

Transmittal Letter to the President-Elect

Dear Mr. President-elect:

This report has been prepared by a bipartisan group of Americans with extensive foreign policy experience, in and out of government. It is designed to assist you as you prepare to take charge of U.S. foreign and national security policy. We have made proposals on both process and policy in a few key areas where we believe your early action will be important in determining the nation's ability to protect and promote its interests for the balance of your presidency and beyond. These proposals are detailed in the accompanying report. This letter summarizes our recommendations.

Setting a Direction. You come to office at a time of double challenge: both to deal effectively with classical problems of power and purpose and to seize the opportunities provided by profound changes—from advances in information technology to “globalization.” We recommend that, early in your administration, you set an overall direction for U.S. foreign policy and national security and begin building bipartisan support for it. We advocate selective global leadership by the United States, coupled with strengthened and revitalized alliances. America should seek to preclude the rise of a hostile global rival or a hostile global alliance. At the same time, the United States should focus its democratic alliances on new threats, challenges, and opportunities, while preparing its allies for increasingly shared responsibility and leadership. Without our democratic allies, many emerging global issues would likely prove to be beyond our ability to manage. But together with them, the United States will gain unparalleled ability to respond to tomorrow's demands and to shape the future. We believe that, together with our allies, your administration should focus on integrating Russia and China into the current international system and strengthening relations with India; encouraging the transformation of the major states that are in flux into responsible members of the international community; constraining regional troublemakers; continuing to play the role of peacemaker; adapting to the new global economy and meeting the full agenda of issues presented by globalization; promoting democracy and fundamental human values; seeking the reduction of weapons of mass destruction (WMD) and missiles—especially in the hands of hostile states; and protecting the United States, its forces, and its allies against WMD and missile attack.

Personnel and Organization. Most immediately, we recommend that you create your core team and determine the way that you want its members to work together—and for you. We suggest that you select your key foreign policy and national security officials as a team and announce them together by early December. To recruit top-flight people for senior office, we advise that you not impose any more impediments to service, including conflict-of-interest regulations, and that you review—with an eye to reform—those requirements that fall within your discretion. You should also ensure that the clearance process for senior officials moves rapidly within the White House and the cabinet departments—where more delays take place than in the Senate.

We believe that the current National Security Council (NSC) system is highly flexible and gives you wide latitude—including the latitude to add officials from “nontraditional” areas. We thus counsel against making major changes at the outset of your administration. We believe, however, that the NSC should not take on an operational role and that you should consider creating a new office in the NSC: a Strategic Planning Office. Finally, we recommend that you immediately order a thorough review of all key aspects of U.S. foreign and national security policy.

We also recommend that you submit to Congress an integrated “foreign policy and national security budget”—even if at first in broad outline—with explanations of connections, choices, and tradeoffs among different instruments of foreign policy and national security. We recommend that, on the basis of this submission, you ask Congress for a critically needed 20 percent increase in nonmilitary spending on foreign policy and national security (the so-called “150 account”).

Critical Decisions. Much of the world will give you a grace period at the outset of your administration. But in a few areas, we believe that you will need to prepare rapidly for reaching decisions with long-range implications. We judge three to be most critical:

- **Missile Defenses.** Because of the intensity of debate about National Missile Defense (NMD), it is important to seize control of this issue immediately. Indeed, mishandling this issue could have severe consequences across a wide range of concerns, including the nation’s military security and relations with the allies, Russia, and China. Opinions within our panel vary about the best alternatives for NMD. We do concur that the issue merits a fresh look and that, promptly after inauguration, you should mandate a comprehensive review of all critical factors. At the same time, we recommend that you proceed with theater missile defense, to protect deployed U.S. forces, allies, and friends.

- **Taking Charge at Defense.** The timetable of defense budgeting means that critical decisions affecting much of your time in office are being made even before your inauguration. We recommend that to take charge, you take three steps in parallel. First, develop immediately an overall, if rudimentary, strategic game plan for U.S. foreign and national security policy. Second, use this game plan to guide you through revision of the Fiscal Year 2002 defense budget, which the Pentagon has nearly completed, for April submission to Congress. Finally, provide firm direction for the basic long-range defense planning document—the Quadrennial Defense Review (QDR)—due to Congress in September, and encourage the Secretary of Defense to explore options that challenge established modes of thought in conducting that review.
- **Arab-Israeli Peacemaking.** If fighting continues in the Middle East, the first task must be to help stop it. When peacemaking becomes possible, all parties will look to the United States for leadership and diplomatic engagement. We recommend that you start with a thorough internal review of the alternatives, get your negotiating team in place, and make clear some central principles—e.g., U.S. commitment to Israel’s security, to building peace, and to seeing violence stop before the peace process can resume. The parties will expect you to play a direct role at some point, but you should reserve judgment about when this could be most effective.

