

3. Setting the Stage: Longer-Term Issues

Most of this report has been about the steps we believe you should take either during the transition or soon after inauguration to help you exercise leadership on a limited but critical range of issues, including crises, that you could face quite quickly. At the same time, there are several areas where we believe you should begin quite early in your administration to set directions for the country abroad, even though what you do now might not come to fruition for several years. More particularly, there are areas where, in our judgment, if you want to have a critical impact on future developments, you will need to start building the basis for action during the first few months after you become president. We recognize that this will not always be easy. It is especially challenging for any president to try focusing national attention on developments that are some distance off in the future; equally important, it is not always easy to expend the needed political capital or national resources. But, in some cases, it is important to make the effort in the long-term interests of the nation.

We have also chosen not to present you with a “laundry list”—a comprehensive compilation of issues and approaches covering all parts of the world and all functional questions. Instead, we have singled out a few that we believe to be particularly consequential, either in terms of world developments or in terms of the U.S. role, and on which what you do in the first year can have a particularly important impact.

Defense Issues: Sustaining a Preeminent Military

Even in the absence of a superpower rival, U.S. military strength remains a critical component of U.S. power, influence, and position in the world. The United States uniquely has the ability to project military power and sustain it over long distances. It is this capability that underpins all U.S. alliance and security commitments. The United States thus needs military forces strong enough to play a critical role in shaping the security environment, to deter challenges to our interests, and therefore to reduce the likelihood of conflict. And if conflict should occur, our military must be able to achieve rapid and decisive victory against a wide range of potential adversaries—both state and nonstate actors.

Our armed forces face many challenges. While we are clearly the preeminent military power in the world today, the missions assigned to U.S. forces are inherently demanding. Fighting and winning wars, whether large or small, in other nations' "back yards" has never been easy. With the proliferation of longer-range, more-lethal attack systems into the hands of regional adversaries, such expeditionary operations are becoming more challenging. The challenge is complicated by the fact that an enemy generally chooses the time and place of the initial attack. Since U.S. forces cannot be routinely deployed everywhere in large numbers, this puts a premium on forces that can deploy quickly to theaters where conflict is occurring and that can quickly seize the initiative. In addition, in order to sustain support, both at home and in coalitions with allies, costs and risks of military operations must be kept proportionate to the interests at stake. This requirement increases the complexity of conducting military operations.

To meet these requirements, we also need to overcome some looming problems in the military to ensure that it remains ready to meet current challenges and can take particular advantage of emerging technologies. Our military forces are facing the progressive obsolescence of many of their premier platforms. Operating costs of current forces are high and growing, and force deployments (often unplanned) for peacekeeping and humanitarian purposes have imposed significant burdens. Signs of strain include shortfalls in meeting recruiting goals, losses of experienced personnel, and, in some cases, declining morale. Despite the recent increase in the defense budget, a gap remains between available resources and the demands of the current strategy.

But these worrisome trends also present an opportunity. The strengthening of the U.S. military should take place in the context of a long-delayed transformation of American security strategy and defense posture. Indeed, by and large, we are still living with a defense establishment that was a legacy of the Cold War. This is the time to move aggressively to develop and field systems that can underwrite new ways of conducting military operations. We have had glimpses of the future, with sensors that can detect moving vehicles over huge sections of the battlefield day or night and in all weather, and guided munitions that give our forces precision attack capabilities in all weather conditions.

Thus, the most important tasks for your administration in its next defense review are to recommend a force posture that will make U.S. strategy and defense resources compatible and to devise a system for monitoring whether those resources are allocated strategically before signs of wear and tear emerge. Without measures along these lines, mismatches between resources and requirements, between rhetoric and reality, and between opportunity and accomplishment will likely continue.

During the Cold War, the Soviet threat provided a central focus for planning and force development. Today, our strategy must balance the American security portfolio against a wider range of possibilities, both geographically and functionally. Thus, the United States must move away from reliance on point solutions to fielding a force that can handle diverse problems, such as attacks involving the use of missiles and WMD, as well as attacks against U.S. information systems. Moreover, U.S. forces must have specialized capabilities for smaller-scale operations, such as interventions, peacekeeping, and humanitarian operations, which, while generally less critical to the national interest than major wars, are likely to remain principal missions of the military. At the same time, the budgeting process must accept that such crisis response operations will interfere with long-term military development plans if they are not funded adequately. Your administration must find ways to fund those operations that minimize disruptions to other important military programs and activities.

The need to handle new types of missions will put a premium on deciding upon the appropriate role of institutions outside the military in meeting these challenges. This includes deciding how the Intelligence Community should focus its efforts and what capabilities not assigned by default to the armed forces (e.g., post-conflict law enforcement and civil administration, or drug interdiction) should be provided by other agencies.

Your administration also needs to determine the extent to which we can count on our allies in meeting the diverse range of future military challenges. U.S. allies' capabilities should be more effectively integrated into U.S. force planning in order to achieve greater interoperability and to relieve some of the burdens on U.S. resources. For political as well as economic reasons, the United States needs to encourage its allies both to increase their capability for power projection and to be more effective in coalition with U.S. forces. At times, the U.S. government has been ambivalent about increasing allied capabilities and roles—especially about allowing its allies a greater decisionmaking role in military operations.

The U.S. government has also been reluctant to share high technology, hampering both interoperability and a transatlantic defense industry relationship that could benefit both sides. We believe you should propose far-reaching changes in the transatlantic regime for defense exports and investments, providing greater flexibility for countries and companies that agree to manage their own export control rules, compatible with U.S. practice. In the case of Japan, your administration should consider encouraging it gradually to revise its constitution to allow the right of collective self-defense, to expand its security

horizon beyond territorial defense, and to acquire appropriate capabilities for supporting coalition operations. In Europe, U.S. policy should be to place greater priority on encouraging efforts at defense integration and rationalization across borders, while ensuring that NATO remains the central institution for transatlantic cooperation on European security.

Finally, your administration must find a way to continue recruiting and retaining the skilled personnel that are the most critical element of American military superiority. To deal with the recruitment and retention challenges posed by a booming economy, the Department of Defense will have to consider a variety of options: increase compensation across the board; overhaul the compensation system, targeting it at the most pressing problems; or restructure military careers. Some combination of all these options may be required. RAND research shows that targeted compensation increases, especially those aimed at skilled enlisted personnel, produce better results than across-the-board increases. However, even targeted increases need to be supplemented by other tactics to increase the flexibility of the military compensation system, so that it can respond rapidly to changes in the civilian economy and in military personnel requirements. Such tactics might include special bonuses to increase retention of critical personnel, separation pay and tax-sheltered retirement savings plans to allow more flexible retirement schedules, and additional recruiting resources to attract new types of recruits. At the same time, adjustments must be made in personnel policies to ensure that serving men and women do not face a tempo of operations that reduces their effectiveness, lowers their morale, and, all too often, causes good people to leave the services when their enlistments are up.

