Section I: Introduction
U.S. Grand Strategy: Setting a New Direction

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This is a great time for the United States, the preeminent world power. U.S. productivity, ingenuity, and industriousness have produced unprecedented prosperity that has made the U.S. economy once again the envy of the world. U.S. democratic ideals and technology are transforming the world—eroding borders, reducing the strategic importance of territory and geography, and strengthening the role of information, individuals, and civil society. U.S. armed forces are without peer, and most of the world’s other leading countries are close U.S. allies.

Despite these blessings, the next administration should not allow itself to be lulled into a false sense of security. As quickly as superpower confrontation turned to cooperation and budget deficits turned to surplus, these comforting trends can reverse themselves if the United States relaxes its vigilance. The social stresses caused by globalization and by rapid technological change also make this a period of great uncertainty and danger. The U.S. victory in the Cold War ended the global nuclear confrontation, but many regions of the world remain unstable. Russia has not been anchored in the West. Other countries, particularly China and India, are seeking to enhance their status as great powers. Several important regional powers—such as Pakistan, Iran, and Indonesia—are in state of flux. Rogue states continue to threaten important regions, and even some major powers are unhappy about U.S. primacy. The U.S. homeland, U.S. forces based abroad, and U.S. allies are becoming more vulnerable to attacks by a larger number of actors as weapons of mass destruction (WMD) and the missiles to deliver them spread around the world. International terrorism persists and might well become deadlier. Advances in information technologies are creating not only opportunities for the U.S. economy and military, but also new vulnerabilities to disruption by hostile states, individuals, and groups. Resentment of globalization is on the rise and is producing anti-Americanism, because Washington is regarded as its architect and beneficiary.
The time is right to build a consensus for a grand design of the U.S. role in the world. Such a design would guide the nation and give it a purpose in its foreign policy. Without such a purpose, it would be difficult to set priorities.

Turning inward is not a realistic option. The world is becoming more interdependent and U.S. prosperity depends on stability and the prosperity of other regions of the world. U.S. withdrawal would produce a vacuum, resulting in arms races, increased instability, and conflict. It could result in the renationalization of security policies in major states that in part depend on U.S.-led alliances for their security. Moreover, abandonment by the United States would encourage the proliferation of WMD and missiles by those countries that rely on security cooperation with the United States or that fear a hostile U.S. reaction should they move to acquire such systems. Key regions of the world, such as the Persian Gulf, might come to be dominated by hostile powers affecting, among other interests, the security of the world’s energy supplies.

Two alternative strategies have been put forward. One implores the United States to seek and consolidate global hegemony. The United States would assert its primacy in all key regions of the world and would act unilaterally when necessary to preserve its own interests. It would resist the relative rise of other countries, even including U.S. allies, and act preemptively to maintain its hegemony. However, efforts to establish such hegemony would be expensive, as others resist U.S. domination. This strategy, moreover, would not enjoy domestic support—not only because of the potential costs but also because it would not reflect basic American values.

The alternative suggestion is to encourage the emergence of a multipolar system. In such a system, the United States and other great powers would compete and cooperate to avoid hegemony by any single power. Many believe that the world is moving inexorably towards multipolarity, irrespective of U.S. actions or intentions. Therefore, they argue, the U.S. goal should be to encourage the rise of a multipolar system but at the same time to use Washington’s current influence to make that system as cooperative as possible. However, there is a real question whether other major powers would behave as they should under the logic of a balance-of-power framework. Balance-of-power logic implies that the major democracies will no longer see themselves as allies. Instead, a political—and possibly military—struggle among them will become not only thinkable but legitimate. The result will be that the United States will face more competition from other major powers in areas of major interest to it.

Fortunately, the United States has confronted and conquered “inevitable” features of international relations many times before. There is a third path that
the United States should choose: that of selective global leadership. Under this option, the United States would seek to preclude the rise of a global rival or a hostile global alliance, while at the same time transforming its own democratic alliances by focusing them on new threats and opportunities and preparing for increasing joint or shared leadership.

