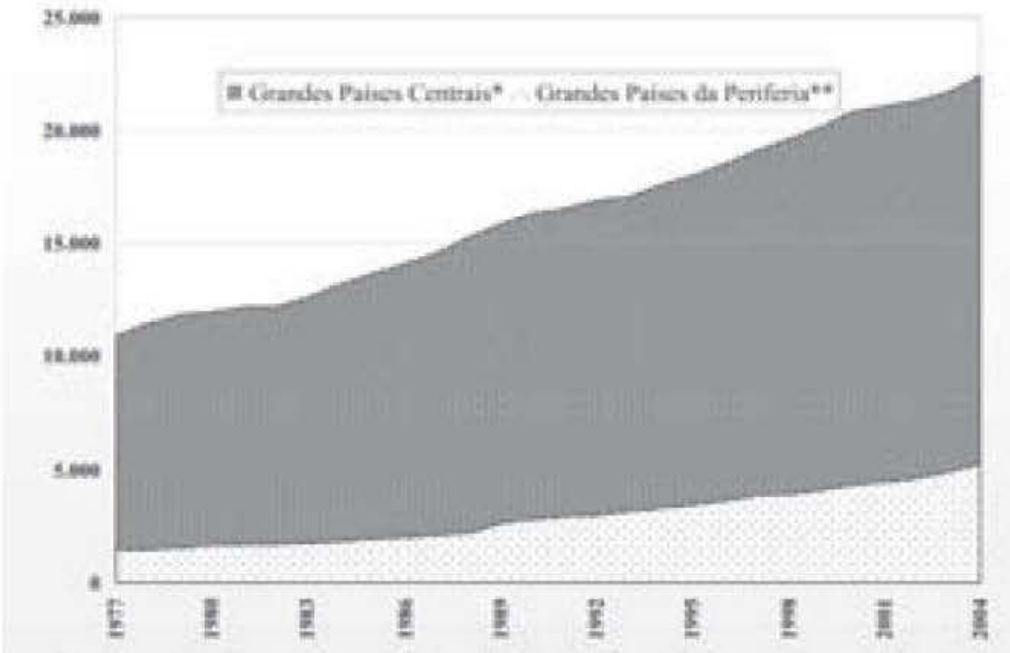
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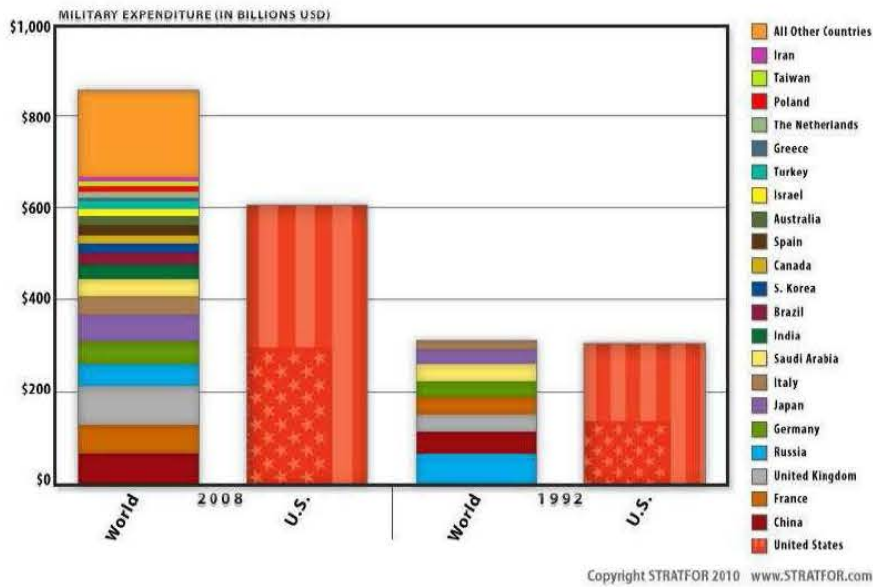
APPENDIX 1

Chart 1: GDP comparison between Large Core Countries and Large Peripheral Countries.



Source: Dupas, G. "Metajogo do Poder e o Panorama Militar Internacional." *O Brasil no Mundo que Vem Aí: I Conferência Nacional de Política Externa e Política Internacional*. Rio de Janeiro: FUNAG, 2007. 304.

