

DOMESTIC & INTERNATIONAL (DIS)ORDER

A STRATEGIC RESPONSE

Foreword by Joseph S. Nye, Jr. and Condoleezza Rice

Preface by Nicholas Burns and Anja Manuel



aspen strategy group

Edited by Leah Bitounis and Niamh King

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A heartfelt THANK YOU to the many individuals who made our conference and this book possible with their time, skills, and support.

We would like to thank all the authors for their varying viewpoints and contributions, which are critical to our founding principle of nonpartisanship. We would also like to extend our gratitude to all Aspen Strategy Group members, who each summer commit their time, talents, and expertise to take on the most pressing challenges in national security.

Our deep appreciation goes to our new Deputy Director Niamh King and Associate Director for Policy Initiatives Leah Bitounis who dedicated many hours to the creation of this volume. We are grateful to Jonathon Price, our outgoing deputy director, for his many years of service to the Aspen Strategy Group. Gayle Bennett, Steve Johnson, and Sogand Sepassi have again done exceptional work on the editing, design, and layout of this policy book, and we thank them. To our Scowcroft Fellows—Tobias Brandt and Emily Lawrence—who represent the next generation of foreign policy professionals, we appreciate your passion and commitment to these projects. Thank you also to our volunteers who helped make the workshop run smoothly—David Forscey, Tyler Headley, Joel Kesselbrenner, Ben Eyler, and the Aspen Institute’s audiovisual team.

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We are fortunate to have the outstanding leadership of our Co-Chairs Joe Nye and Condoleezza Rice. They provide us with thought-provoking and meaningful insights from their wealth of experience on the frontlines of world politics. Their willingness to challenge assumptions and dig deep ensures that our conversations remain fruitful and balanced. We are grateful for your leadership of the Aspen Strategy Group.

We recently mourned the loss of our Founding Co-Chairman Lt. General Brent Scowcroft. Brent passed away on August 6, 2020, only a few days after our summer meeting concluded. We in the Aspen Strategy Group revered him. Brent moderated our foreign policy debates with a mixture of intelligence, tact, irony, and humor and made a point of introducing younger people into our group, such as Condoleezza Rice in the 1980s. He took the time to mentor many of our members regardless of age, background, or rank. In between our working sessions in Aspen, Colorado, he would join the chorus at our annual singalong and lead us in hikes high up in the Rockies well into his 80s. We honor his patriotism, deep personal integrity, and true friendship to all of us. We share our sincere condolences with his family. We will forever be grateful to Brent as one of the three beloved Co-Founders of our group. We will miss him dearly.

Thank you,

Nicholas Burns and Anja Manuel

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Foreword

Joseph S. Nye, Jr.
Condoleezza Rice

Aspen Strategy Group Co-Chairs

The Aspen Strategy Group (ASG) was founded at the height of the Cold War, as the world faced the threat of cataclysmic nuclear warfare between two superpowers. We are facing uncertain and precarious times now. It has been a year characterized by turbulence and instability due to the concurrent crises of the COVID-19 pandemic, the resulting global economic fallout, and escalating racial and domestic turmoil. More Americans have been lost to the coronavirus than in all our wars since World War II combined. At this critical moment, the mission of the ASG to bring together experts for open-minded, nonpartisan dialogue is more important than ever.

The thirty-sixth ASG Summer Workshop in August 2020 brought together virtually over seventy of our members and experts from government, academia, journalism, and the private sector. Over two full days of debate and conversation on Zoom, the ASG focused on multiple national security challenges facing the United States: race, democracy, and political divisions in America; the future of U.S.-China relations; the global economy; and foreign policy priorities for 2021. The pandemic was woven into the fabric of every working session. As always, our discussions were held with the goal of taking the strategic long view and developing actionable policy recommendations.

This book covers many of the ideas discussed during our working sessions and the strategic recommendations that resulted from those discussions.

The issues addressed in this volume give the reader a flavor of our thoughtful discussions this summer but will, of course, require continued deep debate. It is our hope that the following chapters will contribute meaningfully to the formulation of our nation's future foreign and domestic policy. Although America is facing substantial challenges both at home and away, we know we have the capacity for resilience, self-correction, and innovative growth. Solving these challenges now will help us bend the arc of history in a positive direction.

Preface

Nicholas Burns

Aspen Strategy Group Executive Director

Anja Manuel

Aspen Strategy Group Director

When the nonpartisan Aspen Strategy Group (ASG) met virtually in the summer of 2020, it was amidst a global pandemic, an economic crisis, and racial and political turmoil on the home front. In these extraordinary circumstances, we felt it wise to dedicate our time to four pressing national security issues: the rising domestic tensions in the United States; the future of U.S.-China relations given China's increasing assertiveness; the global economic fallout from the pandemic; and the top foreign policy priorities for the U.S. going into 2021 regardless of the outcome of November's election. This book encapsulates the main points of our discussions and outlines concrete policy recommendations from several of our participants. Each chapter offers insights into one of our four main themes.

1. Race, Democracy, and Political Divisions in America

In May 2020, as the pandemic was unfolding, the killing of George Floyd by police officers in Minneapolis sparked a summer of protests and riots over racial inequalities in America. Outrage over the deaths of Ahmaud Arbery and Breonna Taylor earlier in the year, and the shooting of Jacob Blake in August, added to the demands for the American people to confront our difficult history of racial injustice. The pandemic itself exposed further racial disparities, as minorities had considerably worse health outcomes from COVID-19 infections and notably less financial resiliency in the economic downturn.

Given the long history of racial tensions in America, we thought it important to begin our summer meeting by grounding ourselves in the historical context of the current moment. The Ernest R. May Memorial Lecture this year took the form of a moderated conversation between our Co-Chair Condi Rice and Harvard historian Jill Lepore, who provided an overview of where we have been to help us understand where we are. As Dr. Lepore summarized, America was born with contradictions, proclaiming the values of liberty and self-determination while practicing slavery. We tend to characterize America's history as either one of consistent progress or one of constant atrocities, she explained, and neither of these narratives provides the full picture. Progress has been made, but much more must be done. She further noted that new "populisms" tend to arise when there is a technology revolution in communication, such as with the penny press, radio, and now social media.

We wrestled with how to address broad systemic issues to fix what is broken in our institutions and promote justice and equality at home. Across the political spectrum, many participants agreed that it's time to take down the most egregious confederate flags and monuments, and that all people should be able to and encouraged to vote. On reparations, some members expressed the view that "writing a check and pretending that solves everything" would not be enough; systematic change is needed in how congressional districts are drawn, how public schools are funded, and how communities are policed. As Diana Farrell writes in her piece in this volume, Black and Hispanic family spending is more sensitive to short-term income fluctuations than that of White families, so they have been disproportionately

affected by COVID-19's economic downturn. Thus, government programs aimed at restoring lost income are especially critical for these families. Ayaan Hirsi Ali argues that, while discussing racism and other issues is important, on some college campuses and at other liberal elite institutions it is no longer possible to have an objective, honest conversation. She argues that those putting forth "critical" theories of systemic racism, colonial oppression, and so forth are often unwilling to critically examine their own assumptions.

In addition to racial unrest, America is also facing extreme political polarization as the size of the partisan divide on political issues in the U.S. has more than doubled since 1994.¹ The more divided we become, the more we risk opening ourselves to exploitation by foreign powers along race and party lines. Several of our participants commented that America's divisions on the home front are also weakening our international reputation and ability to achieve our goals abroad. If we lose our credibility as a democracy and capacity to inspire other nations, we weaken ourselves.

One suggestion to heal internal divisions that gained broad consensus was the revitalization of voluntary national service programs. Animosity is fueled by unfamiliarity, and Americans of all faiths, colors, and ethnicities must find ways to get to know each other again. Shared, meaningful experiences of a broad range of young people through national service would go a long way toward reaching that goal. Our participants pointed out that this effort should be supplemented with strong civics education to shape a more engaged and informed generation of Americans who feel invested in our democratic institutions. Many of our members collaborated after the meeting to draft a joint, bipartisan statement supporting national service, which you can find on the Aspen Strategy Group's [website](#).

2. The Future of U.S.-China Relations

The second major theme addressed in this volume is the complexities around the U.S.-China relationship. The ASG dedicated the entirety of our 2019 conference and subsequent policy book, *The Struggle for Power: U.S.-China Relations in the 21st Century*, to this very topic, and its ongoing importance warranted more of our attention this year. The challenges of this critical relationship encompass several key components of national security, including technological innovation, military capability, and global trade.

Today, there is widespread, nonpartisan disappointment and anger in the United States about China's actions to strangle democracy in Hong Kong, its re-education camps in Xinjiang repressing hundreds of thousands of Uighurs, as well as the illegal activities of the People's Liberation Army in the South China Sea and its dangerous border standoff with India. Shankar Menon explains in his chapter that India and China have a history of misreading each other, and this conflict may yet become very dangerous.

As Joe Nye sets out in this volume, it is crucial for America to rebuild our confidence and avoid overestimating China's strengths while underestimating our own. Neither "being tough on China" nor simply hoping for better relations meets the standard of a coherent, long-term strategy that is necessary to tackle this challenge. A "cooperative rivalry," he argues, is closer to the right approach.

Several participants called for strengthening ourselves in key ways at home. Tom Pritzker argues here that a specific tool the United States has so far undervalued is our economic leverage. While we often highlight our military prowess or diplomatic skills, the U.S. government is less adept at integrating economics and our business community into a coherent foreign policy. Kurt Campbell explains that we are just in the beginning stages of understanding, and preparing for, the competition with China. The Aspen Strategy Group can play a key role here by convening expert foreign policy strategists, business leaders, and experts in technology and other fields that will be critical to understanding and competing with China. Anja Manuel explains that the race for advanced technology is where the competition between the U.S. and China will be joined, arguing that the U.S. should form a robust international innovation partnership among countries that share the same values in tech development: a "Technology 10."

America's open and democratic system, Naima Green-Riley points out, is one of our strengths, and we should foster it by monitoring influence from authoritarian states like China and Russia and ensuring we have a well-informed citizenry. Finally, Mike Green explains that the U.S.'s network of alliances is a strategic advantage that China lacks.

Participants in our discussion noted that we should not make our allies and partners choose publicly between the two sides, but instead strengthen our relationships with them and actively present a preferable alternative to China. Many argued that the most important step the U.S. can take to compete with China is to get our own house in order.

While it will be vitally important to devise a clear strategy to compete with China, there are also areas where the need for cooperation is undeniable, such as climate change, pandemics, and refloating the global economy. Getting the balance right between competition and cooperation with Beijing will be a central question for policy makers for the foreseeable future.

3. The Global Economy

When the COVID-19 pandemic hit, unprecedented lockdown measures were implemented to flatten the curve of infection rates, forcing businesses to close their doors. Debates about reopening pitted the need to protect public health against the need to boost the economy. We are now in the midst of one of the worst recessions in the past 100 years, with fourteen million additional Americans unemployed from February to May 2020.² Despite the historic levels of this economic downturn, no effective global response has been mounted. This is in sharp contrast to the international cooperation we saw after the 2008 recession, leading many to argue that America must do more to lead an international effort to lessen the effects of this crisis for the most vulnerable developing nations. Adding to this, there is no clarity on when this recession might pass, as a vaccine may not be widely available for some time. As David Petraeus points out, “until a treatment and/or a vaccine are found and administered broadly, the economic revival in many sectors and industries is likely to be slow, halting, and far from a return to pre-pandemic conditions.” In this climate, businesses are fundamentally rethinking how they operate, with more people working from home than ever before.

This economic fallout from the pandemic has also revealed the holes in America’s social safety nets and exacerbated existing opportunity gaps. These gaps will continue to worsen unless we invest in equipping our workers and future generations with the skills and education they need to be successful. Zoë Baird believes we need an “intentional effort to make sure that the jobs that come back are good jobs with decent wages, benefits, and mobility.” Many of our Aspen Strategy Group participants agreed that preparing our citizens for the job markets of the future is key to our national security. For our democratic capitalist society to offer a compelling alternative to China’s authoritarian capitalism, it must work better for more Americans.

To further safeguard our national security, the U.S. must make strong investments in research and development programs that protect our place as a leader in science and technology. America cannot hope to maintain our competitive edge without better incentives for innovation. National security should not be disconnected from economic policy. As David McCormick points out, “other countries, especially China, have a well-documented strategy for winning this [international economic] competition, and the United States must likewise develop a plan to stay in the game.” Aditi Kumar emphasizes the link between America’s national security and its economic strategy. To achieve these twin goals, policy makers must set regulatory standards that all tech companies must follow as a condition for doing business in the United States.

4. U.S. Foreign Policy in 2021

We concluded our meeting, and this volume, by examining the U.S. foreign policy priorities we anticipate for 2021 and beyond regardless of the results of this November’s elections.

A majority of our participants agreed that our first priority must be to set our own house in order. Demonstrating that we can credibly deal with racial injustice, political polarization, and income inequality is necessary to restore the international community’s faith in our values and leadership. Defeating the COVID-19 pandemic and getting past the turmoil on our home front will require flexibility, strong leadership at all levels, an innovative spirit, and a willingness to continually strive to live up to our ideals as a nation. John McLaughlin believes another “key objective for American leadership in 2021 is to correct the confusion and disorientation—worldwide—about whether and how the U.S. intends to lead.”

In addition to all that we need to achieve domestically, we must also remain vigilant in managing the rise of China, climate change, the global assault on democracy, the ongoing threat of terrorism, and our tense relationships with Russia, Iran, and North Korea. As Madeleine Albright says in her chapter in this volume, “it has never been in America’s interest to withdraw from the world, and it is especially counterproductive to do so in this era of borderless threats.”

The issue of nuclear proliferation will only grow in importance too, as in early 2021, the New START Treaty with Russia will expire, creating—for the first time in decades—an environment in which there will be no limits in the nuclear arena. At the same time, cyber threats are increasing significantly, and Russia, China, Iran, and North Korea are all exploiting technologies in this domain. A well-calibrated U.S. foreign policy will need to weigh each of these threats and balance them accordingly.

The transatlantic relationship was another focal point of the discussion. Wolfgang Ischinger contends that the European Union needs to develop a clear-eyed position of its own strength in an era of great power competition. Kay Bailey Hutchison argues that “in our increasingly complex world, the United States must remain the strong glue that holds our transatlantic bond together.” Clearly there is work to be done to strengthen U.S. commitments to our partners and allies in 2021.

Conclusion

Despite the current crises and mounting foreign policy challenges, it is important to remember that America has faced—and survived—historic challenges before. The Civil War, the Great Depression, the First and Second World Wars, and the events of 1968 all presented momentous, if not existential, tests for our nation. Yet, each time, the U.S. found a way to rebound through courageous and informed leadership and a commitment to unity as a nation. Our nonpartisan discussions at the ASG Summer Workshop and the chapters in this volume make us hopeful that we can again come together as a nation and rise successfully to the challenges of this moment domestically and internationally.

The coming year promises many challenges. It is reassuring that our Aspen Strategy Group community has a shared love of our nation at the core of our work.

We hope the ideas shared in this volume will contribute meaningfully to a resilient, stable, prosperous, and secure future for our country and the world.

¹ “In a Politically Polarized Era, Sharp Divides in Both Partisan Coalitions,” Pew Research Center, December 17, 2019, <https://www.pewresearch.org/politics/2019/12/17/in-a-politically-polarized-era-sharp-divides-in-both-partisan-coalitions/>.

² Rakesh Kochhar, “Unemployment Rose Higher in Three Months of COVID-19 than It Did in Two Years of the Great Recession,” Pew Research Center, June 11, 2020, <https://www.pewresearch.org/fact-tank/2020/06/11/unemployment-rose-higher-in-three-months-of-covid-19-than-it-did-in-two-years-of-the-great-recession/>.

Part



DYSFUNCTION ON THE HOME FRONT: RACE, DEMOCRACY, AND POLITICAL DIVISIONS IN AMERICA

CHAPTER 1

Race in America

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Anne-Marie Slaughter

Recently, I have seen the presentation of this binary choice: either you “back the blue” or you support “communities of color.” I personally support both sides, and I think that it is possible for others to do the same.

—SENATOR TIM SCOTT

Race in America

Senator Tim Scott

The odds are that three-word phrase made you feel an immediate, emotional response. For some, it may bring a sense of discomfort, for others anger and frustration, or perhaps even hope at the progress we have made. As 2020 has shown us, where we stand as a nation lies somewhere in between all of those feelings.

Police reform and criminal justice-related issues have been the most visible lens for racial issues for a number of years. And while they are extremely important, sometimes literally life or death, it is critical the American people do not see those matters as the only disparities we face. Education, health care, and access to capital are also three foundational areas where people of color are currently fighting an uphill battle.

Despite the challenges that remain, I am optimistic for our future. Since I was born in 1965, our nation has made some amazing progress. While we still have work to do, I believe in the heart and soul of America.

From Cotton to Congress

My belief in this nation comes from my own family's story. My grandfather was born in a little town called Salley, South Carolina, in 1921. As a child, he had to cross the street if a white person was walking toward him. To help provide for the family, he dropped out of elementary school to pick cotton.

Eight decades later, at the tender age of 91, my grandfather watched on television as I was sworn into the United States Senate. In just one lifetime, my family had gone from picking cotton in South Carolina to picking out a seat in Congress and later the United States Senate.

We have lived the promise of America. My grandfather grew up in the Jim Crow South, and my mother came of age during the civil rights movement. Despite these challenges, they never lost sight of what was truly possible for us.

My parents divorced when I was 7, leaving my mom to provide for my brother and me. She worked sixteen-hour days as a nurse's assistant to keep a roof over our heads and some food on the table. We even moved into my grandparent's small house for a time—the five of us sharing two bedrooms. My dreams revolved around football, and my academics slipped. I flunked my freshman year of high school and reached a fork in the road. My mother, and an amazing mentor named John Moniz, made sure I took the right path. They both believed that Tim Scott, just a poor black kid from North Charleston, South Carolina, had more potential than he could imagine. And they knew that in this country, if I pulled myself together, all things were possible.

Thanks to them, I got on track. I graduated from high school and college and eventually started my own small business. I got involved in local politics, running for Charleston County Council, and working to help build a better future not just for my own family, but for our community as a whole.

The truth is, there aren't many places in the world where my story is possible. And while America offers that opportunity, we still have to continue working to make sure every single person in this country believes a chance at success is available to them. I grew up with too many folks who lost the belief that the world held something larger in store for them. To restore that belief, we have to tackle longstanding issues. The tragic deaths of George Floyd and Breonna Taylor this year gave us a window to find solutions and bring communities of color and law enforcement together to start rebuilding trust that has eroded over decades.

Rebuilding Trust

As a black man, I have had many encounters with police officers, both good and bad. Recently, I have seen the presentation of this binary choice: either you “back the blue” or you support “communities of color.” I personally support both sides, and I think that it is possible for others to do the same. A few bad apples should not spoil the perception of all law enforcement officers. Based on my experiences, most officers are good, character-driven people who truly care about the citizens they serve and have vowed to protect. On the other hand, I have experienced racial profiling from officers, and I do believe that this is a problem that others have experienced.

In 2016, I gave a three-part floor speech on some of my encounters with law enforcement officers. Over the last two decades, I have been stopped around eighteen times, and as a lawmaker, I was stopped seven times in one year—with some of those encounters at the United States Capitol.

As a United States senator, I was stopped while trying to enter the Capitol to vote while wearing my Senate lapel pin—which is only given to U.S. senators. On a different occasion, I was stopped for using my turn signal too late. And at the age of 21, I was pulled over for simply having an improper headlight, and yet the officer felt the need to place his hand on his weapon and call me “boy.” Even today, while I have the privilege of serving as a United States senator, I am not immune to being stopped while driving at home in South Carolina or even while walking onto the grounds of the Capitol.

Unfortunately, many (if not most) African-Americans in this country have had unpleasant encounters with police officers, with some even resulting in death. During the summer of 2020, after the murders of George Floyd and Breonna Taylor, I introduced the Just and Unifying Solutions to Invigorate Communities Everywhere (JUSTICE) Act, a bill to provide long-term solutions focused on police reform, accountability, and transparency while also promoting efforts to find solutions to systemic issues affecting people of color, such as education and health disparities. Unfortunately—due to politics—my bill did not receive enough votes to bring the legislation onto the floor of the United States Senate, but I am hopeful that we can pass legislation for American communities.

You don’t have to be black in America to realize that what happened to George Floyd, Breonna Taylor, and countless others was wrong. Over the summer—and even now—I see people belonging to all races and backgrounds protesting because they acknowledge that racism still exists in this country. And as we address the original sin of this nation, I believe that more people need to continue to come together to have these painful conversations to address the issues that impact so many in our communities (and in the world). I have been a longtime advocate of pastors, community leaders, and heads of the police departments coming together to address issues in their communities. Having conversations in the community is the first step, and I’m proud to say that I have helped facilitate conversations like these in my home state.

Having candid conversations allows us to understand others’ perspectives, which is fundamental for moving a nation forward. My good friend Congressman Trey Gowdy and I wanted to bring communities of color together with law enforcement in South Carolina after the Walter Scott shooting so we facilitated meetings to have productive conversations without cameras. It led to law enforcement officers and pastors doing ride-alongs and having raw conversations on issues that communities of color face.

A lot of the biases that exist within people go unrealized; meanwhile, they impact and affect entire groups of people. Many officers may not realize that they profile blacks and whites differently, which was highlighted through these conversations.

Although Congress has not yet passed legislation on police reform, I am optimistic that we can get something done for the advancement of our nation. And I believe that it is in the best interest of the people for us to pass a bill that has approximately 70 percent that we can agree on instead of passing nothing at all.

Opportunity for All

As I have mentioned a few times already, confronting the issue of race in America is bigger than just police reform. Our education and health care systems are full of disparities that leave people of color behind, and our financial system needs some targeted reforms to ensure more access for low-income families who are doing everything they can to succeed.

COVID-19 has shined a bright light on our health care and educational systems. Black Americans are dying at significantly higher rates, and much of that has to do with preexisting conditions that have plagued our community for years. We need to develop a comprehensive strategy for attacking higher rates of diabetes, hypertension, obesity, and other diseases that affect people of color. We also must encourage people of color to increase participation in clinical drug and vaccine trials to find the best treatments and preventative measures.

With the vast majority of our nation's students at home during the pandemic, low-income and rural families are bearing the brunt of these challenges. This comes on top of the reality that barely half of black students have access to the courses needed to prepare for college, and that black fourth graders score 26 points lower on reading assessments and black eighth graders score 32 points lower on math assessments than their white peers.¹

We are also seeing communities that lack widespread broadband internet access struggling to help their students keep up. But that lack of access was an issue before the pandemic, as well. Increasing broadband access will give students of color access to more educational opportunities, increase the availability of telehealth and preventative health measures, and provide for greater economic opportunity in general.

The third plank of this conversation revolves around economic opportunity. Through the enactment of my MOBILE Act, individuals in underbanked and underserved communities can easily open bank accounts and quickly connect to banking services. My Credit Score Competition Act and Credit Access and Inclusion Act allow individuals to use alternative means of showing “good credit”—including making rent and utility payments. Opportunity Zones, which I included in the 2017 tax reform package, allow for significant capital to be invested in entrepreneurs, small businesses, and other ventures in our nation's poorest communities, which are unfortunately overwhelmingly communities of color.

I know that inner-city Detroit or rural South Carolina has as much talent and vision as Silicon Valley. The issue is simply the opportunity to showcase those traits. By tackling some of these longstanding issues affecting people of color, we can ensure a brighter future for millions.

The Future Is Bright

There is no doubt 2020 has tested our nation in ways we have not seen for generations. The violence we have seen in the streets is completely unacceptable, and COVID-19 has led to a litany of unforeseen circumstances affecting every American family.

But we're still standing. We're still here. Through the darkness, there is light. In 2015, after the murder of Walter Scott in North Charleston, South Carolina, cries for justice were made but not heard by many. The same for Tamir Rice, Philando Castile, and so many others. Following the deaths of George Floyd and Breonna Taylor, however, the outpouring of grief and support has come from across the racial and political spectrum. Our country is taking notice and saying enough is enough.

The COVID-19 pandemic has shed much needed light on health care disparities facing African-American communities. Virtual schooling has shown how critical broadband access is for low-income and rural communities. Businesses across the country are understanding a diverse workforce is a strong workforce.

We're headed in the right direction. We might have to take two steps back in order to take three steps forward, but that's okay. That means we're moving, and we are marching toward that perfect union we all would love to see. America remains the land of opportunity; let's make sure it stays that way for generations to come.

Senator Tim Scott was raised in a poor, single parent household in North Charleston, South Carolina, and grew accustomed to moving every few years, as well as the long hours his mom worked to keep a roof over their heads. After failing four classes his freshman year of high school, Senator Scott's path forward was murky at best. Through the belief of his mother, his mentor, and his own determination, Senator Scott got his grades back on track, graduated from Charleston Southern University, and eventually built his own successful small business. Through the lessons taught by his mentor, Senator Scott developed his mission statement: to positively affect the lives of a billion people. That led him to public service in South Carolina and later in Washington, D.C. Since joining the Senate in 2013, Senator Scott has been a national leader on efforts to bring opportunity to every American family. His signature legislation creating Opportunity Zones was passed as part of the 2017 tax reform package, and has the potential to bring billions of dollars of private investment into distressed communities across the country. As he continues to lead on the implementation of the Opportunity Zones initiative, Senator Scott also plays a critical role in issues regarding workforce development, education, and diversity. Whether it's tackling the skills gap, making sure children have access to the educational environment best suited for them, or working to bring everyone to the table to find solutions, Senator Scott will keep fighting for South Carolinians every single day he serves in the U.S. Senate.

¹ "2019 NAEP Report Card Analysis," Southern Education Foundation, accessed October 3, 2020, <https://www.southerneducation.org/resources/2019naep/>.

Let us not fall prey to the lure of critical theories but remain true to our foundational principles and spirit, both at home and abroad.

