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## Change Partners: Who Are America's Military and Economic Allies in the 21st Century?

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Thank you for this opportunity to talk to you about our partnerships in the international community and how they further American interests and increase national security.

We tend to throw out terms like “partner,” “ally,” or even “friend” pretty loosely, and what those terms may mean to each of us can be different. But all of you understand the nuances and limitations in friendship and partnership. Pennsylvanians for Effective Government is a business association. In business terms, all of you understand what a partner is; and in business, as in international affairs, we develop strategic alliances.

Partnerships in business are pretty solemn endeavors. The terms of partnership are carefully defined in legal and financial agreements. In business, we also establish strategic alliances. Two companies have compatible business lines and go after a segment of a certain market together, but in other aspects of business, these companies still compete.

That is not far from what goes on in the international system. The United States may have no *closer* ally than England in political and security relationships, but when it comes to agricultural policy or arms sales, there may be stiff competition between the two nations over economic issues.

### Treaties and Executive Agreements

In the international system, a strict understanding of a formal ally is a nation that has entered into a treaty with the United States, and a treaty is actually a contract with a foreign nation—an agreement, sovereign

### Talking Points

- America forms partnerships to combine our strength with the strength of like-minded nations in the preservation and advancement of core values: “openness; peaceful exchange; democracy; the rule of law; and compassion.”
- Military relationships are valuable, but so are economic partnerships. Such partnerships ease the way for trade, and there is often significant overlap between our security allies and our trade partners.
- The free exchange of goods and services in the marketplace builds wealth for all who participate. This improves prosperity for the American people.
- A Global Free Trade Alliance would be a flexible alternative to the current structure of the World Trade Organization, with members that have (among other required characteristics) the fewest barriers to trade possible, a well-established rule of law and protection of private property, and efficient, transparent, and fair licensing systems.

This paper, in its entirety, can be found at:  
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state with sovereign state, which derives “from obligations of good faith.” For the United States, the Constitution grants the President the power to make treaties “by and with the advice and consent of the Senate.”

The responsibilities related to treaties are immense. In *Federalist Papers* Two and Three, John Jay told our citizens that the ability to make treaties is a distinguishing characteristic of a nation-state. The exercise of that power, however, brings obligations. These include security obligations as well as obligations regarding trade and enterprise.

Besides treaties, there are other types of international agreements that may be made by the executive branch. These executive agreements are binding in international law, and in most cases, no agreement can be made without consulting with the State Department and, often, the Department of Commerce.

Congress often gives the flexibility to the President to create international agreements in specific areas so the government can carry out its business smoothly, particularly in the scientific field, in foreign aid, agriculture, and trade.

### **Working Together to Advance Core Values**

We form partnerships to combine our strength with the strength of like-minded nations in the preservation and advancement of core values. These values that distinguish us from our adversaries are, in the words of U.S. Trade Representative Robert Zoellick, now Deputy Secretary of State, “openness; peaceful exchange; democracy; the rule of law; and compassion.”

Americans live for these values, as well as die for them. We even extend these values to the way we treat our enemies. As Thomas Paine wisely explained, “He that would make his own liberty secure, must guard even his enemy from oppression; for if he violates this duty, he establishes a precedent that will reach to himself.” Thus, we observe international norms like the Laws of Land Warfare and the Geneva Convention.

Who are our allies? And why do we form these partnerships? The formal treaty allies of the United

States are the North Atlantic Treaty Organization, or NATO, now numbering 26 nations; Japan; South Korea; Australia; the Philippines; Thailand; and the Rio Pact nations. The Rio Pact is a hemispheric treaty of 23 nations in the Americas, signed in Rio de Janeiro, Brazil, in 1947. It actually pre-dates NATO.

With almost all of these allies, the Senate has ratified the treaties that bind us together. The U.S. alliance with Thailand is an executive agreement through an exchange of notes, but other aspects of our relations with Thailand have been affirmed by the Senate.

