

foreign-government ownership of segments of American industries that are related—even indirectly—to the defense sector ought to give us all pause. Should we be sanguine as, together with Bain Capital in a \$2.2 billion deal, the Chinese firm Huawei Technologies takes an “undisclosed minority position” in the communications networking group 3Com Corp—a U.S. company whose focus is on sensitive communications networks? Can America be sure that even minority foreign government ownership of a U.S. contractor will not give China access to vital defense technology? Do we believe that corporate managers will remain oblivious to the preferences of their foreign stakeholders? Should we not care if critical defense contractors move to internationalize a portion of their capacity?

We are spending close to \$2 billion a day on defense, and like all government agency budgets, the Defense Department budget is funded through runaway borrowing. Yet the Bush administration entertains plans to remain in Iraq and Afghanistan for decades, sets up a new combatant command in Africa, and prepares its contingency options against Iran and in the event of an explosion in Pakistan. We seem determined to expand our military commitments regardless of our declining ability to pay for them, as though we believed that the basics of money and power no longer apply.

The world may appear flat in a best-selling book or in a lecture delivered after dinner at a rotary club, but it is full of peaks and valleys. For some states the globe is filled with new opportunities for national greatness. For others it may already be sloping sharply downwards. State-on-state economic competition, whether local or global, has never gone away.

After World War II, the U.S. was uniquely positioned to lead the competition. But the national economic interest

**President Bush and Vice President Cheney’s public and private comments disparaging the Dec. 3 National Intelligence Estimate on Iran have significantly increased the animosity of intelligence professionals toward the White House.**

The dismissive comments that the intelligence community is an “independent” arm of government and that the administration does not necessarily embrace its judgments is being seen as a repudiation of the entire intelligence process, which has been painfully rebuilt in the aftermath of the heavily politicized 2002 Iraq NIE. Some senior officers at the Pentagon are also beginning to suspect that the president is still determined to initiate military action against Tehran, despite their advice that such an attack would not serve the national interest and would, in fact, be counter-productive. Both the CIA and the Director National Intelligence office have been informed privately by their foreign counterparts of critical off-the-record comments made by President Bush during his recent Middle East tour. Bush told both the Israelis and the Saudis that he does not accept the NIE key finding that Iran has abandoned its development of nuclear weapons, adding his personal belief that the program has been re-instated. The Israelis conveniently provided their own evidence to support the president’s contention, information that had previously been reviewed and rejected by the DNI’s office. Israel has also been supporting an aggressive lobbying campaign in the U.S. to undermine the findings of the NIE, using its friends in the media and Congress. Some recent private comments made by Dick Cheney have also been reported back to CIA and the intelligence chiefs at the Pentagon. Cheney has been telling his contacts and supporters that the intelligence community has “betrayed” the president and that some of its leaders are “traitors.” When the use of that epithet was revealed, the intensity of the reaction was predictable, with a number of senior officers stating their intention to resign if a war were to start.



**It is unlikely that Bush would order military action against Iran without a specific *casus belli* such as the seizure of U.S. vessels in the Persian Gulf.**

But Tel Aviv and Washington have discussed a scenario by which the Israelis would attack first and then be backed up by the U.S. in a bombing campaign directed against Iran’s nuclear infrastructure. The White House has been setting the stage by quietly disseminating the view that the “Israelis are out of control” and thus cannot be dissuaded from taking decisive action against Tehran. This suggests that the Israelis would be encouraged to initiate unilateral strikes against Iran with the U.S. claiming to have no choice but to support them. It should be noted that there does not appear to be any hard operational planning for such an attack, which is currently a “what if.” But Dick Cheney recently told an associate that Iran is such a significant threat that President Bush cannot leave office without taking action for fear of being replaced by a “Hillary Clinton who will not make the hard decision.”

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has been sacrificed to an ideology that sees the new world as one market, but fails to recognize that today, as always, state power is key, and governments intervene in investment and currency decisions to maximize their countries' strength. Even in a globalized system, capital, knowledge, and technology flow to the most adept players, separating winners from losers, forging new great powers and undoing old ones.

## **ECONOMIC STRENGTH AND SOUND MONEY, BOTH UNDERPINNING A ROBUST MILITARY, ARE AS CRITICAL TODAY AND AS AT ANY POINT IN HISTORY.**

Before we allow our leaders to reassure us yet again that the United States will remain the dominant power spreading democracy across the globe, we should at least for a moment consider the fundamentals.

Can any state call itself a great power while it lives on borrowed money—its national debt out of control, its infrastructure crumbling, and its core industries disappearing offshore as it forfeits the technological culture it took generations to develop?

Can the United States look with confidence to a future in which the dollar is no longer accepted in international transactions, in which our defense budget can only be funded through promissory notes, and in which—having staked our security on cutting-edge technology—we no longer have the autonomous capacity to manufacture the most advanced weapon systems?

If we fail, the world will lose its balance. A bankrupt America cannot stabilize its position in the fast changing global order, an environment in which China contends for preeminence, where India is rapidly becoming another leading Asian player, and countries such as Russia and Brazil are catching up with European leaders.

Globalization has not reinvented the rules of international relations. It is taking the United States back into the future—into a time where sovereign economic strength will define international status in much the same way it has for centuries. We are about to rediscover the most basic principle of political realism: the size of the GDP tells an incomplete story, for national power without a structurally sound industrial

economy is an illusion. To pretend otherwise, as the United States policy elites have done for years now, is an exercise in self-delusion. The greatest Republic in history is going on the auction block.

