



PANEL REPORT
FOR THE PRESIDENT
AND CONGRESS
**COMPREHENSIVE
STRATEGIC
REFORM**

THE STRATEGIC CHALLENGE

**INHERITED
COLD WAR
RIGIDITY**

**NEEDED
21st CENTURY
ANTICIPATION
AND
AGILITY**

This report was completed before the terrorist attacks that occurred in New York and Washington on September 11, 2001. The tragic events only serve to reinforce both our recommendations and background analysis: We are in a dramatically new threat environment—a strategic reversal from the Cold War—and we have not fully re-equipped and re-organized ourselves to develop critical anticipatory and agile capabilities.

President Bush and the Congress are to be commended for uniting the country and for swiftly creating the Office of Homeland Security to be led by Governor Tom Ridge. The Cabinet-rank position will lead the effort to develop a coordinated, integrated, and comprehensive national strategy to combat terrorism.

But much more than this action is necessary to deal with the challenges of the post-Cold War's vastly broader strategic spectrum, which offers new interactive risks and new opportunities. Remnants of Cold War institutional structures still dominate our decision-making and security investments. In these historic times, it is appropriate to quote President Lincoln: "The occasion is piled high with difficulty, and we must rise to the occasion. As our case is new, so we must think anew and act anew."



David Abshire

President

Center for the Study of the Presidency

September 19, 2001

**The Only Superpower:
Never So Strong, Never So Vulnerable**

A PANEL REPORT
FOR THE PRESIDENT
AND CONGRESS

COMPREHENSIVE STRATEGIC REFORM



CENTER FOR THE STUDY OF THE PRESIDENCY
WASHINGTON, D.C.

SEPTEMBER 2001

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About the Center for the Study of the Presidency

The Center for the Study of the Presidency, founded in 1969, is a non-profit, non-partisan 501(c)(3) organization dedicated to serving as a central resource addressing issues affecting the modern Presidency. As the foremost organization in the United States dedicated to this effort, the Center endeavors to examine all aspects of the American Presidency. The Center also publishes the award winning Presidential Studies Quarterly (ISSN 0360-4918).

Other CSP publications include:

Forward Strategic Empowerment: Synergies Between CINCs, the State Department, and Other Agencies(Washington, D.C., 2001).

A Call for Transformational Leadership: U.S. and Japan (Tokyo, 2001).

Advancing Innovation: Improving the S&T Advisory Structure and Policy Process (Washington, D.C., 2001).

Triumphs and Tragedies of the Modern Presidency: Seventy-Six Case Studies in Presidential Leadership (Preager 2001).

In Harm’s Way: Intervention and Prevention(Washington, D.C., 2000).

Dialogues on Presidential Leadership: The President, Congress, and the Media(Washington, D.C., 2000)

Center for the Study of the Presidency
 1020 Nineteenth Street, N.W., Suite 250, Washington, D.C. 20036
 Web Page: www.thepresidency.org E Mail: center@thePresidency.org

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TO BETTER UNDERSTAND THE SCOPE, breadth, and depth of today's strategic environment, the Center for the Study of the Presidency during the past two years has convened a number of expert panels and conferences at the Center offices in Washington, D.C., the John F. Kennedy School of Government, and the George H. W. Bush Presidential Library. Smaller groups of leading policy makers and strategists with experience in special areas also were invited to explore the implications of today's strategic transformation and to suggest ways to respond to it.

Recently, a small working group convened under the aegis of the Center for the Study of the Presidency brought closure to these discussions by identifying key findings and action steps on this issue.

The individuals below support the following conclusions and recommendations to the President and other appropriate leaders in the Executive and Legislative Branches on the need for comprehensive strategic reform. An appended background paper prepared by David Abshire and the CSP staff discusses the need for these proposals in greater detail. While the signatories of the recommendations endorse the general thrust and philosophy of the background paper, to which many have contributed significantly, no attempt has been made to achieve consensus on every statement or detail.

The Honorable David M. Abshire

Former Ambassador to NATO, Assistant Secretary of State for Congressional Relations, Special Counsellor to the President with Cabinet rank, and co-founder of the Center for Strategic and International Studies (CSIS) in 1962, he is Coordinator of this project and President of the Center for the Study of the Presidency. Dr. Abshire served on the Murphy Commission on the Organization of the Government for the Conduct of Foreign Policy and on the President's Foreign Intelligence Advisory Board.

The Honorable William E. Brock III

Former United States Senator, United States Representative, Secretary of Labor, and Special Trade Representative; currently President of Bridges Learning System.

The Honorable Zbigniew Brzezinski

Former Special Assistant to the President for National Security Affairs, Professor at the School of Advanced and International Studies, Johns Hopkins University; currently Counselor, Center for Strategic and International Studies.

Mr. Frank J. Cilluffo

Senior Policy Analyst and Deputy Director, Global Organized Crime Project, Center for Strategic and International Studies, and Fellow, World Economic Forum.

The Honorable Leslie Gelb

Former Assistant Secretary of State for Political-Military Affairs, and Director of Policy Planning and Arms Control for International Security Affairs at the Department of Defense; currently President of the Council on Foreign Relations.

The Honorable Lee H. Hamilton

Former United States Representative from Indiana and Chairman of the Committee on International Relations, Joint Economic Committee, Permanent Select Committee on Intelligence, and Joint Committee on the Organization of Congress; currently Director, The Woodrow Wilson International Center for Scholars.

The Honorable Carla A. Hills

Former United States Trade Representative, Secretary of Housing and Urban Development, Member of the Trade Deficit Review Commission, Co-chair of *Safeguarding Prosperity in a Global Financial System: The Future International Financial Architecture* (Council on Foreign Relations), Member of President Reagan's Commission on Defense Management, and Chairman of the Urban Institute; currently Chief Executive Officer of Hills & Company.

Dr. Kim R. Holmes

Vice President and Director, Kathryn and Shelby Cullom Davis Institute for International Studies, The Heritage Foundation, and co-editor of *Issues 2000: The Candidate's Briefing Book*; *Restoring American Leadership: A U.S. Foreign and Defense Policy Blueprint*.

The Honorable Fred Iklé

Former Under Secretary of Defense for Policy, Director of the U.S. Arms Control and Disarmament Agency, and Co-Chair of the Commission on Integrated Long-term Strategy; currently Director, National Endowment for Democracy.

The Honorable Max M. Kampelman

Former Ambassador, Head of the Conference for Security and Cooperation in Europe and of the U.S. Delegation to the Negotiations with the Soviet Union on Nuclear and Space Arms in Geneva, Chairman, The American Academy of Diplomacy, and Vice Chairman of the United States Institute of Peace; currently with Fried, Frank, Harris, Shriver, & Jacobson

The Honorable Marc E. Leland

Former Assistant Secretary of Treasury for International Affairs, Senior Adviser to the Mutual Balanced Force Reduction Negotiations; currently President, Marc E. Leland and Associates

Mr. Donald B. Marron

Chairman of the Center for the Study of the Presidency, former Director of the New York Stock Exchange, member of the Executive Committee of the President's Private Sector Survey (The Grace Commission), former Chairman and CEO of PaineWebber; currently Chairman of UBS America.

Dr. Michael Mazarr

Former Director of the New Millennium Project at the Center for Strategic and International Studies, Senior Vice President of the Electronic Industries Alliance; currently President of The Henry L. Stimson Center.

General Edward C. Meyer, USA (Ret.)

Former Chief of Staff, U.S. Army, member of the Joint Chiefs of Staff, the President's Strategic Defense Initiative Panel, the Defense Science Board; currently Chairman of Mitretek Systems, Inc.

The Honorable David C. Mulford

Former Assistant Secretary and Under Secretary of the Treasury, architect and chief negotiator of the Brady Plan to resolve international debt crisis issues; currently Chairman International of Credit Suisse First Boston.

Dr. Homer A. Neal

Former Chair of the University of Michigan Physics Department, Provost at the State University of New York at Stony Brook, and Dean for Research at Indiana University; currently Director of the University of Michigan-ATLAS Project, the Samuel A. Goudsmit Distinguished University Professor of Physics, Interim President Emeritus, and Vice President Emeritus for Research at the University of Michigan.

The Honorable Joseph Nye

Former Deputy to the Under Secretary of State for Security Assistance, Science and Technology, Assistant Secretary of Defense for International Security Affairs, Chairman of the National Intelligence Council, Chairman of the National Security Council Group on Nonproliferation of Nuclear Weapons; currently Dean of the John F. Kennedy School of Government, Harvard University.

The Honorable Philip Odeen

Former Chair of the National Defense Panel (NDP), Principal Deputy Assistant Secretary of Defense, Director of the Defense and Arms Control staff for the National Security Council; currently Vice Chairman of the Defense Science Board, member of the Chief of Naval Operations Executive Panel, and Executive Vice President of TRW, Inc

The Honorable Thomas R. Pickering

Former Under Secretary of State for Political Affairs, Assistant Secretary of State, Deputy Director of the Bureau of Political-Military Affairs at the State Department, Ambassador to the Russian Federation, India, Israel, El Salvador, Nigeria, and the Hashemite Kingdom of Jordan, Permanent Representative to the United Nations, Deputy Chief of Mission in Tanzania; currently Senior Vice President for International Relations, The Boeing Company.

The Honorable Richard H. Solomon

Former Assistant Secretary of State, Director of State Department Policy Planning, Ambassador to the Philippines, senior staff member of the National Security Council; currently President, United States Institute of Peace.

Admiral James D. Watkins, USN (Ret.)

Former Secretary of Energy, Chief of Naval Operations, Commander of the Sixth Fleet, Commander-in-Chief of the U.S. Pacific Fleet; currently President Emeritus of the Consortium for Oceanographic Research and Education (CORE).

The Honorable J. Robinson West

Former Assistant Secretary of the Interior for Policy, Budget, and Administration, Deputy Assistant Secretary of Defense for International Economic Affairs, currently Chairman of the Petroleum Finance Company.

The Honorable R. James Woolsey

Former Director of Central Intelligence, Under Secretary of the Navy, Ambassador to the Negotiations on Conventional Armed Forces in Europe, General Counsel to the U.S. Senate Committee on Armed Services; currently a partner with the law firm of Shea & Gardner.

CONCLUSIONS AND RECOMMENDATIONS

September 1, 2001

The end of four decades of Cold War in 1989 left the United States the world's only superpower and presented its leaders with opportunities and challenges rarely seen on the geopolitical stage. Core American values such as democracy and free-market capitalism became almost universally ascendant, yet the seeming stability and security of a new era began to splinter into dozens of diffuse crises and threats all made more acute by an accelerating cyber-revolution throughout the 1990s. Technological volatility has ripped through international structures and unsettled the realms of diplomacy, defense, trade, and global finance. Looking back on the past decade of rapid transformation, one fact stands above all others: The challenges to U.S. leadership and the threats to our homeland and our national interests will continue to emerge from new and unexpected origins, and at a rapid pace.

TODAY, THE UNITED STATES CONFRONTS a fundamental strategic transformation. This transformation presents a broadened strategic spectrum and requires that our leaders and institutions anticipate, manage, and respond with agility to such factors as: Nuclear proliferation; homeland defense (terrorism and cyber-vulnerabilities); crises in energy and other vital resources; turbulent international finance; trade and capital markets; the ongoing information revolution; expanding advances in genetics and biotechnology; competing cultural influences; and ethnic conflicts and failing states. Furthermore, the structures and doctrines the nation developed to win the Cold War have in some cases become weaknesses, many of their assumptions no longer valid. **A new comprehensive strategic assessment is needed to address our critical deficiencies.** The President has called for a new strategic vision, and the Secretary of Defense has initiated a commendable series of reviews within the Pentagon. The FBI and the intelligence community have embarked on similar missions, but the federal government has not engaged in a truly strategic assessment—the first step toward building a comprehensive, integrated strategy.

The Cold War was fought along clear containment lines as both parties engaging such rigid doctrines as Mutual Assured Destruction (MAD), among others. To prevail in that struggle, the United States developed the “mindset of the hedgehog,” one informed by a single primary goal. **A certain hedgehog capability continues to be necessary today in order to clearly communicate our intentions and resolve to allies and friends. However, the emerging era of rapid change and strategic flux increasingly requires the “agile mind of the fox,” so that we can anticipate and respond to a myriad of threats with greater agility** . The agile mind of the fox is needed to steer a clear path through the uncertain and dangerous landscape while pursuing many goals at once.

Regrettably, a full decade after the end of the Cold War, the United States and its allies have yet to transform their Cold War mindset, structures, or doctrines. Consequently, over-compartmentalization in both the Executive and Legislative Branches remains an impediment to new thinking as well as to innovative and comprehensive approaches. The U.S. government must develop a new organizational architecture, together with the tools and habits to antici

pate challenges to U.S. interests far in advance and to mold rapid responses that use all of America's many tools of power and influence. The private sector, for example—America's greatest strength—is far ahead of the government in many critical areas and is an illustrative source of creativity for dealing with change not only in America, but around the world. A new governmental instrument is needed to tap into this creativity.

WHEN FACED WITH A SIMILAR STRATEGIC TRANSFORMATION in 1946, as the United States transitioned from a hot World War to the Cold War, President Harry Truman reconfigured the entire national security apparatus. He created such instruments as the National Security Council, the Department of Defense, the CIA, NATO, and the Marshall Plan. Later, President Dwight Eisenhower oversaw the development of a new grand strategy to match tectonic shifts in the global strategic environment.

Today, a similarly determined effort is required. To better understand the scope, breadth, and depth of the strategic transformation, during the past two years the Center for the Study of the Presidency has convened a number of expert panels and conferences. Small groups of leading policymakers and strategists with experience in specific areas also were invited to discuss the implications of today's strategic transformation and to suggest ways of engaging it effectively.

These discussions reached closure when a small working group, recently convened under the aegis of the Center for the Study of the Presidency, identified key conclusions about today's strategic transformation and the steps needed to develop and integrate greater agility and anticipatory capabilities. Others were asked to join this effort to provide additional expertise in key areas. The following conclusions and recommendations, described in greater detail in the appended background paper, are intended to help the U.S. government harness its unparalleled power in the furtherance of its strategic goals and core values.