In the course of building up the Western alliance during the Cold War, the United States helped to create a community of nations that was held together by more than the Soviet threat. They shared common values, most important among them constitutional democracy and free markets. Since that time, the basic affinities between the societies of the United States, Japan, and the European Union (EU) have deepened. Despite often intense economic rivalries, the democratic nations of the West have established and recognized that they all have shared stakes in an increasingly integrated global economy. War among these nations has become unthinkable. Given continued unity, these nations will be strong enough to overpower any conceivable threat from outside their ranks.

Maintaining, strengthening, and extending these alliances should be the essential component of the new U.S. grand strategy. However, to serve their necessary purpose, alliances must have, and be seen to have, a lasting strategic purpose—that is, they must focus on realistic future threats and they have to be equitable. The United States should work together with its allies to do the following:

- Integrate major power and key regional states into the international system;
- Prevent hostile powers from dominating critical regions by constraining regional trouble makers;
- Contain and mitigate any backlash against globalization;
- Reduce the number of WMD and missiles and protect the United States and its partners against terrorism and other threats;
- Maintain U.S. military preeminence by transforming U.S. forces, increasing military cooperation with allies, and encouraging them to increase their military capabilities; and
- Improve the international security environment to prevent smaller problems from becoming larger ones.

**Integrate Major Powers and Key Regional States into the International System**

A few powers remain outside the U.S. system of alliances, and most important among them are Russia and China. Those powers retain the greatest capacity for
threatening world peace and stability and as such must be the second priority—after U.S. allies—for U.S. foreign policy.

Russia is a declining power with extraordinarily uncertain future—the possibilities run the gamut from violent balkanization to development of a vibrant Western-style democracy. Nothing the United States can do will ensure that Russia will develop into a modern state and a trustworthy partner. If Russia itself proves incapable of reforming its society, the United States and its allies will have no choice but to accept the unpleasant and dangerous consequences. The stakes, however, are enormous, given that Russia is the only country in the world that retains the capacity to devastate U.S. society. The next administration would be remiss if it failed to make an all-out effort to facilitate what would clearly be an enormously preferable outcome. A world in which Russia is part of the solution rather than part of the problem may be unattainable, but it is not unthinkable, and it has too much to offer to be prematurely written off. (For more on this topic, see Jeremy Azrael, “Prospects and Possibilities for U.S.–Russian Relations.”)

Dealing with China will also continue to be one of the most difficult issues in U.S. foreign policy. China’s relative power has been growing steadily since the late 1970s and a major power transition has already begun in Asia that the United States ignores at its peril. The United States should continue to enhance economic, political, and cultural ties with China and to promote Chinese membership in international organizations—including the World Trade Organization (WTO). But to promote regional stability and to hedge against a Chinese push for regional primacy, the United States should also seek to restrain the growth of Chinese military power, promote regional security cooperation, and strengthen ties to regional countries. Should China grow more powerful and hostile, these relations might grow into a defensive alliance. This difficult balancing act is necessary to prepare for the possibility of a hostile China without creating a self-fulfilling prophecy. (For more on this topic, see Zalmay Khalilzad, “U.S. Strategy toward China.”)

India, Pakistan, Indonesia, and Iran 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 that growth can continue, making India the world’s fourth largest economy, in terms of purchasing power parity, 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. The United States should strengthen ties with New Delhi.
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. Pakistan’s continuing state failures thrive because, among other things, they are supported and used by the Pakistani military and secret services in their policies in Kashmir and Afghanistan. The new administration should increase pressure on Pakistan to stop support for the Taliban and to cooperate in the fight against terrorism. It should encourage both India and Pakistan to show restraint in Kashmir and restart a dialogue to defuse the situation, taking the views of the Kashmiris into account. At the same time, Washington should encourage economic reform, the strengthening of Pakistani civil society, and the restoration of democracy. *(For more on India, Pakistan, and South Asia in general, see Ashley Tellis, “South Asia: U.S. Policy Choices.”)*