Defense Acquisition

The need for transformation applies just as much to the industrial base that supports the U.S. military. During the Cold War, the U.S. government evolved a development process for new weapons systems that proved highly successful. Central to success was harnessing the competitive energies of the private sector in both development and production of military systems. Private companies were often motivated to subsidize development efforts with their own capital, because the “production prize” the government promised was so lucrative. Thanks to the ongoing long-term competition with the Soviet Union, companies could look forward to frequent prize awards.

The end of the Cold War and the “procurement holiday” that accompanied it have undercut key elements of this system. Not only are the prizes much

smaller, they are given much less frequently. It should not be surprising that defense firms have sharply curtailed their own investment in military research and development. Complicating this challenge, the present trend toward defense industry consolidation has led to a great concentration in virtually all defense sectors, and competition in both development and production is more difficult to achieve.

At the same time, some firms with potentially attractive technologies are reluctant to do business with the Department of Defense, complaining about the limited profitability of defense contracts, the threat that federal contract provisions pose to their intellectual property rights, and the costly process requirements associated with government business. In view of U.S. reliance on technology to create forces of superior capabilities, these are troubling developments.

We therefore recommend that you direct the Department of Defense to undertake four major reforms:

- First, reduce as much as possible the special administrative requirements of doing business with the Department of Defense. This will help current defense suppliers reduce overhead costs and make it easier for other companies to become defense suppliers.
- Second, increase design activity rates by facilitating some design and development programs without a full-scale production commitment—that is, increase the use of technology demonstrator programs and operational demonstrations. The first would focus on one or two design issues and would involve the fabrication of two platforms. The second would aim for development and operational testing and would involve a small production run (where the platforms were not fully engineered). If both government and the industry can make austere development more of a rule than an exception—and if Congress complies—it should be possible to double the number of design products for a 10 or 20 percent increase in the modernization budget.
- Third, make defense research and development contracts profitable in their own right, thereby removing an increasingly large barrier to entry and innovation and eliminating what is now a perverse incentive to move automatically—and sometimes prematurely or inappropriately—into production.
- Fourth, include reconstitution as an explicit pillar of national military strategy. To this end, the Department of Defense should try to maintain

production of key systems at a low rate and should close down production lines in ways that make restarting production feasible in terms of difficulty, time, and cost.

Defense Infrastructure

Your administration will have a major opportunity to rationalize defense by restarting the base closure and realignment process. It is widely believed that the present set of bases is too large and thus too costly for the needs of the U.S. military.

Early in your administration, when the political costs are relatively low, you should consider seeking new authority from Congress to conduct further rounds of Base Realignment and Closure (BRAC). The model followed earlier is still probably best: an independent commission appointed to present to Congress a set of changes that must be decided as a package. The commission may consider recommendations from both the Department of Defense and others in creating this package, and it may conduct its own fact-finding activities.

Recommendations by the Department of Defense have usually been the starting point for the commission's work, and likely would be so again. But how the Department of Defense creates these recommendations should be reconsidered. In recent rounds, it decentralized the process of developing recommendations, although the Secretary of Defense specified criteria for the military departments to use. These criteria focused on immediate cost-effectiveness considerations and were not informed by a vision of where the military base structure ought to be 20 years or more in the future. Yet such a vision is needed to deal with the long-term issues the military basing structure must confront—specifically, the training requirements that it must sustain, and the role that base structure plays in making the military attractive to families, who will influence the military members' decisions to stay or leave.

Legislation to create new BRAC authority should stipulate that the Secretary of Defense provide such a vision as a prelude to the commission's work. It should also create enduring authority for such a commission to submit just one package at the start of each presidential term, reflecting that president's recommendations on how much of the vision to pursue over the following four years. This approach would have the virtue of creating a long-term plan that rationalizes the Department of Defense's base structure, while making immediate progress toward achieving it in a manner that gives individual communities a reasonable degree of certainty about what the intermediate future holds for them—an issue of great concern to Congress.

America's Key Alliances

A Broader U.S.-European Strategic Partnership

Western Europe is—after the United States—the repository of the world's greatest concentration of economic capacity, military strength, and ability to undertake efforts in other important regions. So far, there has been no agreement within NATO to consider undertaking military actions outside of Europe—beyond the cooperation programs of the Partnership for Peace—but in the future, challenges to Western interests may call upon U.S.-European joint efforts elsewhere. In time, the development of the European Security and Defense Policy (ESDP) may lead the Europeans to be more outward-looking. It is also very much in the common interest that the Europeans increase their capabilities for power projection, both for NATO and for ESDP.

We recommend that, early in your administration, you begin conducting a strategic dialogue directly with the EU, in addition to the central U.S. strategic engagement with the NATO allies. This would include creating the basis for common transatlantic approaches and joint action—including continuing efforts in the Balkans, Central Europe, and Russia, and new efforts elsewhere in the world and in international institutions. This will be particularly important in dealing with developments where multilateral action is both more likely to be successful than independent action and more likely to gain popular and congressional support in the United States.

Regarding potential military action, experience shows that the United States will at times need to rely upon “coalitions of the willing and able,” rather than NATO as a whole. In nonmilitary areas, the United States and Western Europe should begin forging a new partnership for common action, with leadership shared between the U.S. and the EU, and with a major role for the private sector. Beyond Europe, this can be particularly important and effective regarding Africa—virtually an entire continent that has lost, with the end of the Cold War, a compelling rationale for Western attention. Furthermore, on issues such as migration, disease, environmental degradation, humanitarian crises, globalization, and the most basic requirements for sustaining life and promoting social, political, and economic development, the United States and the EU in combination have a great potential for making a major and often decisive difference in many parts of the developing world.

You should thus consider making a new U.S.-European partnership for the 21st century a major initiative early in your administration. Like initiatives during earlier administrations—e.g., the creation of the Organization for Economic

Cooperation and Development in the Kennedy administration, the National Endowment for Democracy in the Reagan administration, and the Partnership for Peace in the Clinton administration—such a U.S.-EU initiative to combine purpose and resources could meld national interests, shared values, and inspiration to deal with the challenges of this particular moment. You could launch this initiative prior to your projected summit meeting with the EU in Stockholm in June 2001.

NATO: Enlargement 2002 and Other Key Concerns. At the Washington NATO summit in April 1999, the allies agreed that they would meet at that level again, “no later than 2002,” and that at that time they would review the progress made by the countries that have applied to join NATO. There are nine at the moment: six are in southeastern Europe and the Balkans (Albania, Bulgaria, Macedonia, Romania, Slovakia, and Slovenia), and three are in the Baltic region (Estonia, Latvia, and Lithuania). It is possible that one or more additional countries (Croatia and/or Austria) will apply to join NATO by 2002.

On this issue, the United States—and more particularly you, as U.S. president—will be expected to take the lead. In the end, it is the willingness of the United States to make the basic strategic commitment that is most important (certainly to the applicants), and what you decide has a strong chance of prevailing within the alliance.