Accepted Conclusions:

1. Just as Truman and Eisenhower tapped into a consensus and undertook strategic reforms for new decision-making structures to meet the challenges presented with the onset of the Cold War, a new U.S. national security consensus and decision-making structures are required to meet the unprecedented challenges presented by the post-Cold War strategic transformation.
2. An integrated and agile U.S. strategy must leverage more than military power alone, because today's strategic spectrum includes such factors as:
 - ▶ Nuclear proliferation and missile defense
 - ▶ Critical infrastructure protection
 - ▶ Space militarization and commercialization
 - ▶ Energy insufficiencies/exploitation/security
 - ▶ Global financial markets and capital flows
 - ▶ The information revolution
 - ▶ Advances in genetics and biotechnology
 - ▶ The future of NATO, which has not been thought through
 - ▶ Ethnic conflicts and failing states

- ▶ U.S.-European relations, including NATO enlargement
 - ▶ Trade and open markets
 - ▶ A problematic Russia and China
 - ▶ U.S.-Japan and U.S.-Korea security relations
 - ▶ A dispirited Japanese economy (the world's second largest)
3. **Our weakest and most vulnerable link is homeland defense, which now includes cyber, biological, chemical, nuclear, missile, and other threats.** Our systemic disorganization in this area and current lack of deterrence and defense flies in the face of the strategic principle that a wily opponent attacks vulnerabilities, not strengths. A recent, high-level CSIS report entitled *Dark Winter* noted that an attack on the United States with biological weapons, in addition to causing dire domestic consequences, would also severely undermine U.S. strategic flexibility. Key to preventing such an attack is an empowered intelligence community with emphasis on rebuilding human intelligence (HUMINT) capabilities and a reformed and revitalized Department of State.
 4. **An agile strategy must deal with an emerging arc of international economic distress that includes slowing U.S. and German economies and economic distress in Japan, Indonesia, Argentina, Brazil, and Turkey.** The potential world economic instability is not only of concern to capital markets and currency values, but it risks renewed trade wars, protectionism, nationalism, and fractures in security alliances.
 5. **U.S. power projection includes more than military might. Forward deployed (or deployable) forces are intended to prevent and deter conflict; or, if necessary, to fight. U.S. power projection, therefore, includes information dominance, influential diplomacy, economic strength, effective intelligence, and varied forms of deterrence. Above all, bold leadership is required to communicate and persuade and to win the battle of ideas and legitimacy, as was ultimately accomplished in the Cold War.**
 6. Financial power and military strength are equally important pillars of U.S. national security, and our economic security is unavoidably bound up with the fate of the global economy. These pillars are not now adequately joined in a grand strategy. The President can best ensure responsible international financial and trade policies on the part of the United States by updating our military and diplomatic missions, and improving the Bretton Woods international financial institutions (IMF, World Bank Group, and regional development banks) to avert global financial crisis. These institutions have often served us well in the past, but have been subject to criticism on some of their loan conditions disfavoring growth, and are in need of reform, especially regarding their function to prevent economic crises. Given the changing composition of capital flows to the developing world, it is critical that the IFIs better coordinate their efforts with the private sector. Only then can both better anticipate crises and deal with them once they do arise. Moreover, the IFIs must more effectively encourage sound economic programs to foster growth in the developing countries.
 7. Free trade and open markets are vital elements of our economic security as well as of our global influence and outreach. Because the largest future markets for American

products will be in the developing world, the President needs to provide incentives and assurances for market openness, and the continuation of existing treaties that guarantee these. Congress urgently needs to pass a form of trade promotion authority that helps to achieve these goals while accommodating tenable environmental and labor concerns.

8. The President can best meet the demands of today's strategic transformation by bridging bureaucratic compartmentalization through basic structural reforms aimed at constructing a "rooftop" that integrates the several key strategic pillars (diplomatic, economic, military, etc.) of American power and influence.
9. An agile global strategy will also recognize that, increasingly, countries and groups have aggressively begun to challenge and undermine American economic, cultural, and military influence. Paradoxically, this occurs while the United States is often recognized as an indispensable power.

The Panel Recommends That:

1. **The President's call for a strategic vision goes beyond a review of the Department of Defense with a Presidentially-led, comprehensive strategic assessment to examine critical deficiencies as well as strengths in order to better:**
 - ▶ Fortify a stronger homeland defense
 - ▶ Shape the changing global economic environment using the strength of our private sector
 - ▶ Develop a coherent governmental investment strategy across the broad strategic spectrum
 - ▶ Attune our anticipatory capabilities
 - ▶ Prioritize in order to bolster our information dominance across the strategic spectrum
 - ▶ Strengthen the science and technology policies that drive innovation
 - ▶ Build the tools to better communicate America's values and interests
2. **The President use an overall strategic assessment as an instrument for developing a public strategy, and also for overcoming obstacles and special interests hindering institutional reform** . The assessment would be a reform document and would provide the basis for the President, Congress, and the general public to work together in order to achieve an urgently needed national security consensus.
3. **As a mindset, agility, not rigidity, is needed and should remain as the goal of such an assessment** . Comprehensive reform of the Department of Defense, for example should reflect Secretary Rumsfeld's initiatives to drive our forces toward increased information dominance and rapid force projection. There already exist sound stepping stones for putting together an overall strategic review, including the 1997 QDR assessment, Joint Vision 2020, the latest reports of the Defense Science Board on homeland defense, the Hart-Rudman Commission, CIA's *Global Trends*

2015, and the recent reports on globalization and national security by the National Defense University's Institute of National Strategic Studies.

a. Revising the two-war strategy—essentially a “rearview mirror” defense policy—is an important step toward building agile and innovative minds to address the strategic transformation that we face in dealing with the future. Building such a mindset is part and parcel of the effort to build more agile forces, especially for rapid force projection. The 1999 Kosovo war perfectly demonstrated a lack of agility: It would have taken at least three months to prepare a ground operation. Furthermore, to win the Gulf War it took six full months to build up our forces. Unfortunately, force size has become more important than force agility.

b. Recent history shows that the military services cannot reform themselves on their own, because of their tendency toward risk-aversion and an entrenched bureaucracy. Key members of Congress must band together with like-minded reformers to accomplish meaningful change. Groundbreaking Congressional efforts have propelled the culture of reform by producing, among others:

- ▶ The Goldwater-Nichols Act
- ▶ The Rumsfeld Commissions on missile threats and on space capabilities
- ▶ Recent BRAC legislation (estimated to produce annual net savings of nearly \$7bn per year)
- ▶ The Aspin-Brown Commission on intelligence capabilities
- ▶ U.S. Commission on National Security/21st Century (Hart-Rudman Commission)

These building blocks, however, have not resulted in coordinated and far-reaching action.

4. **The President vastly upgrade the federal science and technology advisory structure** . Better integration of S&T policy among Agencies and the Departments is key to understanding and accelerating the implications of near-term and long-term S&T research opportunities.

a. The President, National Science Advisor, OMB Director, need to work with Congress to increase federal investments in basic research. The Department of Defense, representing only 10 percent of all federal support of basic and applied research, is still the source of 35 percent of all federal research in the computer sciences and nearly a third of all engineering research. DoD support for R&D has declined by a third since its peak in FY1987.

b. The links between advances in science, technology, and innovation and national security goals on all levels need to be strengthened. This is only possible through integrated organizational structures that take into account previous victories owing much to technological advantages: Probably half of the U.S. economic productivity in the last 50 years is attributable to improved innovation and technology emerging from Cold War investment in basic research.

5. **The President institute a President's Strategic Advisory Board (PRESAB), chaired by the Vice President, to obtain the best thought from the private sector, which is so often ahead of the governmental sector** . The Board could

help increase anticipatory capabilities, address issues that span the broadened strategic spectrum, analyze interactions, define vulnerabilities and new opportunities, and challenge current assumptions.

- a. PRESAB would provide an avenue for leaders of successful private sector corporations, academic institutions, as well as individuals with particular experience in national security, to bring to the government the knowledge and foresight with which they lead their respective industries and disciplines. Today's best corporations and institutions are agile, highly competitive, forward-looking, and innovative; they find ways to draw together their strengths (and those of their strategic partners) in an integrated fashion so that they become far more than the sum of their parts.
 - b. Enormous progress in defining future contingencies and trend lines has been made with the National Intelligence Council's (NIC) Global Trends 2015. An important dynamic of PRESAB would be the investment of experts in government. The Chair of the NIC, as well as the State Department's Director of Policy Planning and the President's Trade Representative, to name a few, should maintain frequent and open dialogue with PRESAB.
6. **The President pursue long-term, contingency planning and anticipatory capabilities across the Executive Branch. Departments, such as State, Treasury, Energy, and Commerce, and agencies, like FEMA, Customs, and INS, should better coordinate their contingency planning efforts**. The President also might add a "contingency planning group" to the National Security Council staff and a Deputy National Security Advisor for Strategy and Planning to lead it. This group would remain separate from operations to avoid being absorbed by crisis management. It could work closely with PRESAB to focus on longer-term contingency planning and policymaking while synergizing the efforts of departmental and agency contingency planning.
7. **The President and the Secretary of State consider a number of essential innovations and changes to strengthen the State Department, such as:**
- a. Reconstituting the State Department's Policy Planning staff (once the appointment process is completed) as separate from operations, crisis management, and routine speech writing and develop the intellectual stature it had under George Kennan and Paul Nitze. In addition, State should tie its work more closely to the National Intelligence Council in pursuing outreach with the private sector and academic communities. Its Director probably should not be a near-term troubleshooter or negotiator but rather a long-range thinker who draws on the President's Strategic Advisory Board as well.
 - b. Endowing the State Department with greater forward empowerment by synergizing State Department officials and the Defense Department's regional Commanders in Chief (CINCs) to take advantage of the CINCs' unparalleled global reach and expansive networks. Co-chairs of a CSP panel, former Army Chief of Staff General Edward C. Meyer and former Under Secretary of State Ambassador Thomas R. Pickering, have completed a separate study on this subject.¹

¹ Forward Strategic Empowerment: Synergies Between CINCs, the State Department, and Other Agencies (CSP, August 2001).

- c. Heeding the lessons of miscalculation and miscommunication, which have beset our interventions from Korea to Kuwait to Kosovo. The lessons of these historically overlooked causes of avoidable interventions need be incorporated in State's training and educational programs, studied in depth, learned, and applied.²
8. **Congressional leaders consider complementary reform via the creation of a Joint Strategic Committee or some overall integrative group for the Legislative and Executive Branches.**
- a. The Joint Strategic Committee could be set up to work with the Executive Branch to better conceptualize the whole of our grand strategy and build a consensus for the 21st century. The recent joint hearings on terrorism by the Appropriations, International Relations, and Intelligence Committees are an illustrative example of how this might work. One approach to make the Committee's work optimal was suggested by our panelist Ambassador Max Kampelman: Involve key Congressional Committees' Chairs and ranking Minority Leaders as members of the Joint Strategic Committee together with the Vice President as a non-voting member. There may also be a less formal approach. Similar to the existing Joint Economic Committee in Congress, a Joint Strategic Committee would not have appropriating authority.
 - b. The Joint Strategic Committee would have two important functions:
 - ▶ Achieve unity of effort, which remains the first principle of strategy. From historic experience we know that, in crisis, there is unity of effort when the President brings Congressional leadership in from the takeoff, not just for the crash landing.
 - ▶ Bridge compartmentalization, which is the enemy of strategic consensus, and determine the optimal use of our resources.
9. **Government must institute strategies, plans, information systems, and other means to manage crises ranging from cyber, biological, nuclear, or other threats, and develop a greater coherence within as well as between the Executive Branch and on Capitol Hill.**
10. The President should expand the strategic assessment to include systemic efforts to better **"Communicate America" and create a "public communication" strategy and machinery to implement it**. A public communication strategy, rather than the traditional and much more narrow "public diplomacy," must address the growing gap between the Administration's foreign policy objectives, America's long-term goals, and the misperceptions that are forming in the minds of others. For our values, way of life, and standing abroad are deeply affected by the unstoppable process of globalization, as much as they are by negative perceptions and terror.
- a. A new public communication strategy should address the need for finding ways to build new and sustained coalitions. The President's efforts thus need to include agencies and policymakers from across the government, not solely from the State Department's public affairs office.

² Please see the case study by Dr. Samuel R. Williamson, "Miscalculations Leading to Conflict," in CSP's *Triumphs and Tragedies of the Modern Presidency: Seventy-Six Case Studies in Presidential Leadership* (Praeger, 2001).

Figure 1. A NEW STRATEGIC SPECTRUM

During the Cold War, national security decision-making was made according to linear contingencies. Furthermore, decision-making was usually stovepiped in one or a few of the compartmentalized policy centers of the National Security Council, the State Department, or the Defense Department.

In today's climate of uncertainty, contingencies are multifaceted, crosscutting, and more complex. A paramount difference is that the combined factors below, making up the "spectrum" of the strategic transformation, cannot be approached by only one or a few unrelated policymaking centers among many. Compartmentalization must be abandoned in favor of fully integrating the elements of national power.

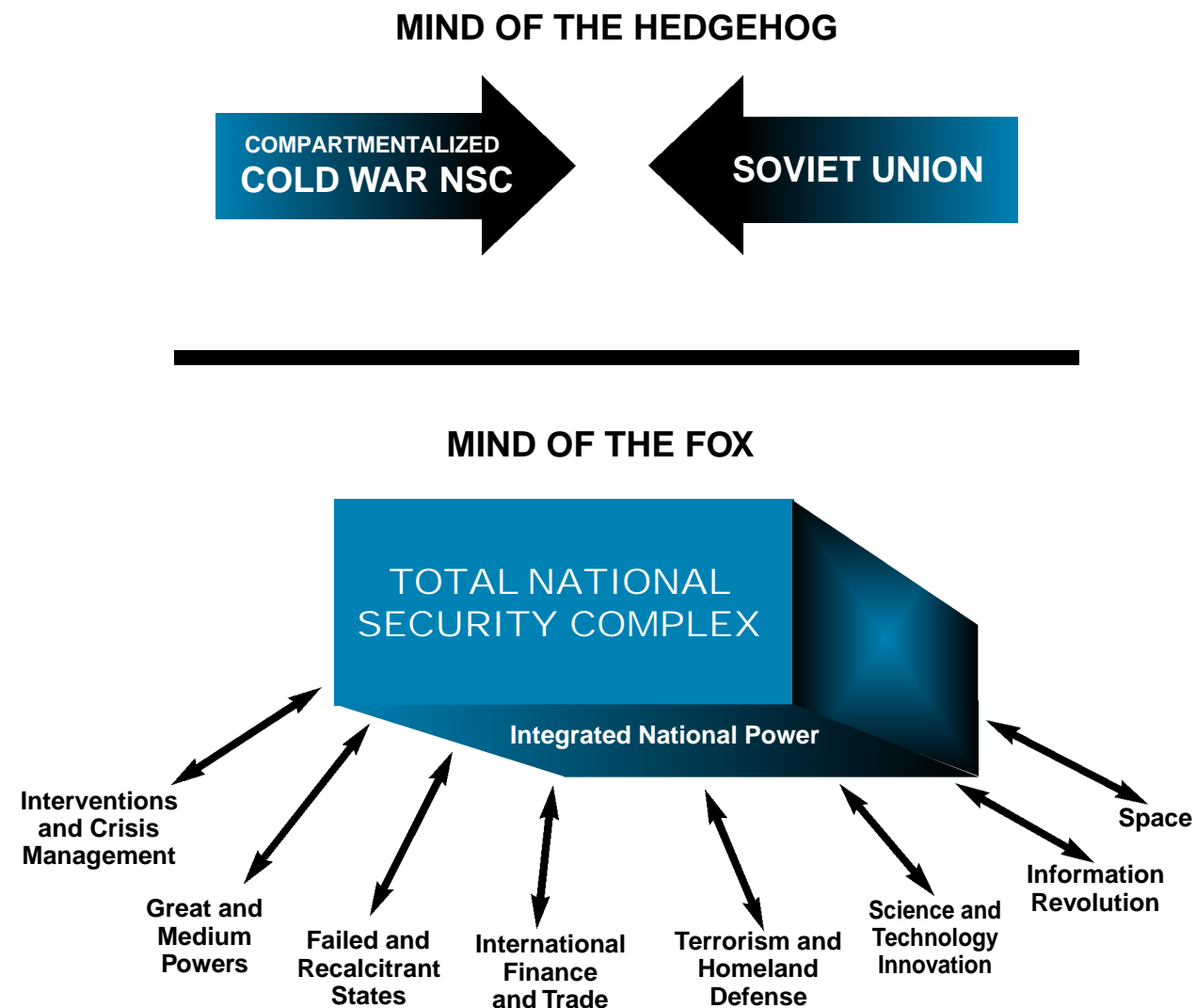


Figure 2. AN AGILITY OF MEANS

- ▶ Strategic Warning
- ▶ Contingency Analysis
- ▶ Coalition Building
- ▶ Information Dominance
- ▶ Unified National Power
- ▶ Protected Power Projection
- ▶ Coherent Investment Strategy
- ▶ Precision Engagement

To successfully engage the global strategic transformation, our national security complex of State, Defense, National Security Council, the Intelligence Community, etc., must adapt existing structures and mechanisms, and ensure that they are coordinated. If our diplomatic arm is unhitched and weakened, preventive capabilities will be thwarted. If our military is overstretched, our power will be diminished. If our coordinating tools are dull and badly organized, national interests will not be fulfilled.

