The Role of the United States Navy in Sustaining and Protecting the Global Economy

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THE ROLE OF THE UNITED STATES NAVY IN SUSTAINING AND PROTECTING THE GLOBAL ECONOMY

by:

A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of the requirements of the Sally McDonnell Barksdale Honors College.

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DEDICATION

I dedicate this work to my parents, Richard and Jill Beneke. Without their support and love, I would have never been able to become the man I am today. I also dedicate this work to the men and women of the United States Armed Forces for their willingness to sacrifice it all to keep America safe. Last but not least, I dedicate this thesis to my late Grandpa, Alvin “Bob” Robert Moeller, a serviceman himself; he received the World War II Victory Medal, American Service Medal, European African Middle Eastern Service Medal and the Good Conduct Medal. His courage, dedication, and love to all those in his life make him by far, the greatest man I have ever known.
ABSTRACT

Because of the rapid changes occurring in the world, the United States government is being forced to evaluate if the navy has become obsolete. With current cuts coming to the navy it seemed an important aspect to investigate. Therefore, the purpose of this thesis is to investigate whether or not the United States should cut funding for the Navy by looking specifically at the impact the United States Navy has on the Global Economy by securing shipping lanes and the free navigation of the sea. The study will be conducted as a literature review. In the thesis, the nature of the global economy is looked at in detail. The global economy is extremely interconnected and therefore the United States as a global power cannot defend just its borders. More specifically, chokepoints are areas of concern in the global economy. Chokepoints are often congested, but extremely important for international commerce. A few that are of extreme importance are the Strait of Hormuz, the Strait of Malacca, and the South China Sea. These chokepoints, in combination with the rise of regional competitors to the United States near them, are reason for concern. I found that in order to ensure the continued economic development and stability of the world, the United States Navy must continue to be funded at a level that reflects the responsibility it is expected to maintain. The world economy is invaluable therefore the protection of it should be as well.
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Chapter 1

Introduction

I. How Important Is the Navy?

During the third presidential debate of the 2012 election at Florida's Lynn University, Barack Obama responded to Mitt Romney’s thoughts on expanding the navy with the following quote: “You mention the Navy, for example, and that we have fewer ships than we had in 1916. Well Governor, we also have fewer horses and bayonets. Because the nature of the military has changed” (Barack Obama). As I sat in my home during this election, specifically thinking about topics for my thesis, I could not help but keep returning to this exchange between the man who was to become President, Barack Obama, and presidential candidate, Governor Mitt Romney. While I tend to agree that the nature of the military has changed and therefore we have fewer “bayonets and horses,” Governor Romney may have a point.

While the nature of the military has changed, the United States is still the world’s premier navy. And as the world’s premier navy many things are expected of it. Many of the responsibilities the United States has taken on in the world, whether it be keeping the peace and promoting stability, providing support for natural disasters, facilitating the global economy, etc., have been in large part a result of the military capability and
capacity to do so. Therefore, it may be important to note what is potentially at stake when the U.S. has fewer ships than it had in 1916.

One of the main responsibilities taken on by the United States Navy as part of the American military is the “protect[-ion] and sustain[-ment of] the peaceful global system compromised of interdependent networks of trade, finance, information, law, people and governance” (Conway, 4). In other words, the United States Navy has taken on the task providing the security for the world on the sea. As seen over the past few years, the world is becoming more and more interconnected and interdependent, meaning the flow of commerce through areas such as sea lanes and chokepoints cannot be unsecure. Therefore, this role of the United States Navy of being the protector of the sea is becoming larger and more complex. The United States Department of Research and Innovative Technology Administration’s Bureau of Transportation Statistics released a report in 2010 showing just how much the world was interconnected by showing the global highlights of freight transportation. The following is taken from that report:

From 1998 to 2008, world merchandise freight exports nearly tripled in value from $5.4 trillion to $16 trillion. During this period, U.S. freight exports doubled from $682 billion to $1.3 trillion (USDOC CB FTD 2009). The rising trend in world exports indicates the strong interconnectedness among countries and the increased globalization of economic activities that generate freight movements (Research and Innovative Technology Administration: Bureau of Transportation Statistics, 2).

Assuming the role of the US stays the same, that role will continue to get bigger as we see a “rising trend in world exports.”

One specific role that is definitely expanding is the security of shipping lanes and chokepoints. “In 2007, the most recent year for which data are available, the volume of worldwide international ocean borne cargo reached more than 8 billion tons. During the
past decade, the annual average growth rate was about 3 percent” (Research and Innovative Technology Administration: Bureau of Transportation Statistics, ). Considering these statistics, it is important to continue to investigate the implications of having a smaller naval force and what kind of effect that will have on the economy of the world.

The purpose of this thesis is to investigate whether or not the United States should cut funding for the Navy by looking specifically at the impact the United States Navy has on the Global Economy by securing shipping lanes and the free navigation of the sea. The thesis will be broken down into six chapters. The first is the introduction in which the background of the issue is addressed and the reader is given some insight as to what the thesis entails. Following the introduction, the thesis moves on to economic globalization and the global economy. The world is becoming more and more interconnected and therefore interdependent. Because of these factors, the ability to buy and sell across international borders must be secure. After making this distinction in the section on economic globalization and the global economy, there will be a section dedicated to the global commons and shipping lanes. The importance of shipping lanes is noted, but we have not yet acknowledged the threats to shipping lanes. In this section, we will detail several situations in the Indian Ocean and South China Sea where potential conflicts could lead to serious economic implications to the global economy. The reason the Indian Ocean and South China Sea are the focus is because of the volume of raw materials such as oil that travel through this region to highly energy dependent countries like India, China, and the United States. After identifying the potential threats in these areas, the thesis will return to the United States Navy and its grand strategy. This section is
important in identifying not only what the US navy looks like in terms of military capability, but also the goals and ambitions of this unit. This is a crucial component because if the United States wants to continue to have the powerful global influence it currently does, spending cannot be cut. However, if the strategy states that it no longer wishes to have a presence in the rest of the world, it can be cut. After defining the interests of the United States, it is important to note some key competitors’ grand strategies to help identify differences and areas of conflict. This section hopes to point out the conflict of interests between the United States and the key competitors in the Indian Ocean and South China Sea. The section also seeks to define the current capability of each state in order to show whether or not we can truly call them regional competitors and to test if there is a global competitor to the United States in terms of Naval Power. After all of this analysis, the question of “Where does the United States go from here?” will be answered. My hope is to either back the naval spending cuts of President Obama by showing that the United States no longer wishes to continue to be the protectorate of the sea and that there is not yet a regional threat to the World Economy from any one state. Or, to back Governor Romney and show that the United States still wants to maintain U.S. hegemony and that there are threats in the world that need U.S. interference. I predict that the conclusion will be somewhere in the middle.
Chapter 2

Economic Globalization & Geo-economic Change

I. Globalization

“The world no longer consists of “faraway places of which we know little” but is most definitely constructed for us as one world” (Johnston et. al., 3). This is a quote from an influential book on the subject of Globalization, Geographies of Global Change, that supports one of the most central points of this thesis- that the world is becoming more and more interconnected. As this occurs, people and states can no longer exist and make decisions that could negatively affect others without consequences. The “faraway places of which we know little” do not exist anymore and the world is connected in such a way that any action causes major ripples across the world. One famous example of this phenomenon would be September 11, 2001. The attack on the World Trade Center in New York City killed around 3000 people. The global population is around 7 billion. Even though only 3000 people died that day, many of that 7 billion felt the consequences of those actions. Whether it was through increased military operations in the middle east, increased oil and gasoline prices, or simply increased screening in airports globally, the whole world was affected because of the increased interconnectedness of today’s world. As we all draw figuratively closer, what each defines as his or her “world” must expand.
Knowing little has become a questionable excuse so, the way we think about the world must change.

According to the Oxford dictionary, the word globalization was first used in the 1930s. However, the word did not gain popularity until Theodore Levitt, a Harvard Business Professor, used the term in the early 1980s. “Levitt first used "globalization" in a 1983 Harvard Business Review article about the emergence of standardized, low-priced consumer products. He defined the term as the changes in social behaviors and technology that allowed companies to sell the same products around the world” (LA Times, n.p.). While Levitt used the term to refer primarily to the globalization of certain products, others quickly and easily adopted the concept for use in different disciplines.

