The Wealth of Nations and the Advancement of Collective Security:

A Christian Perspective of Economic Development

for U.S. Strategy to Maintain Stability in Emerging Great Power Conflict

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Abstract

This thesis will address the economic development of countries from the strategic perspective of the United States, and consider how this development will progress overlaid in the context of the Chinese framework for the projection of national power. Using an inter-disciplinary approach, this research will synthesize sources on national security policy and economics, while seeking a Christian apologetic framework to answer these questions: How can the United States promote the economic development of countries in the Asia-Pacific region using a biblical economic-development model, as a part of its national strategy? This thesis focuses on some of the political and socio-economic ideas which catalyze economic development, explaining how these ideas can be strategically promoted by the US government: using the vehicle of civil-society initiatives in economically under-developed strategic-partner countries to foster economic development and securing their autonomy from emerging hegemonic powers.
The Wealth of Nations and the Advancement of Collective Security:

A Christian Perspective of Economic Development


**What Leads to the Creation of Wealth?**

This thesis, although discussing poverty in a primarily economic sense, is built upon an assumption—one that is predicated in the Biblical Christian worldview—that just as humans are not primarily material beings but desiring beings,¹ the greatest form of poverty which humans face is *spiritual*. In the Christian perspective, spiritual poverty is understood primarily as an unsatisfying understanding and relationship of the self to God. This generally leads to, and from a general view, it could just as easily be stated, in terms of psychological, relational, or emotional poverty. Instead of viewing oneself as created in the image of the Creator-God, gifted with unique abilities which will serve to edifying fellow people through the good of work, a person can easily view their work as a meaningless burden or necessary evil.² Therefore, while economic wealth (and conversely, economic poverty) ought never be identified as the greatest or deterministic condition of humanity (as Marxist scholars have believed),³ it is nonetheless a significant hurdle to the cultivation of culture and the maintenance of a positive feedback loop for the development of wealth. Recognizing this distinction can help focus the efforts of

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civil-society, with the *disciplined* support of government institutions, in addressing these challenges.

Asmus and Grudem clarify the focus of their work as addressing economic poverty and wealth:

> We recognize that relational and spiritual wealth are more valuable than economic prosperity. And there are other kinds of wealth, such as moral wealth, the wealth of wisdom, and cultural and artistic wealth, which are not the focus of this book. We believe that a person’s relationship with God takes priority over everything else: ‘You shall love the Lord your God with all your heart and with all your soul and with all your mind’ (Matt. 22:37). Still, our material well-being is important to us and also to God, and we understand growth in material prosperity to be the best and, in fact, the only real solution for world poverty. Our entire book therefore seeks to help nations increase their economic wealth as one means of obedience to God.⁴

Grudem and Asmus stress the importance of having the correct goal in mind in order to solve poverty. “In order to solve the problem of poverty in a poor nation… the correct goal is that a nation continually produces more goods and services per person each year.”⁵ Per capita income, the standard measurement of economic wealth and poverty in a country, “is calculated by dividing the total market value of everything produced in a nation in a year [Gross Domestic Product (GDP), ‘the market value of all final goods and services produced within a country in a given period of time,’⁶—usually in a given year] by the number of people in that nation.”⁷ Strictly speaking, if a country as a whole is able to produce more goods and services, its GDP will increase. If this

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⁵ Grudem and Asmus, 45.


⁷ Grudem and Asmus, 45-46.
increase exceeds the increase in population, then the GDP per capita will also increase; if it does not, while the GDP may rise, the GDP per capita will stagnate or decrease. Therefore, “the focus of efforts to overcome poverty must be [not only] on increasing the production of goods and services. The correct goal for a poor nation, then, is to become a nation that continually produces more goods and services each year.”

Grudem and Asmus further speak to the wide-ranging factors that impact the creation of wealth: “If a nation is going to succeed in overcoming poverty, it must be willing to examine its official policies, laws, economic structures, and cultural values and traditions to see whether they promote or restrain increases in goods and services that the nation produces.”

The process of growing GDP is an individualistic and creative process, “creating products of value” which did not exist before “is at the heart of the means by which nations can grow from poverty to increased prosperity. If this creative process can be expanded to thousands of people making thousands of kinds of products, then the total value of everything in the nation increases day after day.” If this can be sustained year after year, at a greater rate than the growth of population, the nation will grow prosperous. Human ingenuity is the decisive factor in creating wealth, not the resources or labor available—which simply scale the effect of ingenuity (that is, entrepreneurism). This is demonstrated by the fact that “more complex processes can turn simple materials into very expensive items [because the item especially benefits the individual quality of

8 Grudem and Asmus, 48-49. Emphasis Original.

9 Grudem and Asmus, Ibid.

10 Grudem and Asmus, 52-53.
life or the more abstract human experience]. Think of eyeglasses, for instance…How can 8 cents worth of materials end up with a value of $200? It is because skillful human beings create a product of value from the resources of the earth, and so the GDP grows.”

Therefore, a principle central to appreciating the creation of wealth is that, regardless of the socio-economic status of the individual or nation in question, that the profit of voluntary exchange “is a measure of the morally positive value that has been added to the nation.”

Grudem and Asmus synthesize a professional economic and Christian theological approach to “provide a sustainable solution to poverty in the poor nations of the world, a solution based on both economic history and the teachings of the Bible,” by turning the “long-term causes of poverty” into “long-term causes of prosperity.” They focus on “national laws, national economic policies, and national cultural values and habits [on the conviction that] the primary causes of poverty are factors that affect an entire nation.”

The proposed steps “must be implemented from within a nation, by its own leaders, [and cannot] be imposed by anyone outside the poor nation”; this is because leaders must be empowered, enabled, and encouraged to solve the specific problems of poverty facing their own country, by capitalizing on those factors which they already do so well. Identifying and then capitalizing on economic and societal strengths enables the sustainable creation of wealth. Corbett and Fikkert call this positive approach “asset-

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11 Grudem and Asmus, 53.