Agility is the central tenet ensuring these faults do not become institutionalized into a perpetually reactive system. The purpose of agility is to go beyond our defense capabilities so as to shape the strategic environment, rather than respond to it.

The elements of national security are interdependent. Although the enemy today is uncertainty, agility, unity of power, and strengthened anticipatory capabilities will enhance our ability to shape rather than react to the unique challenges of the post-Cold War.

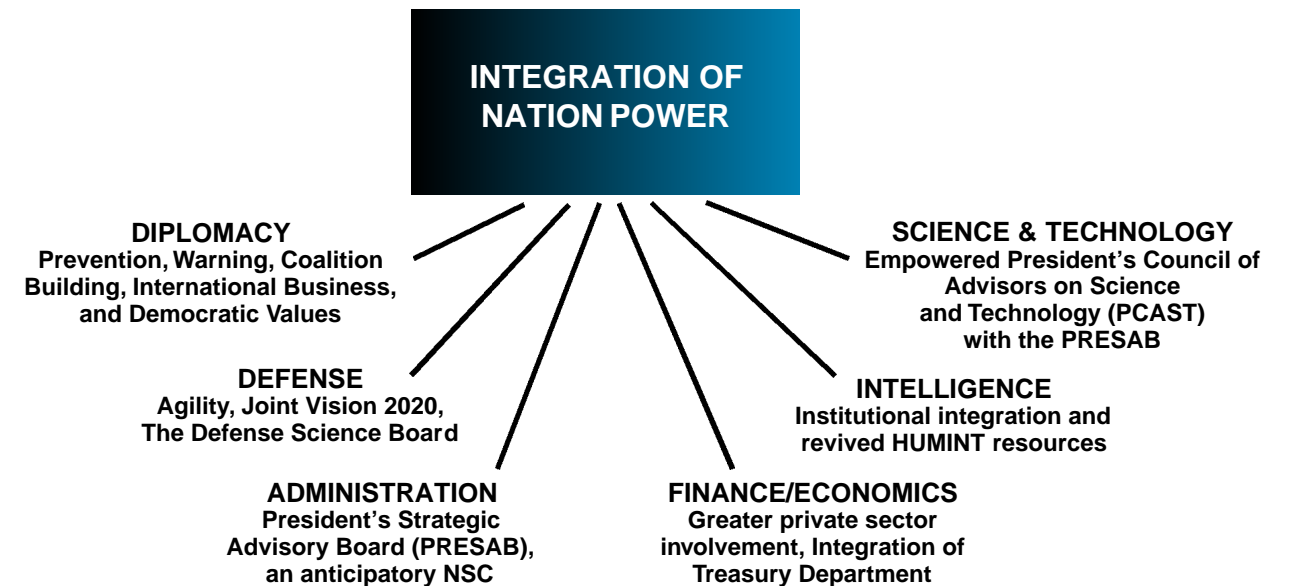
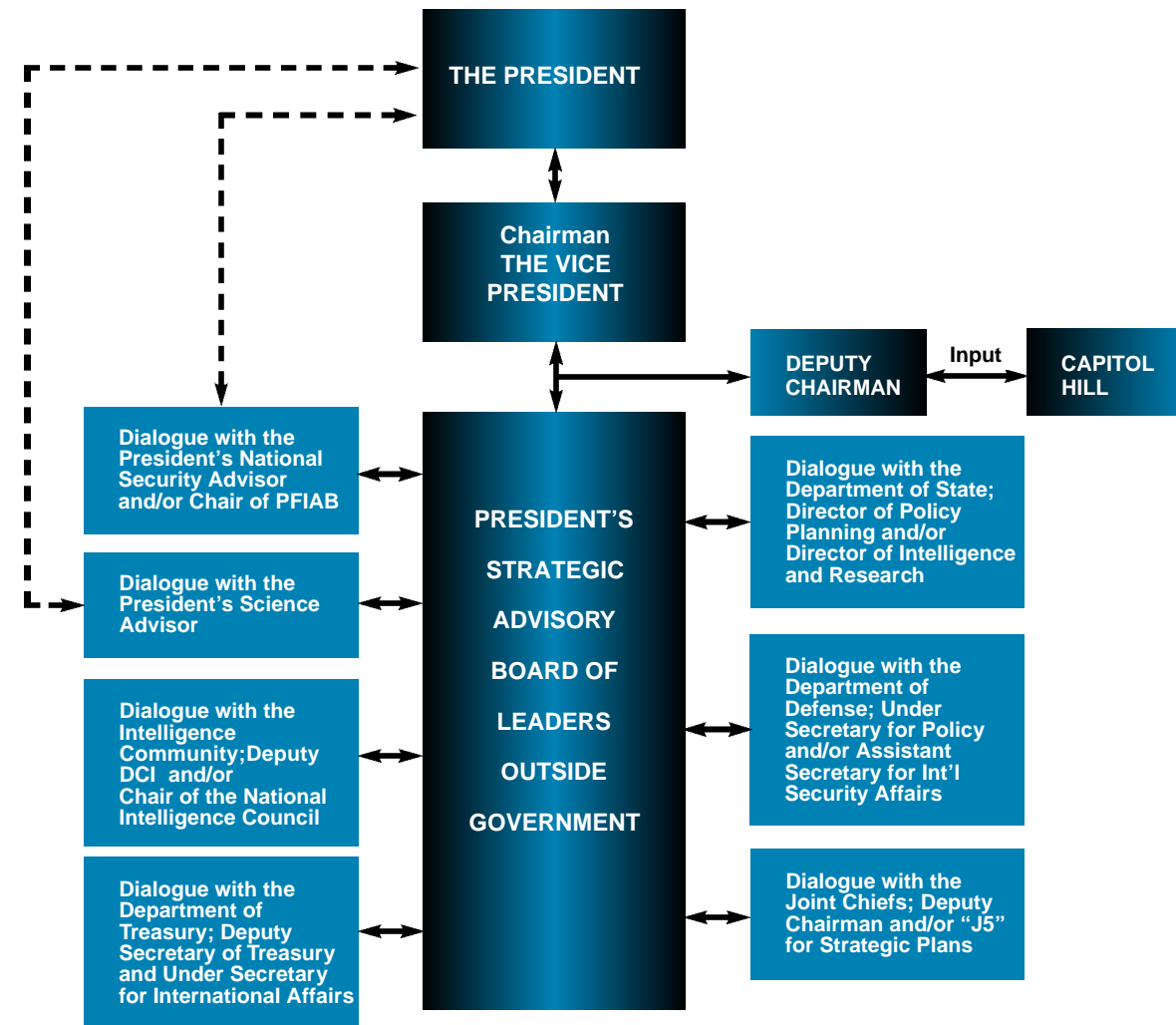


Figure 3. THE PRESIDENT'S STRATEGIC ADVISORY BOARD (PRESAB)



The Board would have no operational or supervisory role over the individuals listed in the light blue boxes.

Figure 4. INSTITUTIONALIZING ANTICIPATORY CAPABILITIES

To meet the challenges facing the new Administration, the President will have to pursue systemic measures for better anticipation in the national security advisory and decision-making process. A newly created anticipatory and long-range planning structure within the NSC, such as the Contingency Planning Group (page 27 of the Background Paper), would be enhanced by the work of the President's Strategic Advisory Board, or PRESAB (pages 25-27 of the Background Paper), as the latter brings private sector expertise and seasoned geopolitical perspectives not currently available to the national security decision-making process.

The benefits and importance of anticipation in national security policymaking are clear and far reaching. The factors that constitute an anticipatory approach, however, are less clear and will demand the bringing together of various contingency ingredients such as diplomacy, defense, and international financial issues. Institutionalizing an anticipatory capability in the national security complex will first and foremost require leadership from the White House.

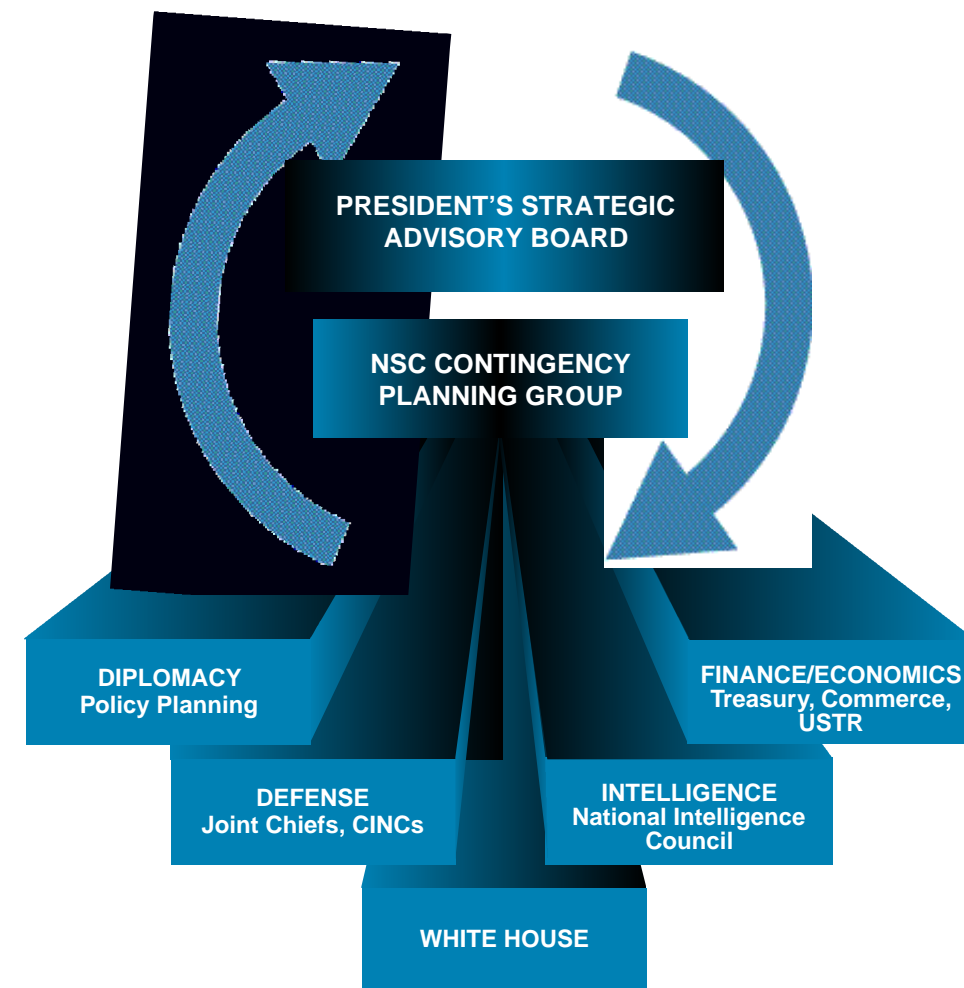
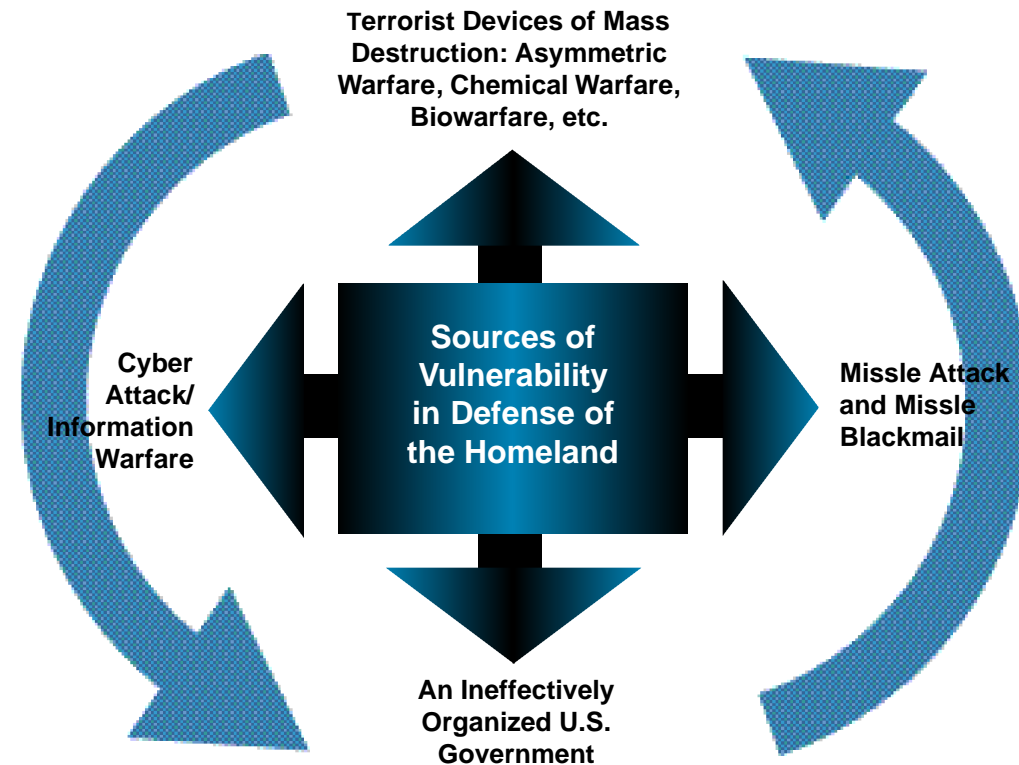


Figure 5. HOMELAND VULNERABILITY



BACKGROUND PAPER

Prepared by
David M. Abshire and CSP Staff

I. Strategic Transformation: A Paradigmatic Shift

In the 1990's, seeming security, stability, and U.S. predominance that followed the end of a highly focused Cold War between two superpowers shattered into dozens of pieces. Rogue states, the rise in new terrorist groups, loose Russian nukes, nationalist computer hackers, a series of financial crises in emerging markets, and an accelerating cyber-revolution combined to create new instabilities and challenges to U.S. leadership on issues ranging from international economic policies to democratic values to diplomacy and military intervention.