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 separatists movements, and the looming presence of a military that views itself as the ultimate guardian and arbiter of the Indonesian state. The next administration should support Indonesian economic recovery and country’s territorial integrity. Washington should encourage Indonesia play constructive role in regional security. *(For more, see Angel Rabasa, “Preserving Stability and Democracy in Indonesia.”)*

Iran’s leaders are involved in a major power struggle. President Mohammad Khatami’s election in May 1997 reflected the desire of most Iranians for political reform, greater freedom, and economic reform of the flagging Iranian economy. Khatami’s efforts at international reintegration have already led to improved ties with Europe and the Middle East and allowed greater political freedom within Iran. However, Khatami’s agenda is not embraced by the hardliners—including 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. Iran might face significant instability if the power struggle were to intensify. While containing Iran, the United States should remain open to engaging Iran. *(For more, see Jerrold Green, “Presidential Policy Options toward Iran.”)*
**Preventing Domination of Critical Regions**

A global rival could emerge if a hostile power or coalition began to dominate a critical region of the world. For now, three regions qualify as critical to the world economy: East Asia, Europe, and the Middle East. The risk of a hostile power establishing hegemony in Europe is extremely low, but the Middle East and Asia do present potential problems.

The problem in the Middle East is that the United States serves as the region’s only security guarantor. At present, the United States and many of its allies have essentially “agreed to disagree” over key questions of policy in the region: how to contain Iraq, whether and how to integrate Iran, and how to stop weapon proliferation in the region. These disagreements embolden rogue elements, impose significant costs on the United States, and undermine any coherent policy in the region. Although consensus on such issues will be difficult to achieve, the role of the United States in a system of global leadership would precisely be to forge such a consensus. Although the United States cannot and should not relinquish the role of leader in this region, U.S. policy should be coordinated with its allies, and those allies should do more to assist in providing for security. (For more on related topics, see Daniel Byman, “U.S. Policy toward Iraq,” and James Bartis, “A Guide for the Next International Energy Crisis.”)

The next presidential term also begins at a critical juncture for Asia’s strategic stability. Asia faces potentially serious problems that could quickly unravel the region’s tightly knit fabric of peace and prosperity, with implications throughout the world. India and China are rising powers seeking their place in the world. India is involved in an ongoing and bitter dispute with Pakistan, recently complicated by the presence of nuclear weapons and by the deep crisis of governance in Pakistan. Beijing refuses to rule out the use of force against Taiwan. Indonesia, the Philippines, and Malaysia face serious domestic unrest that threatens to descend into a Balkan-like spiral of violence and secession. Finally, the confrontation on the Korean peninsula has entered its sixth dangerous decade. Although that conflict shows some promise of finally coming to a peaceful end, even that happy outcome could present difficulties for the U.S. posture in Asia. A peaceful Korea would require the recasting of U.S. military posture in both Korea and Japan.

This potent combination of overlapping problems calls for a regional approach that integrates all of Washington’s political, economic, and military tools. This strategy should have four parts. First, the United States should deepen its bilateral security alliances as well as widen them to create new partnerships. The partnerships should serve as the basis for multilateral alliances that would
complement U.S. bilateral relationships and would include the United States, Japan, South Korea, and Australia, as well as perhaps Singapore, the Philippines, and Thailand. In this context, Japan should be encouraged to revise its constitution to allow for the right of collective self-defense. Second, the United States should pursue a balancing strategy among the major rising powers that are not currently U.S. allies—China, India, and a possibly a future assertive Russia—to prevent any one power or hostile coalition of powers from dominating the region. Third, the United States should address directly those situations that tempt others to use force in the region. For example, the United States should declare that it opposes both the use of force by China against Taiwan and a declaration of independence by Taiwan. Finally, the United States should promote a security dialogue among all the states of Asia to provide a forum to solve regional disputes, promote confidence building, and encourage states to enter the U.S.-inspired multilateral framework. (For more on the need for improved alliances, see David Gompert, “U.S. Alliance Relations in the Global Era.”)

