

November 14, 2006
Scope Paper:
America's Role in the World

BACKGROUND

- The United States has entered a period of extended political leadership transition.
 - President Bush has two more years in office but both houses of Congress will be controlled by the Democratic Party. Moreover, the political focus will shift to selecting his successor and on the choices that successor will face.

Not since 1952 has neither a sitting president nor vice-president been in the election “mix.” The next president will need a year or more to establish himself / herself.
 - The U.S. has a leadership deficit. The President's approval rating is under 40% and Congress is under 20%. Over 60% of the American people do not think this country is on the right track.
 - There are huge uncertainties about the future:
 - Future prospects in Iraq and Afghanistan.
 - Where / when the next major terrorist attack will come.
 - The future trajectory of oil prices and resultant consequences.
 - The Rise of China/India as alternative political and/or economic power centers.
 - The implications of nuclear weaponized Iran / North Korea.
 - Sharp discontinuities, therefore, are not only possible, but probable.
- The Next US president will inherit what retired general William Odom has termed an “inadvertent empire.”

- The US reach and presence is global. The demands placed on the United States and its policy makers are huge.
- During the Cold War the U.S. had substantial troop deployments in Europe and Asia. Today, while levels have diminished in these regions, the deployed US troop presence in the Middle East has grown dramatically.
- The next U.S. president will inherit commitments which he/she can reaffirm or abandon, but there will be a significant transition agenda which cannot be ignored.
- Importantly, the next US President will inherit enormous power:
 - The United States produces 25% of global output.
 - The U.S. is the dominant global military power.
 - The U.S. has a happy geographic circumstance.
- To work his/her way through a thicket of constraints, challenges and opportunities, the next U.S. president and those around him/her must think systematically about America's role in the world.
- This memo will anticipate key issues/questions that will form the basis of the America's Role in the World Working Group's deliberations in the weeks and months ahead. It will touch on:
 - Assumptions about the future and drivers of change.
 - What assumptions can be made about the future importance of regions?
 - What are likely to be the central "drivers" of change in the decades ahead?
 - Challenges facing America
 - This section and the next two will focus particularly on the United States and the foreign policy/national security challenges facing the next

president on taking office. (Note – we are two years from the November 2008 elections. When this project concludes, we will be less than one year.

This section will be the most dynamic part of our inquiry.)

- Domestic Constraints
 - What are domestic constraints on wise policymaking and effective pursuit of the national interest?
- Central choices
 - This section will identify the central foreign policy choices likely to face the next U.S. president.
 - Governing is always about making choices between undesirable options.
- A final word about methodology. The “assumptions” section of this paper will project out a decade or more in an effort to capture the nature of the emerging geopolitical environment in which the next administration must operate. The next three sections will focus on challenges, constraints, and choices that will likely face a new administration/Congress in 2009.

Regional Assumptions & Drivers of Change

- It is tough to anticipate the future. Policy makers rarely have the luxury of thinking in broad strategic terms. They remain captives of the immediate and the particular. Their regular speculations revolve around imagining consequences of specific actions.
 - If one goes back a hundred years to 1906:
 - Lenin = 36 years old
 - Einstein = 27 years old

- Hitler = 17 years old
 - Mao = 13 years old
- The world was on the cusp of two world wars, the dawn of the nuclear age, and the rise (and fall) of communism and fascism as commanding ideologies. *These events were largely unanticipated in 1906.*
- These assumptions and drivers are offered in no particular order. Ultimately, it is the inter-relationship between these “drivers” that will prove most decisive.
- Regional Assumptions
 - Africa and Latin America will remain economically constrained and internally focused and so will not have decisive political impact beyond their geographic boundaries. Africa, in particular, suffers from underdevelopment, weak government, and health epidemics that sap national capacities. (Alternatively, one could argue that there is a ‘shifting rules of the game’ and a ‘changed, more competitive playing field’ in our own backyard as well as in Africa, which in many ways is the backyard of Europe and the oil-rich Arabs. There has seldom in the past 40 years been as much external interest in Africa as today; the region is ‘in play’ – with a number of implications. Latin America may be more so at the political level in terms of ideological and systemic models.)
 - The Middle East will remain energy rich and politically volatile. Islam offers an ideological alternative to Western political thought. Conflict will be rooted in some countries in religious nationalism. In others, Syria for example, secular leadership still holds sway. Islamic terrorists will be trained in the region and will

attack targets in the region and elsewhere. The break-up of one or more contemporary states into smaller entities is possible.