Globalization is oftentimes only thought of as economic, however it also entails political globalization, sociocultural globalization, and environmental globalization as well (Johnson et. al. 1996). Political globalization refers to the growing number of international organizations that govern the world as a whole. For example, NATO is an intergovernmental military organization based on the North Atlantic Treaty whereby its member states agree to mutual defense in response to an attack by any external party. The alliance holds great power around the world and is highly influential in promoting world peace. Political globalization also demonstrates the interdependence of states relying on one another in order to protect each other’s interests. Sociocultural globalization is really two things as the word implies: social globalization and cultural globalization. Social globalization refers to human interaction within cultural communities, encompassing topics such as family, religion, work and education. Cultural globalization is slightly different but it closely tied to social globalization. It is primarily
illustrated when increased cross-cultural contacts are oftentimes accompanied by a decrease in the uniqueness of once-isolated communities. For example, a popular place to eat in Oxford, Mississippi is Kabuki, a Japanese restaurant. The restaurant is very successful because they use a combination of foreign and American influences. White steamed rice has always been a very common meal in Japan, but U.S. hibachi restaurants serve primarily fried rice. Fried rice saw a parallel rise in popularity in Japan as hibachi restaurants became more commonplace in the United States. This growing uniformity and blurring of cultural differences is also a result of globalization. Finally, there is environmental globalization. Environmental globalization is the understanding that there is one earth that everyone inhabits and that the states of the world rely on each other to deal with issues like climate change, cross-boundary water and air pollution and over-fishing of the ocean. The influence of the concept of globalization continues to grow with the advancement of technology, so the only question is if the states of the world will be ready for it.

It is important to understand that globalization involves interdependence, interconnection and integration through various methods and in varying amounts. Interdependence and interconnection are essential components of globalization and it is easily understood why this is so. Interdependence is an essential component because on the most basic level, we share one earth. The earth’s air, oil, water and land are shared between all the states of the world. For example, the United States is depending on China to make and enforce strict pollution policy in order to protect the atmosphere for the rest of the world, and vice versa. Even more important in terms of this thesis is economic interdependence, which will be discussed in the next section. Interconnection is also an
essential component of globalization because of increasingly rapid communication and transportation. “Advances in communications, information processing, and transportation technologies permits” the interconnection of the nations of the world (Mandle 320).

While interconnection and interdependence seem to naturally occur in globalization, integration does not. Integration refers to a unit acting as a whole, and in the case of globalization, the world acting in accordance with each other. In some cases, there is integration already in the world. For instance, the global economy is becoming more and more integrated almost daily. However, there is also evidence to suggest that there is disintegration in the world at similar rates. According to Dictionary.com, disintegration is “to separate into parts or lose intactness or solidness; break up; deteriorate” (Dictionary.com). Basically, disintegration is where the world does not act in accordance with one another. Many of these instances of disintegration are products of custom or religious differences. For example, in the religion of Islam, a woman is expected to be fully clothed in public. Such clothing may include a Burqa, which is a head to toe dress with a veil over the face. Now think about the popular show Baywatch where a typical episode included Pamela Anderson running down the beach in a tight and revealing bathing suit. In Islamic culture, that would be seen as a highly offensive image where other groups of people may have the opposite reaction and really enjoy the sight of a beautiful woman running on the beach in minimal clothing. As you can see, because of custom and religious differences there can also be disintegration within globalization.

As explained, there are various ways that globalization can occur in the world. It could be argued that globalization began a long time ago, with the first interaction between two different groups of people. While this may be true, the rate of globalization
has greatly increased over the last thirty years because of the rapid advances in primarily transportation, but also technology, communication, and the invention of the internet that seem to follow an almost exponential growth curve. As a result of better communication and transportation, the global economy has grown.

II. Economic Globalization

In this thesis, the focus is upon economic globalization, which “implies the opening of local and nationalistic perspectives to a broader outlook of an interconnected and interdependent world with free transfer of capital, goods, and services across national frontiers” (BusinessDictionary.com). An example of economic globalization would be the growing economic interdependence between the economies of China and the United States. The United States is highly dependent on the heavy manufacturing in China, while the Chinese are extremely dependent on the United States to buy the products they manufacture. As situations like this one become increasingly more common, you begin to see how a global economy is created as a byproduct. The global economy “refers to an integrated world economy with unrestricted and free movement of goods, services and labor transnationally. It projects the picture of an increasingly inter-connected world with free movement of capital across countries” (EconomyWatch). Now, with the creation of the global economy as a result of increased interconnection and interdependence of the world, one begins to see the importance of making sure the avenues that connect and maintain this interdependence remain open.
II. Geo-economic Change

It is very important that in the section dedicated to Geo-economic Change, the nature of the world we live in is revisited. As mentioned earlier, “the world no longer consists of ‘faraway places of which we know little’ but is most definitely constructed for us as one world” (Johnston et al., 3). The world is in this together, what occurs in Uganda has just as much impact on the rest of the world as what occurs in the United States. The size of the ripple may be different in either case, but they do affect each other. The definition of geo-economics is the “the study or application of the influence of geography on domestic and international economics” (Dictionary.com). However, to fully understand the term geo-economics, one must understand geo-politics.

Geo-politics is “the combination of geographic and political factors influencing or delineating a country or region” (Dictionary.com). Essentially, it is the study of how geography influences the politics of a certain area. For example, what does the current geography of a country mean for that country in terms of political power and national interests? Let us examine the geography of Spain to show the influence of geography on political power and national interests.
As shown in Figure 2.1, Spain is located on a peninsula and only borders two other states, France to the north and Portugal to the west. This leaves the majority of Spain bordering water in the form of the Mediterranean Sea and the Atlantic Ocean. The political tensions stemming from conflicts such as the Franco-Spanish Wars from 1635-1659 encouraged Spain to establish its economic presence through avenues independent of France. Considering the only way to trade with rest of Europe by land went through France, the Spanish developed one of the largest navies the world had ever seen. This allowed Spain to grow its GDP at a faster rate than its western European neighbors. This effort by Spain ensured not only that its economy would continue to grow, but also, and possibly more importantly, it laid the groundwork for Christopher Columbus to sail across the Atlantic and discover the Americas. This illustrates the connection between a
state’s geography and a state’s political power and interests. As Spain looked to expand its political power and decrease its dependence on France by expanding its navy, it also expanded it economic presence. This economic side effect can be referred to more specifically as geo-economics.

In terms of today’s economic globalization, geopolitics and therefore geo-economics have become increasingly intertwined with geo-economics being a more prominent influence than ever before. Although Spain experienced the effects of geo-economics earlier and more drastically than many other countries, in today’s world all states are significantly affected by their geographical situation because of the evolving nature of trade. In Geographies of Global Change it says that the “ceaseless search for profitability within the interstices of a world market has propelled a radical restructuring of national economies around the world” (Johnson et al.,13). As stated previously, the world is becoming more and more interconnected, so a state’s ability to facilitate interstate commerce is more important than ever to grow and maintain its economy. Since oceans cover the vast majority of our planet, and as trade to every corner of it increases, safe and efficient shipping lanes are vital.
Chapter 3

The Global Commons & Shipping Lanes

1. Introduction

Figure 3.1: The figure above illustrates the traffic flow of global shipping lanes. The thicker and more defined the line, the more often a certain shipping lane is used. Image from: Wikipedia (http://en.wikipedia.org/wiki/File:Shipping_routes_red_black.png)

Economic globalization and the global economy crucially depend on ocean shipping through the global commons. The global commons are defined in this thesis as the areas on the globe, mostly oceans, in which navigation of any state are allowed. Areas such as shipping lanes are the most key form of the global commons. Recent reports state around “90% of world trade and two thirds of its petroleum are transported by sea” (Conway, 2). Which is in large part due to the fact that ocean shipping is a very efficient
way to transport a large amount of goods. “On a single voyage, some car carrier ships can handle 7,600 cars. It would require hundreds of freight aircraft, many miles of rail cars, and fleets of trucks to carry the goods that can fit on one large liner ship” (World Shipping Council). These two facts alone show the importance of ocean shipping yet another, lesser known fact about this important form of transportation is the low environmental impact ocean shipping has. “The millions of containers that are used around the world are now 98 percent recyclable” (World Shipping Council). As seen above, ocean shipping has many valuable characteristics. This chapter discusses shipping lanes and the global commons in which they operate.