12 Grudem and Asmus, Ibid.
based community development” (ABCD). Corbett and Fikkert ascribe the effectiveness of the ABCD approach to its contribution in overcoming poverty of being—which then enables the individual and the community to overcome their material poverty:

ABCD puts the emphasis on what materially poor people already have and asks them to consider from the outset, ‘What is right with you? What gifts has God given you that you can use to improve your life and that of your neighbors? How can individuals and organizations in your community work together to improve your community?’ Instead of looking outside the low-income individual of community for resources and solutions, ABCD starts by asking the materially poor how they can be stewards of their own gifts and resources, seeking to restore individuals and communities to being what God has created them to be from the very start of the relationship. Indeed, the very nature of the question—What gifts do you have?—affirms people’s dignity and contributes to the process of overcoming their poverty of being.

Grudem and Asmus champion the perspective of Udo Middelmann in his work Christianity Versus Fatalistic Religions in the War Against Poverty, that “any long-term solution to poverty must include a cultural transformation to key elements of a Christian worldview, including a positive view of growth in economic productivity and a hopeful perspective on the possibilities for change in one’s life situation.”

While Grudem and Asmus discuss personal and cultural transformation, Sachs discusses official development assistance (ODA) in terms of shared monetary contributions from developments, detailing that the “Millennium Development Goals can be financed within the bounds of the official development assistance that the donor

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14 Steve Corbett and Brian Fikkert. When Helping Hurts: How to Alleviate Poverty Without Hurting the Poor—and Yourself. (Chicago: Moody, 2009), 126.

15 Udo Middelmann, Christianity Versus Fatalistic Religions in the War Against Poverty. (Colorado Springs: Paternoster, 2007).
countries have already promised” as of 2005, and stresses that “the actual transfer of funds must be based on rigorous, country-specific plans that are developed through open and consultative processes, backed by good governance in the recipient countries, as well as careful monitoring and evaluation.”

Sachs believes that lagging development rates in Africa are not due to poor governance relative to the standards of poor countries, citing that Africa has experienced a trend in democratization since the early 1990’s, but rather Sachs attributes the ongoing lack of development to “adverse geography and deficient infrastructure.”

Certainly, culture and geography can present either a positive or negative synergistic effect, and Sachs is not advocating studying one to the exclusion of the other. However, while Sachs recognizes the impact of culture on economic outcomes, he also boasts great confidence in the adaptability of societies and cultures in economic pragmatism. Sachs argues that “culture-based predictions of social change are fragile and often incorrect even in the most culture-bound areas of human behavior… cultures change with economic times and circumstances…Although not all cultural values change so easily, values deemed to be inimical to economic development are rarely, if ever, unalterable features of a society.”

Sachs notes significant annual per capita growth rates in Islamic countries: Malaysia, Bangladesh, Tunisia, and Indonesia, along with

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17 Sachs, 312-315.

18 Sachs, 315-322.
improvements in fertility rates, education, and literacy in Iran, Egypt, Jordan, Tunisia, and Morocco.\textsuperscript{19}

Interestingly, Sachs compares growth rates of developed and developing countries with factors associated with economic freedom and notes that “economic freedom is definitely a plus for economic development,” but not a strict correlation.\textsuperscript{20} This appears to remain true given recent statistics (included in table 1).

Table 1. \textit{Economic Freedom and Measures of Wealth}.\textsuperscript{21}

<table>
<thead>
<tr>
<th>Rank by GDP Per Capita (PPP)</th>
<th>GDP Per Capita (PPP)- 2017</th>
<th>GDP (PPP)- 2017</th>
<th>Countries</th>
<th>Rank (Economic Freedom)</th>
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<td>19</td>
<td>$59,500</td>
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<td>8.03</td>
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<td>42</td>
<td>$42,800</td>
<td>$5,443 Trillion</td>
<td>Japan</td>
<td>41</td>
<td>7.47</td>
<td>1</td>
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<tr>
<td>108</td>
<td>$16,700</td>
<td>$23.21 Trillion</td>
<td>China</td>
<td>107</td>
<td>6.46</td>
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<td>127</td>
<td>$12,400</td>
<td>$3.250 Trillion</td>
<td>Indonesia</td>
<td>65</td>
<td>7.16</td>
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\textsuperscript{19} Sachs, Ibid.

\textsuperscript{20} Sachs, Ibid.

\textsuperscript{21} GDP figures referenced from CIA World Factbook; Economic Freedom index referenced at Fraser Institute: Economic Freedom.
Grudem and Asmus advance a complex solution made up of 78 specific factors which affect economic policies, governmental laws, and cultural values (including moral values and spiritual beliefs); they disagree with Sachs’ approach: focusing on Official Developmental Assistance from economically developed countries, calling attention to “multiple other legal and cultural factors that affect whether a free market actually functions effectively in a nation.”

Grudem and Asmus specifically take pains to discourage an active role for the government in terms of central economic planning: “We are not saying that government planners should try to decide what products a country should produce. They simply need to create the right conditions for innovation and entrepreneurship to happen in a free-market system. Individual entrepreneurs, operating within the free market, will eventually find successful products once the economic and legal structures in the nation allow them to do it and the cultural values encourage it.”

While Keynesian economics often seeks government intervention as a solution to economic development, Smithian economics recognizes that government intervention is generally the (often literal) roadblock confronting economic development.

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<td>$9.474</td>
<td>India</td>
<td>95</td>
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22 Grudem and Asmus, 29-30.