Possible Crises. In addition to the Arab-Israeli conflict, you may face other immediate crises or opportunities. We single out four: Saddam Hussein may try some form of military action or reductions in Iraqi oil exports. Incidents in the Taiwan Strait could generate a crisis between Taiwan and China. You could face either a crisis in Korea or, as appears more likely, an opportunity for major improvement. You could also confront a crisis in Colombia, with wider regional implications, stemming from the central government’s loss of control over large parts of the country.

On Iraq, we recommend that you be prepared to use the Strategic Petroleum Reserve and seek an understanding with Saudi Arabia and others to expand oil production; and, if provoked by Saddam Hussein, that the United States attack a wider range of strategic and military targets to demonstrate resolve and deter further challenges. On Taiwan, we recommend stating clearly to both parties where the United States stands: that the United States opposes unilateral moves toward independence by Taiwan but will support Taiwan in the event of an unprovoked Chinese attack. On Korea, the potential end-game of the conflict is an intra-Korean issue to be solved by the two countries, but we believe that the United States should communicate its interests—e.g., to gain an end to WMD

and ballistic missile programs in the North, and an agreement with Seoul about the size and character of the U.S. force posture after a diplomatic breakthrough. On Colombia, we recommend that the United States expand its support for “Plan Colombia” and develop a web of cooperation with concerned Latin American states but commit no U.S. combat forces.

Sustaining a Preeminent Military. Our military forces face many looming challenges and need to be strengthened. Many of the military’s premier platforms are becoming obsolete. Operating costs of current forces are high and growing, and deployments for peacekeeping and humanitarian intervention have imposed significant burdens, while threats have grown more diverse. With the proliferation of longer-range missiles and more lethal weapons, expeditionary operations are becoming more challenging.

We believe that the strengthening of U.S. forces should take place in the context of a transformation of American security strategy and defense posture—taking them firmly beyond the Cold War. U.S. forces must be able to deploy quickly to various theaters and win against a wide range of potential adversaries. We judge that, unless you change the current strategy or attempt a new approach to military operations that places greater emphasis on new technologies, a sizable modernization bill cannot be avoided. In each of the next several years, the Defense Department will need about \$30 billion more for procurement and \$5–10 billion more for real property maintenance, recruitment, pay and retirement, and medical care—about a 10 percent increase in real terms.

We also believe that U.S. force planning should take greater account of the potential capabilities of U.S. allies to achieve greater interoperability and to relieve some burdens. We also support far-reaching changes in the transatlantic regime for defense exports and investments, including more flexibility in U.S. transfers of high technology.

To deal with recruitment and retention problems, we recommend targeted pay raises, especially those aimed at skilled enlisted personnel. To preserve our defense industrial base, we suggest that you direct the Defense Department to reduce as much as possible the administrative burdens of doing business with it and make defense research and development contracts profitable in their own right. You also have a major opportunity to rationalize defense by restarting the Base Realignment and Closure (BRAC) process, seeking congressional authority early in your administration on the basis of an independent commission to develop a non-amendable package.

A Broader U.S.-European Strategic Partnership. After the United States, Western Europe is the repository of the world’s greatest concentration of

economic capacity, military strength, and ability to undertake efforts in other regions. Thus, we recommend that early in your administration, you begin a strategic dialogue directly with the European Union (EU), in addition to the central U.S. strategic engagement with the NATO allies. This can create the basis for common approaches and joint action, both regionally and functionally—e.g., for helping to deal with Sub-Saharan Africa's daunting challenges. An opportune time to launch this initiative is at the projected U.S.-EU summit in Stockholm in June.

The next NATO summit is projected for 2002; at this summit, the allies will review progress toward membership made by the current nine applicants. To be successful, however, as leader of the alliance, the United States would need to lay the groundwork in 2001 for a comprehensive approach to European security. This includes building on the Partnership for Peace; the NATO-Ukraine Charter; the U.S.-Baltic Charter; and the NATO-Russia relationship—while preserving NATO's right to decide whom to admit to membership. We recommend that you support the development of the European Security and Defense Policy (ESDP) but also press the Europeans to accelerate their force modernization and increase their capabilities for power projection.