To illustrate the importance of shipping lanes, we will look at a simplified example. The writing of this thesis depends on several factors with the most important being my computer. It is a frightening thought to consider of how much more challenging writing this thesis would be without the ability to research and write it on a computer. In fact, it would be difficult for me to get any of my schoolwork done without access to my computer and I think this sentiment is shared by many people in this highly technological age. Where would we be without our computers, phones, and other technology? That is a good question to consider, but I am more concerned with how these devices reach us rather than with their development.

The computer I use, along with many of the items I own, were not built in the United States. On the backs of my computer and phone, it states that they were both “assembled in China.” So how did they get to us here in the United States? It is likely they were shipped here on a cargo vessel along with many other products that are not produced in the United States for a variety of reasons. “Cargo transported by the liner
shipping industry represents about two-thirds of the value of total global trade, equating each year to more than US $4 trillion worth of goods” (World Shipping Council). As globalization increases, shipping will play an ever-increasing role in our world because of the ability of some countries to produce products cheaper or more efficiently than others. Some natural products simply cannot be found in every country and must be shipped to consumers elsewhere and other product origins are dictated by more cost-determined factors. Ultimately without shipping, businesses in the United States would have to alter their strategies to adapt to a world where only domestic products and labor were available for usage.

As illustrated, shipping is a crucial part of the world we live in. With this distinction, it is important to note that the shipping system is not going to change. As mentioned earlier, “more than ninety percent of the world’s trade is conducted by water” therefore the “world’s waterways are and will remain the most efficient means for transporting goods” (Cropsey). Some would even go as far as to say that water is the “lifeblood of the global system”:

The oceans connect the nations of the world, even those countries that are landlocked. Because the maritime domain—the world’s oceans, seas, bays, estuaries, islands, coastal areas, littorals, and the airspace above them—supports 90% of the world’s trade, it carries the lifeblood of a global system that links every country on earth (Conway n.p.).

The importance of the international bridge that water creates between all the people of the world cannot be understated.

Although oceans serve as the most effective connection between peoples, there are certain places in the world known as chokepoints where shipping can be stalled. Chokepoints are narrow passages, such as straits, through which shipping must pass
through. These passages are often congested, but extremely important for international commerce. One of the most important areas of shipping, the Indian Ocean, is where several very important chokepoints are located. To name a few- the Strait of Hormuz, Strait of Malacca, the Bab el-Mandab Strait, and the South China Sea are all considered very important chokepoints in the Indian Ocean. “The sea lanes in the Indian Ocean are considered among the most strategically important in the world—according to the Journal of the Indian Ocean Region, more than 80 percent of the world’s seaborne trade in oil transits through Indian Ocean choke points” (DeSilva-Ranasinghe). That is a very large percentage of oil considering seaborne trade is the most popular way to ship oil in the world.

As a result of this strategic importance, there are inevitable conflicts between states seeking to control these sea lanes. In the Navy’s Cooperative Strategy for 21st Century Seapower, the author projects that “heightened popular expectations and increased competition for resources, coupled with scarcity, may encourage nations to exert wider claims of sovereignty over greater expanses of ocean, waterways, and natural resources—potentially resulting in conflict” (Conway). The author of the Why the Indian Ocean Matters shares the same sentiment as Conway and provides evidence for this trend. He states:

More than half the world’s armed conflicts are presently located in the Indian Ocean region, while the waters are also home to continually evolving strategic developments including the competing rises of China and India, potential nuclear confrontation between India and Pakistan, the US interventions in Iraq and Afghanistan, Islamist terrorism, growing incidence of piracy in and around the Horn of Africa, and management of diminishing fishery resources (DeSilva-Ranasinghe).
Because of this fact, most of the world’s major powers have a presence in the area. DeSilva-Ranasinghe continues that, “almost all the world’s major powers have deployed substantial military forces in the Indian Ocean region” (DeSilva-Ranasinghe). The United States is especially invested militarily in the region. “The US 5th Fleet is headquartered in Bahrain, and uses the island of Diego Garcia as a major air-naval base and logistics hub for its Indian Ocean operations” (DeSilva-Ranasinghe). Considering the concentration of military forces in the region, we will take a look at the regional chokepoints.

II. The Strait of Hormuz

The Strait of Hormuz is a chokepoint located between the Persian Gulf and the Gulf of Oman. The Strait is the only passage from the Persian Gulf to the Ocean. This trait makes the Strait of Hormuz one of the most strategically important chokepoints in the world. “At its narrowest point, the Strait is 21 miles wide, but the width of the shipping lane in either direction is only two miles, separated by a two-mile buffer zone. The Strait is deep and wide enough to handle the world's largest crude oil tankers” (WOTC).
“Most potential options to bypass Hormuz are currently not operational. Only Iraq, Saudi Arabia, and the United Arab Emirates (UAE) presently have pipelines able to ship crude oil outside of the Gulf, and only the latter two countries currently have additional pipeline capacity to circumvent Hormuz” (WOTC). In figure 3.3, you can catch a glimpse of how important the strait is in terms of resource production. The graph shows the oil and gas production for the region as of 2006. Now, imagine if all of these resources were unable to be transported of the Persian Gulf. This would be catastrophic and potentially cause a world energy crisis. This unique energy trait makes the Strait of Hormuz one of the most strategically important chokepoints in the world.
The strait connects countries such as Iraq, Saudi Arabia, and Iran to the Indian Ocean and therefore, the rest of the world. As previously noted, it is important that these countries connect to the rest of the world because of their large amount of exported oil. The Strait had a “daily oil flow of about 17 million bbl/d [barrels per day] in 2011, up from between 15.7-15.9 million bbl/d in 2009-2010. Flows through the Strait in 2011 were roughly 35 percent of all seaborne traded oil, or almost 20 percent of oil traded worldwide” (WOTC). This figure includes a large portion going to developing Asian nations. Around “85 percent of the these crude oil exports went to Asian markets, with Japan, India, South Korea, and China representing the largest destinations” (WOTC). The vast amount of natural resources with a lack of alternative methods for getting the resources out of the region and the high demand from other countries makes the stability of the Strait of Hormuz incredibly important.

As we noted earlier, the Strait of Hormuz is located in the Middle East among some of the most volatile states in the world. This in combination with the vast amount of
oil in the region causes the Strait to be consistently monitored for conflict. According to a recent article titled *Iran's Strategy in the Strait of Hormuz*, “As a consequence of the failure of the latest negotiations over Iran’s nuclear program, the European Union ban on the importation of Iranian oil took effect on July 1, 2012, and closure of the Strait of Hormuz by Iran became an issue again” (Barzegar). The closing of the Strait of Hormuz is a very real predicament. “Iran may be able to close the Strait temporarily, but lacks the superior military power to continue the closure (Thus the reason for a potential build up)” (Barzegar). The strait closing would cause an economic, political, and social shock to the entire world. Economies would flutter without the energy and money from oil and gas, people would have to pay more for less oil and gas for their homes and automobiles, and politically there would be much debate on whether or not this is an action that would require military action to resolve.

There are two different opinions on a potential blockade of the Strait of Hormuz by Iran. First, the more popular and more optimistic opinion is that Iran would not close the Strait of Hormuz. The most important reason being that “Iran’s economy is dependent on the revenues from oil exported through the Strait” (Barzegar). Iran’s economy is not stable enough to take the economic hit that this type of action would cause. Another important point is that “Iran’s action could provoke a harsh military reaction from the United States and its allies, who then would have the necessary pretext to seize control of the Strait and possibly declare it to be an international passage” (Barzegar). This arrangement would possibly be the worst outcome for Iran because the allied forces would demolish their navy and they would loose any control over the area they might have previously had. A third thought is that Iran would could potentially “face the
possible negative reaction of other countries that it currently has friendly relations with (Russia, China, Iraq, Turkey, and India) and whose geopolitical, economic, and energy security interests would be adversely affected” (Barzegar). Considering China and India are two of the largest recipients of oil from the Persian Gulf and two of the largest energy consumers in the world, it would not be wise for Iran to blockade the Strait of Hormuz.