23 Grudem and Asmus, 63.

24 Robert Guest, *The Shackled Continent: Africa’s Past, Present, and Future* (London: Macmillan, 2004), 172-176. Robert Guest, the African Editor of *The Economist*, relates his first-hand experience of a delivery truck’s journey in Cameroon—a journey of five hundred kilometers which ought to have taken eighteen hours but took four days—and the truck arrived with only two-thirds of its original cargo. Guest explains: “We were stopped at road blocks forty-seven times.”
governments choose to remove government-imposed barriers to the consensual exchange of goods and services, whether within a country or between countries, the result is mutually beneficial economic development: the creation of wealth through specialization in and the expansion of the market for goods and services. This is the manifestation of the economic principle that every individual and country enjoys a comparative advantage in making some products.25

Asmus and Grudem assert that Christianity places great responsibility on national leaders, particularly due to the impact their influence can have on the wealth of a nation: “It is crucial that government leaders have an accurate and true understanding of the causes of poverty and prosperity,” because “material prosperity is a secondary issue” to spiritual poverty or prosperity—the hearts and minds of the materially poor and rich alike.26 Rather than self-aggrandizement of riches, prestige, privileges, these authors pointedly assert that it is a special, God-entrusted responsibility “of government leaders to care for the poor.”27 Citing the apostle Paul in his epistle to the Romans, Grudem and Asmus expound the providential office which government leaders are granted by God:

The Bible is very clear about the purpose for which God put you in this position: it is to do good for your nation. Paul says this about anyone serving as a governing official in the Roman government [an authoritarian regime, with a large proportion of the population lacking any personal rights or freedoms]: ‘He is God’s servant for your good’ (Rom. 13:4). In other words, even an unbelieving, secular government official in the

25 Grudem and Asmus, 62, 167-72, 173.
26 Grudem and Asmus, 40-41.
27 Grudem and Asmus, 40.
Roman Empire has been put in office to do “good” for the people of the nation. The Bible even calls him “God’s servant” for that purpose.²⁸

The approach to enabling economic opportunity requires inputs from both wealthy and impoverished countries. Paul Collier, economist and director of development research at the World Bank, “writes that reform policy is one of the most urgent steps that both wealth countries and poor countries can take to help the economic development of poor countries.”²⁹ Collier argues that protectionist tariffs, which are by nature counterproductive, ought to be removed by all parties interested in facilitating economic development (both in their own country, and in others). Collier writes that “poor countries must drop their protectionist tariffs that force their citizens to pay high prices for imported goods simply to protect inefficient homegrown companies (the owners of which are often friends of government officials).”³⁰ In addition, rich countries need to make “unreciprocated reductions” in trade barriers in order to genuinely help very poor countries.³¹ Collier stresses the need for cultural and policy changes in under-developed countries, but calls on the developed countries to enable these efforts: “Change is going to have to come from within the societies of the one billion, but our own policies could make these efforts likely to succeed, and so much more likely to be undertaken.”³²

²⁸ Grudem and Asmus, Ibid.


³⁰ Ibid.

³¹ Ibid.

³² Collier, 12.
When wealthy countries place restrictive or protectionist tariffs on poorer nations’ exports, they are denying mutual benefits to both countries: “the HELP commission’s report to the U.S. Congress in 2007 included “Grant duty-free, quota-free access to U.S. markets” to many poor countries, especially “those countries with a per capita Gross Domestic Product (GDP) under $2000.” Free commerce is essential to the continual process of economic development: “If a country is going to continually produce more goods and services of value and move from poverty toward prosperity, it must guarantee domestic freedom of commerce. The national government must have enough strength and courage to abolish all internal tariffs and extortions.” This prescription applies to all countries seeking to remedy poverty, whether in a region or subset of the population mired in chronic economic under-development within an otherwise wealthy country, or an entirely poor country.

Grudem and Asmus note the effect that laws can have on stifling the creation of wealth and perpetuating poverty. The authors write: “We realize that governmental laws and entrenched special interests in a nation can be ‘structural’ forces that make it impossible for individual people to rise out of poverty. The powerful elites in a country may keep all the power and retain all the wealth for themselves [even by using the law as an instrument]. Somehow these powerful groups must be persuaded to give up some of their power and privilege, and their tight hold on the wealth of the nation… If the Bible commands us to love and care for individual poor people that cross our paths, should not our love for others lead us to be even more eager to seek to change laws and policies in

33 Grudem and Asmus, 98-99; citing the HELP commission’s report to the U.S. Congress in 2007.
34 Ibid. 267.
an entire nation when we have the opportunity….when we understand [the psychological
and spiritual] aspects of poverty, including a “lack of freedom to be able to make
meaningful choices—to have an ability to affect one’s situation.”35

Author Jay Richards notes the need for aid efforts to enable receiving
parties to create wealth for themselves, so that such efforts result in sustainable
development:

Whether we like it or not, no culture has emerged from absolute
poverty through government-to-government aid or even private relief
efforts that did not enable recipients to create wealth for themselves and
others. Private charitable giving and even some government actions have
an important role to play in our response to poverty—particularly as
thoughtfully crafted, modulated responses to large, unexpected disasters
(e.g., the U.S. Navy’s rapid response after the deadly 2004 tsunami in the
Indian Ocean) and in church partnerships where the transforming power of
the gospel isn’t crowded out by a secular, redistributive humanitarianism
masquerading as ‘the Social Gospel.’ An aid culture of redistribution and
neocolonial dependency does not, and never has, worked to lift whole
cultures out of extreme poverty. Haiti, for example, has more aid workers
per capita than any other nation on earth, and yet it remains the poorest
nation in the Western Hemisphere.36

In considering Sachs’ list of the six major forms of capital, public institution
capital, infrastructure capital, and knowledge capital are the three which government
might reasonably offer direct assistance and investment, particularly through human
capital investment (i.e. personnel exchanges, education, training, advisors). Public
institutional capital, (“the commercial law, judicial systems, government services and


36 Jay W. Richards, Money, Greed, and God: Why Capitalism Is the Solution and Not the Problem.
ECONOMIC DEVELOPMENT IN U.S. GEOSTRATEGY

policing that underpin the peaceful and prosperous division of labor”\(^37\), to which could be expounded the role of security services and geopolitical arrangements, has the potential to serve as a cost-effective method for developed countries to enable the political-economic development of under-developed countries. In other words, Governments can also encourage and promote N.G.O. investment (financial, educational, and material) by corporations, micro-financing, and charitable organizations.