We believe that you will need to decide this basic issue in 2001 and make clear the U.S. preference. In theory, you do not have to bless the principle of continued NATO enlargement, but as noted above, that would represent a major change in both U.S. and allied policy, and it would have serious negative consequences both for the alliance and for U.S. credibility across the Continent. At a more practical level, you (along with the allies) could decide to postpone the next round of enlargement past 2002. If you choose this course, however, you and the other allies would need, relatively early in 2001, to devise some unique and powerful means to convince the applicants (and other observers) that NATO had not abandoned its pledge of an “open door” to NATO enlargement.

It has already become clear that “NATO enlargement” is not an act by itself. Taking in new countries is only one element; assuring other applicants that they are not being left out (“the open door”) is equally consequential, as is the Partnership for Peace, along with the NATO-Ukraine Charter and the U.S.-Baltic Charter. It is also important to continue trying to build a positive relationship with Russia, while ensuring that NATO retains a monopoly in deciding whom to admit—e.g., denying Moscow’s redlines, including those around the Baltic states. Ukraine is also a concern, and NATO has forged a special relationship with it;

and the United States has negotiated a Baltic Charter with the three Baltic states. Finally, the alliance's other reforms also need to proceed: the relationship with the ESDP, internal command structure changes, and continued NATO responsibility for keeping the peace in the former Yugoslavia.

At the same time, both within your administration and in leading the alliance, it will be necessary in 2001 to craft a comprehensive strategy for enlargement—what directions, what pace, practical limits (despite the “open door”), and continued reflection about NATO's overall goals and purposes.

These are the minimum steps—and the comprehensive package—that we believe you will need to pursue in 2001 in order to make critical NATO decisions in 2002. The actual making of choices—especially choices such as between Baltic and Balkan countries—will be intense within the alliance; this report does not suggest what these choices should be, only how to enable you to make them.

Early in your administration, several other NATO issues are likely to be important. We single out four:

- The alliance needs to continue modernizing its forces, both to enable tomorrow's allied militaries to fight together, despite rapid technological advance in the United States, and to enable the alliance to decide where, if at all, to project military power—whether in Europe or beyond. U.S. leadership is critical in keeping NATO from being “hollowed out.”
- European defense industries are now consolidating; and whether they will be outward- or inward-looking will depend in major part on the willingness of the United States to lower its own barriers to industry cooperation and defense trade across the Atlantic.
- The EU continues to develop its ESDP as part of its broader Common Foreign and Security Policy. Your leadership will be important in demonstrating U.S. support for the ESDP, while encouraging the Europeans to create military capabilities that will also serve NATO's needs.
- The U.S. debate on NMD could be highly divisive within the alliance. Engaging the allies in U.S. planning and decisions will be critical to preventing this issue from having a corrosive effect on broader cooperation.

The Balkans. In October 2000, the Serbian people finally ended the rule of Slobodan Milosevic. This dramatic development reduced the risk of conflict and opened up possibilities for peaceful development of areas in and around the Yugoslav Federation. Yet despite these changes, the Balkans remain the most troubled part of Europe west of the old Soviet frontier. Stabilizing the Balkans

remains a key Western interest, along with helping to put this region firmly on the path of economic development and ensuring that democracy sets down firm roots. The Balkans are also important because of proximity to the Middle East and other Western political and security concerns.

In particular, transition in Belgrade has not ended the challenge to security—or the challenge to NATO and to U.S. strategic interests. Milosevic's fall effectively ended his ability to poison the well but did not settle whether Montenegro will remain part of the Yugoslav Federation or try to go its own way. The Bosnian Serbs no longer have a demagogic and self-serving champion in Belgrade, but they are far from willing to work constructively with Croats and Muslims in one country. Macedonia is still fragile. Albania is still the economic backwater of Europe. Romania and Bulgaria are lagging in their own economic transformation, while they struggle to join NATO. And Albanians and Serbs in Kosovo still have irreconcilable views about the future of that province. Further, the erosion of support among the Serbian people for Milosevic does not in and of itself reflect a mass conversion to the virtues of democracy or an embrace of the values of the Western alliance. NATO, and the United States in particular, remains deeply unpopular in Serbia. In general, the basic principle behind NATO and EU efforts in Central Europe during the past decade—to determine whether former communist societies can make the reforms needed to become fully part of the West—has not yet been validated in this region.

Thus your administration, along with the European allies, will continue to face significant challenges in the Balkans. We counsel against assuming that the stabilization forces in Bosnia and Kosovo—SFOR and KFOR—can soon depart; and U.S. leadership within NATO still calls for a significant U.S. role. The Transition 2001 panel divides, however, on the precise nature of the U.S. role: Some members argue that the United States should continue its current role, 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 in the Balkans and, if need be, elsewhere in Europe.

The EU, through means including the Southeast European Stability Pact, should take the lead in regional development, but the United States must also play its part. The most difficult issue is likely to be the future of Kosovo—whether it remains a part of Serbia or becomes independent. Your administration will be expected to take the lead in diplomacy and in the search for a viable outcome; we believe that you should decide early whether the United States favors independence, autonomy, or some third alternative in order to spur the resolution of this conflict.

Recasting U.S. Alliances in Asia

The rapid pace of developments in Asia and a wide range of basic changes will pose a critical set of challenges for the United States and for U.S. leadership during your administration. The nations of Asia, beginning with our close allies, will be watching for early signs of the direction of U.S. policy. In our judgment, this cannot be a straight-line projection of current policy. Instead, you should begin immediately after the inauguration to direct a basic review of U.S. strategy throughout Asia and make appropriate revisions to current strategy for the long term.

Most immediately, as we discussed above, your new administration should be prepared for rapid changes on the Korean peninsula that could affect the U.S. military posture in South Korea and Japan. U.S. bases in Japan and South Korea will be under increasing domestic political pressure in those countries, especially if tensions on the Korean peninsula diminish. If the United States cannot sustain forward bases in Asia, its ability to stabilize the region will be cast into serious doubt, risking a reversion to a dangerous China-Japan rivalry.

Even assuming a continued U.S. presence, Asia still faces potentially serious problems that could tear at the fabric of peace and prosperity. India and especially China are rising powers that are seeking their place in the world and in the process could challenge the regional order. India and Pakistan, both now possessing nuclear weapons, also continue their decades-old confrontation, now focusing on Kashmir, and Pakistan is itself in a deep crisis of governance. Beijing continues periodically to adopt a bellicose stance toward Taiwan. Indonesia, the most populous country in Southeast Asia, is rent by ethnic and religious tensions, and the Philippines suffers from internal unrest.

The United States and its allies should agree to the pursuit of regional stability and the prevention of hegemony by any regional power as long-term objectives. We believe that your administration needs a four-part strategy to achieve these goals:

- First, the United States should reaffirm its existing Asian bilateral relationships, especially with Japan, South Korea, Thailand, the Philippines, and Australia. As part of this process, the United States should support efforts in Japan to revise its constitution, in order to allow it to expand its security horizon beyond territorial defense and to acquire appropriate capabilities for supporting coalition operations.