Europe, meanwhile, provides the most hopeful outlook among regions of great importance to the United States. The North Atlantic Treaty Organization (NATO) has been revitalized, and EU–U.S. relations are essentially on the right track—despite continuing disagreement on particular issues. An integrated approach to European security is now seen to stretch across the continent. Some countries have joined NATO; others want to do so. At its next summit in 2002, the alliance should begin taking in the next countries ready and willing to shoulder the responsibility of NATO membership. The alliance should continue its multifaceted strategy that includes keeping an “open door,” continuing Partnership for Peace, building a partnership with Ukraine, and seeking to draw Russia out of its isolation to play—if it will do so—a constructive role in European security. (For more on the EU and NATO expansion, see Robert Hunter, “NATO Enlargement: Decisions for the New President.”)

The United States should also encourage the Europeans to develop their European Security and Defense Policy and to continue the military reform of NATO. The United States should continue to encourage the EU to fulfill its own mission in Central Europe and beyond, including stabilizing the Balkans. (For more on the EU defense policy, see James Thomson, “U.S. Policy toward European Defense.”)

**Contain and Mitigate Any Backlash Against Globalization.**

U.S. prosperity in the postwar period, and especially in the last 20 years, has been underwritten by the larger phenomenon of globalization. Globalization, in this
context, refers to the idea that growing cross-border flows of goods, money, technology, people, information, and ideas are progressively creating a single, integrated, global economy. Of course, such a global marketplace is a long way from completion, but the trends in that direction are clear.

The U.S. government did not create the phenomenon of globalization, nor is it the principal motor for economic integration. Globalization is the work of a teeming, uncoordinated multitude of private actors throughout the world. However, U.S. power does underpin the global economic system, and successive U.S. governments have built and supported—for the most part—the progressively more open trade and investment regimes that are the institutional bases for increasing interdependence. Moreover, the United States is viewed throughout the world as the primary motivator and beneficiary of an increasingly global economy.

Although the process of globalization has brought tremendous wealth to the United States and beyond, its effects are often disruptive to societies as a whole and economically damaging to specific segments of society. Societies are reflexively resistant to disruptive change, even if it may have beneficial long-term effects. Even in places that have broadly benefited from increasing economic integration, such as France and the United States, the disruptive effects of exposure to the world economy—from the dilution of domestic culture to the loss of traditional industries to foreign competition—have already generated a backlash. In other, less advantaged parts of the world, that backlash threatens to take more violent expression and—given the association of the United States with the process of globalization—it may be directed at U.S. interests. (For more on difficulties facing the United States in the developing world, see Bob Bates and Diann Painter, “U.S. Foreign Policy and Sub-Saharan Africa,” and Angel Rabasa, “Challenges Confronting the Next Administration in Latin America.”)

Globalization thus implies two general directions for U.S. policy. First, the increasing linkages between states and regions mean that it will no longer be possible to view regions and issues in isolation. At the same time, U.S. policymakers must not forget that each individual country has unique local circumstances that will make global policies difficult to fashion. (For more on globalization and international finance, see C. Richard Neu, “Strengthening the International Financial System.”)

Second, U.S. policy should anticipate and attempt to preempt or mitigate any backlash against globalization. Such a policy will require a delicate balancing act—too much active support for policies that are disruptive to traditional societies will only increase the association of the United States with the negative
repercussions of globalization. Rather, U.S. policy should be proactive enough to recognize that the U.S. underpinning of and association with globalization also implies a responsibility and an interest in assisting those people and societies left behind. (For more on U.S. economic policies, see C. Richard Neu, “Economic Instruments to Support National Security,” and Ted Van Dyk, “Trade Policy: A Turning Point.”)

**Limit, Reduce, and Secure WMD and Missiles, and Protect against Terrorism**

The spread of WMD—nuclear, biological, and chemical weapons—and missiles not only directly threatens the United States, its allies, and U.S. forces abroad, but also increases the dangers of resisting aggression and regional hegemony. The trends in proliferation are mixed: India and Pakistan have acquired nuclear weapons, and several other countries, such as Iran, are working to acquire them; others, such as South Africa, Brazil, and Argentina, have given up their nuclear programs.