While it would seem very unwise for Iran to block the strait, there are several ways that a blockade of the strait could be to the benefit of Iran. One of the biggest potential benefits for Iran of closing the strait would be “an attempt to increase the price of oil” (Barzegar). This could have harsh consequences as previously noted, but if it worked, it could generate great wealth for a country seeking to stabilize its economy. Another thought is “the ideological nature of the Iranian Revolutionary Guard Corps (IRGC) responds to crises with forceful and harsh military action” (Barzegar). This powerful organization within the Iranian government could provide a winning edge because of their hostility. And finally, possibly the most important benefit of a potential blockade of the strait of Hormuz is that “the securitization of the region would increase the economic and political vulnerability of the Persian Gulf’s Arab countries because they are considered weak points in the West’s regional bulwark” (Barzegar). In short, this type of move would allow this region of the world to gain some respect from the major powers in the world.

As shown, the Strait of Hormuz is incredibly important when it comes to oil transported out of the area. The security of this chokepoint is vital for continued economic progress we are seeing today.
III. The Strait of Malacca

As the cargo enters the Indian Ocean, a large amount continues into the Western Pacific through the Strait of Malacca which is the link between the Indian Ocean and the Pacific Ocean, and a small one at that. More specifically, the Strait of Malacca is the sea passage connecting the Indian Ocean with the South China Sea. The strait is located between the Indonesian Island of Sumatra and the peninsula of Malaysia. The strait “is 500 miles long and is funnel-shaped, with a width of only 40 miles in the south that broadens northward to some 155 miles” (Editors of the Encyclopedia Britannica). While the strait is very narrow for 500 miles, the strait is also shallow. “South of the strait, water depths rarely exceed 120 feet and are usually about 90 feet … the bottom gradually deepens until it reaches to about 650 feet” in the North (Editors of the Encyclopedia Britannica). The Strait of Malacca is very similar to the Strait of Hormuz in that it is a very important chokepoint in the world. These choke points are “between areas of production and their final destination” (Evers et al.). The convenience combined with the previous characteristics of the Strait of Malacca make cargo passage through the straits a necessary evil.
Figure 3.4 Shows the Strait of Malacca’s narrowness and convenience in connecting the Indian Ocean and South China Sea.

The strait is very important as “over 60,000 vessels transit the Strait of Malacca per year” (WOTC). The security of the strait is not only incredibly important for Asian economies, but for the world economy as a whole. “Increasing shipping traffic, multiple overlapping of national and international political jurisdictions, significant navigational hazards, piracy, and threats of terrorism” are all additional reasons for concern in terms of the strait’s security (Lepawsky).
The Straits bear opportunities but also great risks for regional and world trade. Pollution, piracy and international conflicts are probably the main risks that could disrupt world trade and create unforeseeable losses for the world economy. Should an oil tanker be attacked by pirates, run aground, create an oil spill and block other vessels from passing through the narrow waters, the economic and ecological losses would rapidly create enormous costs and unforeseeable downstream effects, such as substantial losses to local fisheries, border conflicts and terrorist attacks. Economic losses would probably run into billions of Euro within a short period of time. This stresses the generally accepted critical role of the Straits of Malacca for stability in the entire region and beyond (Evers et al.).

The security of the strait is of the utmost importance and the gravity of the situation cannot be underestimated. “If the strait were blocked, nearly half of the world's fleet would be required to reroute around the Indonesian archipelago through Lombok Strait, located between the islands of Bali and Lombok, or the Sunda Strait, located between Java and Sumatra” (WOTC). As you can see in Figure 3.6, this would drastically delay shipments and put stress on the economies of the world.
Figure 3.5 shows the Sunda Straits and the Lombok Strait. It also shows how trade routes would be altered by a blockade of the Strait of Malacca.

The security of the Strait of Malacca is a very important component in the stability of the region. The connection between Europe and Asia depends greatly on this strait. In the report titled *The Strategic Importance of the Straits of Malacca for World Trade and*
Regional Development, the report states “Peace and stability in the region are a precondition for regional development, uninterrupted energy supplies and international trade between the European Union and East Asia” (Evers et al.). The security of the region not only provides the peaceful transition of goods from one place to another but you could also argue it is one of the backbones for East Asian economic development. This area’s security should be a priority.

IV. The South China Sea

In addition to the Indian Ocean, the Western Pacific has become a crucial, strategically important region for sea-lane traffic. The South China Sea is located in the Western Pacific and is nestled in between Mainland China and Taiwan. The Philippines, Malaysia, and Brunei also border the South China Sea. According to the Encyclopedia Britannica, the South China Sea “embraces an area of about 1,423,000 square miles, with a mean depth of 3,976 feet” (Editors of the Encyclopedia Britannica).
Figure 3.6 shows the South China Sea and the Spratly Islands.

The South China Sea is a hotbed of activity. The sea-lanes in the South China Sea are important for two reasons. One, the China Sea is an important strategic shipping lane due to the traffic going through the region. “According to the Council on Foreign Relations, $5.3 trillion in global trade transits the South China Sea each year” (Himmelman). And secondly, the region has an abundance of natural resources. The
Spratly Islands, which are abundant in natural resources, “sprawl over roughly 160,000 square miles in the waters of the coasts of the Philippines, Malaysia, Brunei, Taiwan and China — all of whom claim part of the islands” (Himmelman). The following quote from Himmelman summarizes the strategic importance of the area.

According to current U.S. estimates, the seabed beneath the Spratlys may hold up to 5.4 billion barrels of oil and 55.1 trillion cubic feet of natural gas. On top of which, about half of the world’s merchant fleet tonnage and nearly one third of its crude oil pass through these waters each year. They also contain some of the richest fisheries in the world (Himmelman).

As shown above, the South China Sea is very important not only for international shipping but also for the resources the region contains.

One really important fact about the South China Sea and the last reason it is a major concern in terms of sea-lane security is that there are several states trying to control these global commons. The first and obvious state to lay claim to the region is China. “China claims the whole of South China Sea based on historical claims and for the resource-base as well as strategic interests” (Salil). Then you have the United States, who does not have any claim to the area, however many of their regional allies do and therefore they have interest in the region. “The United States and its traditional allies have strategic interests in this region and seek to get access to the resource base” (Salil). Of the 5.3 trillion that passes through the region, “$1.2 trillion of it touches U.S. ports — and so American foreign policy has begun to shift accordingly” (Himmelman). Another country that has its eyes on the South China Sea is India. India desperately needs the resources from the area to continue its high energy consumption. “India has energy requirements and hence is attracted to the resource base as well as has strategic interests in the region. However, India has kept itself mostly isolated in South China Sea” (Salil).
Lastly, there are several smaller countries that have claims to the regions. “The Philippines, Vietnam, Indonesia, Malaysia, Brunei have claims over the Economic Exclusive Zones of some islands of the South China Sea and have interest in the resource base of the region” (Salil). As shown here, there is much to figure out in terms of who actually controls this area and until this is figured out, the South China Sea will continue to be an area of increased tension.

So by law, who has the right to this area and its resources? The best attempt thus far to establish ownership of the South China Sea and other areas under dispute has been UNCLOS. “The Law of the Sea Treaty, formally known as the Third United Nations Convention on the Law of the Sea, or UNCLOS III, was adopted in 1982” (Law of the Sea Treaty). It was based on the United Nations Conference on Trade and Development calling for "'fairer' terms of trade and development financing for the so-called under-developed and developing nations” (Law of the Sea Treaty). The Law of the Sea calls for “technology transfers and wealth transfers from developed to undeveloped nations. It also requires parties to the treaty to adopt regulations and laws to control pollution of the marine environment” (Law of the Sea Treaty). In additional to the economic provisions, the treaty also establishes specific jurisdictional limits on the ocean area that countries may claim, including a 12-mile territorial sea limit and a 200-mile exclusive economic zone (EEZ) limit” (Law of the Sea Treaty). Figure 3.9 shows how the areas are partitioned according to UNCLOS.
As you can see in figure 3.9, UNCLOS partitions the South China Sea. For the most part, countries agree about the divisions, however, the previously mentioned Spratly Islands are technically owned by the Philippines and Brunei which is contradictory to the claim China has made in Figure 3.9. This claim by China is not only unsettling but also, very illegal. It directly violates UNCLOS and several other important treaties concerning the region. China’s claim in the South China Sea is cause for unrest and therefore the United States and others are reacting to this concern by shifting policies to this region.