**Reflecting on the United States’ Rise as a World Power**

The growing power and influence of China over the past 40 years parallels the rise of the United States as a world power over a hundred years ago—in as much as there is a pattern of domestic economic development which enables international power projection to secure the sovereign state’s interests—just as (some) parallels can be drawn between Chinese President Xi Jiping and former U.S. President Theodore Roosevelt. According to Graham Allison, Americans should be prepared for a “Xi Corollary”, reminiscent of the Roosevelt Corollary to the Monroe Doctrine, to intervene in cases of “chronic wrongdoing, or an impotence which result in a general loosening of the ties of civilized society… to the exercise of an international police power.”\(^38\)

Theodore Roosevelt, Assistant Secretary of the Navy and future U.S. President, embodied the American spirit of Manifest Destiny. America has long viewed itself as a missionary nation: “In Theodore Roosevelt’s mind, Providence had called upon the United States to play a unique role as guardian and evangelist of Western civilization. In

\(^37\) Sachs, 244.

his mission to “expand” that civilization, he also enlarged the American empire in ways that shook its global competitors to the core.”

Theodore Roosevelt advocated for securing U.S. interests through reliance on a battle fleet—emerging within 15 years as a leading naval power after building twenty-five battleships: “Even Britain would come to realize that it did not want to fight with America in its own backyard, especially with a rising Germany much closer to home.” Roosevelt anticipated power conflicts, particularly with the Empires of Japan and Spain, as an opportunity to project American influence; he led the United States in “using its newfound economic and military prowess to reinforce its growing influence,” achieving strategic dominance as a regional hegemonic power, “free from interference from outside foreign powers… [and] communicating clearly that US interests within its hemispheric sphere of influence were non-negotiable and backing this up by, as Roosevelt said, “power, and the willingness and readiness to use it.”

Joseph Nye asserted that: “Roosevelt was the first president to deliberately project American power on the global stage.”

Theodore Roosevelt unabashedly asserted his belief that “Every expansion of civilization makes for peace… Every expansion of a great civilized power means a

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39 Graham Allison, *Destined for War*, 93.

40 Ibid., 89-93.

41 Ibid.

victory for law, order, and righteousness.’”43 “Even when acknowledging that the United States acted in self-interest, [Theodore Roosevelt] insisted that expanding US influence would improve the lives of those not yet capable of governing themselves.”44 Theodore Roosevelt opined that “the missionary, the merchant, and the soldier may each have a part to play in this destruction [of barbarism], and in the consequent uplifting of the people.”45 However, Theodore Roosevelt made clear in his State of the Union addresses to the U.S. Congress, that the ultimate purpose and end of this American “imperialism” was the advancement of “the ideas of [western] civilization and Christianity”… to “make [the people of liberated Spanish colonial possessions] fit for self-government after the fashion of the really free nations.”46 While the diction of American foreign policy has changed, the fundamental values which guide American foreign policy have not been significantly altered: “Today, many Americans find these words uncomfortable, imperialist, or racist—though one can hear echoes in twenty-first-century claims about American leadership in upholding an international rules-based liberal order.”47

The Return of China as a Hegemonic Leader

To understand China’s strategy, one must first appreciate the deep-seated cultural views of China’s leaders on the history of China. Chinese leaders have a deep sense of


44 Destined for War, 93.

45 Weinberg, Manifest Destiny, 429-30.


47 Graham Allison, Destined for War, 93.
their history, “invoking strategic principles from millennium-old events.”

According to John King Fairbank, whom Allison credits as the founding dean of modern China studies in the United States, “the military functioned as a last resort” in accordance with “the disesteem of physical coercion deeply embedded in Confucian teaching.”

“Reflecting its civilizations centripetal orientation, Chinese foreign policy traditionally sought to maintain international hierarchy, not to expand its borders through military conquest.”

Kissinger believed that, “like the United States, China thought of itself as playing a special role,” and believed it should “tower over its geographical sphere,” which “did not necessarily imply an adversarial relationship with neighboring peoples,” though it “never espoused the American notion of universalism to spread its values around the world.”

China, through seeking economic and political vassal-states along its periphery, such as Korea, “expanded by cultural osmosis, not missionary zeal.”

Therefore, the humiliation of the Qing dynasty at its decisive defeat by the British in the First Opium War (begun in 1839) served as a rude awakening to “the power of an industrializing, imperial Western Europe,” which ushered in a period where “foreign powers exerted greater influence in China than the Chinese government itself.”

48 Kissinger, On China, 2.


50 Allison, Destined for War, 110.

51 Kissinger, On China, 17, 259.

52 Allison, Destined for War, 111.
Chinese leaders hold to a deep cultural belief, reinforced by history and language, that China is mandated by nature as a hegemonic power, and that the natural expression of Chinese cosmology (the distinct and holistic cultural method of understanding human existence) is Chinese hegemony: “Chinese tended to think of their foreign relations as giving expression externally to the same principles of social and political order that were manifested internally.” Indeed, “The Chinese Emperor was conceived of and recognized as the pinnacle of a universal political hierarchy, with all other states’ rulers theoretically serving as vassals.” Allison notes that this “foreign concept of global order” was challenging for Kissinger, a “student of world order whose doctoral thesis, published as A World Restored, analyzed the Congress of Vienna and extolled the virtues of the European concert of power and balance-of-power diplomacy that gave Europe a century of peace” after the interlude of Napoleon Bonaparte’s hegemonic ambition—autocracy fueled by a nationalist revolution.

The Strategic Situation

The Middle Kingdom’s humiliation by European and Japanese powers, and the attendant risk of political fragmentation exemplified by the warring states period (third century B.C.), and repeated through Chinese history, fuels China’s strategic imperative.