—AYAAN HIRSI ALI

The Flawed Premises of “Critical Theories” and the Risks for U.S. Foreign Policy

Ayaan Hirsi Ali

Introduction

U.S. foreign policy practitioners, as a rule, focus on pressing issues: geopolitical rivalries, military deployments, the possible use of force, civil wars abroad, serious trade conflicts, and similar highly tangible events and developments. Theories are sometimes of interest to foreign policy analysts if they can credibly explain, or possibly predict, the behavior of certain foreign leaders, but such theories—in part because of their abstraction—are rarely at the forefront of the mind of foreign policy analysts. Day-to-day developments are frequently of more interest and concern.

Nevertheless, the new book *Cynical Theories: How Activist Scholarship Made Everything About Race, Gender, and Identity—and Why This Harms Everybody* by British author Helen Pluckrose and American mathematician James Lindsay shows that it has become important for foreign policy practitioners to devote attention to a wide range of “critical theories.”

In their book, Pluckrose and Lindsay explore the intellectual roots of a range of critical theories, each of which is committed to one specific type of “social justice.”

Critical Theories

These critical theories are based on a mixture of postmodernism and post-colonial premises—some have a direct lineage to the Frankfurt School and French deconstructionists. The analytical premises and assumptions of critical theories are far-reaching. For the sake of brevity, I will list just a few:

- The Western world, through imperialism and colonialism, is responsible for the major problems of the developing world, and it is to be morally condemned. (“Imperialist” behavior by non-Western civilizations or intense tribal warfare among non-Western peoples tends to simply be ignored.)¹
- Adherents of critical theory hold that concepts such as “objective knowledge,” “reason,” and “science” reproduce systemic inequality and systematically unequal power structures. These notions are dismissed as naïve myths (much like the Enlightenment’s broader premises) because they are the result of “Eurocentric” or “white supremacist” cultures and therefore morally suspect and biased.
- White racism is one of the most pressing human rights problems—perhaps the most pressing—in the United States and other Western democracies. Society, politics, and the economy all rest on systemic White racism.
- White racism is systemic, omnipresent, and frequently unconscious. White children are guilty of it, too. (Non-White people cannot be racist because they are not privileged.)
- Capitalism is to be rejected both for its unequal concentrations of power and for (allegedly) its intricate relationship to White racism. Capitalism is not to be celebrated for the power to lift large numbers out of poverty or for its ability to afford opportunity to inventive individuals hailing from humble backgrounds.

- Indigenous cultures and tribes have access to “lived knowledge” and “experiential knowledge” that is frequently superior to “objective” knowledge because it does not stem from racism.
- Pursuing “universal individual human rights” ignores systemic power imbalances and disregards group identities. Oppressed groups need to be privileged to redress power imbalances.²

In a relatively short historical period, analytical assumptions stemming from critical theory have made deep inroads into the Democratic Party, academia (law schools, the humanities, the social sciences, and now even the natural sciences and mathematics, particularly at elite institutions), think tanks, grant-making foundations, and (most surprisingly) large corporations, not only in the technology industry.³

Critical race theory spread in American law schools and humanities from the late 1980s onward. The adoption of critical theories expanded rapidly from the early 2010s onward. Critical theories have now captured large portions of the American intellectual elite and a considerable number of grassroots activists.

The question is: What type of foreign policy will the U.S. craft if many of the “movers and shakers” in the American cultural and political elite share the above assumptions?

I argue that the premises listed above are highly contestable and frequently inaccurate; they make objective analysis impossible. The theories also limit facts and historical accuracy. For example, a researcher committed to “post-colonial” theory will find evidence of colonial abuses but will not find (or uncover) acts of cruelty of indigenous tribes toward one another.

Adherents of the theories are “critical” but are, in a strange twist, not willing to examine critically their own premises. The premises (some of which are listed above) are the starting point. They are orthodoxy: all research proceeds from them and cannot contradict them.

Foreign Policy Implications of Critical Theories

Consider some of the implications of these critical theories on our foreign policy. If there is no such thing as objective knowledge—if American “knowledge” simply reflects oppressive power structures—on what basis can U.S. foreign officials gather and assess information on what happens in the world? Or, if capitalism is to be condemned for its inherent White racism, how can the opportunities of free enterprise be extended to individuals in poor countries seeking access to markets, international trade, and the global financial system?

Further, if a U.S. foreign policy official proceeds from the assumption that the major problems in the developing world are caused by the legacy of Western imperialism and colonialism, how can he explore local causes of problems or the role of certain ideologies that are not Western in origin that may produce instability, conflict, or tumult? Or if that official is convinced that the U.S. is racist beyond redemption, how can any human rights leadership be provided to other countries? How could other countries ever be criticized on human rights grounds?

If the U.S. sits at the apex of an immoral and oppressive global power structure, how could the Chinese Communist Party ever be criticized on human rights grounds? If our foreign policy official is convinced that cruelty is the exclusive domain of the Western world, how can he assess intra-tribal warfare in parts of Africa?

Finally, if Whites are subconsciously racist and reproduce an oppressive systemic power structure, how can White people ethically be entrusted with formulating U.S. foreign policy?

The implications of critical theories are broad. After studying the premises of these theories, I have concluded that the vulnerable and marginalized individuals of the world will be severely hurt—not helped—by the flawed premises and cynical conclusions of critical theorists.

In viewing large portions of the world as perpetual victims, critical theories undermine and devalue individual agency. In rejecting capitalism, critical theories reject a path out of poverty for the masses in developing countries. In policing language, critical theories make having normal conversations impossible; they restrict freedom of thought and human expression and foster paranoia. In limiting racism to Caucasians, critical theories risk inflaming racial

tensions and ignore long-standing indigenous (non-White) intra-tribal tensions. In limiting academic study to Western imperialism, critical theories ignore human rights abuses committed by non-Western civilizations, cultures, and groups and the relevance of those abuses to contemporary conflicts.

Moreover, in blaming the Western world, and America in particular, for the contemporary problems of developing countries, critical theories encourage a mindset of victimhood that undermines the willingness of non-Western peoples and countries to pursue domestic reforms and improvements, instead fostering bitterness and deep resentment toward the Western world. Finally, in promoting the notion of reparations from the Western world, critical theories encourage non-Western countries to remain mired in a spirit of victimhood as well as dependency.

Large corporations, grant-making foundations, and universities that embrace the flawed premises of critical theories are not helping the downtrodden peoples of this world—quite the contrary. They sustain the victimhood narrative, trapping thousands in poverty without the tools or support to lift themselves out.

What Would a Good Foreign Policy Look Like?

Unlike a foreign policy based on “critical” premises, a good U.S. foreign policy would take note of the recently released *Report of the Commission on Unalienable Rights*. The report provides a critical reflection of both domestic and foreign sins of the United States, but also highlights the commitments we have made toward a more just and equal world.

The report focuses on unalienable rights, as opposed to the broader and constantly expanding human rights. These are rights inseparable from humanity that apply universally (although not all nations respect this). Our foreign policy should focus on leading by example and supporting other countries in their pursuit of protecting these freedoms for their citizenry.

If we want to be a beacon of hope for the rest of the world, then we also must address our own inequalities and disparities. These issues are complex and require genuine critical thinking, not to be confused with critical theories, to develop successful solutions.

A Tangible Example

After the George Floyd killing, I took a deep dive into the state of racial inequalities in the U.S. I concluded that, above all, stronger educational opportunities for Black, minority, or poor children would significantly benefit these populations.

I decided to look into a school in Nairobi, Kenya, that my brother attended but unfortunately dropped out of in the 1980s, the Starehe Boys’ Centre. I vividly remember being jealous of my brother because he could attend this school, but I could not (Starehe has since remedied this situation by opening a Girls’ Centre). There is a very old documentary online called the *Starehe Boys’ Centre Documentary* that examines the philosophy of the school, which in many ways is the antithesis of critical race theory. I urge every reader to give twenty minutes of their time to this short piece.

The school was founded in 1959 with a goal to create opportunity. It admits a mixture of low-income and even homeless boys on full or partial scholarships, and many of them grow into brilliant and high-achieving professionals. In return, former pupils voluntarily sponsor other students. This has created a self-sustaining system that has lifted thousands of boys out of poverty and hopelessness. In a country as poor and struggling as Kenya, with hostile neighbors, it is a wonder that such a school can exist, much less flourish. More recently, Abaarso School of Science and Technology in Somaliland has taken a similar approach.

This approach to education could not only be applied domestically in cities like Chicago, Detroit, and St. Louis, but could also inform our foreign policy agenda. The United States could encourage countries, like those in the Middle East or Africa, to use this proven model. We could have done this in Afghanistan. We should do this in countries today that are in danger of falling under the influence of China or Russia.

Critical theories, by post-modernist extremists, should not inform our foreign policy. These doctrines are a threat to our society and to the millions of people around the world living in poverty. The United States should base its foreign policy on unalienable rights, secured through proven, successful solutions. We should find other models like the Starehe Boys' Centre and Abaarso School and support foreign nations (as well as our own) in implementing these examples.

Let us not fall prey to the lure of critical theories but remain true to our foundational principles and spirit, both at home and abroad.

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¹ This is a tenet of post-colonial theory, to which Edward Said contributed heavily.

² I have paraphrased these from the book *Cynical Theories*, but it is possible to list many other premises.

³ Some companies, in embracing what I have called "wokeism," may simply be attempting to divert attention away from popular economic grievances, but some executives do appear to believe "woke" premises. Grant-making foundations, such as the Ford Foundation and the Open Society Foundations, have launched a dizzying array of measures committed to "social justice" and "equity"—though they accept only *one type* of social justice as valid, namely, that based on critical theory.

[W]hile government programs aimed at restoring lost income—including unemployment insurance and stimulus payments—are essential for all groups, such programs are especially critical for Black and Hispanic families.

—DIANA FARRELL

How COVID-19 Could Widen Racial Gaps in Financial Outcomes

Diana Farrell¹

Amidst the COVID-19 crisis, policy makers are grappling with the potential short- and long-term economic impacts of efforts to mitigate the spread of the virus on families. Unemployment rose at an unprecedented pace in the first months of the crisis, and the U.S. government issued stimulus payments to hundreds of millions of Americans. In a recent report, “Racial Gaps in Financial Outcomes: Big Data Evidence,” the JPMorgan Chase Institute offered a lens on how different segments of the population might manage income fluctuations in a COVID-19-induced downturn.² Drawing on data from between 2013 and 2018, we found that Black and Hispanic families’ spending is more sensitive to short-term income fluctuations than that of White families. This result is largely explained by the large racial gap in liquid assets we observe—Black and Hispanic families have just 30 to 40 cents in liquid assets for every dollar held by White families.

Our research suggests that even if Black, Hispanic, and White families experience the same declines in income during the COVID-19 crisis, Black and Hispanic families will likely reduce their everyday spending to a greater extent. Thus, while government programs aimed at restoring lost income—including unemployment insurance and stimulus payments—are essential for all groups, such programs are especially critical for Black and Hispanic families.

Public health data already reveal that the impacts of COVID-19 in the United States have been unevenly distributed across demographic groups. An analysis published by the Associated Press (AP) on April 8, 2020, found that Black individuals accounted for 42 percent of COVID-19 fatalities in the states and localities studied—even though they make up just 21 percent of the population in these locations.³ In Louisiana, one of the three states that we study in our new report, the gap is even starker: at

RACIAL GAPS IN FINANCIAL OUTCOMES

Longstanding gaps in income and wealth between White families and Black and Hispanic families have been well documented and have only grown following the Great Recession (Bayer and Charles 2018; Chetty et al. 2019; McKernan et al. 2014a; Thompson and Suarez 2019). Many factors have systematically contributed to wealth-building of many White families while impeding wealth-building among Black and Hispanic families, including:

- Intergenerational transfers of wealth within families (e.g., Meschede et al. 2017; Chiteji and Hamilton 2002; McKernan et al. 2014b)
- Neighborhood conditions such as poverty rates, racial bias, and home values (e.g., Chetty et al. 2019; Perry et al. 2018)
- Geographic and financial barriers to human capital accumulation (e.g., Dobbie and Fryer 2011; Jackson and Reynolds 2013; Addo et al. 2016)
- Racial segregation and discrimination in the labor market (e.g., Grodsky and Pager 2001; Bertrand & Mullainathan 2004)
- Racial biases in the policies and practices of government, institutions, and the private sector (e.g., Oliver and Shapiro 2013; Katznelson 2005; Robles et al. 2006; Bayer et al. 2014; Asante-Muhammad et al. 2017; Bartlett et al. 2019).

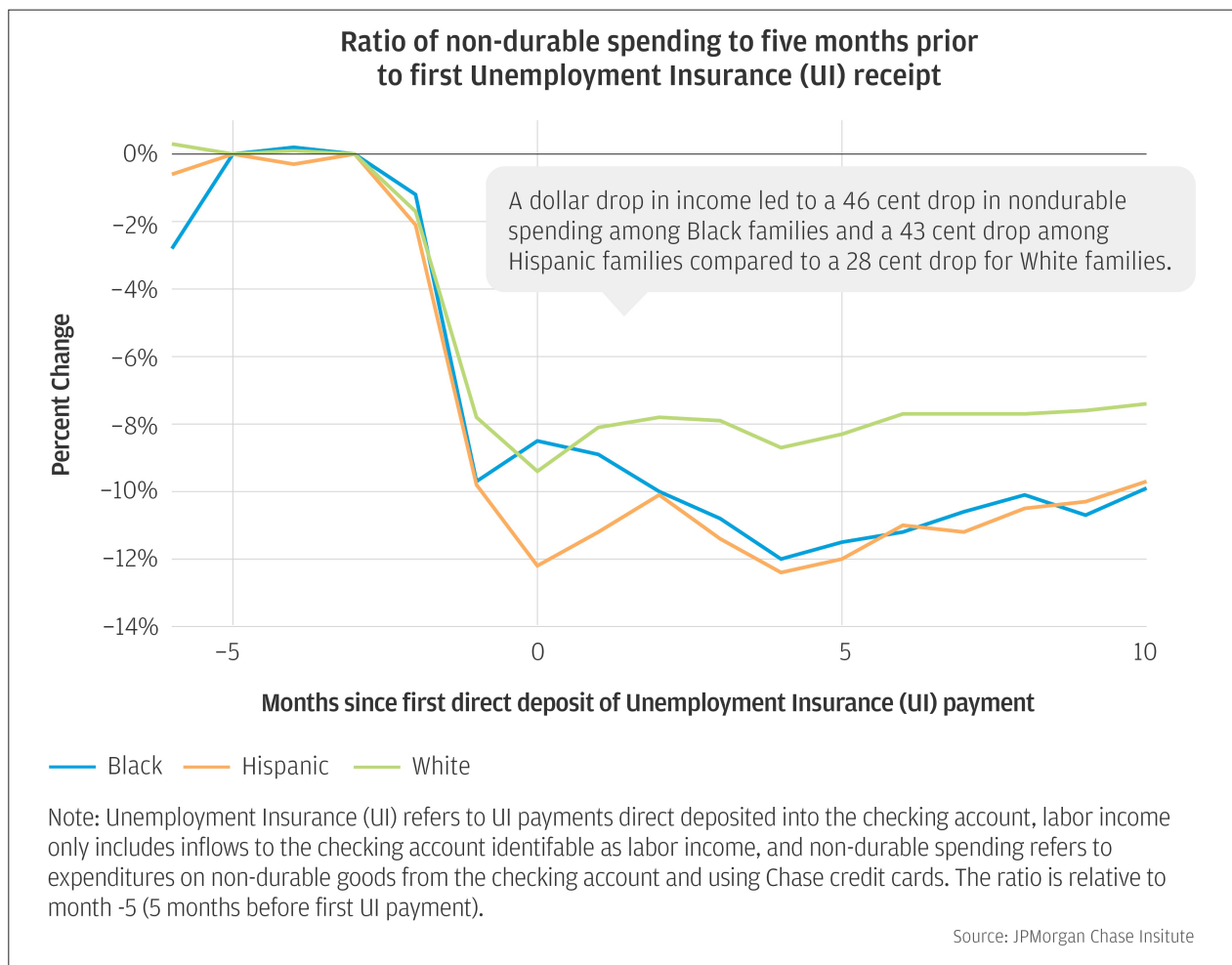
These forces, most of which have substantial, if under-examined, structural components (Emmons and Ricketts 2017; Aspen Institute 2004; Kijakazi et al. 2019), not only have a direct effect on wealth and wealth accumulation at a given point in time, but may create racial differences in the key determinants of wealth over time and across generations.

the time of the AP analysis, 70 percent of Louisianans who had died of COVID-19 were Black, though Black individuals comprise just 32 percent of the state population.

While the full economic impacts of COVID-19 are still unknown, it is likely that Black and Hispanic families will experience larger income declines than White families. For one, Black and Hispanic workers are slightly more likely to be paid hourly wages (rather than fixed salaries) than White workers and are therefore more susceptible to layoffs, especially in the short term.⁴ Second, research indicates that Black and Hispanic workers are less likely to have access to paid leave.⁵ In the context of COVID-19, these disparities are likely to manifest themselves in the form of larger income declines among Black households. This is concerning—our research shows that Black and Hispanic families earn less than White families to begin with, roughly 70 cents for every dollar earned by White families. Moreover, they have fewer liquid asset reserves to fall back on. For every dollar held by White families, Black families have just 32 cents and Hispanic families just 47 cents.

The JPMorgan Chase Institute's research quantifies how involuntary job loss differentially impacts consumption and well-being across racial groups. In an event-study examining families who receive unemployment insurance, we find that a \$1.00 decline in income upon job loss (after accounting for unemployment insurance benefits received) is associated with a fall in non-durable spending of \$0.46 among Black families, \$0.43 among Hispanic families, and \$0.28 among White families (Figure 1). Thus, while all families tend to reduce spending upon job loss, Black and Hispanic families do so to a larger extent. These numbers imply that when families experience a \$500 decline in

Figure 1: After involuntary job loss, Black and Hispanic families cut their everyday spending more than White families.

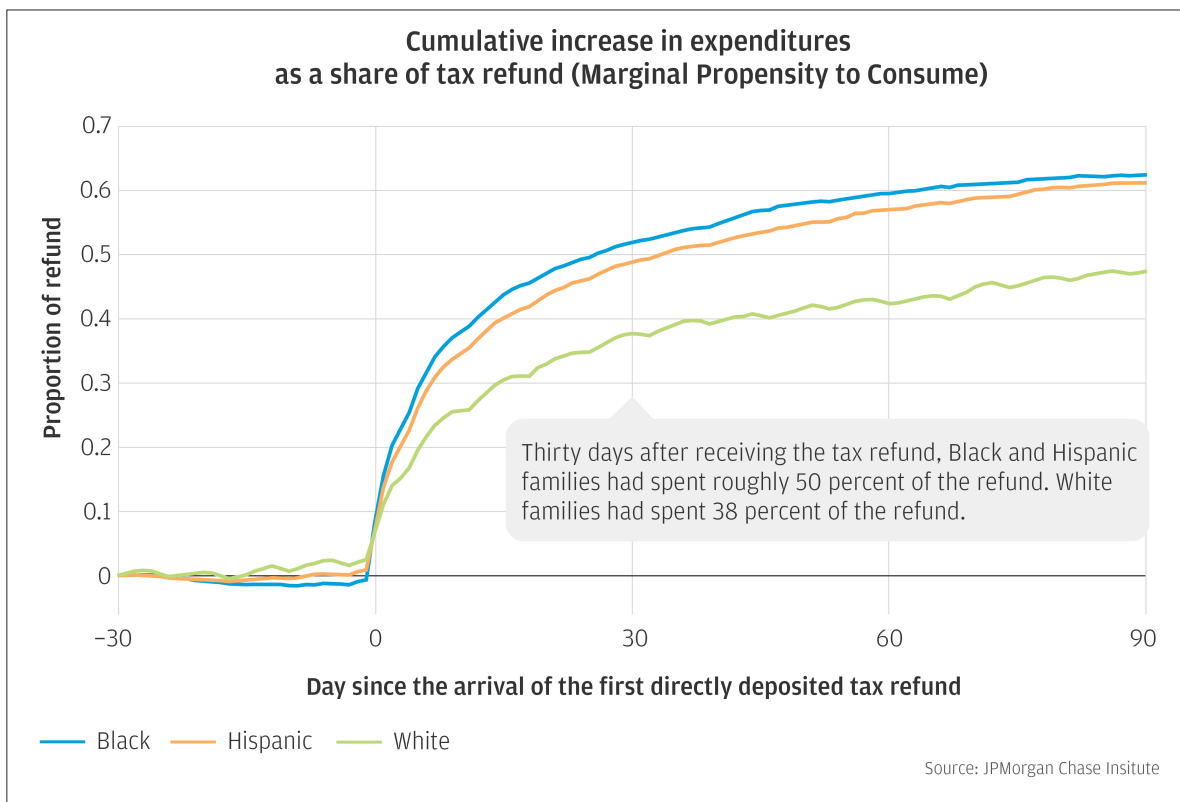


monthly income as a result of job loss, Black and Hispanic families reduce their monthly spending by roughly \$230 and \$215, respectively—a \$75 to \$90 larger cut in spending than White families make (\$140), resulting in perhaps one less trip to the grocery store per month.

We anticipate a similar disparity in consumption changes among individuals who face moderate income losses—for instance, among workers who are not laid off but whose hours are cut. In a companion academic paper, we examine the path of families' spending when their employer raises or lowers pay for all employees.⁶ Even in the face of these smaller employer-driven income changes, Black families alter consumption by 50 percent more than White families, and Hispanic families by 20 percent more than White families. For example, a one-month decline in labor income of \$500 leads to a one-month decline in consumption of \$146 for Black families and \$121 for Hispanic families, compared to \$100 for White families.

In addition to describing disparities in families' responses to income loss, the “Racial Gaps in Financial Outcomes” report also studies how families' spending changes upon receipt of a tax refund. Our results on this subject inform our expectations of how families may respond to the stimulus payments that the federal government has authorized under the CARES Act;⁷ these stimulus payments will be similar to tax refunds in magnitude (most tax refunds⁸ and stimulus payments⁹ are in the \$1,200-\$4,000 range) and timing (families can roughly anticipate their arrival date). In our report, we find that Black and Hispanic families exhibit larger increases in spending upon receipt of a tax refund. Thirty days after receiving a tax refund, Black families have spent 52 percent of their refund, while Hispanic families have spent 49 percent and White families just 38 percent (Figure 2). Thus, in the same way that Black and Hispanic families' spending is more sensitive to declines in income than White families' spending, their spending is also more sensitive to increases in income. In short, the stimulus payment may be more instrumental for Black and Hispanic families than White families in allowing them to sustain consumption levels or catch up on spending they may have deferred.

Figure 2: Thirty days after receiving the tax refund, Black and Hispanic families had spent roughly 50 percent of the refund. White families had spent 38 percent of the refund.



For those whose aim is to reduce racial disparities in financial outcomes, it is essential to understand why racial groups exhibit different levels of sensitivity to income changes. In our report, we find that racial differences in liquid assets almost entirely account for differences in consumption sensitivity. We don't claim to have proven a causal link, but when we control for racial disparities in liquid assets (specifically measured as liquid asset *buffer*, or how many months' worth of spending one has in liquid assets), racial gaps in the spending response to income fluctuations largely disappear. Thus, if Black, Hispanic, and White families all had the same levels of liquid assets, we might expect to see almost no racial differences in their spending response to involuntary job loss, payroll fluctuations, or the arrival of the tax refund.

These results suggest that policy makers seeking to ease the economic burden of COVID-19 should consider focusing their efforts on families with the lowest liquid asset buffers. These efforts may take the form of income-support programs, such as expanded unemployment insurance, paid leave, and direct stimulus payments; alternatively, policies that help low-liquid-asset families reduce large expenses (e.g., rent payments and medical expenses) or build assets may also be effective. Regardless of the specific policies implemented, decision-makers should recognize that without policy intervention, even a short economic downturn will be hardest to weather for families with low liquid assets, disproportionately so for Black and Hispanic families.

Diana Farrell is the founding President and Chief Executive Officer of the JPMorgan Chase Institute. Previously, Ms. Farrell was a Senior Partner at McKinsey & Company where she was the Global Head of the McKinsey Center for Government and the McKinsey Global Institute. Ms. Farrell served in the White House as Deputy Director of the National Economic Council and Deputy Assistant to the President on Economic Policy for 2009-2010. During her tenure, she led interagency processes and stakeholder management on a broad portfolio of economic and legislative initiatives. Ms. Farrell coordinated policy development and stakeholder engagement for innovation and competition strategies broadly, and led financial policy initiatives including the passage of major legislation. She also served as a member of the President's Auto Recovery Task Force. Ms. Farrell currently serves on the Board of Directors for eBay, The Urban Institute and the National Bureau of Economic Research, and is a Trustee Emeritus of Wesleyan University. In addition, Ms. Farrell is a Trustee of the Trilateral Commission and served as a Co-Chair of the World Economic Forum's Council on Economic Progress. Ms. Farrell is also a member of the Council on Foreign Relations, the Economic Club of New York, the Bretton Woods Committee, and the National Academies of Science's Committee on National Statistics. Ms. Farrell holds an M.B.A. from Harvard Business School, and has a B.A. from Wesleyan University, from where she was awarded a Distinguished Alumna award. She is a member of the Aspen Strategy Group.

¹ Please refer to www.jpmorganchaseinstitute.com for foundational papers and additional co-authors related to this summary document, specifically, "How COVID-19 Could Widen Racial Gaps in Financial Outcomes" at <https://institute.jpmorganchase.com/institute/research/household-income-spending/how-covid-19-could-widen-racial-gaps-in-financial-outcomes> and "Racial Gaps in Financial Outcomes" at <https://institute.jpmorganchase.com/institute/research/household-income-spending/report-racial-gaps-in-financial-outcomes>. The companion academic publication to this chapter, "Wealth, Race, and Consumption Smoothing of Typical Income Shocks" is at https://cpb-us-w2.wpmucdn.com/voices.uchicago.edu/dist/1/801/files/2018/08/2020-04-20_race_cons_smoothing.pdf.