- Second, the United States should enhance the ties among its bilateral alliance partners and important relations in the region by information-sharing, joint exercises, and the development of joint plans to maintain regional stability.
- Third, the United States should address any situations that might tempt others to use force. Thus, the United States could state clearly that it opposes the use of force by China against Taiwan and that it opposes a declaration of independence by Taiwan. The United States should also be prepared to help resolve the various territorial disputes in the region, including that in the South China Sea; at the same time, we should emphasize our commitment to ensure freedom of navigation and adherence to an agreed code of conduct in this area.
- Fourth, the United States should promote and lead an inclusive security dialogue among as broad a range of Asian states as possible, including ASEAN. This dialogue would not only provide for a discussion of regional conflicts and promote confidence-building, it would also encourage states to enter into the U.S.-led multilateral framework sometime in the future.

Implementing such a wide-ranging and flexible strategy in Asia will, over time, require some revisions to the current U.S. military posture in the region. The focus of American attention in Asia, which has been in the northeast, will have to shift broadly southward to deal with developments in the Western Pacific security environment. The United States should continue existing security arrangements (including basing) with South Korea and Japan but also should seek to recast them. For example, in Japan, establishing forward operating locations for U.S. Air Force fighters in the southern Ryukyu Islands would be of significant value should the United States decide to support Taiwan directly in a conflict with Mainland China.

Elsewhere in Asia, the United States should seek to solidify existing access arrangements and create new ones. For example, the Philippines' location makes it an attractive potential partner. Knitting together a coherent web of security arrangements among the United States and its core partners in Asia—Japan, Australia, and South Korea—and perhaps some of its Southeast Asian allies, will demand military as well as political steps. Particularly useful would be joint exercises and the creation of procedures and mechanisms for greater information-sharing—at the strategic, operational, and tactical levels—between the United States and its core regional partners.

Powers in Flux

Major Powers

Russia. Although declining in relative power, Russia is the only country that retains the military capacity to destroy the United States; thus developments there will almost certainly be among the most consequential events of the times. We recommend that your approach to Russia be informed by the following basic principles:

- The United States should lead an alliance approach to dealing with Russia. Achieving a consensus among important allies on Russia will be critical to implementing any policy. The long-term objective should be to anchor Russia in the West.
- The United States and its allies have a critical interest in seeing a continued absence of direct threat from the Russian Federation. As part of this effort, the United States and its allies should continue to seek reductions in the Russian nuclear arsenal beyond the levels of the current arms-control agreement, 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.
- The NATO allies should continue efforts to stabilize Central Europe, while also trying to build a positive political and military relationship with the Russian Federation.
- The United States also has an interest in a Russia that is reforming and that is prepared to play a constructive, cooperative, and non-threatening role with its neighbors. However, the principal responsibility and capacity for effecting this transformation lies with Russia. At the same time, the United States, on its own and with its allies, can help by providing assistance to Russia where that can be useful and productive and will also serve Western interests. The assistance we provide should be monitored so that it is not diverted for personal gain or other corrupt purposes.

In sum, the West should continue to encourage positive developments in Russia and in its relations with the outside world, but also be prepared to secure Western interests if Russia were to develop in a manner hostile to the West. You should continue this basic approach and monitor the effectiveness of the balance.

A decade after the collapse of the Soviet Union, both Russia's internal situation and the potential role for the United States and others have become far more

complex. Internal reforms are still far from successful; the current leadership, under Vladimir Putin, has not yet demonstrated that democracy is a high priority, but it has served notice that recentralization is. It is also not clear that the Russian Federation is prepared to pursue a basically cooperative foreign policy with regard to the West or whether it will increasingly see its interests as requiring a competitive foreign policy, including efforts to divide the Western allies.

At the same time, it is increasingly clear that Russia cannot be dealt with as though it were simply a European power. As long as Russia is a coherent entity, its interests will intersect those of the West in the Transcaucasus, Central Asia, and the Far East, notably with China. It will clearly be in the U.S. interest that Russia not develop an effective strategic partnership with China that works against U.S. and Western interests. As of now, however, despite some preliminary soundings between Moscow and Beijing, such a partnership does not seem to be in the immediate offing.

Less well-known are U.S. interests in Central Asia and the Transcaucasus. Clearly, the West has a concern that these countries retain their capacity to export energy and that energy transit routes traverse territories that can be considered friendly. We judge that the U.S. interest is to support the independence of each of the eight Transcaucasian and Central Asian states and to oppose any encroachment of Russian influence that could challenge that independence, while at the same time not encouraging any of these countries to act against legitimate interests of Russia. Further, it is in the U.S. and Western interest to help broker settlements of regional conflicts, such as that in Nagorno-Karabakh, and to foster resolution of conflicts in places such as Georgia and Kyrgyzstan. Beyond pursuit of these interests, along with assistance for economic and political development, military reform (including NATO's Partnership for Peace), and the nurturing of productive relations with the Western private sector, your administration should not attempt a more ambitious strategy. Stability, not change, is the basic Western interest.

With rising strife in Chechnya and elsewhere, both spontaneously and in response to Putin's centralizing policies, other internal strife, conflict, and moves toward either greater autonomy or even independence are likely within the Russian Federation. We do not believe it should be the policy of the United States to promote the dissolution of Russia—such a policy would no doubt embitter the Russian population and its leadership and would be likely to undercut other U.S. strategic objectives. At the same time, the United States should continue to press the Russian Federation to live up to international norms, including those in the Universal Declaration of Human Rights and the

Helsinki Final Act, as essential elements of its full integration in the outside world.

You should put a high premium on continued efforts to help Russia control its nuclear arsenal. You should also put a high priority on gaining Russian acquiescence to stop exports that can aid in the proliferation of WMD—notably, at this moment, assistance to Iran in developing nuclear weapons and ballistic missiles. And your administration should develop and deepen a strategic dialogue with Russia across the full range of issues, in all directions from Russia's borders and also embracing areas of potential cooperation with Russia in promoting security and stability wherever interests intersect (e.g., in the former Yugoslavia). In the development of missile defenses (national and theater), you should place great emphasis on engaging Russia in efforts to gain the best balance of preserving a good relationship with it and meeting U.S. and Western national interests.

Your administration should also explore with Russia, both bilaterally and with other nations, joint projects that can advance common interests and also global interests, especially in areas such as protection of the environment. As with the NATO-Russia relationship, there should be a constant search for areas of practical cooperation, where Russia can demonstrate its willingness and ability to fit in with the global community. Russia's role in peacekeeping, both in collaboration with Western states and within international bodies, should be encouraged.

Your administration should continue to exercise leadership both in dealing directly with the Russian Federation and in promoting efforts by other Western nations and institutions to assist Russian reform. You should continue to put heavy emphasis on the development and deepening of Russian democracy, including media freedoms and respect for human rights. But for purposes both of effectiveness and of credibility, economic relations with Russia should emphasize trade, project assistance tailored to productive areas, and private-sector investments. Your administration should continue to press the Russian leadership and the private sector to adopt codes and procedures with full transparency that can raise confidence in the West about developing economic relationships.