U.S. nonproliferation strategy should continue to focus on problem countries, and Washington should better integrate its efforts with those of its allies. The United States cannot stop or even appreciably slow the spread of WMD if it acts alone. An understanding between the United States and its allies on the role of sanctions and appropriate export controls is particularly essential. The United States should bring together its law enforcement, intelligence, economic, financial, and diplomatic assets for this purpose. Together with its allies, the United States should also work for enhanced cooperation to slow the proliferation of WMD—especially nuclear weapons and long-range missiles—to problem countries. U.S. and allied efforts should also include passing an effective international ban on the creation and weaponization of biological pathogens, making a greater effort to stop Russian assistance to the Iranian nuclear program, and discouraging Chinese and Russian assistance in the spread of missile technology. (For more, see Lynn Davis, “Proliferation.”)

To reduce the danger from existing stockpiles, the United States should seek to reduce the existing number of nuclear weapons and seek cooperative ways to secure them. As part of this effort, the United States and its allies should continue to seek reductions in the Russian nuclear arsenal beyond the level of the current arms control agreement. (For more on nonproliferation, see Glenn Buchan, “Nuclear Issues for the Next Administration.”)

The building of a missile defense in cooperation with America’s allies will constitute a key challenge for the future. Such a capability not only will serve as
shield for U.S. forces and allies, but also will allow the United States to continue to credibly deter even a WMD-armed state from campaigns of regional aggression. In addition, the United States should continue to support the rapid development and deployments of systems such as boost-phase intercept and sea-based theater missile defense that could be deployed with strategic warning against a possible ballistic missile threat from North Korea or elsewhere. The United States should also move deliberately to build a national missile defense (NMD) over time—when it is technically feasible. (For more on developing defense technology, see Loren Thompson, “Military Science and Technology,” and David McGarvey, “Nuclear Weapon Initiatives for the Next Administration.”)

But not all new threats will come from ballistic missiles. The high profile of missile defense has unfortunately caused other new threats—such as terrorist use of WMD and threats to critical information infrastructure—to receive lesser priority. Homeland defense against such new threats must be viewed holistically. The agency or person charged with addressing this problem must have the appropriate authority, including required cross-agency, multiyear program planning. Here, too, cooperation with allies is important. (For more, see Bruce E. Hoffman, “Terrorism.”)

**Transform the U.S. Military and Strengthen Military Cooperation with Allies**

Military strength underpins the U.S. position in the world. The United States need a military strong enough to shape the security environment, to discourage challenges to U.S. interests, and to reduce the likelihood of conflicts. Should conflict occur, the U.S. military should be in position to achieve a rapid and decisive victory against a wide range of potential adversaries—both state and nonstate actors.

The U.S. armed forces face many challenges. There is a gap between U.S. strategy and U.S. capabilities. The military is facing the looming obsolescence of many of its premier platforms. Operating costs of current forces have remained high, and the unplanned but frequent deployments for peacekeeping and humanitarian purposes have imposed a major burden. The signs of strain include failures to meet recruiting goals, losses of experienced personnel, and signs of diminishing morale. Despite the recent increase in the defense budget, there is a gap between available resources and the demands of the current strategy. Without a change in strategy, the next administration will have to increase budgetary resources significantly—perhaps more than 10 percent. It might also have to consider reducing the demands on the force by being more selective in its use of force,
attempting to take advantage of technological developments to transform the military, relying more on allies and friends, or, most likely, some combination of the four. (For more, see Paul Davis, “Transforming Military Forces.”)

To deal with the readiness problem, the next administration will have to consider a variety of options: increase compensations across the board; overhaul the compensation system, targeting it at the most pressing problems; restructure military careers; or increase force size. These options are not mutually exclusive. (For more, see Gordon Adams, “National Security Resources.”)

The revitalization of the U.S. military should take place in the context of a long-delayed transformation of U.S. security strategy and defense posture. The military should take increased advantage of the information revolution. For example, it should have significantly enhanced capability to identify precisely the centers of gravity of its adversaries and to calibrate the amount of violence it employs against particular targets. This means getting to know potential adversaries and having the capacity to detect, track, and discriminate among targets reliably. However, it also means that U.S. information systems must be robust enough that the United States is not required to strike first or risk going blind. (For more on this topic, see Abram Shulsky, “Intelligence Issues for the New Administration.”)