**Chart 2: Main military expenditure comparison between 1998 and 2008.**  
**U.S./WORLD MILITARY EXPENDITURE**



Source: Stratfor. *US/World Military Expenditure*. Austin: Stratfor, 2010.

**Table 1: Nuclear artifacts active stocks.**

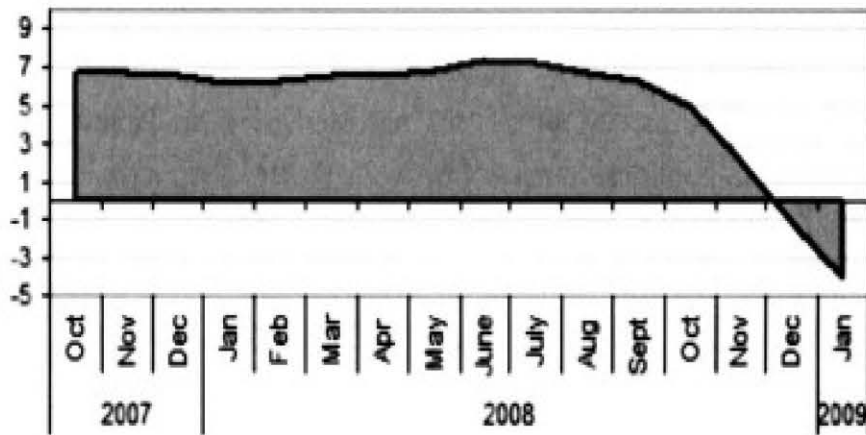
Country	Until 1990	Until 2006	Until 2012
USA	9680	5235	1700 to 2200
Russia	10996	3503	1700 to 2200
France	538	348	348
UK	260	185	185
China	250	200 a 400	building more
India	?	40 a 50	building more
Pakistan	?	30 a 50	following India
Israel	100 a 200	200	?
North Korea	Possibly 1 or 2	until 10	possibly building more
Iran	0	3 to 10 years for nuclear capacity	

Source: Dupas, G. "Metajogo do Poder e o Panorama Militar Internacional." *O Brasil no Mundo que Vem Aí: I Conferencia Nacional de Política Externa e Política Internacional*. Rio de Janeiro: FUNAG, 2007, p. 304.

Chart 3: Monthly Evolution of the Russian GDP production 2007-2009.

Global Economic Perspectives

**Russia GDP Indicator**  
(monthly, % change year on year)



Source: VTB Bank, Markit Economics

Source: Sotner-Weiss, K. "Russia and the Global Financial Crisis: The End of 'Putnism?'" *Brown Journal of World Affairs* 15(2): 104, 2009.

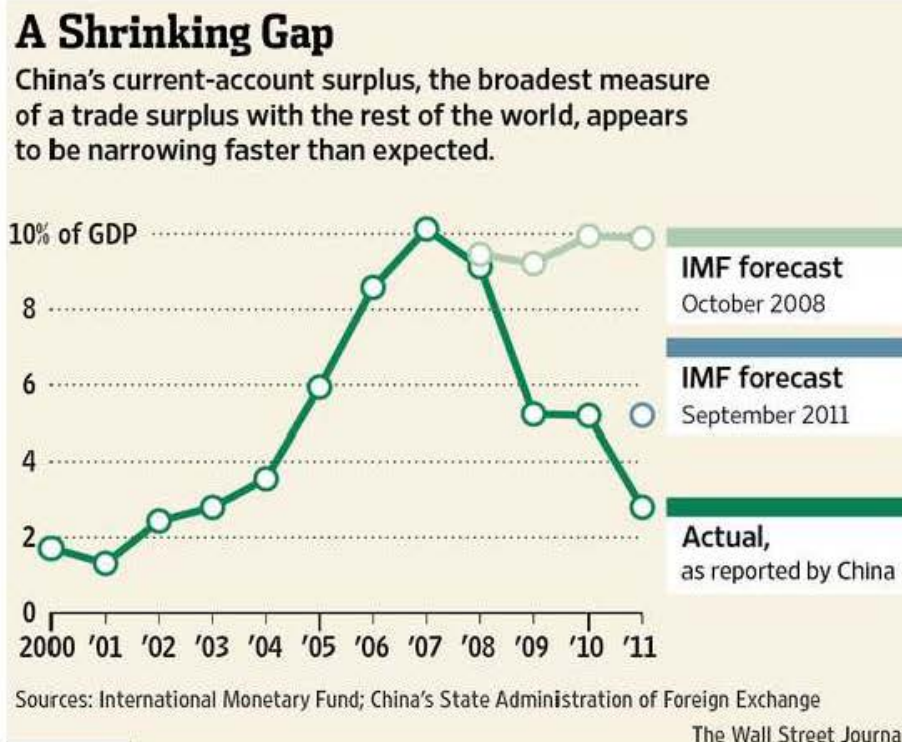
Chart 4: Evolution of Russia Industrial Output 2006-2009.