Naturally, our formal treaty allies are our security partners, but there is another category of partnership that has been established in law to extend the benefits of cooperative defense research and development to countries outside NATO. The category called “Major non-NATO ally” allows the U.S. to engage in joint research and development on military systems and to cooperate on matters like counterterrorism with close security partners. It derives from laws that made defense cooperation with NATO easy and extends the same treatment to other nations, primarily in the Middle East and Far East. The “Major non-NATO allies” are Australia, Argentina, Bahrain, Egypt, Israel, Japan, Jordan, Kuwait, New Zealand, the Philippines, the Republic of Korea, and Thailand.

### **Military and Economic Partnerships**

Military relationships are valuable, but so are economic partnerships. Such partnerships ease the way for trade, and there is often significant overlap between our security allies and our trade partners. Today, in addition to being our closest security partners, the nations of the European Union, as a bloc, are our principal trading partners. This is not a coincidence. These countries share our values and are all democracies with market economies. Even when we have strong differences over policy, as we did with France and Germany over Iraq, we are able to rise above those differences and continue our trade relations.

And we maintain good security relations. Defense co-production with the EU countries is a major factor in cross-Atlantic security. Despite the

differences over Iraq, France and Germany, as well as the other European countries, continued to cooperate with the United States in the global war on terrorism. These nations reinforced their military commitments in the Balkans and in Afghanistan, which freed U.S. troops for the war in Iraq.

On a national level, however, our closest trading partners are in our own hemisphere. Canada and Mexico are our first and second largest trading partners.

American security relations with Canada, especially, are very strong. Although Canada has declined to be an active participant in a ballistic missile defense system, it nonetheless continues to link its own radar, maritime defense, and air defense systems with those of the United States. Canada is a long-term ally. In addition, despite having been to war with Mexico in the 19th century and the early 20th century, today we enjoy strong political, economic, and security relations with our neighbor to the south, which is also a democracy.

America's third and fourth largest trading partners are China and Japan, respectively. In fact, Northeast Asia is the meeting place of the economies of the United States, Japan, South Korea, China, and Russia—countries that together represent some 44 percent of the world's gross domestic product.

China is a good example of the difference between an ally or friend and a partner. For the most part, our treaty allies share our values and our democratic politics, and they are all market economies. The nations with which we remain on friendly terms, however, may not share all of our values. Nonetheless, we may partner with these countries for specific political, economic, or security objectives. Although we may not share a common ideological framework, our national interests intersect.

Thus, it is possible to have strong disagreement with nations over issues like freedom of religion or the freedom to associate but still have a security partnership to stop the illegal trade in drugs or to combat weapons of mass destruction. And clearly, as is the case with China, we can have good trade relations. So an ally is a friend and a partner, but a partner is not necessarily an ally.

Supporting trade and commerce is a priority in developing international relationships. The free exchange of goods and services in the marketplace builds wealth for all who participate. This improves prosperity for the American people.

Alexander Hamilton eloquently stated that the "spirit of commerce" is the "mine of the nation's wealth." He recognized that economic power amplifies political power and that economic power is a useful tool for promoting national interest abroad. Indeed, not far from here, at the Army War College in Carlisle, when we discuss the various forms of power through which a nation can articulate its interests, we include political, economic, military, and informational or ideological power.

In creating partnerships in the economic sphere that affect political and security relations, one of the major groupings is the G-8, or Group of Eight. Since 1975, the heads of government of the major industrial democracies have been meeting annually to deal with the serious economic and political issues facing their domestic societies and the international community as a whole. This grouping addresses questions of East–West economic relations, energy, and terrorism. The summit agenda has been flexible and sometimes includes issues such as employment, the information highway, the environment, crime and drugs, and a host of other issues ranging from human rights through regional security to arms control.

The G-8 is Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States of America, with the European Union also participating. All of these nations are democracies with market economies (even if Russia is moving in a halting way down the democratic road). These countries, and this grouping, will continue to be the major economic and political partners we deal with in the foreseeable future.

Another important economic group of partners that will have a strong impact in the future is the OECD, or Organisation for Economic Co-operation and Development. This is a group of 30 countries, all sharing a commitment to democratic government and the market economy. The OECD maintains active relationships with some 70 other

countries, and also non-governmental organizations, with a goal of improving civil society, democratic pluralism, and respect for human rights.