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56 Allison, Destined for War, 320.

Meanwhile, Free Trade Agreements are now seen as the geoeconomic foundation of strategic alliances. This is evidenced by the efforts of the Russian Federation-led Eurasian Economic Union (EAEU), a prominent Free Trade Area “often described as Russia’s equivalent to the EU [European Union]”, to conclude Free Trade Agreements (FTA) with Egypt, Iran, India, and Singapore. China relies on bilateral free trade agreements, both with individual states and with organizations such as ASEAN, an implicit recognition that tariff-free trade is mutually beneficial.\(^{58}\) Clearly, the U.S. position in Asia will ultimately rest to a significant extent on its willingness to enter into new free trade relationships and to join “wholeheartedly” into the region’s multilateral economic arrangements, as East Asia remains a main area of growth in the global economy.\(^{59}\)

The possibility of U.S. withdrawal (globally) is attended with great risk, and exemplified by the strategic situation of the South China Sea. Should the Chinese achieve military multi-polarity, China’s advantages in geography and demography would overwhelm the region and force the acquiescence of foreign policy (as Finland only nominally retained its independence from the U.S.S.R. during the Cold War). The U.S. military must retain “a clear-cut advantage in key areas over the Chinese military. It is that edge which will preserve the balance of power. Multipolarity is fine in a diplomatic and economic sense. Just as the U.S.’ projection of influence in the Caribbean Sea and the construction of the Panama Canal enabled a two-ocean naval capability (connecting

\(^{58}\) Chris Devonshire-Ellis. *China-Russia Great Eurasian Partnership on Development Track as EAEU Agree to Regional Free Trade.* (Silk Road Briefing, 2019).

to Europe and East Asia, and resulting strategic influence on the Eurasian rim-land),
China’s functional domination of the South China Sea and projection through the
Indonesian Straits enables it to develop a two-ocean capability in the Pacific and Indian
Oceans (granting strategic access by-sea to the Middle East, East Africa, and South
America)—even as China develops its overland strategic routes through Central Asia via
Pakistan.\(^{60}\) Robert Kaplan’s analysis of great power politics and geography concludes
that Chinese projection is not “unusually aggressive” and “is altogether natural”, and that
“the U.S. military will have to make some serious accommodation with a rising Chinese
military power, with greater political ramifications for the states in the region. \(^{61}\)

Kissinger’s strategic diplomacy allowed China to liberalize its economy and
China is now attempting to develop a soft-power empire or “sphere of influence.” China
is likely to project regional hegemony regardless of its political system, while pursuing a
\textit{modus vivendi}—diplomatic co-existence—reciprocated by the U.S., while the latter seeks
to keep Chinese hegemony in check, a “tense and contradictory relationship” saddled by
increasing political and economic costs of projecting power.\(^{62}\) Whereas the geography of
Europe led to land-based conflict in the Twentieth-Century characterized by large-scale
industrialized warfare, the vast maritime geography of the Pacific Rim will lead to
strategic commercial and naval competition—but not amphibious conquest of large
populations and areas. \(^{63}\) The combination of the geography and geoeconomics of the

\[^{60}\] Ibid., 20.
\[^{61}\] Ibid., 43-44.
\[^{62}\] Ibid., 24.
\[^{63}\] Ibid., 5-8.
region may lead to “a purer form of conflict (at least in East Asia)” defined by realist interests and power politics—the Chinese strategy to establish hegemonic control through the influence of dominance may well lead to the weaker countries of Southeast Asia to “bandwagon with the United States” to avoid submitting to Chinese influence.\textsuperscript{64}

Within the emerging prospect of multipolarity, Indonesia has the potential to emerge as a “vigorous and stable democracy that has the potential to project power through its growing economy”, alongside burgeoning capitalist powers.\textsuperscript{65} Southeast Asia’s 600 million people, represents the dynamic strategic convergence between the China’s 1.3 billion people and Indian Subcontinent’s 1.5 billion people. Southeast Asian countries quietly rely on the U.S. Navy to counter-balance China, while they compete with China to solidify their claims in the contested archipelagos of the South China Sea, competing for control over hydrocarbon reserves, as well as navigation lanes for global commerce—whose strategic significance increases with the growing wealth of the region: the demands of growing populations of increasing affluence, driven by the developing supply of goods and services from these countries. Vietnam desires the U.S. to maintain the balance of power in the South China Sea, to resist Chinese hegemony.\textsuperscript{66}

China’s advancing presence and influence in the South China Sea testify to its “demographic and economic heft”, if China’s ascent falters, it may once again “compete on an equal—rather than a dominant—footing with India and other powers and civilizations.” Despite the military and economic rivalry between China and the U.S., the

\textsuperscript{64} Ibid., 18.

\textsuperscript{65} Ibid., 23.

\textsuperscript{66} Ibid., 9-23.
future—in military as well as economic terms—may be distinctly multipolar, with a country like Vietnam—or Malaysia, Australia, or Singapore—playing off a host of powers against each other. The United States fought against the prospect of a Vietnam unified by a communist North. But once that unification became fact, the new and enlarged Vietnamese state became a much greater threat to communist China than to the United States. Eventually, a Concert of Europe model of multi-polarity could emerge on the Indo-Pacific Rim, incorporating China, America, Japan, India, and perhaps one or two other countries.

**Policy Prescriptions**

Four lessons drawn from studying the People’s Republic of China’s use of geoeconomics are: First, that “National power depends above all on the performance of the domestic economy and the ability to mobilize and allocate its resources.”; Second, “if the currency of power is shifting toward the geoeconomic, so too must the attention spans, competencies, and priorities of U.S. foreign policy makers.”; Third, “Many of the most difficult geopolitical challenges the United States faces are cases where states, often rising powers, are applying geoeconomics as a tool of first resort.”; and fourth, “As we confront a set of powers that do not make the same distinctions between public policies

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67 Ibid., xx-xxi.