- Europe will remain constrained by weak leadership, demographic pressures, economic, and political fissures from exercising leadership commensurate with its size. Europeans are focused on the challenges of widening and deepening the E.U. Energy dependence on Russia and the Middle East and inward migration from Muslim countries are creating new complexities.
- Russia – which begins in Europe and ends in Asia – is challenged by rising wealth and a declining population. It is reasserting its authority within its immediate neighborhood and developing ties with China, Iran, and other states which may complicate U.S. policies vis a vis these countries.
- North America – and the United States – will continue to be economically vibrant and militarily powerful. Immigrants will assist in countering the financial effects of the aging of the U.S. population. Fiscal and trade imbalances could sap American power.
- Asia will be the most economically dynamic region of the world with, nonetheless, potential significant discontinuities arising out of political differences between major and minor states. The importance of Asia will grow in the decade ahead and particularly that of three key players – China, Japan, and India. The issues of Taiwan’s and North Korea’s nuclear program pose continuing risks for regional stability.
 - What then will be the central “drivers” of change?

- Access to and availability of natural resources will have a major impact on geopolitics in the 21st century.
 - The floor price for energy – given rising energy demand and political uncertainty in key producing countries – will be higher in the future than in the past, maybe as much as 50 percent over where we are at present. Higher prices have already produced a new class of energy rich states – Iran, Venezuela, Russia. Some observers talk about a new “axis of oil.”¹ “Energy anxiety” is likely to rise.

Daniel Yergin quantifies the problem as follows:

Today, about 40 million barrels a day of oil cross oceans in tankers; within 15 years, that will be 70 million barrels. Over the same period, liquefied natural gas volume will triple on the high seas. And there are critical chokepoints: 20% of the world’s oil supplies flow through the Straits of Hormuz; 80% of Japan and Korea’s oil and half of China’s passes through the Straits of Malacca.²

- Fresh water availability will continue to shrink relative to population growth with negative consequences for environmental degradation and political stability. Roughly a quarter of China’s population lacks access to clean drinking water. The United Nations reports that up to 2.1 million children under the age of 5 die annually from lack of clean water.³
- Demographic pressures will have uneven but significant impact.
 - Over the next 20 years the world’s population is projected to increase from 6.5 billion to 7.9 billion – much of this increase coming in the developing world.

- We are seeing the rise of mega cities. Over 50% of the world's population is now in cities.
- In select countries with aging populations (Germany, Japan, U.S. and in time, China) the fiscal demands of old people will strain national budgets crowding out other priorities. The percentage of Japan's population age 60 and over is expected to rise from a current figure of 26.3% to 41.7% by 2025. Germany will go from 25.1% to 35.0% in the same period. China is on track to go from 10.9% to 31.0%.⁴ The United States, while facing significant fiscal demands when Baby Boomers retire, will benefit from a relatively high birth rate and immigration.
- Russia's population is actually declining by roughly 700,000 per year.⁵ The depopulation of the Russian Far East could tempt China.
- Youth bulges in the Middle East, South Asia and elsewhere will continue to widen the gap between employed / employable young people entering the work force and job availability. There will be continuing high levels of disaffected young male populations in this part of the world.
- One person in five (1.3 billion), world wide is between the ages of 10 and 19 today.
- Globalization will continue.
 - The accelerating movement of goods, people and information will continue, driven primarily by private sector innovation.
 - The impact of globalization will continue to be uneven and will include a tremendous growth in trade and human welfare in countries like China but also, workers left out of the benefits of globalization, diminished government authority,

the spread of communicable diseases, and expanding influence on geopolitics of non-state actors from corporations to terrorists.

