

Building “Situations of Strength”

A National Security Strategy for the United States

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ABOUT THE ORDER FROM CHAOS PROJECT

In the two decades following the end of the Cold War, the world experienced an era characterized by declining war and rising prosperity. The absence of serious geopolitical competition created opportunities for increased interdependence and global cooperation. In recent years, however, several, possibly fundamental, challenges to that new order have arisen—the collapse of order and the descent into violence in the Middle East; the Russian challenge to the European security order; and increasing geopolitical tensions in Asia being among the foremost of these. At this pivotal juncture, U.S. leadership is critical, and the task ahead is urgent and complex. The United States will need to adapt and protect the liberal international order as a means of continuing to provide stability and prosperity; develop a strategy that encourages cooperation not competition among willing powers; and, if necessary, contain or constrain actors seeking to undermine those goals.

In response to these changing global dynamics, the Foreign Policy Program at Brookings has established the Order from Chaos Project. With incisive analysis, new strategies, and innovative policies, the Foreign Policy Program and its scholars have embarked on a two-year project with three core purposes:

- To analyze the dynamics in the international system that are creating stresses, challenges, and a breakdown of order.
- To define U.S. interests in this new era and develop specific strategies for promoting a revitalized rules-based, liberal international order.
- To provide policy recommendations on how to develop the necessary tools of statecraft (military, economic, diplomatic, and social) and how to redesign the architecture of the international order.

The Order from Chaos Project strives to engage and influence the policy debate around the 2016 election and as the new administration takes office.

ACKNOWLEDGEMENTS

The Brookings Institution has tackled the challenges of international order and U.S. strategy since its founding, one hundred years ago. The Institution's history began in the shadow of the First World War that tore apart the international system of the preceding century. When the world descended into the cauldron of World War II, Brookings looked to the future. In the depths of that conflict, Arthur Millspaugh's *Peace Plans and American Choices: The Pros and Cons of World Order* reflected an early effort to open the American public's eyes to the responsibilities and burdens that the United States had to shoulder to prevent another slide into carnage.

Much has changed since the war and its aftermath, when Brookings scholars, at the Institution and in government service, fashioned and supported the underpinnings of the postwar order—including the United Nations and the Marshall Plan. Nonetheless, Millspaugh's words of 1942 remain as relevant today as when he wrote them: "How an ordered free world is to be established and maintained will depend largely on the leadership and policy of the United States."

In this tradition, in the fall of 2014, Executive Vice President Martin Indyk and Vice President & Director for Foreign Policy Bruce Jones conceived the Order from Chaos project. Since then, the initiative has harnessed the wide range of talents and expertise of Brookings scholars to examine and provide practical policy recommendations on the pressing issues of the 21st century.

At the center of this effort, Indyk and Jones together with Brookings scholars Robert Kagan and Thomas Wright sought to prepare a bipartisan strategy document to guide U.S. foreign policy as it enters this new era. Inspired by the documents of the early Cold War that produced the strategy of containment, these four scholars embarked on a project to craft an updated national security strategy for the 45th U.S. president. The aim of this project has been to produce a document that pulls no punches and provides in-depth analysis of America's strategic position, including the intentions of other powers and the dilemmas and trade-offs confronting policymakers.

Consequently, they convened the Order from Chaos Task Force. Beginning in summer 2015, leading Republican and Democratic foreign policy experts Derek Chollet, Eric Edelman, Michèle Flournoy, Stephen Hadley, Kristen Silverberg, and Jake Sullivan actively participated in this effort, lending their experience and expertise to help craft an innovative, bipartisan approach to American foreign policy.

The members of the group share certain assumptions about U.S. foreign policy and the world—all come from the internationalist school. General agreement on core principles is a necessary precondition of writing a meaningful report and avoiding the lowest common

denominator. However, this report is just the beginning of the conversation. We look forward to many months of discussing its findings, publicly and privately, with those who have a very different view of U.S. strategy.

Over a series of seven sessions between July 2015 and December 2016, these 10 members undertook a deep dive on U.S. foreign policy since the end of the Second World War, and as amended and adapted to the end of the Cold War. Assumptions underlying decades of American strategy were reassessed as the group debated the United States' national purpose. American interests in Europe, the Asia-Pacific, the Middle East and elsewhere were reevaluated in light of a shifting global landscape.

In addition to the work in Washington DC, this report relies on the extensive travel of Task Force members to bring fresh and timely perspectives from partners and allies across the globe. The report benefited from a September 2016 study tour of the Middle East. Given the region's rapidly changing dynamics, Task Force members Stephen Hadley, Martin Indyk, and Thomas Wright conducted a weeklong trip to engage with the leaders from the United Arab Emirates, Saudi Arabia, Egypt, Israel, and the Palestinian National Authority. These consultations provided invaluable insight into the outlooks of local partners and allies. In parallel, Jones, Indyk, and other members of the Task Force met with key national security leaders of the major U.S. allies, including in London, Paris, Berlin, and Tokyo.

These deliberations drew on the immense intellectual capital of the wider Order from Chaos project. The in-depth research of scholars across Foreign Policy at Brookings informed this final report and the Task Force is grateful to have been able to draw on this wealth of expertise. The long list of Brookings scholars that contributed to this effort can be found at www.brookings.edu/project/order-from-chaos/.

The Task Force appreciates the time and efforts of Fiona Hill, Tanvi Madan, Constanze Stelzenmüller, and Andrew Shearer in reading and commenting on drafts of the report. Their expertise on Russia, Europe, India, and East Asia helped to sharpen the arguments put forward in these pages. They would also like to thank Jonathan Kirshner and Jennifer Harris for talking with the Task Force about geo-economics and the global economy. And, they would like to recognize the contribution of Brookings scholars during a senior staff meeting on the report in November 2016.

Several people made vital contributions to the effort.

Tom Wright deserves special acknowledgement for his outstanding effort as the principal drafter of the report in its many iterations. His deep understanding of strategy and history, as well as his writing and negotiating skills, were indispensable to this effort.

Jessica Brandt's insights and analysis were welcome additions in meetings and as a member of the Middle East study tour. Nadav Greenberg supported the Task Force in its early days, assisting Martin Indyk in his role.

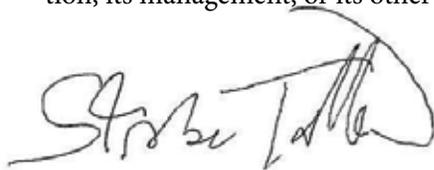
Yousef al-Otaiba, the United Arab Emirates ambassador in Washington, helped to arrange in-depth meetings with the leaders of Egypt, Saudi Arabia, and the UAE that provided the project with important insights on the research areas it covered.

Special thanks are due to Anna Newby and Rachel Slattery, who played a vital role in assisting with editing and oversight of report production. The work of Chris Krupinski, who is responsible for the report's layout, is most appreciated as well.

The Task Force members' deepest gratitude is reserved for Will Moreland, senior research assistant for the Project on International Order and Strategy at Brookings, who worked tirelessly and brilliantly on all aspects of this project and was instrumental in bringing it to a successful conclusion.

Brookings is especially grateful for the generous support of Danny Abraham, Jonathan Colby, Raj Fernando, Gail and Benjamin Jacobs, Ned Lamont, David Rubenstein, and Haim Saban. Their contributions to the Order from Chaos project made this Task Force and report possible. Their encouragement to Brookings scholars to engage in rigorous, in-depth and non-partisan work is a constant source of inspiration.

Brookings maintains the highest standards of quality and independence in the research, analysis, and prescriptions of its scholars. The conclusions and recommendations of this report are solely those of its authors and do not reflect the views of its donors, the Institution, its management, or its other scholars.

A handwritten signature in black ink, appearing to read "Strobe Talbott". The signature is fluid and cursive, with a large loop at the end.

Strobe Talbott
President, The Brookings Institution

EXECUTIVE SUMMARY

Since the late 1940s, in the wake of World War II, the centerpiece of U.S. grand strategy has been to build and lead an international order composed of security alliances, international institutions, and economic openness, to advance the causes of freedom, prosperity, and peace. In 2016, for the first time, the American people elected a president who was highly critical of this international order and its constituent parts. This did not come out of the blue. Anxieties about globalization and America's role in the world have been brewing for some time. Americans now face a consequential choice—to continue to lead and shape the postwar order or to leave it behind.

World politics took a sharp turn for the worse over the past five years as two decades of great power cooperation gave way to a new era of geopolitical competition. To succeed in the coming decades, the United States needs a strategy that begins with the setting of a clear goal: the renovation and reinvigoration of the postwar international order. We believe that President Donald Trump should take a leaf from President Harry Truman's Secretary of State Dean Acheson, who argued that the United States should build "situations of strength" around the world with like-minded nations and work with them to tackle the threats and challenges to U.S. interests.

Why the International Order Appears to be Unraveling

We are in the early years of the third phase of the U.S.-led international order. The first phase lasted the duration of the Cold War from 1945 to 1989 and was defined by U.S.-Soviet rivalry. The second phase was the roughly twenty-year period after the fall of the Berlin Wall in 1989 and was characterized by relative cooperation among the world's major powers and transnational threats. The third phase is marked by four trends.

1. The world is becoming more geopolitically competitive with great power challenges to U.S. leadership in East Asia and Europe.
2. Chaos in the Middle East is highly infectious and spreading disorder in the region and beyond.
3. Technology is having an increasingly disruptive effect.
4. Western dissatisfaction with the status quo has sapped the appetite for internationalism in the United States and Europe.

In the 1990s and 2000s, the positive elements of international order were mutually reinforcing. Now, they have gone into reverse and contribute to instability and disorder. This is a very different world than the one that presidents inherited in 1993, 2001, or 2009.

Interests and Intentions

In a more geopolitically competitive world, the intentions and ambitions of other countries are particularly important.

Vladimir Putin's vision of international order is fundamentally at odds with the interests of the United States. Putin believes that the U.S.-led postwar order weakens his hold on power and denies Russia the regional and global influence it deserves. He has made it his mission to weaken this order. Putin would replace it with spheres of influence in which major powers are preeminent in their respective regions and they all have a roughly equal say on matters of global importance. Russia will act unilaterally to defend its interests and to gain leverage over the West, including by means of military intervention; active measures against Western democracies; greater reliance on Russia's nuclear arsenal; and cyber-warfare.

The Chinese leadership has a more complex and multi-faceted view of the international order than Putin, largely because it benefits from the international economic order. However, China is seeking preeminence in East Asia and a weakening of the U.S. alliance system, and it is employing gradualist tactics to unilaterally change the status quo, particularly in the maritime domain. If China succeeds, it would likely dramatically weaken the rules-based character of the international order, undermine the U.S. position globally, and ensure that the geopolitics of East Asia is inherently unstable.

Most other nations define their interests in a way that is more compatible with the traditional U.S. vision than with Russia or China. While many nations have issues or problems with U.S. foreign policy, there is little desire to overturn the existing international order or for reducing America's global role.

Beset by crises, America's European allies have become more inwardly focused but they remain committed to the postwar order and are supportive of U.S. leadership. America's East Asian allies and partners presently all want greater U.S. engagement but they are very reluctant to be drawn into an endeavor that could be seen as containing or confronting China. America's Middle Eastern allies—Israel, Egypt, Saudi Arabia, Jordan, Morocco, and the United Arab Emirates—all want greater U.S. engagement in their region. The emerging powers—India, Brazil, Indonesia, and others—want a global order that is more inclusive and less Western.

Toward a Strategy

The United States must adjust its strategy to account for the fact that the world is more geopolitically competitive, that the Middle East regional order is collapsing, and that many

citizens—in the United States and overseas—question whether an open global economy can ever deliver on its promise. The Trump administration should continue to define U.S. interests broadly and it should seek to renovate and reform the postwar international order. America's most pressing challenge is to devise a set of integrated regional strategies, which must be guided by eight principles:

1. Understand the competitive nature of the challenge.
2. Restore trust with allies.
3. Deter revisionism that threatens the international order.
4. Distinguish between revisionism and legitimate aspirations.
5. Create and deploy leverage in U.S. diplomacy.
6. Deal with the most imminent direct threats to America: Islamist terrorism, North Korea.
7. Develop strategies that are resilient against uncertainty and share a common purpose.
8. Recognize that climate change is a geopolitical issue.

One of the U.S. administration's strategic objectives must be to create a new and favorable equilibrium across all these regions and domains. This will, by necessity, require an assertive and unyielding posture in some areas along with a prudent recognition that, at times, adjustments and compromises need to be made. This begs the question, how much should the Trump administration hold the line, how much should it change the existing order, and how much should it accommodate dissatisfied powers?

The United States should adopt an uncompromising position on any issue or dispute in which a rival power uses force, the threat of force, or roughly equivalent means of coercion (cyberattacks, covert operations, political subversion) to undermine, coerce, or invade its neighbors. The United States will not be able to stop every act of aggression by a rival power, but it can significantly raise the costs of such aggression and frustrate whatever strategic goal the aggression was intended to achieve. America must not send the message that the future will be shaped by those countries who can muster the will and military might to challenge the international order.

The United States should take a more flexible approach to issues or disputes where force and coercion are taken off the table. If other countries want to change the system by persuading other nations and people that it is not in their interests, then they are free to do so. The

United States should make its case as powerfully as possible, but it must accept and respect the right of others to advocate for change. In those cases, the United States should ask if there is a way to accommodate their demands while maintaining the core principles and benefits of the international order.

Regional Applications

Europe

A strong and prosperous Europe that supports and strengthens a renovated and revitalized international order is in America's immediate and long-term interests. The United States should reaffirm its commitment to NATO and its support for the European Union. It should support completing integration in those areas, primarily economic, where the EU remains exposed to external crises. The United States also has an interest in Brexit negotiations producing a strong and successful independent Britain engaging constructively with a strong and successful European Union. The United States should seek to revitalize transatlantic trade by negotiating an economic agreement with the EU that addresses some of the real shared concerns about the global economy, including cybersecurity, lessons learned from sanction regimes, resisting state-sponsored distortions to the market, and energy issues.

In Europe, the United States must block and deter Russian aggression wherever it violates the principles of the international order and thereby impinges on our interests and those of our friends and allies. Once deterrence has been reestablished and the parameters of a new equilibrium are clear, the United States should be willing to negotiate a *modus vivendi* with Moscow that respects Russia's interests and those of the United States and our European allies and partners consistent with the principles of the international order.

Asia-Pacific

The foundations of U.S. strategy in Asia historically have been alliances and a forward U.S. military presence, free trade, open institutions, and support for democracy. This strategy is now principally challenged by China's assertiveness and revisionism. To preserve the international order in East Asia, the United States must prevent China from establishing control over an expanded sphere of influence in the Western Pacific. However, the United States must also make it clear that China has a hugely important role to play in our vision of regional order in East Asia. It can play this role in the institutional structure of the region and its many multilateral forums, some of which will require reform. The United States can also work with China as it increases its engagement to its west, particularly through initiatives like "One Belt, One Road."