² Diana Farrell, Fiona Greig, Chris Wheat, Max Liebeskind, Peter Ganong, Damon Jones, and Pascal Noel, "Racial Gaps in Financial Outcomes," JPMorgan Chase Institute and University of Chicago, April 2020, <https://institute.jpmorganchase.com/institute/research/household-income-spending/report-racial-gaps-in-financial-outcomes>.

³ Kat Stafford, Meghan Hoyer, and Aaron Morrison, "Outcry Over Racial Data Grows as Virus Slams Black Americans," AP, April 8, 2020, <https://apnews.com/article/71d952faad4a2a5d14441534f7230c7c>.

⁴ U.S. Bureau of Labor Statistics, "Characteristics of Minimum Wage Workers, 2018," BLS Reports, March 2019, <https://www.bls.gov/opub/reports/minimum-wage/2018/home.htm>.

⁵ U.S. Bureau of Labor Statistics, "Racial and Ethnic Disparities in Access to and Use of Paid Family and Medical Leave: Evidence from Four Nationally Representative Datasets," Monthly Labor Review, January 2019, <https://www.bls.gov/opub/mlr/2019/article/racial-and-ethnic-disparities-in-access-to-and-use-of-paid-family-and-medical-leave.htm>.

⁶ Peter Ganong, Damon Jones, Pascal Noel, Diana Farrell, Fiona Greig, and Chris Wheat, "Wealth, Race, and Consumption Smoothing of Typical Income Shocks," University of Chicago, National Bureau of Economic Research, and JPMorgan Chase Institute, April 21, 2020, https://cpb-us-w2.wpmucdn.com/voices.uchicago.edu/dist/1/801/files/2018/08/2020-04-20_race_cons_smoothing.pdf.

⁷ H.R. 748, CARES Act, <https://www.congress.gov/bill/116th-congress/house-bill/748/text>.

⁸ Diana Farrell, Fiona Greig, and Amar Hamoudi, "Tax Time: How Families Manage Tax Refunds and Payments," JPMorgan Chase Institute, March 2019, <https://institute.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/institute-tax-time-report-full.pdf>.

⁹ Zack Friedman, "Everything You Need to Know About Your \$1,200 Stimulus Check," *Forbes*, April 13, 2020, <https://www.forbes.com/sites/zackfriedman/2020/04/13/stimulus-check-everything-need-know/#6d14cb2e254f>.

*For role models in how to both love and question our country
simultaneously, white Americans can look to Black Americans.*

—ANNE-MARIE SLAUGHTER

A Time of Domestic Reckoning and Renewal

Anne-Marie Slaughter

For much of my career I have been labeled a “liberal interventionist” or even a “liberal hawk.” I have strongly supported military interventions in places like Kosovo, East Timor, Libya, and Syria on what we would now call Responsibility to Protect (R2P) grounds. Indeed, when the original International Commission on Intervention and State Sovereignty issued its report first defining sovereignty as including a “responsibility to protect” citizens from genocide, crimes against humanity, and serious and sustained war crimes, I wrote that it was a landmark comparable to the original Universal Declaration of Human Rights, that it would help define sovereignty in the twenty-first century.

Today, I am chastened. I would be far less inclined to support U.S. military intervention abroad these days for many reasons, some of which arise from the experience of interventions intended to help civilians that have instead helped engulf their countries into seemingly endless conflict, as in Libya. I still believe that force intended and designed to protect is sometimes the only way to counter force intended to murder and oppress, but only if that force is one element of a far larger and sustained multilateral plan for achieving both justice and peace.

The principal reason that I have changed my views, however, is that the United States is so deeply broken at home. We have no business spending blood and treasure trying to fix the problems of other countries unless and until we can keep our own people safe and ensure that they are educated, employed, healthy, self-governing, resilient, and hopeful.

Bad domestic policy imperils our people. But it also has foreign policy consequences. It saps our power, both hard and soft. It shreds our purpose. It undermines our own and the world’s confidence in the democratic experiment.

As I write, it is unclear whether American democracy will survive the election of 2020. Even a few months ago that sentence would have seemed hysterical or alarmist. But the failure of the president to announce in advance that he will accept the results of the election, his reported efforts to manipulate the outcome, his delegitimization of mail-in ballots during a pandemic, and his contempt for both a free press and the rule of law have convinced millions of Americans that they have to prepare to take to the streets in the way of so many pro-democracy movements around the world that we have watched. It *can* happen here.

The global consequences of an authoritarian triumph in the world’s oldest continuous democracy would be devastating for democracies everywhere. But for the rest of this brief essay, I will write on the assumption that our citizenry and our institutions will hold, that we are approaching the nadir but also the turning point of a long national descent into a period of brutal political bullying and division, steadily widening economic inequality, and systemic racial injustice.

Competence

In their new book *The Wake-Up Call*, John Micklethwait and Adrian Wooldridge argue that the arrival of the COVID-19 pandemic “was like an examination of state capacity. ... Most Western countries, particularly America and Britain, failed the test, humiliatingly so when compared with countries in Asia.”¹ Good government has meant the difference between living and dying. Susan Rice warned Americans back in March 2020 that our health “depends on the competence of the president and his team to confront this deadly global threat.”² Six months later, 200,000 Americans were dead and caseloads in over twenty-six states were still growing, with no national pandemic strategy in sight.

Other countries are watching. The faith of the Chinese in American competence took a huge knock in 2008 when they watched the over-leveraged U.S. economy collapse like a house of cards, bringing many economies tied to the U.S. financial system down with it. China rode out the financial crisis relatively quickly, underlining to its people and watchers from around the world the relative merits of state capitalism compared to Western capitalism.

In 2020, after a decade of China's steady courting of governments in Asia, Africa, Latin America, the Middle East, and Eastern Europe, the contrast between American dysfunction and Chinese competence is starker than ever. Although China kept the world in the dark and allowed the virus to escape its borders in November and December 2019, by June 2020 two U.S. public health experts pointed out that the U.S. death toll from the virus was 100 times that of China's. In the following months the world has been treated to the spectacle of Americans refusing even to wear masks, on the grounds of both libertarian ideology and partisan politics.

The contrast is not just with China, of course. The United States has performed far worse in managing the pandemic than its peer liberal democracies, to the point that Americans cannot travel to the EU.³ It has the fourth highest death rate per 100,000 people in the world, behind the United Kingdom, Peru, and Chile.⁴ Nor is the perception of dysfunction and incompetence just about COVID-19. Even many of Donald Trump's supporters agree that his tweets and behavior are "un-presidential"; who can forget the video of leaders at the 2019 NATO summit in London—the leaders of America's closest allies—rolling their eyes at Trump's ego and antics? The "leader of the free world" has become a laughingstock.

Trump could and did push back against other countries—allies and adversaries alike—by wielding American economic power through trade wars and sanctions. And he could point to a steady record of economic growth and increased employment. But his government's failure to check or control the pandemic means the destruction of lives and livelihoods, neither of which were necessary. As of this writing, the Congressional Budget Office projects that the U.S. GDP will fall by 5.6 percent in 2020; the unemployment rate is 8.4 percent, only a percentage lower than the unemployment rate in 2009.

Foreign perceptions of U.S. decay and decline have also been fed by crumbling U.S. infrastructure; the contrast between major U.S. airports in cities like New York and Los Angeles and airports in Asia, the Middle East, and many European countries are shocking to first-time visitors. The U.S. health care system is one of the most expensive in the world but routinely delivers outcomes at the bottom of the liberal democratic league tables, with distressingly high rates of maternal mortality. The U.S. ranks eighteenth overall in global PISA [Programme for International Student Assessment] scores and a disgraceful fortieth in mathematics.⁵ China ranks first in all categories: math, science, and readings.

Incompetence surely decreases American soft power; dysfunctional countries are not attractive models for others to emulate. But it undermines U.S. hard power as well—the president or secretary of state's ability to put together coalitions of allies to push for a set of advantageous global norms on subjects like intellectual property or governance of the internet or to push against a country violating existing international norms, like Iran or North Korea. It is hard here to disentangle the effects of Trump's deliberate alienation of allies and flouting of global norms from the impact of U.S. domestic decline. But governments that are not attracted to the U.S. as an economic, medical, social, environmental, or educational model have less reason to curry favor with the U.S. and more reason to question presumed American competence in anything.

It is thus not surprising that Jennifer Harris and Jake Sullivan argue that "foreign-policy experts need not, indeed they should not, stay on the sidelines in emerging economic policy debates."⁶ They should instead contribute a geopolitical perspective to domestic economic debates, beginning with the recognition that "underinvestment is a bigger threat to national security than the U.S. national debt." We must invest in "infrastructure, technology, innovation, and education" to be able to compete with China and other nations. I would add equity to this list, as explained below. But the overriding point is that a country that is falling behind at home cannot lead abroad.

Inspiration

Even beyond soft power—the power to attract—is the power to inspire. The Puritans saw themselves as beacons to the world, the city on the hill that John Winthrop imagined “with the eyes of all people ... upon us.”⁷ Thomas Jefferson wrote that the United States had set in motion a “ball of liberty” that would “roll round the globe,” inspiring other revolutions.⁸ These convictions gave rise to a long and contested history of American exceptionalism, the belief that the United States was a special nation, unlike other nations.

The debates about whether and in what ways the United States is exceptional and whether it is exceptional in a way that is different from the ways other nations think they are exceptional continue. But we need not be exceptional—in the sense of different or *above* other nations—to be inspirational. Our professed ideology of universalism, expressed through the claim that *all* human beings, not just all Americans, are created equal, *has* inspired leaders and movements from other countries, from Lafayette to Václav Havel.

Just as important, those ideals have inspired our own crusaders for the rights of the many Americans left out of our founding documents and left behind in our self-proclaimed march of progress. And when Americans march and protest and make demands in the name of those ideals, like the continuing racial justice protests that started in the summer of 2020, they inspire marches around the world, igniting demands for justice in many countries.

To grow and flourish, countries, like people, have to believe that they contain *something* good. Whether the United States has a deep kernel of goodness somewhere lies at the heart of the raging debates over U.S. history: Whom should we honor and how? What stories can we honestly tell about ourselves? Who are *we*?

Secretary of State Michael Pompeo recited the traditional answers to these questions in a speech he gave at the National Constitution Center in Philadelphia in the summer of 2020. He acknowledged that “at our nation’s founding our country fell far short of securing the rights of all. The evil institution of slavery was our nation’s gravest departure from these founding principles.”⁹ He also referenced the expulsion of Native Americans from their ancestral lands and various departures in U.S. foreign policy from “the idea of sovereignty embedded in the core of our founding.”

However, he continued, “the nation’s founding principles gave us a standard by which we could see the gravity of our failings and a political framework that gave us the tools to ultimately abolish slavery and enshrine into our law equality without regard to race.” (This is an argument that I have made in *The Idea That Is America*, that Barack Obama made in his parting speech as president, and that many others have embraced.) “From Seneca Falls, to Brown vs. Board of Education, to the peaceful marches led by Dr. Martin Luther King, Jr. Americans have always laid claims to their promised inheritance of unalienable rights.”

Pompeo then turned on those Americans he claimed are departing from this tradition by accusing “leading voices” of promulgating “hatred of our founding principles.” He singled out *The New York Times*’ 1619 Project, curated by Nikole Hannah-Jones, for arguing “that our country was founded for human bondage” and that our “institutions continue to reflect the country’s acceptance of slavery at our founding.” Pompeo’s attack has since been repeated frequently by President Trump, who accuses critics of “hating our country.”

At issue is the nature of patriotism itself. My favorite framing of patriotism comes from Carl Schurz, a German immigrant who became a Union Civil War general and later a senator from Missouri. “My country right or wrong,” he said, “if right, to be kept right; and if wrong, to be set right.”¹⁰

That is easy enough to say. And easy enough to see just how much is wrong with America that needs to be set right, that *must* be set right if we are to move forward as one country. As former Massachusetts Governor Deval Patrick writes, “Racism is at the root of the wealth and income gaps between Blacks and whites, of disparities in health outcomes and wellness, of persistent housing segregation, of the deterioration of our public schools, of food deserts, of environmental impacts, and of criminal sentencing discrepancies.”¹¹ The standard of justice we must reach is a country in which all those disparities are both narrowed and equally distributed throughout the population, regardless of race, creed, or national origin.

Easy to see and say; very hard to do. Yet on what do we stand while we're working to make things right? In his 1993 inaugural address, President Bill Clinton insisted: "There is nothing wrong with America that cannot be cured by what is right with America."¹² But what if there is nothing "right with America"? What if our history is an unrelieved tableau of slavery, genocide, racism, exclusion, and oppression of multiple minorities? If we have to face our own caste system?

It's a serious question, no less serious for being caricatured by those on the right who insist on describing protesters of deep injustice as America-haters. The standard progress narrative offered by Pompeo—that we are marching steadily toward the attainment of our ideals, acknowledging and overcoming our past failings—is not enough. American patriots must embrace a much deeper and harder reckoning.

We must come to love the questioning itself, the effort to be radically honest about all the ways in which many of us have used that narrative to avoid the hard work of facing history and ourselves. We can love the moral courage of all those Americans, past and present, who have dared to take our ideals seriously and demand that they be achieved not at some misty future date that we can amble toward at a comfortable and nondisruptive pace, but *now*. We can decide that being an American means actively refusing complacency.

Harvard historian Jill Lepore embeds this idea in democracy itself. "It's a paradox of democracy," she writes, "that the best way to defend it is to attack it, to ask more of it, by way of criticism, protest, and dissent." Her one-volume history of the United States, *These Truths*, tries to tell the whole truth of our history, laying the stories we like to hear and the ones we are ashamed of side-by-side. She begins from the proposition that "the United States rests on a dedication to equality, which is chiefly a moral idea, rooted in Christianity, but it rests, too, on a dedication to inquiry, fearless and unflinching."¹³

For role models in how to both love and question our country simultaneously, white Americans can look to Black Americans. In her introductory essay for *The 1619 Project*, Hannah-Jones begins: "My dad always flew an American flag in our front yard."¹⁴

Hannah-Jones' father went into the military to escape poverty but "for another reason as well, a reason common to black men: Dad hoped that if he served his country, his country might finally treat him as an American." The army didn't treat him well, nor did his country, so how to explain his patriotism? Hannah-Jones writes that when she was young it embarrassed her, that her father's pride "in being an American felt like a marker of his degradation, his acceptance of our subordination."

Over time, however, she comes to see that her father knew exactly what he was doing when he raised that flag. "He knew that our people's contributions to building the richest and most powerful nation in the world were indelible, that the United States simply would not exist without us." She also comes to see African-Americans as the custodians of the American creed. "Our founding ideals were false when they were written," she writes. "Black people have fought to make them true."

Theodore Roosevelt Johnson, a twenty-year Navy veteran and White House fellow, writes on race, national solidarity, and the future of America. He sees racism as an "existential threat to America" because, "if the idea that we are all created equal with certain unalienable rights dies, it will not make much difference what the shell of a nation left behind is called—America will be dead, too."¹⁵

Johnson sees African-Americans as "superlative citizens," practiced at "taking on all the responsibilities required of the citizenry even when the nation does not deliver on its promises." They have also learned to support and stand for one another, developing the solidarity that the entire nation now needs.

How Americans of every color and creed come to grips with our past is an essential underpinning of the United States' role in the world in the decades to come. How we understand ourselves as a country, how we tell our history, how we combine humility, honesty, love, inclusion, idealism, and purpose into a uniquely twenty-first century brand of patriotism will all determine how we engage with the world. It will also determine whether we retain the capacity to inspire ourselves and others, even as we recognize the ability of others to inspire and teach us.

A New Narrative

The stakes for American renewal are very high. The role that the United States can play in the world—for the good of Americans and of human beings the world over—depends deeply on how effectively we can use the multiple crises—health, economic, social, and moral—that we find ourselves in as catalysts for sweeping change. A resurgence by the American people demanding better of our government and ourselves will chart a path forward that is all the more exhilarating and inspiring because of the depths to which we have sunk.

The example the United States must strive to set, however, is no longer just of a successful liberal democracy. It is of a successful pluralist democracy in which no one racial or ethnic group has a majority. In 2026, the U.S. will celebrate the 250th anniversary of the Declaration of Independence, the beginning of the struggle of the United States for independent nationhood. It is an anniversary that falls on the cusp of the transition from a majority white nation to a plurality nation. Indeed, by 2027, just a year later, Americans under thirty will no longer be majority white. And by 2045, or perhaps as early as 2040, the entire population will follow suit.

No country in the world has ever made that transition, although many current liberal democracies may face it in the future. If the United States succeeds in embracing and valuing its deep diversity and insisting that its power structures reflect the actual demography of the nation, then it will have a new national story to tell the world. A story of honesty, humility, and reconciliation as the bedrock of renewed strength and pride.

That America will be a country that reflects and connects the world. I grew up going back and forth to Europe because my mother was Belgian; her family—my family—lives in Brussels. Middle-class and upper-middle-class Americans who are first-, second-, or third-generation immigrants from South, East, and Central Asia; Africa; and Latin America are now connected to their families in their origin country through the internet and through far cheaper flights than when I was growing up. African-Americans who are far removed from the African roots of their enslaved ancestors are nevertheless often much more interested in traveling to Ghana or other African countries that played an active role in the slave trade. They are American, not African, just as Asian-Americans or Latinx Americans whose families have been in the United States for a century or more are American, but they may nevertheless feel more connected to the countries or continents from which their families come.

These ties—cultural, commercial, civic, educational, governmental—are a huge well of national capital. A United States that can renew and rebuild itself domestically, investing in the physical, digital, educational, and care infrastructure that the country so badly needs, can once again project competence and confidence in its foreign relations. A United States that can repair its politics to update a creaky and obstructive eighteenth century electoral system can demonstrate the flexibility and adaptability of democracy versus the entrenched control of autocracy. A United States that can actually live its founding premise, that all human beings are created equal and are thus not locked into lives determined by the circumstances of their birth, can counter the cynicism and corruption that threatens to engulf our world.

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II

THE FUTURE OF U.S.-CHINA RELATIONS

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Underestimation breeds complacency, while overestimation creates fear—either of which can lead to miscalculation. A good strategy starts with realism rather than ideology, and careful net assessment.

—JOSEPH S. NYE, JR.

A Strategy for China

Joseph S. Nye, Jr.

When the Aspen Strategy Group met in summer 2020, American relations with China had reached their lowest point in nearly fifty years. Some commentators blamed this on President Donald Trump, but in a broader context, he was like a man who poured gasoline on an existing fire. Chinese leaders built the fire with actions such as mercantilist manipulation of the trading system, theft and coercive transfer of intellectual property, and militarization of artificially constructed islands in the South China Sea.

With the world's largest population and an economy that may overtake the U.S. in overall size (though not on a per capita basis) around 2030, the rise of China presents a new type of strategic challenge. After the 2008 financial crisis (which originated in the U.S.), many Chinese concluded America was in decline. With the ascension of Xi Jinping in 2013, the Communist Party tightened its ideological and political control, and by 2014, it had abandoned Deng Xiaoping's modest foreign policy. As China's double-digit economic growth rates declined, the party increased the role of nationalism in its legitimating narrative. America's previous strategy of engagement no longer seemed sufficient, and the U.S. began to push back against China's more assertive behavior. The situation was exacerbated by the initial failure of both countries to deal with the COVID-19 crisis. The U.S. reaction was bipartisan, but with little agreement on a strategy.

Historical Perspective

Even before the COVID crisis, Americans debated how to frame a strategy toward China and international order. In a longer historical perspective, this century is witnessing not the rise, but the recovery of Asia. Western civilization did not exist in full flower until 1500, and before 1800, Asia (including India and Japan as well as China) was home to more than half the world's population and world economy. By 1900, however, while Asia still represented more than half the world's population, it made up only 20 percent of the world economy. The industrial revolution in Europe and North America and domination of the seas had made Europe the center of the global balance of power until it tore itself apart in World War I. This century is witnessing the return of Asia, but Asia is much more than just China. Asia has its own internal balance of power, and although China is their largest trading partner, many Asian states welcome an American presence to make sure they are not dominated by China.

After World War I, the U.S. became crucial to the global balance of power. Nonetheless, it retreated into isolationism, and the 1930s was a disastrous decade. Following World War II, Franklin Roosevelt, Harry Truman, and Dwight Eisenhower avoided the mistakes of isolationism and created the institutions of a liberal international order. While it was never fully global nor fully liberal, it provided a framework that enabled many countries, including China, to grow. Now some analysts believe China's growth will lead to a conflict with the U.S. that will tear the world apart much as Europe suffered in 1914. In *Destined for War*, Graham Allison has written of a "Thucydides Trap" similar to the Peloponnesian War, which was caused by the rise in the power of Athens and the fear it created in Sparta. Scholars have disputed Allison's historical cases and numbers, but the metaphor serves a useful warning if not taken too literally. A successful strategy must avoid such a conflict. That means not merely managing the rise of China but also managing the fear it creates in the U.S.

Assessing Chinese Power

It is equally dangerous to over- or underestimate Chinese power. Underestimation breeds complacency, while overestimation creates fear—either of which can lead to miscalculation. A good strategy starts with realism rather than ideology, and careful net assessment. Many current projections rest on exaggerations of China's strength and Western weakness. Properly measured at exchange rates, China's economy is about two-thirds that of the U.S. and an even smaller fraction if Europe, Japan, Australia, and other Western allies are included. But in any event, gross domestic product (GDP) is a very crude measure of power. For example, at the time of the Opium Wars with Britain in 1839, China had the world's largest GDP (and military), but those numbers did not accurately describe the balance of power. Including per capita income gives a better index of the sophistication of an economy, and American per capita income is expected to remain several times that of the Chinese for decades to come. Many economists expect China eventually to pass the United States as the world's largest economy (measured as GDP in dollars), but the date depends on what one assumes about Chinese and American growth, and past growth rates are not always good predictors. In any event, unlike the case with the Soviet Union during the Cold War, the gravitational pull of China's economy is likely to increase. China is now the world's largest manufacturer and the major trading partner of nearly every country in the world. Not only does its growing economy support military and aid expenditures, but access to the Chinese market and its ability to set standards for that market are a significant source of political influence.

However, even if China someday passes the United States in total economic size, that is not the only measure of geopolitical power. The United States became the world's largest economy at the end of the nineteenth century, but it did not become a central player in the global balance of power until three decades later in the context of the First World War. Economic might is just part of the equation, and China is well behind the United States on military and soft power indices. U.S. military expenditure is several times that of China.

While Chinese military capabilities have been increasing in recent years and pose new challenges to U.S. forces in the region, China is not a global peer. Nor will it be able to exclude the United States from the Western Pacific so long as the United States maintains its alliance with and bases in Japan. Despite its non-nuclear status, Japan anchors the first island chain and possesses a formidable military that exercises regularly with the U.S. Despite trade tensions, the U.S.-Japan alliance is stronger today than it was thirty years ago at the end of the Cold War. Sometimes, analysts draw more pessimistic conclusions from war games played in the limited context of Taiwan, but with its energy supply susceptible to American naval domination in the Persian Gulf and Indian Ocean, it would be a mistake for China to assume that a naval conflict near Taiwan (or in the South China Sea) would stay limited to that region.

China has also invested heavily in soft power, the ability to get preferred outcomes through attraction rather than coercion or payment. Cultural exchanges and Belt and Road Initiative (BRI) aid projects can enhance China's attractiveness, but the BRI is more like successful marketing propaganda than a Marshall Plan for the world. Projects range from those that promote economic infrastructure to those designed primarily to contain India. More generally, China faces two major limits on its soft power. Territorial conflicts with neighbors such as Japan, India, and Vietnam make it difficult to appear attractive while contesting rival claims. And domestic insistence on tight Communist Party control deprives China of the benefits of civil society that European countries or the U.S. enjoy. Authoritarian responses to artists like Ai Weiwei or the cultural repression in Xinjiang limit China's attractiveness in democratic societies. In measuring soft power, opinion polls back up the Portland soft power index, which ranks China in twenty-sixth place, while the United States ranks near the top. Ironically, Mao's communism had a far greater transnational soft power appeal in the 1960s than Xi Jinping thought does today. Despite China's massive investments in its soft power, Western democracy poses an ideological threat to the Communist Party, but Chinese ideology is not a serious threat to Western democracy. While China prefers authoritarian governments, unlike the Soviet Union, it does not head an ideological bloc or try to export Chinese communism. The U.S. is well placed to compete in the soft power of values without discarding realism for ideology.

Compared to the Cold War, a successful strategy should focus less on ideology and more on China's huge economic scale. The United States was once the world's largest trading nation and largest bilateral lender. Today nearly a hundred countries count China as their largest trading partner, compared to fifty-seven that have such a relationship

with the United States. China plans to lend more than a trillion dollars for infrastructure projects through its BRI over the next decade, while the United States has cut back aid. China's economic success story enhances its soft power, and government control of access to its large market provides hard-power leverage. Moreover, China's authoritarian politics and mercantilist practices make its economic power readily usable by the government. China will gain economic power from the sheer size of its market as well as its overseas investments and development assistance. Of the seven giant global companies in the age of artificial intelligence (Google, Facebook, Amazon, Microsoft, Baidu, Alibaba, and Tencent), nearly half are Chinese. And Chinese companies dare not defy the Communist Party. With its large population, the world's largest internet, and data resources, Chinese power relative to the United States is likely to increase. Unlike the Cold War, China's technological challenge is real even if its ideological challenge is less.

Searching for a Strategy

Pushing back is useful but it is not a strategy. Secretary of State Mike Pompeo declared in 2020 that the Trump administration had “pulled back the curtain on the predatory aggression of the Chinese Communist Party,” but demanding that China buy more American goods without solving the structural technological issues is not a strategy. Nor is talking about the “China virus” while withdrawing from the World Health Organization and leaving the field open for China. And speeches that squeeze China into a Cold War ideological framework misrepresent the real strategic challenge we face.