A decade after the end of the Cold War, however, the United States and its allies have not yet reached consensus on how best to manage the implications of this fundamental strategic transformation in global political, economic, and military affairs, and the new requirements for defense of the homeland. Indeed, the all-encompassing Soviet threat has given way to an era of complex, fragmented, multifaceted risks with compounding uncertainties, but no new organizational structures or effective consensus exist to protect long-range U.S. interests.

In 1946, the United States faced a different strategic transformation. As we left behind a hot war to enter a cold one, President Harry Truman reconfigured U.S. national security structures by creating such instruments as the National Security Council, the Department of Defense, the CIA, the National Science Foundation, the Marshall Plan, and NATO. Later, President Dwight Eisenhower oversaw the conception of a new grand strategy to cope with a new strategic context. Both Presidents thought holistically and looked for new architectures capable of dealing with emerging global realities.

The single most disturbing fact about America today is that we have undergone a comparably profound strategic transformation but have not conducted a comprehensive reappraisal of our strengths, weaknesses, and critical deficiencies. Nor have we integrated that knowledge into a new strategic vision to compel both the Executive and Legislative Branches, and the public, to take appropriate action.

We cannot build an agile geopolitical and geoeconomical strategy on military power alone.

A New Strategic Vision to Embrace the New Strategic Spectrum

To be sure, President Bush called for a new strategic vision, but he referred only to Defense Secretary Rumsfeld's efforts at military reform. Driven by nearly 20 different internal panels, Rumsfeld's review has appropriately rattled some cages. If one takes into account a recently mandated review of the intelligence community and the FBI, it appeared that some efforts are underway. Even these, however, are only selected aspects of an overall strategic vision. A fourfold increase in military interventions and missions since the end of the Cold War has dealt a heavy blow to readiness and morale in our military and created a mismatch between strategy and resources. This is a problem of political strategy first and of military strategy second. Yet only the Pentagon is undertaking radical reviews, when, at a minimum, a strategic rooftop needs to include

the NSC, State Department, Treasury, Justice, Commerce, Energy, Health and Human Services, CIA, USTR, and FEMA.

Meanwhile, the strategic spectrum¹ is broadening to include such factors as terrorism, nuclear proliferation, missile defense, energy, international finance, the information revolution, expanding advances in genetics and biotechnology, ethnic and religious conflicts and failing states, an enlarging NATO, a problematic Russia and China, and a dispirited Japanese economy. As Europe remains bogged down in the process of expanding its monetary union and further incorporating the euro, only a barely audible dialogue on the global economy between the United States and Europe is taking place. It is clear we cannot build an agile geopolitical and geoeconomic strategy on military power alone; military reform must go hand in hand with larger strategic reform and organizational renewal.

The Administration understandably has yet to do more to raise a strategic rooftop; only half of its 500 political appointees have been confirmed as of this writing, a handicap compounded by a transition abridged by 35 days. There already exist sound stepping stones for putting together an overall strategic review, including the 1997 QDR, the National Defense Panel report, *Joint Vision 2010* and *2020*, the latest reports of the

Defense Science Board on homeland defense, the Hart-Rudman Commission reports, the Bremer Report on Terrorism, and the CIA's *Global Trends 2015*, among others.

But the time has come for the new Administration to think in even larger terms, to engage the strategic transformation creatively and formulate a broad strategic appraisal with a vision to help build support for the overall reforms. According to Henry Kissinger, we are "less in need of a specific policy than of a long-range concept. America is obliged for the first time to devise a global strategy stretching into the indefinite future."² Also needed is a mechanism, described later, to reach out to the best minds in the private sector, to identify new trends, think outside the box, and offer second judgements. Newfound agility and mobility in defense policy must serve a larger grand strategy that spans the strategic spectrum and integrates all the elements of national power.

It is imperative that our strengths be assessed through the prism of our weaknesses as well. Critical deficiencies in everything from homeland defense to current account deficits need to be treated as among our greatest enemies. The time has thus come for a comprehensive outlook and, specifically, for Presidential leadership and new structures within the U.S. government to institutionalize such an outlook. Above all, a public document—a public grand strategy—is needed for the Congress, the public, and our allies and friends around the world.

Past and Present: Eisenhower's Solarium Exercise

The President could take a leaf from how Eisenhower approached the transformation that heralded the Cold War. In May of 1953, four months after taking office, Eisenhower realized that a major reworking of U.S. foreign and defense policy was in order. General Marshall counseled him that, although the structures had been built, the grand strategy had not been crafted. Marshall knew that the United States, and the whole Western world, were undergoing a transformation in power relations. Such a new era demanded a ground-up renovation of U.S. grand strategy.

¹ See Figure 1

² Henry Kissinger, *Does America Need a Foreign Policy?* (Simon and Schuster, 2001), 283.

To craft a new grand strategy, Eisenhower convened what remains one of the most significant strategic planning processes of modern times, his "Solarium Exercise." He did not just have a "Team B," but he had Teams A, B, and C. Everything was on the table, from basic approaches to the Soviet challenge to military force structure to economic policy.

Eisenhower's organizational approach is particularly relevant given the complexity, breath, and depth of today's strategic transformation. If one considers the bipartisan Congressional Budget Office report of a year ago, arguing that we must either reduce forces by 25 percent or add \$50bn per year to the budget to meet current military requirements (excluding missile and homeland defense) the Eisenhower approach might well provide lasting lessons in facing the enormity of such a resource challenge.

Eisenhower did not just have a "Team B." He had Teams A, B, and C.

Eisenhower engaged advocates of three broad approaches to U.S. Cold War strategy: "Rollback," containment in Europe, and containment globally. He organized them in three competing task forces, challenging each one to make the best case for its specific option. Ultimately, Eisenhower made the final choice based on their commonalities and differences. Beyond containment and superior strategic power, Eisenhower called for multidisciplinary assessments, because he appreciated that the non-military dimensions of security would be as decisive as the military during the emerging Cold War. He appointed a special technology committee, a science advisor, and later the President's Foreign Intelligence Advisory Board to review the quality and anticipatory nature of intelligence.

Eisenhower endeavored to balance military expenditures as well, for he knew that long-term economic growth and technological innovation were the real keys to the policy's ultimate success. He launched an offensive of democratic values delivered by a newly established Information Agency and renewed broadcasts of Voice of America, Radio Liberty, and Radio Free Europe.³

Since then, strategic appraisals, albeit not as sweeping as Eisenhower's, have been attempted. The Carter Administration in January 1977 undertook a study, designated Presidential Review Memorandum (PRM) 10. Led by Zbigniew Brzezinski, the memorandum contained two sections: The first, a "comprehensive net assessment" of the two superpowers, was undertaken by 12 separate task forces, five dealing with particular geographical areas, five with political, intelligence, economic, and technological issues, and two with exclusively military questions; the second section more narrowly focused on the capabilities of the current U.S. defense posture under various assumptions. This review sought to construct a range of alternative strategic postures for the United States, along with rough estimates of their costs and what they could accomplish.

Today's Transformation: From the Focused Mind of the Hedgehog toward the Agile Mind of the Fox

The differences between today's transformation and Eisenhower's or Brzezinski's Cold War world are many and varied. With regard to economic, security, and environmental factors, we now fear a seriously destabilizing weakness (reminiscent of the Weimar Republic) and increased nationalism in Russia rather than Soviet strength. It is an emerging democracy and still shows signs of both promise and peril. A nation that is surrounded by 14 other countries, that continues to struggle with the economic after-

³ In his second term, President Eisenhower's public approach to the perceived "missile gap" with the Soviet Union did, however, leave room for criticism as lacking a "flexible response" capability.

shocks of financial upheaval, and that tries to maintain a potential arsenal of 60,000 nuclear warheads requires serious, but measured, engagement.

China presents another complex challenge indicative of today's strategic transformation. A nation with approximately one-quarter of the world's population and a growing nuclear capability, China is in the throes of deep, albeit imperfect, economic reforms of its own. The challenges facing China in its less-than-rapid embrace of international norms and the rule of law are also challenges for the world's only superpower. To bring China fully into the world community is in our nation's long-term interest, but we must do so on many levels, and WTO membership for China will be an important step. Also, we can hope and work to ensure that the 2008 Olympics and the expanding information revolution will further encourage a more open society and deepened reforms in China, rather than let these events turn into instruments for the Chinese leadership to preserve the status quo.

Such complicated goals, among others, cannot be obtained on our own. There are limits to U.S. power abroad, and it is when we work in concert with like-minded friends and allies that the limits are transcended. However, proven alliances and friendships have also experienced major evolutionary change over the past 10 years and they portend even greater transformation for the coming 10 to 15. For example, what concerns us today is not so much European dependence on extended U.S. deterrence as a strong, independent-minded European Union openly staking out a different path from U.S. policy. A "ganging up" on the United States around the world is evidenced, for example, by the recent expulsion of the United States from two UN panels.

Furthermore, in economic and social terms, the United States, Europe, and Japan have gone from a position of demographic strength, grounded in large and productive post-war generations, to societies entering major pension and health care crises as those generations age. Unfortunately for the U.S. economy, the macroeconomic ripple effects of this shift will spread across the entire global economy, with new financial costs. And if Europe seems likely to be economically hobbled, Africa shows every sign of remaining socioeconomically crippled in the decades ahead: An entire continent, home to nearly 70 percent of people infected with the AIDS virus and 11 million children orphaned by the disease, is rife with internal conflicts as it faces health and politico-economic disasters resulting in an exacerbated spread of disease, migration, and refugees.

The reality of the strategic transformation is widely appreciated, but what needs to be recognized more broadly is that our national security planning process and structures have not adapted significantly since the end of the Cold War (despite a 40 percent reduction in the national defense budget and a reduction of nearly one-third of our force structure since 1985). A new Solarium Exercise for a new strategic framework and an agile mindset are long overdue.

The late Sir Isaiah Berlin wrote about two minds: That of the hedgehog, which tenaciously holds to a single focus and effort; and that of the fox, which is agile enough to cope with many ideas and contingencies at the same time. The mind of the hedgehog served us well as we employed rigid doctrines to win a cold war against a singular, monolithic threat. Today we need to become the fox, grounded in the basic requirements of classical strategy based on agility, speed, and coordinated power, and guided by a better systemic anticipatory capability in everything we do.⁴ The need is to shape

rather than react. The marked increase in military interventions since the end of the Cold War dramatizes the extent to which a reactive posture has become a central and undesirable strategy.

The Scope of Our Current Challenge

The classic definition of the term "strategic" stresses the importance of synergies. It describes the necessity of unifying separate elements to achieve a comprehensive end. Former Vice Chairman of the Joint Chiefs of Staff, Admiral Bill Owens, describes this ability as pursuing "synergy over specialization."⁵ Specifically, the systemic unification of commonalties among traditionally separate tools. In terms of military resources, such an organizational ability is vital.

This new, deeper form of synergy will become the defining distinction between rigidity and agility and between failure and success in capitalizing on the 21st-century strategic transformation. Consequently it will demand a reappraisal of our investment strategies to build the future U.S. military. Any new weapon system will have to be more of a "system," as opposed to a "platform." Systems, then, will also have to pursue adaptability among the different services in order to multiply the levels of effective jointness, and, as a result, the levels of synergy.

Such a transformation in the global information era will determine the future of more than the U.S. military. It will also affect our diplomatic tools, our long-term national goals, and the way we engage or deter friend and foe. Ultimately, the quality of our power projection will depend on how well we as a nation can synergize our resources (diplomatic, economic, cultural, military, etc.) to further realize long-term goals and strengthen our ability to act across the broadened strategic spectrum with greater agility.

In short, the term "post-Cold War" is both dated and ineffectual. The process of ending the Cold War inaugurated a strategic transformation for U.S. national security policy, and it is the maturation of this transformation that presents the new challenges we face today.

The following seven categories of vulnerability best symbolize the challenges of the new era:

- ▶ **Missile defense and the new deterrence environment**
- ▶ **Homeland defense: chemical and bioterrorism, and cyber-attack**
- ▶ **Increased accessibility and militarization of space**
- ▶ **Weakened science and technology connection to national security**
- ▶ **Rapidly shifting global capital flows, trade protectionism, and nationalism**
- ▶ **Growing geopolitical linkages among energy, environment, and security**
- ▶ **Effectively communicating America**

The quality of our power projection will depend on how well we as a nation can synergize our resources.

National security planning process and structures have not shifted significantly since the end of the Cold War.

⁴ For a more detailed treatment of the concept of agility and national strategy, see David M. Abshire, "U.S. Global Policy: Toward an Agile Strategy," *The Washington Quarterly* 19(1992): 2.

⁵ Admiral Bill Owens with Ed Offley, *Lifting the Fog of War*, (Farrar, Strauss and Giroux, 2000).

II. CONSTRUCTING A STRATEGIC ROOFTOP

Ample evidence exists to document the strategic transformation that has occurred since the end of the Cold War. Not so well appreciated is what it means for the structure of U.S. national security decision-making. We have been taking the secondary steps, such as changing defense investment policy and creating new offices within the bureaucracy, before we have tackled what ought to be the first step: Basic structural reform that overarches compartmentalization and places a rooftop on one strategic house.

The challenge today is not merely to recognize the changed strategic context; it is to act on that recognition by rethinking the way our national security establishment works. This is precisely what Eisenhower did in 1953, but in today's climate the bureaucratic and political barriers to reform are vastly more complex, and current government structures are rigid. Recently, Director of Central Intelligence George Tenet admitted that "never in my experience...has American intelligence had to deal with such a dynamic set of concerns affecting such a broad range of U.S. interests. Never have we had to deal with such a high quotient of uncertainty."⁶ This daunting assessment applies to our entire national security complex.