The United States must also comprehensively engage its allies—economically as well as in the security realm—and deepen its ties with India. The United States must also enhance de-

terrence against a gathering threat from North Korea and develop options to prevent it from acquiring a ballistic missile capability that can threaten the American homeland.

Middle East

In the Middle East, America's first goal must be to restore stability in the region through increasing engagement with our traditional friends and allies and restoring trust where necessary. The United States should prioritize economic reform and modernization to create the conditions for progress in the Arab world. The United States must balance Iran and deter it from aggressive actions that threaten stability, international order, and our vital interests or those of our allies. The goal of this balancing should be to change Iranian behavior, which would allow for engagement on regional security issues. The Trump administration needs to ensure that the nuclear agreement with Iran—the Joint Comprehensive Plan of Action (JCPOA)—is strictly enforced and that the Iranian leadership understands that the international community will never accept an Iran with a nuclear weapons capability. In Syria and Iraq, the Trump administration should pursue the defeat of ISIS to the end but it must also prepare for the day after. In Syria, that means increasing U.S. leverage vis-à-vis Russia and Bashar al-Assad, and taking steps to prevent Iran from emerging as the big winner from the war. In Iraq, the Sunni communities in liberated areas will need to be protected by the Iraqi government and more equitable power-sharing arrangements and revenue distributions will need to be promoted.

Implementation

The United States must implement this strategy using its military, diplomatic, and economic power. Specific steps include the following:

Military Power

- Preserve a preponderance of power and America's military edge.
- End the 2011 Budget Control Act caps and the threat of sequestration.
- Strengthen and modernize U.S. alliance capacity.
- Update deterrence by enhancing the credibility of existing U.S. security commitments and developing proportionate responses to aggression against non-allied governments.
- Inch toward a cyber equilibrium by building credible expectations among allies, rivals, and non-state actors as to U.S. offensive and defensive capacity, and the magnitude of an American retaliatory action for certain offenses.

- Modernize the U.S. nuclear arsenal and supporting nuclear infrastructure and reassure our allies of the continued U.S. commitment to extended deterrence.

Diplomatic Power

- Build “situations of strength” with allies and partners before negotiating with rivals.
- Reaffirm U.S. interests and commitments, particularly to allies and partners.
- Embrace both new and old multilateral platforms for shared problems.
- Gain support of allies for coercive diplomacy.
- Maintain values of democracy and human rights in U.S. diplomacy.

Economic Power

- Expect and prepare for a new international financial crisis.
- Recognize that a strong national economy requires a strong global economy.
- Make economic diplomacy more ambitious by tackling the numerous fault-lines and problems in the global economy that directly and detrimentally impact the United States and American workers.
- Leverage economic power responsibly by using sanctions in response to exceptional acts of aggression or illegality, by seeking multilateral support, and by keeping in mind the U.S. interest in an open global economy.
- Make economic decisions that take into account the necessity of maintaining America’s competitive advantage and national security needs in the coming decades.

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PART 1:

Internationalism in a Populist Age

“We must carry forward in our own determination to create situations of strength in the free world, because this is the only basis on which lasting agreement...is possible.”

—Dean Acheson, *Present at the Creation*, p.378

After World War II, the United States established an international order to prevent another global catastrophe. It consisted of three key elements: a political order that favored the protection of individual rights and freedoms under democratic government; an open economic order that favored the market and a free international trading system; and a security order that protected democratic allies, deterred aggression, and prevented great-power conflict. For almost seventy years, this order has been at the heart of American strategy. It has had many successes, including: the transformation of Germany and Japan into peaceful democracies and economic powerhouses; the containment of the Soviet Union and communism; treaties, institutions, and rules to tackle global threats and challenges; unprecedented levels of economic growth, both in the United States and globally; a system of alliances that helped to achieve a prolonged period of great power peace; and the legitimization of American global leadership across multiple regions and issue areas. In short, the current U.S.-led international order has served American interests well for the past seven decades, and certainly better than its alternatives.

We call this a “U.S.-led” international order not out of excessive vanity or national pride but because the United States made a conscious choice after

the end of World War II. It chose to define its national interests broadly, not narrowly, and to help build and maintain this order out of a conviction that it both served America’s long-term interests and the interests of most other states in advancing global prosperity and security. And for most of the postwar period, it did. However, the world has changed dramatically since the postwar order was established and some of these changes require adjustment or adaptation, including the better integration of major emerging economies like Brazil, China, and India.

In 2016, for the first time, the American people elected a candidate who was highly critical of this international order and its constituent parts. Donald Trump pitted his *America First* platform against an allegedly “globalist” status quo. Foreign policy was not the dominant issue in the election but President Trump’s victory demonstrates that many Americans believe they are not beneficiaries of the existing international order. They worry that the United States is overextended internationally and has lost sight of the national interest. A significant number believe globalization benefits elites at the expense of ordinary Americans.

Their concerns, particularly in the economic sphere, are not imagined. Policymakers of both parties took decisions that contributed to the 2008 financial crisis. Advocates of economic integration have been unable to find an answer to how workers in certain industries, such as manufacturing, can succeed, or indeed survive, in a globalized world, and how new services jobs can provide the dignity and wages people deserve. Some of these problems are balanced by policy successes—the response to the 2008 financial crisis was far superior to that of the 1930s—but the anxiety and insecurity felt by millions of Americans is real and needs to be addressed.

President Trump was most successful at capturing these anxieties, which have been brewing for two decades, but he was far from the only one who noticed and appealed to them. On the Democratic side, Bernie Sanders appealed to a liberal nationalism that promised to bring jobs home and do less overseas. Even President Obama sought to limit America’s overseas commitments in favor of what he called “nation-building at home.”

The future of U.S. foreign policy as we have understood it for almost 70 years is now in doubt. The question that confronts us as a nation is as con-

sequential as any we have faced since the late 1940s: ***Should the United States adopt a new grand strategy that no longer prioritizes securing and sustaining a U.S.-led liberal international order and instead pursues a narrower, more nationalist approach to foreign policy?***

Many will answer in the affirmative. Why should the U.S. government not define America’s interests like other nations do, in narrow terms—territorial defense, the security of our citizens, and a healthy national economy—instead of maintaining something that sounds abstract—international order—and promoting stability, prosperity, and human rights across the globe? This urge is not new. In the mid-1940s, most Americans were of a similar mind, only to change their minds, and support a more expansive foreign policy, when confronted with the communist threat.

The recent erosion in support for American internationalism is, in many ways, overdue. No country in history has ever played the role that the United States has played over the past 70 years. There is no comparable analogy; even the British Empire, which is often mentioned as comparable, was an extractive and exploitative enterprise that sought to remain aloof from the balance of power in continental Europe, which is precisely the opposite of what the United States sought to accomplish after 1945. It is therefore impressive that there was overwhelming support for this most unusual of grand strategies for so long. It is perhaps best explained by the sense of “greatness” this higher purpose bestowed on Americans, that we were pursuing something more than our narrow interests that benefited a significant proportion of humankind.

We believe that abandoning traditional U.S. support for the international order would be a serious strategic error that would leave the United States weaker and poorer, and the world more dangerous. It would encourage revisionist states to destabilize Europe, East Asia, and the Middle East. It would reduce global economic growth and leave us vulnerable to a new financial crisis. And it would damage efforts to tackle shared challenges like terrorism, nuclear proliferation, and climate change that have very real—and potentially very damaging—impacts here at home.

The last time an unraveling of an existing international order occurred was in the 1930s, and the result was depression and world war. Indeed, much of

The last time an unraveling of an existing international order occurred was in the 1930s, and the result was depression and world war.

the violence and disorder we see in the world today results from the weakening of the current order. Moreover, the existing order must be assessed relative to the plausible alternatives. The best case outcome in light of an American retreat from the international order is a spheres of influence system whereby China dominates much of East Asia, Russia dominates much of Eastern and Central Europe, and the United States is preeminent in its own hemisphere and possibly Western Europe. Spheres of influence approaches to international order are inherently unstable, largely because the lines of demarcation are contested. It is a configuration prone to great power conflict. And the process of transition from an open global order where small nations have rights to a more imperial model would be particularly fraught.

We continue to support America’s post-World War II international purpose because, as imperfect as it is, the United States benefits hugely from a functioning and healthy international system. We do recognize, however, that the post-Cold War order needs serious renovation. The United States is facing new challenges that must be addressed. We believe that the Trump administration can best achieve its objectives if it seeks to reform and strengthen the international order instead of abandoning it. The United States has the power and the partners to accomplish this if it so chooses. The American economy has recovered more quickly than other advanced industrialized democracies. Demographic trends are positive. The country continues to maintain an edge in technological innovation. The United States also continues to enjoy the support of most countries on every continent insofar as its goal is to uphold the international order. Despite 15 years of inconclusive and increasingly unpopular wars and the self-inflicted wound of a trillion dollars in defense budget cuts, the United States remains the only country with global military reach, albeit with rapidly diminishing comparative qualitative advantages over putative competitors.

We believe that the United States is strongest when it builds what President Harry Truman’s Secretary of State Dean Acheson called “situations of strength” with like-minded nations and then negotiates collectively with rival powers. What Acheson understood was that America’s most important diplomatic asset was the fact that major democratic powers saw their interests as largely aligned with those of the United States. Both then and today, those nations also want recognition of international borders, stabil-

ity and peace, an open economic system that promotes mutual prosperity, and international cooperation to tackle shared challenges. Acheson knew that if the countries of the West negotiated with the Soviet Union individually, Moscow could play a game of divide and conquer. But if they could deepen their cooperation, they would be in a much stronger position. This required an enlightened strategy on the part of the United States to focus first on working with its friends instead of dealing first with its enemies. Building “situations of strength” in the 1940s laid the foundation for sustained American power. It can do so again today.

There are domestic problems: political dysfunction in Washington; an economy that is shedding manufacturing jobs; a media environment that is increasingly splintered, partisan, and sensational; the national debt; and deficiencies in the education system. But these are more manageable and less severe than the challenges our competitors face, whether it is the middle-income trap for China, the need for dramatic structural economic reform in Russia, or the problems of political legitimacy, demography, and deeply rooted corruption in both. There is no doubt that the United States has the capacity to continue to play a leadership role. And the reward for Americans—of prolonged peace, an open and prosperous global economy, and capable democratic partners—would far outweigh the costs.

However, to reform the order, we must first understand the problems with, and challenges to, it. That is the topic to which we now turn.



PART II:

Why the International Order Appears to be Unraveling

We are in the early years of the third phase of the U.S.-led international order. The first phase lasted the duration of the Cold War from 1945 to 1989 and was defined by U.S.-Soviet rivalry. The world was essentially divided between two competing blocs with some smaller states striving to avoid alignment with either superpower. This early U.S.-led order was confined to Western Europe, North America, and parts of the Western Pacific, spreading in the 1970s to the Middle East. The cost of maintaining the order was incredibly high—a nuclear standoff, proxy wars, and massive defense budgets—but so too were the benefits, including reconciliation in Western Europe, an open international economy, and the democratization of Germany and Japan. Successive generations of Americans deemed it to be worth the price.

The second phase was the roughly 20-year period after the fall of the Berlin Wall in 1989, and it had several defining characteristics. Perhaps the most important was the relative absence of great power rivalry. This was a historical anomaly. Not even the much-fabled Concert of Europe saw the degree of great power cooperation and integration that occurred in the 1990s and 2000s. Russia, China, and other nations acquiesced to American leadership. They did not always agree with U.S. foreign policy—and there were occasional spats—but they did not arm our enemies, attack our partners, or systematically seek to frustrate and stymie our strategic goals. This was partly because they lacked the capacity but also because they enjoyed the benefits of the status quo.

The relative absence of great power rivalry should not be confused with peace and harmony. It is true that given the permissive great power envi-

ronment, the United States and the wider international system turned its attention to solving humanitarian crises, and many wars were brought to an end. Still, episodes like the breakup of Yugoslavia and genocide in Central Africa saw hundreds of thousands of lives lost and huge refugee flows. Moreover, it was during this era that we experienced the rise of Islamist extremism. The 9/11 attacks on the United States brought about a new dimension to U.S. international action—a drawn out battle against Islamist terrorism that is with us still and will be for some time to come.

The post-Cold War era was not just about threats. In fact, for the vast majority of people on the planet, it was about opportunity. Globalization had dramatically positive consequences. Dramatic increases in international trade and investment boosted global growth. A billion people rose above extreme poverty.¹ Technological revolutions opened up a new era of global communication. Deregulated finance spurred robust and prolonged growth. Economic “bubbles” burst without lasting damage.

Despite all of the problems—terrorist attacks, ethno-sectarian civil wars and local conflicts, and economic disruption—this was an optimistic age. The overwhelming sense was that the world was converging on a single model of international order. The United States seemed destined to lead or, at the very least, to leave a lasting legacy since even those who predicted America’s relative decline argued that rising powers like China would keep the U.S.-led order pretty much the same, so obvious was it that the existing order benefited all nations and people, regardless of their nationality.

And yet, the antecedents of today’s problems were hidden in plain view. Russia and China never really integrated into the political and security order (although China did much on the economic front). Real economic dislocations for many accompanied the apparent triumph of globalization, along with deep-seated anxieties and political protest, especially in the 1990s. Non-state actors challenged the status quo and Arab governments were on the cusp of a crisis of legitimacy.

Looking back, it is possible to see that the 2008 financial crisis precipitated the end of this second phase of the U.S.-led international order. We are no longer in the post-Cold War world. The external environment has become much more challenging and the perceived benefits of globalization

and U.S. global leadership have declined. It is an era of negative synergy as each crisis and setback creates or worsens a crisis elsewhere, often far away. Around the world, nations are either dissatisfied with their present or worried about their future. Since we are just in the early stages of this third phase, these trends still appear ambiguous to some. But they are also unmistakable.

1. The Return of Great Power Rivalry

A defining characteristic of this new phase is the return of great power rivalry after a two-decade absence. Russia and China were never entirely satisfied with the international order and U.S. leadership. As they became more capable, they had the capacity to balance against the United States if they chose to do so. Indeed, both flirted with rivalry—with Russia’s invasion of Georgia in 2008 and Chinese assertiveness in the South China Sea in 2010. They were soon motivated to move sharply in that direction. Moscow and Beijing perceived a threat to their regimes from the international order’s support for democracy and worried about the consequences of integration into it. They also coveted greater influence in their regions and took steps to carve out expanded spheres of influence while weakening core elements of the existing international order.

Although there are some similarities, Russia and China have gone about this in very different ways. Russia, by most measures, is a declining power that has relied on its residual hard power. It rearmed, invaded neighboring Ukraine to prevent it from moving closer to the West, and increased active intelligence measures and cyberattacks against the United States and its allies (targeting governments, companies, and private citizens). Russia is developing new and more usable nuclear weapons and doctrine that lowers the threshold for nuclear use, while placing those weapons at the center of its training exercises and contingency planning. Russian President Vladimir Putin has also articulated a coherent ideological critique of the current international order, accusing the United States of using the language of universalism to further its own narrow interests.

