

The Myth of Imperial Overstretch

By JOSEF JOFFE

MUNICH — The United States had "Johnny Can't Read" in the 1950s, the "Missile Gap" in the 1960s, and Jimmy Carter's "Malaise" in the 1970s. Now it has the "Decline of America." Such catch phrases say more about America's penchant for introspection than about the country's real position in the real world.

The pessimistic theory invading American op-ed pages today comes from the best-selling "Rise and Fall of the Great Powers," an elegy to America as has-been-to-come by Yale historian Paul Kennedy. This magisterial tome retraces the history of the mighty from Spain to the U.S., returning with a twofold moral: Power corrupts the economy, and once the economy is in a mess, decrepitude can't be far behind. Specifically, the problem is "imperial overstretch" — the habit the great have of biting off more than they can chew.

Books like "Rise and Fall" have a tradition in Europe. The volume's most famous predecessor is the "Decline of the West," by German historian Oswald Spengler, which did much to set Europe's apocalyptic mood in the 1920s. Perhaps it is no accident Mr. Kennedy was born and trained in Britain. Clearly, some Europeans will savor the neo-Spenglerian message emanating from the U.S. today. There is psychic satisfaction in having Number 1 certified for the long downward slide so many European nations have suffered themselves.

Isolationism

More hard-nosed of analysts are well aware of the neo-isolationist agenda behind such tomes. Neo-isolationism is good neither for the U.S. as guarantor and beneficiary of global stability, nor for Western Europe, as foremost strategic stake in the world. As a prescription it cannot be improved through faulty historical analogy. Before Americans — and Europe's America watchers — accept "Spengler: The Sequel," they might try some sober analysis of the facts at hand.

Exhibit A of the gloomy neo-Spenglerian forecast is America's declining share of the global gross national product. Right after World War II, the U.S. was good for one-half; today, the nation's take is but a quarter. As a "decline" that is pretty nasty; as "proof" it is about as enlightened as concluding that IBM is going down because a bunch of newcomers has captured a share of the personal computer market. America's economic hegemony in the 1940s was unnatural because West Europe and Japan had been wiped out by the War. To find out if the U.S. is really declining, take the mid-1960s as a baseline, when the rest of the world had recovered. Then the U.S. churned out about a quarter of global wealth — and it still does. The Habsburgs' Charles V or France's Louis XIV would have gladly given a province or two for such a "decline."

What, then, about comparative growth rates? In a brilliant critique of "declinists" to be published by the American journal *Foreign Affairs* in December, Samuel Huntington of Harvard puts the matter in much-needed perspective. Americans should have been really worried in the 1960s, when Japan was growing three times as fast as the U.S. But in the past few years, 1983 to

1987, the U.S. and Japan were even at 3.8%, with the West Europeans lagging at 2.3%.

To sharpen the point, Mr. Huntington recalls: "Between 1965 and 1980, the U.S. ranked 18th out of the 19 industrialized market economies in terms of economic growth; between 1980 and 1986, the U.S. ranked third out of 19." His conclusion: "The biggest economy has been getting bigger, absolutely and relatively." So who is declining?

Another favorite "proof" is the deficits. Last year, the budget was \$150 billion in the

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red, and the current account deficit \$170 billion. Indeed, a serious matter. Yet again, real decline is made from sterner stuff. Viewed in relative terms, the federal deficit amounts to 3.1% of the national product, about par for many industrialized nations. More important, the gap has been halved, down from 6.3% about five years ago.

Mr. Huntington's figures hardly support the notion that demise is America's destiny. Not the Fates, but the Feds have handed down the deficits. Under the banner of supply-side economics, Ronald Reagan has given America a huge dose of Keynesianism, hence deficit spending. But this also implies: What man has done, Gramm-Rudman can undo. Absolutely, the budget deficit is down by a third from its \$221 billion peak in fiscal 1986. And relative to the national product, it is one-half of what it was five years ago.

Nor do 17 million new jobs in the 1980s, as compared to a virtual standstill in West Europe, stick out as roadposts to America's oblivion. Yet the real failure of the neo-Spenglerians is not measured by statistics alone. They see a causal link between "imperial overstretch" and domestic decay. Nobody dismisses signs of real trouble, like decrepit roads, sinking industry, and a well-nigh permanent underclass in the cities. But are American GIs in Germany, Japan and Korea really the cause?

Perhaps they would be — if Washington were Moscow. If anyone makes a good candidate for "imperial overstretch," it is the Russians. The price tag of their empire — defense spending, upkeep of Eastern Europe, Cuba et al. — by some estimates eats up a quarter of their GNP. Yet U.S. defense spending in fiscal 1989 is but 5.8% of GNP. That is a comfortable burden even by Mr. Kennedy's standards, and he should have known better by looking at his own historical examples. For some real militarism, there are Germany, Russia and Japan just prior to World War II, devoting 23.5%, 26.4% and 28.2% of GNP respectively to their war machines.

The twin-deficit so often fondly cited by neo-Spenglerians can't be the misbegotten child of defense spending. The problem is not tanks and troops in, but VCRs and

BMWs from Japan and Germany. The U.S. has been consuming too much while saving and investing too little. Germans and Japanese save more than Americans. Japan invests one-third of its GNP, the U.S. less than one-fifth. Consumerism, not militarism, is the threat to American strength. But the underlying isolationist antidote of the neo-Spenglerians is no solution. Widening protectionism would insulate the U.S. precisely from the competitive pressures that make for painful adaptation — and growth.

The declinists moreover have not begun to appreciate the upside of America's ubiquitous global presence. The United States is the dominant global player because it is present at all chessboards of power: diplomatic, economic, and military. To abandon any one board is to weaken one's position at other games. Withdrawing military from Western Europe and Japan exactly enhance American influence over commercial policies of its closest competitors. If there is anything worse than economic "decline" it is geopolitical abdication. With its military investment of six divisions in Europe, for instance, the U.S. has tied down 63 Soviet divisions facing westward between the Elbe and Moscow — a good rate of return.

Lesson From Gibbon

Serious decline junkies ought to read another book after Mr. Kennedy's: Mancur Olson's "Rise and Decline of Nations." The academic prose makes for heavy reading, but this author's moral is altogether more persuasive. Mr. Olson's main culprit is not overstretch but the hardening of a society's arteries at home. He enjoins us to look out for the following signs: encrusted elites, monopolization of the economy, over-regulation, barriers to mobility — in short, a closed system. The more powerful the status quo, the less able a society will be to produce. With their habits of corporatism and consensus, West Europe and Japan fit better here than the United States.

Competition remains a core of American economic policy. Elites may grace a social register, but their children have to hustle to retain Daddy's social status. One sign of a nation's health is its attitude to immigration. Western Europe and Japan treat immigration as a threat, in spite of declining birth rates. But in America hundreds of thousands continue to hit the shore each year — ready to shoulder aside those who have just made it.

In short, America's dynamism has not played itself out yet. Those who still aren't convinced the neo-Spenglerians have it wrong should forget about Messrs. Kennedy and Olson and go back to the greatest collapse chronicle of all times, Edward Gibbon's "Decline and Fall of the Roman Empire." The volume's most memorable phrase offers unbeaten words of consolation: "And this intolerable state of affairs lasted for 300 years."

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