- It remains to be seen what the impact of the apparent failure of the Doha Round of trade negotiations will be. This represented a fundamental inability to come to grips with agricultural sector subsidies.
- World economic growth has been good in recent years; however, Martin Wolf of the *London Financial Times* warns, “a combination of weakening U.S. demand, a tumbling dollar, intractable inflation, and a bout of protectionism may threaten our happy story.”⁶ More hopefully, Asian consumer demand is rising and helping to power the world economy.
- The rising imbalances created by U.S. fiscal deficits, trade deficits, and the level of U.S. debt held by others (Japan/China) are worrisome. Martin Wolf points to one ominous factor, “An accelerating flood of capital (that) is moving ‘upstream’ from the world’s poor countries to its richest, in particular the United States, which has become the superpower of borrowing.”⁷ China, meanwhile, has become a huge export engine and is piling up huge trade surpluses. It seems likely that there will be negative political and economic reactions to American deficits and Chinese surpluses. Joseph Stiglitz asks “for how long can the global economy endure America’s enormous trade deficits – the United States borrows close to \$3 billion a day – or China’s growing trade surplus of almost \$500 million a day?”⁸

- The erosion of the non-Proliferation Treaty regime and the likely presence of new nuclear powers in Asia and the Middle East will be destabilizing factors on the world scene.
- Rise of Political Islam
 - Especially in the Middle East, Islam has taken on a political/nationalist dimension. For much of its post-colonial period the Middle East was ruled by secular rulers. Beginning with the fall of the Shah in 1979, religion has played an increasingly important role in politics of regional states, pitting some Muslim traditionalists against secular modernists as well as exposing/exacerbating splits within Islam between Sunnis and Shias.
 - Ethnic Arabs comprise only 15-18% of the world's 1.2 billion Muslims. 60% of Muslims live in Asia. There is, in fact, a struggle within Islam over its heart and soul.
 - Vali Nasr, an Iranian born academic, argues "The overall Sunni-Shia conflict will play a large role in defining the Middle East as a whole and shaping its relations with the outside world."⁹ (It is worth noting that U.S. policies in Afghanistan and Iraq have decisively affected this balance to Iran's benefit.)
 - Graham Fuller observes, "But when it comes to Muslim dealings with the West, political Islam functionally becomes a form of nationalism: Islam becomes a symbol of the threatened Muslim community and its threatened identity that must be protected by repelling the foreign invader or hegemon at whatever cost."¹⁰
 - The fall of the Taliban in Afghanistan and the rise of Shia authority in Iraq, together with rising oil revenues have shifted regional power towards Iran.

Elections in Lebanon, Palestine, Iraq, and Egypt have all expanded religious “space” in the politics of these countries. Predominantly Sunni countries – like Saudi Arabia, Egypt, and Jordan – are apprehensive about Iran’s spreading reach.

- Most ominously, of course, has been the terrorism associated with militant Islam, the geographic spread of that tactic, and the fear that terrorists may acquire and utilize WMD. As Henry Kissinger argued, “The world is faced with the nightmarish prospect that nuclear weapons will become an abundant part of national armament and wind up in terrorist hands.”¹¹
- The terrorist challenge is likely to expand in the future with Iraq motivating and serving as a training ground for a new generation of jihadists.
- Diminished “authority”
 - Freedom House notes that “at the end of 2005, there were 89 Free Countries, in which there is broad scope for open political competition, a climate of respect for civil liberties, significant independent civic life and independent media.”¹² This said, the continuing spread of democracy is not a given. The challenges are and will be significant, and the transition to democracy will be more tumultuous than was anticipated by some. Moreover, in parts of the world, there is a developing anti-democratic backlash. It remains to be seen whether, in some parts of the world, and Islamic based ideology will provide an alternative model to Western values.
 - The Cold War imposed an uneasy discipline on geopolitics and on the two somewhat ponderous superpowers. That discipline is now gone and new stresses have emerged to agitate the world system.