Cold War metaphors mislead us. The U.S. and Soviet Union had little commerce or social contact, but we and our allies trade heavily with China and hundreds of thousand Chinese students attend our universities. Many stay and make important contributions to our economy. Xi Jinping is not Stalin, and the Chinese system is not Marxist-Leninist but “market Leninist”—a form of state capitalism based on a hybrid of public and private companies subservient to an authoritarian party elite. We and our allies are more deeply intertwined with this Chinese economy than we ever were with the Soviet Union. It makes good sense to decouple particular security risks by excluding Chinese companies like Huawei from our 5G telecommunications network, but it would be too costly to curtail all trade.

Moreover, even if we could break apart economic globalization, the U.S. will remain interdependent with China in ecological globalization, such as pandemics and climate change, which obey the laws of biology and physics, not politics. Since no country can solve these problems alone, the U.S. must learn to distinguish power *with* others from power *over* others. Coping with climate change or pandemics will require us to work with China at the same time that we use our navy to defend freedom of navigation in the South China Sea or use sanctions to protest human rights violations in Xinjiang or Hong Kong. Our 2017 National Security Strategy of “great power competition” has failed to make us secure. More Americans were killed by COVID-19 than in all our wars since 1945. A successful strategy will require us to be capable of competing and cooperating at the same time—not an easy political task.

China's economy faces a slowing growth rate, though it appears to be bouncing back from the pandemic more rapidly than we are. However, the U.S. has significant geopolitical advantages that transcend the current COVID crisis. In geography, we are bordered by oceans and friendly neighbors, while China has territorial disputes with several neighbors, including populous giant India. Another U.S. advantage is energy where we are an exporter, while China depends on vulnerable imports. The United States also has a demographic advantage with a workforce that is likely to grow by 5 percent over the next decade, while China's will shrink. America can replenish itself with immigrants more easily than China can. And American research universities dominate higher education, while no Chinese university ranks in the global top twenty-five. Moreover, the dollar is likely to outstrip the yuan until China has deep capital markets and a rule of law.

In other words, the U.S. holds important high cards in the strategic competition with China, but we could still play our hand poorly. A misguided strategy could lead us to discard our aces of alliances and international institutions or to severely restrict immigration. Singaporean Prime Minister Lee Kuan Yew once said he thought China would not achieve its goal of surpassing the United States as a global power because America can draw on the talents of the entire world and recombine them in diversity and creativity that is not possible with China's ethnic nationalism.

An American strategy toward China should aim to avoid either a hot or cold war while cooperating when possible and competing when necessary. Our strategic objective should be to shape China's external behavior by strengthening our alliances and international institutions and by bolstering our economy and technological advantages in areas like biotech and artificial intelligence. While China derives power from a vast market, so does the U.S., and we also offer openness and values that greatly increase our soft power. In addition, our military power of deterrence is welcomed by the many countries that want to maintain friendly relations with China but do not want to be dominated by it.

A successful American strategy starts at home and must be based on (1) preserving our democratic institutions that attract rather than coerce allies; (2) investing in research and development that maintains our technological advantage; and (3) maintaining our openness to the world rather than retreating behind a curtain of fear. Externally, we should (4) restructure our legacy military forces to adapt to technological change; (5) strengthen our alliance structures, including with NATO, Japan, Australia, and Korea; (6) enhance our relations with India; (7) strengthen our participation in and supplement the existing set of international institutions we have created to set standards and manage interdependence; and (8) establish a regular consultative framework to enable us to cooperate with China where possible and to avert crises when not.

Our strategy should regard our China relationship as a cooperative rivalry where we pay heed to both aspects of the term. In the near term, given the assertive policies of the Xi government, we will probably have to spend more time on the rivalry side of the equation, but if we avoid ideological demonization and misleading Cold War analogies, and maintain our alliances, we can succeed with such a liberal realist strategy. After all, when George Kennan outlined a strategy toward the Soviet Union in 1946, he expected (correctly) that it might take decades to succeed. We cannot contain China, but we can constrain its choices by shaping the environment in which it develops. We should avoid succumbing to fear or belief in our decline. On the contrary, if we look ahead a decade or two, we will prefer to have played the American rather than the Chinese hand in this strategic competition.

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Regarding the United States and China, there will be no grand bargain on world order, no strategic modus vivendi, no accepted rules of the road, no staying in agreed lanes, because they are too far apart on their national interests and values.

—ROBERT D. BLACKWILL

Nine Theses on U.S.-China Relations

Robert D. Blackwill

My core views on U.S.-China relations can epigrammatically be summarized in nine single sentences:

1. China seeks to replace the United States as the most important and influential nation in the Indo-Pacific region and to dominate that region.
2. China's tactics will change over time; its strategic purpose will not.
3. The crucial variable regarding whether China is successful in its strategic purpose is U.S. domestic, economic, military, and diplomatic strength and resolve, and not Chinese actions.
4. The United States with its allies and partners can successfully compete with China, and there is no reason for intrinsic pessimism.
5. The United States and China are well on their way to permanent confrontation, which could eventually lead to war.
6. Taiwan is a loaded gun pointed at the head of both China and the United States, and some in both countries and in Taipei want to test Taiwan's hair trigger.
7. Neither Beijing nor Washington currently seems interested in using diplomacy to arrest the potentially catastrophic decline in their relations.
8. Regarding the United States and China, there will be no grand bargain on world order, no strategic *modus vivendi*, no accepted rules of the road, no staying in agreed lanes, because they are too far apart on their national interests and values.
9. Instead, the two nations will be on the edge of crisis for decades, and only quality diplomacy on both sides will rescue them from likely tragedy.

As Ernest May taught us, history is the most common form of evidence and reasoning in forming public policy, filled with questions and insights for us, so let's go to history.

Henry Kissinger observes that the current state of U.S.-China relations reminds him of the period before World War I when Europe's leaders would not have made the decisions they did if they had known the horrible consequences—twenty million dead.

To remind ourselves, here briefly is what happened.

- 1894: The Franco-Russian Alliance is formed.
- 1904: The Entente Cordiale is agreed between France and Britain.
- 1905–1906: The First Moroccan Crisis occurs over who controls Morocco: France or the Sultanate supported by the Kaiser.
- 1907: The Anglo-Russian Convention is signed.
- 1908: Austria-Hungary annexes Bosnia and Herzegovina.

- 1911: The Second Moroccan (Agadir) Crisis takes place, in which the presence of French troops in Morocco leads Germany to demand territorial compensation.
- 1912: The First Balkan War erupts.
- 1913: The First Albanian Crisis pits Montenegro and Serbia against the Ottoman Empire.
- 1913: The Second Balkan War occurs.
- 1913: The Second Albanian Crisis ensues.
- 1914: The “Great Powers” of Europe have already come close to war several times thanks to the Balkan, Moroccan, and Albanian disputes. Each crisis makes it more difficult to manage the next one.
- June 28, 1914: Franz Ferdinand is assassinated in Sarajevo.
- July 28, 1914: World War I begins.

Friends, using this World War I applied history approach, what year is it now regarding the present interaction between the United States and China?

1894?

1905?

1910?

1913?

How worried are you? Is Andrew Marvell’s time’s winged chariot on our heels?

My answer is 1910. Beware. Worry.

With Ernest May still in mind, here is another pertinent date: July 8, 2021 is the fiftieth anniversary of Henry Kissinger’s visit to Beijing and his talks with Zhou Enlai—twenty hours over three days.

These were the characteristics of those meetings:

They were led by high-level representatives clearly underwritten personally by the two leaders.

They were intense.

They were private, away from the glare of the press.

They were mutually respectful.

They did not challenge the forms of governance of the other side.

They did not dwell on human rights.

They were dedicated to strategic exchange, individual problem solving, and compromise.

As I think of Ernest May, *The Guns of August*, and our species’ penchant for tomfoolery, majestic myopia, and both spontaneous and studied miscalculation, the Kissinger–Zhou Enlai approach seems to me a reasonable formula for U.S.-China negotiations today.

But how much time do we have before those winged chariots crush us?

This paper is adapted from the author’s article “Nine Theses on U.S.-China Relations” which appeared in The National Interest on August 11, 2020.

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As China emerges at the center of American foreign policy in the period ahead, there will be a need to build capacity and stimulate discussions on the way forward. The Aspen Strategy Group has been at the center of these moments of great adjustment in U.S. foreign policy, and it now has an opportunity to do so again.

—KURT M. CAMPBELL

The China Challenge and the Aspen Strategy Group

Kurt M. Campbell

The Aspen Strategy Group convened in Aspen, Colorado, in 2019 and then virtually in 2020 amid the coronavirus pandemic. At these two gatherings, participants focused intently on an issue that will be central both to U.S. strategy and to the group's future gatherings: the question of how the United States will compete and, where possible, cooperate with a China that is not merely rising, but, in critical respects, has already risen.

While the group had explored dimensions of this challenge in previous gatherings, it has increasingly taken center stage in the formulation and execution of American grand strategy. Accordingly, the Aspen Strategy Group has an opportunity to be one of the key convening institutions as U.S. foreign policy enters a new paradigm, one that will call for extensive and deep policy discussion and debate at a time of key transition.

China as the New Foreign Policy Paradigm

Over the last three years, the United States has entered the most consequential rethink of its foreign policy since the end of the Cold War. Although Washington remains bitterly divided on many issues, a rare area of apparent consensus across the political aisle has emerged around the need to pursue a more robust approach when it comes to China. There is an uneasy sense, shared by Democrats and Republicans alike, that “engagement” is now behind us, but it is unclear what lies ahead.

In this time of great division, it is often surprising just how rapidly the body politic has united on a more competitive approach to China. Public opinion now regularly demonstrates that most Americans see China as a top security threat and have an increasingly unfavorable view of Beijing's human rights record and economic challenge. These public sentiments are, if anything, lagging indicators that follow a hardening elite consensus on China that has proceeded with surprisingly little debate over the last three years. The watchword in elite discourses is “strategic competition,” and references to a second “Cold War” are increasingly common and influential. There is now a relatively clear consensus that competition will be at the center of U.S.-China policy in the period ahead, and U.S.-China policy will, in turn, be at the center of U.S. foreign policy. Even so, fundamental questions remain with respect to the objectives of the competition and the nature of the desired end state that Washington should pursue. While there is growing consensus on various elements of U.S. strategy, critical questions also remain on how best to implement them, and the discussion as a whole has been slow to proceed from the level of generalities to that of concrete prescription.

The China challenge is also an unusual one for most policy makers because it touches virtually every aspect of policy, foreign and domestic. It combines virtually every element of traditional and nontraditional foreign policy, ranging from some forgotten aspects of nineteenth and twentieth century great power competition to the twenty-first century challenges posed by climate change, the coronavirus pandemic, emerging technologies, and the management of the global economy.

The Limited Applicability of Old Paradigms

Since the end of the Second World War, the United States has had two dominant strategic paradigms, and neither of these provide adequate preparation for competition with China. The first of these paradigms was the Cold War and the second was the Global War on Terrorism and the attendant military conflicts in the Middle East, North Africa, and Southwest Asia. This strategic history shaped the careers of most current American policy practitioners, and yet it provides less guidance for the period ahead than one might hope.

The first of these paradigms, the Cold War, is also the one most frequently invoked today. It is understandable that strategic elites would reach back to the only great-power competition they remember to make sense of the present one, and the analogy certainly retains intuitive appeal. China is a large, continent-sized great power with a repressive political system, and it poses a global long-term strategic challenge that will require significant U.S. mobilization.

But the similarities are limited. The U.S.-China relationship is not a bipolar contest of total victory and defeat. While the risk of conflict in Asia's hotspots is serious, it is by no means as high nor is the threat of nuclear escalation as great as it was in Cold War Europe, where American military doctrine envisioned the tactical use of nuclear weapons to offset Soviet conventional superiority. The present competition has not unleashed proxy wars or produced rival blocs of ideologically aligned states preparing for armed struggle. Importantly, while the U.S.-China relationship is not nearly as dangerous as the U.S.-Soviet rivalry, China represents a significantly more challenging competitive proposition given that its economy is far larger, more technologically advanced, and more dynamic than the Soviet economy. Beijing is also better able to wield its economic power for strategic influence given its willingness to embrace the forces of globalization and interdependence, though largely on its own terms. China is now the top trading partner for more than two-thirds of the world's countries. Unlike the U.S.-Soviet relationship, Washington and Beijing are still connected by economic, people-to-people, and technological linkages. These ties also exist between China and much of the world, which complicates a determination of whether particular states are aligned with the United States or with China.

For these reasons, the twenty-first century competition with China fundamentally occurs on a different scale and stage than that with the Soviet Union. China is a more creative and comprehensive competitor, and its weight is greatest in the economic, technological, and soft-power realms, in contrast to the arms races that defined the U.S.-Soviet rivalry. And given the wide-ranging influence of both the United States and China, the competition for influence runs not along the borders but through capitals, with middle powers playing critical roles in various "swing states" and often the subject of contestation.

Second, U.S. experience in the Middle East and South Asia also has limited utility in guiding us through the unique features of U.S.-China competition. The wars in Iraq and Afghanistan were largely waged apart from questions of great power competition, and they were fundamentally focused on narrower questions of radicalization, counterinsurgency, and nation-building.

The challenges of the Middle East also led the United States to overlook the domestic foundations of its own power. Those conflicts came at a time of American preeminence when Washington took the sources of its influence for granted. Now, as those sources suffer from neglect and are increasingly matched by China, the need to reinvest in them is greater. Unlike the Global War on Terrorism, the competition with China is as much about American rejuvenation as it is about foreign policy, and that requires a far more comprehensive approach.

The U.S. focus on counterterrorism and nation-building produced a cadre of experts familiar with the various villages and valleys of the region and the complexities of the political struggles within it. But by contrast, the U.S.-China competition proceeds at an entirely different scale and scope and requires completely separate sets of expertise. Some of that expertise is regional, and the central theater of U.S.-China rivalry—the Indo-Pacific—features prosperous economies, enormous trade flows, and greater diversity than the Middle East, North Africa, and Southwest Asia. Some of the expertise will be functional, requiring fluency in the nuances of technology policy, domestic competitiveness, and international economics. In both cases, that expertise is not readily abundant within the foreign policy community.

Capacity-Building for Competition

Because the last fifty years have been poor preparation for the competition with China, American strategy is still in its early stages. The United States will need to cultivate a cadre of strategic elites familiar in the politics of the Indo-Pacific, the arcana of the Chinese Communist Party and its grand strategy, and the economic and technological foundations of American competitiveness and power. It will need to develop and include in discussions at the very highest levels not only foreign policy practitioners but individuals from a wide swath of society—academia, business, and technology—who can inform all facets of U.S. strategy, foreign and domestic. And it will need to cultivate the capacity for nimble and rapid strategic adjustments against a potentially dynamic and formidable competitor. If we are truly at the early stages of the China debate, then American strategy will likely need to evolve over time, and a series of refinements and course corrections will be all but inevitable as Washington learns what is effective and adjusts in response to China's own countermoves.

The Aspen Strategy Group can play a critical role in building these capacities. Indeed, it has done so before. During the early periods of the Cold War, the Aspen Institute brought together European-trained strategists with what were then arcane physicists to master the details of the nuclear competition that could come to dominate elements of the U.S.-Soviet relationship. And of course, it was the Aspen Institute that responded to the tragedy of September 11th with convenings that familiarized the strategic community with the challenges of terrorism and counterinsurgency. Now, the Aspen Institute will once again have an opportunity to convene expert strategists and meld them with experts from other arenas in ways that will illuminate the various facets of the U.S.-China competition.

How might such an approach proceed in concrete terms? Convenings on U.S.-China competition will need to cover a range of different domains. The objective is to organize strategists to focus on the key questions in this competition; to combine their expertise with that of various regional and functional experts; to reconsider areas of agreement and probe areas of disagreement; and to take the debate beyond its present level of generalities down to the level of detailed prescription and practice. The effort could span four broad categories.

First, the Aspen Strategy Group's work on China will need to engage the military dimension. It is clear to most by now that the military challenge China poses is qualitatively different from that to which the United States has grown accustomed since the end of the Cold War. The United States enjoyed uncontested dominance against its opponents in the Global War on Terrorism, but that era is fast receding. Now, Washington often operates from a position of relative weakness in the Indo-Pacific. That state of affairs can be rectified, but the discussions on how best to do so will require familiarity with operational concepts, technologies, and distributed postures unfamiliar to most foreign policy elites. Familiarizing these individuals with the kinds of low-cost, high-impact investments that can boost the capacity for deterrence is essential. Debating whether they are appropriate is also worthwhile, as is detailed discussion on how these efforts may be translated into practice.

Second, geo-economics and technology will be at the center of U.S.-China competition. The Aspen Strategy Group can help convene robust debates on the best U.S. approach in this domain. That effort will require greater study of supply chains. It will also require deep thinking about the kinds of Cold War-era public investments in science, infrastructure, industrial policies, and education widely understood then to have salutary economic and strategic benefits. It will call for expertise in the technologies of tomorrow, whether in clean energy, biotechnology, or artificial intelligence and quantum computing. It will demand careful consideration of how to selectively decouple with China, disengaging in sensitive technologies essential to national security while permitting regular interaction in trade and investment in technologies that are less sensitive—all to safeguard American technological advantages and strategic independence while avoiding isolating the United States from global commerce. Finally, it will necessitate a reimagining of global economic institutions and the devising of new ways to organize allies and partners across Asia and Europe with the ultimate purpose of setting rules for trade and standards for technology that can undergird free world approaches to geo-economics. These are broad principles, and they increasingly find bipartisan support, though areas of debate remain in key places. The central question ahead is *how* to implement this agenda, and once again, the Aspen Strategy Group can play a critical role in convening experts to tackle this question.

Third, while U.S.-China competition is not overtly ideological, there should be little doubt that liberal values now face a renewed challenge—even if it is one less evangelical and existential than that faced during the Cold War. China’s sheer size and its signature fusion of authoritarian capitalism and digital surveillance (seen in its darkest form in Xinjiang) will likely exert a pull toward autocracy. But once again, while the contours of the problem are broadly understood, context remains absent as does a robust debate on the way forward. The Aspen Strategy Group can educate its participants on the particulars of China’s own thinking on Western liberalism and how it seeks to make the world safer for autocracy, the ways technology poses challenges to liberal governance, and the specific ways Beijing might be exporting some of its digital authoritarian approaches. It will also be positioned to find solutions to these challenges in order to shore up democratic resilience.

Fourth, the United States and China will need to find ways to both cooperate and compete. This principle is so frequently invoked that it borders on cliché, but the question of how and where to balance these competing impulses will need to be carefully discussed and debated. The Aspen Strategy Group can play a central role in organizing consideration of this question. It can also play a role, as it already has in so many areas of transnational cooperation, in bringing policy makers into dialogue with experts on climate change and energy, nuclear technology, epidemiology, and other specialties central to global governance.

These four domains could presumably be supplemented with additional domains or alternatively be subdivided, but they approximate the scope of the China challenge. As China emerges at the center of American foreign policy in the period ahead, there will be a need to build capacity and stimulate discussions on the way forward. The Aspen Strategy Group has been at the center of these moments of great adjustment in U.S. foreign policy, and it now has an opportunity to do so again.

Kurt M. Campbell is Chairman and Chief Executive Officer of The Asia Group, LLC, a strategic advisory and capital management group specializing in the dynamic Asia Pacific region. He also serves as Chairman of the Board of the Center for a New American Security, as a non-resident Fellow at Harvard University’s Belfer Center, as Vice Chairman of the East-West Center in Hawaii and as an external Director on the Lixil Board. He was also appointed as the Henry A. Kissinger Fellow at the McCain Institute for 2018-19. From 2009 to 2013, he served as the Assistant Secretary of State for East Asian and Pacific Affairs, where he is widely credited as being a key architect of the “pivot to Asia.” For advancing a comprehensive U.S. strategy that took him to every corner of the Asia-Pacific region, Secretary Hillary Clinton awarded him the Secretary of State’s Distinguished Service Award (2013)—the nation’s highest diplomatic honor. Dr. Campbell was recognized in the Queen’s New Year’s list of honors in 2014 as an Honorary Officer of the Order of Australia and as an Honorary Companion of the New Zealand Order of Merit for his work in support of American relations with Australia and New Zealand respectively. He also received top national honors from Korea and Taiwan. Dr. Campbell is a contributor to the *Financial Times* of London and the author or editor of ten books, most recently *The Pivot: The Future of American Statecraft in Asia* (Twelve Books, 2016). Dr. Campbell is a member of the Aspen Strategy Group.

The core of the current debate [on Taiwan] is whether the United States should be drawing a clearer redline as Beijing expands its military pressure on Taiwan and demonstrates a far greater willingness to use coercion and force in other parts of Asia.

—MICHAEL J. GREEN

Taiwan and Great Power Competition with China

Michael J. Green

My first Aspen Strategy Group meeting in 2006 was on China. The conference materials were bound in a cover with bright Maoist propaganda art depicting the Long March. The articles and essays inside conveyed the certainty that China would soon become the most ambitious and consequential player in world affairs. Participants concurred on the need for a comprehensive U.S. strategy to shape China's choices and stabilize relations but diverged sharply on what to do about the issue of greatest proximate danger—Taiwan. For many participants, the Taiwan problem seemed to be an anachronistic Cold War irritant and a distraction from the growing agenda the United States would have to manage with a rising China.

This past year ASG briefly returned to the problem of Taiwan. There was much broader consensus that the danger to Taiwan had increased significantly and that Taiwan mattered to U.S. security interests in the new context of strategic competition with China. Despite a spirited and respectful debate, however, there was still no convergence on the right strategy for Taiwan among some of the best minds on national security in the country. Perhaps in the backdrop was a recognition that while the consequences of failure on Taiwan were now greater, so too were the consequences of war with China.

As John Lewis Gaddis notes in his recent book, *On Grand Strategy*, one of the most difficult challenges in national security policy is deciding when and where to draw a defensive line against expanding hegemonic adversaries. Once you draw that line, he warns, you must “be able to watch smoke rise on the horizons you once controlled without losing your self-confidence or shaking that of allies.”¹ At the same time, as Steve Hadley used to remind us on the National Security Council (NSC) staff in the midst of our debates about North Korea and Taiwan, you have to be prepared to defend that line once drawn because “if you keep redrawing your redlines, you eventually create a red carpet.” The dynamic is further complicated by the three-player game across the Taiwan Strait and the requirement for the United States to find a formula that deters China without emboldening Taipei to pursue independence and create a *casus belli* contrary to U.S. interests.

The United States has studiously avoided drawing redlines on Taiwan over multiple administrations, instead articulating a policy of “strategic ambiguity” about the U.S. response to Chinese aggression against Taiwan but “tactical clarity” that the United States would have the ability and willpower to respond decisively if Chinese actions put larger U.S. interests in the Western Pacific at risk. The core of the current debate is whether the United States should be drawing a clearer redline as Beijing expands its military pressure on Taiwan and demonstrates a far greater willingness to use coercion and force in other parts of Asia. The starkest call for a new redline was the September 2 essay in *Foreign Affairs* by Richard Haass and David Sacks in which the authors advocate replacing strategic ambiguity with an unambiguous U.S. defense commitment to Taiwan.²

Haass and Sacks are right that the United States must take steps to enhance deteriorating deterrence in the Taiwan Strait. If that deterrence rested entirely on declaratory policy, then erasing doubts about the American commitment to defend Taiwan would appear to be a logical choice. However, the security of Taiwan rests on many other factors, including the capabilities of the United States, Taiwan, and Japan; the resilience of Taiwan against non-kinetic grey zone coercion; Beijing's perception of international support for Taiwan; and Taipei's own discipline in cross-Strait relations. A sudden and unilateral change in U.S. declaratory policy could bring more complications than clarity to

each of these factors. It may be time to move beyond “strategic ambiguity”—but only in a calibrated way consistent with a comprehensive strategy to reinforce Taiwan’s security across multiple dimensions of statecraft.

The Growing Challenge

The credibility of “strategic ambiguity” until now has rested on the clarity of the United States’ ability to deter or defeat aggression against Taiwan. As long as the United States was certain to prevail in a conflict, there was greater latitude to avoid drawing a clear redline. That latitude has diminished because of growing Chinese capabilities and willingness to employ coercive force.