There are several intriguing contingencies in this area. The first involves the United States presence within China’s EEZ. “The most likely and dangerous contingency is a clash stemming from U.S. military operations within China's EEZ that provokes an armed Chinese response (Glaser). Obviously, this is worst-case scenario, but unfortunately with the unrest in the area this is a possible outcome. An equally important
and possibly more dangerous contingency “involves conflict between China and the Philippines over natural gas deposits, especially in the disputed area of Reed Bank, located eighty nautical miles from Palawan [Philippines] (Glaser). This conflict would essentially stem from the Chinese interest in the Spralty Islands and the unfavorable Chinese EEZ distribution by UNCLOS. Also, the United States would be involved in the conflict due to a treaty signed in the early 50s promising to protect the Philippines in the Pacific.

The United States could be drawn into a China-Philippines conflict because of its 1951 Mutual Defense Treaty with the Philippines. The treaty states, "Each Party recognizes that an armed attack in the Pacific Area on either of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common dangers in accordance with its constitutional processes." (Glaser).

This contingency would be very harmful for the region. And lastly, you have the least likely contingency that includes a Vietnamese/Chinese conflict. “Disputes between China and Vietnam over seismic surveys or drilling for oil and gas could also trigger an armed clash for a third contingency” (Glaser). As shown above, the area needs stability in the form of security and if the world is going to continue to expect this safety and stability someone will have to stand up and secure this area.
Chapter 4
U.S. Navy & Shipping Lane Security
I. The United States Navy Composition

Figure 4.1 Shows an example of a typical U.S. fleet composed of aircraft carriers, destroyers, aircraft, and other support ships. The image is from: (http://foundwalls.com/united-states-navy-fleet-military/)

The United States is the premier military power in the world. In 2012, the military’s budget was around $682 billion. This number, “according to the Office of Management and Budget, was more than the combined military [spending] of China, Russia, the United Kingdom, Japan, France, Saudi Arabia, India, Germany, Italy and
Brazil — which spent $652 billion, according to the SIPRI Military Expenditure Database” (Koba). Figure 4.2 shows a comparison of the U.S. Military Budget to the next ten largest military budgets in the world.

Figure 4.2 shows that The U.S. spent more on defense in 2012 than the countries with the next 10 highest budgets combined. Image from: (Koba)

Out of this $682 billion, the United States Navy alone has a budget of $161.4 billion in 2012 and had budgets of 155.3 and 155.6 billion in 2010 and 2011 respectively (United States Department of Defense). While these numbers are astronomical, it is important to keep in mind the multiple roles of the United States Navy.

In simple terms, a navy can be thought of as similar to a sports team in that it can have basic offensive and defensive roles. The strategic offensive role of a navy “is projection of force into areas beyond a country's shores (for example, to protect sea-lanes, ferry troops, or attack other navies, ports, or shore installations)” (Define Naval, n.p.).
The strategic defensive purpose of a navy is to “frustrate seaborne projection-of-force by enemies” (Define Naval, n.p.). As previously stated, this thesis points out the strategic importance of protecting sea-lanes. As we seek to understand how the United States currently protects sea-lanes, we must understand the full power of the Navy.

Several months ago, I was eating lunch with several friends and the topic of my thesis came up. After I explained to them the topic of my thesis, they began asking questions about the U.S. Navy. One particular fact was mentioned when we began talking about the military capability of the United States. My friend said, “Did you know that the U.S. Navy is home to the second largest air force in the world behind the United States Air Force?” At this moment, I was taken aback and immediately went to investigate this. Turns out, my friend knew what he was talking about. The United States Navy has “upwards of 3700 operational aircraft” (Navy.mil). While the consensus third ranked air force in the world, Russia has around 2,000 planes. This is yet another example of the collective strength of the United States Military.

Also, the Navy has quite a bit of personnel. As of September 10, 2013, the United States Navy employs 634,062 people around the world (Navy.mil). This number includes 323,225 active duty members, 109,837 ready reserve members, and 201,000 naval department civilian employees (Navy.mil). And of course, the United States Navy has a largest fleet of ships in the world with 285 deployable battle force ships (Navy.mil). These ships include aircraft carriers, amphibious assault ships, cruisers, littoral combat ships, destroyers, frigates and submarines:

The U.S. Navy fleet is comprised of aircraft carriers that allow the mobile projection of naval air power across the globe, amphibious Assault Ships that deploy and support U.S. ground forces in remote locations, cruisers that are capable of engaging multiple simultaneous targets and employed in force support
or independent action, destroyers that provide multi-mission offensive and
defensive capability, independently or in fleet support, and submarines for
underwater operations and designed to carry out research, rescue, or specific
wartime missions (Military.com).
There are currently “100 deployed [ships] and 36 [ships] underway for local ops and
training” (Navy.mil).

One of the important roles of this vast arsenal and personnel is to secure global
shipping lanes. And one of the main tools used in securing these lanes is the different
U.S. Naval Carrier Fleets. There are currently eleven fleets with two more under
construction. Each fleet is composed of at least one aircraft carrier and several other
support vessels such as destroyers and frigates. As previously stated, “aircraft carriers
that allow the mobile projection of naval air power across the globe” (Military.com). This
concept is very important in terms of shipping lane security. The United States is the
strongest navy in the world and will continue to be so without the addition of any more
ships for a long time. However, it is important if the United States continues to take a
proactive approach in securing the sea-lanes of the world that the Navy continues to exist
in the high capacity way it currently operates. If the United States wants to continue to
accept responsibility for shipping lane security, it is very important that they are able to
“project power” throughout the globe. The flexibility of its navy allows the United States
to do this.

II. United States’ Naval Grand Strategy

What is grand strategy? Grand strategy, is defined in this thesis as the
“comprehensive, long-term plan of essential actions by which a firm plans to achieve its
major objectives” (BusinessDictionary.com). In this case, that firm is the United States
Military, specifically the Navy. Now, why is the United States grand strategy important?
It is important because it shows the mindset of the organization and what it values as important. In this case, it is important to find out what the United States Navy values in order to fully understand its actions. In this thesis, we are particularly searching for the United States strategy for securing and sustaining the global economy, if there even is one.

Alfred Mayan was a United States naval officer and historian responsible for the idea that a strong nation was inextricably linked to naval superiority. The following quote comes from Mahan’s very popular and influential book, *The Influence of Sea Power upon History*. The book states that continued U.S. strength is derived from Naval superiority which allows for a strong economy. Mayan’s book states “An enduring strategy that enables United States political and military strength through commercial superiority hinges on naval power” (Cropsey). This work was significantly successful in showing the importance of developing a strong naval presence in order to develop a strong economy and therefore, “becoming part of the intellectual backdrop to America’s acquisition of Caribbean and Far Eastern colonies and the construction of a world-class battle fleet” (Gompert). Mahan’s thoughts are echoed by Seth Cropsey, a former naval officer and fellow at the Hudson Institute. Cropsey states “we appear to have forgotten the vital and unique responsibilities assigned to a navy in a democratic society: how it preserves US commercial success and domestic material well-being and—most often ignored—how a navy establishes the conditions that make liberal commerce on the seas possible” (Cropsey). Mahan has been a key in influencing United States’ naval grand strategy for the past 100 years.
In 2008, the US Department of the Navy began to refocus the strategic goals of the Navy. The navy’s goals had become rather widespread, and in an attempt to maximize the efficiency of the navy, they needed to redefine goals. The refocus included among its important objectives such as “humanitarian aid and disaster relief, traditional naval activities that are now receiving more attention as a core mission” (Cropsey). They also included the usual strategic goals of:

Fostering and sustaining cooperative relationships with more international partners by the development of sufficient cultural, historical, and linguistic expertise among our Sailors, Marines and Coast Guardsmen to nurture effective interaction with diverse international partners. The plan also included Protecting Core National Interests: defeating al-Qa'ida and its affiliates and succeeding in current conflicts; deterring and defeating aggression by adversaries, including those seeking to deny our power projection; countering weapons of mass destruction; effectively operating in cyberspace, space, and across all domains; maintaining a safe and effective nuclear deterrent; and protecting the homeland (Secretary of Defense).