- There is no strong leader of a major country (Hu of China is a possible exception and Abe of Japan may, in time, prove capable). Koizumi has retired. Bush, Putin, Blair, and Chirac are in transition. All are scheduled to leave office over the next two years.
- Transnational institutions, (U.N., NATO, EU, WTO, etc.), have not been significantly reformed and renewed and are under political attack. Action by many of these institutions is hampered by key players playing obstructionist roles. This was certainly the case with respect to UN reform. There is, therefore, an absence of global authority.
- The inability of the United Nations to respond effectively to a humanitarian crisis in Darfur, and North Korean, and Iranian nuclear programs illustrates the challenges to its effectiveness.
- *Neither can the sole superpower “impose” authority nor will alternative sources of authority, whether individual states or collectives, step up to fill the deficit.*
- National “Drivers:
 - Newly empowered petro-states (Russia, Iran, Venezuela) will wield influence beyond their borders – both by what they do and by what they refuse to do.
 - The two major national “drivers” will be China and the United States. The former is using a burgeoning economy, quiet diplomacy and its presence in key forums, including the UN, to exert influence and, in some cases, to impede action. It is prepared to block decision when it feels its interests are directly engaged.

- The United States during the Cold War valued stability. It continues to do so in selected regions – Latin America and East Asia – where it serves its interests. It has, however, been a dynamic factor for change in the greater Middle East seeking to fundamentally alter the status quo. Moreover, the U.S. has relied more on force than diplomacy in the Middle East and on unilateral action over multilateral approaches.
- It is the intersection of these many drivers that will ultimately determine the pace, intensity and direction of change. Are we in 1906 again? Are there looming challenges that we perceive only dimly if at all?

External Challenges to the United States

Those “who are in the sinking scale do not easily come off from the habitual prejudices of superior wealth, or power, or skill, or courage, nor from the confidence that these prejudices inspire. They who are in the rising scale do not immediately feel their strength, nor assume that confidence in it which successful experience gives them afterwards.”¹³ (Lord Bollingbroke)

“Just consider the following: Osama bin Laden is still at large. Afghanistan is still insecure. Iraq is still violent. North Korea and Iran are still building nuclear weapons and missiles. Terrorist recruitment is still occurring in the US, Canada, Great Britain and across the planet.”¹⁴ (Newt Gingrich)

“We may now be in a world in which the U.S. does not set the norms.” (Charles Kupchan) – To which one might respond “if not us, who?”

- During the Cold War the primary challenges to American power came from a militarily strong Soviet Union and an economically vibrant Japan. In responding to both, the U.S. became a truly global power. Both challenges largely disappeared in the early 1990s leaving Americans ambivalent about our global role and responsibilities.
- In the 1990s, the United States gained power and lost influence in the political/security field if not in the economic. The high point of American security power and influence was the 1991 Gulf War. Our economic clout grew in the 1990's. We lost our major military and economic competitors and improved our own economic performance. Our leadership in creating the World Trade Organization and NAFTA added to U.S. influence.
- But, as the 1990s ended it became increasingly clear that on security issues that the U.S. itself defined as important, it was not getting its way – Palestinian/Israel peace, India/Pakistan nuclear weapons, and containing the rising terrorist threat, to name three.
- Post-9/11, the central debate in American politics was over the use of American power – under what circumstances and to what purposes? Following 9/11 the Bush administration launched this country on a more robust use of power but with continuing ambivalence about the nature and dimensions of the challenges facing America. This ambivalence was captured in the Bush Administration's 2002 National Security Strategy document which argued that "America is now threatened less by conquering states than we are by failing ones." The president has spoken about a

“war on terror”, “Islamic fascism”, an “Axis of Evil”, and spreading democracy.

However, the instruments of American power were not utilized effectively in response to the challenges of failing states.

- It can be said that Americans have had a very hard time determining what the real problem, the real threat, the real adversary is. We have gone to our ‘black hats’ cowboy default option rather than looking at the substantive challenges that give rise to terrorism and WMD pursuits.
- With the worsening of the Iraq War, the U.S. has both lost power and influence. Whatever its benefits, the Iraq war has eroded U.S. military capabilities, cost the U.S. Treasury roughly half a trillion dollars, strengthened Iran and political Shia Islam, and has dealt a body blow to America’s global standing. The U.S. finds itself depending critically on vulnerable policies and leaders – Musharraf of Pakistan, Karzai of Afghanistan, and Malaki of Iraq.
- The U.S. position is neither uniformly bleak nor irretrievable. The U.S. today has “good” relations simultaneously with traditional regional rivals – China/Japan, China/Russia, India/Pakistan. The U.S. “weight” in geopolitics remains significant if only as a factor to hedge against.
- The overarching challenge the next U.S. administration will face is how to rebuild U.S. power and influence diminished by leadership decisions taken over successive administrations. To do this will entail coming to grips with:
 - (1) The proper “mix” between force and diplomacy. Since 9/11 the U.S. has chosen to emphasize the former – and discovered its limitations – and has devalued the latter.