China is a rising power that is undertaking a massive military modernization project.² However, it has a more balanced economy than Russia, so it has options beyond hard power, and Beijing also has a greater dependence on economic relations with the United States. It has not chiefly relied on

the use of kinetic military force but it is using other facets of its national power—particularly paramilitary tactics such as employing civilian ships, as well as pursuing the development of asymmetrical military capabilities—to unilaterally change the status quo in the South China Sea, to seek preeminence in the East China Sea, and to weaken the U.S. alliance system in the Western Pacific. China’s economic power in particular has greatly affected its neighbors, increasing their economic dependence on China and increasing China’s influence and power over them.

Russia has sought a closer relationship with China, but cooperation between the two still falls well short of a formal alliance or strategic partnership. There have been several instances of tactical cooperation, however, including joint operations in the South China Sea and a combined effort to block the expansion of the U.S. missile defense network, which they each perceive as targeting their military assets.³ There have been significant joint economic ventures centered chiefly on natural gas. And they are joined in an effort to undermine so-called Western values (really universal human values) at home and abroad.

The United States has responded in Europe by imposing sanctions on Russia while bolstering NATO, and in East Asia with freedom of navigation operations while deepening alliances and partnerships. Growing tensions between the West and Russia and between the United States and China go well beyond competing interests in Ukraine or over uninhabited sand spits in the South China Sea. Fundamentally, they are about whether Russia and China will acquire spheres of influence in their neighborhood or if these regions will continue to be organized on the principle that all states get to decide their foreign relations free from military pressure or coercion.

To understand the effect that this rivalry will have on U.S. foreign policy, it is useful to consider the distinction between two types of geopolitical competition. The first is a security dilemma, where all major powers favor the status quo but one power’s efforts to defend itself can be interpreted by another as offensive and leads to a spiraling of tensions. The solution to a security dilemma is transparency and reassurance. The second is a struggle between status quo and revisionist powers, with the revisionists using force or other means of coercion to overturn core elements of the international order, particularly by acquiring territory or establishing a sphere of influ-

U.S. strategic thinking for much of the post-Cold War period was premised on the assumption that new challenges would stem almost entirely from security dilemmas.

ence. Transparency and reassurance are not sufficient in this case because there are real clashes of interest.

The present situation has elements of both, but it is more of a revisionist challenge than a security dilemma. Unfortunately, U.S. strategic thinking for much of the post-Cold War period was premised on the assumption that new challenges would stem almost entirely from security dilemmas. Revisionism is a particularly thorny problem. There is a well-established pattern to revisionism throughout history. Revisionist states tend to probe for the non-vital interests of their rivals. They know that if they target vital interests, there will be a response. But, if they go after the territory of non-allied states or places few people have heard of, it will be difficult for their rivals to respond. After all, nobody wants a war over a rust belt in Eastern Europe or an uninhabited rock in the South China Sea.⁴

The problem is that in the aggregate, these non-vital interests are important to international order. A thinly sliced salami is still sliced. Moreover, these disputes often involve fundamental principles, like respect for existing borders, what constitutes an exclusive economic zone, and freedom of navigation. Recognizing the dilemmas that revisionism can create is not to excuse it, but rather to identify clearly the challenge confronting the United States—which is when, where, and how to deter aggressive behavior that does not threaten its vital national interests but still threatens the overall international order.

Transnational challenges remain, of course, but they have not become so overwhelming as to render traditional geopolitics obsolete. In fact, many transnational issues will become more difficult to deal with precisely because inter-state competition is back. Imagine managing a financial crisis in East Asia at a time of high tension between Japan and China, or promoting democratic reform in unstable regions given Russia’s counter-revolutionary foreign policy. Even problems where interests are aligned will be more difficult to resolve as nations ask how they fit into the larger geopolitical struggle.

2. The Collapse of Order in the Middle East

The return to great power rivalry has occurred alongside the collapse of the U.S.-led regional order in the Middle East. This collapse has deep roots. Signs of strain were evident before the terrorist attacks of 9/11, which was

one of the reasons why the Bush administration was motivated to topple Saddam Hussein since he threatened the existing regional order. Ironically, the invasion of Iraq, together with the failure of American efforts to resolve the Arab-Israeli conflict, did much to exacerbate those strains. However, there was already corrosion at the core of the regional order because aging authoritarian Arab rulers had become less efficient, more corrupt, and less responsive to the basic needs of their people.⁵ President Bush hoped to establish a functioning pro-American democracy in Iraq that would be a catalyst for democratic change in the region, thereby connecting the region more effectively to the international order. The failure of this effort exacerbated pre-existing trends, including by opening Iraq to Iranian domination and by fueling violent Islamist extremism.

President Obama came into office determined to end American engagement in wars in the Middle East, which had extracted huge costs and the loss of thousands of lives, and to rebalance American engagement abroad in favor of Asia. This approach was reinforced by war-weariness among the U.S. public and the onset of hydraulic fracturing in the United States, which reduced the strategic value of American interests in the Middle East’s massive oil reserves.⁶ Thus, at the same time as the regional order was eroding from within and eventually erupting in revolutions, the dominant external power was less willing to hold the ring.

The Arab Awakening caused the fault-lines within Arab states finally to fracture. The revolutions in Tunisia, Egypt, Libya, and Yemen, and demands for freedom in Syria and Bahrain, initially appeared to herald a more hopeful era in which ordinary Arabs would have a say over their future which they would use to push their states toward reform and openness. It did not happen. The rise of the Muslim Brotherhood and other forms of political Islam to fill the political vacuums created by the Arab Awakening posed a fundamental challenge to those Arab rulers who had managed to maintain their hold on power. Meanwhile, Shiite Iran took advantage of upheavals in Sunni states with significant Shiite populations to advance its hegemonic ambitions; Saudi Arabia responded in kind by turning domestic strife into regional proxy conflicts in Iraq, Syria, and Bahrain, as well as the Saudi-led Gulf Cooperation Council’s (GCC) intervention in Yemen’s civil war. Deep divisions within Sunni Islam created the openings for the rise of radical Salafist groups. Meanwhile, the malfeasance of Iraq’s

democratically-elected Shiite government and the Obama administration's decision to withdraw all American troops in 2011 exacerbated conditions that facilitated the takeover of the Sunni provinces of Iraq by ISIS. And, most tragically of all, peaceful protests in Syria begot a brutal response from the Assad regime. The Obama administration's consistent reluctance to take steps to address the burgeoning crisis opened the door for intervention by Iran and Russia on behalf of the Assad regime, and Saudi Arabia and Qatar in support of the opposition, leading to a devastating civil war that still rages today. A terrifying negative spiral took hold as each of these developments reinforced the worst elements of the other and all but collapsed the regional order.

The Middle East is now an open and gaping wound in world politics. The Syrian civil war has either invited or dragged in numerous outside powers, including Iran, Russia, Saudi Arabia, Turkey, and, reluctantly and belatedly, even the United States. Over 470,000 people are dead and 11 million are displaced.⁷ Many millions of refugees have sought safe harbor in neighboring countries. Many others are seeking refuge in Europe, with uncertain consequences for the cohesion and political stability of the European Union. ISIS was empowered by the chaos of the civil war, effectively replacing mainstream opposition forces in many rebel-held areas in Syria and linking up with the ISIS-controlled territories in Iraq, while Jabhat Fateh al-Sham (previously known as al-Nusra), an al-Qaida franchise group, also gained in strength.

In 2015 and 2016, ISIS also began to launch attacks outside the Middle East region, including devastating operations in France, Germany, and Turkey. ISIS now poses a severe and direct threat to the United States and its allies. It may not be an existential threat, on a par with that posed by the Soviet Union or Nazi Germany, but it is a persistent and significant danger, particularly in Europe; if left unchecked it would likely result in mass casualty attacks like those of September 11, 2001. There is an ideological dimension to the ISIS threat that stems from strands within Islamist thinking. This ideology has enabled ISIS to recruit disaffected and alienated young Muslims to carry out horrific attacks on civilians. Some are coordinated with ISIS leadership and some are not.

The rising threat posed by ISIS and the global jihadi network has precipitated an escalating, but still reluctant and piecemeal, return of U.S. air-

power, military advisers, and special operations forces to Iraq and Syria. And in the meantime, America’s relations with all of its traditional allies and partners—Egypt, Saudi Arabia, the United Arab Emirates (UAE), Jordan, Israel, and Turkey—have become strained, further complicating the task of restoring order.

The situation in the Middle East is so egregious that some have compared it to the beginning of the Thirty Years War—the 17th century religiously-motivated conflict that claimed over a third of the Central European population.⁸ It is certainly a humanitarian and geopolitical calamity. There is a real threat of contagion, including terrorist attacks that could destabilize key U.S. allies in the region, in Europe, and parts of Africa, threaten the U.S. homeland, and further undermine the existing international order.

3. Pressure from Within

The challenge to the current international order does not just come from without but also from within. There is a deep-seated anxiety about the effect that globalization has had on the lives of everyday Americans. In the 1990s and 2000s, the winds of globalization were at our back, powering us forward. Today, they seem to be in our faces, making progress harder. The stalling of this phenomenon generated a sense of anxiety about job security and the future of their children in the minds of many Americans. This anxiety has become more pronounced the further removed we are from the financial crisis of 2008, because the standard of living of many American workers has not risen since then. The financial crisis exposed deep fissures in the U.S. economy and ensured that the recovery would be slower and more painful than from a regular recession. The current anxiety also has to do with fundamental and transformative changes in the global economy, largely wrought by technological innovation. Artificial intelligence, robotics, autonomous machines, quantum computing, and 3-D printing all raise real questions about where jobs and growth will come from, how social safety nets will be sustained, and how countries can harness their competitive edge.⁹

Citizens are also frustrated that governments seem unable to work together to increase global growth. The problem is no longer just market access and tariff barriers. It is how to repair fault lines in international finance, generate investment by the private sector, address the role of the public sector (particularly state capitalist policies that run large surpluses but keep those

The widespread sense that elites continue to prosper and benefit from globalization while much of the middle class grows poorer has contributed to a wave of populism on the left and the right.

funds on the sidelines), counter a new generation of “barriers behind borders” (policies that stifle open competition and protect local players), and respond to real shortcomings in international corporate tax regimes that result in governments starved of revenue. The widespread sense that elites continue to prosper and benefit from globalization while much of the middle class grows poorer has contributed to a wave of populism on the left and the right.¹⁰ This anxiety occurs in parallel to falling confidence in government itself and its ability to make the right decisions for the country, declining democratic norms, and opposition to some of the changes underway in societies as a result of globalization, particularly migration.¹¹ This puts democracy itself under pressure—a fact that has been exploited by Russia (and to a lesser extent by China) as revisionist leaders see an opportunity to promote anti-democratic forces.

Meanwhile, the United States remains vulnerable to a financial crisis. A great depression was avoided in 2008 and 2009 for one reason: the major economies responded wisely and cooperatively.¹² This policy success was helped by the fact that the crisis occurred in a security environment relatively free of great power competition, during a period of growth, and with a relatively functional U.S. political system. Unfortunately, conditions are much worse today. There is less political space for a coordinated and prudent response. Not only would a new crisis likely spiral out of control, it might also tip the balance of domestic politics in an even more protectionist and nationalist direction in the United States as well as many other countries.

The anxiety is not confined to the United States. It is rampant in Europe too. For decades, Europeans believed they could prosper by integrating and cooperating with each other. Now, they share all the anxieties of Americans about globalization but they also worry that their commitments to the European Union leave them exposed and vulnerable, whether on migration, banking, or monetary policy. The political trends are nationalist and populist, as politicians offer unilateral solutions that usually entail reversing European integration, rolling back globalization, and putting the burden on other states. Interestingly, the populist surge is primarily European and American. It has largely been missing in East Asian democracies, with the notable exception of Rodrigo Duterte’s 2016 electoral victory in the Philippines, which could be a sign of things to come.

In the absence of good answers to these problems from those who favor openness and cooperative action, many citizens are seeking to wall themselves off from change, to blame others for their plight, and to try to turn the clock back. When isolationist sentiment last appeared in the early-to-mid-1990s, it was because some people believed the world was safe and could take care of itself without much management. Today, they worry that it is a dangerous place—not just with regard to hard security but also economically—and they want to wall themselves off. Arguments that such a path is counter-productive have proven to be insufficient to arrest the trend.

4. Technological Change as a Two-Way Street

Great power rivalry may be making a return but one of the most striking features of contemporary world politics is the role played by other actors and ideas—political Islam, Wikileaks, private foundations, super-empowered individuals, and others—propelled forward by rapid technological change. This can create the impression that the world, and maybe the nature of power itself, has been transformed.

None of this is, strictly speaking, new. An assassination by the terrorist group the Black Hand was the trigger for World War I. Communism had widespread appeal across borders, including in Western societies. The advent of the telephone, the airplane, nuclear weapons, and the microchip all had as much if not more of an impact on the world as social media or cell phones. This should make us somewhat cautious about predicting the end of power or the state-centric system, but there is little doubt that significant change is occurring with profound implications for foreign policy.

In the 1990s and 2000s, the benefits of technological change were widely believed to outweigh the costs. Now, the disruptive effects of technology are being felt, frequently painfully. Technology no longer clearly nets out as strengthening the international order. Autocrats have used the internet and social media as tools of repression. Governments and businesses find their secrets and private correspondence unveiled for all to see. Individuals lose their jobs to automation. Democratic elections are more vulnerable to outside interference. Technology has also empowered terrorist organizations, like Islamic State, giving them the power to propagate their ideology across the globe, and endure and reinvent themselves.¹³ These challenges show no signs of abating.

The advent of social media is also changing the very nature of identity, including political identity. It is easier now than ever before for individuals to identify with the like-minded from other nations and to organize in pursuit of a common goal—whether it is human rights, internet freedom, extremism, or something else entirely. This transnational activism can sometimes supplant citizenship as the primary political affiliation for large numbers of people.¹⁴

Technological change and transnational political identities have layered over traditional geopolitical divides and are being used by major powers for their own ends. After a slow start, Russia and China both are investing heavily in retooling and subjugating the internet and utilizing social media and other means for disseminating propaganda. They have also worked, either formally or tacitly, with hostile non-state actors, disaffected government employees, and technologically savvy individuals to undermine Western governments.

The politically disruptive effects of technology are likely to accelerate in the coming years. President Trump will have to cope with the consequences and deal with a wide array of non-state actors—friendly, hostile, and agnostic—on virtually all foreign policy issues.

The bottom line is that relative to the past 20 years, the costs of maintaining the postwar international order are increasing while its perceived benefits are decreasing. The world is becoming more geopolitically competitive with great power challenges to U.S. leadership in East Asia and Europe. Chaos in the Middle East is highly infectious and spreading disorder in the region and beyond. Technology is having an increasingly disruptive effect. And, Western dissatisfaction with the status quo has sapped the appetite for internationalism in the United States and Europe. In the 1990s and 2000s, the positive elements of international order were mutually reinforcing. Now, many dynamics have gone into reverse and contribute to instability and disorder. This is a very different world than the one that presidents inherited in 1993, 2001, or 2009.