As you can see many of the goals are more specific than usual which makes the navy not only more transparent but it also shows just how important certain agendas are. For example, “defeating al-Qa’ida” does not necessarily have to be mentioned because it could fall under either “succeeding in current conflicts” or “defeating aggression by adversaries.” Another two things that are specifically mentioned are “effectively operating ... across all domains” and “nurture effective interaction with diverse international partners.” These two concepts are very important because they acknowledge the support and protection of shipping lanes and the global economy that the United States Navy will provide. Furthermore:

As our security and prosperity are inextricably linked with those of others, U.S. maritime forces will be deployed to protect and sustain the peaceful global system comprised of interdependent networks of trade, finance, information, law, people and governance. As such, United States sea power will be globally postured to secure our homeland and citizens from direct attack and to advance our interests around the world. U.S. interests in East Asia reflect the region’s burgeoning economic strength,
its growing demands for global resources, and the influence of its strong states on world politics (Gompert).

As you can see the strategic goals represent the U.S. Navy’s goals but more importantly they show support the concept of U.S. hegemony.

While not explicitly stated, U.S. hegemony is an important part of the United States Grand Strategy. The best way to describe United States Hegemony can be seen in the following quote from a New York Times story by Josef Joffe, a Stanford Fellow. Joffe states “America remains the “default power”; others may fear it, but who else will take care of global business? Maybe it takes a liberal, seafaring empire, as opposed to the Russian or the Habsburg, to temper power and self-interest with responsibility for the rest” (Joffe, n.p.). This statement is very important in that it shows the United States is not only the only capable of taking on the responsibilities of the world, but it is also the only one that is trusted to take care of the rest of the world. U.S. hegemony is a very strong factor in the world and as of the past forty years, the model has not been challenged very much.

Recently the Secretary of Defense office released a statement on the Navy. The following is an important passage from that document in terms of the United States Navy’s future:

For the foreseeable future, the United States will continue to take an active approach to countering threats by monitoring the activities of non-state threats worldwide, working with allies and partners to establish control over ungoverned territories, and directly striking the most dangerous groups and individuals when necessary. U.S. economic and security interests are inextricably linked to developments in the arc extending from the Western pacific and East Asia into the Indian Ocean region and South Asia, creating a mix of evolving challenges and opportunities. We will of necessity rebalance toward the Asia-Pacific region. Our relationships with Asian allies and key partners are critical to the future stability and growth of the region (Secretary of Defense).
This passage contains the current future of the Navy. Most importantly, it furthermore supports the strategic goal of continued U.S. hegemony in the world. If this continues to be a strategic of the United States; to maintain responsibility of the head state in the world, the United States Navy cannot be underfunded.

Now, if U.S. hegemony were not to be a large strategic goal anymore and therefore there was a reduction in naval spending, what would the repercussions be? Cropsey believes that the consequences of a lack of naval superiority would be devastating to the U.S. economy. Cropsey states “should a competitor state arise to challenge America’s influence on the oceans, the world’s waterways are not likely to remain as friendly to liberal commerce as they have been since 1945” (Cropsey, n.p.). Cropsey even goes on to say that “the consequences to the American economy would be incalculable—as they were to the Dutch when they vanished as an international force in the late eighteenth century due to the loss of dominant sea power” (Cropsey). The same thought is echoed by David Gompert. When asked what these earlier contest between sea powers can tell us. Gompert points specifically to the Revolutionary War. Gompert states that this contest “led to a gradual and largely amicable transfer of first regional and then global predominance from one navy to the other” (Gompert). The world is a changing place and if the United States wishes to continue to use its naval superiority to influence the world through the sustainment and protection of the global economy, it cannot afford a decrease in spending.
Chapter 5
Increasing Competition

I. Introduction

Today, we are seeing increased competition to American hegemony. Hegemony is defined in this thesis as leadership by one country over several others. In this case, that one country is the United States. However, we are beginning to see increased competition to this current model. Fareed Zakaria puts it rather well in his book titled The Post-American World and the Rise of the Rest. The author states in the preface that it is not about “the decline of America, but rather about the rise of everyone else” (Zakaria).

The following sections describe in detail three states that pose a threat to American hegemony in the Indian Ocean and Western Pacific. The reason this area has been chosen is due to the high volume of goods, especially those traded to the United States, that flow through this area. Iran, India, and China all pose significant threats in their own way.

II. Competitor State: Iran

Iran is a very important competitor state of the United States. Over the past thirty years, Iran has played a significant role in the United States’ engagements in the Middle East. Ever since the shah was forced out of rule in the 1979 Iranian Revolution, there has been tension between the United States and Iran. The State Department even
acknowledges the tension in their “background fact sheet” about Iran. The State Department states “the United States has long-standing concerns over Iran’s nuclear program, sponsorship of terrorism, and human rights record” (Bureau of Near Eastern Affairs, n.p.). Other than this list of issues, the state of Iran is geographically located in one of the most hostile regions of the world today. The state borders Turkey, Iraq, Afghanistan, and Pakistan, all of which have drawn significant interest from the United States military. Gustavo Mendiolaza is a research analyst from Future Directions International, “an independent, not-for-profit research institute based in Perth Western Australia” also points out Iran’s military capability (FDI). According to Mendiolaza, “the Iranian Revolutionary Guard Corps Navy (IRGCN) and Qods Force have significant asymmetric capabilities that could give the US a bloody nose in the Strait of Hormuz and the Persian Gulf” (Mendiolaza, 1). Considering the strength of Iran in this area, it would be unwise to consider them anything less than a competitor and a threat to United States hegemony in the region. As Mendiolaza acknowledges, Iran is still developing a grand strategy with certain naval goals.

Before diving too far into the grand strategy of Iran, it is important to understand the political conditions of Iran. As noted earlier, there is significant tension between the United States and Iran, however there is optimism as Iran is under new leadership in the form of newly elected president, Hassan Rouhani. Rouhani is part of the moderate movement in Iran with goals of opening communication with the west and being more transparent about Iran’s nuclear program. “For Washington, Rouhani’s victory may represent a significant opportunity to reduce tensions with Tehran, notwithstanding any unforeseen elements that may impede Rouhani’s ability to implement his policies”
Meniolaza, 3). However, “it is important to note that, in this sense, Iran is ruled not by its president, but by its religious authorities, headed by Supreme Leader Ayatollah Ali Khamenei” (Mendiolaza, 4). Therefore, opposition in the form of Supreme Leader, Khamenei, will ultimately make these ideals much harder to implement and many things in grand strategy will be left up to the Supreme Leader or compromised on. Thus creating an interesting dilemma for the development of Iran’s grand strategy.

While there certainly are many issues that the President and Supreme Leader will need to work out, there is one thing they both are interested in. They are both very interested in the expansion of Iranian influence in the region. “With the election process now out of the way, the Iranian Government and the clerical regime can refocus their attention on geostrategic concerns, with the attempted expansion of Iranian influence across a strategic arc” (Meniolaza, 2). The reason for this influence is two fold. The first part being that Iran wishes to become more or less the leader in the Middle East. While the other part, and possibly more important part, is because of the U.S. becoming less inclined to take that role in the Middle East. Meniolaza states that “with a decline in US willingness to again become engaged in a large Middle Eastern war, Tehran will make good use of the time it has available” (Meniolaza, 3). Basically stating that Iran will become the regional power as long as, or maybe even not if, the United States continue to become less involved in this area of the world. Now, if Iran truly wishes to take this role they will need to develop nuclear weapons and build up their military, most notably their navy. Currently, Iran does not have nuclear weapon capability or a navy built for combat with other countries, in particular the United States Navy. But, they are advancing rapidly in both areas.
The Middle East and nuclear weapons has been a topic for many years. The United States and several European nations in particular, have been against the idea for sometime. This sentiment stems out of two things, one of which is United States hegemony. Why does Iran need it if the United States already has it? And the second lies in the fact that the region is incredibly unstable and the possibility that the nuclear weapons could get into the wrong hands, Hezbollah for example, is far too high. Up until 2005, Iran’s development of nuclear weapons had been stalled. In 2005, they resumed the program.