China. Dealing with China's potential emergence as a great power will be one of the most difficult and consequential foreign policy and national security challenges facing your administration. In developing a strategy toward China, you should keep the following in mind.

First, while China's importance is increasing, its future is still uncertain. It might remain on its current path of pragmatic modernization, recognizing that good relations with the United States are necessary because of our technological leadership, huge market for Chinese exports, military power, and influence around the world. However, China could take one of several other paths: It could become increasingly unstable and even fragment; it could democratize and successfully overcome the potential problems associated with transition from authoritarianism to democracy; or it could remain authoritarian but externally become more aggressive, pushing for regional primacy and threatening important American interests in Asia. Even if China stays on its current pragmatic path, relations with the United States will not be without difficulties and countervailing pressures. Beijing sees the United States as an impediment to enforcing its sovereignty over Taiwan. The Chinese government is also concerned about U.S. human rights policies that it sees as attempting to transform the regime and turn the country into a democratic state. China's role in the proliferation of WMD and missiles is another point of contention.

Second, there is no consensus in the United States on a strategy toward China. Some regard China as a hostile power that must be contained; others hope for a positive Chinese evolution and advocate a strategy purely of engagement. As long as China remains on its current path, obtaining a domestic consensus in support of either policy will be very difficult.

It would also be difficult to convince the nation to subordinate other policy goals (including trade) to adopting a policy of containing a Chinese threat that is as yet far from manifest. To be effective, containment would require the whole-hearted cooperation of regional allies and most of the other advanced industrial countries of the world. Given the uncertain Chinese future and its essentially non-aggressive posture, U.S. allies are unlikely to be convinced that such a hardline policy toward China is necessary. In addition, whatever leverage over Chinese policies the United States attains by means of the engagement policy (with respect to such issues as sales of missiles or WMD-related technology) would be lost. Containment seems unnecessarily to resign itself to an unfavorable outcome, while overlooking the possibility that Sino-U.S. relations might evolve in a much more acceptable fashion.

There is some basis for hoping that China will evolve into a cooperative and democratic state. The further opening of China to the world, including increased travel and communications and the growth of a middle class, raises the possibility of domestic transformation. Although that process could produce aggressive external behavior, the attainment of democracy might also lead China to pursue cooperative relations with other democracies. However, this outcome

is far from certain. In the event that China does become hostile, a strategy purely of engagement would serve only to help China become a more threatening adversary in the future.

Given this hopeful, yet uncertain, outlook, your administration should consider, in cooperation with regional allies, pursuing a mixed strategy toward China. This strategy would engage China through commerce and through the encouragement of increased economic and political development in the hope that this process will make China more cooperative and democratic. Under this strategy, your administration would develop and deepen a strategic dialogue with China across the full range of issues and strengthen military-to-military ties. And your administration would also explore with China, both bilaterally and with other nations, joint projects that can advance common interests and also global interests, especially in areas such as protection of the environment. Of course, your administration would continue to put heavy emphasis on the development of democracy in China, including political and media freedoms and respect for human rights.

Simultaneously, the United States would hedge against any Chinese push for regional domination and seek to convince the Chinese leadership that such a push would be difficult and extremely risky to pursue. The primary manifestations of this hedge are the creation of the complex web of regional alliance relationships and agreement with our allies, including Israel and other countries such as Russia, on a list of military equipment and related technologies that should not be transferred to Beijing.

Under this mixed strategy, the United States would be agnostic on some of the key judgments about China's future—for example, whether China's enmeshing in the international system will modify its long-term objectives and behavior, and whether China as a rising power will inevitably upset Asian regional stability. A mixed strategy therefore is a flexible approach during this period of great Chinese transition. If China chooses to cooperate with the current international system and becomes increasingly democratic, this policy could evolve into mutual accommodation and partnership. If China becomes a hostile power bent on regional domination, the U.S. posture could turn into containment. The former is very much to be preferred; whether the latter can be avoided is primarily up to China.

Regional Powers

India and Pakistan. Your administration will also confront important challenges and opportunities in South Asia. The continuing violence in Kashmir and the

risk of a larger war between India and Pakistan—that might include the use of nuclear weapons now in the possession of both countries—have made this region (in President Clinton’s words) “the most dangerous place on earth.”

Both India and Pakistan are currently in the midst of major domestic transformations. The Indian economy has been growing at a rate of roughly 7 percent since 1991, and most international observers believe that growth can continue; this would make India the world’s fourth largest economy (in purchasing-power-parity terms) by 2015. An economy of that size would increase India’s ability to modernize its military forces, develop a credible nuclear deterrent, and deepen U.S.-Indian economic linkages. In short, if current trends hold, India will emerge as a great power.

India’s democratic institutions remain both durable and robust. However, the traditionally liberal and secular character of the state is increasingly contested by a variety of new Hindu fundamentalist groups in Indian politics.

The situation in Pakistan remains unsettled and troublesome on multiple counts. Pakistan continues to be beset by unhealthy political, economic, and strategic trends that have become both intractable and mutually reinforcing. The most disturbing of these trends has been the growth of Islamic extremism. Extremist groups thrive because of Pakistan’s continuing state failures and because they are intentionally supported by the Pakistani military and secret services in the pursuit of the latter’s goals in Kashmir and Afghanistan.

Politically, the disruption of democratic governance resulting from the military coup in October 1999 is likely to continue well into the foreseeable future, and the military is likely to be formally involved in governance even after General Pervez Musharraf leaves office. The Pakistani economy remains paralyzed by high external indebtedness and low levels of education in the workforce. Finally, Pakistan’s strategic circumstances also remain highly unsettled. Pakistan refuses to roll back its nuclear program and continues to rely on assistance from China and North Korea for future strategic technologies because of continuing fears about India’s capabilities and intentions. Pakistan appears committed to using its emerging nuclear capabilities for strategic cover as it challenges India through its support for insurgents in Kashmir. Islamabad also sponsors the Taliban in Afghanistan. Given the Taliban’s ties with terrorists such as Osama Bin Laden, the threat they pose to stability in Central Asia, and the possibility that Taliban-style Islamic extremism might spread even to Pakistan itself, Pakistani policies have the potential to pose a broader challenge to U.S. interests.