### **Economic Advancement Through Free Trade**

We are strong advocates for free trade at The Heritage Foundation. We believe that free trade makes the economy stronger, decreases prices, eliminates inefficiencies, and increases standards of living. And our own research supports this claim. According to the *Index of Economic Freedom*, which we publish annually with *The Wall Street Journal*, between 1997 and 2005, countries that liberalized trade policies grew at an average of 2.6 percent GDP per capita. Countries that remained unchanged in policy averaged 2 percent growth. Meanwhile, countries that became more restrictive only averaged 1.5 percent growth.

A new idea that we are working on for the 21st century at Heritage is a Global Free Trade Alliance. It is important to realize that existing options for free trade—bilateral, multilateral, and regional agreements—are slow and difficult. With these considerations in mind, The Heritage Foundation advocates the creation of a Global Free Trade Alliance, or GFTA, in which there would be tariff- and quota-free reciprocal market access on a global scale.

We see a Global Free Trade Alliance as a flexible alternative to the current structure of the World Trade Organization. We propose that a prospective GFTA member should exhibit the fewest barriers to trade possible. International investment markets need to be open and transparent, impartial in their treatment of both domestic and foreign investment, and easily accessible. The rule of law must be well-established and protect private property and the security of business transactions. Finally, no undue regulatory burden should be placed on entrepreneurs or businesses. Instead, there should be an efficient, transparent, and fair licensing system.

If a Global Free Trade Alliance was created today, 13 members would qualify. They are Australia, Botswana, Denmark, Estonia, Finland, Iceland, Ireland, Luxembourg, New Zealand, Singapore, the United Kingdom, and the United States. Hong Kong, a city-state with its own economy, would

also qualify. Beyond these, there are 18 “near-miss” nations that, with only a few policy adjustments, could soon be added to the alliance: Austria, Bahrain, Belgium, Canada, Chile, El Salvador, France, Germany, Israel, Italy, the Netherlands, Portugal, Spain, Sweden, Switzerland, Taiwan, Trinidad and Tobago, and Uruguay.

They are all democracies with market economies. With the formalization of these current and potential economic allies, much could be done for the advancement of global prosperity and security.

As you can see, there are many ways we partner with other nations. The United States makes an effort to build good reciprocal relationships all over the world.

### **Meeting Today’s Global Challenges**

The themes of open cooperation and the establishment of justice and opportunity are paramount in U.S. foreign policy. The U.S. finds itself in a world where it must lead the way, facing head-on global challenges of radical worldviews at odds with the developing international system. We face terrorism, poverty, disease, and fear.

President George W. Bush perhaps summed up U.S. policy for the 21st century best in the National Security Strategy. He said:

- We will defend the peace by opposing and preventing violence by terrorists and outlaw regimes.
- We will preserve the peace by fostering an era of good relations among the world’s great powers.
- And we will extend the peace by seeking to extend the benefits of freedom and prosperity across the globe.

**International Terrorism.** Clearly, one great challenge we face today is international terrorism. The enemies we now confront are very different from those we faced in the past. The United States has joined with some 180 other nations to counter the threat of terrorism by working with the United Nations to pass Security Council Resolution 1373, which obligated all nations to actively combat financing, recruitment, transit, safe haven, and other forms of support to terrorists and their backers,

as well as to cooperate with other nations' counter-terrorism efforts.

The United States has suggested a new grouping to combat the proliferation of weapons of mass destruction and the missiles to deliver those weapons. It is called the Proliferation Security Initiative. Eleven nations initially joined this group. Its major feature is that no member sacrifices its own sovereignty, but each agrees to inspect any suspected transit of contraband through its territorial waters.

**The Middle East.** The Middle East is a volatile region with few democracies that has been a breeding ground for terrorism and conflict. Developing partnerships for the transformation of the region along democratic lines is going to be a major thrust in the coming decades.

Israel is one country that is often at the center of conflict, and developing a viable democracy and state for Palestine is one way that may help secure the borders of one of our strongest security partners. Israel is a committed ally against terrorism. She stood with us over the Taliban in Afghanistan and over Iraq, and will stand with us in our policies toward Iran.

Around the Persian Gulf, the U.S. encouraged the creation of the Gulf Cooperation Council, or GCC. This grouping has stood strong against Iran and also has been a security bulwark against Iraq. We are also working toward creating a network of free trade arrangements in the Middle East and broadening democracy there.