Ironically, the United States is well-equipped, but ill-prepared for this new, more geopolitically competitive, era. To succeed in the coming decades,

we need a new U.S. strategy for dealing with these complex challenges that begins with the setting of a clear goal: the renovation and reinvigoration of the international order.

To achieve that objective requires articulating and advocating to Americans the value proposition of this commitment to U.S. global leadership and developing specific strategies to counter each of the challenges to it, both within the United States and across the globe. It calls for a major undertaking, similar in scope, though very different in nature, to the challenge the United States faced at the beginning of the Cold War.

It may seem an unlikely proposition, given the ideas President Trump articulated during his election campaign. But the costs of a failure to do so will be high. Deals can be made to bring short-term stability amidst many of the current crises. But if we do so at the price of abandoning the principles in which the postwar international order is rooted, we will see a world that is increasingly uncongenial to American values and interests and, ultimately, even less stable and more dangerous than the world we inhabit today.



PART III:

Intentions and Interests

Putin believes that the existing order is a façade. It is shrouded in the language of universal values and global institutions but the order is actually designed to promote American dominance of the international system.

In a more geopolitically competitive world, the intentions and ambitions of other countries are particularly important. An effective grand strategy must be cognizant of the points of convergence and collision with the interests of other nations, not as what we think those interests should be, but as their leaders define them.

The Purpose of Putin's Russia

President Trump clearly believes he can reach an accommodation with Russian President Vladimir Putin, and this may well be the centerpiece of his foreign policy. But it is important that he understand that Putin's vision of international order is fundamentally at odds with the interests of the United States. Putin believes that the existing order is a façade. It is shrouded in the language of universal values and global institutions but the order is actually designed to promote American dominance of the international system. Consequently, Putin has made it his mission to weaken this order and replace it with something much more conducive to Russia's interests.

As Putin sees it, the existing order wrongly accords the same rights and responsibilities to all states instead of recognizing that very powerful states, like Russia, that do not rely on other nations for their security, deserve special privileges, including a say over other states in their neighborhood. The most egregious example from his perspective is in Europe, where Russia is excluded from most of the political and security architecture—especially the EU and NATO—and is only accorded one vote out of 54 in

the Organization for Security and Cooperation in Europe. The European security order saw democracy and economic openness touch up against Russia’s borders and raised the prospect that Russia’s neighbors would be increasingly aligned with the West. Putin saw this as creating a hostile environment for the Russian system of government, raising the risk of regime change in Moscow.

America’s actions outside of Europe are no better from the Russian viewpoint. Putin believes that America’s penchant for intervention in the Middle East destabilized the region and empowered Islamist forces that threaten Russia. Globally, in his view, the United States has weaponized the international financial system to unilaterally impose sanctions on countries that it disagrees with, including on Russia over the annexation of Crimea and destabilization of Ukraine. Global economic integration may hold out the promise of greater prosperity but, from Moscow’s vantage point, it is just another Trojan Horse from Washington.

Putin believes that Russia would be better served by a spheres of influence order in which major powers are preeminent in their respective regions and each has a roughly equal say on matters of global importance. Russia, China, the United States, and perhaps a handful of others—Germany, Japan, and maybe India—would work in concert to manage the world. For Putin, Sino-Russian relations are a model for future relations with the United States. Beijing will not always agree with Moscow but it will listen to its definition of its interests and accept them as the basis for negotiation. Putin sees the United Nations Security Council as an ideal venue for managing world affairs as Russia’s status as a permanent member means it can veto any decision.

In Europe, this would mean a “New Yalta” whereby the United States and Russia would agree to share the region between them. Russia would be given a privileged say in the former states of the Soviet Union, including even in the Baltics. The eastern states in the European Union would be encouraged to reach their own understandings with Moscow. And the United States would limit its vital security interests to Western and (part of) Central Europe. Russia would have a veto over all major issues of European security. It would also like to weaken the European Union and have it reduced to a customs union with no coherent foreign and security policy, including the exercise of economic power.

Ironically, if the world—or even Europe—were governed as a hierarchy of nations, Russia would not be at its top table. During the Cold War, the Soviet Union was a genuine peer competitor to the United States, with a GDP roughly three-quarters that of America. Now, the United States is an \$18 trillion enterprise and Europe, collectively, is a \$17 trillion enterprise—while Russia lags way behind with a GDP of some \$1 trillion.¹⁵ Putin has compensated by directing a huge proportion of the countries’ resources to its military power, which he directly controls, although given structural economic weaknesses it is hard to see how this is sustainable over the long run. The result is that he can act like a great power even though the Russian economy is now smaller than Italy’s.¹⁶ Putin knows the West—large, but inward looking—has a hard time coping with a disruptive actor willing to risk military confrontation.

In the absence of reform of the world order along these lines, Russia will act unilaterally to defend its interests and to gain leverage over the West. Syria is a case in point. Putin felt that Russian interests were dismissed in U.S. diplomacy over Syria until its military intervention; but it was consulted and treated like an equal afterward—evidence for Putin that Washington will only pay attention to Moscow when it is forced to. Russia is also modernizing its nuclear forces and has made them central to its strategy. Russian leaders have indicated that they are prepared to escalate to nuclear use in a regional conflict in order to prevail and they have conducted exercises on this basis. Russia has also threatened Denmark, Norway, Sweden, and Poland with nuclear weapons use.¹⁷ And, Russia has interfered in the domestic politics of Western countries, including in the United States in the recent election. We can expect to see repeated unilateral Russian gambits in the years to come as Putin uses hard power to exploit vulnerabilities in the international order.

Putin can only succeed in his ambition if the United States acquiesces to it. A united NATO is too strong for Russia to dismantle. With American support, the European Union can effectively counter Russian meddling. The United States and its allies are more than capable of responding to Russian provocations in the Middle East and elsewhere. However, if the United States were to cease balancing Russia and allow Putin to act unfettered and free of constraints, Moscow could upend the existing international order, transforming it into an order where the United States plays a much smaller

role and Russia a much larger one in Europe and the Middle East. Russia’s invasion of Ukraine and intervention in Syria already provide some indications of how this could come to pass. Russia could intervene in countries not covered, or no longer covered, by a U.S. security guarantee, threaten escalation if the West responds, and dramatically increase its geopolitical influence as a result, with knock-on consequences for the region as a whole.

The Purpose of Xi’s China

The Chinese leadership, under President Xi Jinping, has a more complex and multi-faceted view of the international order than Russia. The greatest difference may be that China has benefited immensely from the international economic order over the past 20 years whereas Russia has not. China was a relatively poor and underdeveloped country in 1991. Its spectacular rise was made possible by globalization, an open global economy, and geopolitical stability, all of which have been largely the result of deliberate U.S. policy choices. China has been included in international financial institutions—not always to the extent that it would like, but certainly in a way that acknowledges its contribution to the global economy. And, it is difficult to discern a way in which China, and the Chinese Communist Party (CCP) regime, could succeed if globalization came to an end, and the open global economy shut down.

China is also relatively satisfied with the global security order. It is a member of the U.N. Security Council. Unlike Russia, China does not want to play the role of a great power in the Middle East. Beijing would like to be consulted, of course, but it is quite content to let the United States take on the burden of keeping the sea lanes open and providing some level of stability, if only because it constrains America’s ability to focus on East Asia. To date, China has shown no desire to be militarily present or to develop security alliances with states in the Middle East. As a neutral outsider, it can trade with all parties. While Russia has a minor security role in Northeast Asia, Chinese involvement in Europe is overwhelmingly commercial and political. China also has conflicting feelings about Russia—it can be a useful partner in balancing against undesirable aspects of the U.S.-led order but Beijing knows that Russia was an enemy in the past and will always look out for its own narrow interests. Thus far, it has explored tactical cooperation with Moscow in several areas but stopped short of a strategic part-

There is currently no appetite in China to overturn the existing global order or to build a parallel system, like Russia is trying to do, but they will try to curb integration in sensitive areas while preserving economic access.

nership. If President Trump were to reach an accommodation with Russia, the Chinese leadership would likely see that as coming at their expense, especially if it were accompanied by greater friction with the United States over what they regard as their “core interests.”

That said, China does have several concerns about the direction of the global order. In the past decade, Chinese leaders have concluded that integration into the international system involves significant risk to regime survival. Integration means greater societal mixing between China and the West, which could result in Western norms gaining ground in China. This anxiety underpins Beijing’s concern about human rights and democracy. Beijing thinks that internal threats are a much greater risk than external ones. Many Chinese also think that if they integrate, they will always be treated as a second-class member of the international system.

There is currently no appetite in China to overturn the existing global order or to build a parallel system, like Russia is trying to do, but the leadership will try to curb integration in sensitive areas while preserving economic access. And they will look to increase their sway. China sees a welcome shift away from a G-7 (Group of Seven) dominated by Western powers to the G-20 (Group of Twenty), which it sees as dominated by the United States and China, and which gives it more scope for using its considerable bargaining power. What China does want is an influential role in adapting the international order to new circumstances, defining and establishing its rules, and to have the opportunity to establish additional institutions for the international order such as the Asian Infrastructure Investment Bank (AIIB) and the “One Belt, One Road” Initiative. If China were to be frustrated in these efforts, however, it might become more receptive to the idea of working with Russia, Iran, and other states in constructing their own parallel system.

China’s greatest dissatisfaction with the international order is at the regional level. It finds the status quo—the U.S. bilateral alliance system with cooperation between the hubs—to be unacceptable. China is deprived of a sphere of influence and is treated on a near-equal level with the rest of East Asia, even much smaller countries. China may not want to kick the United States out of Asia but it does seek regional dominance in East Asia, which involves a sizable sphere of influence in the western part of the Pacific. This includes effective control of the South China Sea, a preeminent

position in the East China Sea, and considerable influence over the major foreign and domestic policy decisions of some of its neighbors. That said, as China’s economic and military power grows, over time it may become more ambitious.

To achieve its goals, China has so far largely eschewed the use of military force, preferring gradualist tactics, such as island building, assertive civilian maritime operations, developing military capabilities designed to deny U.S. power projection and access to the region, as well as socializing the region to its hegemonic ambitions. China’s aspiration vis-à-vis the United States is in many ways much greater than that of Russia: Beijing believes that it can create a new Sino-centric status quo in the Western Pacific that the United States will be unable or unwilling to stop, that Washington will have little option but to accept it once established, and that U.S.-China relations will, in this context, become predominantly cooperative.

If China succeeds, it will transform the regional order into one with a weaker U.S. role, Chinese control over vital sea-lanes (which will remain open but only with their consent), and a Sino-centric institutional order. This could have the effect of reshaping the international order as a whole. A spheres of influence order in East Asia would likely dramatically weaken the rules-based character of the global order. It would weaken the U.S. position globally. It could lead to further U.S. retrenchment. And, it would be inherently unstable because Chinese dominance would not be acceptable to other powers in the region, particularly Japan and Vietnam.

What the Rest of the World Wants

To simplify matters, the emerging strategic competition between the United States, Russia, and China is over two competing visions: the American postwar international order and an authoritarian vision of a spheres of influence system whereby Russia and China have a much greater say in their respective regions and where the rules-based elements of the international order are significantly reduced.

So where does the rest of the world fit in? While many nations have issues or problems with U.S. foreign policy, there is little desire to overturn the

existing international order or for reducing America’s global role. In general, most other nations define their interests in a way that is more compatible with the U.S. vision than with that of either of its rivals. Indeed, many countries are looking for increased U.S. engagement. However, they have their own concerns and constraints. And the longer the United States seems unable or unwilling to play its traditional role, the more the rest of the world will look to alternatives.

America’s European allies are going through their most severe crisis since the Cold War. Over the past decade, they have had to deal with multiple crises—the euro crisis and sovereign debt crisis, a prolonged recession, Ukraine, refugee influxes, and now Brexit—that are an order of magnitude greater than earlier adversities experienced since the Cold War. They have become more inwardly focused and less inclined to play a proactive role in upholding the international order. Fundamentally though, European nations remain committed to such an order, largely because they are a major beneficiary of it. They worry more about American isolationism than they do about American unilateralism and assertiveness. They are increasingly wary of Russia, particularly its role in destabilizing the European Union. Many European countries have begun to act on these concerns by increasing defense budgets for the first time since the Cold War.¹⁸ However, if they come to believe that President Trump’s intention is to sacrifice their interests to a deal between the United States and Russia, some of them will seek to make their own deals with Russia ahead of him. This too could set off an unraveling of the existing international order.

America’s East Asian allies and partners presently all want greater U.S. engagement in East Asia but they are very reluctant to be drawn into any endeavor that could be seen as containing or confronting China. They do not want to have to choose between their security relationship with Washington and their economic relationship with Beijing. In some countries, this is leading to a debate on long-term strategy. Japan tends to be more accepting of a strong regional response to Chinese assertiveness while Australia seeks to balance its security alliance with the United States and its economic interest in mineral exports to China.¹⁹ Meanwhile, Asian allies continue to be concerned about America’s staying power in the region and have been particularly alarmed by the 2016 presidential debate and now the withdrawal of the United States from the Trans-Pacific Partnership trade deal.

America’s Middle Eastern allies—Israel, Egypt, Saudi Arabia, Jordan, Morocco, and the UAE—all want greater U.S. engagement in the Middle East. The UAE and Saudi Arabia want the United States to take the lead in containing Iran and other sources of instability, both external and internal. The Egyptian government is less concerned about Iran but wants the United States to provide unconditional support for those Arab countries that remain stable. Israel is hoping to turn the page on a difficult relationship with the Obama administration and seeks a greater U.S. role in containing Iran and engaging the Arab states in managing the Palestinian issue.

The emerging powers—India, Brazil, Indonesia, among others—want a global order that is more inclusive and less Western. India is something of an exception because, as a neighbor of China, it has acute geopolitical concerns and so is more inclined to support U.S. leadership to provide a balance.²⁰ The return of geopolitical competition and the adverse turn in economic fortunes for several emerging powers, especially Brazil, has reduced the salience of reform of the global order but it remains a long-term goal.²¹

Most of America’s allies and partners are motivated by regional rather than global concerns because that is where they perceive the greatest threats to their interests, whether it is South Korea looking at North Korea, the Baltic nations looking at Russia, or Sunni Arab states looking at Iran. They generally favor greater U.S. engagement to uphold order in their regions. They are also more willing to take on a greater share of the burden than they were five years ago, as evidenced by gradual increases in their defense budgets.