The nuclear arms development process, which was resumed in 2005 by Ahmadinejad, has resulted in the hardest-hitting sanctions applied against any country in modern history. The sanctions, however, have failed to prevent Iran from pursuing its nuclear programme, and analysts are speculating on the timelines for the achievement of an Iranian bomb (Meniolaza, 4).

While the program resumed, the general consensus is that Iran does not have nuclear weapons yet. However, as soon as Iran gets this capability, it will begin to challenge the United States influence in the region and attempt to expand their own influence.

The other thing that Iran needs to do to fully take control of the region and impart it’s influence is to develop of a stronger naval force. Currently, Iran has two separate navies with each having its own specific agendas and goals. The two navies are the Iranian Revolutionary Guard Corps Navy (IRGCN) and the Islamic Republic of Iran Navy (IRIN). One important distinction is that the IRGCN is primary navy of Iran due to the fact that this navy was formed mostly after the Iranian Revolution in 1979. The United States is primarily concerned with the IRGCN as it is the more updated navy due to it being the primary navy of Iran.

The IRGCN, commanded by Rear Admiral Ali Fadavi, is a specialised force comprising 20,000 personnel, utilising many small craft and asymmetric
capabilities to protect the Iranian coast from potential invasion. The force is specially designed for this task, with small boats being well-suited to the shallow and narrow passage of the Strait of Hormuz. The maritime strategy employed by the IRGCN is one of swarming an adversary with more vessels than it is capable of countering simultaneously (Meniolaza, 6).

While this force is smaller and comprised of many smaller boats, it is quite efficient and successful at doing it’s designated tasks of defending the coast line and controlling the Strait of Hormuz. The IRGCN knows that it cannot compete with the United States Navy in a full battle, therefore they must adapt to compete with the U.S. in the region and they have had much success in this area. So much in fact that the U.S. did a simulation of what an Iranian attack would look like.

Th[e] scenario was simulated by the US Armed Forces in the Millennium Challenge 2002 exercise. The asymmetric strategy employed in that exercise by retired US Marine Corps Lieutenant-General Paul K. Van Riper, illustrated the impressive results that can be achieved with limited capabilities, mirroring those employed by the Iranian armed forces, and the IRGCN in particular. Riper was able to destroy or damage 16 capital vessels of the US Navy, including an aircraft carrier, translating to the loss of 20,000 service personnel in a single day. Though the military exercise failed [to] produce a change of doctrine, it highlighted the dangers the US Navy faces in engaging in hostilities with Iran. This leads to an important consideration: as the US becomes less willing to have a big military footprint in the Middle East, the political will to engage Iran in what would likely be a major conflict will diminish (Meniolaza, 6).

As shown above, the current capabilities of the IRGCN are much closer to being able to truly compete against the U.S. in the Middle East.

Now, it is important to step back and evaluate the current situation in Iran after all the facts have been noted. As shown, Iran wants to be the leader in the Middle East and they are close to being able to assert some sort of influence in the region. Both the President and Supreme Leader have echoed this thought and have made attempts to strengthen both the nuclear program and navy. The nuclear threat is less threatening in my opinion. After my investigation, I would say that Iran’s nuclear program is concerned
more with being able to stabilize the region and secure its borders. “Past and current Iranian strategic doctrine has mainly been tailored to the export of ideology and reducing the geographical vulnerabilities caused by Iran’s size and location” (Meniolaza, 5). The location of Iran is quite volatile and nuclear weapons in Iran might be a stabilizing presence. To me, the far more troubling part of the equation for a larger influence in the Middle East and Persian Gulf by Iran is the development of a larger naval force. “It is unlikely that the IRGCN could defeat the combined naval and air forces of the US and its Gulf Co-operation Council allies, but its ability to punch above its weight would prompt a re-evaluation of the necessity of conflict with Iran” (Meniolaza, 6). Right now, the ability to potentially block off the Strait of Hormuz effectively threatens the world economy. And as we noted earlier, the interdependence of the states of the world are stronger than ever before. Therefore, it is also fragile and an event like this could have serious economic impacts throughout the world.

III. Competitor State: India

India is a competitor to the United States in the Indian Ocean, however as opposed to Iran’s grand strategy, India’s aligns more closely with that of the United States. India has the opportunity to compete with the United States, but instead of an aggressive push to impart it’s influence in the surrounding areas and dilute United States hegemony in the region, India simply wants to be able to protect its borders, have some influence in the Indian Ocean, and deal with China and Pakistan on the sea, both of whom threaten the stability of India. Even though India is taking the steps to be a regional power in the line with the U.S., “its capacity to “fill in” for U.S. forces in that area, however, remains modest at best. More likely, India could cooperate—if desired—
to take up the slack in the Indian Ocean if U.S. forces withdrew to a less active posture” (Hoyt, 3). Still, there is much to be determined about Indian naval grand strategy and capability.

India is located in South Eastern Asia with borders to the Indian Ocean, Pakistan, and China. Currently, India has one of the largest and fastest growing economies in the world. Also, it boasts one of the strongest militaries in the world. India’s military is the third or fourth strongest in the world and “possesses significant numbers of nuclear weapons, and its strengths in high-technology industries (space, information systems, electronics) certainly position it to be a major player in the international system in the twenty-first century” (Hoyt, 2). However, much of India’s international policies do not align with this “sleeping giant” status. “India’s policies, however, appear to reflect a mismatch between its growing means and its overall role in international affairs, much to the frustration of most U.S. and some Indian analysts” (Hoyt, 2). India is very perplexing in this regard as the state has the resources and capability to become a regional, and maybe even global power, yet is apprehensive to do so and therefore at the moment in full support of the U.S. hegemony that currently exists. Two states that recognize this are China and Pakistan. Considering the tight bond between Pakistan and China, and Pakistan “which maintains a robust terrorist infrastructure for attacking India” this could be troublesome and make it a longer process for India to “wake-up” (Hoyt, 3).

While, yes India is currently in support of U.S. hegemony, it still would like to protect its borders and ensure the stability of its own economy.

India’s decision to both build and lease nuclear powered submarines, the Navy’s interest in amphibious warfare ships (which have many uses in peacetime), the new Air Force MMRCA contract, and the purchase of advanced U.S. military transports all demonstrate greater interest in and movement towards greater capability (Hoyt, 4).
However, they still need United States to take a large role in supporting them in this region of the world, and in particular, on the sea. Right now, “India’s naval forces are seen as underperforming, Naval modernization and procurement is chaotic, late and over budget, and India’s maritime forces are expanding into a (relative) vacuum” (Hardy, ). This fact in combination with the indecisiveness of decision makers in India to decide to become more assertive instead of passive in the world makes it especially difficult to wan off U.S. naval dependence. And once these forces are adequate to control and secure the Indian Ocean, which by the way India has a unique ability to control without much effort, there is the possibility that the region becomes even more unstable with the possibility of Pakistani and Chinese conflicts. “An “Indian” Indian Ocean would certainly be resisted by Pakistan, which might in turn lead to greater Chinese presence, creating a classic security dilemma” (Hoyt, 4).

It is important to make several observations after noting these details. The first of which is that India needs the United States in the region. The second is that the rest of the world needs the United States in this region. The current level of stability in the region due to a U.S. naval presence cannot be underestimated. The potential conflicts stemming from a U.S. departure in the area mean that India might be forced to try to develop an influence in the Indian Ocean too quickly for the rest of the world, in particular Pakistan and China, to adjust. This could put a stranglehold on the global economy stemming from a conflict between two of the largest economies and populations in the world. So it may be unwise for Iran to wan off U.S. support in this area. However, “What is clear is that the South China Sea, Indian Ocean, and Persian Gulf regions hold plenty of threats that
might force India to reconsider its current policy, and to accelerate its shift from passive regional to more assertive global power (Hoyt, 4).

IV. Competitor State: China

The last and possibly most important competitor state is China. China’s growth over the past twenty years has been astronomical and many scholars have spent time investigating what a grand strategy for China may look like. Currently, China has the fastest growing economy and the largest population in the world. The country is located in Eastern Asia and has key strategic borders with North Korea, India, and the China Sea in particular the South China Sea. All of these borders present specific issues for the U.S. and rest of the world to keep an eye on. In this thesis, we will focus mainly on the development of a Chinese Navy and the influence this unit might have in the South China Sea.