68 Ibid., 28-29.
and private companies, it will require more interplay between our own domestic economic decisions and national security decisions.”69

Blackwill and Harrison, writing in 2016, advocate for twenty policy prescriptions, which, “if implemented in a sustained way,” would produce three benefits for the United States, as well as their partners and allies, and thereby further U.S. strategic interests. First, these policies “would allow the United States to address seriously the growing geoeconomic coercion practiced by authoritarian governments in Asia and Europe against their neighbors.” Second, the implementation of these policies by the United States “give the industrial democracies new positive tools to influence regional and global geopolitics.” Third, the effect of these policies would be to “strengthen the U.S. alliance systems and thus bolster the current regional and global balance of power.”70

The full listing of these policy prescriptions is included in the appendices. In general, the United States’ strategic future requires government policies which promote “robust economic growth” domestically. Leaders within the federal government must begin conversations about applying Blackwill’s geoeconomics recommendations to U.S. National Security Strategy: “The President must speak to geoeconomic policy; The leadership of the Congress should schedule a comprehensive set of hearings on the potential of the United States to use economic tools to further U.S. geopolitical objectives.”71


70 Ibid., 249-251.

71 Ibid., 226.
from non-geoeconomic instruments and influence, as well as determining what makes them more or less effective” is needed.\textsuperscript{72} Such a framework “should also offer policy makers a means of evaluating geoeconomic policy options against other policy alternatives.”\textsuperscript{73}

Blackwill and Harrison argue that “funds should be shifted from the Pentagon to be used to promote U.S. national interests through geoeconomic instruments.”\textsuperscript{74} They note that the administration’s budget request for the State Department in Fiscal Year 2016 was $50.3 billion, which is 8.6 percent of the Department of Defense’s request for $585.2 billion.\textsuperscript{75} While increased funding should be allocated in the federal budget for the implementation of geoeconomic strategy, there is also a need to maintain a military balance of power with the People’s Republic of China in the South and East China Seas. This strategic demand therefore requires that any re-allocation of funds be undertaken with thorough consideration.

With specific regard to the Asian region, Blackwill and Harrison discuss the importance of a regional free trade agreement, with an emphasis on developing a geoeconomic strategy for engaging with China, while leveraging treaty alliances in Asia, such as ASEAN (The Association of South East Asian Nations), for economic engagement: “Geopolitical strategy by the United States in Asia cannot succeed without… bringing a “comprehensive, high standards regional trade agreement”… tying

\textsuperscript{72} Ibid., 226-229.

\textsuperscript{73} Ibid.

\textsuperscript{74} Ibid., 229.

\textsuperscript{75} Ibid.
together America’s friends in Asia and negotiating the terms of engagement between U.S. collaborators in the Western and Eastern Hemispheres.”

Blackwill and Harrison comment that “TPP [the Trans-Pacific Partnership trade agreement] could have better prioritized certain U.S. geopolitical interests… often in ways that would have also advantaged U.S. economic interests,” and recommend both “tougher provisions on SOEs [state-owned enterprises] and currency as two examples.” However, a first-round trade agreement deal with Japan “would be a significant modernizing force for the U.S.-Japan alliance.” With China’s geoeconomic power projection in mind, “Washington should lead collective negative responses to economic coercion in the region.” Ultimately, Blackwill and Harrison assess that “the United States will need to invent new sources of geoeconomic leverage and influence, drawing on treaty allies.”

A trade agreement in Asia would be only the beginning of an integrated strategic re-prioritization in response to China’s eclipsing geoeconomic power. The U.S. leadership should “outline clear, credible security parameters for resolving maritime and territorial disputes.” Maintaining a firm policy of “inserting the United States into the maritime disputes in the South and East China Seas, [by] outlining a code of conduct but not taking a position on the disputes themselves” would decrease the risk of escalating

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76 Ibid., 230.
77 Ibid.
78 Ibid.
79 Ibid.
80 Ibid.
81 Ibid., 231-232.
tensions. China’s geoeconomic power has enabled the Chinese government to increasingly exploit geoeconomic incentives to influence other states—even beyond its periphery. This policy is pursued in a Chinese strategy intent on imposing control over the foreign policies of the other governments within the region; although they may “maintain nominal independence,” these states falling under China’s economic domination must “abide by foreign policy rules set by Beijing.” The United States will need to reinforce partner states along China’s periphery, from Japan to India, for collective security against economic coercion. This will require “identifying [partner states’] leading vulnerabilities and assisting with resiliency and diversification efforts…as well as developing a policy across U.S. treaty allies in the region to ensure that if one ally suffers economic coercion, another doesn’t take advantage.” Such a policy will degrade China’s capability to project geoeconomic power by disincentivizing a strategy of “divide and conquer”. These policies will enable the “targeted policy responses” which “countries on China’s periphery” have already developed to counter their “vulnerability to Chinese geoeconomic manipulation.” Democracies on China’s periphery may employ defensive policy options include trading with a third party; import-substitution policy, smuggling, and resource conservation programming. (note 24). Rather than a purely response-based approach, the U.S. should simultaneously seek collaborative approaches to further develop a partnership with China, particularly by outlining “collaborative approaches to Beijing’s two largest sources of anxiety: Securing

82 Ibid.
83 Ibid.
84 Ibid., 232.
China’s energy needs in exchange for a PRC foreign policy that abandons its recent aggressive streak and returns to a more moderate posture; and assisting with its transition to domestic consumption."\(^{85}\)

India, in juxtaposition, possesses strong potential as a partner to the U.S. strategy for stability in the Indo-Pacific, though U.S. strategists ought to exercise caution and possess reasonable expectations for the still-embryonic development of this partnership. Blackwill agrees with this strategy, noting that “U.S. efforts to anchor India as part of a broader Indo-Pacific theater make sense for several reasons—they help reinforce Asia’s current stabilizing balance of power, and they offer ASEAN states a crucial means of diversifying their economic and security relationships.”\(^{86}\) Further, U.S. policy has demonstrated Washington’s commitment by recognizing India as a key partner: “Washington has demonstrated commitments to help India graduate into the ranks of global actors—backing India’s bid for UN Security Council membership; supporting the four multilateral non-proliferation regimes; deepening defense cooperation, including in the Indian Ocean; initiating a trilateral strategic dialogue with India and Japan; and enhancing our coordination with India in the East Asia Summit, the Asian Regional Forum, the ASEAN Defense Minister’s Meeting (ADMM-Plus).”\(^{87}\) However, political measures are not sufficient:

Washington needs to make similar investments on the geoeconomic side, especially when nearly every major U.S. initiative from Central Asia to the Pacific relies on India’s continued growth trajectory.