Some of America’s allies and partners—and many countries in Latin America, Africa, and elsewhere—would like to see the emergence of a benign multipolar world. They have their frustrations with the American-led order, and no intrinsic hostility to China, India, or other rising actors. If those top powers could get along and cooperate on the production of global public goods, most countries would be content. The problem comes in the increasingly evident reality that the current direction of change is not benign multipolarity; it is a breakdown of order and a return to geopolitical rivalry. That is a different proposition altogether. States have yet to confront the much tougher choices they will have to make if the distinction between participating in and benefiting from the U.S.-led postwar order and navigating a more chaotic and Hobbesian one becomes more pronounced.

Most of America’s allies and partners are motivated by regional rather than global concerns because that is where they perceive the greatest threats to their interests.

Divergent Visions of Order

All of the major powers agree in principle that the international order ought to promote great power peace, prosperity, the U.N. Charter, and action to tackle shared problems, like climate change, terrorism, and nuclear proliferation. However, within these broad parameters, there is significant difference between Western visions of international order and those of Russia and China. It is not enough for the order to promote agreement among the major powers; it would also have to ensure the content of those agreements met certain standards.

The West—the United States and its allies in Europe and Asia—have traditionally sought an international order that promotes democracy, human rights, equality of sovereign states, and free trade. Western powers also see U.S. alliances in Europe and Asia as a foundation stone of the security order. These alliances helped contain the Soviet Union, but they had a broader purpose, which was the creation of a security community that eliminated rivalry among its member states and served as a catalyst for domestic political change. Russia and China reject the notion that the order should promote liberal values of democracy, human rights, and sovereign equality and the idea that alliances are a part of it.

For Russia, China, and perhaps some other nations, the international order must advance three goals. The first is the order must be safe for authoritarian states and not seek to democratize them over time. The system of government a country chooses is up to its government alone. The second is that the international order should impose constraints on Western power, especially American power. And the third is spheres of influence: Russia and China believe that the heart of the order is a Westphalian concept expressed through the U.N. Security Council. In this view, major regional powers have certain legitimate interests, including a dominant role in their neighborhood.



PART IV:

Toward a New Strategy

Rethinking Necessary Choices

In December 1947, as the scale and shape of the Cold War came into focus, then-U.S. Undersecretary of State Dean Acheson remarked: “We are in a period now I think of the formulation of a mood. The country is getting serious.” Americans, he said, understand they have “a long long job” to do. “We are” he concluded, “going to understand that our functions in the world will require all of the power and all the thought and all the calmness we have at our disposal.”²²

We are at a similar moment today. The world has not fallen apart but it has taken a turn for the worse. It has become a harder place. The path forward is unclear. But there is no way back. We need to be settling into a mood and preparing for another “long long job.” The United States must adjust its strategy to account for the fact that the world is more geopolitically competitive, that the Middle East regional order is collapsing, and that many citizens—in the United States and overseas—question whether an open global economy can ever deliver on its promise. All the while, the United States must continue to address major transnational threats and challenges, particularly terrorism, nuclear proliferation, climate change, securing adequate water and energy, and pandemic diseases.

Ours is a strategy to avoid major war and conflict. It recognizes the crucial role that U.S. leadership plays in keeping the peace and advancing prosperity. This can appear overwhelming. Indeed, a common critique of reports from internationalists—like this one—is that they try to accomplish too much and

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fail to recognize the real constraints or trade-offs that are inherent in any national strategy.²³ But the problem is that the way we typically think about prioritization in strategy is not necessarily applicable to our situation. Consider two common propositions.

The first is that the United States must choose between different regions. For instance, some argue that the United States can only be serious about East Asia if it divests itself of commitments in the Middle East or vice versa. But, the experience of the past decade teaches us that the regions of strategic importance—Europe, Asia, and the Middle East—are not self-contained. They are inextricably linked. What happens in one will very often affect the other. This was most strikingly manifest in the role that refugee flows from the Middle East played in destabilizing the European Union. What is required, then, is a consistent assessment of the relative weight of attention and resources we are placing on each of these regions, to ensure it does not get out of balance.

The second is that the United States needs to distinguish between core and peripheral interests as other nations do. On one level this is alluring—why cannot the United States stipulate that it will react immediately and necessarily to direct threats to the United States or its allies, but only support others at our discretion in reacting when it comes to more general challenges to the global order? Unfortunately, securing the benefits to the United States of the international order requires a broader and textured definition of U.S. interests. The United States does not have to commit to responding to every act of aggression, but our historical experience suggests that some ambiguity that preserves the right to respond is necessary to bolster the international order. For instance, the United States responded militarily to aggression against non-allied states in Korea in 1950, Kuwait in 1991, and Kosovo in 1999. Conversely, explicitly excluding countries from U.S. defense commitments can invite aggression, as in the case of South Korea in 1950. The broad definition of interests is also a force multiplier because others are inclined to back U.S. goals since they too want an international order that promotes security and prosperity.

We need to think about prioritization of interests in a different way. We must make a distinction between those threats and challenges that pose a systemic risk to the international order and those that do not. Threats can

be direct but not existential. They can also be indirect and still massively consequential. Some threats that appear small or peripheral now have the capacity to grow and evolve into an existential risk for the international order, such as the annexation of territory; belligerent nationalism in a rival power; or an Islamist terror group that finds safe haven in ungoverned spaces. These developments may initially pose only an indirect challenge to the security or prosperity of U.S. citizens, but it is the long-term systemic risk to regional and global order that catapults them to a first order priority for U.S. national security. Of course, we must ensure that our national security machinery does not see every negative development elsewhere as an existential threat—a monster under every bed. But we must be prepared to take appropriate action to protect the U.S.-led order even where others might see a mere “peripheral” interest. The judgment and discipline this requires are essential ingredients in our strategic success or failure.

Ultimately, we need to recognize that there are real trade-offs in the role the United States plays in the world. There is a relationship between levels of U.S. engagement and the health of the international order. If the United States does less, the levels of order in the global system are likely to deteriorate. It may well be that Americans conclude that the benefits of doing less outweigh the costs; but what we cannot claim is that the costs do not exist. No other nation or actor is capable of replacing the United States as the leader of the international order. Others must do more but their contributions will only be effective if the United States also plays a leadership role.

America’s most pressing strategic imperative is to design a set of integrated regional strategies that advance a U.S.-led renovated and reinvigorated international order. That order should be open to full, responsible participation by other powers; but it should be resilient to their absence or their obstruction.

The United States faces many problems and challenges not fully covered here, including climate change, questions of energy and water access, nuclear proliferation, pandemic diseases, and human rights violations. There are also large parts of the world absent from our analysis. Our focus is on geostrategic rather than transnational threats and challenges to U.S. interests. This report is not intended to be a comprehensive blueprint for U.S.

Ultimately, we need to recognize that there are real trade-offs in the role the United States plays in the world.

foreign policy, which must, by necessity, address a panoply of issues. We fully support continuing U.S. efforts to address global challenges and to see opportunities for greater engagement in those parts of the world, like Africa and Latin America, that happily do not pose a strategic threat to U.S. interests. Climate policy, though, is worth distinguishing as a transnational issue that is also increasingly a geopolitical matter. A comprehensive assessment of climate policy is outside the scope of this report, but we do address the great power relations aspect to it below.

Integrated Regional Strategies

Placing regional strategy at the heart of U.S. grand strategy recognizes that the primary threat to the international order and U.S. interests is a deterioration of order in East Asia, Europe, and the Middle East. In Europe, it is the prospect of a weak and divided continent, manipulated by Russian interference, which becomes less democratic, more protectionist, and isolationist. In East Asia, the risk is a real or perceived shift toward China that allows Beijing to expand its sphere of influence and coerce its neighbors against their will. In the Middle East, the risk is that trouble spots destabilize American allies and the region as a whole and the consequences spread to Europe and ultimately the U.S. homeland.

One of the U.S. administration’s strategic objectives must be to create a new and favorable equilibrium across all these regions and domains. This, by necessity, will require an assertive and unyielding posture in some areas along with a prudent recognition that, at times, adjustments and compromises need to be made. This begs the question, how much should we hold the line, how much should we change the existing order, and how much should we accommodate dissatisfied powers?

As a general rule, the United States should adopt an uncompromising position on any issue or dispute in which a rival power uses force, the threat of force, or roughly equivalent means of coercion (cyberattacks, covert operations, political subversion) to undermine, coerce, or invade its neighbors. The United States will not be able to stop every act of aggression by a rival power but we can significantly raise the costs of such aggression and frustrate whatever strategic goal the aggression was intended to achieve

(whether it is a sphere of influence, the weakening of the alliance system, or something else). We must not send the message that the future will be shaped by those countries who can muster the will and military might to challenge the international order.

The United States should take a more flexible approach to issues or disputes where force and coercion are taken off the table. If other countries want to change the system by persuading other nations and people that it is not in their interests, then they are free to do so. The United States should make our case as powerfully as we can, but we must accept and respect their right to advocate for change. And, we should ask ourselves if there is a way to accommodate their demands while maintaining the core principles and benefits of the international order. The spat over the AIIB is a good example. The Obama administration had legitimate concerns about the AIIB’s governance but it overstepped the mark in being seen to oppose it on principle.

Russia, China, and other non-Western powers have an important role to play in the international order. They have legitimate interests and they have a right to point out when those interests are not being taken into account. We have an obligation both to see if these interests can be respected and to our allies and partners to ensure that in so doing we do not encroach on their vital interests.

In Europe, we must block and deter Russian aggression wherever it violates the principles of the international order and thereby impinges on our interests and those of our friends and allies, including in Eastern Europe, the Middle East, and in cyberspace. We expect that Russia will respond to defend its interests. Once deterrence has been reestablished and the parameters of a new equilibrium are clear, we should be willing to negotiate a modus vivendi with Moscow that respects Russia’s interests alongside those of the United States and our European allies and partners consistent with the principles of the order. Our long-term objective should be a situation in which Russia benefits from, and is more secure as a result of, peaceful coexistence and economic interchange with the European Union.

In East Asia, we must prevent China from establishing control over a sphere of influence in the western part of the Western Pacific. However, we must also make it clear that China has a hugely important role to play

in our vision of regional order in East Asia. It can play this role in the institutional structure and the region’s many multilateral forums, some of which will require reform. The United States can also work with China as it increases its engagement to its west, particularly through initiatives like “One Belt, One Road.”²⁴ On the sensitive issue of maritime disputes, if China adopts a more cooperative posture, the United States will have an important role to play in encouraging our allies and partners to follow suit, and in finding a mutually agreeable mechanism for managing contested territories and waters.

In the Middle East, America’s first goal must be to restore stability in the region, through increasing engagement with our traditional friends and allies and restoring trust where necessary. We should prioritize economic reform and modernization to create the conditions for progress in the Arab world. The United States must balance Iran and deter it from aggressive actions that threaten regional stability, international order, and our vital interests or those of our allies. The goal of this balancing should be to change Iranian behavior, which would allow for engagement on regional security issues.

As the incoming administration designs these regional strategies, it should be guided by the following principles:

1. Understand the Competitive Nature of the Challenge

Inherent to each of these regional strategies is management of a competitive rivalry with a major power—with Russia in Europe, with China in East Asia. In the Middle East, the challenge is more complicated; it involves competitive rivalries with Iran and Russia, as well as those parties—in addition to Iran—who would advance the theocratic state or caliphate in one form or another (ISIS, al-Qaida, and the Muslim Brotherhood). In each instance, there is a real difference of interests and visions that will ensure serious competition in each case, even while in some instances there may be cooperative opportunities as well.

Achieving U.S. goals in Europe, East Asia, or the Middle East will, by necessity, require countering the competitive strategies of Moscow, Beijing, and Tehran, respectively. In this contested environment, the United States must be cognizant of the risk of an inadvertent conflict arising out of strategic competition. But we should also remember that each of these nations

wants to avoid war with the United States. We should be prepared to use a wide range of measures to respond to provocations and unconstructive action, just as we did in our competition with the Soviet Union.

However, we must be careful not to reduce all challenges to deterrence and managing competitive behavior by others. It is America’s willingness to stand for a positive vision that transcends narrow national interests that distinguishes it from previous great powers. This is not just a moral calling; it is a strategic imperative. Each region has problems that transcend great power rivalry. The United States must continue to pursue a positive vision of regional order in Europe and East Asia that we would seek even in the absence of a rival power. In the Middle East, the situation appears dire but our traditional partners are keen for our reengagement and are more willing to do more on their own behalf. Additionally, green shoots are sprouting if we look for them—bottom-up activity by business and social entrepreneurs who are starting companies or solving problems in their communities. We must tend to these green shoots and use them to advance reform and modernization, which is the only way to achieve an enduring peace for the region.

2. Restoring Trust with Allies

The levels of trust between the United States and some of its closest allies are not what they should be. In recent times, alliances have often been framed as transactional relationships, whereas alliances have best served long-term U.S. interests when they are grounded in shared values and serve a larger common purpose. America’s closest allies merit a special relationship with Washington that brings cooperation to new heights. Upholding the international order will require greater effort on the part of our allies and ourselves; acting collectively ensures that these joint efforts will be as effective as possible. Allies are the solution to our regional problems, even when the relationships can be fraught. The way to achieve this is through careful and patient alliance management and a mutual willingness to recognize and take into account each other’s vital interests and needs as long as they do not detract from the wider common purpose. An exception may occasionally be made for alliances with regimes that are undemocratic and acting in a manner contrary to U.S. interests—in those cases, it may be appropriate to adopt a transactional approach until such time that there is a return to shared values and purpose.

It is America’s willingness to stand for a positive vision that transcends narrow national interests that distinguishes it from previous great powers.

Not everything a rival power seeks is illegitimate. And not everything that is illegitimate is a strategic threat to the international order.

3. Detering Revisionism that Threatens the International Order

The United States cannot and should not go to war over every act of revisionism by a rival power. However, the United States must also endeavor to prevent such revisionism from undermining the international order. The best way to accomplish this is a steely determination to engage in a prolonged peacetime competition to protect the international order from their revisionism. Success in this competition does not require a tit-for-tat response. It means a holistic strategic approach in which these acts ultimately fail in the aggregate to undermine the international order. For example, the United States may not be able to deter China from militarizing an island in the South China Sea, but we can deny them control of that space through asymmetrical responses, including increased freedom of navigation exercises, helping allies develop anti-access and area-denial capabilities of their own, and assertive diplomacy. Demonstrating that acts of revisionism will fail to produce the desired strategic outcome is also the best means we have to encourage more cooperative actors inside the domestic political systems of rival powers.

4. Distinguishing Between Revisionism and Legitimate Aspirations

Not everything a rival power seeks is illegitimate. And not everything that is illegitimate is a strategic threat to the international order. We learned this lesson the hard way in the Cold War when the United States was sometimes drawn into conflicts and interventions that were peripheral to the struggle with the Soviet Union. We should work with China and Russia to take into account their legitimate aspirations. These include: greater Chinese influence in international institutions; acceptance that China’s establishment of Sino-centric institutions like the AIIB can actually bolster the international order provided they conform to best practices; and a Russian role in stabilizing the Middle East even when Russian forces are not on the ground. We should also distinguish between a sphere of influence that is destabilizing to the international order and the kind of influence that is normal in the international system. For instance, Chinese assertiveness in East Asia is a challenge to the regional order whereas Chinese economic influence in Central Asia, Pakistan, and the Middle East is largely compatible with a stable order.