In terms of capabilities, the numbers are stunning. Over the past twenty-five years Beijing has steadily expanded its anti-access/area denial (A2/AD) strategy to shift the cross-Strait balance in favor of the mainland. The People’s Liberation Army (PLA) has deployed over 1,250 ground-launched ballistic and cruise missiles capable of striking Taiwan and has put to sea 350 surface combatants (larger in quantity if not quality than the entire U.S. Navy); the PLA Air Force is now four to five times larger than the Republic of China (ROC) Air Force and has an integrated air defense system that extends over the entirety of the Taiwan Strait; PLA combined arms interoperability and readiness is approaching world-class levels; and the PLA has expanded its power projection beyond Taiwan with militarized artificial islands in the South China Sea and submarine operations in the Indian Ocean, South Pacific, and Second Island Chain (Guam).³

After two decades of intensive operations in the Middle East, the Pentagon is finally beginning to send more resources to the U.S. Indo-Pacific Command (INDOPACOM) to counter this threat in terms of munitions, readiness, and overall lethality pursuant to the Joint Operational Access Concept (JOAC). Congress expressed support for this effort on a bipartisan basis under the “Indo-Pacific Deterrence Initiative” introduced in the 2020 National Defense Authorization Act (NDAA). Allies have also stepped up, particularly Japan, which revised the interpretation of Article 9 of the Japanese Constitution in 2015 to allow formal planning for joint regional operations with the United States under the United Nations Charter right of “collective self-defense.”⁴

The trend lines are problematic nonetheless. In 1996 the United States responded to unprecedented Chinese missile and naval exercises around Taiwan by deploying two carrier battle groups to the immediate region. While the Navy recently sent two carrier battle groups through the South China Sea on Taiwan’s southern flank, the reality is that in an active crisis the Pentagon would hesitate to deploy carriers inside of China’s expanded missile, submarine, and fighter envelope. When the Center for Strategic and International Studies (CSIS) asked over 100 national security experts in August 2020 who would prevail in a U.S.-China conflict in the Western Pacific, three-quarters answered the United States, but when asked to project that question out ten years, only half answered that the United States would prevail. Responses from U.S. allies and partners showed similar results, and while these were impressions rather than scientific predictions, those perceptions matter in real terms.⁵

Chinese intentions are more difficult to measure but also troubling. In some respects, Beijing’s intentions toward Taiwan have changed little for fifty years. One of the greatest frustrations in U.S. policy toward China since Richard Nixon met Mao Zedong in 1972 has been the inability to convince Beijing to renounce the use of force against Taiwan. Nixon, Jimmy Carter, and Ronald Reagan each tried and failed during negotiations for the three communiques with China.⁶ The conditions under which Beijing has stated it would use force have varied slightly, with China preserving something of its own “strategic ambiguity.” Before 2000, Beijing stated it would only use force in the event of foreign invasion or occupation of Taiwan, but in 2000 officials under Jiang Zemin published an 11,000-word Taiwan White Paper that threatened to use force if Taipei refused “indefinitely” to enter negotiations on unification. Chinese officials later claimed these conditions were not new.⁷ Beijing’s 2005 Anti-Secession Law then detailed the military options that could be used against Taiwan, but emphasized the condition of Taiwan seeking independence as the trigger.⁸ In January 2019, Xi Jinping declared that Taiwan “must and will” be reunited under his “great rejuvenation of the Chinese nation” and declared his intention to use military force if necessary. His speech was backed by a wave of propaganda

videos on state media professing brotherhood with the people of Taiwan followed by violent images of PLA bombers destroying notional Taiwanese targets—all evocative of King George III's line in the musical *Hamilton*: “I will kill your friends and family to remind you of my love...”⁹

Beijing's actual use of coercive tools and military force in recent years presents stronger evidence of increased willingness to use military coercion or force against Taiwan. Since Tsai Ing-wen's reelection in 2020, the PLA Air Force has repeatedly circumnavigated Taiwan and sent fighters and bombers across the median line in the Taiwan Strait that both sides had maintained for decades.¹⁰ Evidence of Xi's higher risk tolerance is abundant elsewhere in the region as well, including the violent attacks on Indian troops in the disputed Galwan River Valley, the passage of the Hong Kong National Security Law with its application of extraterritoriality against third countries, the mercantilist embargo on South Korea for accepting U.S. missile defense deployments, and a sharp increase in fighter incursions into Japan's air defense identification zone.¹¹

Intentions are the most opaque dimension of international security to measure, but it would be difficult to argue against the proposition that Beijing is becoming more confident in its ability to use force in Asia—and Taiwan remains Beijing's most important “core interest.” This growing confidence in coercive measures may also be considered the flipside of Beijing's rapidly diminishing confidence in the prospects for peaceful reunification. Despite massive cyber interference by the mainland, Tsai, the Democratic Progressive Party presidential candidate, easily won reelection this year on the back of Taiwanese citizens' growing alarm at what they saw happening in Hong Kong. Xi's adamant demand that Taiwan be unified under the same “one country, two system” model applied to Hong Kong is not entirely new, but it is now far more menacing.

What Is at Stake for the United States?

Xi's growing risk tolerance raises the same question for the United States: How much risk should we be prepared to take to defend Taiwan? When CSIS asked this question in our survey of over 400 thought leaders across different sectors in the United States, the mean answer (on a scale of 1-10 with 10 meaning “significant risk”) was 7.93 (for the public it was 6.69).¹² Congressional legislation shows similar bipartisan support for defending Taiwan based on the 1979 Taiwan Relations Act, which states that the United States will “consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States.”¹³

Taiwan is arguably even more important to U.S. interests today than it was when the Aspen Strategy Group met to discuss China in 2006. Beijing's revisionist strategy toward the Indo-Pacific has intensified since Xi came to power and particularly since his 2014 Shanghai speech calling for Asians not to rely on “foreign blocs” (i.e., alliances with the United States).¹⁴ Successful coercion or invasion of Taiwan would cut the First Island Chain in half, flank Japan, isolate Australia, and deal a potentially mortal blow to the credibility of U.S. security treaty commitments and the network of U.S. alliances that have preserved regional and global order for seven decades. PRC control of Taiwan's economy would give Beijing monopolistic control over Taiwan's world-class semiconductor industry and allow firms like Huawei to leapfrog the ten- to twenty-year lag in semiconductor fabrication that now prevents Chinese dominance of 5G technology. Suppression of Taiwan's vibrant democracy through force or coercion would represent the greatest blow to freedom in a region that has seen a steady expansion of democratic norms in the past three decades.

An Integrated Strategy

While the urgency of Taiwan's situation might suggest the need for a radical reformulation of U.S. policy, it is important to remember that Beijing also faces a vexing and high-risk situation. The goal of U.S. policy should be what it has always been: to prevent any unilateral attempt to change the *status quo*. This will require an integrated strategy that includes adjustments to declaratory policy, but only as a supplement to policies that increase the cost of coercion and give Taiwan the resilience to resist that coercion.

Deterrence: The blueprint for complicating Chinese planning is clear in the Pacific Deterrence Initiative, but Congress and the next administration will have to support appropriating the funds to implement that initiative. Since the threat is now along the entire First Island Chain and not just the narrow lane of attack in the Taiwan Strait, the United States will need to enhance capacity-building among allies: for Japan, cyber and space capabilities will be critical, while the Philippines will require greater maritime domain awareness. Beijing's attempt to draw U.S. and allied forces away from the First Island Chain should be countered with greater military coordination among the Quad members (U.S., Japan, Australia, and India) to hold China's new dual-use bases and sea lanes at risk, leveraging the enormous advantage of these maritime democracies in undersea warfare. INDOPACOM will also have to align command-and-control relationships better with Japan to be prepared to conduct a fight within the First Island Chain (Japanese consideration of an Australian-style Joint Operational Command would help). Finally, the United States will have to press Taiwan to put more resources behind its new asymmetrical defense concept, with an emphasis on survivability and lethality over platforms that make sense only in terms of industrial policy.¹⁵

Diplomacy: The United States will need to coordinate closely with other democracies to counter Beijing's efforts to close Taiwan's "international space." Taiwan's robust response to COVID-19 and early warnings about Wuhan demonstrated that Taipei deserves observer and liaison status within international organizations such as the World Health Organization (WHO). However, this means that the United States will have to be fully engaged in these organizations to support Taiwan's access. The Trump administration's unilateral withdrawal from the WHO hurt Taipei far more than Beijing. More broadly, the United States together with Japan and other close friends of Taiwan should increase coordination with the European Union to ensure that Chinese coercive moves against Taiwan are met by as much of a united front among democracies as possible (recognizing that few will actually have military tools to contribute). This will be critical because the Central Military Commission in Beijing will be more likely to authorize force against Taiwan if the international community seems divided on the fate of the island.

Economic Resilience: Before the Tsai government came to office, Taiwan grew overly dependent on China for manufacturing and economic growth. There is clearly a reconsideration underway in Taipei in light of Beijing's demonstrable willingness to use mercantilist tools against its trading partners. Taiwan Semiconductor Manufacturing Company (TSMC) is currently considering locating a major plant in the United States, and Taiwanese manufacturers are beginning to diversify their supply chains away from China to Southeast Asia in a pattern established by Japan and Korea earlier.¹⁶ Complete Taiwanese decoupling from the Chinese economy is unlikely, but the United States can help Taiwan further diversify with a more active and multilateral approach to trade policy in the Asia Pacific. U.S. leadership in the Trans-Pacific Partnership (now the Comprehensive and Progressive Agreement for Trans-Pacific Partnership) would pave the way for Taiwan's eventual membership in a rule-making coalition over twice the size of China's economy. If the politics of trade remain difficult in the United States for the foreseeable future, Taiwan would be a logical participant in narrower agreements on establishing a "clean network" for 5G technologies or a regional digital trade agreement that builds on these chapters in the revised 2018 U.S.-Mexico-Canada Agreement and the 2019 U.S.-Japan Free Trade Agreement.

Declaratory Policy: There are many ways the United States can calibrate declaratory policy to demonstrate willingness and intent to respond to coercion or aggression against Taiwan without giving a permanent blank check that future administrations in Taipei—potentially less careful than Tsai's—might abuse. Careful calibration will also be critical because the United States will need allies to take on more risk themselves and will not want to upset efforts at international alignment with declaratory policies that force Japan or others to visibly backtrack. Perhaps the most useful signal can come from Congress, which best reflects the determination of the American people that CSIS found in its surveys. Changes in administration declaratory policy should also be calibrated in ways that signal that it is Beijing's specific actions toward Taiwan that are prompting the more robust language rather than unrelated problems with China or domestic U.S. politics.

The Taiwan Relations Act itself offers a useful starting point. As necessary, U.S. government principals would do well to note specific Chinese actions that would represent "a threat to the peace and security of the Western Pacific area" and be "of grave concern to the United States," to use the precise language of the Taiwan Relations Act. Invoking existing U.S. law and longstanding U.S. national security interests would bring the greatest credibility and have the most enduring impact in terms of dissuasion and deterrence.

Finally, while the United States should maintain its commitment under the 1982 Six Assurances not to negotiate any aspect of Taiwan's future with Beijing, an integrated strategy must include reassurance and dialogue with Beijing. U.S. intentions should never be conveyed through public declaratory policy alone. The lack of any such channel with Beijing in recent years is problematic beyond just the Taiwan issue and should be addressed.

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- ¹³ Taiwan Relations Act (Public Law 96-8, 22 U.S.C. 3301 et. seq.), <https://www.ait.org.tw/our-relationship/policy-history/key-u-s-foreign-policy-documents-region/taiwan-relations-act/>.
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In a world getting smaller by the day, it is important to empower the American people to make more informed decisions about information sources.

—NAIMA GREEN-RILEY

Can Public Diplomacy Survive Increasing U.S.-China Friction? Thoughts on Mitigating the Threat of Sharp Power

Naima Green-Riley

“The best weapon of a dictatorship is secrecy, but the best weapon of a democracy should be the weapon of openness.”

—Niels Bohr

A decade ago, the U.S. and China were seeking stronger public diplomacy ties through programs like the 100,000 Strong Initiative. Yet in the contemporary political environment, it is unclear that even U.S.-China public diplomacy will survive the antagonism simmering between the two countries. Amidst a backdrop of rising U.S.-China tensions, a number of difficult challenges have emerged given the potential vulnerability of U.S. democratic institutions to influence from China and other authoritarian states. Wary of the potential effects of language- and culture-focused Confucius Institutes on academic freedom and public perceptions, Congress has launched in-depth investigations, and the State Department has mandated greater information-sharing about these programs and their operations.¹ Concerned about the influence of state-controlled media outlets on American news consumers, federal investigators and national security leaders first required several Chinese print and broadcast outlets to register under the Foreign Agents Registration Act (FARA) and then subsequently declared them foreign missions.² Incensed by the contradictory activity of Chinese officials on Western social media platforms banned in mainland China and worried about disinformation, scholars have called for the shutdown of official Chinese social media accounts.³

Central to each of these issues is the potential for malign influence on the U.S. public. Though public diplomacy instruments such as the ones mentioned above have traditionally been viewed as benign, concerns about Chinese “sharp power” have brought them under greater political scrutiny.⁴ However, it is important to remember that while legitimate threats to America’s vibrant democracy do exist, absolutist maneuvers that disaffirm our liberal values also threaten our democratic institutions.

America’s strength is its openness. In order for such a truth to persist, it will be important to manage the threat posed by public diplomacy from influence-seeking authoritarian states such as China by pursuing four main policy goals, namely: (1) comprehensive monitoring of the tools of public influence employed by these states; (2) a well-informed citizenry; (3) an information environment in which knowledge consumers have access to details about the origins of narratives and news; and (4) a values-based approach to confronting authoritarian outreach to the U.S. public. Pursuing such goals should allow the United States to exercise the appropriate caution to ward off unwanted exploitation of its openness while also staying true to its ideals.

The Dilemma of Chinese Public Diplomacy

As China gains greater geopolitical status, the Chinese government has increasingly sought to strengthen its international influence through a range of measures targeted at foreign publics. Some of these actions are undeniably malign. For example, since the onset of the global COVID-19 pandemic, China has ratcheted up its disinformation operations significantly.⁵ In many cases, these efforts have been covert. For instance, in April 2020, agents from the People's Republic of China (PRC) were implicated in a scheme to amplify text chains intended to sow confusion and rouse panic by spreading fabricated information and conspiracy theories about the virus.⁶ Stories of Chinese influence campaigns targeting prominent elites in countries like Australia and the UK⁷ and incidents involving intellectual property theft by Chinese researchers and academics⁸ are other examples of the “gray zone” influence techniques currently being used by the PRC.

But unlike covert influence operations, Chinese public diplomacy operates out in the open. Through the term “public diplomacy,” I mean to reference government-sponsored engagement with foreign publics that is overt in nature—from educational programs to exchanges to transnational news publications. Consider, for example, the incident in September 2018 when the Chinese state-run *China Daily* bought a four-page insert in the Sunday edition of Iowa's *Des Moines Register*.⁹ The lead article featured a bolded title in all-caps: “DUEL UNDERMINES BENEFITS OF TRADE.” Furthermore, a key sentence read, “On Aug. 9, Han Jun, vice-minister of agriculture and rural affairs, described China and the U.S. as ‘strongly complementary in agricultural trade,’ but he warned that Trump’s trade war may force China to look for alternative partners, and once that is done, U.S. farmers may find it hard to regain their market share in China.” Both Vice President Mike Pence and President Donald Trump lambasted the newspaper feature, accusing China of inserting itself into the 2018 election cycle.¹⁰ China had certainly narrowed in on a key constituency in the midterm elections. Farmers make up a large proportion of Iowa voters, and competition was ramping up in areas like Iowa’s 3rd congressional district, where Democratic challenger Cindy Axne was hoping to unseat the Republican incumbent, David Young.¹¹

Moreover, September 2018 was a frustrating time for Iowa farmers. Producers of soybeans—one of the largest agricultural products in the state—were particularly hard-pressed. It was the beginning of the fall harvest, and the U.S. Department of Agriculture had just released a promising forecast for soybean yields for the season. But as farmers made plans for reaping and threshing their crops, the prospects for revenue were looking dim. Soybean farmers were big losers in the escalating trade war with China, the world leader in soybean purchases. After being hit with retaliatory tariffs from Beijing, U.S. soybeans had lost about 20 percent of their value. Just a week before the *China Daily* article was published, a news report by the Iowa Soybean Association had quoted its former president, farmer Mark Jackson, saying: “Given the current trade issues, I’m assuming supplies will build and prices will remain low. It could be a long winter.”¹²

The *China Daily* placement was politically motivated, and its messaging was calibrated to affect a particularly hard-hit constituency. Nevertheless, all of China’s actions in this episode were legal, even routine. Since 1983, the *China Daily* has been registered with the Department of Justice (DOJ) under FARA. According to FARA, “agents of foreign principals in a political or quasi-political capacity” may operate in the United States as long as they follow certain procedures to label their information appropriately and to allow the U.S. government to monitor and track their activities. In fact, the practice of government-sponsored, transnational news placement is nothing new. A number of governments around the world have been creating media content for foreign publics for a long time, be it through international broadcasters or foreign-facing print outlets and news websites.

Still, the propagation of Chinese state-controlled media in the U.S. is uncomfortable to some. In recent years, it has raised a number of important questions. When is a foreign government-sponsored news report fair, and when is it overly biased? Should all foreign news outlets be allowed to place pieces in local papers—even if they are state-controlled and lack editorial freedom? How will a country’s posture toward news, information, and propaganda at home affect the message that it promotes abroad? Similar questions emerge when considering other Chinese public diplomacy initiatives, such as educating American youth through Confucius Institutes and publishing self-aggrandizing articles via U.S. social media platforms.

Foreign Missions: A Trumpian Innovation

The Trump administration has developed a unique response to Chinese public diplomacy organs. Since February 2020, the State Department has labeled nine Chinese news organizations, including the *China Daily*, Xinhua News Agency, the China Global Television Network, and the *Global Times*, as foreign missions, meaning they must adhere to the same administrative requirements mandated for foreign embassies and consulates.¹³ Similarly, in August 2020, the State Department labeled the Confucius Institute U.S. Center (CIUS) as a foreign mission.¹⁴

While these designations have clearly sent a message to the Chinese government—perhaps resembling the U.S. waving a massive “don’t tread on me” flag—these measures alone will not fully address the larger challenge that America is facing. The foreign mission designation is rarely applied to non-diplomatic outposts. In the short term, these designations may forge greater inroads for monitoring Chinese public diplomacy organs in the United States. However, in the long term, if only applied to Chinese entities, the designations will fail to address similar activities by other authoritarian actors. Furthermore, these actions cannot substitute for a strategic approach to rethinking the U.S. posture toward authoritarian public diplomacy institutions, nor will they address the need to more adequately prepare the U.S. public to be resilient to challenges from foreign influence attempts in the future.

Four Key Steps for the Era Ahead

Overt, run-of-the-mill public diplomacy as performed by China need not be made into a ten-foot boogeyman. In many cases, the significant differences in the political culture between the United States and China will be enough to preclude ideological influence. Indeed, my own research on the effects of Confucius Classrooms in American schools shows that even young high schoolers are able to process conflicting signals in their learning environment: though the students in my study were participating in Chinese-sponsored language programs, their views of China became more complicated—and overall, more negative—over the course of the school year.¹⁵ Spending too much time trying to shut these or other public diplomacy programs down may distract from the important work of implementing policy measures that will more effectively safeguard U.S. democratic institutions from the practically inevitable challenges in the information domain that our country will continue to face in today’s globally and technologically networked world.

Monitoring

The “foreign missions” designations recently made by the State Department appear to be motivated at improving reporting standards and transparency of the operations of Chinese public diplomacy actors in the United States. In-depth information about the operations of state-sponsored actors in the U.S. will be important moving forward. It will help the U.S. government stay abreast of what types of activities these actors are engaged in, and it will also aid in the process of identifying attempts at covert activities that go beyond the scope of public diplomacy. In instances where evidence of coercion, espionage, or illegal activity emerges, the appropriate legal and national security measures should be taken to quickly address them.

In addition, the U.S. will need to come up with a more comprehensive strategy for handling public diplomacy as implemented by China and other countries of concern. One avenue for such monitoring might be to better equip the Department of Justice to address public diplomacy actors through FARA. Beyond Chinese outlets, the Justice Department has ordered other state-controlled media, including Russian outlets like Sputnik and Russia Today (RT) and, most recently, Qatar’s Al-Jazeera, to register as foreign agents.¹⁶

As the Justice Department begins to apply FARA more widely to foreign news agencies, a number of shortcomings have become clear. Some worry about its impact on journalistic practices. An August 2017 Atlantic Council report advocated for foreign agent registration of Russia’s RT but cited several weaknesses of FARA itself, including limited scope, poor oversight, and infrequent enforcement.¹⁷

Moreover, how foreign agents interpret FARA rules seems to vary. For example, the legislation includes guidelines for labeling informational materials.¹⁸ Some outlets follow them well. For example, when *China Daily* printed its insert in September, a clear disclaimer that read that it “was paid for and prepared solely by *China Daily*, an official publication of the People’s Republic of China” appeared under the main header. Other outlets require more digging. RT America’s “About Us” page on its website begins with an extensive explanation about the outlet’s availability in “more than 100 countries spanning five continents” and how it “creates news with an edge for viewers who want to Question More.” Readers must scroll to the very bottom of the page to see that it “is an autonomous, non-profit organization that is publicly financed from the budget of the Russian Federation.”

The Justice Department has already recognized the need to beef up FARA enforcement and has made some recent efforts to do so.¹⁹ Moreover, several members of Congress have made attempts to adapt FARA’s mandate to more directly address foreign media outlets.²⁰ It would be prudent to accelerate efforts to revitalize FARA. During that process, the questions of how to create a more sustainable model for monitoring interactive public diplomacy programs (like the Confucius Institutes) and whether these programs might also be addressed by FARA should also be resolved.

Educating the American Public

Too often, Americans unwittingly share false or heavily biased information disseminated by state actors, thus aiding those actors in building their American audience. If these Americans knew that the news they were forwarding came from a state-controlled media source, they might be less likely to send it in the first place. In order to address this issue, we will need to better prepare our citizens to understand the complex information landscape of the present. Nationwide media literacy programs in K-12 schools would be a good start.²¹ These programs would educate young people about how to evaluate an information source, how to determine whether information published by a source is credible, and how to cross-reference other sources for the purpose of verification. In doing so, they would also help with the equally—if not more—threatening challenge of domestic political disinformation circulating on many U.S. media platforms.

Similarly, many states across the country lack sufficiently thorough global education standards for K-12 schools. If students learn about global issues and are trained to monitor current events at a young age, they will be less susceptible to unsubstantiated or biased information promoted through public diplomacy programs organized by countries of concern.

Mandated Labeling of State-Sponsored Information

As mentioned above, FARA-mandated labeling of sources requires some level of attestation on products from registered foreign agents. However, these labels are not included when posts from state-run media channels show up in most Americans’ social media feeds.

This trend is slowly changing due to innovations by a number of technology companies. In 2018, YouTube implemented a policy requiring that videos uploaded by news broadcasters receiving government funding carry a disclaimer.²² When viewers access videos on RT America’s YouTube page, a banner under the video screen reads, “RT is funded in whole or in part by the Russian government.” On YouTube, regardless of whether the content comes from the BBC or RT, users will get a disclaimer. Additionally, this summer, Facebook began labeling state-controlled media on its platform in cases when media outlets are “wholly or partially under the editorial control of their government.”²³ So far, the platform has marked a subset of pages—many of which are sponsored by China and Russia. However, on both YouTube and Facebook, some notable state-run outlets remain unlabeled.²⁴

In a world getting smaller by the day, it is important to empower the American people to make more informed decisions about information sources. Rather than leaving the labeling of foreign government information to the outlets themselves and limiting requirements to those designated as foreign agents, it would be a good idea for the

U.S. government to require notifications of foreign government sponsorship for all internet content. Placing the onus on the social media company rather than the foreign news outlet itself would make visible labeling more likely. Technology companies have limited resources for sourcing, so it should not be expected that they will prioritize comprehensive labeling schemes without political pressure.

Doubling Down on American Values

Finally, it will be important to remember that American global leadership is advanced by adherence to our values. If we become so worried about foreign exploitation of our openness that we veer sharply toward the censorship and control characteristic of authoritarians, we will only do ourselves more harm.

A values-driven approach centered on liberal democratic norms, transparency, freedom of expression, and freedom of access to information should underlie all forward-looking U.S. action in the realm of public engagement. By doubling down on these values and projecting them intentionally, the U.S. will build democratic institutions more impervious to foreign exploitation.

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³ Scholars from the Stanford Internet Observatory advocated in a *Washington Post* op-ed that Chinese state actors be banned from Western social media platforms that are not allowed in China. See Vanessa Molter, Renee DiResta, and Alex Stamos, "As Chinese Propaganda on Covid-19 Grows, U.S. Social Media Must Act," *The Washington Post*, April 27, 2020, <https://www.washingtonpost.com/opinions/2020/04/27/chinese-propaganda-covid-19-grows-us-social-media-must-act/>.

⁴ Researchers at the National Endowment for Democracy coined the phrase "sharp power" in a December 2017 report. See "'Sharp Power: Rising Authoritarian Influence': New Forum Report," National Endowment for Democracy, December 5, 2017, <https://www.ned.org/sharp-power-rising-authoritarian-influence-forum-report/>.

⁵ For more information, see Jessica Brandt and Torrey Taussig, "The Kremlin's Disinformation Playbook Goes to Beijing," *The Brookings Institution*, May 19, 2020, <https://www.brookings.edu/blog/order-from-chaos/2020/05/19/the-kremlins-disinformation-playbook-goes-to-beijing/>; and Joshua Kurlantzick, "How China Ramped up Disinformation Efforts during the Pandemic," Council on Foreign Relations, September 10, 2020, <https://www.cfr.org/in-brief/how-china-ramped-disinformation-efforts-during-pandemic>.

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It is high time for... [an] effort to form a robust international innovation ecosystem among countries that share the same values in tech development.

—ANJA MANUEL

The Tech 10: A Flexible Approach for International Technology Governance

Anja Manuel

Roman paved roads, ancient Chinese compass and gunpowder, British steamships and repeating firearms—great power competition has always been defined by who has the technological edge. China, Russia, Iran, and other competitors recognize that technology can nullify the military and economic supremacy the U.S. has enjoyed for decades.

China in particular, is singularly focused on catching and surpassing the U.S. It does so legally, by investing hundreds of billions of dollars in key technologies, focusing on STEM education and mining open-source databases. It does so illicitly through cybertheft and industrial espionage. And it does so through coercion: forcing non-Chinese companies to transfer their technologies to Chinese joint ventures as the price of doing business in China.

How we choose to react will define whether the United States continues to lead in—and reap the benefits of—technical innovation. Previous U.S. presidents of both parties were unable to shape China’s behavior. Much of the energy of the Trump administration has focused on “defensive” or punitive measures: tightening foreign investment restrictions and export controls and slowing cross-border collaboration. But playing defense alone will not be enough; the U.S. must have an affirmative strategy to ensure we remain competitive, and that—importantly—includes **deepening our engagement with allies.**

After World War II, Europe and the U.S. led to create the international order as we know it—including building the World Bank and International Atomic Energy Agency, among others. They established norms for peaceful economic relations and international standards governing everything from telecommunications to satellites to safe flight paths. It was an enormous effort, and it paid off. It is high time for a comparable effort to form a robust international innovation ecosystem among countries that share the same values in tech development: a proposal Mike Brown, Pav Singh, and I have spoken about and call the “Tech 10.”