(2) Iraq/Afghanistan – George W. Bush staked U.S. national prestige and credibility on “success” in these two ventures. If we fail in one or both we risk emboldening others – not just terrorists – to challenge America.

(3) America’s relationship with Islam: Samuel Huntington is not yet right that we confront a clash of civilizations but he is more right today than he was when he wrote his article. As noted earlier, struggles within politicized Islam (between Sunni and Shia) need to be set against the overwhelming dislike of America of sizeable majorities in many or most Muslim states. The intensity clearly is greater the closer one gets to the Iraqi, Lebanese, Palestinian epicenters.

(4) By extension, the region of greatest challenge to America lies from Lahore to Cairo. This region holds a toxic mix of Islamic based fanaticism, existing and potential nuclear armed states, sectarian fissures, disaffected youth, income extremes and rising petroleum wealth in select states. By definition, as long as U.S. troops are directly engaged in Iraq and to a lesser extent in Afghanistan and calling the shots in these countries, U.S. policy makers will be focused on this region and these commitments will have enormous symbolic importance in rallying U.S. enemies – and not just in the Middle East.

- Recently, Ansyad Mbai, who oversees Indonesia’s counterterrorism operations, was quoted as saying, “If there are changes in U.S. policy in the Middle East, there would be a significant reduction in terrorist attacks here. This is not a theory.”¹⁵

- Recent polling found that “Among Europeans, Turkey has the lowest approval rating for President Bush’s handling of international policies with only seven percent approving and 81% disapproving.”¹⁶
- Further, the prospects for Turkey’s entry into the E.U. seem to be eroding. If Turkey’s links to Europe fray its ties to the Middle East and maybe Iran may strengthen.
- Virtually every issue in the Middle East that the United States has defined as critical to U.S. interests has worsened over the last year – Iraq stability, Iran nuclearization, Afghanistan renewal, Palestinian/Israel peace, and Lebanon where peace with Israel is very fragile. No region better illustrates diminished U.S. influence than this one. U.S. policies have failed across the board. The costs of our current level of military presence in the region are rising.
- Two issues are particularly worrisome – the possibility of a nuclear exchange between India and Pakistan and the likely nuclearization of Iran (to say nothing of the established nuclear weapons program in North Korea).
- *We are left with a fundamental question as to whether the United States can, in the future, be an agent for positive change in the Middle East. Our political, cultural, and policy “baggage” may simply be too heavy – the American messenger too disliked – for the U.S. to be able to have a productive role in the region now and in the foreseeable future.*

- Alternatively, of course, there is the question of whether we have imposed burdens on ourselves by attaching unwarranted importance to the Middle East to the detriment of other interests.

(5) The second region of significant interest to the United States where challenges to U.S. influence exists is Northeast Asia.

- This region contains a rising regional power (China) with global interests, a volatile Korean peninsula with dangerous possibilities, and a stable power (Japan) which may be revisiting previous assumptions about building its own military capabilities.
- The greatest regional challenge to the U.S. comes from the PRC. Our bilateral relations remain complex. A worsening of either the Taiwan or North Korea issues could fundamentally alter U.S. relations with China for the worst. Our economic interdependences are significant but China is prepared to challenge the U.S. on key issues from Iran to Darfur.
- India and China together pose a different sort of economic challenge than we are used to. They have a combined population of 2.3 billion people providing a huge low-skilled labor pool. Increasingly they have skilled work forces as well. China and India combined graduate 950,000 engineers every year compared with 70,000 in the U.S.¹⁷

(6) Russia's relationship with the U.S. will remain problematic and important.

Problematic because with wealth comes geopolitical flexibility. Important

because Russian collaboration is potentially critical to the resolution of other issues (Iran) and Russian opposition can block U.S. policy initiatives.