Comprehensive Net Assessment

In order to begin moving from theory to action, the Executive Branch should initiate a broad new assessment to encompass the entire strategic spectrum: How we can shape the changing global landscape, our strengths and vulnerabilities, our anticipatory capabilities, information dominance, the science and technology policies that drive innovation, and our public diplomacy posture and tools. It must highlight our critical deficiencies and weak points. Furthermore, the assessment should look to strategies for the best use of funds that most clearly reflect national interests and achieve the greatest degree of agility by investing less in our strengths and more in mitigating our weaknesses. We may want to avoid the mistake of the French before World War II. As they faced an intensifying Nazi threat, they continued to strengthen the Maginot Line while neglecting to build defenses at the mouth of the Ardennes, where the surprise attack came.

The Executive Branch should initiate a broad new assessment to encompass the entire strategic spectrum.

To put it differently, a "net assessment" would presumably find at least this much: That the certainties of the Cold War have been replaced with uncertainties, and the way we are rigidly organized and compartmentalized is our biggest enemy. The federal government's pervasive compartmentalization is the enemy of strategic coherence. And it thrives not just in the Executive but in the Legislative Branch as well, where nearly 20 committees and subcommittees claim jurisdiction over a variety of national security issues. Realistically, many of the compartments cannot be eliminated (military services, Treasury, State, etc.). The assessment would aim at bridging compartmentalization and at improving our security policy. Critical deficiencies across the strategic spectrum need to be dramatically highlighted in order to obtain the political muscle to effectively shift investment over the heads of special and bureaucratic interests and successfully pursue two vital characteristics that are at a premium in today's strategic transformation: anticipation and integration. A coalition for overall reform can be built.

Congressional compartmentalization notwithstanding, in the Administration's pursuit of far-reaching national security reform, Capitol Hill is a good place to look for inspiration. Some of the most effective reforms have been Congressionally mandated.

⁶ Statement delivered February 7, 2001, before the Senate Select Committee on Intelligence on the "Worldwide Threat 2001: National Security in a Changing World."

Farsighted accomplishments such as the Goldwater-Nichols Act, recent BRAC legislation (estimated to produce annual net savings of nearly \$7 bn per year), the Rumsfeld Commission on missile strategies, the Aspin-Brown Commission on intelligence capabilities, the Bremer Report on Terrorism and the Hart-Rudman Commission illustrate how important it is that Congress participate in the dialogue on strategic reform. But first, it is important to understand how our failure to respond to the new strategic spectrum has had significant military and diplomatic consequences.

New global instabilities and challenges across the strategic spectrum demand that the United States broadly reassess its vulnerabilities and strengths. Recent initiatives by the Pentagon, CIA, and the White House suggest that taking just such a step back before acting is both timely and wise. However, these initiatives all have two critical shortcomings: They are compartmentalized, and they are being carried out behind closed doors. This report proposes a comprehensive strategic assessment that bridges these efforts and provides an analytical rooftop to these compartmentalized initiatives.

Ultimately, the key findings of a strategic assessment highlighting our critical deficiencies should be made public, so that the President, Congress, and an informed citizenry can work toward achieving an urgently needed national security consensus. Such a document can provide the conceptual framework required to deal with emergent national security challenges. It can also support substantive reform of the NSC system, the Departments of State and Defense, and the intelligence community, as well as help guide budget priorities that are key to achieving a unified national security strategy. Henry Kissinger, while National Security Advisor to Nixon, came close to complementing such reform with the National Security Study Memoranda, which was loosely modeled after Eisenhower's Planning Board. Today, a Congressionally mandated annual national security report is submitted by every Administration, but this is largely a foreign policy document that looks outward and not inward. For example, it does not assess those critical deficiencies that have prevented previous Administrations from creating a comprehensive and anticipatory U.S. strategy, and then institutionalizing the reforms needed to make renewal an ongoing process.

National commitments need to be articulated clearly.

Miscalculations

If the strategic transformation from the certainties of the Cold War to the uncertainties of the present demand the agility of the fox, the certainties of the hedgehog do remain necessary to unequivocally anchor our major national interests: There are commitments to allies that cannot be flexible or ambiguous. Agility of means is not to be confused with inconstancy of purpose.

In the present age of uncertainties, national commitments need to be articulated clearly. Revised U.S. statements concerning our pledges to Taiwan, for example, have reduced the so-called "strategic ambiguity" in our promises to defend the island within the context of "One China."⁷ Such clarification might be the best course: History proves that clearly conveying our intentions can reduce the chances of conflict. Failing to do so ignited the Korean War, the Falklands War, the Gulf War, and, in the summer of 1914, with ambiguous and secret commitments, led nations into a global war few wanted or expected. Since the Korean War, deterrence on the Korean peninsula has been ensured

⁷ While U.S. efforts to deter conflict between China and Taiwan are refortified with a track for mutual security, a second track must be to encourage the increase in investment between Taiwan and the PRC, in order to let the worlds of business and finance facilitate reconciliation.

by the clarity of U.S. intentions.⁸ In the case of Taiwan, clearly stated intentions, as well as appropriate qualifications as to whom those intentions will be acted on, are a service to both the People's Republic of China and to Taiwan. Ambiguity does a disservice to all parties and only aids the People's Liberation Army in politicizing this potentially explosive situation.

Dozens of other conflicts in the last century were started by countries sending signals that were unclear, miscalculated, or both. In other words, vital national interests and commitments must be clearly defined and communicated in advance to reinforce deterrent factors and to avoid miscalculation by a potential aggressor. The capacity for effective communication, especially for the purpose of preventing conflict, is vested in the Department of State. It was an outstanding Secretary of State, however, who miscommunicated our security perimeter in Asia and thus contributed to the beginning of the

Korean War.⁹ Avoidable missteps resulting in conflict are not uncommon in recent history and should be a primary subject of study at the War Colleges and the Foreign Service Institute.

Outgunning people has worked in recent years. But before long we will confront an opponent too big, or too small, or too clever to be outgunned.

Lessons Learned: Kosovo

Turning from miscalculations to the lessons of Kosovo, it should be noted that in many ways this intervention, and the events leading up to it, could be a case study in miscalculations on its own. And the need to factor anticipation into our national security strategy has been particularly evident in the Balkans during the past decade. The 1999 Kosovo war perfectly demonstrates our lack of an anticipatory capability. And not only were we far from agile in Kosovo; to win the Gulf War it took six full months to build up our forces.

Much has been written about the U.S.-led NATO operations in Kosovo, little of it encouraging. Some critics say the policy was hegemonic and overbearing, after first being too ambiguous. Others persuasively argue that it was counterproductive, more likely to inflame Serb nationalism than temper it, and to encourage rather than dampen Albanian regional territorial aggrandizement. Still others, including at least a handful of concerned U.S. military officers, say the high-altitude air campaign waged due to excessive emphasis on risk-aversion to prevent Allied casualties, was overly brutal.

Perhaps the most salient critique of the U.S. and allied reaction to both Kosovo and the Balkan situation generally was that it was not strategic. Indeed, the United States and its allies failed to anticipate the conflict and neglected other potentially effective elements of power. To be sure, NATO held together reasonably well, and eventually Slobodan Milosevic was overthrown. But diplomatic measures prior to the use of force were reactive, incomplete, and lacking in agility. Specifically, the economic sanctions imposed on Yugoslavia were routinely broken, and we failed to fully utilize other measures, from humanitarian aid to public diplomacy. When a likely land attack was taken off the table as a military option, we further forfeited a considerable lever of influence. Had we decided to use ground forces, however, we would have confronted a crippling lack of agility in our own house.

True strategy is preventative; in Kosovo we were reactive. True strategy achieves its ends without the use of force by orchestrating superior power in advance; in Kosovo we

⁸ For a more detailed treatment of this subject, please see Samuel Williamson's case study, "Miscalculations Leading to Conflict," which appeared in this Center's *Triumphs & Tragedies of the Modern Presidency: Seventy Six Case Studies in Presidential Leadership* (Praeger, 2001).

⁹ In a January 12, 1950, speech before the National Press Club, then-Secretary of State Dean Acheson outlined an East Asian defense policy that excluded Taiwan and Korea.

waged a three-month air campaign to bash the Serbs into compromise. True strategy is about outwitting opponents in advance, not outgunning them after the fact. Our threats to use force were reactive, and thus self-defeating. Our use of radio broadcasts was limited and did not target the vulnerable relationship between the Orthodox Church and the Serbian leadership. And our economic sanctions followed events in a disjointed fashion, diminishing their efficacy.

Outgunning people has worked in recent years. But before long we will confront an opponent too big, or too small, or too clever to be outgunned. In addition to our failure to anticipate, we can identify from the events in the Balkans another key requirement for U.S. security policy, namely the importance in this era of strategic transformation of integrating all the elements of national power to dissolve the will of the opponent.¹⁰ Like a concert orchestra, all instruments must work together to be effective.

The Need for Agility and Anticipation

Short of a catastrophic event to incite it, a lack of urgency is historically the major barrier to organizational reform within the U.S. government. In fact, several highly publicized organizational failures within the U.S. military chain of command were needed before the Goldwater-Nichols legislation was taken seriously by any but its ardent champions. And although unity of effort had been taught at the military academies for decades, Joint Chiefs and Commanders had too often abandoned this key principle in loyalty to their respective services.

This was not the case during the Gulf War. Goldwater-Nichols reforms encouraged the brilliant leadership demonstrated by the Joint Chiefs and CINCCENT in that conflict. The Gulf War victory also provides valuable insights into the nature of successful military campaigns in the 21st century, which now depend on more than a unified military structure. The unprecedented leverage of a 39-nation-strong coalition and the Security Council's green light also facilitated a swift triumph. The strategic transformation implies that going to battle means more than gearing up the military; it means exercising power on several fronts simultaneously and in a concerted fashion. Political support is indispensable. But what failures of policy must we experience before the need for sweeping strategic reform, on a par with Goldwater-Nichols, becomes clear? A nuclear weapon delivered on an American city? A massive cyber-attack on our military's critical infrastructure? A preventable financial crisis that rocks the U.S. economy?

This failure to anticipate escalation was itself a strategic error on the part of the NATO alliance.

In addition to a diminished unity of effort, the military has lost its anticipatory capabilities. Generals tend to be accused of wanting to "fight the last war," and the strategy to prepare for two major theater wars (2MTW) is really the codification of this tendency to react rather than to prevent conflict. The 2MTW strategy is anything but strategic because it prevents two things: first, agility, not just of our forces, but of our thinking; and, second, integration of our total national power. Finding our military engaged in two major wars would be proof of a massive strategic failure. In the last half of the 19th century, Bismarck's total strategic proposition was to prevent just this. Similarly, President Roosevelt and General George C. Marshall knew that wars on two fronts could not be fought with equal priority.

The argument that the overwhelming victory in the Persian Gulf War encouraged the U.S. military to "fight the last war" and to dangerously delay transforming itself into

¹⁰ For a more complete discussion of decision-making in recent U.S. military interventions, and the opportunities for preventing conflict, please see *In Harm's Way: Intervention and Prevention* (CSP, 2000).

a more agile force compatible with the fluid demands of the 21st century was bolstered during Operation Allied Force over Kosovo in 1999. When initial limited air strikes failed to force Slobodan Milosevic to capitulate in the early days of the conflict, NATO and the U.S. Air Force debated strategy for weeks before finding bed-down bases and deploying the tactical aircraft needed to break Serbia's will to fight. This failure to anticipate escalation was itself a strategic error on the part of the NATO alliance.

The Army performed no better, needing more than a month to deploy a single unit of Apache helicopter gunships to the theater. When the U.S. Army was asked to develop plans to insert a sufficient ground force into the theater to retake Kosovo, its requirement of well over two months' deployment time badly hamstrung alliance decision-makers.

In fairness, the services have taken difficult steps in recent years to increase their strategic agility. After the experience of Kosovo, the U.S. Army launched a "transformation" aimed at making its forces lighter, more rapidly deployable, and more lethal. The transformation process, however, is expected to take more than a decade. Anticipating the need for more frequent and rapid deployments, the U.S. Air Force has also reorganized itself into 10 "Air Expeditionary Forces." The major strategic review now underway at the Pentagon will emphasize the need for the U.S. military to move much faster—and exploit to a greater extent cutting-edge space communications, surveillance technologies, and long-range precision-strike capabilities—in transforming itself into a more agile, rapid-reaction force. But with agility comes the increased need for protected force projection.

One especially potent symbol of our focus on near-term rather than long-term strategic thinking is the overwhelming mismatch between resources for U.S. foreign and defense policy. Another is our failure to properly focus on long-range military strategy and resources. For example, in 1948, the ratio of spending between the defense budget and broader diplomatic and economic programs was 2:1. During the Cold War, with the massive buildup of U.S. military power, it ballooned to 16:1. Twelve years into the post-Cold War era, it remains at 16:1. **In short, we have been funding the fire brigade, not fire prevention. Secretary of State Powell has turned the corner on this issue and already has won encouraging support from Congress with a nearly 14 percent increase in State Department funding—and encouraging support has been won from elsewhere as demonstrated by the nearly twofold increase in applicants to the Foreign Service. But more victories like this are needed, because anticipatory prevention through the use of power and influence is always more cost-effective than resorting to reacting with force.**

Building Anticipation into the U.S. National Security Strategy

A truly strategic approach to a conflict situation has three distinguishing characteristics: (1) It is agile, mobile, and is capable of changing tactics to upset the opponent's center of gravity, rather than being reactive and reliant on attrition; (2) It moves proactively to shape events rather than react to events, and it is grounded in an intimate knowledge of an opponent's strengths, weaknesses, and thinking; and (3) It is built around the concentrated use of power, including the threat of military force, the use of new technologies, and the greater employment of private sector innovation, to change the will of the opponent before having to go to war. As a result, it can be said that the successful execution of strategy depends on the level of clarity in, and the consensus

among, those executing it. It has done so throughout history.

We have fallen short of that standard in recent decades. Our opponents in Serbia and Iraq were in some important senses single men, and in both cases we were for a time outfoxed. As Napoleon said, "There are many good generals in Europe, but they see too many things at once. I see only one thing: the mind of my opponent." The Gulf War was brilliantly fought by discarding frontal attrition warfare and going for the "end run" around the Iraqi flank, launched with the express aim of upsetting the opponent's center of gravity. The only shortcoming was that Saddam remained in power.

Yet building public and even intergovernmental support for agile, visionary answers to the complex, slow-burn threats described above will be difficult as long as they appear not to endanger truly vital U.S. national interests. It is a classic error of strategy to ignore threats until they become urgent. Strategic thinking calls for action now to prevent the rise of such threats later, and deter potential attacks on the homeland.

Adding Integration

Long-range missiles in the hands of more states, suitcase bombs of nuclear or biological derivation, cyber-terrorism with sights set on economically vital infrastructure—these are among several related trends that make us vulnerable in new ways, and nearly all of them bedevil the U.S. national security apparatus by crossing a half-dozen bureaucratic stovepipes. Would a cyber-threat, for example, be a matter for the Defense Department, for Justice, for Commerce, for CIA, or for FEMA?