A Flexible Forum for Coordinating Technology Policy

The Tech 10 would join Europe and the United States with other countries who share a vibrant innovation sector, support public investment in science and technology, and are committed to safe and ethical use of emerging technologies. **Group membership would be somewhat flexible depending on the subject discussed, but the inaugural members could include powers such as the United States, Germany, the United Kingdom, Australia, Canada, France, Israel, India, Japan, and South Korea.** Others could apply to join as long as they agree to adhere to the same high standards.

Importantly, **the world should not create another standing organization** like the Organisation for Economic Co-operation and Development (OECD) or International Telecommunications Union. These government-led institutions are by their nature slow and bureaucratic, beholden to whichever national leaders are in power, and prone to issue vague communiques that no one acts on.

Instead, a flexible, informal structure of working groups, which convenes senior government officials, technology CEOs, and academic experts in a series of closed-door meetings that drive concrete outcomes, is needed.

A **flexible structure** is key to accommodate allies who view the China threat differently and who may be world class at one technology covered but not another. For example, a working group on semiconductor policy might involve the U.S., South Korea, Japan, the Netherlands, and even Taiwan, while a working group on AI standards might emphasize members from the U.S., UK, Canada, Israel, India, and beyond. This ensures the most knowledgeable and impacted countries are at the table for each topic.

The Tech 10 would incorporate **non-policy makers—industry leaders and academics—from the outset**. Too often, governments do not have the technical expertise to make thoughtful decisions about innovation policy. Also, engaging industry from the start would help them understand why certain restrictions may be necessary and why “business as usual” with China may no longer be feasible.

Existing Approaches and How the Tech 10 Differs from Them

Since Mike, Pav, and I began to float this concept with U.S. and European colleagues about 18 months ago, a number of think tanks have also tried to define how it could work,¹ and both the U.S. and UK have announced smaller, piecemeal approaches to technology coordination.

In May 2020, the UK government proposed creating a “Democracy 10,” which would include the G-7 countries along with South Korea, India, and Australia in an effort to set global standards on 5G and secure supply chains.² So far, the only activity has been a statement by an aide to Boris Johnson. As far as we know, no other proposed member country has engaged in any meaningful way with the concept, and no actual meetings have happened.

Additionally, the U.S. government has announced several efforts to coordinate allies on technology issues. All are nascent, vague, and, as far as we can tell, not coordinated through the interagency process. For example, in September 2020, the Defense Department held an “AI Partnership for Defense” meeting, which included delegations from thirteen partner nations, focusing on how to best utilize artificial intelligence in national defense.³ The State Department has put forward two separate proposals. It announced the “Economic Prosperity Network” in spring 2020 as a group of ten nations focused on securing supply chains against China: pushing companies “to operate under the same standards across digital business, energy, infrastructure, research, trade, education, and commerce.”⁴ As best we can tell, nothing has happened yet. This is separate from the recently proposed State Department “Clean Network Initiative (CNI),” which wants to enlist other countries to limit the influence of Chinese telecom makers, such as Huawei and ZTE, on American communications networks. It is also in its infancy. Finally, the U.S. Trade Representative issued a vague joint statement with the EU and Japanese trade ministers in January 2020, saying that each would work “to stop harmful forced technology transfer policies and practices, including through export controls, and investment review for national security purposes.”⁵

These efforts are commendable but disorganized, limited in scope, and far from sufficient. It’s time to think bigger—and across multiple technologies.

Topics for the Technology 10

Due to its flexible structure, the Tech 10 could begin with a few narrowly scoped problems and create additional working groups to tackle other thorny issues as countries begin to buy into the process.

While there are numerous topics a Tech 10 could address, promising early candidates include:

- a) ensuring the U.S. and its friends stay in the lead in semiconductor design and production;
- b) securing a diverse supply of 5G and 6G technology (whether through an open source software layer or other mechanisms);
- c) coordinating narrowly tailored investment screening and export controls;

- d) ensuring research integrity while preserving basic openness at universities and, to a lesser extent, national labs; and
- e) setting international technical standards and beginning to define norms to govern safe uses of AI and other advanced technologies.

A more ambitious, future target for the Tech 10 might be to coordinate research and pool resources and talent to tackle key basic science challenges underlying disciplines such as advanced AI, advanced biotechnology, and quantum computing.⁶

Putting It All Together

Here are two examples of how a Tech 10 might work in practice.

Semiconductors are the crucial building block of the information economy. While the most advanced chips are designed in the U.S., American semiconductor manufacturing companies are losing market share and risk falling behind in state-of-the-art innovation. China is lagging but investing over \$100 billion to catch up. State-of-the-art semiconductor fabs—or factories—costing \$10-20 billion each are mostly found in Korea and Taiwan.⁷ Financial incentives from Tech 10 governments could bring home production capacity to manufacture the most advanced chips (for defense, advanced AI, and other applications), creating much-needed supply chain security and fueling further technological advances.⁸

A working group on semiconductor policy might involve representatives from the U.S., South Korea, Japan, Taiwan, the Netherlands, and elsewhere. Rather than just writing another report on the problem, the government leaders, academic experts, and tech CEOs could actually implement the solutions. For example, if legislation is needed, government representatives will weigh in with their respective legislative bodies to get it passed. CEOs would commit to a certain level of investment and may receive some government incentives to match their own efforts. Academic institutions across the key countries may focus science research where it is most needed.

A working group on **research integrity** might have an entirely different mandate. Institutes affiliated with the Chinese People's Liberation Army (PLA) have research partnerships with, and send researchers to, prominent universities around the world to acquire cutting-edge technology. Since 2007, the PLA has quietly sent more than 2,500 military scientists to Australia, Canada, Germany, Japan, Singapore, and the U.S. to exfiltrate sensitive information that could facilitate the development of new Chinese military technologies.⁹ In response to Chinese practices, Australia recently tightened its rules on university collaborations.¹⁰ Other countries have not.

Yet one of the great strengths of the Western university system is its openness. All research institutions clearly gain from having foreign scientists participate. Many Chinese scientists in particular later stay in the U.S., and over 80 percent would like to stay but are sent back due to our immigration laws. An international working group of university leaders and government officials might, for example, share classified information on Beijing's activities and choose to publicize some of these activities, survey different countries' efforts to ensure basic research remains open and secure, and decide on best practices and encourage each government to implement consistent rules.

As these examples show, the flexible, open structure of the Tech 10 would bring together the most knowledgeable people to actually solve each of these thorny, complex problems and create buy-in from all sides.

Conclusion

The time for the U.S. and friendly countries to let their innovative companies “go it alone” in the face of Chinese industrial policy has passed. Coordinating technology policy with key allies is the most effective way to counterbalance China's systematic efforts—expressed in Made in China 2025 and China Standards 2035—to end the lead of the U.S. and its friends in key tech industries by dominating market share, controlling international standards, and hollowing out its competitors' industrial capacity. Like-minded nations should unite to maintain the lead in developing advanced technologies.

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- ⁵ "Joint Statement of the Trilateral Meeting of the Trade Ministers of Japan, the United States and the European Union," January 14, 2020, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2020/january/joint-statement-trilateral-meeting-trade-ministers-japan-united-states-and-european-union>.
- ⁶ There's no shortage of topics a Tech 10 could consider. Dan Kliman and his co-authors in *Forging an Alliance Innovation Base* recommend several additional possible areas for cooperation, such as expanding rare earths supply chains, addressing digital disinformation, and building military cyber resiliency. Senator Mark Warner and his staff are also thinking carefully about this issue and have recommended other areas, such as developing norms around responsible state behavior in cyberspace, international data protection/privacy rules, and harmonizing immigration and student visas across a tech alliance for freedom of talent movement. All are valuable, but I believe the ones listed above are most pressing and require immediate international cooperation.
- ⁷ Saif M. Khan and Carrick Flynn, *Maintaining China's Dependence on Democracies for Advanced Computer Chips*, Brookings, April 2020, 4, <https://www.brookings.edu/research/maintaining-chinas-dependence-on-democracies-for-advanced-computer-chips/>.
- ⁸ Martijn Rasser, "Countering China's Technonationalism," *The Diplomat*, April 24, 2020, <https://thediplomat.com/2020/04/countering-chinas-technonationalism/>.
- ⁹ PLA's National University of Defense Technology (NUDT) has established "overseas study bases" at academic institutions ranging from Oxford, Cambridge, and Harvard.
- ¹⁰ "Guidelines to Counter Foreign Interference in the Australian University Sector," University Foreign Interference Taskforce, November 2019, https://docs.education.gov.au/system/files/doc/other/ed19-0222_-_int_-_ufit_guidelines_acc.pdf.

For India, the ideal position in the India-U.S.-China triangle is to have better relations with both the U.S. and China than they have with each other.

—SHIVSHANKAR MENON

Some Consequences of the India-China Crisis of 2020

Shivshankar Menon

This chapter considers the current crisis between India and China, India's responses, and its effect on the India-U.S.-China triangle.

The Crisis

India-China relations are in crisis today. The crisis comes after several years of simultaneous competition and cooperation, with the balance steadily tilting over time toward competition. The June 15 deaths of soldiers and subsequent incidents of gunfire, the first in forty-five years, followed an unprecedented People's Liberation Army (PLA) buildup all along the Line of Actual Control (LAC) between India and China. In eastern Ladakh, the PLA moved forward into areas previously under Indian control and is preventing Indian patrols from accessing patrol points that they have consistently visited in the past in Depsang, Hot Springs-Gogra-Kongka La, near the Galwan River, and around Pangong Tso.

What China did in the spring by attempting to change the LAC and prevent Indian patrols on territory hitherto controlled by India was a fundamental and consequential shift in behavior. In response, India increased her deployment along the LAC and also occupied some heights south of Pangong Tso on her side of the line.

Despite statements at the political level by both sides that they seek to disengage, actual disengagement has been very limited so far, and the joint press statements only commit both sides to “stop sending more troops to the frontline, refrain from unilaterally changing the situation on the ground, and avoid taking any actions that may complicate the situation,” which sounds like a desire to freeze the new status quo created by Chinese actions in spring and summer 2020. It remains to be seen whether this commitment will be kept or go the way of previous such obligations in the various agreements signed since 1993.

Judging by deployments and infrastructure that the PLA is putting in place in Tibet, and the matching Indian responses, it will be a long haul before the pre-April status quo is restored, if at all. Unlike past confrontations and face-offs, the framing of the crisis by China as a sovereignty dispute—rather than as a border dispute that would be solved by give and take—makes it harder to settle. It also suggests that for China the issue is not just about the LAC or its clarification, but is part of an attempt to exercise control up to its claimed boundary, and probably also serves larger political goals.

Why?

Why have India-China relations come to this pass despite Prime Minister Narendra Modi and President Xi Jinping meeting eighteen times? Public opinion in both countries has been aroused, and relations are at their lowest ebb in decades, as Indian External Affairs Minister Subrahmanyam Jaishankar recently said. For several years India attempted to balance her relations with China and the U.S., and the Modi government was careful after 2017 not to offend China's sensitivities on Tibet, the Belt and Road Initiative, and in its framing of the Indo-Pacific Strategy, and had refrained from calling out China for occupying the Doklam plateau after the face-off in 2017.

There appear to be tactical and operational reasons at play on the Chinese side. For over two decades, India has been building infrastructure along the border in an attempt to catch up with China's buildup and the much easier access to the border that China enjoys on the Tibetan plateau. For instance, new roads like the Darbuk-Shyok-Daulat Beg Oldi road, the operationalization of advanced landing grounds near the LAC, and other steps have improved Indian logistics. The Chinese moves this year could be explained as attempts to straighten and push the LAC westward to dominate, take the heights, cut off Indian forward deployments, and isolate sub-sectors in the event of conflict. If these considerations led to the Chinese actions this spring, they would mean a much more significant role for the PLA in high-level decision-making in Xi's China.

But such tactical military considerations would not be sufficient justification for breaking bilateral treaties and agreements with India that have stood since 1993, changing the rules of engagement that have kept the peace for forty-five years, and the adverse—from China's point of view—political consequences that could have been anticipated. Nor do they explain the timing of Chinese actions or why China is simultaneously asserting herself across the board in Asia—in the Senkaku Islands, on Taiwan, in Hong Kong, in the South China Sea, with Australia, and so on, and via her new “wolf warrior” diplomacy. A newly powerful China has less soft-power influence internationally than at any point since the Cultural Revolution. A Pew poll out in late July says that only 23 percent of Indians and 22 percent of Americans look at China favorably.

Three broad explanations are normally offered to explain China's recent behavior.

One is of a China that is ascendant and rampant, that sees opportunity in an internally preoccupied U.S. and a weakened post-COVID world and India. This is a China that believes that her moment has come, where hubris shades into folly. The Chinese economy, which was roughly the size of the Indian economy in 1988, is now nominally five times larger than the Indian economy (or 2.45:1 in purchasing power parity terms), and China's modernized PLA has changed the military balance. But this fails to explain why the border was generally peaceful and stayed where it was for three decades and what has occasioned the change this year. The logical conclusion would be that there was an effective balance that kept the peace on the LAC for three decades, but that has now been changed or is broken in Chinese eyes, leading them to feel that they could change the ground situation in their favor without fear of broader reactions in a weakened world order.

By another telling, recent events have effectively postponed attainment of the China Dream in the post-COVID world. Although possibly the first to recover, China has been diminished by the trifecta of a pandemic, an economic crash, and U.S. pushback. China faces a hostile U.S. determined to prevent her rise to the superpower status that China has convinced herself was the historical norm. In the longer term, demography, geography, and her technological dependence on the West are closing China's window of opportunity and China knows it. She is therefore in a hurry to attain her political and military goals, particularly in her periphery, while the relative balance is in her favor.

A third explanation is of a China under domestic stress, where the leadership is divided and must tighten internal security after COVID-19 exposed weaknesses of the system, where performance legitimacy no longer suffices in a slowing economy and changed society, and, therefore, the party-state must rely on nationalism and external enemies for domestic consolidation. In support of this argument is cited the fact that the People's Republic of China (PRC) has taken significant external risks when internally unstable: crossing the Yalu in 1950 when the Chinese Communist Party (CCP) had yet to consolidate the PRC; the 1962 attack on India when Mao Zedong fought to come back after the disastrous Great Leap Forward and famine; the 1969 Chenpao ambush of Soviet troops in the chaos of the Cultural Revolution; the 1979 attack on Vietnam when Deng Xiaoping had just seized power and reform was beginning; and the 2008-12 South China Sea militarization during the contested transition to Xi. By this telling, the regime needs external enemies to cloak itself with nationalism, quelling internal dissent and mobilizing society. This was probably true of a Maoist China and may be true again in today's centralized China under an authoritarian leader with a personality cult. By this account, China's foreign policies are determined by and tactics are chosen for their effect on domestic politics and intra-elite competition rather than on a calculus of their external consequences. However, while there may indeed be signs of popular dissatisfaction in China, there is still limited proof of cracks in the remarkable unity that the Chinese elite has displayed since the fright of Tiananmen in 1989.

These explanations are not mutually exclusive. Misreading the external situation, where there is really no existential threat to China and overestimating China's ability to shape the international environment could go together with elite dissension, resulting in the assertive and confrontational China that we see.

Whatever the reasons, the geopolitical consequences of China's recent actions have been considerable.

India's Responses

On the border itself, China now seems happy with the new status quo and argues for a return to business as usual. Whether India is satisfied with the changed situation or will continue to insist on the restoration of the status quo as it was before April 2020 is not entirely clear from public statements. In any case, the LAC has been militarized and called into question all along the line.

India-China relations are being reset. There is no going back to what they were, to the surface calm that prevailed before 2020. Political relations will now be more adversarial, antagonistic, and contentious. Although theoretically India-China relations could see a new *modus vivendi* after the crisis, as they did after the Sumdorong Chu/Wangdung crisis in 1986-88, this seems unlikely with authoritarian strongmen in power in both countries, aroused public opinion, and differences out in the open. The other possibility is of a downward spiral to conflict, as occurred between 1959 and 1962, but both governments are so far signaling an unwillingness to be trapped into that scenario. More likely, we will see continued efforts to negotiate side by side with jostling for local advantage along the LAC and a continued buildup of infrastructure and capabilities by both sides—in other words, muddling through and attempting to avoid outright conflict, though the risks of conflict are certainly higher than ever in the last forty years.

India will have to undertake a series of self-strengthening steps, if for no other reason than to restore the effective balance on the border. These would include military and intelligence reforms based on lessons learned from the crisis.

The crisis has made it clear that India's China policy cannot optimize for both security and prosperity. Apart from its military response of defensive deployments and filling gaps on its side of the LAC, India has also responded by external balancing actions and by seeking to lessen its economic dependence on China. These dependencies are considerable in auto parts, pharmaceuticals, electronics, telecom, power, and fin tech. India has tightened scrutiny of Chinese investments in India, banned some Chinese apps, and cancelled some public contracts with Chinese firms. However, there are limits to decoupling. China accounts for 12 percent of India's imports. In 2019, total two-way trade was \$92.68 billion, \$56.77 billion in China's favor, and China was India's largest trading partner until overtaken by the U.S. in 2019. The Modi government, like Xi's, has adopted "self-reliance" as a strategy after the COVID-19 pandemic and economic crash, though it is unclear how much autarchy this will mean in practice. The signs—raising customs duties for four years running, and walking out of the Regional Comprehensive Economic Partnership (RCEP) negotiations—point to a more insular and protectionist India.

As for the political relationship between India and China, the primary focus of India-China contention will be in the Indian subcontinent and the Indian Ocean region. China has recently shown a willingness to involve herself in the internal politics of countries in the subcontinent and to make sizeable investments in them. An India-China competition for influence would probably be seen and used as an opportunity by many of India's neighbors.

There are calls in India to review India's One-China policy by developing relations further with Taiwan, to use the "Tibet card," and to agitate China's "Malacca Dilemma." It remains to be seen if this is practical and whether the government wishes to make such fundamental changes in its China policy. It has so far resisted such calls and left it to political parties, non-officials, and others to hint at changes and do the running on such issues.

The other likely consequence is the strengthening of the informal coalition that has formed in China's maritime periphery in the last two decades in response to China's rise. Defense, security, and intelligence links among India, Japan, Australia, Indonesia, Vietnam, Singapore, and others have greatly increased in quality and quantity in the last decade and a half. The China crisis increases Indian willingness to work in the Indo-Pacific with countries that share India's concerns about freedom of navigation and security in this extended body of water that is increasingly

militarized. The India-U.S. Malabar exercises now include others, and a “Quad Plus” security dialogue is emerging in practice. The security and stability of supply chains in the more difficult economic environment that we face is another issue on which one might expect these countries to work together. At the same time, given the stakes that each of these countries has in its ties with China, this informal coalition is probably more a hedging than a balancing exercise for its members.

Much, of course, depends on the future course of the world economy and Asia, and on the direction and magnitude of Sino-U.S. contention. China is successfully building a continental order in Asia through the Belt and Road Initiative accounted for 40 percent of global growth in 2019, and will probably account for more in 2020. It is in the maritime domain that China is challenged, both by her own lack of experience as a maritime power and by the U.S. and others for whom the maritime space of the Indo-Pacific is critical to their prosperity and security. India is both a continental and maritime power and faces China in both domains, with the world’s largest boundary dispute and increasing Chinese military presence in the Indian Ocean region, which now includes military bases, ports, and a permanent People’s Liberation Army Navy (PLAN) deployment.

Asia faces a more ideological and nationalist China and U.S., whose contention seems structural and therefore likely to last and intensify. The U.S. pushback has not managed to change Chinese behavior; if anything, it is now worse. China-U.S. decoupling may remain limited in practice to the internet, high technology, and some finance. The two most powerful powers in India’s extended neighborhood both use economic sanctions to get their way, and both see a zero-sum future for Asia. My own sense is that Asia’s future is not necessarily either Sino-centric nor U.S.-led, but fragmented, with Asian states hedging against all possibilities and working with both China and the U.S. where it suits them. Indeed, opting out of the RCEP negotiations in 2019 was a sizeable bet by India on a future Asia that is multipolar with strong U.S. involvement.

India-U.S.-China

China has consistently been a factor in India-U.S. relations, from the 1950s and early 1960s when the Eisenhower and Kennedy administrations saw India as part of their Asian strategy to contain China to the Nixon administration’s view of India during the 1971 crisis as testing U.S. credibility in Chinese eyes while it sought a China opening. That opening morphed into a virtual China-U.S. alliance in Afghanistan and Indochina in the 1980s, leading to considerable Indian suspicion of China-U.S. ties involving Pakistan, which were seen as collusive.

Equally, right through the Cold War China saw India-U.S. ties with suspicion, primarily fearing Indo-U.S. collusion on Tibet, and worked to neutralize them using Pakistan, U.S. antipathy to the Soviet Union, and other available levers. After the Cold War, China sought to keep India neutral and to keep her periphery in the south-west free of U.S. influence by improving relations with India, entered into the 1993 and subsequent border Confidence-Building Mechanism (CBM) agreements, kept the peace and the status quo on the border with India, worked with India in international negotiations at the Doha Round and on climate change, and developed economic and trade ties. That phase is now decisively over with the crisis of 2020.

For India, the ideal position in the India-U.S.-China triangle is to have better relations with both the U.S. and China than they have with each other. India has therefore traditionally adopted a balancing strategy between China and the U.S. when their relations were antagonistic and sought external counterweights (like the Soviet Union in 1971) when China and the U.S. worked together against Indian interests. That balancing or hedging strategy will need to be modified as a consequence of Chinese actions this spring.

China must have known the consequences of her actions this spring for India-U.S. relations—because of them, India will likely move from her traditional balancing between China and the U.S. to lean to one side, the U.S. Presumably China saw recent advances in India-U.S. defense and security links, particularly interoperability, as having crossed a point of no return. As senior Chinese scholar Yan Xuetong said in an Institute of Chinese Studies seminar in mid-September, “India has given up nonalignment and has the motivation to become a U.S. ally, using nonalignment as a cover to make policy.” If China has indeed concluded that India-U.S. relations have gone beyond the point of no return

and that she cannot count on Indian neutrality in her intensifying contention with the U.S., China's actions on the LAC were designed to show the U.S. and India's neighbors that an India that could not even defend its own territory could not countervail China. They were also intended to show India that the U.S. is not the solution to India's China problem when it comes to dealing with China on land.

India and China have a history of misreading each other, and we may have another instance here where Chinese actions have actually brought about what China should be trying to deter or avert, namely, much closer coordination between India and the U.S. on China. It would be reasonable to expect considerable progress in India-U.S. relations, including an initial trade deal, a stronger defense relationship, and tighter intelligence cooperation. Indeed, as India embarks on the self-strengthening necessary to deal with a more antagonistic China and a harsher security environment, India is again likely to turn to the U.S. as she accelerates military reforms. India-U.S. congruence on the Indo-Pacific is increasing, as is defense cooperation and interoperability. The U.S. is also an essential partner for the transformation of India. While India-U.S. ties may not become a formal alliance, they will increasingly adopt the characteristics of one, short of the commitment to mutual defense that neither side seems ready to offer at present. In other words, India-U.S. relations have never been better and are likely to benefit from the 2020 India-China crisis.

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Given the dynamics of the early twenty-first century, the key to both an effective national security strategy and to a China strategy lies in understanding the centrality of geo-economics.

—TOM PRITZKER

A China Strategy: Adjustments for a World of Geo-economic Competition

Tom Pritzker

The Chinese have done us a historic favor by highlighting the centrality of economic strength to national security in the twenty-first century. I will assume that by now, that is an accepted reality. From the Chinese perspective, in the economic arena, their culture and system of state capitalism give them both a competitive advantage and the natural grounds on which to contest American leadership. The context in which this contest will take place is likely to be a multipolar world. Yes, the U.S. and China will be the two big players, but other countries will not necessarily choose one over the other. Rather, many will seek to have a strategically balanced relationship with both. This landscape is new and must reframe our challenges and response. In constructing our response, we need to start with a deeper look at the potential consequences of this dynamic, including:

1. the dynamics of a global competition centered around geo-economics versus those of geopolitical competitions. The latter is where we have muscle memory, the former will shape our future.
2. the dynamics or business model of “keystone” tech sectors, because that world may have different drivers than the business model that drove U.S. success in the twentieth century industrial world. This observation is perhaps most outside of the comfort zone of our policy thinkers. If accurate, it speaks to the scope of the challenge for our policy makers.
3. the U.S. needs to align and integrate the business community into our national security needs. If economics is now a key driver of national security, it is the business community that executes in the economic sector. In the twenty-first century, many of society’s biggest problems are being tackled with interdisciplinary collaboration. It should not surprise us that our national security now falls into this same category. Hopefully that collaboration will yield new approaches to public-private initiatives around keeping the U.S. economically vibrant in the twenty-first century.

Economic security and national security are intertwined not because of China alone, but also because of a series of seminal changes in the landscape of the twenty-first century. These include the rise of a global middle class, the tsunami of global connectivity, and the nature of technology businesses and the platforms they create. A China strategy should embrace not just the China challenge, but also these global realities.

Let me start with some general observations and thoughts about China.

1. **It’s working.** What China is doing is working for China. China has crafted an effective strategy for a mercantile policy that works and is supported by its system. It is true that authoritarian systems are inherently unstable. It is also true that China is not 10-feet tall, and it has some serious challenges. At the same time, if we look at the accomplishments of its version of state capitalism, they are impressive and it would be a mistake to build a strategy around the assumption of a systemic collapse.
2. **Urgency.** Yes, we can and must define areas of common interest, such as climate and health, but we should be clear-minded about the nature of our relationship. The highest probabilities should be assigned to our being natural rivals and competitors. The Chinese use that as their working assumption. It is important to note that we are rivals not because of some innate or malevolent attitudes, but because of our conflicting systems,

different cultures, and divergent national interests. While that is an unfortunate dynamic, a strategy that relies on changing their system is not a likely path to success. Hope is not a strategy.