We recommend that your South Asian policy proceed from a decoupling of India and Pakistan in U.S. calculations. That is, U.S. relations with each state must be

governed by an objective assessment of the intrinsic value of each country to American interests in this new era. This means recognizing that India is on its way to becoming a major Asian power and therefore warrants both a level of engagement far greater than the previous norm and an appreciation of its potential for both collaboration and resistance across a much larger canvas than simply South Asia. In the case of Pakistan, it means recognizing that this is a country in serious crisis and that it is pursuing policies that run counter to important U.S. interests. You should avoid isolating Pakistan and be prepared to assist in dampening the currently disturbing social and economic trends by reaching out to Pakistani society. But you should also consider increased pressure—including using the leverage of international financial assistance—to curb Islamabad's sponsorship of extremist groups such as the Taliban and to gain Pakistan's cooperation in the fight against international terrorism. These observations imply the following policies for your administration:

With India

1. Continue high-level bilateral political consultations on key political and strategic issues, with the aim of developing common approaches to the key emerging challenges of global order: terrorism, stability in Asia, WMD proliferation, peace operations, and others.
2. Encourage Indian integration into multilateral security and economic organizations in the Asia-Pacific region.
3. Strengthen economic cooperation at all levels—including efforts to remove the remaining economic sanctions—with an emphasis on removing bureaucratic impediments to trade in civilian high technology and increasing bilateral economic flows.
4. Work to enhance military-to-military cooperation in the form of joint exchanges, training, exercises, and eventually joint operations, wherever possible.

With Pakistan

1. Encourage economic reform.
2. Extend assistance in strengthening the institutions in civil society, with the objective of helping Pakistan become a modern Muslim republic. In particular, this would involve support for Pakistani NGOs working in education, health care, and women's rights.
3. Maintain pressure on the current regime for a return to democracy.
4. Increase pressure on the regime to stop providing support for the Taliban and to cooperate in the fight against terrorism.

5. Clearly communicate to Pakistan's civilian and military leadership your strong preference for restraint in Kashmir.
6. Work to restore some forms of military-to-military cooperation short of arms sales, primarily in the form of personnel exchanges and military education.

Iraq and Iran. For the past several years, the United States has pursued a so-called dual containment policy in the Persian Gulf. However, changing circumstances—including erosion of sanctions against Iraq, political change in Iran, and a new regional dynamic that also includes Pakistan and Afghanistan—call for a major review of this policy and possible changes to it. At the outset of your administration, whether or not the United States is immediately challenged by Saddam Hussein, we recommend that you direct a basic review and analysis of overall U.S. interests and policy in the Persian Gulf region. This review would start 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 and would cover several issues, including the following:

- *Whether regime change in Iraq is necessary to U.S. long-term goals and, if so, how to bring it about.* The United States needs either to reduce its objectives in Iraq, which at present include regime overthrow, or to change its strategy so that it might hope to achieve these objectives. If you decide to increase the U.S. emphasis on regime change, you must first ensure that strong support exists, in both the public and the Congress, for the use of force against the Iraqi regime and build on that support with substantial efforts to strengthen the anti-Saddam opposition. Measures could involve increasing the military training and funding offered to opposition figures, greatly increasing the funding of the opposition, attempts to divide the regime and the military, extending the no-fly zone to the entire country, and conducting air strikes on military targets in conjunction with opposition military operations. Gaining the support of allies and other regional states for such a policy, however, would not be easy.
- *Whether, by contrast, our goal should be limited to containing Iraq.* This goal would have four key parts: ensuring deterrence of direct Iraqi aggression against any of its neighbors and, if need be, sufficient force to defeat any such aggression; continuing efforts to constrain Iraqi programs to develop WMD—as discussed above—with key emphasis on building support among allies and regional states for whatever measures are needed to achieve this goal; continuing to reduce opportunities for Iraqi propaganda within the region; and supporting states, especially Jordan, that are vulnerable to Iraqi

economic and other pressures. The threat from Iraq, especially its missiles and WMD programs, is likely to grow in this case.

- *Iran's role in the Persian Gulf, including whether it could, in time, play a robust role in containing Iraq, consistent with Western interests.* This would require Iran's ceasing to be a source of challenge, threat, and instability—currently measured in terms of support for terrorism, active opposition to Arab-Israeli peace negotiations, and efforts to develop WMD. Whether that will be possible within the next few years is not clear.
- *What long-term U.S. military posture in the region, including the Fifth Fleet and onshore deployments, is needed to promote our interests and those of regional and allied states.* This should include analysis of whether it could prove possible to create greater regional and allied responsibility for security, beyond basic containment of Iraq. In time, this should be an objective of U.S. policy, so that the United States will not have to assume the major share of the burden of dealing with regional problems.
- *How U.S. allies, especially in Europe, might contribute to the containment of Iraq.* Containment of Iraq will be more effective, the more broadly it is based. The new strategic dialogue with the EU, recommended above, might be an effective forum for drawing Europe into a more effective partnership in the Persian Gulf.

In addition to security issues in the Persian Gulf that derive in significant part from the role played by Iraq and, in particular, Saddam Hussein, the United States has broader interests in the future of Iran. President Mohammed Khatami's election in May 1997 reflected the desire of most Iranians for political reform, greater freedom, and reform of the flagging Iranian economy. Khatami's efforts at international reintegration have already improved ties with Europe and the Middle East and have allowed greater political freedom within Iran. However, Khatami's agenda is not embraced by hardliners, including the Supreme Leader, Ayatollah Ali Khamenei, the leadership of the important religious foundations, and unknown numbers of people in the military, the intelligence community, and the security services. These hardliners have thwarted Khatami's domestic agenda.

Another factor could allow improved U.S.-Iranian relations. That is the emergence of Pakistan and a Taliban-controlled Afghanistan at the top of Iran's foreign policy agenda. Iranian policymakers are deeply concerned about threats from and by Pakistan and Afghanistan. These threats include a serious refugee problem, drugs and weapons smuggling, and a rivalry for influence in Central Asia. The pragmatists dominating the Iranian foreign ministry believe that

Tehran and Washington share a common interest in Afghanistan and Pakistan. However, U.S. policymakers should understand that because Iran's drive to acquire nuclear weapons is motivated by its concerns about a nuclear Pakistan, as well as by Saddam Hussein's continuing attempt to develop a nuclear capability, even an Iran that is dominated by pragmatists is unlikely to abandon its WMD and missile programs until it feels more secure in the region.

The United States cannot determine the outcome of the power struggle in Iran. It would be foolhardy to champion President Khatami and thus to undermine him further in the eyes of those who oppose him and who would use support by the United States as a means to question his commitment to the Islamic Republic. Suspicion about and unhappiness with the United States run deep in Iran. Nonetheless, we recommend that your administration be prepared both to continue a containment policy, if that is necessary, and to seize the opportunity if the Iranian pragmatists become more dominant and Iran becomes more interested in a rapprochement with the United States. Approaching the United States will not be easy for the pragmatists in Iran and will require them to show results quickly. In particular, your administration should consider being ready with specific ideas on:

- Increasing U.S. investments in Iranian infrastructure, particularly in the energy sector.
- 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 on stabilizing Afghanistan and Pakistan, with the ultimate goal of stopping Iran's WMD programs.

Indonesia. Indonesia is undergoing a political transformation that could change the geostrategic shape of Asia. Its huge population—the fourth largest in the world—and its strategic location, straddling key sea-lanes, make its stability and future path a critical U.S. interest. The best-case scenario would be Indonesia's evolution toward a more stable and democratic state. Unfortunately, that evolution is threatened by a weak governing coalition, numerous insurgencies and separatist movements, and the looming presence of a military that views itself as the ultimate guardian and arbiter of the Indonesian state.