If the U.S. approach to security strategy requires anticipation, it also requires integration. The primary threats of today and tomorrow cut across organizational boundaries in radical ways. Dealing with them demands a comprehensive, integrated structural approach that we currently lack.

More than any other nation in the world today, America's power and influence are truly multifaceted instruments. Our principles of free and open democracy are sweeping the globe. Our economic and social values are transplanting themselves around the world. America is profoundly shaping global culture with its music, films, food, management theories, universities—the list goes on and on.

To look at our structure for national security policy, though, one would assume U.S. power was far less multidimensional. It would appear that one form of power or influence, such as military might, had little or nothing to do with the others. These are dangerous and self-defeating assumptions. If we are to maximize proactive power rather than reactive force, we must view effective power projection as more than military might. True, the military is a crucial arrow in the quiver of national power. But it takes its place alongside such arrows as influential preventive diplomacy, economic strength, political talent, varied forms of deterrence, and bold leadership.¹¹ Many U.S. officials, and certainly many officials and publics abroad, already see U.S. power as a multifaceted global presence. But we need to institutionalize this perception into our policymaking structure so that we have both diversity and integration in our global projection of power.

True structural change within the government in service of the twin goals of anticipation and integration is now needed to cope with the recent strategic transformation in geopolitical affairs.

¹¹ See figure 1.2.

We have been funding the fire brigade, not fire prevention.

It is a classic error of strategy to ignore threats until they become urgent.

Comprehensive Structural Reforms

As our nation's first line of defense, the State Department seeks to defuse problems before they arise, warn of imminent threats, and help end unavoidable conflicts. Yet symptomatic of the strategic transformation's changed landscape is the fact that we have intervened 39 times in more than 30 countries since 1989, a fourfold increase from the Cold War era.¹² In 1954, President Eisenhower had to decide whether the United States should commit forces in Dien Bien Phu. He applied systematic and clear criteria to this situation, asking himself if this intervention would have:

- ▶ Indigenous support
- ▶ Allied support
- ▶ Congressional support
- ▶ Public support
- ▶ Proof that the crisis was part of a larger Communist strategy
- ▶ Means to execute missions with agility and with an exit plan

Dien Bien Phu did not pass the test. Today, it is difficult to find a clear measure and crisp criteria for intervention. But faced with the intensifying pressures of whether, when, and how to intervene, our best option is to clearly articulate practical criteria that both reflect our nation's leadership role in the world and further our long-term national interests.

Preventing conflict is of course the most desirable strategy, but this is an increasingly challenging goal given the uncertainties of the new strategic transformation.

Accordingly, the State Department must be reintegrated into the national security complex as the chief instrument of prevention. The Policy Planning staff should be reconstituted as separate from operations and crises, and specific ideas and proposals should be communicated through speech writing for and frequent access to the Secretary.

During the recent transition, the new Director of Policy Planning was inevitably tasked with a variety of responsibilities, and Richard Haass has handled these demands skillfully. Once fully staffed, however, the Director should be neither a near-term troubleshooter nor a negotiator. Instead, he should be a long-range thinker, drawing at times on the President's Strategic Advisory Board (outlined later). Properly tasked and staffed, Policy Planning could become the august body it was in the days of Kennan and Nitze (themselves authors of grand strategies such as the "X Article" and NSC 68 respectively) and serve as a vital tool for the Secretary of State in looking ahead and reaching out to the best in the academic and research communities. Remarkably, Eisenhower's NSC and Policy Planning staff had more power at the outset of the Cold War than its counterparts today, who need it so much more.

The entire Department of State needs to be better integrated into the national security decision-making process in order to strengthen United States' forward engagement. The Department's waning influence, within government and around the world, contributed in part to an increasingly powerful CINC system. With an unparalleled global reach and expansive networks, the regional Commanders in Chief can work with top State Department officials to strengthen U.S. forward empowerment.

More specifically, the role of the CINC's Political Advisor should be strengthened, and the regional Assistant Secretaries of State should be given more resources to coordinate

¹² For a more detailed discussion, please see this Center's publication *In Harm's Way: Intervention and Prevention* (Washington, D.C., 2000).

their activities with the CINCs. Indeed, creation of a Regional Interagency Contingency Planning Center would enable diplomats and military personnel to be better informed of each other's goals. **Moreover, State Department officials could gradually gain the forward engagement necessary to shape events—and perhaps prevent the need for military intervention. These and other recommendations are described in greater detail in this Center's *Forward Strategic Empowerment: Synergies Between CINCs, the State Department, and Other Agencies*, a recent panel report co-chaired by former Army Chief of Staff General Edward C. Meyer and former career ambassador and Under Secretary of State Ambassador Thomas R. Pickering.**

Similar structural reforms should be undertaken in other departments and agencies, including Treasury, Commerce, Defense, and Energy. Long-term contingency planning elements throughout government should be created and linked to achieve a cohesive national strategy with greater forward-looking capabilities. Because the strategic spectrum has diversified so dramatically, and the horizon of risks and opportunities has expanded as well, the ability to anticipate future contingencies is all the more necessary.

In the pursuit of enhanced agility and anticipatory capabilities, the final and most important aspect is the human one: Only agile minds and agile leadership can break through the dogmatic tendencies of rigid mindsets and systems. Rigidity—unable to anticipate and prevent new threats, and unable to create and exploit new opportunities—has invariably resulted in failure throughout the history of conflict.

Indeed, human factors of many kinds have ultimately proved decisive. Herein lies a pivotal weakness of today's traditionally preeminent U.S. intelligence system: **The erosion of our human intelligence (HUMINT) capabilities and resources. Until we begin to substantially rebuild HUMINT expertise and capabilities, our intelligence community and our national security apparatus as a whole will continue along the dangerous trend of reactive decision-making.**¹³ **We will experience failed warnings and devastating surprises.** Since the February 2000, three-day computer failure at the National Security Agency, there has been a growing concern among members of Congress that our country's intelligence networks run a serious risk of going deaf. And since the 1970s, we have become overly dependent on signals and image intelligence. Renewing U.S. HUMINT capabilities will take years, and will require a trenchant review of those constrictions placed on HUMINT efforts.

President's Strategic Advisory Board (PRESAB)

Unavoidably, the Bush Administration is initially pursuing a number of complementary and long-overdue reforms in a piecemeal fashion. Systemic rather than compartmental reforms, however, offer the most effective and realistic of long-term solutions, and these must marry public and private initiatives to a degree unimagined during the Cold War. For example, Commerce Secretary Don Evans indicated to the Senate that "securing the Nation's critical infrastructures cannot be achieved by government action alone; it requires an unprecedented partnership with private industry."¹⁴ He is correct. America's greatest strength is its private sector, yet even the private sector has become

For enhanced anticipatory capabilities, the final and most important aspect is the human one.

¹³ Please see the *Independent Task Force Report: Making Intelligence Smarter* (Council on Foreign Relations, 1996) for a description of potentially effective reforms of the Intelligence Community.

¹⁴ May 9, 2001, before the Senate Committee on Appropriations.

increasingly diverse and vulnerable. Organized labor too, has become a critical component of U.S. society.

The President needs a wide-ranging, outside advisory capacity that remains free from day-to-day operational demands. Such a body, tasked with interconnected policy issues, would serve best as a resource for reaching out to talented individuals in the private sector. Increasingly the government is behind the curve of the business, finance, science, and technology sectors.

This body, to draw creativity from outside the government, could be called the President's Strategic Advisory Board (PRESAB), and chaired by the Vice president. PRESAB would have a solely anticipatory and advisory role, and its members would be challenged to "think outside the box" and "see over the horizon."¹⁵ While the President's Foreign Intelligence Advisory Board, or PFIAB enables the government to brief a small group of private sector leaders on a specific field,

PRESAB would reverse this relationship, providing an avenue for leaders of successful private sector corporations, academic institutions, and individuals with particular experience in national security to bring to the government the knowledge and foresight with which they lead their respective industries and disciplines.

Moreover, PRESAB would identify and define "tipping events"—trigger points just beyond the current events and trend lines that create an entirely new dynamic in finance, diplomacy, trade, defense, and other areas vital to our national interests. Although this approach may never predict events with absolute certainty, having such a system in place would enable policymakers to gain a second opinion on core assumptions and strategies. Certainly, existing government structures have much to learn from such thinking, and structural reforms could open important avenues for more creative thought, policies, and actions.

The results of PRESAB's deliberations would be made available to forward contingency planners in a range of government agencies, including those responsible for finance, diplomacy, defense, health, information technology, intelligence, and much more. To establish its political relevance, an Executive Order would be needed to create PRESAB. Representatives of PRESAB would have a strong relationship with Congress (the Chair would be the Vice President, whose other hat is of course Senate president), drawing advice from and offering regular briefings to members and senior staff. PRESAB's Deputy Chair might spend half or more of his or her time working with the Congress. A close working relationship with Congress is necessary to gain a consensus at home and to define shared assumptions and interpretations of critical strategic issues.

Today, the best corporations and institutions are agile, highly competitive, forward-looking, and innovative. They draw on their internal strengths (and those of strategic partners) to ensure that their collective efforts are greater than the sum of their parts. Coca-Cola and Procter & Gamble, for example, have a presence in more provinces of China than the State Department, and GE knows better how to orchestrate diverse partners and interests abroad. AOL, for that matter, is far more advanced in the information revolution than the federal government. Similarly, the Rockefeller University faculty includes more Nobel laureates than do federal agencies. PRESAB should also draw on proven experts and outstanding authorities from the private sector as well as universities and think tanks.

Two issues that merit immediate attention by PRESAB are the likely future impacts of the information revolution on emerging markets and the durability of international

PRESAB's focus would be in part to identify and define "tipping events."

¹⁵ See figure 3.

financial infrastructures. Both issues could have near-term and long-term effects on the U.S. economy, especially if a downturn in the U.S. economy is coupled with a recession in the world's second largest economy, Japan, and with weakened economic activity in Indonesia, Argentina, Brazil, Turkey, and Germany. These vital economies, to name only a few, are more interconnected today than ever before and evoke the prospect of the domino theory's application again only three years after the last global financial distress.

PRESAB could also offer insight into the maturing threats to our national interests by narcotraffickers, cyber-attackers, weapons proliferators, and organized crime groups, all of them benefiting heavily from the growing availability of advanced technology. With its seminal publication, *Global Trends 2015*, the National Intelligence Council (NIC) has made considerable progress in identifying similar future threats, and sustained, open dialogue with the NIC would greatly aid PRESAB's work.

Innovations in science and technology cut across most policy issues today. Accordingly, PRESAB members would address biological, agricultural, and information-based technology developments and their wide ranging impact on everything from military R&D to health to demographics. The President's Council of Advisors on Science and Technology (PCAST) and the Office of Science and Technology Policy would gain considerably from PRESAB's involvement on these issues.

To strengthen the focus on strategy, anticipation, agility, and integration within the existing bureaucracy, a second major structural reform would be to add a "contingency planning group" to the National Security Council staff, as did President Eisenhower some five decades ago. This group could complement PRESAB's work and bring an anticipatory style of thinking even more directly into the national security policymaking process. A Deputy National Security Advisor for Strategy and Planning might be appointed to lead it and to closely coordinate with the President's Strategic Advisory Board.

Concerned about a long-term confrontation, Eisenhower organized his NSC with a Planning Board alongside an Operations Coordinating Board, because he knew that the immediate tended to undermine over-the-horizon thinking, especially in bureaucracies. The Planning Board, tasked with identifying challenges in a linear future, fashioned the long-term NSC agenda.

Today's NSC contingency planning group would look well into the future, not just to the immediate horizon. Such a group would remain separate from operations to avoid being absorbed by crisis management. Led perhaps by the Deputy National Security Advisor, the contingency planning group would work closely with PRESAB and focus on longer-term contingency planning and policymaking. Long-range, strategic, agile thinking is now not the full-time job of anyone in government and clearly it should be.¹⁶

Corresponding Reform In the Legislative Branch

Corresponding change should be encouraged in the Legislative Branch. A Joint Strategic Committee could be created to focus on long-term U.S. national interests and integrated strategies, and on reforms to promote them. For example, a Joint Strategic Committee could be made up of the Chairs and Ranking Members of key Congressional committees including Appropriations, Intelligence, International Relations, and Armed Services. Recently, very unusual joint hearings on terrorism, which brought together the

¹⁶ See figure 4.

Add a "contingency planning group" to the National Security Council staff, as did President Eisenhower.

Chairs of three major committees and witnesses from a host of different agencies and departments of the government, offered an example of how valuable such cross-disciplinary, cross-committee, bicameral collaboration can be. Unity of effort always prevails when the President brings the Congress in for the takeoff of an initiative and not just for the landing. Vietnam has taught us that, indeed, a house divided cannot stand.

The Joint Strategic Committee would not have legislative powers. Moreover, a joint committee of this purview would informally liaison with PRESAB's Chair and Vice Chair. Ambassador Max Kampelman suggested that the Joint Strategic Committee could involve key Congressional Committee Chairs and Ranking Minority Leaders as members with the Vice President as a non-voting member. A less formal approach may also be possible. Like the existing Joint Economic Committee in Congress, a Joint Strategic Committee would not have appropriating authority but would seek a more comprehensive strategic approach for Congressional initiatives. That is, it would aim to put the strategic pieces together for effective consensus building.

III. Creating Vision and Consensus

No time should be lost in conducting a strategic appraisal of U.S. strengths, vulnerabilities, and critical deficiencies, or in engaging the private sector via PRESAB. Congress, too, is vital to developing a new, long-range strategic vision and implementing key components to meet the challenges of the 21st century.

The seven vulnerabilities, outlined earlier and which symbolize the challenges of the new era, must be addressed briefly to illustrate how today's strategic transformation affects in new ways our current national security structures and decision-making. They are missile defense and the new deterrence environment; homeland defense, including chemical and bioterrorism, and cyber-attack; increased accessibility and militarization of space; weakened science and technology connection to national security; rapidly shifting global capital flows, protectionism, and nationalism; growing geopolitical linkages among energy, environment, and security; and challenges to communicating America.

Missile Defense and the New Deterrence Environment

Among the panoply of potential measures to secure the United States in the rapidly evolving strategic environment of the 21st century is missile defense. An integrated missile defense must accommodate a gamut of threats on several levels, including tactical, theater, and national defense, as well as ensure continued allied cooperation. Indeed, the search for a national missile defense is a logical progression from a tactical and theater missile defense. However, as the Strategic Defense Initiative was during the Cold War, it is unrealistically, and yet commonly, expected of missile defense to provide a perfect "shield."