Before jumping too heavily into China’s naval presence in the South China Sea, it is important to recognize the strategic interests of China. As noted earlier, the Chinese economy is growing at an unprecedented rate so it should come as no surprise that Chinese grand strategy centers on the continued growth of their economy. The following quote from Fareed Zakaria represents the current ideology in China: “China today exports in a single day more than it exported in all of 1978.” Authoritarian modernization just hums along. The Party’s message reads “Enrich yourselves, but leave the driving to us,” and most of 1.3 billion Chinese seem happy to comply — and to consume” (JOFFE). The simple fact that the Chinese state in their party message that their goal is “driving” the economy sheds light on how important economic growth is connected to their grand strategy. The grand strategy stems off of this economic growth and a strong presence at
the sea is a very key part of it. The Communist Party of China (CPC) General Secretary, Xi Jinping, actually “presided over [a] study [that] stressed that [to] build socialism with Chinese characteristics, maritime power is an important part of the cause” (Xinhua, n.p.). CPC General Secretary Xi Jinping further “emphasized the importance of the sea for China’s economic development and national security, and reiterated the need to make China a “strong maritime nation.” (Cheng, n.p.). As shown, Chinese grand strategy and economic development are inextricably linked to each other with the main component of success being a powerful naval presence.

In 2004, China made the decision to begin devoting a large amount of resources to the development of a navy. In 2004, the leader of China from 2002 to 2012, Hu Jintao laid out new strategic goals for the “Chinese People’s Liberation Army (PLA) the maritime domain was specifically listed, alongside the space and cyber domains, as arenas where the PLA must be prepared to defend China’s national interests (Cheng, n.p.). In hindsight, this was a significant move considering the improvements in both areas China has made in the past ten years. It also set China on the path to becoming a greater power in the world. Hu Jintao knew the importance of a strong naval presence and knew how the development of one would ensure not only the growth of the economy but also the growth of china into a regional, and eventually a global power. China has laid out a plan to be a top three naval power by 2049.

At a recent conference held in Shanghai, Chinese scholars laid out a 30-year plan. By 2020, the objective is to make China one of the world’s top eight maritime powers. By 2030, China expects to be a mid-level maritime nation among the top five maritime powers. By 2049—in time for the hundredth anniversary of the founding of the PRC—the goal is to be one of the top three maritime powers.[4] (Cheng, n.p.).

Today, China is well on its way to accomplishing these goals.
Since declaring the maritime strength as an important strategic goal, China has improved its navy drastically. “Over the past two decades, it has shifted from a mostly “green-water” navy, focused on patrolling the Chinese littoral, to a blue water force” (Cheng, n.p.). The movement from essentially a coast guard to a navy capable of deep water and open ocean operations is nothing short of amazing. Thus, showing the consistent and strategic decision to continue to build a strong maritime presence.

Commissioning ships also represents China’s interest to become a naval power.

It is discernible that China’s ambition to become a naval power with capabilities to safeguard its interests far into the oceanic domains, through its construction of 14 different classes of warships and nuclear submarines including destroyers (Shenyang Lanzhou Guangzhou and Hangzhou Class - all above 6500 tons), frigates (Jiangkai and Type 054A Class), 093 SSN, 094 SSBN, Song,Yuanzheng and Yuan class SSK submarines, Type 072-II Class Large Amphibious assault ship (5,000 tons), Type 2208 Littoral Combat Ship and Dong Feng 21D missiles (Kiran).

Clearly, the Chinese see naval superiority as an important goal for the advancement of their economy and influence. “A careful analysis of naval conduct of India and china indicates that both the navies have significantly improved their capability to operate in “blue water” and can embrace convergent maritime strategies, cooperative activity with other navies in the region and world” (Kiran). So what does this mean for the United States?

Just as Iran and India have strategic interests in the Persian Gulf and Indian Ocean, among other places, China is very interested in securing the South China Sea. As we mentioned earlier, there is a large volume of ocean borne trade that travels through this region and the resources available in areas such as the Spralny Islands make this area potentially very lucrative to whoever controls its. However, these actions by China are still very illegal and problematic for the rest of the states in the area. As a result of this
agenda, China is “party to disputes with virtually all of its maritime neighbors, including formal U.S. allies Japan and the Philippines, as well as Taiwan, which holds carefully constructed American security guarantees” (Cheng, n.p.). China’s attempt at power projection in the South China Sea is very alarming not only because of the economic implications for the world directly from the Chinese control of the area but because of the strategic alliances of many of the states in the region with the United States a potential conflict between a state and China could escalate very fast if the U.S. is forced into the picture.

As China’s naval presence and power projection into the South China Sea continue develop it is important to note the emergence of China’s increasing competition with U.S. hegemony. The United States, possibly more than ever, is needed in the region as the world’s security. The strategic move by China to not only develop an advanced navy but to claim the South China Sea are intensifying relationships in this region of the world. And because of the lack of sufficient naval superiority in the region to hold China accountable, an increasing United States presence is mandatory to ensure the South China Sea remains safe for interstate commerce and that the states with claims to the South China Sea are allowed to safely develop their own economies through the lucrative benefits of the regions resources.
Chapter 6

Conclusion

I. Where does the United States go from Here?

Now, where does the United States go from here in terms of Naval Spending? Does the United States sustain and protect the global economy? Is the United States Navy worth the benefits it is providing? After acknowledging the global economy, possible areas of conflict, the United States Grand Strategy, and potential competitor states, it seems that the United States has three options moving forward. The United States can increase, decrease, or continue current naval spending. It is my recommendation that, the United States continue to fund the Navy at its current level due to the priceless value of a very fragile, interconnected, and interdependent world economy.

The suggestion to maintain current naval spending levels is backed by several very important reasons. The first being that the global economy is too big to fail and what that means is that the global economy is what holds the world together. Earlier in the thesis, we noted “90% of world trade and two thirds of its petroleum are transported by sea” (Conway, 2). A collapse of this system that has been created over the past five hundred years simply cannot happen. Far too many people in the world are dependent on this system and its collapse could not only be devastating for the world in terms of economics but it could also be devastating to civilization as we know it. Therefore, it is
paramount that the United States continues to take the leading role in supporting and securing the global economy and current naval spending must be maintained.

Within the fact that the world is highly dependent on the global economy, is the fact that the rest of the world needs the United States to take this role and keep everyone in check. The military capability of the United States is unmatched in the world. As mentioned earlier, the military capability stems from the fact that the U.S. can and does spend more on defense than any other state in the world. The U.S. spent more on defense in 2012 than the countries with the next 10 highest budgets combined. Due to this unique capability of the U.S. military, and specifically the U.S. navy, many conflicts have been averted over the course of the years. The strength and might of the United States is beneficial to the world because it not only keeps states in check but it allows smaller, weaker states to improve their own states and economies without the threat of interference by another state. And right now the world needs this because there is no other power in the world that can help the United States in this process. In the section labeled competitor states, it is noted that the U.S. presence in locations such as the Persian Gulf and South China Sea is the one of the few contributing factors to the peace. Iran has even stated that if the United States begins to shift out the region that “Tehran will make good use of the time it has available” to become a regional power. (Meniolaza, 3). These types of statements in combination with the hostility of the area justify a U.S. presence. The presence of the United States Navy is far too important for the stability of the world.

One last reason why it is important for the United States to continue current naval funding is because the U.S. has taken on the role of having a global presence dedicated to
keeping the peace and sustaining the global economy. Until United States grand strategy changes from this mindset it is important for the United States to continue to fulfill the promises it has made.

For all these reasons, the United States must maintain current naval spending. It would be unwise for the United States to shift its focus and resources away from the United States Navy because of the type of economic impact it has on the world. However, it is also important that if the United States wishes to move away from this role as the world’s protectorate, it submits U.S. hegemony and gives other states in the world the ability to rise and control the areas of the world they may. And also, in this case, the United States would have to accept the consequences of whatever that states’ actions may be. Until then though, the United States will continue to be the shipping lane security and ensure the continued economic development and stability of the world. It must continue to be funded at the level of responsibility it is expected to maintain. The world economy is invaluable therefore the protection of it should be as well.
LIST OF REFERENCES