3. **The past.** The free market rules and policies that were designed in the 1950s may not work in a twenty-first century economy where success will be driven in part by dominance in certain keystone technology businesses. In technology, time is of the essence, and scale may be more important than early profit or efficiency. That is a significant change in the driver of growth and economic success. The government's job is to now create the tools for our economic security in this new context. So how do we do that?

The blunt answer is that the United States needs to design a modernized version of an alliance-based “industrial policy” whose focus is American leadership in the twenty-first century. It needs to be tailored to our values, but the change needs to be proportionate to the centrality and severity of the challenge to our national security and our global leadership in the twenty-first century. I have put industrial policy in quotes because I do not mean the traditional version of central planning or picking winners and losers within the private sector. This policy needs to set priorities and budgets that lean into the intellectual and physical infrastructure that will enable the private sector to drive a robust economy over the next twenty years.

The U.S. government knows about military power. Traditionally we have been really good at that.

The U.S. government knows about diplomatic power. Traditionally we have been really good at that.

What the U.S. government doesn't know about is aligning economics and our business community with our national security effort. This shouldn't be a surprise because in the past the government could largely put boundaries in place and then look to the private sector to drive U.S. dominance in world markets. That, of course, was in a world where we had no significant economic competitors. At the same time, for all of its talk about serving stakeholders, the business community has not seen national security as a vital stakeholder in their business. Change is needed not just in tone, but in policy, budgets, regulations, and laws.

China's form of state capitalism and the twenty-first century have shaped the battlefield. It lies in the economic arena and more specifically in the success of our private sector in driving economic growth. We need to see this as a new and different dynamic. We also need to see this as one that, from China's perspective, gives it a competitive advantage due to its scale, integrated command economy, and mercantile system. Let's briefly review some data points to illustrate China's strategy.

Internationally their strategy is to have major leverage in industries that can be choke points in key upstream areas, such as infrastructure, finance, trade, and selected key technologies. If we use maritime infrastructure as just one example, Chinese state-owned enterprises (SOEs) have interests in more than forty ports outside of China across six continents. If, as a result of the events in Hong Kong, you add Hutchison Ports to the data, that number doubles. Next, the Chinese (primarily SOEs) hold about a 40 percent share of global shipbuilding. In addition, their reach in global ship finance is nearly uncontested. Next, look at the risk they took in the militarization of the South China Sea, which sits astride the richest maritime trade lanes in the world. All of this points to a well-financed and well-executed plan that identifies maritime trade as a key upstream driver for the global ecosystem and the global order that China envisions.

On the domestic side, the Chinese strategy is captured by Made in China 2025. Their strategy is to quickly become dominant in specific identified sectors of technology that they view as crucial to driving national wealth and power. These include, for example, technologies to dominate in the fields of advanced communications, AI, advanced robotics, blockchain, and other industries that they have prioritized as the keys to economic success over the next twenty years. Again, these are natural aspirations that we too should have. The threat comes with the fact that some of these technologies and platforms may have a “winner take all” dynamic.

Now let's look at the fields that China has selected. Here, we might look to what scientists have identified as keystone species. These are the animals that have a disproportionately large effect on the health of their ecosystem. It is worth understanding the concept as applied to business or to the traditional communist concept of taking the commanding heights of the global economy. In the Belt and Road Initiative (BRI) and Made in China, we see both the Xi strategy and China's selection of keystone businesses.

Are their national champions profitable? Like Amazon, that is not the most immediate objective. The priority is scale and a fast path to dominance. In old-world industrials, there is typically room for three good competitors. If you were a late entry, you could catch up with focus and ingenuity. In the tech world, we see a lot of examples of “winner take all” with little or no market share for number two. With this dynamic the competition is going to be, perforce, cutthroat. Yes, innovation will continue to disrupt some incumbents, but Schumpeter’s theory of creative destruction may also have different dynamics in the world of technology. We need to understand this new dynamic as we design a blueprint in which economic strength will determine the rules of world order.

China’s state capitalism may not be efficient in allocating resources, but it may be effective. With its strategy, state capitalism will enable China to seriously compete and perhaps dominate in certain keystone sectors and, once that is accomplished, present us with formidable challenges. Under the Chinese system, these companies are not just economic actors, they also have certain responsibilities for the execution of national policy. We are in a race in a number of arenas, and Huawei is just the beginning.

Now let’s go to U.S. strategy. It’s hiding in plain sight. It’s not about them; it’s about us. In the twentieth century, strategies were often about “them.” In the twenty-first century, our strategy needs to be about us. A strategy to build our economic leadership is not only a China strategy, but in the multipolar world that I have described, it is also a strategy for continued U.S. leadership into the twenty-first century. This is clear. Less clear is whether we have the ability to make the necessary changes that will reposition us to play in this new landscape.

A core fault line in our system has occurred in the twenty-first century: we have rarely needed to align and coordinate the private and public sectors in the area of national security. That world has changed, so how do we adjust?

We need alliances to gain scale and coalesce allies who buy into our vision of a rules-based world order. We know how to do that and will need to make some course corrections in order to establish solid foundations in our necessary network of alliances. The military needs modernization. We know how to do that too. Neither is trivial, but we have experience in each. Where we have little knowledge or experience is how to align and integrate the private sector into our national security framework and, equally, into our national security community. The latter is needed to improve the learning curve of both communities. To be sure, there are political complexities to this that will require political leadership. How to accomplish all of this should be the subject of a major assessment by the next administration. It should start with a common understanding between the private and public sectors of our national purpose. It has organizational aspects for the executive branch and political aspects between the legislative and executive branches. It also requires a major recalibration of the relationships, exchange of ideas, and tone between the policy community and the private sector. There are challenges with all of this, but developing a plan can provide the organizing principles for execution.

By an alliance-based industrial policy I do not mean central planning on a large scale. But I also don’t mean a toolbox dominated primarily by punitive tariffs or sanctions. Nor do I mean an uncoordinated increase in our R&D spending. What I do mean is the purposeful use of all our aggregate economic tools—our private sector, tax policy, regulatory frameworks, budget allocations, and the like—to achieve our purpose. What I do mean is prioritizing which intellectual and physical infrastructure we will need in order to support the private sector’s ability to develop our future keystone industries. What I do mean is a strategy, including the review of laws and regulations, with the objective of bridging the “valley of death” and facilitating the flow of ideas and intellectual property from government-supported institutions (e.g., universities and national labs) to the private sector.

Let’s start by looking at some past government actions that unleashed the private sector to drive enormous growth. Our list might start with the first transcontinental railroad where three private sector companies were allowed to build across public lands and, yes, in the nineteenth century, they were financed by government-subsidized bonds. We could then move to a myriad of more recent examples, including the Apollo space program, the sale of publicly owned radio spectrum to enable the private sector’s development of cellular networks, or government expenditures on research into the human genome in order to unleash a flood of products in the world of biology. Most recently, we can look at the National Quantum Initiative from the Department of Energy as a role model for the strategic programming of our R&D spend. Clearly, a prioritized government approach to intellectual and physical infrastructure can change both our economic trajectory and our national security.

If we now look to the future, we need to identify our keystone industries for the twenty-first century. We then need to inventory, refine, and expand the tools by which we can lay the groundwork for the private sector to take risks in these keystone industries. This is not picking winners and losers at a company level, but it is searching for where we can develop economic leverage at a sector level. We are already doing some of this, but not around any organizing principles or plan. China has given us our organizing principles. Not coincidentally, these are the same principles that we will need in order to continue to thrive and lead in the global economy of the twenty-first century.

Once we establish a plan that embeds our priorities, in addition to intellectual and physical infrastructure, we will need to examine tax structures, regulatory and legal frameworks, and so forth to align them with our priorities. Similarly, our education and immigration systems should align around achieving those priorities.

If we turn to foreign alliances, we can reshape and modernize alliances around a rules-based order that is inclusive and works to the benefit of those who would join such partnerships and alliances. When I use the term modern, alliance-based industrial policy, it is the sum and coordination of all these tools that constitute that policy.

Our success in the nineteenth and twentieth centuries does not assure success in the twenty-first century. In the nineteenth century, national wealth was created by agricultural output. We were blessed with both an advantaged geography and a culture of hard work. In the twentieth century, national wealth was largely created by industrial output. Our free market system was fit for the purpose of executing on that opportunity. In both cases, there was little need to align and integrate the private sector into our national security. The twenty-first century presents a different landscape. In the twenty-first century, national wealth and power will be created through strength in upstream sectors like trade, intellectual and physical infrastructure, and technology at scale. A policy that focuses our energies around those challenges will provide us with the tools to be the more attractive partner for both our natural allies and those countries who will need to develop a balanced set of relationships with both China and the United States.

One final thought: we are already in an unprecedented geo-economic rivalry. We are a number of years into this rivalry and the societal stakes are enormous. This is a competition between two systems where we seek to avoid having this rivalry lead to military confrontation. To do this, clear focus and measured tone will be critical. It is crucial that we understand that geo-economic competition will have different dynamics than geopolitical competition. We need to understand those dynamics and be open to the possibility that they are even more vexatious than the geopolitical dynamics of the last century. For example, the original U.S. concept of “manifest destiny” had a number of attributes. It was geopolitical and regional; it was also cultural in terms of a U.S. vision, and, finally, it was volitional. It is possible that China’s vision of its “manifest destiny” is both cultural and geo-economic, rather than geopolitical. Importantly, if it is geo-economic, it may be neither regional nor volitional in that a global economic rivalry may not have any natural geographic or scale boundaries. It is vital that we understand the nature and potential dimensions of this rivalry and design our strategy accordingly. We should then be agile enough in our thinking to accept that there may be aspects of a geo-economic rivalry that may be lamentable, but also unavoidable. The policy community needs to deeply and realistically understand this dynamic because it will shape the context of our challenge.

Given the dynamics of the early twenty-first century, the key to both an effective national security strategy and to a China strategy lies in understanding the centrality of geo-economics. In that world, adjusting some of the alignments between the public and private sector around what I have called a modern version of an alliance-based industrial policy would be an important starting point. It is the government’s job to understand the new landscape and its dynamics and to then devise the principles and organizational structures that will enable us to use all the levers of the federal government to assure our success. Beginning to develop ideas about how we do this is where the journey begins.

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Part



THE GLOBAL ECONOMY

CHAPTER 13

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Tell Me How This Ends

David H. Petraeus

For the United States to emerge from this crisis prepared to achieve its foreign policy priorities and meet global challenges, America needs to prioritize a recovery that enables all workers to share in the benefits of their labor and find economic dignity.

—ZOË BAIRD

Equitable Economic Recovery Is a National Security Imperative

Zoë Baird

A strong and inclusive economy is essential for American national security and global leadership. As the nation seeks to return from a historic economic crisis, the national security community should support an equitable recovery that helps every worker adapt to the seismic shifts underway in our economy.

Broadly shared economic prosperity is a bedrock of America's economic and political strength—both domestically and in the international arena. A strong and equitable recovery from the economic crisis created by COVID-19 would be a powerful testament to the resilience of the American system and its ability to create prosperity at a time of seismic change and persistent global crisis. Such a recovery could attack the profound economic inequities that have developed over the past several decades. Without bold action to help all workers access good jobs as the economy returns, the United States risks undermining the legitimacy of its institutions and its international standing. The outcome will be a key determinant of America's national security for years to come.

An equitable recovery requires a national commitment to help all workers obtain good jobs—particularly the two-thirds of adults without a bachelor's degree and people of color who have been most affected by the crisis and were denied opportunity before it. As the nation engages in a historic debate about how to accelerate economic recovery, ambitious public investment is necessary to put Americans back to work with dignity and opportunity. We need an intentional effort to make sure that the jobs that come back are good jobs with decent wages, benefits, and mobility and to empower workers to access these opportunities in a profoundly changed labor market.

To achieve these goals, American policy makers need to establish job growth strategies that address urgent public needs through major programs in green energy, infrastructure, and health. Alongside these job growth strategies, we need to recognize and develop the talents of workers by creating an adult learning system that meets workers' needs and develops skills for the digital economy. The national security community must lend its support to this cause. And as it does so, it can bring home the lessons from the advances made in these areas in other countries, particularly our European allies, and consider this a realm of international cooperation and international engagement.

Shared Economic Prosperity Is a National Security Asset

A strong economy is essential to America's security and diplomatic strategy. Economic strength increases our influence on the global stage, expands markets, and funds a strong and agile military and national defense. Yet it is not enough for America's economy to be strong for some—prosperity must be broadly shared. Widespread belief in the ability of the American economic system to create economic security and mobility for all—the American Dream—creates credibility and legitimacy for America's values, governance, and alliances around the world.

After World War II, the United States grew the middle class to historic size and strength. This achievement made America the model of the free world—setting the stage for decades of American political and economic leadership.

Domestically, broad participation in the economy is core to the legitimacy of our democracy and the strength of our political institutions. A belief that the economic system works for millions is an important part of creating trust in a democratic government's ability to meet the needs of the people.

The COVID-19 Crisis Puts Millions of American Workers at Risk

For the last several decades, the American Dream has been on the wane. Opportunity has been increasingly concentrated in the hands of a small share of workers able to access the knowledge economy. Too many Americans, particularly those without four-year degrees, experienced stagnant wages, less stability, and fewer opportunities for advancement.

Since COVID-19 hit, millions have lost their jobs or income and are struggling to meet their basic needs—including food, housing, and medical care.¹ The crisis has impacted sectors like hospitality, leisure, and retail, which employ a large share of America's most economically vulnerable workers, resulting in alarming disparities in unemployment rates along education and racial lines. In August, the unemployment rate for those with a high school degree or less was more than double the rate for those with a bachelor's degree.² Black and Hispanic Americans are experiencing disproportionately high unemployment, with the gulf widening as the crisis continues.³

The experience of the Great Recession shows that without intentional effort to drive an inclusive recovery, inequality may get worse: while workers with a high school education or less experienced the majority of job losses, nearly all new jobs went to workers with postsecondary education. Inequalities across racial lines also increased as workers of color worked in the hardest-hit sectors and were slower to recover earnings and income than White workers.⁴

The Case for an Inclusive Recovery

A recovery that promotes broad economic participation, renewed opportunity, and equity will strengthen American moral and political authority around the world. It will send a strong message about the strength and resilience of democratic government and the American people's ability to adapt to a changing global economic landscape.

An inclusive recovery will reaffirm American leadership as core to the success of our most critical international alliances, which are rooted in the notion of shared destiny and interdependence. For example, NATO, which has been a cornerstone of U.S. foreign policy and a force of global stability for decades, has suffered from American disengagement in recent years. A strong American recovery—coupled with a renewed openness to international collaboration—is core to NATO's ability to solve shared geopolitical and security challenges. A renewed partnership with our European allies from a position of economic strength will enable us to address global crises such as climate change, global pandemics, and refugees. Together, the United States and Europe can pursue a commitment to investing in workers for shared economic competitiveness, innovation, and long-term prosperity.

The U.S. has unique advantages that give it the tools to emerge from the crisis with tremendous economic strength—including an entrepreneurial spirit and the technological and scientific infrastructure to lead global efforts in developing industries like green energy and biosciences that will shape the international economy for decades to come.

Yet to take advantage of this potential, we cannot simply return to the pre-crisis status quo. We need to empower our workforce to adapt to the rapid digitization of jobs across the economy. And we must harness the strength of our diversity by cultivating the talents of everyone in this nation—particularly those who suffer from structural racism and are hindered by bias and discrimination in the education and labor markets.

Emerging from the Crisis Stronger

With unemployment likely to stay high for some time, ambitious public investment is necessary. **Federal policy makers must commit to help all workers emerge from the crisis stronger.** To prevent housing and food insecurity, the federal government must provide immediate and sustained income assistance to help people whose lives have

been disrupted by COVID-19. And then it must create millions of new good jobs to get people back to work with dignity and opportunity. For example, investments in sectors like infrastructure, clean energy, health, and basic research can create opportunities for family-sustaining wages, benefits, and stability while also strengthening the nation's ability to respond to the daunting crises we face. The federal government must seek to restore the dignity of work, improving the quality of all jobs by raising the minimum wage, strengthening labor standards, and expanding workers' voices in company decision-making, including through organizing.

Yet these commitments alone will not be enough to empower workers who have been hit hardest by the crisis.

While some jobs will come back as the pandemic is brought under control, many businesses will not survive and others will shrink, forcing millions of low-wage workers to seek out new opportunities—many in new occupations or sectors. Before COVID-19, an increasing share of good jobs required postsecondary education. Eight in ten middle-skill jobs required basic digital literacy,⁵ and the occupations that were digitizing fastest were those that employ many low- and middle-income Americans—such as homecare and logistics.⁶ The current crisis has rapidly accelerated these dynamics as more consumers rely on e-commerce, more businesses adopt automation, and more people telework. This means that as economic activity returns, millions of people will be forced to adapt to a labor market that has new expectations of what is required to access good jobs.

To provide for an equitable recovery, people cannot be left to navigate this transition alone. We need an intentional effort to make sure that the jobs that come back are good jobs and to provide impacted workers the support and training they need to access these jobs. Without bold, complementary investments in a new adult training system, many of the most vulnerable workers will not be able to access these new jobs, and current inequalities will deepen—particularly along racial lines.

A Modern Labor Market

To empower all workers, we need to revisit how our labor market works. Over one hundred years ago, as Americans left farms and flocked to cities, we saw the need for entirely new systems to meet the demands of the industrial economy. The result was the creation of the high school. This invention dramatically broadened American workers' access to opportunity and helped power the most dynamic economy in the world.

Today, America faces a similar challenge—and must commit to inventing a new set of systems that are designed to support adults in the new economy. America needs to rethink the fundamental principles of how our labor market is currently working. A modern labor market would do the following.

- It would foster dramatically more collaboration between business, government, and workers to create more good jobs in critical sectors and define the characteristics of those good jobs—including wages, benefits, worker voice, and a pathway to career advancement.
- It would no longer deny opportunity to workers who lack a four-year degree or particular work experience. Instead, it would recognize and reward capabilities regardless of where they were learned—whether on the job, in the classroom, or in private activities. This is particularly important now as many workers look to switch occupations or sectors.
- Rather than expecting workers to build all necessary skills and knowledge before entering the labor market, it would empower workers to access affordable and effective lifelong learning—both in the classroom and on the job—that helps workers adapt to persistent change and thrive in the good jobs that have yet to be invented. This would include leveraging the potential of technology to pioneer and scale new ways to learn effectively online that meet the needs of all populations.
- It would re-envision the relationship between employer and worker to meet the realities of the modern economy in which workers change jobs more quickly than ever before, restore access to employer-provided training, improve the dignity of all jobs, and enable workers to have a meaningful say in decision-making and working conditions.

- It would take aggressive steps to address bias, discrimination, and racism in education and employment that denies people opportunity and widens racial income and wealth gaps.

Learning from Our European Allies

Creating new policy systems to address these challenges is an urgent priority that will require experimentation, iteration, and collaboration. Rather than try to develop these ideas from scratch, we should seek to learn from the experience of other countries, especially our European allies. Europe has a deep history of supporting workers and promoting lifelong learning. Since the COVID-19 crisis began, European countries have experimented with models for maintaining the relationship between employers and workers.

Europe recognizes the critical importance of collaboration to address shared labor market challenges. For example, in June 2020 the European Commission launched its European Skills Agenda to provide 540 million training activities for adults by 2025.⁷ It includes a goal of providing training to 40 million unemployed Europeans and dramatically increasing basic digital literacy skills across member countries. The commitment is an extension of the Commission's broader effort to make Europe and its citizens more resilient in the face of global challenges.⁸ This effort could be a pillar of expanded cooperation and learning for the U.S. and Europe as both seek to foster economic recovery.

Policy Priorities for Adult Education and Training

American federal policy makers must recognize the inadequacy of current policy approaches and commit to new investment and innovation. They should look across the world to help achieve the following objectives.

Help all unemployed and low-wage workers afford training that will help them succeed.

Federal funding should prioritize making rapid, accessible, and affordable training programs that lead to a good career accessible to all. Yet in the United States public funds cover less than 40 percent of costs for postsecondary education, compared to nine OECD countries that cover over 80 percent.⁹ Similarly, Singapore makes broad commitments to help its residents pay for lifelong education and training. Every resident over age twenty-five receives "skills credit"¹⁰ to pursue education and training from among a defined list of programs.¹¹ Residents can easily access information about potential career paths associated with each course to inform their decisions.

The United States should make an ambitious commitment to help individuals pay for training. Policy makers should help identify effective programs and make these programs eligible for public support. Rather than rely on proxies like the length of the program or mode of instruction to determine the value, each program should be evaluated by the employment and wage outcomes of its participants. Workers should be able to access guidance on which programs will best help them achieve their goals. In a proposed opportunity account, generous funding would be made available to all unemployed and low-wage workers to pursue effective programs—both in-person and online—that improve their career outcomes.¹² To empower people to pursue the most effective programs, more funding should be available for programs with the greatest impacts on career success, and people should be able to use funding to cover both tuition and services like child care and transportation.

Prioritize employers preserving jobs where possible, and quickly create opportunities for good jobs for those who were impacted by the crisis.

The federal government should focus on preserving jobs and promoting rapid access to high-quality jobs for unemployed and low-wage workers. This should include public support for employers and unions to promote inclusive hiring practices that remove barriers for people of color and those without formal education, improve job quality, and provide meaningful support for on-the-job training opportunities.

American policy makers should learn from the European experience in alleviating firms' labor costs to avoid layoffs by supporting the incomes of workers whose hours are reduced. These approaches have taken the form of short-time

work (STW) schemes, such as the Italian *Cassa Integrazione Guadagni*, the German *Kurzarbeit*, and the French *Activité partielle*, which help employers maintain the wages of workers whose hours have been scaled back. Wage subsidy (WS) schemes, such as the Dutch *Noodmaatregel Overbrugging Werkgelegenheid*, subsidize hours that are worked—effectively lowering labor costs. A key ingredient of both approaches is that employees keep their contracts with the employer while work is suspended.

An American initiative should focus public funds on helping employers and unions create good-quality jobs and expand access to these opportunities.¹³ One step is to find ways to encourage employers to expand their commitments to training new hires on the job so they can “earn while they learn,” as is typical in Germany and Switzerland. In Switzerland, the apprentice system allows students of all socioeconomic backgrounds to receive pay, training, and mentorship from their employer. Crucially, Swiss students have the flexibility to move seamlessly between work-based learning and traditional higher education, so choosing to be an apprentice does not preclude students from pursuing other paths.¹⁴ This model benefits employers as well, and 40 percent of Swiss employers choose to participate; this engagement remains active even during the COVID-induced downturn.¹⁵

Build an adequate supply of effective education and training options, including online programs.

Public investment should support effective training providers to make sure anyone who wants to pursue education and training during the crisis is able to do so. Stabilizing traditional institutions is essential. Yet demand for online learning options has spiked during the pandemic as many in-person programs have been cancelled, and many adults are balancing new work and child care arrangements that limit their ability to learn in person. Public investments must also make effective career-oriented online learning a possibility for every adult who wants to pursue it.¹⁶ Critically, we should make sure that online learning can serve the needs of learners across socioeconomic and academic backgrounds.

Provide every person the information, guidance, and support to succeed in jobs and training programs.

People impacted by the crisis need guidance to understand their career options, choose the training that is right for them, and access the supportive services they need. Career coaching is proven to help people succeed in training and jobs. Significant new investments should provide every person who seeks it with access to the support of a well-trained coach at an institution they trust—either in the publicly funded workforce system, a community college, or a local community-based organization. It should also include investments in accurate real-time labor market information that coaches and counselors need to help people achieve their goals. American policy makers should learn from the British government’s recent £1 billion commitment¹⁷ to new data tools and “work coaches” and Australia’s skills-matching platform.¹⁸

Conclusion

American economic security and national security are inextricably linked. For the United States to emerge from this crisis prepared to achieve its foreign policy priorities and meet global challenges, America needs to prioritize a recovery that enables all workers to share in the benefits of their labor and find economic dignity. The American national security community should pursue empowering America’s workers as a core priority. We must restore the American Dream to all at home if we are to lead globally.

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[P]olicy makers cannot rely solely on mitigating the risks presented by Chinese tech firms; they must also adopt an offensive strategy that seeks to establish U.S. primacy in strategic digital markets and networks.

—ADITI KUMAR

Defending U.S. Digital Dominance

Aditi Kumar

The geostrategic competition between the United States and China is heating up in the digital domain. Whereas American firms once dominated strategic markets from 4G to social media to payments, Chinese firms are gaining leadership in the next generation of these technologies. Increasingly, the U.S. is finding it necessary to play defense. In 2020, U.S. policy makers culminated a two-year global campaign against Huawei by inflicting crippling sanctions on the Chinese telecommunications provider. The Trump administration forced a partial sale of Chinese video-streaming app TikTok to American buyers under threat of an outright ban. An executive order has laid the groundwork to ban Chinese-owned payments and messaging app WeChat from American phones and app stores.

Huawei, TikTok, and WeChat are among the first Chinese tech companies to gain significant market share outside China, but they certainly won't be the last. More competitors are emerging, including some enabled by Xi Jinping's hallmark economic development strategy, "Made in China 2025," which aims to serve as a launchpad for critical technologies such as artificial intelligence, robotics, and biotechnology.¹

However, the U.S. response thus far has been more akin to a game of whack-a-mole than a comprehensive strategy that recognizes and counters China's steadily increasing digital capabilities and ambitions. By restricting Chinese competition through sanctions, forced divestitures, bans, and other reactionary policies, the U.S. is doing little to address long-term national security risks emanating from how data on American citizens is collected, stored, and used by Chinese firms susceptible to government influence and control. At the same time, these policies are damaging American economic interests by creating an unpredictable business and investment environment, engaging China in a race-to-the-bottom tech trade war, and undercutting America's commitment to open and competitive markets.

