

MILITARY EFFECTS OF ECONOMIC STATECRAFT MODULE

ECONOMIC STATECRAFT PROGRAM

GENERAL INFORMATION

DESCRIPTION

Although economic health is the foundation for military strength over the medium to long term, economic interaction can also directly enhance or undermine a nation's military capacity. Dual use technologies, critical materials and strategic goods all carry direct consequences for a nation's military capabilities. A state's ability to field an effective military can be hindered or bolstered as a result of economic statecraft. In this module, students will learn how states can employ economic statecraft as a means to impact the military capacity of target states. In week 1, students will examine the impact of strategic transfer policies and how they can be used to strengthen the military capabilities of states. Then, in week 2, students will explore how states can also use economic statecraft to hollow out the military production capacity of target states. After completing this module, students will be able to understand the impact economic statecraft can have on a state's military capacity as well as be able to identify and craft economic statecraft strategies which impact the military production capabilities of a state.

PREREQUISITES

Students should have an understanding of micro- and macro-level economic concepts, international political economy, international security, and strategic studies. It is recommended students have some background knowledge of global supply chains and the defense industrial base.

EXPECTATIONS AND GOALS

By the end of this course, students should be able to do the following...

- Understand the connection between economics and economic statecraft on the development of a state's military capacity
- Know how global supply chains and strategic transfer policies can be used to impact the military capacity of a target state
- Develop effective policy recommendations using a rich theoretical understanding of how economic statecraft can impact the military capacity of a state

READINGS

MODULE 1: MILITARY IMPACTS OF ECONOMIC STATECRAFT

WEEK 1: STRATEGIC TRANSFER (134 PAGES)

Strategic transfer is economic activity that has the effect of transferring technologies, capabilities, materials, or personnel that enhances a nation's military capabilities. Sometimes, this transfer is the result of deliberate state strategies and policy. Other times, such transfer is an unintended by-product of commercial activity. In both cases, the strategic effect is the same: an enhancement of a state's military capabilities. During this week, students will engage with critical questions surrounding strategic transfer technologies, policies, and impact on

the target state. After this week, students should be able to critically address questions of strategic transfer between nations, as well as how such policies impact the military capacity of the target state.

Qingman, Zhang and Eric Hyer. "US 'Dual Track' Policy: Arms Sales to China Mainland and Taiwan." *Journal of Contemporary China* vol. 10 no. 26 (2001) 89-105.

Bucky, J. Fred. "On Strategic Technology Transfer to the Soviet Union." *International Security* vol. 1 no. 4 (Spring 1977), 25-43.

Hiim, Henrik Stålhane. *China and International Nuclear Weapons Proliferation: Strategic Assistance*. (New York: Routledge, 2019), 50-84.

Borich Jr., Robert A. "Globalization of the U.S. Defense Industrial Base: Developing Procurement Sources Abroad Through Exporting Advanced Military Technology." *Public Contract Law Journal* vol. 31 no. 4 (Summer 2002), 623-678.

O'Connor, Sean. "How Chinese Companies Facilitate Technology Transfer from the United States." U.S.-China Economic and Security Review Commission Staff Research Report, May 6, 2019.

<https://www.uscc.gov/sites/default/files/Research/How%20Chinese%20Companies%20Facilitate%20Tech%20Transfer%20from%20the%20US.pdf>.

WEEK 2: HOLLOWING OUT (70 PAGES)

States can also use their economic power to hollow out, or work to eliminate, vulnerable portions of a state's military production capabilities. While this hollowing out of the defense industrial base can be the result of deliberate state economic statecraft policies and strategies, such hollowing out can also result from purely commercial trends and activities. Such developments (even if unintentional) still carry the same sort of consequences for a nation's ability to autonomously defend itself. During this week, students will engage with pieces examining how a declining national capacity to produce critical technologies, atrophying industrial capacity, or eroding expertise can impact a state's national security. By completing this week, students should be able to critically evaluate and create policies which aim to hollow out a state's military industrial base and impact their national security.

Marlin, Mara, Paul K. McDonald, Evan Bradey Montgomery, Rosella Capella Zelinski, and Kaija Schilde. "Policy Roundtable: The Pursuit of Military Superiority." *The Texas National Security Review*, June 26, 2018, <https://tnsr.org/roundtable/policy-roundtable-the-pursuit-of-military-superiority/>.

King, David R. and John D. Driessnack. "Analysis of Competition in the Defense Industrial Base: An F-22 Case Study." *Contemporary Economic Policy* vol. 25 no. 1 (January 2007), 57-66

Augustine, Norman R. "The Eroding Foundations of National Security." *Strategic Studies Quarterly* vol. 8 no. 4 (Winter 2014), 3-18.

Moran, Theodore H. and David C. Mowery. "Aerospace and National Security in an Era of Globalization." Chapter 8 in David C. Mowery, *Science and Technology Policy in Interdependent Economies*, (New York: Springer Science+Business, 1994), 173-198.