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\(^{85}\) Ibid.

\(^{86}\) Ibid., 233.

\(^{87}\) Ibid.
and cooperation: the U.S. New Silk Road vision...seeks to tie Afghanistan’s future stability to the markets and values of India, and the Indo-Pacific Economic Corridor concept and the U.S. Expanded Economic Engagement with ASEAN seek to do the same for our partners in Southeast and East Asia. In this context, the United States should continue support for Indian infrastructure projects, building upon the Infrastructure Collaboration Platform agreed to by President Obama and Prime Minister Modi.88

The United States ought to offer greater support to India’s desire to join the Asia-Pacific Economic Cooperation (APEC)—perhaps to the extent of shifting to or pioneering a new framework built around ASEAN and other U.S. treaty allies in Asia (perhaps founded as the Indo-Pacific Economic Cooperation)—as a competitive response to the inclusion of both the Republic of India and the Islamic Republic of Pakistan as full member states of the Shanghai Cooperation Organization.89

Conclusions

Given Grudem and Asmus’ analysis, the best method of increasing wealth in countries is through civil-society initiatives, not through foreign direct investment (FDI) and infrastructure development. Though FDI is the appropriate means to support foreign security, and infrastructure development can be an at-times necessary tool for promoting commerce by reducing the friction of distance, civil-society initiatives serve as the surest long-term method of promoting stability and creating wealth. Micro-finance is the monetary investment vehicle, though this should always be paired with skills-based education, as well as thought-based/behavioral health education—to motivate, inspire, and cultivate a psychology of wealth. It is necessary for even the most impoverished

88 Ibid.

individuals and communities to identify and appreciate the material and intellectual wealth which they possess, in order for them to be able to invest in growing their wealth by producing new goods and services. Investing in civil society initiatives in developing countries will help to remove these barriers to creating wealth.

China’s transnational infrastructure development project, the One Belt Road Initiative, in conjunction with the Shanghai Cooperation Council, has the potential to significantly alter the state of Eurasian economics and security. 90 However, China’s economic growth is not an inherent strategic threat, and in fact offers many opportunities, if the United States and its partners, and the private citizens of these respective countries, are inclined to realize those opportunities. From a strategic perspective, the United States should seek to harness China’s growth and One Belt Road Initiative to create opportunities to partner in developing countries to inspire entrepreneurship and create wealth. China will continue growing, even if their growth rate will slow to a sustainable rate.91 India and Indonesia, joined by Malaysia along with the other Southeast Asian countries, have significant potential for economic growth with GDP Per Capita lagging behind China, and it is likely that these countries would deepen their economic and military partnerships with one another in a collective security approach to counter-balance Chinese influence.


http://eng.sectsco.org/about_sco/ (accessed March 31, 2019).


Appendix

A Composite List of Factors That Will Enable a Nation to Overcome Poverty.\textsuperscript{92}

A. **The Nation’s Economic System:**

1. The nation has a free-market economy.
2. The nation has widespread private ownership of property.
3. The nation has an easy and quick process for people to gain documented, legally binding ownership of property.
4. The nation maintains a stable currency.
5. The nation has relatively low tax rates.
6. The nation is annually improving its score on an international index of economic freedom.

B. **The Nation’s Government:**

1. Every person in the nation is equally accountable to the laws (including wealthy and powerful people).
2. The nation’s courts show no favoritism or bias, but enforce justice impartially.
3. Bribery and corruption are rare in government offices, and they are quickly punished when discovered.
4. The nation’s government has adequate power to maintain governmental stability and to prevent crime.
5. There are adequate limits on the powers of the nation’s government so that personal freedoms are protected.

\textsuperscript{92} Adapted from The Poverty of Nations (Wayne Grudem and Barry Asmus), Appendix
6. The powers of the government are clearly separated between national, regional, and local levels, and between different branches at each level.

7. The government is accountable to the people through regular, fair, open elections, and through freedom of the press and free access to information about government activities.

8. The government adequately protects citizens against crime.


10. The nation’s legal system adequately protects people and businesses against violations of contracts.

11. The nation’s legal system adequately protects people and businesses against violations of patents and copyrights.

12. The government effectively protects the nation against foreign invasion.

13. The government avoids useless wars of conquest against other nations.

14. The nation’s laws protect the country against destruction of its environment.

15. The nation requires universal education of children up to a level where people are able to earn a living and contribute positively to society.

16. The nation’s laws protect and give some economic incentives to stable family structures.

17. The nation’s laws protect freedom of religion for all religious groups and give some benefits to religions generally.

C. The Nation’s Freedoms

1. Everyone in the nation has freedom to own property.
2. Everyone in the nation has freedom to buy and sell goods and services, so that there are no protected monopolies.

3. Everyone in the nation has freedom to travel and transport goods anywhere within the nation.

4. Everyone in the nation has freedom to relocate anywhere within the nation.

5. Everyone in the nation has freedom to trade with other countries without dealing with restrictive quotas or tariffs.

6. Everyone in the nation has freedom to start and register a business quickly and inexpensively.

7. Everyone in the nation has freedom from expensive and burdensome government regulations.

8. Everyone in the nation has freedom from demands for bribes.

9. Everyone in the nation has freedom to work in whatever job he or she chooses.

10. Every worker in the nation has freedom to be rewarded for his or her work at a level that motivates good job performance.