5. Leverage and Diplomacy

An effective U.S. strategy depends on creating and deploying leverage. It is not enough to engage in diplomacy with rivals on the premise that all par-

ties will naturally reach an agreement based on shared interests. There are occasions when this may work, but most of the time it will not. The United States is a superpower and when it engages in a diplomatic effort it must do what is necessary to succeed in that task. We are reminded of Frederick the Great’s quip that diplomacy without force is like music without instruments. Frederick the Great was mostly right. It is not the kinetic use of military force that is indispensable—that should in most cases be a last resort. But it is the ability to deploy national power in a given crisis or negotiation in a way that changes the incentive structure of rivals towards an outcome more favorable to the American-supported international order. An American president should never find himself in a position where there are no consequences if another state breaks an agreement or acts in a manner contrary to the interests of international order. Deployable sources of leverage that stop short of the direct use of kinetic military force against a major power include: the innovative use of sanctions; proactive, agile, and assertive diplomacy; leveraging soft power; military cooperation; arms sales; the prepositioning of forces; and procurement and investment decisions.

6. Deal with the Most Imminent Direct Threats to the United States:

Islamist Terrorism, North Korea

The Middle East and Northeast Asia are the sources of the most immediate, direct threats to the United States. In the Middle East, ISIS and al-Qaida are plotting attacks against the United States and U.S. allies. In Northeast Asia, North Korea is developing its nuclear weapons apace and building out its capacity to deliver them. Although the capability to target the continental United States is still several years off, major threats to U.S. interests in Asia, to the stability of North Asia, and the potential for massive loss of life are much nearer at hand. North Korea has not been a major part of the national foreign policy debate—compared to Iran—but it should be. If it develops a more reliable capacity to deliver nuclear weapons in the region, Kim Jong Un may feel empowered to embark on a high-risk strategy of aggression in Northeast Asia, which would return us to the darkest days of the Cold War. We will examine both of these threats in more detail in the next section but as a matter of general principle and political reality, it is clear that these threats will merit special attention and will be elevated above other regional threats and challenges.

7. Develop Strategies that are Resilient Against Uncertainty and Share a Common Purpose

The world is in a period of great geopolitical volatility and economic uncertainty. It is even more vulnerable than usual to discontinuities and “black swan” events. For our part, we cannot be sure that our analysis of the purposes of America’s friends and allies, much less its principal great power rivals, will prove correct. In light of these uncertainties, the United States needs to develop resilient strategies that achieve their objectives even if the key assumptions on which they are based (including the judgments we have drawn in this paper) turn out to be wrong. As these strategies succeed, they should strengthen the positive and negative incentives for even America’s geopolitical rivals to move in the direction of cooperation rather than confrontation or conflict. For the goal of these strategies should be the same: a renovated and revitalized international order reflecting values that Americans can embrace and supported by America’s great power rivals as well as its friends and allies as being in their interests.

8. Recognize that Climate Change is a Geopolitical Issue

Energy and climate change will be a fixture in great power relations for decades to come. Energy security always has been, and will continue to be, a source of competition and occasional cooperation. The United States is in an enviable position given its domestic resources and the dynamism of its energy sector, as evidenced by the huge surge in unconventional oil and gas production and large increases in renewables production. China is particularly vulnerable to disruptions in the flow of energy, and that remains an important source of Chinese strategic thinking, while Russia remains vulnerable to sustained low prices. India is squeezed hardest as its demands for energy consumption are growing rapidly just as global climate agreements look set to make it politically more difficult for India to pursue a high-carbon growth strategy.

After a long period of America standing apart from global climate agreements, the Obama administration ultimately chose to shape them, taking a great powers approach—striking a bilateral deal with China, then with India, and then in the G-20, before finally going to the U.N. to forge the 2015 Paris agreement. That deal set out a series of non-binding national commitments, many of them aspirational—existing technologies and market realities would make it exceedingly hard for the major markets

to deliver on their Paris commitments. In the coming years, we are likely to see energy transitions in the United States being driven by the private sector, key urban centers, and major states. Federal policy can speed or complicate, but likely not derail that effort. And America’s core allies and adversaries will be strategizing over global energy flows and climate change. Whatever the dominant attitude in Washington, energy security and global climate negotiations will figure importantly in strategic policy over the next decade and beyond.



PART V:

Regional Applications

Preserving the Transatlantic Partnership

The United States has a vital interest in a strong and prosperous Europe that supports and strengthens a renovated and revitalized international order. Such a Europe advances specific U.S. interests, including global economic growth, combatting international terrorism, and preventing nuclear proliferation. Today, European regional order is endangered. The euro crisis exposed deep divisions in Europe, and the region has been tested further by Russian aggression, the massive influx of refugees from the Middle East, a continued low-growth economy, and the new threat of extensive terrorist actions by ISIS and other jihadi groups. The greatest strategic threat the United States faces in Europe is that this deterioration will accelerate and worsen, resulting in a fundamental shift away from democracy, cooperation, and prosperity and toward nationalism, isolationism, economic stagnation, and anti-Americanism. Taken together, all these challenges constitute as serious a threat to European coherence and stability as we have faced in a half-century or more.

European nations are worried about the continuing commitment of the United States to European security and international order. The new U.S. administration may be tempted to reduce U.S. involvement in Europe and perhaps even to support nationalist forces seeking the dissolution or weakening of the EU. However, Trump administration's objectives of economic growth and enhanced security are more likely to be furthered by restoring and deepening the traditional U.S. strategy of constructive engagement with Europe.

Reassure Allies of U.S. Commitment to Security and Integration

The United States must reassure America’s allies in Europe that it remains committed to NATO and to European integration. This can be done while still acknowledging the need for our NATO allies to do more in their own defense and for a review of the NATO Strategic Concept to ensure that it meets the needs of current realities.²⁵ And the endorsement of European integration can be done while still acknowledging the shortcomings of the EU in its current incarnation and the need for fundamental reform, including by devolving power away from Brussels and back to the people of its constituent states.

Why is this reaffirmation important? Close and structured cooperation between European countries means that they can exercise greater collective influence internationally than would be the case individually, let alone if they were deeply divided amongst themselves. And, modern European values—democracy, freedom, economic openness, and respect for rules—are closely aligned with our own at a time when they are under attack from other quarters. U.S. support for NATO and European integration (paired with the need for reforms) could be expressed with a presidential speech, visit, or statement and would set the stage for cooperation for the next four years. Most importantly, it would prevent a deterioration of NATO, as well as security and economic crises that could quickly embroil the United States.

The European Union confronts several challenges, including the continuing problems from monetary union and migration, that threaten to sow further division among allies and partners. Supporting European economic integration may seem counter-intuitive for an administration elected on a wave of populism and nationalism with connections to similar movements in Europe. Indeed, President Trump has expressed skepticism about the EU.²⁶ However, a new financial crisis in Europe could trigger global instability, and the collapse of the EU as a result of the refugee crisis could have the same effect. The structure of the EU and the eurozone is, first and foremost, a matter for Europeans to decide. But the United States has an interest and a role to play, just as it has in the past. The United States should make clear that it favors, and will help, completing integration in those primarily economic areas where the EU remains exposed to external crises. The specific role the United States can play is a diplomatic one to help bridge the divide between EU member states. On fiscal and financial union, the United States should

continue to press Germany to prioritize growth and to strengthen banking union, and it should press the so-called periphery or “South” to undertake structural economic reforms and support the harmonization of fiscal policy.

Make Brexit a Success

The United Kingdom’s exit from the EU (Brexit) must be a success. The American interest in the Brexit negotiations is that the outcome produce a strong and successful independent Britain engaging constructively with a strong and successful European Union. The United States should engage with Britain and the EU diplomatically to advance this goal, offering advice and encouraging both to respect the vital interests of the other. The U.S. administration should open up negotiations with the United Kingdom on a free trade agreement and offer London assistance in its efforts to engage with the rest of the world. The United States also may have an important role to play on specific issues in the negotiations, such as the status of the Northern Ireland peace agreement. It is important that Britain continue to play a role in a common European foreign and security policy, including policymaking on sanctions. Therefore, the United States should encourage its European allies to find a way of keeping Britain formally and fully engaged in these issues, possibly by creating an “EU Plus One” process whereby Britain would continue to sit on the EU’s Political and Security Committee (PSC).

Revitalize Transatlantic Trade

Transatlantic Trade and Investment Partnership (TTIP) negotiations had stalled prior to the U.S. election, primarily because of concerns in Europe. There is little prospect of reviving the negotiations along previous lines. One of the reasons why TTIP has struggled to win public support is because the economic gains are relatively small—according to the European Commission, an ambitious TTIP will only increase European GDP by 0.5 percent and that of the United States by 0.4 percent.²⁷ For many governments, the political capital required to bring a negotiation to fruition appears disproportionate to the perceived gains. However, the administration does have an opportunity to start over and negotiate an economic agreement with the European Union that addresses some of the real shared concerns about the global economy, including cybersecurity, lessons learned from the sanctions regime, resisting geoeconomic coercion and state-sponsored distortions to the market, and energy issues.²⁸ The United States should also consult its European allies about converting TTIP into

a trilateral negotiation with the EU and Britain as independent parties.²⁹ A trilateral agreement may offer Britain and the EU a way of addressing some of the difficult market access issues of Brexit and also would provide a strong anchor for transatlantic cooperation.

Check Russian Revisionism and Political Warfare

The United States must deal with Russian revisionism. President Trump has expressed a desire to see if a more constructive relationship with Russia, including a counterterrorism partnership in the Middle East, is possible. Past experience with the Russians (during the Cold War and since) suggests that any effort to “reset” the relationship ought to be pursued from what President Putin would regard as a position of strength rather than as a demandeur or supplicant.

To this point, Russia has seemed more committed to forcing a binary choice in Syria—Assad vs. ISIS—on the West than in cooperatively fighting the Islamic State. Over time, it is likely to become clear that the two countries have a real difference of interest and perspective on many matters in the region. Russia will exploit any perceived weakness in the transatlantic relationship to advance its own goal of discrediting Article V of NATO and negotiating a Yalta-style spheres of influence arrangement. Russia will almost undoubtedly continue to interfere in European politics to promote disintegration. The United States must bolster NATO’s Article V guarantee by building on the European Reassurance Initiative. This includes:

- Maintaining a robust U.S. and allied presence in the Baltic States, Central and Eastern Europe, and the Balkans.
- Conducting greater joint training exercises.
- Pursuing steps to ensure the readiness of NATO forces.

Preparations should be made to utilize the advances achieved at the recent Warsaw Summit for how to operationalize the triggering of Article V in response to a cyberattack. NATO should apply the tools of deterrence—both by denial and punishment—to this problem. This includes urgent action to protect electoral systems and processes from cyberattacks, educating the public as to the nature of the threat, helping allies shore up their own defenses, and developing options for a proportionate response that may

serve to deter state actors from launching attacks. The United States should work to shore up democracy in Europe and to push back against internal efforts to undermine it. This includes pressuring Hungary and Poland and other East and Central European states to uphold constitutional democracy. The United States also should continue to offer assistance to Ukraine to help ensure its political and economic viability, prosperity, and success. Washington should clearly communicate to Moscow that any escalation of its conflict with Ukraine will result in the provision of lethal military assistance to Kiev. Much more can also be done to assist Ukraine in building up its own military industrial capacity.

After having reassured our friends and allies about America’s continued commitment to and engagement with Europe, and having reestablished deterrence and security in Europe by taking the steps outlined in the preceding two paragraphs, the United States will be in a position of strength from which to constructively and productively engage Russia. Most of the governmental and non-governmental exchanges between the United States and Russia have been suspended or terminated. They need to be restored based on reciprocity and mutual interest. Areas of ongoing cooperation (like manned space exploration and the Arctic) should be maintained and strengthened. In addition, the two countries should identify areas where, working with others, they have a common interest in cooperating to solve common problems. They should look in particular for two or three areas of cooperation that matter for the people of both countries, like terrorism, nuclear non-proliferation, and pandemic diseases. Where interests clash, America should stand on its principles, but work with Russia if it is willing to manage differences so as to avoid confrontation and conflict.

Strengthening a Cooperative Order in Asia

The foundation of U.S. strategy in Asia historically has been alliances and a forward U.S. military presence, free trade, open institutions, and support for democracy. U.S. strategy has tended to work most effectively when these elements are all in place and in balance with each other.³⁰ This strategy has been broad enough to encompass continuous change in Asia, including the rise of new economic powerhouses and the ebb and flow of regional rivalries. However, the great challenge now is China’s pursuit of a more

assertive and revisionist foreign policy that increasingly seems to seek to undermine the existing regional order and to replace it with a spheres of influence order that is more Sino-centric, less multilateral, and more mercantilist. Not only would a spheres of influence order be qualitatively worse than the status quo, but the struggle between the Chinese vision on the one hand and the vision held by the United States and its regional friends and allies on the other could destabilize the region, reduce economic growth, and undermine cooperation on shared interests. We recognize that China is, and will increasingly be, a diplomatic and economic power in Asia. America’s concern should be China’s use of military force and coercion against its neighbors. That is where America should draw the line.

The purpose of U.S. strategy in Asia should be to strengthen the regional order by comprehensive engagement with U.S. allies and partners, preventing China from achieving a geopolitical sphere of influence at the expense of its neighbors. Furthermore, the United States should positively engage and take into account China’s legitimate aspirations, as well as ensure North Korea’s nuclear program does not threaten the United States or U.S. friends and allies.

Comprehensive Engagement with U.S. Allies in Asia

Like the George W. Bush and other administrations before it, the Obama administration deepened America’s alliances and partnerships in Asia.³¹ The incoming administration should build on this record, not just on military cooperation but also in the economic and political realms. In doing so, the administration should be cognizant of the fact that while America’s Asian allies are perturbed by Beijing’s assertiveness and worry about America’s staying power, they also do not want to be compelled to choose between their security relationship with the United States and their economic relationship with China. Potential areas of progress include: greater multi-nation security cooperation, including networked cooperation between various groups of U.S. allies and the United States; greater integration, especially with regard to acquisition and logistics, as well as intelligence, surveillance, and reconnaissance (ISR); and more intensive political engagement, especially on developing a shared vision of regional order.

Economic issues—trade and investment—are the coin of the realm in Asia, the source of power and influence. Asia is knitting itself together in

Economic issues—trade and investment—are the coin of the realm in Asia.

a series of trade and investment agreements that risk leaving the United States on the sidelines. This not only undermines the U.S. position in Asia but also—given how Asia is projected to drive future global economic growth—threatens America’s economic well-being and job growth. Whatever one thinks of TPP, America needs an economic platform from which to engage the region, protect its interests, and contribute to the shaping of the future order.