For force-sizing purposes, the ability to conduct two large-scale military operations more or less simultaneously has been the basis for planning. The scenarios that have played the greatest role in shaping U.S. forces have been possible attacks by North Korea against South Korea, and by Iraq against Kuwait and Saudi Arabia. These two scenarios, while important, are insufficient for determining future U.S. power-projection capabilities. For planning purposes, the forces have to be tested against several different pairs of scenarios. Some should involve the use of WMD, missiles, and attacks against U.S. information systems. Moreover, U.S. forces should also have specialized capabilities for humanitarian and peacekeeping operations, which, while perhaps less critical to the national interest than major wars, are increasingly becoming the principal occupation of the military. Ad hoc operations will interfere with long-term plans if the United States does not fund them adequately. If the president asks the military, on a moment’s notice, to take on unanticipated responsibilities, those operations need to be funded, but it would be wrong to assume that resources can be shifted to new priorities without any diminished capability to fulfill programmed requirements. (On a similar topic, see David Ochmanek, “Getting the Quadrennial Defense Review Right.”)
The United States also needs to encourage its allies both to increase their capability for power projection and to be more effective in coalitions with U.S. forces. At times, Washington has been ambivalent about increasing allied capabilities and roles—especially in terms of allowing them more decision-making power in military operations. This ambivalence should be resolved in favor of sharing military technology and providing greater say for U.S. allies as they do more. In the case of Japan, the United States should encourage it to acquire appropriate capabilities for supporting coalition operations. European efforts at defense integration and rationalization should likewise be encouraged. (For weapon development and defense cooperation, see John Birkler, Mark Lorell, and Michael Rich, “Formulating Strategies for International Collaboration in Developing and Producing Defense Systems.”)

**Work Proactively to Improve the International Security Environment**

To reduce future demands on the U.S. military and to promote stability, the United States should have a proactive engagement strategy around the world. The objective should be to promote international norms and institutions, rather than the use of force, to resolve disputes. The United States should address those situations that, because of a power vacuum or for some other reason, tempt others to use force or produce massive humanitarian crises. Given that democracies are less inclined to go to war against each other and that they tend to respect human rights, the next administration should continue to promote the spread of constitutional democracy and an increased standard of living among the poorer nations of the world. (For more on Western and developing democracies, see F. Stephen Larrabee, “The United States and the Balkans,” and Ian Lesser, “Policy toward Greece and Turkey.”)

U.S. instruments for pursuing these objectives—particularly the capacity for effective diplomacy—must be strengthened. Addressing smaller problems now can preclude them from becoming bigger problems later. Unfortunately, inattention and underfunding have allowed the U.S. diplomatic instrument to erode. The ability to defeat regional aggression in the Balkans and the Middle East reflects well on U.S. military prowess. The inability to prevent or deter these challenges, however, reflects badly on the country’s diplomatic prowess. (For more, see William Harrop, “The Infrastructure of U.S. Diplomacy.”)

The United States can expect the need for effective diplomacy to grow in the immediate future. As the world becomes increasingly interdependent and globalized, an increasing number of economic, social, and humanitarian issues,
from disease prevention to environmental issues, will become part of the international diplomatic agenda. These new issues are not readily amenable to the application of military power. They cannot be solved by one nation, even by the only global power. They require coalitions of concerned governments and organizations, working together to address issues. (*For more, see Richard Haass, “Humanitarian Intervention.”*)

Only the president can lead in obtaining and maintaining congressional and public support for U.S. global leadership. Only he can make a compelling case for U.S. leadership, and only he can shape public attitudes. Building a more democratic and peaceful world should appeal to American idealism. However, this alone will not be sufficient. Given the complexities of the current era, the new president will have to use the bully pulpit to explain the U.S. role and strategy. (*For more on the need to set priorities, see Harlan Ullman, “The Three National Security Deficits: Purpose, Structure, and People.”*)