**Asia and the Pacific.** Moving to Asia and the Pacific, tensions have the potential for disrupting the entire world system, especially considering the major economies involved. North Korea is a latent volcano, rumbling, threatening to turn the peninsula into a sea of fire. It unites *and* polarizes North-east Asia. Wrestling with Pyongyang's nuclear program has created a closer working relationship with our allies, South Korea and Japan, but historical tensions there still keep these nations from closer cooperation.

I think President Bush's approach of the six-party talks involving the U.S., South Korea, Japan, China, and Russia to address the North Korean problem is correct. It is also important to remember that we

have deterred conflict on the Korean Peninsula since 1953 through strength and our alliances. We can continue to do so. These talks could be institutionalized in the future as a Northeast Asia dialogue.

China presents its own unique challenges. It is a security partner, a trade partner, and at the same time a political competitor and security threat. China threatens the democracy the U.S. nurtured on Taiwan with war, and American law, in the form of the Taiwan Relations Act, requires the U.S. to make defensive goods and services available to Taiwan to meet the Chinese threat. The act also requires the U.S. to maintain appropriate military forces to preserve the peace and stability of the Western Pacific, a vital interest to the U.S. and to its allies.

Japan recently made some serious decisions about its own security to balance the growing Chinese military capabilities. Yet South Korea seems to be tipping first toward China and then back toward the U.S.

In Southeast Asia, there are hopeful signs of a stronger democracy in Indonesia and more democratic reform in Malaysia. You can expect the U.S. to cement closer relations with these countries. And in Cambodia, the last elections have been democratic. I expect to see more partnerships created in that region to ensure that the problems of Islamic separatism and terrorism are addressed. The U.S. will work with the Association of Southeast Asian Nations, or ASEAN, to broaden our influence there.

In South Asia, recent improvements in relations with India and Pakistan have helped reduce tensions between those two nuclear states. Still, accepting those two nations as nuclear states has encouraged Iran and North Korea to believe that they could pursue nuclear programs.

**Europe.** The countries of Europe have been our traditional allies in the defense of liberty, but the development of the European Union is also in part meant to counterbalance the power and the political influence of the United States. As we have seen in the case of the war in Iraq and in regard to China, European leaders often have opinions and goals that are very different from ours. Still, our similarities and values seem to outweigh our differences,

and we can be confident that European–American friendship and cooperation will continue.

**Latin America and the Caribbean.** In Latin America and the Caribbean, we have to reinforce the maintenance of democratic systems and market economies. These are challenged in Venezuela by a swing to the left and in Brazil by serious poverty. The Central American Free Trade Agreement, or CAFTA, will be a difficult challenge to pass in the Congress, but there are no overwhelming security or political challenges in the region.

**Central Asia.** Central Asia is of growing importance to the U.S. because of its energy resources and because too many of its nations are newly freed from the former Soviet Union. They are predominantly Islamic states that offer the chance of creating moderate and democratic Islamic nations. These areas are critical to success in the war on terrorism. And the old “great game” in Central Asia is on again, with China, Russia, and the West competing for influence there.

**Africa.** Africa will require continued attention. There are no vital U.S. security interests there, but terrorism certainly has a foothold on the continent. In North Africa, Morocco is a traditional American friend, and in Libya, there has been a turn away from weapons of mass destruction to joining the world market economy. To the south, people face corruption, political instability, terrorism and disease.

Because America now bases our security on ending economic hardship and political unrest abroad, Africa is a continent that is going to receive particular attention. Fifty percent of the new Millennium Challenge Account foreign aid is already aimed at Africa. South Africa, Nigeria, Kenya, and Ethiopia have been targeted for partnership because of the major impact they have on their neighbors.

## Conclusion

As you can see, the core of our future policies lies in the strength of our ideas, coupled with concrete action. Thomas Jefferson at his Second Inaugural Address in 1805 said, “We are firmly convinced, and we act on that conviction, that with nations as with individuals our interests soundly calculated will ever be found inseparable from our moral duties.”

We are still saying that today. This is the outline of how our nation will approach partnerships for change in the 21st century.

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