Denying China a Geopolitical Sphere of Influence in the South China Sea and East China Sea at the Expense of its Neighbors

The United States will not be able to roll back China’s building of artificial islands and of facilities that can be used by military forces. We are also not going to go to war in response to every act of coercion. However, we can ensure that these individual acts do not, in the aggregate, provide China with effective control of the South China Sea or East China Sea. Toward this end, the United States should:

- Immediately conduct more regular freedom of navigation operations and persist with them indefinitely (but without the high public profile that will force China to respond).
- Organize and facilitate multi-nation participation in these freedom of navigation operations, and encourage allies and partners to carry out freedom of navigation operations of their own.
- Increase maritime capacity building assistance to South East Asian allies and partners that will increase their resilience in face of Chinese coercion and allow them to impose operational problems for the People’s Liberation Army Navy that are similar to the ones that they have imposed on the U.S. and its allies.
- Delegitimize revisionist actions in the maritime space, including by strengthening international law and norms.

Positively Engage China and Take into Account its Legitimate Aspirations

America’s strategic concern about China is not about its rise nor is it with its increasing influence per se. Rather, it is with its decision to use its power in such a way that undermines the regional order, and therefore conflicts with U.S. interests. The United States must avoid getting drawn into an effort to counter Chinese power wherever it appears. Rather, we must dis-

tinguish between Chinese actions that endanger the regional order and those that do not, even if we disagree with them. We should have a more relaxed attitude toward the latter and look for ways to take into account China’s legitimate interests. For example, the United States should not in principle oppose China’s creation of Sino-centric institutions like the AIIB—instead, the appropriate response is to reform existing institutions and to urge Beijing to adopt the relevant international standards.

Similarly, the United States should not oppose Chinese efforts to expand its influence in Central Asia and the Middle East; indeed a Chinese focus to its west could be a strategic gain for the United States. Instead, we should monitor such activity, encourage U.S. companies and our friends and allies to participate in new ventures, and encourage China to act in a way that is compatible with U.S. interests, as it largely has to date.

The United States also should maintain the “One China” policy that it has held since 1979 because reopening it could result in escalating tensions with Beijing that may put Taiwan at greater risk. Meanwhile, the United States should expand its Strategic and Economic Dialogue with China so that it includes a frank discussion on the two countries’ alternative visions of regional order (this topic has largely been avoided in the dialogues to date), including the future of the Korean Peninsula. Finally, the two nations should cooperate closely, and with other states, on the major global challenges that threaten the security and prosperity of all these countries (including terrorism, nuclear proliferation, climate change, pandemic disease, assured energy and water access, and the like).

Engage India

India is not a formal U.S. ally, but it is more and more an important strategic partner as our interests are increasingly aligned in the Asia-Pacific. The strategic and economic rise of a democratic India is in America’s interest and worthy of support. Indeed, successive administrations have recognized this. Since 1999, American administrations have transformed the U.S.-India relationship. It is closer and deeper than ever before, encompassing cooperation across a range of issues and actors. Maintaining, or even increasing, the momentum of the partnership, including its institutionalization, will require sustained high-level attention.

We should:

- Maintain and deepen our defense and security cooperation, particularly on maritime security and counterterrorism, and find ways to reinvigorate our economic relationship.
- Continue to think about India in the context of the broader Asia-Pacific and Indian Ocean region and not just as part of South Asia.
- Support the deepening of India’s relationships with our allies and partners in Asia and its efforts to “Act East.”
- Take steps to deepen the U.S.-India-Japan trilateral and increase cooperation on regional connectivity in particular.
- Consult on the revival/reconstitution of the “Quad”—an informal strategic dialogue between the United States, India, Japan, and Australia.

The United States should also encourage the Indian government to follow through on its stated intention to be a leading power, including by taking on a greater role in providing regional security. Washington should urge Prime Minister Narendra Modi to continue to undertake the economic and institutional reforms that will be necessary to build the capacity and capabilities to underwrite that role. In turn, we should facilitate a greater role for India in global and regional institutions. But we must also recognize that we will not always agree and, therefore, must continue to manage differences effectively.

Clear Red Lines for North Korea

Successive administrations have pursued a policy of strategic patience, periodic negotiations, and even reached agreements with North Korea (DPRK) in which it pledged to give up its nuclear program. In the end, none of these efforts yielded the desired results. North Korea’s nuclear tests and missile development, along with a volatile and reckless leadership that threatens to attack the United States and its allies with nuclear weapons, pose a real danger to regional order and U.S. interests. This includes, if left unchecked, a direct threat to the American homeland. The United States should continue to press China to increase pressure on North Korea. But,

absent a significant change in the incentive structure, possibly including a greater U.S. military presence, Beijing is unlikely to squeeze Pyongyang hard enough to deflect it from its goal of developing a nuclear deterrent. Beijing prioritizes maintaining stability on the peninsula over denuclearization.

This leaves the gathering threat—how to prevent a long-range DPRK nuclear ballistic missile capability or how to render it strategically ineffective. The United States must enhance deterrence to prevent North Korea from threatening to strike the United States or its friends and allies with nuclear weapons. The United States should ensure it has options to deprive North Korea of this capability, including much tougher sanctions and preventing a DPRK ballistic missile test from succeeding. The United States should also step up its criticism of the DPRK’s dismal record on human rights. This is the right thing to do for its own sake and because it touches a sensitive spot with the North Korean leadership, thus providing some leverage. Consultation with the Republic of Korea (South Korea) and Japan should be at the heart of U.S. diplomacy and planning about the future of the Korean peninsula; steps also should be taken to enhance extended deterrence.

Nothing the DPRK has done should change the U.S. commitment to the region or its allies. The United States should reaffirm the principles laid out in the September 2005 communiqué of the six-party talks, including that the international community’s goal is the “verifiable denuclearization of the Korean Peninsula in a peaceful manner.”³²

Stabilizing the Middle East

Developing a strategy to deal with the collapsing order in the greater Middle East is handicapped by a combination of adverse circumstances:

- Six simultaneous crises across the region (Libya, Syria, Iraq, Yemen, Israel-Palestinians, and Afghanistan).
- Failed states and ungoverned areas in the heartland and on the periphery inhabited by ISIS, al-Qaida, and affiliates.

President Trump does not have the luxury of choosing to avoid the challenge.

- Shiite Iran exploiting the cracks and upheavals in the Sunni Arab world to pursue its hegemonic ambitions.
- Depressed oil prices that have dramatically reduced the revenues available to Arab governments to buy off dissent or, better yet, reform their economies.
- A Russian military presence in Syria, which has made it a competitor and potential spoiler of any U.S. reengagement.

Despite President Obama’s determination to end America’s involvement in wars in the Middle East, American forces are still deployed in Afghanistan, have returned to Iraq, and even slipped into Syria. The U.S. military is engaged in daily kinetic military action against ISIS and al-Qaida in both arenas. Notwithstanding that reengagement, the United States now suffers from a widespread regional perception that it lacks the will to maintain the American-led order that it established over the last four decades. President Obama left office at loggerheads with all our traditional allies and partners in the region—Israel, Turkey, Egypt, Saudi Arabia, and the UAE. A wise strategist would conclude that it is better not to begin from this starting point.

Unfortunately, President Trump does not have the luxury of choosing to avoid the challenge. While changing circumstances have modified U.S. interests over recent years, they still require a strategy of greater American engagement in the region to:

- Combat ISIS and al-Qaida terrorists who have declared war on the United States and the West and whose destruction the president has set as his primary foreign policy objective.
- Contain Iran’s hegemonic ambitions, its stoking of sectarian warfare, and its nuclear weapons ambitions.
- Ensure the security and well-being of our ally Israel and our traditional Arab partners in the region: Egypt, Jordan, Morocco, Saudi Arabia, and the GCC states.
- Prevent the spread of disorder from the Middle East to Europe and Africa via refugee flows and terrorist cadres.

- Maintain the free flow of oil at reasonable prices to our allies in Europe and Asia, and our major trading partners in India and China.
- Encourage economic and political reform to provide improved governance, increased prosperity, and ultimate stability in the region.

However, none of those interests requires the launching of another American land war in the region. For example, because of the introduction of hydraulic fracturing technology, the United States is no longer dependent on Middle Eastern oil, which may also allow us to share the security burden in the Middle East with countries that need that oil, especially the major Asian economies. Accordingly, our interests can be preserved by the continued deployment of military forces in the Gulf—increasingly by others—to keep the oil flowing. Similarly, combating ISIS and al-Qaida requires continued military efforts to suppress and defeat them in Iraq, Syria, Yemen, and Libya, but with the region doing more and the U.S. role limited to special operations forces, air power, and other enablers, rather than major ground combat forces. The challenge of reengagement, therefore, is to chart a more cost-effective middle course between the over-commitment of President George W. Bush’s efforts to effect a democratic transformation in the region, and the detachment of President Obama’s pivot away from the region to avoid involvement in its problems.

Engage Local Partners

In pursuing that middle way, President Trump will need to rely more on partners in the region to shoulder their share of the burden, partly because indigenous allies will know better how to do it and partly because the challenge of restoring order is so great; as well as the fact that our interests are not vital enough to justify attempting to do it on our own. Nor would the American people, now wary of engagement in Middle East wars, support such a heavy-footprint course if President Trump sought to do so. Therefore, to achieve the objective of restoring order in a now chaotic environment, the first requirement of an effective strategy is to reset relations with America’s traditional allies and partners, all of whom have capabilities of their own to wield in this common cause.

This should prove to be easier than it appears. Our traditional Arab collaborates—Egypt, Jordan, Saudi Arabia, and the GCC—are now painfully aware of the dangers of leaving a vacuum which American power once

filled. They have watched while a host of bad actors in the form of ISIS, al-Qaida, Iran, and Russia sought to take our place. Their own efforts have tended to contribute to the prevailing disorder: in Libya and Syria, they supported competing proxies; in Yemen, Saudi Arabia dragged most of its Gulf allies into what could turn out to be a quagmire, and their competition with Iran fueled sectarian tensions. Egypt needs our economic assistance and technical advice to help it dig its economy out of the deep hole in which it finds itself. All are now hungry for U.S. reengagement and leadership. Each should be more amenable to doing more for themselves if we insist on it, and if we assure them that we are committed to their security and success and that we are in it for the long haul.

In all these countries there is new, often younger, leadership that is more energetic and more cognizant that the ways of the older generation of Arab leaders are no longer viable in the post-Arab Spring and the new social media environments. And instead of using hostility toward Israel as a means of diverting their peoples’ attention from their own failings—a favorite technique of the old guard—they all view Israel as a highly capable partner in the common cause of combatting terrorism, Islamist extremism, and Iranian hegemonic ambitions. Some of them also hope that by drawing closer to Israel, they can use its influence in Washington to secure greater support for their causes. Thus, the old bromide of distancing the United States from Israel to curry favor with the Arabs is no longer relevant.

As our Arab partners focus more on the threats in their immediate neighborhoods, they also have less bandwidth for the Palestinian cause. Nevertheless, they are sensitive to the resonance the Palestinian issue still has for their people, and are therefore cautious about giving their opponents (the Muslim Brotherhood, ISIS, al-Qaida, and Iran) a stick with which to beat them. Egypt and Jordan are more confident about overt engagement because of their peace treaties with Israel. The other Arab states remain skittish, unwilling to take their relations with Israel out of the closet until there is meaningful movement on the Palestinian issue—and they will be even more reluctant to do so if President Trump fulfills his campaign pledge to recognize Jerusalem as Israel’s capital by moving the U.S. embassy there.

Within the context of an overall common desire for the reestablishment of an American-led Middle Eastern order, each of these Arab states has its

own interests and perspectives, requiring President Trump to adopt a variable geometry for the reset. Where Saudi Arabia sees the Assad regime in Syria as a proxy for Iran, Egypt sees a secular government fighting Islamist extremists. Where Saudi Arabia sees Turkey as a potential ally against Iran, Egypt sees Turkey’s President Erdoğan as a leading member of the Muslim Brotherhood. The UAE is closer to Egypt’s worldview but seeks to bridge the differences with Saudi Arabia.

The Right Balance on Reform

Similarly, in seeking to rebuild a relationship of trust with each one of these states, President Trump will need to strike a new balance between the pursuit of stability and the promotion of economic and political reform. Past American efforts that placed too great an emphasis on promoting stability at the expense of meaningful reforms in these Arab societies contributed to the profound instability of the Arab revolutions. On the other hand, too much emphasis on reform in the current environment of profound instability could prove equally counterproductive.

Each of these regional leaders is scarred by the experience of seeing President Obama, in the face of massive Egyptian demonstrations, demand that Hosni Mubarak leave office immediately. They fear that the next president might repeat that rug-pulling exercise should they find themselves in trouble with their people. That makes them suspicious of American intentions when its diplomats speak of the need for greater inclusiveness or openness in their political systems. This puts a premium on building personal trust between President Trump and the leaders of these Arab countries before the sensitive issue of reform is raised. Nevertheless, it will need to be part of the new compact between the United States and these countries if past mistakes are not to be repeated and truly stable foundations for the renewed order are to be laid.

Countering Iran

The Trump administration needs a tough-minded, clear-eyed approach to Iran. The administration should strictly enforce the provisions of the nuclear agreement with Iran (the Joint Comprehensive Plan of Action, or JCPOA), while pushing back against Iran’s ballistic missile program, support for terrorism, and destabilizing activities throughout the region. Any moves will need to be closely coordinated with Israel and the Gulf Arabs, whose direct interests are involved. President Trump will need to ensure

that the Iranian leadership understands that the international community will never accept an Iran with a nuclear weapons capability.

Defeating ISIS and Stabilizing Syria

The most immediate problem the president faces is the military campaign against ISIS in Iraq and Syria, which will need to be prosecuted to its end. But as ISIS gives up control of the cities and towns it has occupied for the last three years, the Trump administration will need to pay greater attention to the day after. In Iraq, the Sunni communities in liberated areas will need to be protected and more equitable power-sharing arrangements and revenue distributions will need to be promoted. It is hard to see Iraq holding together over the long term without a new model of national governance: one that provides resourced and empowered local governance at the provincial and local levels so that the various ethnic communities can take more responsibility for their own political, economic, and security future. But this will need to be a joint project with the government of Iraq and America’s Arab partners.

The post-ISIS situation in Mosul, as well as the Syrian city of Raqqa, will require serious attention. If we do not work with the Iraqi government and other positive forces on stabilization and reconstruction, two things will happen: Iran will move into the vacuum via Shiite militias, exacerbating sectarian tensions; and ISIS will reconstitute itself in some even more vicious incarnation. It is also likely that eliminating ISIS in Iraq and Syria will drive the group underground and lead to more terrorist attacks in the West, compounding the problems in Europe in particular. The United States must work closely with its allies to address this threat.