Such "Maginot Line expectations" have not fared well in the history of military affairs. On the other hand, in the context of the offensive-defensive interplay in military history, a workable defensive capability, while never absolute, adds to the deterrence of

an aggressor and reduces the credibility of a blackmailer. This fact is particularly important because in dealing with Third World situations and rogue powers today, blackmail tends to be the most pressing danger. Furthermore, any spectrum of deterrence and defense must include a greatly enhanced capability for effective preemption if an imminent strike is identified. The potential for a sudden strike at the U.S. homeland, to be sure, must also be viewed across the vulnerability spectrum from ICBMs to suitcase bombs with miniaturized weapons to cyber-attacks. All of these concerns should be placed in the context of an overall conceptual framework and a comprehensive strategic assessment to facilitate our search for strategic agility.

Thomas Schelling, one of the early minds behind the logic of Mutual Assured Destruction, has pointed out recently that "the reality now is that increasingly the concept of deterrence will be used against us." Calling into question the relevance of second-strike capabilities in today's strategic environment, Schelling recently argued that the acquisition of nuclear missiles by a rogue nation or non-state actor would so complicate American strategy as to render past restraints, such as the 1972 ABM treaty, questionable. "Arms control," Schelling continued, "doesn't depend on negotiated treaties. It depends on both sides restraining themselves out of self-interest."¹⁷

Concerning missile defense on the international level, Max Kampelman and Frederick Seitz have made an appealing recommendation that no doubt draws from Ronald Reagan's willingness to share missile defense technologies with the Soviet Union, an effort to substitute mutual security for mutual destruction. They suggest that:

[T]he U.S. objective should be to create an international consortium dedicated to missile defense designed to protect everyone. It should also be understood that our efforts to defend ourselves will continue, whether or not the talks proceed constructively.... This proposal dovetails with the new administration's desire to reduce U.S. reliance on nuclear-based deterrence, since an effective global defense would lessen the value of long-range nuclear missiles.¹⁸

The above views only strengthen the conclusion that systemic efforts to homeland defense from nuclear and other threats must begin from an integrated whole, in which missile defense is but one of the elements of national power.

Homeland Defense: Chemical, Cyber, and Bioterrorism

While responsibility for homeland defense resides at all levels of the federal government and partly in the private sector, no government agency or department has been organized to focus on the scope and magnitude of the threat to our homeland. An organizational step forward has been the Hart-Rudman Commission's recommendation for the President to create and Congress to approve a National Homeland Security Agency (NHSA). NHSA would be responsible for "planning, coordinating, and integrating various U.S. government activities involved in homeland security" ¹⁹ with FEMA as a key building block in its efforts. The Commission further recommends the transfer of the Border Patrol, Customs Service, and Coast Guard to the NHSA while preserving them as distinct entities.

The Bremer Report cautions that terrorism poses an increasingly dangerous and

¹⁷ Newsweek 14 May, 2001

¹⁸ Max M. Kampelman and Frederick Seitz, "Missile Defense: A Global Approach," *The Washington Post*, 8 April 2001.

¹⁹ *Road Map for National Security: Imperative for Change* (The United States Commission on National Security/21st Century, January 31, 2001), 15.

Since 1972:

- ▶ Nations pursuing biological weapons have grown from an unknown number to 13.
- ▶ Nations with chemical weapons programs have grown from 10 to 16.
- ▶ Nations with nuclear weapons programs have increased from 5 to 12.
- ▶ Nations with ballistic missiles have increased from 9 to 28.

Source: Testimony of Secretary of Defense Don Rumsfeld before the Armed Services Committee on June 21, 2001.

difficult threat to America, and that countering this growing danger requires significantly stepping up U.S. efforts at deterrence and prevention.²⁰ It goes on to say that the first priority is to prevent terrorist attacks is to bolster intelligence and law-enforcement capabilities to collect intelligence on the terrorists' plans and methods. Furthermore, as U.S. policies must firmly target all states that support terrorists, private sources of financial and logistical help for terrorists must be subjected to the full force and sweep of U.S. and international laws. And that the President and Congress should reform the system for reviewing and funding departmental counterterrorism programs to ensure that the various agencies' activities are a part of a comprehensive plan.

Conventional terrorism will continue as an escalating threat to our homeland, but countering it will require upgraded capabilities to both detect and defend, as well as newly adapted forms of deterrence. Advances in biotechnology, however, have elevated the threat of bioterrorism on a par with nuclear attack. Today, the federal government is not ready to fully deter or respond to a bio-terrorist attack: Federal agencies' efforts are numerous and disjointed, and there is no health infrastructure on the state and local levels to absorb the consequences of such an attack. According to a leading Defense Science Board study, "No one within the DoD or the rest of the government is in charge. Many organizations are involved, but without prioritization of effort or integration."²¹ The Department of Health and Human Services (HHS) however, is moving ahead on the issue; other departments need to get involved in a coordinated fashion, most notably the Pentagon, FEMA, Customs, Veterans Affairs, and the Immigration and Naturalization Service, for any response to be effective.

A bioterrorist attack will have potentially devastating consequences for the country. The CSIS exercise *Dark Winter* last August amply demonstrated the complexities and devastation of, as well as our inability to respond effectively to, a terrorist attack with smallpox. The basic organizational question policy makers must address is how to best deter an attack, and also how to best mobilize federal assets quickly and transfer assistance to state and local levels should such attack occur .²²

However, bioterrorism is more than a physical threat—it has tremendous psychosocial effects as well, which directly affect organization and agility. That is why effective communication with the public is essential and the role of the media in this regard must be addressed. Additional, more complicated questions concern substantive legal issues: Can the government can declare a mass quarantine? How will it be able to enforce it? Would the military will be utilized? The issues, such as whether Congress or Presidential powers will be abridged, or whether states should be shut down to enforce a quarantine are enormous. All of these issues have a common denominator—the need to develop a comprehensive integrated deterrence and response capabilities that significantly reduce our vulnerability to bioterrorism and other threats to the homeland. What certainly makes this organizational task more difficult is the (fortunately) hypothetical nature of such contingencies—a terrorist attack with a biological weapon has not successfully taken place on U.S. soil.

²⁰ *Countering the Changing Threat of Terrorism* (Report of the National Commission on Terrorism, June, 2000).

²¹ *Biological Defense* (Report of the Defense Science Board/Threat Reduction Advisory Committee Task Force, Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, June 2001), 6.

²² In an informal interview with leading bioterrorism expert, Dr. Jerry Hauer, he explained that bioterrorist events, unlike chemical ones, evolve over time. According to Dr. Hauer, to detect a bioterrorist event the United States needs to develop preventive surveillance capabilities which can be of two kinds: syndromic and "data mining." Once an event is detected, there is a narrow time window within which we are forced to act and make difficult decisions. Right now the United States is not ready to adequately respond to a bioterrorist attack, including making timely decisions.

The U.S. needs to develop preventive organizational structures reflecting the danger of a bioterrorist attack.

Other forms of attack are in fact a daily occurrence. The realm of information warfare and critical infrastructure protection (CIP) presents multiple levels of severity with as many types of perpetrators from the state sponsored, which tend to focus on extracting information, to the domestic hacker, which tends to focus on disrupting operations or services. According to an intelligence analyst with US SPACE COMMAND, "We are under attack everyday."²³ The Army and DARPA, however, with their Future Combat Systems program, are making considerable progress in information warfare,²⁴ and the Pentagon has notably improved its efforts in computer network defense (CND). What should not be lost in this process, of course, is the necessity to approach CIP and CND as a priority for the entire country—the government and the private sector. Attacks are initiated on private corporations as frequently as they are on the Department of Defense, or the Treasury and even Social Security Administration for that matter. This is a type of defense that can not be waged only from within the government, and it demonstrates an interface where coordination with the private sector is necessary for comprehensive protection.

With the growing frequency of "probing" attacks, electronic and cyber-threats are surely long-term in nature but nevertheless could strike the United States like an information-age Pearl Harbor.²⁵ Organized criminal groups, terrorists, hackers, and cyber-criminals are actually the furthest things imaginable from a singular, coherent danger. Our responses to them need to be more like a rapier than a sledgehammer. The stakes are high: When whole societies, like Russia, hang in the balance, intersecting financial and information revolutions and the spread of transnational terrorism and weapons of mass destruction could produce disastrous results.

Increased Accessibility and Militarization of Space

As atmospheric space becomes a more accessible frontier for more countries, the U.S. must address certain new national security ramifications. But, Secretary Rumsfeld's efforts to "focus on meeting the national security space needs of the 21st century"²⁶ goes well beyond any single issue and opens the door to a needed national dialogue on space and U.S. security.

For example, U.S. superiority in space would make possible information dominance and give the U.S. advanced battlefield management capabilities. Indeed, the U.S. military can not undertake any major operation today without utilizing its systems in space. In the future, elements critical to strategic deterrence and surprise will be located in space. These space-based communications, command, control, intelligence, reconnaissance, and surveillance resources will make space an increasingly critical strategic environment, a fact acknowledged by current U.S. national security strategy as it states that "unimpeded access to and use of space" is a vital national interest.²⁷

However, declaring this a fact is one thing; building and defending U.S. space superiority is another. Already, other nations are challenging U.S. space superiority.

Current U.S. National Security Strategy: "unimpeded access to and use of space" is a vital national interest.

²³ "US DoD Upgrades Network Defense." Michael Sirak. *Jane's Defense Weekly* July 11, 2001.

²⁴ FCS, according to DARPA literature, will "develop network centric concepts for a multi-mission combat system...."

²⁵ As recently as July 23, 2001, the Pentagon was forced to block public access to its Web sites and repair an estimated 225,000 computers infected with the "Code Red" computer "worm."

²⁶ From a May 8, 2001, Pentagon briefing by Secretary of Defense Donald Rumsfeld outlining changes in DoD organization, training, and equipment for space operations.

²⁷ *A National Security Strategy for a New Century* (Washington, D.C.: The White House, December 1999), 12.

Some, such as China, are employing sophisticated space capabilities (both satellites and weapons technologies) that threaten U.S. space assets.

Any U.S. comprehensive strategic assessment must therefore reevaluate how investments in space-based systems will best serve our broader, long-term national security needs as part of an integrated strategy. It also must take into account the fact that U.S. space strategy often must balance two seemingly contradictory, yet related goals: developing space superiority, while at the same time supporting international agreements that define space as international domain where all are free to conduct peaceful space exploration.

Finally, space architecture must address both integration of space structures and processes related to creating and sustaining them. Because the United States has no interagency process for space activities, space issues today are addressed on an ad hoc basis. At a minimum, the Administration and Congress should bridge the gap between strategic planning, the policy process, and budgeting and staffing, by creating a body that connects the space activities of such agencies as the NSC, White House Office of Science and Technology Policy, the National Science and Technology Council, and others.

Innovation and S&T: The Leading Edge of National Power & Productivity

The new Administration has recently appointed an outstanding Advisor to the President for Science and Technology with credentials in research, management, and tech-transfer to the private sector. Now the Science and Technology Advisor, OMB, and the Congress need to bolster federal investments in basic research. The Department of Defense, for example, represents only 10 percent of all federal support of basic and applied research. But DoD is a vital sponsor of key science and engineering efforts, providing 35 percent of all federal research in the computer sciences and nearly a third of all engineering research. Advances in electrical and mechanical engineering depend to an even greater degree on the Defense Department. Surprisingly, DoD support for R&D has declined by a third since its peak in FY1987, and, despite the impressive increase in defense spending for FY2002 (up 9 percent, or \$27bn, to \$328.9bn), DoD funding of S&T is actually halting at \$8.8bn, down 2.6 percent from FY2001.²⁸

Many in Congress recognize that this decline must be reversed. Noting that today's research will provide the foundation for 2020 and 2030 military systems, Senators Joe Lieberman and Pat Roberts incorporated a bipartisan defense innovation initiative in the FY2000 Defense Authorization Bill in order to raise the priority of military research and development. And, as Senator Lieberman writes, "The innovation base, a traditional source of our military and economic strength, is eroding.... I have yet to meet a strategist who recommends that we fight with only technological parity. But that is where we are headed."²⁹

Currently, the federal government sets aside 2.1 percent for defense S&T, compared to 10.3 percent for all DoD research and development. Additional funding, however, is not a panacea. For example, House Budget Committee Chairman Jim Nussle, recently voiced his "very deep concern that [the Administration is] submitting a wish list without any reforms."³⁰

Many in Congress recognize that this decline must be reversed.

²⁸ Kei Koizumi, "R&D in FY 2002: Department of Defense Budget," *AAAS Report XXVI: Research & Development FY 2002* 68.

²⁹ Joseph I. Lieberman, "Techno Warfare," *Joint Forces Quarterly* (Summer 1999): 14-15.

³⁰ *Congressional Quarterly*, June 25, 2001.

The link between science, technology, innovation, and national security needs to be strengthened in an integrated fashion. The fall of the Berlin Wall and the fragmentation of the Soviet Union certainly owe much to West's technological edge. And half of U.S. economic productivity in the last 50 years is attributable to innovation and technology. Moreover, recent developments in health, most promisingly from the mapping of the human genome, illustrate remarkable potential from government-private sector involvement in basic research.

Recent developments in science and technology, the information revolution, and globalization of international financial structures and capital markets have created unprecedented challenges to U.S. national security interests—and created vast, untapped private sector resources that the government needs to include in its new national security strategy. To address these new challenges, the President needs to vastly upgrade the federal S&T advisory structure. More specifically, the White House needs greater access to key experts in and out of government and better integration of S&T policy among the Departments of Defense, Treasury, State, Commerce, and Energy. Integration is key to understanding the implications of near-term and long-term S&T advances—and how best to accelerate them.

Rapidly Shifting Global Capital Flows

The development of space is but one of many frontiers where the interests of commerce and defense intersect. Indeed, U.S. national security is inextricably linked to our economic security, and our economic security is unavoidably bound up with the fate of the global economy. We must develop more preventive capabilities, ensure responsible international trade, monetary, and investment policies on the part of the United States, and continue to update the missions and improve the functioning of the Bretton Woods international financial institutions (IFIs), which by and large have served us well in past decades but are now in need of reform. These, particularly the last, will not be easy things to do, given that private capital flows to the Third World now dwarf official development funds.

Sudden and enormous flows of capital through global markets are as likely to challenge U.S. and alliance security as any military action.

IFI and U.S. officials face a real dilemma: Encouraging private capital flows to meet the needs of economic development without, at the same time, increasing the likelihood of future financial crises requiring IFI "rescue" operations. The management of such crises has become more difficult as the composition of capital flows has shifted from earlier huge loans of major banks to today's more widely held investment instruments.

Even as economic factors have chipped away at the seemingly invincible American economy, technological and political factors have expanded it—while introducing in their own vulnerabilities. Enormous increases in cyber-attacks provide frightening evidence.³¹ Another basket of issues that cross jurisdictional lines and that brings home the complexities of the post-Cold War era is the intersection of energy, environment, and security. Recent months have served as a graduate seminar on the dangers of lacking an anticipatory energy policy from a social and economic standpoint, and future years may offer the same lesson from an environmental one.