Since the U.S. has not been beaten at the global economic game since the triumph of free-market ideas, the radical decline of America's position seems unlikely. But just such a change is coming on fast. If our current economic policy does not change, we will live in growing insecurity, dependent on U.S. debt holders and in fear that they may cut off our credit. In the long run, a country with a large military but economic feet of clay will not endure.

Even at this late stage, we have a choice: we can recognize what is at stake, or we can continue to delude ourselves that what is happening is just the normal global business cycle and represents no threat. After all, officials connected to China Investment Corporation have reassured us that they plan to buy only minority stakes in U.S. companies and that they will avoid airlines, telecommunications and—after the backlash that followed the failed bid by China's nationally-owned CNOOC oil company to buy UNOCAL—oil companies. For now.

The globalist mantras that a national manufacturing base no longer matters, that the traditional export-import calculus no longer applies, that our collapsing currency only makes our exports more competitive, and that our national debt is but a sign of continued foreign confidence in our economy ring hollow. They require the sort of mental dexterity that can no longer be mustered in the face of facts.

The international order taking shape today amidst considerable flux and uncertainty is neither unipolar, as neo-conservatives would have us believe, or one of supranationally managed multipolarity, as liberals would have wanted it. Economic strength and sound money, both underpinning a robust military, are as critical today and as at any point in history. A country that pretends otherwise does so at its own peril.

The panacea is not protectionism or rejection of the global market. It is the opposite—to start competing on terms others have chosen: maximizing energy independence, insisting on strict market reciprocity, and putting national interest ahead of a short-term uptick in the corporate balance sheet. Great nations cannot be built on credit. The essentials of what makes a power great remain constant: a vibrant industrial base, technological leadership, and cutting-edge exports. Those first lessons of traditional realist thinking are about to be taught to America again. ■

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# GOP Panhandling

John McCain's moment in the sun

By A.G. Gancarski

BRAVING TORRENTIAL RAIN, a crowd of 700 Republican regulars gathered at the University of North Florida in Jacksonville to hear the winner of that day's Nevada caucus, Mitt Romney. He had traded his usual suit jacket for rolled-up sleeves; the effect was Ward Cleaver on a Saturday afternoon.

"If you want the nomination, and you want to win the presidency," Romney declared, "you've got to get Florida." It was a grim admission: Romney's largely self-financed campaign and political future depended on a state where people normally come to spend their children's inheritance and die.

Unlike Rudy Giuliani, Romney didn't choose a Florida-or-bust approach. He was backed into it after his early-state strategy was blown away by Mike Huckabee's surprise triumph in Iowa and John McCain's rise from the dead in New Hampshire. In the end, he came up five points short.

The Sunshine State was never going to be an easy conquest. It would be a close-run race, fought region by region. A Romney aide confided that they "had to win" north Florida to have any chance because of the perceived strength of McCain and Giuliani elsewhere.

With this in mind, Romney relied on his golden touch with party insiders and had snagged impressive North Florida endorsements well before this event. But endorsements don't guarantee enthusiasm.

UNF president and former two-term Jacksonville mayor John Delaney, a prototypical Jeb Bush Republican,

described Romney as the compromise choice. "Most of the local GOP hierarchy had not aligned with any campaign by early fall," he said. "Each of the major candidates had been through to meet with the group and make their pitch. Still no commitments. As everyone understands, each candidate has flaws to go with their strengths."

As the primary approached, Delaney related, "the rest of the state began to wonder where the Jacksonville people were. So our group, informal as it was, asked each campaign to make a one-hour pitch, back to back. We met on one day with representatives from the Thompson, Romney, McCain, and Giuliani campaigns—the 'Big Four.' The group decided that moving en masse [to maximize impact] was best."

But winning over the local party machine proved less difficult for Romney than winning the hearts of common people. At the Jacksonville MLK Day parade, he attempted to chat up clusters of unkempt teenagers wearing flannel pajama pants and balancing babies on their hips. "Who let the dogs out? Whoop! Whoop!" Mitt barked, attempting to flash up his street cred with an awkward reference to the Baha Men's chart hit from eight years ago. Later, talking to a young black mother, Romney said to her baby, "Oh, you've got some bling bling on." Clearly, the Massachusetts governor was out of his element.

But he had competition for offending local sensibilities. Mike Huckabee has seemed snakebit since his decision to barnstorm South Carolina with wizened

professional wrestler Ric Flair, who at a rally in Colombia stood on the stage kissing his bottle-blond trophy wife while the candidate tried to deliver his stump speech.

In Jacksonville, Huckabee's hard luck struck again at the Trinity Baptist Church where he was scheduled to preach the Sunday before the primary. Trinity's long-serving pastor had recently been convicted of child molestation. As the media focused on this unpleasantness, the campaign veered uneasily between saying that the engagement had been cancelled and claiming that it had never been scheduled.

Huckabee opted to address the Trinitarians by telephone and spent Sunday afternoon at a rally in the courtyard of the Jacksonville Landing, a mall on the banks of the St. John's River. The sun-soaked crowd—flush with a couple hundred so-called "Wal-Mart Republicans," many of whom came from nearby states—was receptive but not rapturous.

Struggling in the polls, Huckabee lunged desperately toward folksy John Edwards territory. He unconvincingly laid into Fair Tax critics, opining that he was "tired of the boobirds," who inexplicably oppose "taxes so simple that a seven year old running a lemonade stand can understand." Would these kids be collecting 30 cents for the federal government for each glass they sold? Huckabee didn't say. After finishing his pitch, he dutifully strapped on the bass guitar and played "Brown Eyed Girl" with a local band. The bassline didn't quite match the drums.