Source: Russian National Bank

Source: SÖTNER-WEISS, K. "Russia and the Global Financial Crisis: The End of 'Putinism'?" *Brown Journal of World Affairs* 15(2): 105, 2009.

Chart 5: Evolution and predictions for the Chinese Commercial Balance 2000-2011.



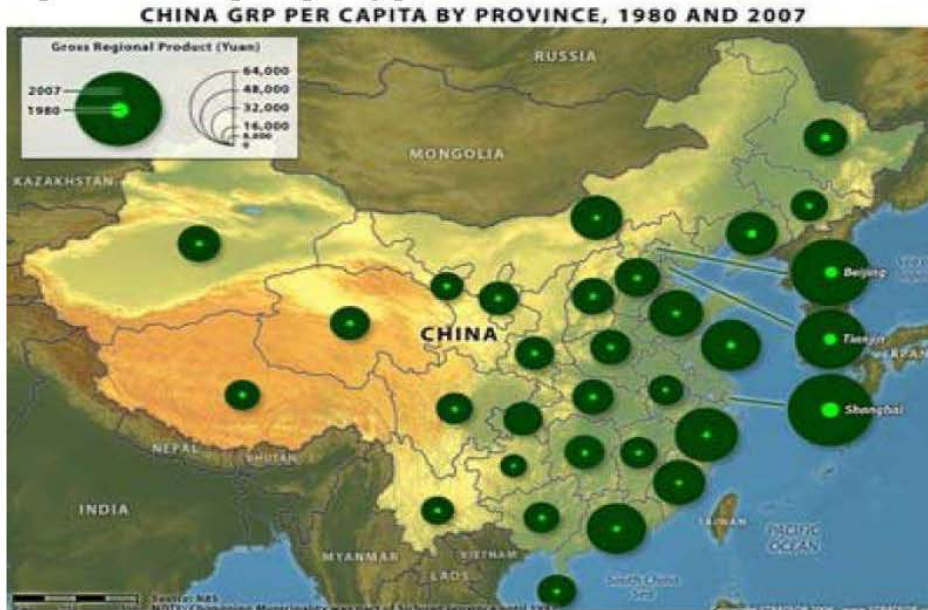
Source: Davis, B. and T. Ozlik, "IMF to Shift Its View of China's Trade Surplus". *Wall Street Journal*, April 10<sup>th</sup>, 2010.

Map 1: China GRP by province.



Source: Stratfor. *The China Files: The Core Struggle*. Stratfor: Austin, 2009. 4.

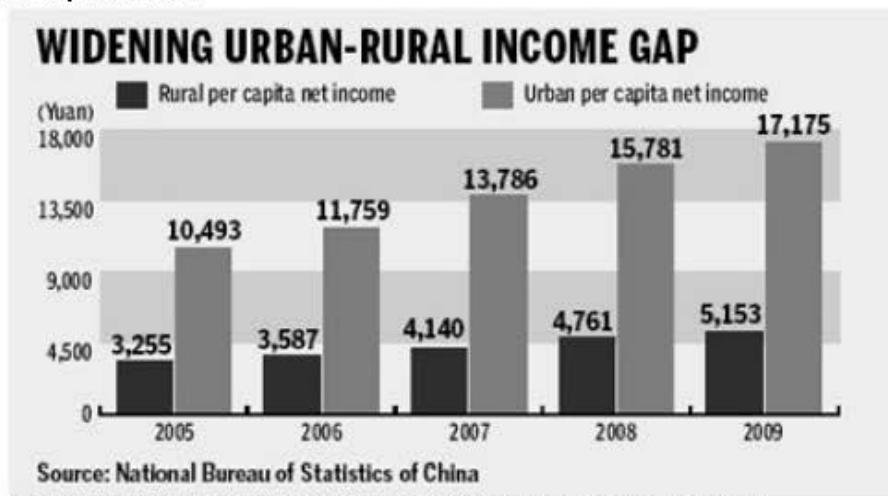
Map 2: China GRP per capita by province..