The current period will be critical in defining Indonesia's future. The country today faces the most serious threat to its stability and territorial integrity since its independence more than 50 years ago. The separation of East Timor encouraged secessionist movements in even more economically and politically important

provinces. There has also been widespread ethnic and religious violence in eastern Indonesia. Indonesians themselves fear that the violence could lead to a wider sectarian conflict that could tear Indonesia apart or spur a reversion to military authoritarianism.

Severe instability in, or a breakup of, Indonesia has the potential to disrupt trade and investment flows throughout Asia; to generate widespread violence; to create massive refugee flows; to encourage secessionist movements throughout Southeast Asia; and to damage the progress of democracy in the region. Therefore, doing what we can to help avoid political collapse in Indonesia and to keep democratic reforms on track should be a high priority for the U.S. government.

The United States has a limited capacity to influence internal events in Indonesia. Nonetheless, an active policy of engagement that supports the maintenance of Indonesia's territorial integrity and the survival of its democratic experiment can only help its transition. This policy might include the following elements:

- *Understanding the limits of what the Indonesian government can deliver.* The democratic transformation of Indonesia has only begun and will take time. Pushing Indonesia too far or too fast on sensitive issues such as civil-military relations would risk undermining the current democratic government's standing with key domestic constituencies.
- *Supporting Indonesia's economic recovery and territorial integrity.* Economic recovery is the key to political stability and democratic development, but achieving it will require strong support from the international community. The United States, in cooperation with its Asian partners, particularly Japan, Singapore, and Australia, should provide the necessary technical and financial assistance.
- *Engaging the Indonesian military.* For better or for worse, the Indonesian military will play a critical role in the process of Indonesia's transformation. The United States has an opportunity to influence the military's thinking at a time when it is looking for a new model and open to new ideas.
- *Helping to restore a constructive Indonesian role in regional security.* Before the 1997–98 crisis, Indonesia served as a keystone of stability in Southeast Asia. Restoring this role will require working with the UN to stabilize the situation on Timor and working with Australia to rehabilitate the Indonesian–Australian security relationship.

The New Global Agenda

The end of the Cold War and radical changes in the global economy during recent years present you with a new and expanding agenda of foreign policy developments that can have important effects on the interests of the United States, its allies, and its partners. By the same token, these developments open up opportunities for the United States and others to help shape the kind of world in which we would like to live in decades to come—a world in which political, economic, social, and personal benefits are open to more people on earth than ever before.

The process of globalization—defined here as the increasing volume and speed of cross-border flows of goods, services, ideas, capital, technology, and people—means that the United States will be increasingly affected by a variety of forces that were once viewed as being limited to individual nations. Globalization will no doubt have a growing impact on the issues you will face in “foreign policy,” on the instruments available, on the relative degree of control over events exercised by governments as opposed to the private sector and NGOs, and on interconnections between events in different parts of the world.

This emerging phenomenon will put a high premium in your administration on process: identifying what is happening and its significance, at home and abroad; understanding interconnections; illuminating choices and alternatives for policy; and engaging in a higher degree of strategic analysis and planning than has perhaps ever been true before. Insight, inclusiveness, strategy, and flexibility will be the key requirements for success. Here we highlight four areas: fostering global economic order; dealing with new, nontraditional challenges and opportunities; countering asymmetric warfare; and building international institutions.

Fostering Global Economic Order and Prosperity

The United States has enormous economic strength that gives it confidence and influence around the world. Of course, in this area, your first duty as president is to promote economic growth and prosperity at home. However, developments and difficulties abroad have an increasing impact on the U.S. economy. In recent years, important U.S. interests—market-oriented reform in Russia and parts of Central Europe and the Former Soviet Union, prosperity and democracy in Mexico, stability in Asia, political and economic development in Africa—have been deeply affected by economic and financial crises. Protecting these and other interests implies several steps, including:

- *Dealing with the domestic and international effects of globalization.* Some social groups and even entire countries have been largely excluded from the prosperity and promise of globalization. This has domestic implications in the United States, especially for those industries and workers most deeply affected by globalization, and these call for domestic redress. Abroad, U.S. leadership is required to develop a modern global trading and financial system that is widely viewed as fair and equitable. The United States and its key economic partners must be willing to provide developing countries access to their home markets in exchange for sensible economic policies that can attract international capital, while devising mechanisms to reduce their exposure to the destabilizing effects of international financial crises.
- *Reinvigorating trade negotiations.* The process of trade liberalization has been at a virtual standstill—advances have been rare, while intergovernmental disputes, punitive sanctions, and street protests have dominated the headlines. As in the past, U.S. leadership will be critical. Early in your administration, we recommend that you seek “fast-track” trade negotiating authority from Congress; secure support from key allies on management of the large and complex multilateral negotiations; engage U.S. groups with critical interests—now notably including labor and environmental practices in some U.S. trading partners; and work to ensure that less-influential countries and NGOs gain appropriate access to the process of negotiation.
- *Reforming global financial markets.* The international financial crises of the late 1990s have shown the limitations of global financial markets for self-regulation and self-adjustment. Your administration has the opportunity and the leverage to play a critical role in reform during the next several years. Your leadership can encourage cooperative steps that can make crises less frequent and less severe. Guidelines include:
 - *Financial transparency is essential.* The United States and its allies should use their financial leverage to create minimum international standards of accountability that are recognized and adhered to throughout the world.
 - *Openness to international capital flows requires a strong domestic financial system that can absorb sudden reverses in capital flows and allocate capital inflows to productive uses.* Developing countries will require international assistance in creating such a financial system.
 - *Heavy reliance by either the public or private sector on short-term international credit promotes instability.* The United States should not interfere with sensible efforts by developing countries to limit short-term speculative capital flows.

- *Reforming the international financial institutions.* International financial institutions (IFIs) such as the International Monetary Fund (IMF), the World Bank, and the multilateral investment banks have, in general, developed credibility problems, which have weakened their capacity to fulfill their mandated functions of providing emergency financing during crises and serving as reliable sources of finance for development. Early in your administration, we suggest that you work with key economic partners to promote reforms in their operations to ensure that they are accountable to their constituencies in both lending and borrowing countries; that fund flows 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. Your administration should also consider acting to ensure that international financial institutions do not serve as guarantors of unwise investments made by private institutions and individuals.
- *Extending and deepening economic ties with Latin America.* The United States has a strategic and economic interest in a stable, democratic, and free-market-oriented Latin America. In the 1990s, Latin America and the Caribbean became the United States' fastest-growing regional market and a potential partner in what could some day be the largest free trade area in the world. In particular, Mexico is undergoing a historic political transition. This transition means that the United States will have an opportunity to work with President-elect Vicente Fox's administration to deepen the U.S.-Mexican relationship and integration into the North American market. At the same time, the disruptive impact of globalization, a lack of economic development in many countries, and the activities of the transnational criminal cartels have given rise to a variety of new threats to democracy and stability in Latin America, particularly in the Andean region. Meeting these new challenges will require more than traditional diplomatic and military responses. It will also require a proactive U.S. economic policy toward Latin America, informed by the requirements of building an institutional framework for open markets and a stable democratic order in the hemisphere. The key components of this policy would include efforts to promote economic development, ensure monetary stability, extend and deepen free trade areas throughout Latin America, and foster the development of a hemispheric security community.