Sudden and enormous flows of capital through global markets are as likely to challenge U.S. and alliance security as any military action by hostile or competitive powers.³²

³¹ Attacks on major Internet sites including eBay, Yahoo, and CNN are examples of such pervasive vulnerability. The attacks were followed by a 258-point drop in the Dow Jones Industrial Average and ended three days of consecutive record-high closes of the technology-heavy NASDAQ Composite Index.

³² The IMF's recently-created Contingent Credit Lines (1998) and the formation of the Capital Markets Consultation Group (2000) hold out some promise of being helpful, but creative study of further crisis-management instruments must continue.

In fact, the two phenomena can quickly merge. Military crises can spark financial ones, and regional financial upheavals can spark instability and volatile nationalism. **The numbers astonish: Daily foreign exchange transactions increased from \$10 to \$20bn in the 1970s to over \$1.8 trillion in 1999. Meanwhile, global capital market flows increased fivefold, from \$794 bn in 1991 to over \$4.3 trillion in 2000. There is a risk that financial crises, too, can be more rapidly transmitted from one region to another through these accelerating market mechanisms**. That is why creating economic and financial anticipatory and preventive capabilities is so critical to U.S. national interests.

To his credit, President Bush has called on the international community to prevent future international economic distresses rather than simply react to them. According to his plan, the IFIs would make grants (rather than loans) tied to economic performance before an economy is in such distress that emergency loans or other funds must be disbursed. This is an appropriate recommendation for a long-term solution. Grants can provide the same amount of aid, make every dollar more effective, provide a permanent exit from debt for the poorest countries, and protect donor contributions from risk or loss. Moreover, grants do not diminish the funding pool or place too great a burden on taxpayers of the industrialized world.³³

The crucial importance of global financial and economic issues constitutes an undeniable tenet of the strategic transformation. Any U.S. foreign and defense policy that does not have an economic component is no longer truly strategic. For example, turning China and Russia toward our common interests, and into helpful members of the world community, rests in part upon our use of the economic component. But the usual way economic leverage is exercised today, through massive sanctions applied indiscriminately to target countries, is the economic equivalent of attrition warfare and the opposite of maneuvering to change the will of the opponent. The Bush Administration deserves to be commended for moving in the right direction with economic sanctions that target Hussein and his regime more than the Iraqi people themselves. We need a more agile and varied array of economic tools in our arsenal; and at the same time we need a more trained focus on the sorts of financial threats that can arise so quickly and come home to American markets with lightning speed.

Expansion of open markets is also a strategic concern, as the President and his Trade Representative, Robert Zoellick, have recently emphasized. Zoellick placed trade in a strategic context by making an urgent call for trade promotion authority and connecting it to other efforts to secure trade agreements with Jordan, Vietnam, the democracies of the Americas, and China and Taiwan. The fact that one out of every five American manufacturing workers' jobs depends on export makes the success of such agreements all the more imperative.

We must especially push hard to remove barriers to the markets and economies of other industrialized countries. Barriers cripple poorer countries' ability to earn much-needed export revenues.³⁴ Moreover, the dangers of decline among developing economies present two key threats to global trade: protectionism, such as drastic capital controls, and nationalism, which can jeopardize much more than foreign investment. For example, the current financial situation poses serious social, political, and security challenges internationally and, in time, could erode free market progress made over the past decade

³³ Adam Lerrick and Allan H. Meltzer, "The World Bank is Wrong to Oppose Grants," *The Wall Street Journal*, 26 July, 2001.

³⁴ See also the July 17 speech by World Bank president Wolfensohn. It is urgent that the U.S. Congress grant the President "trade promotion authority" (in time for November's World Trade Organization meeting in Qatar) in order to enable him to conduct the needed negotiations—whether bilateral, regional, or multilateral.

in the developing world. In addition, this systemic risk is greater today than during the global distress of 1997-98 because nations live and trade in an increasingly integrated world, which places greater pressure not only on developing countries but also on an increasingly vulnerable U.S. economy.

Linkages Among Energy, Environment, and Security

Meanwhile, if a major portion of our geopolitical power derives from our massive, innovative economy, and if that economy is as dependent on foreign and diminishing domestic sources of energy as it is today, then the connection deserves to be treated as an issue of national security. By comparison, Eisenhower anticipated a transportation crisis in the United States that carried national security implications. He ultimately passed the 1956 Federal Highways Act, mandating the construction of 41,000 miles of divided highway in order to facilitate movement "around this country in case of attack."

The failure to expand our energy infrastructure (refineries, pipelines, power plants, and power transmission lines) in the United States was never considered a strategic problem, but it certainly is now. Energy, viewed as a national security issue, brings with it enormous complexities. The energy market is the prize of oil-producing countries. And access to and control of the resources will be an area of extreme competition—a peculiar game of market forces in which the United States is often ill-equipped. Energy, as a national security concern, is unlike others in that it is less about threats than it is about opportunities. The U.S. government can be successful in its energy policy only if it continually creates opportunities through a long-term anticipatory posture that shapes the energy environment.

The growing U.S. dependency on Middle East oil, the near-certainty of recurring energy price spikes as global energy demand and supply remain so finely balanced, the explosive growth in inefficient energy consumption across the globe, the political momentum to do more to limit global climate change, all point to the need for clearer, more insightful and anticipatory thinking, contingency planning, and preventive action on energy policy. These elements reflect the necessity for sharing such thinking among a dozen departments and agencies within an integrated national security complex.

Part of America's strength is that it is the largest single market for goods and services, and this fact holds true for energy use as well as technical hardware and innovation. However, the American economy is largely predicated on low-cost energy, and so it consumes more energy per unit of Gross Domestic Product (GDP) than most other industrialized nations. If America is to remain a model of productivity, which is a key measure of its continued economic growth, then we must foster as part of our strategy efficient energy consumption patterns at home and abroad.³⁵ This can be done by encouraging energy conservation, energy efficiency, and the development of other primary and alternative sources of energy, including nuclear energy while factoring in improvements in the safe disposal of spent nuclear fuel.³⁶

³⁵ To facilitate this, the President can direct appropriate federal agencies to remove constraints on the interstate transmission grid to better meet the nation's growing reliance on electricity.

³⁶ Americans can mitigate the environmental impacts of their energy use by continuing to employ more efficient technologies, especially in the areas of manufacturing, utilities, and transportation. The enormous market power of the federal government can help bring down the unit cost of new technologies, which can be coupled with tax incentives to consumers. For example, if some government facilities used solar panels to generate electricity, larger orders for these technologies might help reduce the cost of solar panels for private consumers.

Increased fossil fuel use may spawn massive environmental damage as well as new regional tensions, especially in the Persian Gulf.

The path we choose in our energy policy will define energy policies around the world.

Regardless of what actions the United States takes to limit energy use and emissions, the accelerating rate at which the growing economies of Asia use fossil fuels continues to pose a worrisome problem. We know that increased fossil fuel use may spawn massive environmental damage as well as new regional tensions, especially in the Persian Gulf, and these may easily turn global. We can imagine a dozen profound threats to the United States emerging from this process. An anticipatory, strategic approach would find strong, hardheaded security rationales for a long-range energy policy. Beyond opening up federal lands and other areas not available for exploration and providing incentives for drilling and production across-the-board, beyond finding new ways to approach conservation and efficient energy consumption, forging policies with Canada, Mexico, and other energy-rich nations to reduce our dependence on Middle East sources are called for as well.³⁷

There are two missing elements in our energy policy. First, we fail to recognize that the path we choose will define energy policies around the world. Second, each and every energy decision we make has a tradeoff that carries its own risk and cost. Meaningful energy independence is not achievable. For, all other issues aside, the American public has two concerns: energy availability and energy price. The best long-term response to undertake to respond to our energy supply and demand problems is to work toward an educated public. The government, the private sector, and an informed public can produce and move energy quicker and cheaper, and employ it in more efficient, environmentally-protective ways.

Communicating America

What is at stake, however, is more than just developing a strategic vision. How America communicates to the world in the new era is equally important in maximizing our power and influence and defending our freedom, democratic governance, open markets, and security .

The strategic reversal dramatizes how images and information respect neither time nor national boundaries, while ideas and capital move swiftly and unimpeded across many levels of a global network of governments, corporations, and nongovernmental organizations. For example, the Internet and other related forms of instantaneous information are projected to reach half the world's population by 2010 and become the central nervous system of international relations.³⁸ In short, the new era demonstrates how woefully insufficient is our traditional means of public discourse, better known as "public diplomacy."

The United States has tried to use the successive waves of the information revolution as a prime vehicle of influence and change. According to panelist Joseph Nye and Admiral Owens, "Knowledge, more than ever is power...The information edge is equally important as a force multiplier of American diplomacy, including 'soft power'³⁹ — the

³⁷ The President can direct the Secretaries of Energy and Commerce, the Council on Environmental Quality, and the U.S. Trade Representative to support sector-specific trade initiatives to expand global investment and trade in energy-related goods and services between the U.S. and those alternative producers.

³⁸ *Reinventing Diplomacy in the Information Age* (CSIS Panel Report, Washington, D.C. 1998), x.

³⁹ Joseph S. Nye, Jr., *Bound to Lead: The Changing Nature Power of American Power* (Basic Books, 1990). Nye defines "soft power" as the "ability to achieve desired outcomes in international affairs through interaction rather than coercion. It works by convincing others to follow, or getting them to agree to, norms and institutions that produce the desired behavior. Soft power can rest on the appeal of one's ideas or the ability to set the agenda in ways that shape the preferences of others. If a state can make its power legitimate in the perception of others and establish international institutions that encourage them to channel or limit their activities, it may not need to expend as many of its costly traditional economic or military resources."

⁴⁰ Joseph S. Nye, Jr. and William A. Owens, "America's Information Edge," *Foreign Affairs* (Volume 75, Number 2, March/April 1996), 20.

attraction of American democracy and free markets."⁴⁰ Indeed, the proliferation of new knowledge, media, and technologies transcends national boundaries and continues to foster globalization of business and finance. Our information and media dominance makes us the sole country to project our culture globally. This U.S. posture has made possible a greater democratization abroad and also has broadened the participation of various publics in international relations.

Unfortunately, some of the information revolution's benefits have been turned against us: Rising anti-American sentiments and negative perceptions of our "exports" — democracy, free trade, capital investments, our modern culture, and military strength, among others — coupled with hostile and terrorist actions, now threaten America's fundamental interests. Negative perceptions are often a diffuse threat, but over time, such perceptions can erode our power abroad, and ultimately, create conflict. For example, in the minds of some the United States has gone from an "indispensable power" to an "intolerable power" in less than a decade.

The demonstrations in Seattle, Prague, Quebec City, and Genoa, drive home the point that our public communications strategy must seek to educate the world's citizens about the intricacies of globalization. Globalization, in fact, is another facet of our organizational genius as a nation. The American assertions that all men are created equal and that life and liberty are inalienable rights, apply not only to ourselves but to all nations. **As globalization has accelerated and become more complex in response to the information revolution, some closed nations are understandably resistant to change. Globalization, however, cannot be stopped.** As we adapt to its opportunities and its pitfalls, we must encourage others to do the same, based on the rule of law.

Our failure to communicate convincingly our values and policies during the strategic reversal partially explains the loss of public influence and the growing anti-American trends. We must now address this oversight and acknowledge our own misorganization of our public communication resources. Most notably, the inclusion of remnants of the U.S.I.A. in the State Department narrowed and compartmentalized, indeed closed down, this important agency from communicating across the strategic spectrum. This fact, coupled with the aged technology now in use and budget cuts that the Voice of America, the Broadcasting Board of Governors, as well as the other related departments and agencies have suffered recently, further undermines efforts to propagate our values and maintain the high moral ground we gained at the Cold War's end. Perhaps, we need to remind ourselves and the world of Napoleon's adage, which Eisenhower clearly understood and meticulously applied, that the "moral is to the physical as three is to one," which is to say that perceptions can become more important than reality.

American legitimacy, credibility, and security abroad will wane further if we fail to develop a new public communications strategy that draws from the entire strategic spectrum and the machinery needed to implement that strategy. Rather than compartmentalize it in the State Department, the public communications strategy should seek to overarch the Departments of Commerce, Treasury, Health and Human Services, the Trade Representative, as well as other representatives of America's values and interests, and drawing especially on the creativity of the non-governmental sector. Perhaps we may need to give serious thought to whether some kind of public corporation or some new vehicle should be formed to achieve such a goal.

At a minimum, the new public communications strategy should seek to preempt countries and transnational groups that exploit hate, religious intolerance, and terrorism. This strategy must span religions and neutralize the kind of nationalism which

Globalization cannot be stopped...we must adapt.

inflames ethnic and religious differences and also incites anti-American sentiments. Saddam Hussein and Osama bin Laden, and the terror networks they inspire, provide a discouraging example of how parts of the Arab world are becoming convinced that the United States and the United Nations are responsible for the hardships that the Iraqi, Afghan, and other peoples endure. In China, the extent of anti-Americanism became evident during the recent collision of our surveillance plane with a Chinese fighter, and the subsequent crisis that ensued over the detained crew.

An important legacy of Eisenhower's strategic reassessment was the enunciation of a clear and compelling public communication strategy. He also built the requisite infrastructure to communicate America's message to the world through the new U.S.I.A. and the structures of VOA, Radio Free Europe and Radio Liberty. We need to think anew as did Eisenhower. Today, America needs to recruit all available means to maintain its decisive role in world affairs. The expertise of our public relations and high-tech firms, access to the latest technology offered by the information revolution, and the engagement of young, creative experts from the private sector who are on the cusp of the information revolution are but a few resources from which to develop and implement a new public communications program.

The President and Congress need to address the issue of perceptions, both by responding to real grievances and by managing the false expectations and accusations that some groups and nations lodge against us. **Our national interest is most often the common interest.** We thus need to rebuild our capabilities to speak to the world about America and what it truly represents.

IV. CONCLUSION

Adaptation is the leading measure of success of all enduring nations, organizations, and commercial enterprises. Conditions change, technology advances, demographics, values, as well as perceptions shift. Success in the long run depends on self-renewal, agility, and constant strategic self-assessment aimed at maximizing strengths and minimizing vulnerabilities. The strategic transformation of today invites a comprehensive review and renewal, as does the increasingly adverse reaction abroad to American power and a misunderstanding at home of our long-term national security interests, vulnerabilities, and opportunities.

Given our power, our values, and our history, one can say without hubris that America is indeed an indispensable world power for the foreseeable future. But we can only exercise that role with the requisite humility and restraint if we understand better our national direction and how we intend to pursue our interests. Many corporations do exhaustive, regularized, and institutionalized strategic planning as a matter of course because they recognize it as a crucial investment in their long-term success. The world's most powerful nation must do no less.

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CENTER FOR THE STUDY OF THE PRESIDENCY
1020 Nineteenth Street, NW · Suite 250
Washington, DC 20036
202-872-9800
www.thePresidency.org