(7) By extension, Europe may be relatively less important to U.S. interests as will Latin America. Africa will be least important to U.S. interests though obviously not without importance on issues from health, to energy, to political stability.

These three regions are likely to be internally focused.

- European states have made modest but important efforts to assist with Afghanistan, Lebanon, Libya and Iran. But, demographic pressures will weigh on European capacities. Europe has, for us, a mix of strong allies (Britain) and temperamental friends (France). Leadership changes in European states will affect the trans-Atlantic relationship.
- Latin American countries do not seem able to break out of their regional straightjacket. Venezuela, with oil wealth and a mercurial leader, will cause mischief. Mexican politics and Mexico's inability to improve the prospects for its underclass will drag on the bilateral relationship. U.S. immigration policies, driven by domestic politics in the U.S., may well seriously complicate the relationship.

(8) While the Bush Administration has identified the War on Terror – also called the Long War – as the defining challenge of the contemporary period, the reality is more complex:

- By virtually every measure the threat of terrorism is worsening. As noted earlier, Iraq is a training ground for jihadists from other countries and they are returning to their home countries.
- A growing number of nuclear weapons states (India/Pakistan on Clinton's watch and Iran/North Korea on Bush's watch) could well lead to fissile material falling into the hands of non-state terrorists. Russia too remains a possible source for such fissile material for terrorists.
- A catastrophic attack on the United States or major ally would have dramatic negative effects on world economy to say nothing of its impact on politics, governance, and the social fabric of the affected country or countries.

(9) Economic Challenges –

- “The irony is that the three countries in the world adding to reserves the fastest, and thus buying the most U.S. debt now, are China, Saudi Arabia, and Russia, none of them real democracies. At some point they could decide the geopolitical calculus no longer favors financing the United States.” (Brad Setser, Director of Research at Roubini Global Economics)¹⁸
- “Among economists' biggest concerns...is the fast pace at which the U.S. is accumulating new debt. As that leads to larger interest payments it will make the current account deficit harder to control.”¹⁹

(10) Global Health Pandemic – This is a notable wild card on the world scene today. A significant pandemic could send severe ripples through the world economy and have serious adverse implications for U.S. interests.

(11) The U.S. will continue to struggle with issues of consistency in its policies. Why do we accept Israel, Pakistan and India as nuclear powers and not Iran and North Korea? Why do we insist on democracy in some countries and ignore barriers to democracy among some of our closest partner nations?

American Domestic Capacity

- Foreign policy specialists typically do not dwell on the “capacity” of the United States to conduct foreign policy. Yet the quality of decision making is central to America’s success or failure abroad. The support of the American people for national policies is critical over time to the US ability to sustain global commitments. At present, only about 30% of Americans claim to be satisfied with the national direction.
- Citizen and State
 - “Defense of the Nation is something we watch on TV and others do.” (William Galston at a Brookings Forum) Much is demanded of the few; little is required of the many. Army and Marine units are on their second and third deployments since September 11, 2001. Successive deployments have also eroded the capabilities of our Reserve and National Guard Units.

- Citizens show little confidence in their government – only 16% express “great deal/quite a lot” of confidence in Congress. 25% hold this view with respect to the president/cabinet officials.
- Polls indicate that “57% believe that freer trade destroys more American jobs than it creates.”
- Much of this unhappiness was registered at the polls in the November 2006 elections.
- At a time of significant geopolitical responsibilities, the U.S. is engaged in at least three significant governmental “transformations”:
 - The Department of Defense is attempting a significant transformation of the way the U.S. fights and wins wars. The 2006 Quadrennial Defense Review elevated irregular war to co-equal with conventional war but this has not been reflected in DOD’s procurement budget. There has been a global repositioning of American forces but the sizeable U.S. military presence in Iraq has obscured this.
 - The recently stood up Department of Homeland Security is attempting – in the wake of 9/11 – to bring enhanced effectiveness to the way America secures itself at home.
 - The establishment of the Office of the Director of National Intelligence (ODNI) was intended to improve the U.S. capacity to undertake foreign intelligence.
- All three of these “transformations” are very much “works in progress” and are likely to take years to be fully and effectively implemented. None, as yet, gets high marks from most observers.