Nontraditional Threats and Opportunities

A number of developments, especially emanating from what used to be combined as the “developing world,” can, over time, pose severe challenges to Western society. These include uncontrolled migration across borders and regions; international crime; disease, especially pandemics like AIDS; and the broad range of issues and concerns that shelter under the overarching term “environment.”

In few of these or similar areas is there a U.S. national consensus that these issues represent serious “security” threats to the United States or allied and partner societies. This report does not suggest judgments you should make about the key items on this list; rather, it proposes that what your administration does may have a major effect on whether these problems become more or less daunting.

In some cases it will be difficult to understand any linkages—e.g., if the developed world does not reengage in sub-Saharan Africa, will its problems be visited directly either on the nationals of the major powers or on their own territories? But the case is clear that, in this era, the United States has the resources and opportunity to ask itself whether it wants to live in a world where such problems continue to fester, or whether we will try to make a difference. For your administration, this is first and foremost a matter of leadership and exhortation; then it is a matter of developing productive alliances with like-minded, relatively wealthy countries to begin creating a new ethos about the future that is not based solely on a short-term national model, but which sees a long-term, collective moral dimension.

Clearly, your administration should continue the U.S. government’s vigorous commitment to human rights and democracy. This is the major opportunity of the age, in terms of creating the basis for a world in which more people than ever before will be able to be secure in their persons, take part in civil society, and pursue benefits for themselves and their families. Unstinting U.S. support for human rights need no longer be limited, in terms of country or region, by the ambiguities and tradeoffs that were sometimes required during the Cold War. Democracy is perhaps the most formidable social and political force in the world, both today and for the indefinite future. The United States—and your administration—must remain the foremost champion of democratic development, in word and deed, including vigorous support for global democracy-based institutions, follow-up to the June 2000 World Democracy Conference in Warsaw, and democracy-oriented NGOs.

Asymmetric Warfare

During your administration, key challenges to U.S. power—and to the security of the United States, its allies, and its friends—can come from so-called asymmetric warfare: the capacity of smaller powers (or nonstate actors) to cause damage to U.S. interests through the use of unusual techniques, out of proportion to their inherent power and position. Moreover, the transnational nature of these challenges means that the U.S. ability to effectively counter threats from asymmetric warfare will depend to a great extent on the partnerships forged with allies and like-minded states. We judge the following three areas to be most important:

Terrorism. In response to U.S. military dominance, a number of countries—and nonstate actors—have been developing means of trying to offset or even neutralize U.S. advantages. With the exception of WMD (especially nuclear weapons), few will pose serious strategic threats to the United States or its allies, although tactical military developments can have significant impact on the battlefield. But terrorism remains a threat, not just to the capacity of Americans to work and travel in some parts of the world, but also to a sense of personal security. You will need to place high priority on continuing efforts to neutralize terrorists, using both established and new techniques. This includes technical responses, vigorous pursuit of terrorists, and—where possible—efforts to reduce or eliminate the political motivations (or sources of political tolerance) for terrorism. Your administration should also be alert to the possibility that terrorism could be brought to our shores and should continue funding programs to counter it.

Cyber threats. In terms of potential disruption or damage to the United States and other Western states, threats to cyber networks must rank among the critical challenges to U.S. strategic interests—in this case, including economic interests—that could develop during your presidency. The sources, type, scope, and effectiveness of such cyber threats are poorly understood. Areas of uncertainty include the degree to which the U.S. economy and society has vulnerabilities that can be identified and protected, as well as the degree to which redundancies enable global networks to be largely “self-healing.” Nevertheless, this is an area in which robust U.S. activity to identify potential threats and to take actions to counter them is essential. Your administration’s leadership will be critical.

WMD and missiles. Weapons of mass destruction and the means of delivering them will proliferate, for a variety of reasons. Ambitions and insecurities will lead states and sub-national groups, including terrorists, to seek these weapons. Knowledge, technologies, and materials are becoming more widely available.

Controlling exports of sensitive technologies has become more difficult as their commercial uses have expanded. Governments find themselves under increasing political and economic pressures to relax export controls. Russia, China, and North Korea continue to sell equipment and technologies. Moreover, states are increasingly able to produce many components indigenously, thereby decreasing the effectiveness of traditional nonproliferation instruments such as export controls, economic sanctions, and military interdiction.

Even beyond these difficulties, U.S. nonproliferation policies lack integration with allies and partners and indeed diverge markedly from those of other states. Some other governments tend to view the proliferation threat as less serious and more amenable to amelioration through political engagement with both the proliferators and those who supply the equipment and technologies. Indeed, few governments are willing to risk political relations or economic trade to promote nonproliferation goals.

Your administration's leadership can have an important effect on both slowing the rate and reducing the consequences of proliferation. The chief lesson of the past, however, is that unilateral approaches are rarely effective. Export controls mean little if alternative suppliers are willing to sell. Sanctions have little bite if honored by only a few. A successful nonproliferation strategy will require U.S. leadership in promoting greater cooperation among the major industrial countries, some of which will need to change their assessment of the threat's seriousness, their confidence in strategies of political engagement, and their willingness to undertake difficult political and economic steps.

Further, we recommend that you mandate cooperation among our law-enforcement, intelligence, economic, and diplomatic assets to combat WMD and missile proliferation. Internationally, the United States should press for strengthening the Biological Weapons Convention, press Russia to stop providing any assistance for nuclear programs, and discourage Chinese and Russian assistance in the spread of missile technology.

Developing International Institutions

Finally, the United States naturally wants to maintain its current position of being relatively free from external threats and relatively capable of shaping the global environment. One long-term means is particularly critical: U.S. leadership in building international institutions, practices, attitudes, and processes that can benefit the United States precisely because they also benefit other countries. The value of this approach was demonstrated by the recreation of NATO during the Bush and Clinton administrations, to the extent that now,

potentially, a wide range of countries spanning the Continent can find in the reformed alliance something positive to benefit both their own security and the development of their societies. The EU has also made great strides, not only for its 15 member states, but also for many countries in Central Europe and beyond.

No doubt, neither the NATO nor the EU model will find direct application elsewhere; both are the products of unusual circumstances. But as U.S. president, you have the opportunity to foster the basic method of institutional development. This is a method that can help gain broad support for action in those parts of the world—e.g., major parts of Africa and Asia—where classic models of geopolitics or immediate self-interest are inadequate to address serious problems. In our view, sustaining support for this approach will require rebuilding the effectiveness of the UN as an institution and reestablishing U.S. domestic support for the UN. This will require paying the dues that the United States owes to the UN, while pressing for needed institutional reforms.