In Syria, the challenge is even more complicated because of the growth of factionalism in the opposition forces, the presence of al-Qaida (through its Jabhat Fateh al-Sham affiliate), as well as ISIS, and the involvement of outside powers, including Russia, Iran, Turkey, Saudi Arabia, and Qatar. Prioritizing the war against ISIS in the east has left the theater in Syria’s west open to the systematic bombing of civilians by Syrian and Russian forces. While continuing to prosecute the war against ISIS, the new president must avoid the temptation of simply throwing in with Assad and Russia in the mistaken belief that they share our interest in defeating ISIS. Such a step would come at a high cost for Syria’s civilian population, and it would not

solve the underlying political problem. Moreover, it would enhance Iran’s influence in Damascus at a time when America’s other regional interests require a containment of Iran’s ambitions in the Sunni Arab heartland.

While trying to work with the Russians where successful cooperation would be in our interests, the Trump administration should at the same time increase its leverage in Syria. This should start by ramping up the fight against ISIS and al-Qaida, but it may well require the willingness to arm opposition forces, prevent Syrian and Russian aircraft from bombing civilian areas, and strike targets of value to the Assad regime. Once the situation on the battlefield has been addressed and stabilized, negotiations should begin with the key outside players with the objective of achieving a sustainable ceasefire. Only then can the issue of transitional arrangements to a new political structure for Syria be addressed. In this context, the question of who leads Syria is up to the Syrian people to decide.



PART VI:

Implementation

Military Power

Along with our economic power, U.S. military power is a foundation of American power and the international order. It includes the willingness to use force when necessary to protect our interests and allies, although it should not be reduced to that. Our military strength underpins our ability to reassure allies and deter adversaries; it enables us to conduct operations around the globe (be they keeping sea lanes open, countering terrorism, or undertaking humanitarian relief missions) and even to underwrite the open global economy. As the world becomes more competitive and contested, the demands on the U.S. armed forces will increase.

Preserve a Preponderance of Power

U.S. military power is a key pillar of American grand strategy and the current international order. If America's power advantage is eroded, it will become much harder to deter and dissuade aggressors in strategically contested regions. A preponderance of power does not simply mean outspending our competitors on defense. We must recognize that, as a global actor, U.S. power is spread across many theaters, whereas most challengers are regional powers acting in their own neighborhoods. The balance of power is often closer than we would like in these cases, especially when crises erupt in several places simultaneously.

Investment in critical capabilities that will shape tomorrow's battlespace is fundamental to maintaining the U.S. edge. The Department of De-

fense’s “Third Offset” represents a first step in capitalizing on American technological advantages.³³ Investments such as long-range strike capability, armed unmanned aviation, ISR platforms, undersea warfare, directed energy, space, and cybersecurity, reflect the correct approach to bolstering American power. These, in turn, must be paired with policies to ensure the recruitment, development, and retention of service men and women to ensure the highest quality forces. Success in these ventures, however, depends on reinstating the regular order in the budget process that undergirds long-term planning, research and development, and investment in future capabilities.

End the BCA Caps and the Threat of Sequestration

Building a military for this new era will necessitate an end to the defense spending caps introduced in the 2011 Budget Control Act (including “sequestration”). These constraints have jeopardized our military readiness. As a bipartisan National Defense Panel urged in 2014, only by repealing the sequester and ending defense cuts can we restore the predictability to the budget process needed to sustain long-term American military advantage.³⁴

Modernize U.S. Alliances

America’s global alliances are one of its key military advantages over its rivals, allowing the forward positioning of forces and the capacity to deal with threats before they become crises. At a fundamental level, the alliance system reflects that America is the only global power because it was invited to become one by other nations.³⁵ No rival power can replicate this system because none now will be asked to do so. These alliances serve American and allied interests in tackling the challenges of the day, but the fact that they are rooted in shared interests and values and have spurred them to evolve well beyond transactional relationships shows that they have become so much more—a real and genuine partnership to uphold the international order.

In recent years, particularly in the 2016 election, these alliances became the subject of controversy. Critics have questioned why the United States provides security for other nations. In particular, they have asked why the United States contributes over 70 percent of NATO’s annual defense budget, compared to an approximately even split during the Cold War. While there are legitimate critiques around burden-sharing among U.S.

allies, it is worth closer analysis. Direct comparisons of U.S. and European defense budgets ignore that U.S. defense spending figures include allocations outside Europe. As a global security actor, higher American defense spending is only natural. By one calculation, the United States contributes only 22 percent of NATO’s common costs.³⁶

That said, there can be no argument with the fact that European allies are falling short on defense spending. Only four currently meet the spending target of 2 percent of GDP—the United Kingdom, Estonia, Greece, and Poland. The Trump administration must strike a balance on this issue. The president should impress on European governments the political reality that lack of adequate burden sharing has become a strain on the alliance. Failure by America’s European allies to meet defense spending targets will undercut U.S. public support for NATO. Yet, the United States must be cognizant of the fact that there are now political and economic challenges to the very foundations of European unity, which is a vital American interest. Europe must reallocate more resources for defense spending, but President Trump should not ask too much of a fragile Europe. Furthermore, as important as the level of defense spending is, it is also important that the funds be spent in such a way as to produce real, usable, and effective military capability. Lastly, defense spending should not be the only measure of allied contribution: every member of NATO voted to invoke Article V in support of the United States after the 9/11 attacks, and NATO forces have fought alongside the United States in operations from Afghanistan to Libya.

Most important for the future is the need to modernize U.S. alliances to tackle the threats and challenges of the new era. This includes promoting cooperation between and among U.S. allies in Asia, including with respect to ISR, procurement, and joint maritime exercises. It also means developing the capability to deal with cyber threats, hybrid warfare, and economic warfare.

Update Deterrence

Deterrence (the power to prevent) was a key pillar of U.S. defense policy during the Cold War but today it is increasingly called into question. Rivals doubt whether the West would respond to revisionist acts of aggression and challengers are encouraged by what they perceive to be a leveling of the security playing field. Retaining the power to deter will require en-

hancing the credibility of existing U.S. security commitments, preserving nuclear deterrence in the face of nuclear modernization programs among America’s competitors, developing proportionate responses to aggression against non-allied governments, and updating security commitments for cyber threats.

Inch Toward a Cyber Equilibrium

The U.S. military has been present in the cyber domain for over half a decade; however, norms of conduct remain lacking in cyberspace. Much as with nuclear weapons in the early Cold War, cyberspace will remain a particularly dangerous domain until principles governing it are established. Learning from that era, the Trump administration should establish credible and significant responses to cyber threats, both toward American infrastructure and against more recent hackings intended to undercut the legitimacy of democratic institutions.

Here, America should not aspire to a treaty detailing principles for the global cyber arena, but rather build credible expectations among allies, rivals, and non-state actors as to U.S. offensive and defensive capacity, and the magnitude of an American retaliatory action for certain offenses. Consideration should be given to invoking mutual defense agreements, such as NATO’s Article V, for major cyberattacks on critical infrastructure and political systems. Indeed, NATO’s Article V was redefined at the Warsaw summit of 2016 to include cyber-attacks.³⁷

Preserve Nuclear Deterrence

After several decades of arms control and great power cooperation, nuclear weapons are becoming more central to international politics, frequently for the worse. Russia, Pakistan, and China are modernizing their nuclear arsenals. Russia, in particular, has made nuclear weapons a centerpiece of its defense policy and has carried out a number of provocative deployments in Europe, including the placement of Iskander missiles in Kaliningrad. Hopes of a nuclear-free world are receding. The United States must take two steps to ensure the continued functioning of deterrence:

1. Modernize the U.S. nuclear arsenal and supporting nuclear infrastructure in light of the aging of U.S. systems and our rivals’ modernization programs.

2. Reassure our allies of the continued U.S. commitment to extended deterrence.

Diplomatic Power

A “situations of strength” diplomatic strategy means that the incoming administration must first reach out to its traditional allies in Europe, Asia, and the Middle East and reaffirm the shared interests, particularly on economics, regional and global security, and the need to revitalize the international order.

Reaffirm U.S. Interests and Commitments, Particularly to Allies and Partners

The Trump administration should reiterate America’s security commitments and support for an open global economy. The next step would be to enhance cooperation in these areas. The administration should also continue U.S. support for regional architecture, including the “ASEAN plus” process in Asia and the European Union in Europe. If the administration is looking to do a successful deal with China, Russia, or even North Korea, it should first invest in extensive consultation with its allies and devise common approaches.

Embrace Multilateral Platforms (New and Old) for Shared Problems

The United States should also take steps to increase the net levels of international cooperation to tackle shared problems, like climate change, pandemic disease, and economic volatility. This means working within existing multilateral institutions, like the nuclear Non-Proliferation Treaty, the Paris climate accord, and the United Nations. The United Nations is not perfect and needs reform, but this can best be accomplished through constructive engagement.

The United States should also recognize that multilateral institutions are not sufficient to produce the levels of international cooperation we need. Thus, the administration should explore other complementary means of cooperation, including coalitions of the willing, informal networks of cooperation (such as through networks of central banks), and engagement with non-Western institutions (like the AIIB).

Gain Support of Allies for Coercive Diplomacy

Perhaps the most difficult diplomatic task facing the administration will be coercive diplomacy over problems like the nuclear programs of Iran and North Korea and aggressive regional behavior. There are important military and economic components dealt with elsewhere in this section and we have outlined some ideas earlier in this report about how to cope with each. However, it is important to underscore the importance of building and utilizing as broad an international coalition as possible. These coalitions do not always need to be universal or routed through the United Nations. But securing the support of other nations expands the range of options available to us and greatly improves their effectiveness.

Maintain Values in U.S. Diplomacy

Finally, values have a vitally important role to play in American diplomacy. Not only do they distinguish the United States from hegemony and imperial powers of past eras but it also advances our long-term interests—the United States has benefited immensely from the success of democratization and human rights in Latin America, Eastern Europe, and Southeast Asia. It is often tempting to abandon these values in a moment of convenience but this comes at a great long-term cost. There will surely be inconsistencies but the president of the United States must always be a steadfast friend of democracy, freedom, and human rights.

Economic Power

Economic power will play an increasingly important role in U.S. grand strategy for at least three reasons. The first is the continued fragility of the global economy, particularly the international financial system. The second is that several of the world’s largest economies do not hesitate to have the state wield and use economic power to advance their own interests, often distorting markets and openness. And the third is that the return of great power competition means that interdependence—global supply chains, unprecedented levels of foreign direct investment, fully integrated global financial systems, and global communications systems—has created vulnerabilities and sources of leverage that are being used for geopolitical ends. As it navigates this new environment, the United States must be guided by the following principles.

Values have a vitally important role to play in American diplomacy.

Promote a Healthy Global Economy

A strong national economy requires a strong global economy. Yes, other countries must play by the rules but America needs prosperous and successful economic partners overseas. The Trump administration should advocate for U.S. interests in economic relations with the rest of the world. Part of doing so is to recognize that the United States is a major beneficiary of an open and stable global economy and to play a leadership role in upholding it.

Expect and Prepare for a Financial Crisis

We should expect to be hit with a financial crisis, even as we do everything possible to prevent it. If a crisis hits, the president’s economic team will lead the response, but the foreign policy dimension is vitally important. The United States and the other major economies need to be as cooperative as they were in 2008 and 2009, even though the international and political environment has worsened. This means educating key stakeholders, decisionmakers, and the public about the interdependent and global nature of the American economy, as well as why international cooperation is in the national interest. It also means ring-fencing management of the global economy from geopolitical rivalries and laying the groundwork for a cooperative response well in advance of a crisis.

More Ambitious Economic Diplomacy

China, India, Russia, and other major economies do not hesitate to use the power of the state to advance their national interest. One of America’s key strengths is the independence of the private sector and its capacity to make decisions according to economic criteria alone. But, there is a role for the U.S. government in pushing back against economic coercion or the role that some states play in the global economy, whether that be in the realm of currency manipulation, state-owned enterprises (SOEs) investment decisions, or market access. The United States must insist that China and all other major economies adhere to the standards of an open, rules-based economic order. If they do not, the United States should examine means of response, including possibly reciprocal actions that would change their incentive structure to encourage such adherence.

The United States should also seek to address these problems in economic agreements with like-minded states. Moreover, the United States should

explore ways of ensuring that economic diplomacy moves beyond market access and harmonizing regulations to tackle some of the numerous fault-lines and problems in the global economy that directly and detrimentally impact the United States and American workers, including corporate tax avoidance and labor standards.

Leverage economic power responsibly

Sanctions and other forms of economic leverage will be a critical part of the national security toolbox in the decade ahead. Sanctions provide a means of imposing costs for aggression that are effective but with a lower (but not negligible) risk of major conflict. However, if used too frequently and without due cause and consideration, there is a danger that sanctions will push other nations to disengage from existing financial institutions and create parallel structures. This is especially true of sanctions restricting access to the international financial system (including the SWIFT payments system). The United States should, as much as practically possible, seek multilateral support for financial sanctions, take account of our wider interest in maintaining an open global economy, and limit their use to exceptional acts of aggression or illegality.

A National Economy that Supports National Security

National power begins with the national economy. As foreign policy experts, it is not our place to tell economic policymakers and businesses how best to achieve and sustain robust levels of growth. However, it is within our remit to advise that economic decisions take into account the need to maintain America’s competitive advantage and national security needs in the coming decades. The U.S. economy should prioritize technological innovation, which has long been a source of our strength. We should look for ways to leverage the energy revolution to advance foreign policy goals, especially toward the Middle East and Russia. We must be clear-eyed about our vulnerability to our rivals, particularly with respect to cybersecurity and technology transfer.



Epilogue

Change is not linear.

For the past quarter of a century, we have become conditioned to rapid change in every part of our lives. The Soviet Union collapsed on a scale that surpassed all expectations. The United States became a unipolar power. A technological revolution transformed life on the planet. We expect things to change. But our post-Cold War experience is such that we also expect that change to be for the better. Even in adversity, we see the green shoots—many people were convinced that the horrific events of 9/11 would lead to democratization and reform in the Middle East because there was no alternative.

So when scholars and experts predicted the rise of new powers and enormous changes in world politics, it was natural for us to assume that this change would be constructive. Yes, it would be difficult, but ultimately new power configurations would work to strengthen a cooperative international order. China and Russia would be responsible stakeholders. The Middle East would reform. The United States would provide enlightened leadership. What we are relearning, and what our ancestors knew all too well, is that change is not linear.

American foreign policy is at a key juncture. The world has changed dramatically over the past five years and now the United States also has changed. Basic questions of continuity with seven decades of diplomacy or a radical departure from it are now part of the discourse. Avoiding these questions, however uncomfortable, will not make them go away. And it will not guarantee continuity. On the contrary, it is vitally important to take critiques of America's traditional global role seriously and to urgently

address them, substantively and in good faith. It is also necessary to recognize that we are not choosing between the status quo and a critique of it, but between very different paths, each of which has advantages and disadvantages that must be assessed relative to each other. We believe that the United States should engage with like-minded states to build situations of strength around the world to renovate and reinvigorate the postwar international order. This report is far from the final word but we hope it will stimulate discussion as Americans, and the wider world, figure out how to cope with the problems that confront us.

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