- There has been another “transformation” in recent years – the significant enhancement of the Office of the Vice-President as a bureaucratic factor in decision making. This has further complicated the interagency decision process. (It is obviously unknown if the future presidents will cede as much authority to their vice presidents.)
- Relations between policy makers and the intelligence community have been described as dysfunctional and the uniformed military have had – to say the least – a rocky relationship with the Secretary of Defense.
- Across the board, the interagency process is not working well either in terms of policy formulation or policy execution. Iraq has pointed out the inability of the military and civilian parts of our government to work effectively together.
- What is clearly and decisively broken is the Congressional capacity to both provide effective oversight of the executive branch and to partner with the executive branch around foreign policy goals. (This may change for the better with the shift in control of Congress.)
 - The Congress has imposed significant reforms on Executive Branch decision making but has refused to reform a cumbersome and antiquated committee structure on the one hand, and return authority to the authorizing committees on the other.
- The middle has gone out of American politics making the political extremes more powerful and diminishing, if not erasing, the possibility of a bipartisan foreign policy. As a result of the 2006 elections the Republican Party in the Congress is probably more conservative, having lost a number of its moderate members. The Democratic

- Party has become more diverse with a number of more conservative House and Senate members winning elections.
- The looming American fiscal crisis will have a direct negative impact on the U.S. ability to conduct an effective foreign policy.
 - Continuing deficits as we approach the day when Baby Boomers retire will place huge demands on the U.S. coffers meaning that we are not well positioned for the future.
 - The U.S. has a roughly \$2.6 trillion annual budget. Roughly 60% of this is “spoken for” either by entitlement programs or by interest on the debt. Another 20% is committed to defense spending. But entitlement spending will rise in the years ahead crowding out discretionary spending and reducing leadership flexibility.
 - The U.S. faces a little appreciated manpower challenge – the retirement over the next five years of a whole generation of workers from senior career positions in both the public and private sectors.
 - Finally, the American people – the world’s greatest beneficiaries of globalization when taken as a whole – are among the most parochial, ill-informed, and ill-equipped of any major advanced nation to cope with the sorts of challenges listed above; with the role of the ‘middle’ reduced (at least for now), American public opinion on issue after issue appears out of touch with reality and 3-4 years behind the curve. What to do about it?

U.S. Choices

- The U.S. presence and weight in world affairs means that this country not only has varied demands placed on it but also has a range of choices available to it where and in what ways it will exert its power. It is not, however, immune to the forces of geopolitics. Attention and resources concentrated on one issue will mean that other issues receive less attention. (Iraq did / does draw resources away from Afghanistan). The U.S. failure in Iraq has given heart to America's enemies. Low American approval ratings make it more difficult for supportive leaders to be supportive. Diminishing popular support for free trade, international engagement further erodes flexibility.

The lesson, therefore, is that America like any normal country must choose wisely –

- ***Choices***
 - Primacy
 - Regional Focus
 - Mix of policy tools
 - Issue “drivers”
 - Dealing with Islam
 - Key relationships
- Primacy – The verbiage has evolved – “second to none”, the “indispensible nation”, “sole superpower”. Successive American presidents have committed the United States by word and deed to primacy. This is a choice.
- Regional Focus

- Choice and necessity – Presidents can take the initiative to change the status quo as President Nixon did on his opening to China and George W. Bush did on invading Iraq.
- More often necessity drives presidential attention – once a major commitment is made maintaining the integrity of that commitment becomes determinative – for example presidents Johnson in Vietnam and Bush in Iraq.
- A future administration has the opportunity to revisit Bush administration regional priorities:

Tier One: Middle East/South Asia (India/Pakistan)

Tier Two: Europe / Russia / N.E. Asia

Tier Three: Latin America/South East Asia/Africa

- Issue of means – policy tools
 - The United States has a significant tool box of policy instruments – use of force (bilateral and multilateral), use of diplomacy (alone and with others), use of assistance (or with-holding assistance), the use of sanctions (alone or with others), the use of trade preferences.
 - The United States made explicit choices of the mix of policy tools in going after Saddam Hussein twice. The 1991 “mix” was very different than the 2003 “mix”. In 1990/1991 the U.S. successfully mobilized a broad coalition with U.N. “authority”. In 2003 the U.S. acted with a narrow coalition of the willing and without U.N. endorsement.
 - Among the choices a future administration will have are:

- How to structure our armed forces – to deal with a peer competitor or to equip and train for irregular warfare?
 - Do we scale back our democracy promotion efforts? If so, where?
 - What will be the force/diplomacy mix?
 - To what degree will we work with and rely on multilateral organizations and be willing to build U.N./NATO “capacity” where that is lacking?
 - Negotiate / meet with directly on a bilateral basis officials of: Iran, North Korea, Syria, Hamas, Hezbollah or not?
 - Expand or contract our military presence in the Middle East.
 - Iraq will provide a rich opportunity to identify “lessons” and to draw conclusions. For example, will the Powell Doctrine on the use of overwhelming force be revived or will the Rumsfeld preference for smaller agile forces prevail? Will decisive steps be taken to improve and fund the State Department’s capacity to play a substantial and effective role in post-conflict (Phase IV) situations?
- Issue “drivers”
 - The Bush administration framed its policies around the “War on Terror” and bringing democracy (freedom) to the Middle East. Combating the spread of nuclear weapons has always been in the policy mix.

- The next administration will need to revisit the issue of creating a “New Middle East” and more broadly decide the role of democracy promotion in our foreign policy.

- For example, Anna Simons writes in the September/October issue of *The American Interest*, “But even if winning over Muslim moderates were the key to defusing this “long war,” a U.S. values offensive – our advocacy of democracy, gender equality, ‘human rights,’ and religious freedom as defined in the West – is the worst possible way to proceed. Given the dynamics of factionalism and nativism, any focus on values hands nativists exactly what they need: By condemning their choices, we make traditional practices, and whatever religious precepts are thought to undergird them, *the* issue. It is hard to think of a policy concept that is more misguided or inimical to our interests.”²⁰

- How to combat terrorism involves fundamental choices as well.

The Bush Administration elevated it to the central focus on U.S. policy. Some critics believe we diminish our effectiveness by elevating our terrorist enemies in this way.

- The next administration will have to revisit the proper balance between liberty and security within the United States.

- A future administration will have to revisit U.S. vulnerabilities. How concerned should we be that virtually our entire intelligence community is on the East Coast power grid?
- A future administration will have to revisit whether we can effectively combat terrorism without fundamentally changing policies on the Arab-Israeli and Iraq issues?
- David Kilcullen, an Australian army officer advising the U.S. government suggests, provocatively, “It is not the people Al Qaeda might kill that is the threat. Our reaction is what can cause the damage. It is Al Qaeda plus our response that creates the existential danger.”²¹
- On proliferation, if negotiations do not work and force is not an option should we accept a weaponized North Korea and Iran as we “accepted” the nuclearization of Pakistan and India? If we do so are we simply ratifying a progressive unraveling of the non-proliferation regime. A recent article in the New York Times noted that, “Argentina, Australia, and South Africa are drawing up plans to enrich uranium and other countries are considering doing the same.”²²
- Dealing with Islam
 - Again the role of policies, presence and tone.
- Key Relationships
 - Britian/Germany – Will Europe be a partner?
 - Afghanistan – stay the course, escalate, get out

- Iraq – stay the course, escalate, get out
- China – part of the problem or part of the solution?
- Iran – comprehensive engagement – too late?
- South Korea – reversing a trend towards worsening bilateral relations
- Japan – what is a “normal” Japan?
- Mexico – helping Mexico succeed – immigration
- Turkey – opening lines to Iran – cutting lines to EU – and cutting lines to the U.S.?
- Russia – A new enemy?
- India – A hedge against China?

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¹⁹ Mark Whitehouse, “US Foreign Debt Shows its Teeth as Rates Climb,” *Wall Street Journal*, September 25, 2006.

²⁰ Anna Simons, “Making Enemies: Part Two,” *The American Interest*, September/October 2006, p36.

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²² William J. Broad and David E. Sanger, “Restraints Fray and Risks Grow as Nuclear Club Gains Members,” *New York Times*, October 15, 2006.