The Balkans remains the most troubled part of Europe, and transition in Belgrade has not ended the challenge to regional security. We counsel against assuming that the stabilization forces in Bosnia and Kosovo can soon depart. The Transition 2001 panel divides, however, on the appropriate U.S. role in the Balkans; some argue that the United States should continue its force deployments, within an agreed common NATO policy; others argue that the United States should progressively turn over to the European allies responsibility for providing ground forces for the Balkans. Most difficult is the future of Kosovo—whether it remains a part of Serbia or becomes independent. Your administration will be expected to take the lead; you should decide early whether the United States favors independence, autonomy, or some third alternative.

Recasting U.S. Alliances in Asia. We recommend that, soon after inauguration, you direct a basic review of U.S. strategy throughout Asia. Most immediately, if there are rapid changes in Korea, U.S. forces based there and in Japan will be under increasing political pressure. The United States will continue to need forward bases in Asia to help provide stability and prevent hegemony by any regional power. We suggest a five-part strategy: The United States should reaffirm its existing Asian bilateral alliances. It should support efforts in Japan to revise its constitution, to allow it to expand its security horizon beyond territorial defense and to acquire appropriate capabilities for supporting coalition operations. The United States should enhance ties among its bilateral alliance

partners and important relations in the region. The United States should address any situations that might tempt others to use force—e.g., the Taiwan Straits or territorial disputes, as in the South China Sea. And the United States should promote an inclusive security dialogue among as broad a range as possible of Asian states. Finally, implementing this strategy in Asia will require some revisions to the regional U.S. military posture, shifting broadly southward, while recasting alliances with Japan and South Korea and creating new access arrangements elsewhere in Asia.

Powers in Flux. Your administration should also begin formulating long-term policies toward several major countries that are of great strategic interest to the United States and whose domestic or international positions are in flux. We single out several as most critical for efforts in 2001.

- **Russia.** We believe that basic U.S. policy should be to anchor Russia in the West and, if it will respond, to build a positive political and military relationship with it. We suggest that, together with allies, the United States should seek reductions in the Russian nuclear arsenal, firm control over that arsenal, reforms within the Russian military, and an end to any Russian role in the proliferation of nuclear weapons or other WMD. Economic assistance from the United States and its allies can, with careful monitoring, be useful and productive and serve Western interests; and we recommend that you search for areas of global cooperation with Russia. The United States also needs to secure Western interests in the Transcaucasus and Central Asia—promoting the independence of these eight countries but counseling them on creating stable relations with Russia.
- **China.** We recommend that, in cooperation with regional allies, the United States should pursue a mixed strategy toward China that is neither pure engagement nor pure containment. This would include engaging China through commerce and encouragement of increased economic and political development; developing a strategic dialogue with China across the full range of issues and strengthening military-to-military ties; exploring with China, both bilaterally and with other nations, joint projects that can advance common interests; putting heavy emphasis on the development of democracy in China, including political and media freedoms and respect for human rights; hedging against a Chinese push for regional domination; and discouraging Chinese assistance in the spread of missile technology. If China chooses to cooperate within the current international system and becomes democratic, this mixed strategy could evolve into mutual accommodation and partnership. If China becomes a hostile power bent on regional domination, the U.S. posture could evolve into containment.

- **India and Pakistan.** We recommend that your South Asia policy begin by decoupling India and Pakistan in U.S. calculations. U.S. relations with each state should be governed by an assessment of the intrinsic value of each country to American interests. India is becoming a major Asian power and therefore warrants an increased level of engagement and appreciation of its potential for both collaboration and resistance across a much larger canvas than South Asia. By contrast, Pakistan is in serious crisis and is pursuing policies counter to important U.S. interests. The United States should increase pressure on Islamabad to stop support for the Taliban, to cooperate in the fight against terrorism, to show restraint in Kashmir, and to focus on solving its own internal problems.
- **Iraq and Iran.** Changing circumstances in the Persian Gulf—including erosion of the sanctions regime against Iraq and domestic political change in Iran—call for a reappraisal of the U.S. dual-containment policy, starting from the premise that a critical long-term goal is to maintain regional stability and prevent the domination of the Persian Gulf by a hostile power. We recommend that the reappraisal assess whether regime change in Iraq is necessary to U.S. long-term goals and, if so, how to bring it about and the potential costs. The review should also consider whether U.S. goals can be achieved by strict containment of Iraq and what the risks would be, as well as what role U.S. allies, especially in Europe, might play in containing Iraq. Containment of Iraq could be aided by an Iran that is prepared to rejoin the international community and end support for terrorism, opposition to the Arab-Israeli peace process, and development of nuclear weapons and long-range missiles. The United States also shares an interest with Iran in helping to stabilize Afghanistan. Your administration should be prepared either to contain Iran or to seize the opportunity if Iran becomes interested in rapprochement. The latter means being ready with specific ideas, such as increasing U.S. investments in Iranian infrastructure, ending U.S. opposition to building an energy pipeline through Iran from Central Asia, achieving cooperation between the United States and Iran on containing Iraq, and cooperating on measures to stabilize Afghanistan.
- **Indonesia.** Indonesia is undergoing a political transformation that could change the geo-strategic shape of Asia. Severe instability in, or a breakup of, Indonesia could disrupt trade and investment flows throughout Asia, generate widespread violence; create massive refugee flows, encourage secessionist movements throughout Southeast Asia, and damage the progress of democracy in the region. Therefore, we believe that helping to avoid political collapse in Indonesia and keeping democratic reforms on

