



Playing a New Geoeconomic Game

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The United States has just begun to wrestle with the complications of an interconnected global environment where economic power, access to resources, and cutting-edge technologies are redefining national power. The next president must address the myriad vulnerabilities and opportunities in this shifting landscape and develop a new national economic security strategy.

Others—like the Chinese and Russians—are already playing a new geoeconomic game, where economic power is leveraged aggressively for national advantage.

They continue to steal billions of dollars of intellectual property from U.S. government and private-sector networks. Certainly, the Internet has accelerated and amplified vulnerabilities with the ease of digital access to mass amounts of data, low barriers of entry to cyber intrusion, and the useful cloak of online anonymity.

But economic battles are not confined to cyberspace. During a diplomatic spat with Japan in 2010, China suspended its exports of rare-earth minerals—necessary for key high-tech manufactured items like hybrid engines and solar panels. China has also used its undervalued currency, subsidies, and the

weight of its market—both current and future—to demand local content and partnership concessions from foreign companies.

The resulting transfer of technology and marginalization of multinational companies has allowed Chinese companies to take larger chunks of the global solar, wind turbine, and high-speed rail markets. At the same time, Chinese infrastructure and extraction projects in Africa, Central Asia, and Latin America are facilitating Chinese access to both raw materials and political influence.

Russia hasn't hesitated to play the game either, using its oil and natural gas resources to exert political pressure while padding the Kremlin's coffers. In 2006 and again in 2009, Russia shut off natural gas supplies to Europe through Ukrainian pipelines to extract concessions and pressure Ukraine. Russia—through Gazprom—has also followed an acquisition pattern of “plugging the holes” of alternate channels of energy supply to Europe in the Balkans and Poland.

These issues are not limited to these two countries. The United States faces a direct challenge to its economic predominance from an alternate state-driven capitalist model and from systemic and economic threats from a panoply of state and nonstate actors. U.S. economic reach and influence have been taken for granted as a function of the free trade paradigm that the United States helped establish and the competitive advantages of the U.S. market and companies against foreign competitors. This

is now in jeopardy, with not only economic advantage but international influence at risk.

The United States is unprepared to play this new geoeconomic game. Our current approach to economic security abroad reflects a reticence to meld political and economic interests. This underscores a long-standing structural divide between national security policies and the role of the U.S. private sector in the international commercial and financial system.

The most egregious examples are in Iraq and Afghanistan. American blood and treasure have been spent to establish security and functioning economies, but American companies and interests are often left on the sidelines as Chinese, Russian, and other countries' companies profit from oil, mineral, and other sectors.

The U.S. government's approach to these vulnerabilities is also scattered—with strategies to protect supply chain security, combat transnational organized crime, secure the cyber domain, protect critical infrastructure, and promote U.S. private-sector interests abroad to compete with state-owned enterprises. As the Venn diagram of economic and national security overlaps ever more exactly, the United States should craft a deliberate strategy that aligns economic strength with national security interests more explicitly and completely.

The intelligence community should prioritize collection and analysis to focus on the global landscape through this lens. The Departments of

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Commerce, Energy, and Defense should sit down together—and then with the private sector—to determine how to maintain investments and access to strategic materials and capabilities critical to national security. Our homeland security enterprise should be focused less on defending against specific actors and more on protecting and building redundancies in the key infrastructure and digital systems essential for national survival. Law enforcement and regulators should have access to beneficial ownership information for suspect investments and companies formed in the United States.

International alliances should be recast to ensure key resource and supply redundancy, while trade deals should create new opportunities for influence and economic advantage. The proposed Trans-Pacific Partnership trade accord endorsed by President Obama is a major step in the right direction. We should deploy new doctrines of deterrence like a “boomerang deterrent” making it patently unwise for countries to try to attack or weaken the United States given the entanglement of the international commercial and financial systems.

The president should also review the traditional divide between the public and private sectors where cooperation is essential, as is happening in the cyber domain. We should view the relationship between government agencies—like the Overseas Private Investment Corporation and the U.S. Agency for International Development—and businesses as core to the promotion of U.S. interests, creating alliances based not just on trade and development but on shared economic vulnerabilities and opportunities. The White House will need to ensure that its national security and economic experts are sitting at the same table crafting and driving the strategy while consulting the private sector.

In doing this, we must reaffirm our core principles. We are neither China nor Russia, nor should we overestimate the strength of their systems and inadvertently create structures that move us toward a state authoritarian model. On the contrary, we should remain the vanguard of the global free trade, capitalist system, while preserving the independence of the private sector and promoting ethical American business practices. We should not retreat from the globalized environment we helped shape but instead take full advantage of the innovation and international appeal of American business and technology.

In the twenty-first century, economic security underpins the nation’s ability to project its power and influence. The United States must remain true to its values but start playing a new, deliberate game of geoeconomics to ensure its security and strength. ■