



Resurrecting Retrenchment: The Grand Strategic Consequences of U.S. Decline

BOTTOM LINES

- **Retrenchment Pessimism Misguided.** Policymakers and pundits shy away from retrenchment policies without a broad view of the historical record.
- **Dealing with Decline.** Generally, states that are falling in the ranks of great powers shift burdens to allies, cut military spending and personnel, and avoid embroiling themselves in militarized disputes.
- **Retrenchment Success.** Most great powers in acute decline adopted retrenchment strategies and were markedly more successful than states that implemented other policies.

By Paul K. MacDonald and Joseph M. Parent

This policy brief is based on “Graceful Decline? The Surprising Success of Great Power Retrenchment,” which appears in the Spring 2011 issue of International Security.

CURRENT U.S. DECLINE AND THE UNPOPULARITY OF RETRENCHMENT

Many policymakers and pundits contend that U.S. relative power is declining and that this decline will have negative consequences for international politics. They justify this pessimism on the belief that great powers have few options for dealing with acute relative decline. Critics say that retrenchment, a policy of retracting grand strategic commitments in response to a decline in relative power, is a contemptible policy that demoralizes allies and emboldens potential adversaries. Furthermore, domestic interest groups and lobbies look like immovable obstacles with regard to policies designed to harmonize ends with means.

There is little evidence, however, to justify the pervasive pessimism about retrenchment. The historical record suggests that not only is great power retrenchment common; it is also effective. Retrenching states shift burdens to allies, constrain military budgets, and

avoid militarized disputes to preserve their position in the hierarchy of nations. In contrast, states that fail to retrench never recover their rank among the great powers.

The competitive nature of the international system explains the success of retrenchment. If states shoulder disproportionate burdens, pamper private interests, become bogged down in costly conflicts, and generally masquerade as more powerful than they are, they will tend to be exploited by more disciplined and realistic adversaries. Great powers have a considerable incentive, therefore, to moderate their ambitions in the face of sustained declines in relative power.

KEY FINDINGS

To date, there has been no comprehensive study of great power retrenchment and no study that defends retrenchment as a probable or practical policy. Using historical data on gross domestic product, we identify eighteen cases of “acute relative decline” since 1870. Acute relative decline happens when a great power loses an ordinal ranking in global share of economic production, and this shift endures for five or more years. A comparison of these periods yields the following findings:

- Retrenchment is the most common response to decline. Great powers suffering from acute decline, such as the United Kingdom, used retrenchment to shore up their fading power in eleven to fifteen of the eighteen cases that we studied (61–83 percent).
- The rate of decline is the most important factor for explaining and predicting the magnitude of retrenchment. The faster a state falls, the more drastic the retrenchment policy it is likely to employ.
- The rate of decline is also the most important factor for explaining and predicting the forms that retrenchment takes. The faster a state falls, the more likely it is to renounce risky commitments, increase reliance on other states, cut military spending, and avoid starting or escalating international disputes.

In more detail, secondary findings include the following:

- Democracy does not appear to inhibit retrenchment. Declining states are approximately equally likely to retrench regardless of regime type.
- Wars are infrequent during ordinal transitions. War broke out close to the transition point in between one and four of the eighteen cases (6–22 percent).
- Retrenching states rebound with some regularity. Six of the fifteen retrenching states (40 percent) managed to recapture their former rank. No state that failed to retrench can boast similar results.
- Declining great powers cut their military personnel and budgets significantly faster than other great powers. Over a five-year period, the average nondeclining state increased military personnel 2.1 percent—as compared with a 0.8 percent decrease in declining states. Likewise, the average nondeclining state increased military spending 8.4 percent—compared with 2.2 percent among declining states.
- Swift declines cause greater alliance agreements. Over a five-year period, the average great power signs 1.75 new alliance agreements—great powers undergoing large declines sign an average of 3.6 such agreements.

- Declining great powers are less likely to enter or escalate disputes. Compared to average great powers, they are 26 percent less likely to initiate an interstate dispute, 25 percent less likely to be embroiled in a dispute, and markedly less likely to escalate those disputes to high levels.

IMPLICATIONS FOR POLICYMAKERS

From the analysis above, three main implications follow for U.S. policy. First, we are likely to see retrenchment in U.S. foreign policy. With a declining share of relative power, the United States is ripe to shift burdens to allies, cut military expenditures, and stay out of international disputes. This will not be without risks and costs, but retrenchment is likely to be peaceful and is preferable to nonretrenchment. In short, U.S. policymakers should resist calls to maintain a sizable overseas posture because they fear that a more moderate policy might harm U.S. prestige or credibility with American allies. A humble foreign policy and more modest overseas presence can be as (if not more) effective in restoring U.S. credibility and reassuring allies.

Second, any potential U.S.-Sino power transition is likely to be easier on the United States than pessimists have advertised. If the United States acts like a typical retrenching state, the future looks promising. Several regional allies—foremost India and Japan—appear capable of assuming responsibilities formerly shouldered by the United States, and a forward defense is no longer as valuable as it once was. There remains ample room for cuts in U.S. defense spending. And as China grows it will find, as the United States did, that increased relative power brings with it widening divisions at home and fewer friends overseas. In brief, policymakers should reject arguments that a reduction in U.S. overseas deployments will embolden a hostile and expansionist China. Sizable forward deployments in Asia are just as likely to trap the United States in unnecessary clashes as they are to deter potential aggression.

Third, the United States must reconsider when, where, and how it will use its more modest resources

in the future. A sensible policy of retrenchment must be properly prepared for—policymakers should not hastily slash budgets and renounce commitments. A gradual and controlled policy of reprioritizing goals, renouncing commitments, and shifting burdens will bring greater returns than an improvised or imposed retreat. To this end, policymakers need to engage in a frank and serious debate about the purposes of U.S. overseas assets.

Our position is that the primary role of the U.S. military should be to deter and fight conventional wars against potential great power adversaries, rather than engage in limited operations against insurgents and other nonstate threats. This suggests that U.S. deployments in Iraq and Afghanistan should be pared down; that the United States should resist calls to involve itself in internal conflicts or civil wars, such as those in Libya and elsewhere in North Africa; and that the Asia-Pacific region should have strategic priority over Europe and the greater Middle East. Regardless of whether one accepts these particular proposals, the United States must make tough choices about which regions and threats should have claim to increasingly scarce resources.

CONCLUSION

Retrenchment is probable and pragmatic. Great powers may not be prudent, but they tend to become so when their power ebbs. Regardless of regime type, declining states routinely renounce risky commitments, redistribute alliance burdens, pare back military outlays, and avoid ensnarement in and escalation of costly conflicts.

Husbanding resources is simply sensible. In the competitive game of power politics, states must unsentimentally realign means with ends or be punished for their profligacy. Attempts to maintain policies advanced when U.S. relative power was greater are outdated, unfounded, and imprudent. Retrenchment policies—greater burden sharing with allies, less military spending, and less involvement in militarized disputes—hold the most promise for arresting and reversing decline.

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