track should be a high U.S. priority. We recommend four elements: understanding the limited ability of the Indonesian government to move quickly toward democracy; supporting Indonesia's economic recovery and territorial integrity; engaging the Indonesian military; and helping to restore a constructive Indonesian role in regional security.

The New Global Agenda. The end of the Cold War and recent changes in the global economy have expanded the international agenda. Globalization will have a growing impact on definitions of U.S. "foreign policy," on the instruments available, the relative degree of control over events exercised by governments as opposed to the private sector and nongovernmental organizations (NGOs), and interconnections between events in different parts of the world. We believe that the U.S. response—and U.S. leadership—should have several elements:

- **Fostering Global Economic Order.** We recommend that early in your administration, you seek "fast-track" trade negotiating authority from Congress; secure support from key allies on management of multilateral negotiations; engage U.S. groups with critical interests; and work to ensure that less influential countries and NGOs gain appropriate access to the negotiations. We also recommend that you promote reforms in the international financial institutions, to ensure that they are accountable to their constituencies in both lending and borrowing countries; that their funds are stimulating balanced and sustainable growth; and that these funds are neither being diverted or stolen by host-country officials nor allocated to inefficient or socially irresponsible uses. Finally, we recommend that you take proactive measures to extend and deepen economic ties with Latin America, and especially with Mexico, for the purposes of fostering a stable, democratic, and free-market-oriented hemisphere. The key components of this policy would include efforts to promote balanced and sustainable economic development, to ensure monetary stability, to extend and deepen free trade areas throughout Latin America, and to promote a hemispheric security community.
- **Nontraditional Threats and Opportunities.** A number of new developments may pose severe challenges to Western society, including uncontrolled migration across borders and regions; international crime; disease—especially pandemics like AIDS and malaria; and issues of the environment. Many of these problems will particularly afflict Africa, and thus that continent is important, despite the limited U.S. security interests there. So far, there is no consensus that these challenges pose national security threats. Under any circumstances, however, your leadership will be critical in raising awareness of these challenges, both at home and abroad. Meanwhile, the

potential to spread democracy and human rights represents the major opportunity of the age to create a better world. We believe that the United States should remain the foremost champion of democratic development, including vigorous support for global democracy-based institutions and follow-up to the June 2000 World Democracy Conference.

- **Asymmetric Warfare.** During your administration, key challenges to the security of the United States, its allies, and its friends can come from so-called asymmetrical warfare, conducted by a variety of countries and non-state actors, in part as a response to U.S. military dominance. Three areas are most important: terrorism, cyber threats to critical infrastructure, and WMD and the means of delivering them. We believe that successful responses to these problems will require U.S. leadership in promoting greater cooperation among the major industrial countries. We also recommend that you mandate cooperation among domestic law enforcement, intelligence, economic, and diplomatic assets to combat both terrorism and WMD and missile proliferation. Internationally, we suggest that the U.S. work to strengthen the Biological Weapons Convention, press Russia to stop providing assistance to Iran for its nuclear program, and discourage Chinese and Russian assistance in the spread of missile technology.
- **Developing International Institutions.** Finally, the United States faces a continuing challenge to remain as free as possible of external threats and to be influential in shaping the global environment to positive ends. We believe that one long-term means is particularly critical: U.S. leadership in building international institutions, practices, attitudes, and processes—NATO is one model—that will benefit the United States because they also benefit other countries. Reinvigorating the process of institutional development will require paying the dues that the United States owes to the UN, while pressing for needed institutional reforms.