11. Every employer has freedom to hire and fire employees based on job performance and changing business cycles.

12. Every employer in the nation has freedom to hire and promote employees based on merit, regardless of family connections or personal relationships.

13. Everyone in the nation has freedom to use the earth’s resources wisely, and particularly to utilize any type of energy resource.

14. Everyone in the nation has freedom to change and adopt newer, more effective means of work and production.
15. Everyone in the nation has freedom to access useful knowledge, inventions, and technological developments.

16. Everyone in the nation has freedom to be educated.

17. Every woman in the nation has the same educational, economic, and political freedoms as men.

18. Everyone in the nation, from every national, religious, racial, and ethnic origin, has the same educational, economic, and political freedoms as those from other backgrounds.

19. Everyone in the nation has freedom to move upward in social and economic status.

20. Everyone in the nation has freedom to become wealthy by legal means.

D. The Nation’s Values

1. The society in general believes that there is a God who will hold all people accountable for their actions.

2. The society in general believes that God approves of several character traits related to work and productivity.

3. The society in general values truthfulness.

4. The society in general respects private ownership of property.

5. The society in general gives honor to several other moral values. (pages326-329)

6. The society in general believes that there are both good and evil in every human heart.

7. The society in general believes that individuals are responsible for their actions.

8. The society in general highly values individual freedom.
9. The society in general opposes discrimination against people on the basis of race, gender, or religion.

10. The society in general honors marriage between one man and one woman.

11. The society in general values permanency of marriage and has a low divorce rate.

12. The society in general believes that human beings are more important than all other creatures on the earth.

13. The society in general believes that the earth is here for the use and benefit of human beings.

14. The society in general believes that economic development is a good thing and shows the excellence of the earth.

15. The society in general believes that the earth’s resources will never be exhausted.

16. The society in general believes that the earth is orderly and subject to rational investigation.

17. The society in general believes that the earth is a place of opportunity.

18. The society in general believes that time is linear and therefore there is hope for improvement in the lives of human beings and nations.

19. The society in general believes that time is a valuable resource and should be used wisely.

20. The society in general manifests a widespread desire to improve on life, to do better, to innovate, and to become more productive.

21. The society in general is open to change, and people therefore work to solve problems and make things better.

22. The society in general gives honor to productive work.
23. The society in general gives honor to economically productive people, companies, inventions, and careers.

24. The society’s business owners and workers in general view their companies primarily as means of providing customers with things of value, for which they will then be paid according to that value.

25. The society in general places a high value on savings in contrast to spending.

26. The society in general believes that mutual gains come from voluntary exchanges, and therefore a business deal is “good” if it brings benefits to both buyer and seller.

27. The society in general values knowledge from any source and makes it widely available.

28. The society in general values a highly trained workforce.

29. The society in general assumes that there must be a rational basis for knowledge and recognized channels for spreading and testing knowledge.

30. The society in general demonstrates a humble willingness to learn from other people, other nations, and members of other religions.

31. The society in general believes that the purpose of government is to serve the nation and bring benefit to the people as a whole.

32. The society in general believes that government should punish evil and promote good.

33. The society in general values patriotism and reinforces a shared sense of national identity and purpose.

34. The society in general counts family, friends, and joy in life as more important than material wealth.
35. The society in general counts spiritual well-being and a relationship with God as more important than material wealth.
E.

U.S. Foreign Policy in an Age of Geoeconomics: A Twenty-Point Agenda.93

1. Nothing would better promote America’s geoeconomic agenda and strategic future than robust economic growth in the United States.

2. The President must speak to geoeconomic policy.

3. The leadership of the Congress should schedule a comprehensive set of hearings on the potential of the United States to use economic tools to further U.S. geopolitical objectives.

4. Funds should be shifted from the Pentagon to be used to promote U.S. national interests through geoeconomic instruments.

5. Develop a more concerted understanding of geoeconomics across all executive branch agencies with responsibilities in U.S. foreign policy and national security.

6. “Geopolitical strategy by the United States in Asia cannot succeed without… bringing a “comprehensive, high standards regional trade agreement” (note 12)… tying together America’s friends in Asia and negotiating the terms of engagement between U.S. collaborators in the Western and Eastern Hemispheres.” (note 13) Blackwill and Harrison comment that “TPP could have better prioritized certain U.S. geopolitical interests… often in ways that would have also advantaged U.S. economic

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93 (Excerpt from War by Other Means: Geoeconomics and Statecraft, by Robert D. Blackwill and Jennifer M. Harrison).
interests,” and recommend both “tougher provisions on SOEs and currency as two examples.”

7. Conclude the TTIP agreement with America’s European allies.

8. Reboot U.S. alliances for geoeconomic action focused as intensely on shared geoeconomic as on political and military challenges.

9. Construct a geoeconomic policy to deal with China over the long term.

10. In another aspect of rebalancing to Asia, the United States should make geoeconomic investments in India’s emergence as a Pacific power.

11. Construct a geoeconomic policy to deal with Russia over the long term.

12. Convert the energy revolution into lasting geopolitical gains.

13. Meet the test of climate change.

14. Blunt the threat of state-sponsored geoeconomic cyberattacks.

15. Reinforce economic foundations for democracy and peace in the Middle East and North Africa.

16. Refocus U.S. development aid toward cultivating the next generation of emerging markets, especially in Latin America and Africa.

17. Shore up the rules governing geoeconomic playing fields.

18. If America is going to be effective at exploiting its geoeconomic potential, it needs the right signals and bureaucratic structures in place, many of which can only come from the White House.

19. Adopt new rules of engagement with Congress.

20. Increase university teaching around geoeconomics.
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Soli Deo Gloria.