Source: Stratfor. *The China Files: The Core Struggle*. Stratfor: Austin, 2009. 4.

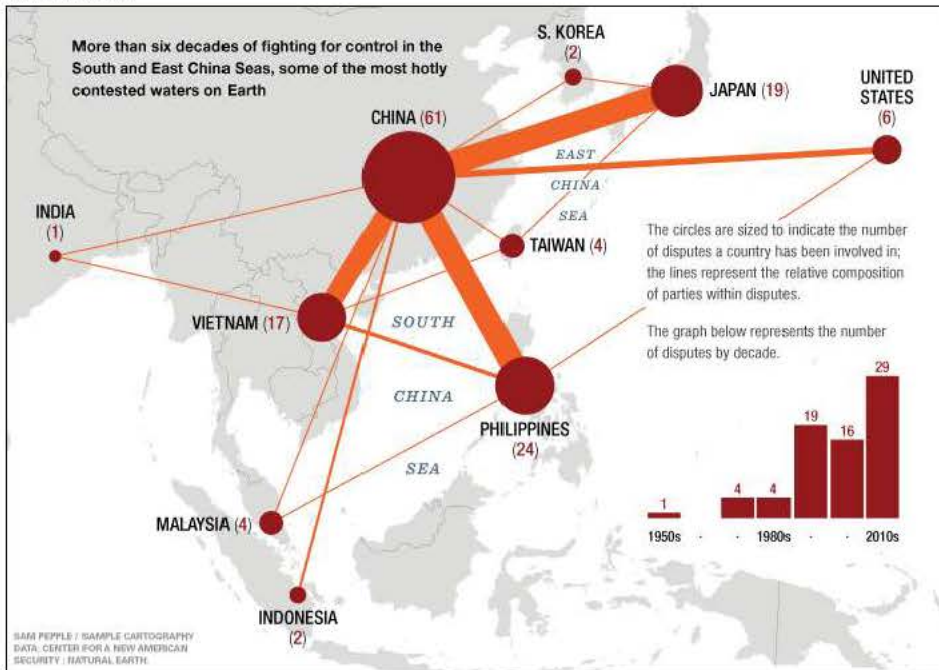


Chart 5: Comparison of per capita income between urban and Rural areas of China, 2005-2009.



Source: Jing, F. "Urban-Rural Income Gap Widest since Reform." *China Daily*, 2010.

**Map 3: Claims of maritime sovereignty and natural resources at the South China Sea.**



Source: WRIGHT, T. *Outlaw of the Sea. Foreign Affairs*. Retrieved July 08, 2012.

**ABSTRACT**

This article searches for a preliminary, but structured, assessment of the international security landscape of the 21<sup>st</sup> century. It focuses on the predictions of offensive realism (Mearsheimer 2001), which are contrasted with conceptual propositions about international standards of unipolarity (Wohlforth 1999; Diniz 2006) and data indexes on the international production of wealth, its allocations in means of military power and the appreciation of alterations in this correlation because of the 2008 Financial Crisis. The article points out that trends of power distributions do not widely favor Russia and China. However, because of the greater Chinese resilience to the crisis, the accumulated value of their military investments overcome all its neighbors and its large demand for natural resources in other countries or areas in dispute have led the organization of major systemic constraints when compared to the Russian case. The paper also shows that these dynamics of regional power do not allow reconsidering the U.S. military primacy. Finally, the article presents some final considerations of methodological and conceptual slant in order to advance on the research in international security.

**KEYWORDS**

International Security; Military Power; Strategic Studies; Financial Crisis; Armed Forces.

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