The United States needs a strategy that protects both its national security and economic interests. To achieve these twin goals, policy makers must improve regulatory standards that all tech companies must follow as a condition for doing business in the United States; define clear policies and processes to identify, review, and mitigate national security threats; and build up domestic capabilities in technology markets that will be critical to American global strategic influence in the digital age.

A Shrinking Lead

The world is increasingly interconnected through digital platforms, devices, and telecommunication services that enable the global flows of information, goods, and money. Today, over 4.5 billion people, or 60 percent of the global population, are connected to the internet, spending an average of nearly seven hours online each day.² One of every two people in the world is an active social media user.³ One of four is expected to buy goods and services online in 2020, contributing to retail e-commerce sales of \$4.2 trillion.⁴ The value of digital payments has more than doubled in the last three years, reaching \$4.9 trillion in 2020, and is expected to double again by 2024.⁵

While American firms still top most digital league tables, China is positioning itself as a technological powerhouse to challenge U.S. primacy. The highest rates of mobile phone penetration and the largest internet user base in the world create a welcome digital ecosystem; thriving entrepreneurship and venture capital funding allow for the emergence of new digital business models; and a large and digital-savvy consumer base provides opportunities for rapid, large-scale

commercialization. Underpinning these advantages is an aggressive industrial policy that aims to make China a global leader in next-generation communications technology, advanced robotics, artificial intelligence, and other high-value sectors.⁶ The program is accelerating digital advances by coordinating efforts across government, companies, and academia; deploying direct government subsidies to target sectors, including through state-owned enterprises; encouraging Chinese investment in foreign companies; and forcing technology transfers from foreign firms seeking access to China's expansive market.⁷

These concerted efforts to achieve global digital dominance are yielding results. Led by tech giants Alibaba and Tencent, China counts thirteen digital companies among the world's top 100 (based on a composite of financial metrics), the second highest number behind the U.S.⁸ In 2019, China surpassed the U.S. in terms of the number of "unicorns," privately held startups valued at more than \$1 billion, with digital payments provider Ant Financial and app platform (and TikTok parent) ByteDance topping the list.⁹ In 2020, China became the first major economy to pilot a state-backed digital currency, with ambitions to transition most domestic transactions to the digital yuan by 2022.

While the size of the captive domestic market alone is enough to guarantee Chinese companies top global standings, it is their recent forays into foreign markets that truly herald the emergence of China as a global tech power—and competitor to U.S. primacy in key markets. For now, the ten digital platforms most visited by Americans are all U.S.-owned, topped by Google, Microsoft, Facebook, and Amazon.¹⁰ But Chinese companies are starting to make inroads. TikTok reportedly hosts 50 million daily active users in the U.S., an eight-fold increase in just two years,¹¹ and WeChat hosts 19 million.¹² While limited in its penetration of U.S. markets, Huawei became the leading global provider of both 5G telecommunications equipment¹³ and smartphones¹⁴ in 2020.

China is further magnifying its global tech footprint through strategic investments in foreign firms. Chinese acquisitions and direct investments in U.S. companies grew from \$10 billion in 2014 to a peak of \$45 billion in 2016, primarily targeting the biopharma and telecommunications sectors. Chinese venture capital investments in the U.S. grew from \$1 billion in 2014 to a peak of \$4.7 billion in 2018, with the greatest increases in life sciences, blockchain, and fintech.¹⁵

Rising National Security Risks

The growing reach of China's tech tools and investments has given rise to a significantly more protectionist U.S. policy approach in domestic tech markets. Rather than reciprocating China's anti-competitive behavior, however, recent U.S. actions have been predicated on defending American citizens against Chinese-government surveillance, propaganda, and censorship.

At the root of policy makers' concerns are a patchwork of Chinese national security, intelligence, and cybersecurity laws that compel firms to respond to the government's request for data.¹⁶ TikTok, for example, is at minimum tracking within-app user posts, messages, and browsing preferences and history. However, the company's privacy policy enumerates that it also collects users' IP address, geolocation data, unique device identifiers, cookies, and browsing and search history external to the platform.¹⁷ President Trump's recent executive order banning TikTok states, "This data collection threatens to allow the Chinese Communist Party access to Americans' personal and proprietary information — potentially allowing China to track the locations of Federal employees and contractors, build dossiers of personal information for blackmail, and conduct corporate espionage."¹⁸ Another risk is that Chinese companies will be used as avenues for state-sponsored propaganda, censorship, and disinformation campaigns. In the executive orders banning TikTok and WeChat, administration officials cite the censorship of content related to protests in Hong Kong and China's treatment of Uighurs and other Muslim minorities, as well as disinformation campaigns about the origins of the 2019 novel coronavirus.¹⁹

Over the longer term, the prevalence of Chinese tech tools and infrastructure in strategic global networks could increase China's capacity to coerce or challenge the United States and its allies. The U.S. has historically been at the helm of these networks, such as SWIFT and the dollar clearing system that routes the majority of global financial

transactions and gives the U.S. immense power to wield economic sanctions and track illicit financial flows around the globe. If Huawei emerges as the leader in 5G, for example, the Chinese government could realize similar advantages in the telecommunications network, exploiting its access to Huawei to have a “back door” to global communications.²⁰

America’s response to these policy threats has been reactionary and defensive. In the case of Huawei, the U.S. first banned American manufacturers from supplying the company with essential semiconductors, then expanded the ban to semiconductor manufacturers that use any American equipment—virtually all of them. Huawei joins a rapidly growing list of blacklisted entities, currently numbering over 1,400, that are restricted from using U.S.-origin technology and components without a license. The list was significantly expanded in 2019 and 2020, with the addition of over 400 entities predominantly based in China.²¹

Another powerful weapon in policy makers’ arsenal is the little-known Committee on Foreign Investment in the U.S. (CFIUS). Composed of the heads of Treasury, Defense, State, and numerous other agencies, CFIUS scrutinizes foreign investments with an aim to balance national security, economic, and other concerns. Its recommendations can lead to blocking investments that are deemed a threat to national security or, as in the case of TikTok, unwinding transactions already completed (TikTok was investigated based on its merger with U.S.-headquartered app Musical.ly in 2017). In 2019, CFIUS reviewed 325 deals and investigated 113, a five-fold increase from a decade earlier. A rapidly evolving and expanding mandate, and the lack of clear guidelines on which investments merit a review, lead to a largely ad hoc selection process in which some companies self-nominate, while CFIUS can also initiate reviews on its own. To date, only five transactions have been formally blocked through this process, though this number certainly understates the Committee’s true impact, as many others have been subject to stringent mitigation actions, as in the forced partial divestiture of TikTok to American buyers, or withdrawn entirely due to the threat of such actions. CFIUS does not disclose which deals are under review, the criteria or findings of its review, or required mitigation actions.²²

The national security risks posed by Chinese tech are real and growing. However, banning or restricting companies on a one-off basis is neither a sustainable strategy, nor an effective one when it comes to safeguarding American economic and security interests. For one, an opaque and ad hoc process for blacklisting companies and blocking or imposing mitigation actions on foreign investments threatens to compromise the U.S.’s secure and predictable business environment, a pillar of American economic strength. Combined with the involvement of senior political appointees in key decisions, these actions can appear politically motivated and create even greater uncertainty. The impending partial sale of TikTok to an American firm led by a supporter of the president, for example, has already led to accusations of crony capitalism.²³

Further, by imposing protectionist measures on Chinese firms, the U.S. risks escalating the tech trade war with China. Following the executive order banning WeChat, China announced a new corporate blacklist, suggesting that American companies, including Apple and Google, would be prohibited from investing in China or trading with the Chinese market.²⁴ American semiconductor manufacturers have argued that restricting the export of American inputs to Huawei will simply shift this business elsewhere, and disadvantage American firms even more in the long term as R&D budgets are squeezed and China prioritizes building native capabilities.²⁵ China may already limit market access to U.S. firms, but there’s plenty of runway for a race to the bottom. Qualcomm, Intel, and Apple rely on the Chinese market for 45, 28, and 15 percent of their revenue, respectively, and many of the largest American tech firms have built operations and deployed billions of assets in China.²⁶ An accelerated economic decoupling between the two countries would impose substantial costs on these firms.

Finally, beyond an even more frayed relationship with China, these policies undermine America’s fair market principles and its commitment, as outlined in the 2017 National Security Strategy, “to advocate for open, interoperable communications, with minimal barriers to the global exchange of information and services.”²⁷ By following China’s lead in banning tech companies, forcing joint ventures, and restricting investment, the U.S. will lose credibility as the global champion of free markets. More countries may follow with digital controls based on protectionist aims, which will ultimately be the most hurtful to American tech giants.

Protecting America's Security and Economic Interests

In light of rising Chinese technological power, the United States must develop a comprehensive strategy that protects its national security objectives while enabling an open and competitive digital marketplace.

If the primary national security concerns relate to how companies collect, share, store, and use data on Americans, then policy makers should impose national data privacy and security standards that are uniformly applied to all firms as a condition of doing business in the United States. These standards should, among other requirements, compel companies to submit for regulatory review frequent audits of data collection practices, internal controls determining which employees and teams can access user data, cybersecurity plans, and content selection and moderation policies. And American companies should be held to these standards too, given the very real national security threats that have emanated from data breaches, data leaks, and rampant misinformation and disinformation campaigns on American platforms. Only once the U.S. has devised a domestic data privacy and security regime can it take a leading role in setting global standards that protect users.

Moreover, U.S. policy makers should outline a clear process and guidelines for how national security risks are identified, reviewed, and mitigated. Rather than relying on the ad hoc CFIUS self-nomination process, policy makers should specify criteria—for example, the types of data collected, the minimum number of active American users, and the minimum level of foreign investment—that would qualify a transaction for further review. Rather than opaque mitigation actions that allow certain deals to proceed while others are blocked, policy makers should make public the types of actions that companies can take to be allowed to operate in the United States.

Finally, policy makers cannot rely solely on mitigating the risks presented by Chinese tech firms; they must also adopt an offensive strategy that seeks to establish U.S. primacy in strategic digital markets and networks. This includes implementing measures outlined in the recent “National Strategy to Secure 5G,” such as working with allies and partners to develop international 5G security principles and adopting policies to foster a competitive market of 5G vendors.²⁸ Policy makers must also seek to identify and invest early in new frontiers of technological competition, such as digital currencies and payments networks. Finally, they must ensure that the U.S. remains the destination for top technical talent through open immigration policies, robust STEM curricula, and affordable higher education and technical training programs.

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- ²⁷ “National Security Strategy,” The White House, 2017, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.
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As our nation recovers, America's leaders should also begin shaping a "new normal" that not only reduces the tremendous uncertainty and economic devastation brought about by the pandemic, but also renews the core building blocks of American might.

—DAVID MCCORMICK

Charting a Path to American Renewal

David McCormick

Even before the outbreak of COVID-19, America's future seemed, to many, to be in the balance. For over a decade, the rise of China and the shifting distribution of global power called into question America's international position, while expanding debt and deficits, social injustice, and a persistent opportunity gap across segments of American society posed serious domestic challenges. Even before a global pandemic struck, too many Americans lacked confidence in the direction of their country.¹

COVID-19 intensified many of those preexisting concerns and made the path forward more treacherous and harder to discern. The massive relief packages passed through Congress and the rapid monetary policy response were much needed and laudable, yet the economic hole remains deep. Indeed, the scale of human and economic devastation is unmatched in our collective memory. We continue to discover how this experience will disrupt our society and what the second- and third-order effects of the policy response will be. Given these conditions, the national recovery from the pandemic will be long and uneven.

The road ahead will test America's resilience and its place in the world, but if we take the right steps, it can lead to national renewal. As our nation recovers, America's leaders should also begin shaping a "new normal" that not only reduces the tremendous uncertainty and economic devastation brought about by the pandemic, but also renews the core building blocks of American might.

This chapter will focus on two such foundational elements: our economic vitality and technological leadership. These have historically been essential elements of American strength. They remain critical as the country recovers from the pandemic and comes to terms with the accelerating convergence of technology, economics, and national security. As the White House's 2017 National Security Strategy observed, "economic security is national security."² America needs a policy agenda to accommodate that reality and ensure that the United States emerges from this crisis with its economic and technological power on the rise.

The Road Ahead

The combination of a public health crisis, a massive economic downturn, and social and political unrest would pose a daunting challenge in any time, but especially now, as America comes to terms with fundamental changes to the world at large. Many are rightly focused on keeping their heads above water and navigating the recovery. Yet we must also keep our eyes over the horizon.

We have entered a new world of geopolitical and geo-economic competition. National security and economics are converging, motivated by three trends: (1) the race to develop new technologies, which offer significant economic and national security winner-take-all benefits; (2) the interdependence of global economies and the network effects that creates; and (3) the ubiquity of cyberspace, which has been a great driver of prosperity and opportunity but continually introduces new vulnerabilities.³ At the same time, we are confronting the rise of China as a significant force in the world and as a strategic competitor.

These challenges came to a head in the years following the 2008 financial crisis. In the lead-up to that inflection point, intellectual property protection, fighting illicit finance, and counterterror efforts were the primary focus for those of us who worked at the intersection of economics and national security, including for my colleagues in the

Treasury and Commerce departments, as well as the White House.⁴ Export controls on technology bound for China drew some attention, but high-tech economic competition with China was a relatively minor issue at the time.

In the decade that followed, China became one of the defining challenges of U.S. policy. China emerged as a major rival power, and the global economy became a battleground of strategic competition. The divergence in economic performance between those who held assets and those who did not, meanwhile, expanded the opportunity gap—a root cause of so many of our domestic challenges today. Though the response to the financial crisis was strong, policy makers for over a decade failed to anticipate or mitigate the coming challenges or set the conditions for sustained American strength.

As a result, America was moving into a new reality; the outbreak of the coronavirus only accelerated its arrival. It caused a global shutdown of economic activity, which in turn triggered a collapse in income. At the time of writing, my colleagues at Bridgewater estimate corporate income losses of about \$17 trillion globally and \$4 trillion in the United States through 2021. By our estimates, America took a roughly 15 percent hit to growth, and it likely will not recover economically until well into 2021.⁵ At home, the pandemic hit the worst-off hardest, and those without a college degree will suffer more than those with a degree. Interstate economic competition also appears more acute than before. We can see an accelerated move toward more resilient supply chains and deglobalization, and relations between the U.S. and China, already on the wane, have degraded further.

Therefore, as we recover from the economic and social devastation of COVID-19, it is imperative that we recall the lessons of the last crisis and take steps now to shape the future. Fortunately, the United States is uniquely well-suited for the task ahead. Throughout our history, we have shown a distinct capacity for self-renewal.⁶ The malaise of the 1970s—marked by the oil crisis, stagflation, and a loss of national confidence—gave way to the resurgence of the 1980s, the fall of the Soviet Union, and America's ascent to the pinnacle of the world order. We cannot recapture the unipolar moment. However, just as the United States leveraged its unique strengths and international position to become the global power, so too can we renew ourselves and adapt to a changing world today.⁷

The Building Blocks of National Renewal

America's leaders can renew the country's position in the world by recognizing the core challenges to our national power and carrying out the hard work to address those challenges and build a stronger national foundation. The roots of America's renewal will always be the values and principles that make it exceptional. Renewal will also take a sustained commitment to peace through strength and shared economic prosperity, which have ensured this country's greatness for years. But Americans should also look to a different source: the power that resides at the intersection of national security and economics.

The global economy is an arena for ever-increasing international competition. Other countries, especially China, have a well-documented strategy for winning this competition, and the United States must likewise develop a plan to stay in the game. The Trump administration took the important first steps of recognizing the realities of strategic competition with China, as well as the importance of economic security. Because America's economic power underwrites its national security, we must do more to strengthen the building blocks of that power: our scientific and technological leadership, our central role in and influence over the global economy, our network of like-minded allies and partners, and our leadership of international institutions.⁸

A strategy for renewing America's economic might should have at its center a principled national innovation policy. Our leadership in science, technology, and innovation has long propelled economic dynamism, contributed to military supremacy, and bolstered American national security. Yet that leadership is in doubt. China has systematically set about developing world-class indigenous technological capabilities and shaping global technology standards. It pours funds into research and development and has been accused of using industrial espionage to augment those efforts.⁹ Meanwhile, U.S. federal R&D spending recently hit sixty-year lows as a percentage of GDP and as a share of national R&D funding.¹⁰

It is tempting to look with despair at the scale, intent, and progress of Chinese investment in new technologies. There is much to be learned from their evolving model, but America enjoys powerful advantages in this competition.

“Innovation,” the British author Matt Ridley observed, “is the child of freedom and parent of prosperity.”¹¹ Through its open capital markets, entrepreneurial ecosystem, and world-class human capital, America has a unique capacity for broad-based scientific and technological development. Policy makers’ challenge will be to preserve and build on that foundation with a policy of innovation leadership.

Mindful of the risks of cronyism and capital capture, a responsible national innovation policy ought to adhere to an explicit set of principles: (1) support U.S. companies in sectors with winner-take-all structures or large first-mover advantages; (2) fund and promote the development of nascent technologies or capabilities with asymmetric upside; (3) support domestic development in sectors or technologies where foreign firms are highly subsidized by U.S. competitors; (4) prioritize technologies or capabilities with significant strategic importance; and (5) harness the private sector and market forces.

The federal government should tread lightly, but quickly. The costs of losing our technological edge would be immense. Global leadership of high-tech sectors often goes to whoever achieves market position first, and new civilian technologies have significant military or strategic implications. Being first to scale in technological development is, in other words, a matter of both national import and national security.

Indeed, the pandemic has made plain the importance of innovation. We can already see it accelerating technology adoption in fundamental ways. Businesses have shifted their operations and come up with creative ways to connect with employees and clients through technology. Telehealth, online education, even congressional hearings held over Zoom point to the value of new network technologies.

That rapid innovation has been critical for the recovery so far, but the preservation of America’s innovation leadership will require a long-term effort to support the development of emergent technologies that have outsized economic and national security implications. In other words, the federal government should enact a step change in national innovation activity. It should at least double funding for R&D, including for basic science research, and expand access to cloud computing, data, and other resources. And it should pursue R&D priorities with the dedication that drove the early space program.

The federal government should also look to harness America’s uniquely dynamic capital markets. In the concurrent efforts to develop a vaccine under Operation Warp Speed, we can see the power of public-private partnership in pursuit of scientific and technological breakthroughs. Policy makers should consider new approaches to harness private capital, such as first-loss funds, where the government would provide initial investments and accept risk for a larger share of potential losses. Expanding R&D tax credits could similarly motivate greater business investment, as would removing regulatory barriers and occupational licensing requirements. Moreover, the federal government should play the role of convener and facilitator, helping academia, the private sector, and in some cases foreign actors coordinate their activities.

To innovate, America needs innovators—home-grown talent but also high-skilled immigrants. Providing good educational and training opportunities to Americans and attracting foreign talent are economic and national security priorities and should be treated as such. Although a small minority of foreign students and researchers may pose security risks, those concerns can be mitigated by strong safeguards to protect IP, research data, and materials. Continued efforts to enforce disclosure and promote transparency and reciprocity will be key as well.

Likewise, the government can do more to respond to threats to U.S. investments and technologies while protecting American innovation. Rival powers propose alternative models of data governance and work to co-opt international organizations for their purposes. Indeed, they aspire to supplant America as the innovation hub of the world. They challenge American leadership through anticompetitive policies and forced civil-military fusion, as well as creative efforts to influence international norms, circumvent American sanctions, and build economic networks of their own.

To address these actions by competitors, the United States should adopt an even more strategic approach to economic statecraft. America possesses a diversified and uniquely effective kit of economic tools. I saw firsthand in government just how effective these tools can be when well-managed, used together, and wielded in service of America’s national interests. The challenge now is modernizing that toolkit and using it effectively. The U.S. government should adopt new approaches to tracking incoming investments, recognizing that adversaries have grown more precise and

creative. It should evolve export controls in line with recent legislation and track and adapt to cryptocurrencies and adversaries' increasingly complex statecraft. The private sector should also step up. The more we can police and protect ourselves, the more secure U.S. technologies and industries will be.

In pursuing such actions, the United States need not go it alone. American leadership of international organizations and its network of like-minded allies and partners are sources of great national power. No other country or coalition can take America's place; we ought to preserve and leverage those relationships.

Trade and investment relations can be understood through the lens of concentric circles. At the center sit trusted partners, such as the Five Eyes and other close allies, with whom we can safely engage in almost all areas. Next stand reliable trade partners. At the outside are those countries, including China, on whom we cannot rely for critical goods, such as pharmaceuticals or defense capabilities, but with whom we can trade and invest in most arenas. Firms have already begun to diversify their supply chains in line with such a vision, and policy ought to adopt this view as well.

We should continue working with like-minded allies and partners in those two center circles to advance shared principles and to establish new international R&D and innovation initiatives. A coalition of democratic states, for example, could promote alternatives to Huawei's 5G technology and offer development and technical assistance for countries that turn away from Huawei's technologies.¹² There is already international momentum in this direction. Many of our partners and allies have taken steps to secure their own supply chains and networks and move away from dependence on China.¹³ Similarly, ensuring internet governance, technology, and public health standards evolve in line with shared principles will support domestic innovation and promote respect for the rule of law, freedom, and property. The United States should work to lead and reform major international organizations, including standards-setting bodies, to that mutually beneficial goal. It should also expand trade and investment relationships with like-minded states—a powerful tool for shared prosperity and influence.

Finally, to modernize its policies, the government would likely need to modernize its policy making. It should adopt structural and process reforms that break down the longstanding bureaucratic barriers that have limited policy makers for decades. No matter who wins the November election, the next administration should establish a bipartisan commission to study these challenges and identify reforms that would establish clearer policy-making authorities in the realm of economic competition as well as mechanisms to coordinate R&D across the innovation ecosystem. There is not one clear solution here, so a careful organizational review is in order.

Personnel reforms would likewise be in order. The goal should be to attract, retain, and train people with different profiles: lateral, creative, out-of-the-box thinkers as well as substantive experts, particularly in science and technology. To get the right policy, government needs the right people around the policy-making table.

* * *

This is an ambitious agenda, and it would have been so even before the spread of coronavirus. But America can ill-afford to lose its innovative capacity, its economic influence, or its position as the leader and center of gravity of the international community. These strengths underwrite America's security and prosperity—and that of the world. Now, in an era of great-power competition, they have only become more vital to American power.

As we chart the course of recovery from the COVID-19 pandemic and its economic fallout, we should not lose sight of the value of American leadership. For the past seventy years, America's pursuit of primacy has enabled the greatest stretch of peace and prosperity in human history. American primacy and internationalism shaped and upheld the liberal economic and political order that set standards of behavior and promoted democratic values that are good for all people and countries. It ensured no foreign power could credibly threaten the United States or challenge that order and fostered a network of willing allies and partners.

The world ahead may be uncertain. It may even be trending toward multipolarity. We should see this reality not as a threat but as a wake-up call. The path of U.S. renewal is about much more than recovering from the travails of the pandemic. It will depend also on how we apply America's resources and ingenuity to building our own capacities—the things we can most control and influence. The pandemic challenged Americans, and they have answered the call. In the years to come, our leaders will need to muster that same seriousness of purpose for the renewal of American primacy. Achieving this goal will require ambition and sacrifice, and it is worthy of both.

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- ¹ Kim Parker, Rich Morin, and Juliana Menasce Horowitz, "Looking to the Future, Public Sees an America in Decline on Many Fronts," Pew Research Center, March 21, 2019, <https://www.pewsocialtrends.org/2019/03/21/public-sees-an-america-in-decline-on-many-fronts/>.
- ² The White House, *The National Security Strategy of the United States*, December 2017, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.
- ³ See, for example, Cyberspace Solarium Commission, *Report of the Cyberspace Solarium Commission*, March 2020, 8, <https://www.solarium.gov/>.
- ⁴ At the time of the last crisis, I served as undersecretary of treasury for international affairs. In that and prior roles, as deputy national security advisor for international economics and before that as undersecretary of commerce for industry and security, I worked at the intersection of economic and national security policy, directing export controls and helping with the Committee on Foreign Investment in the United States (CFIUS) process.
- ⁵ Research conducted by Bridgewater Associates, LP.
- ⁶ See, for example, H.R. McMaster, "Reclaiming America's Strategic Confidence," remarks at the Reagan National Defense Forum, Dec. 2, 2017, <https://www.whitehouse.gov/briefings-statements/remarks-ltg-h-r-mcmaster-reagan-national-defense-forum-reclaiming-americas-strategic-confidence/>.
- ⁷ For an account of this era of U.S. policy, see Hal Brands, *Making the Unipolar Moment: U.S. Foreign Policy and the Rise of the Post-Cold War Order* (Ithaca, NY: Cornell University Press, 2016).
- ⁸ I have written about this issue in greater detail in David M. McCormick, Charles E. Luftig, and James M. Cunningham, "Economic Might, National Security, and the Future of American Statecraft," *The Texas National Security Review* 3, no. III (May 2020), <https://tnsr.org/2020/05/economic-might-national-security-future-american-statecraft/>.
- ⁹ See, for example, White House Office of Trade and Manufacturing Policy, "How China's Economic Aggression Threatens the Technologies and Intellectual Property of the United States and the World," June 2018, <https://www.whitehouse.gov/wp-content/uploads/2018/06/FINAL-China-Technology-Report-6.18.18-PDF.pdf>.
- ¹⁰ Abby J. Cohen and Michael H. Wu, "The Coronavirus Pandemic and U.S. Federal Investment in Science," Goldman Sachs, April 29, 2020, <https://www.gspublishing.com/content/research/en/reports/2020/04/29/67c9cada-68a2-48af-b25c-0f5416c0c0c8.html>; and Congressional Research Service, "U.S. Research and Development Funding and Performance: Fact Sheet," January 24, 2020, <https://fas.org/sgp/crs/misc/R44307.pdf>.
- ¹¹ Matt Ridley, *How Innovation Works: And Why It Flourishes in Freedom* (New York, NY: HarperCollins, 2020).
- ¹² The UK's concept of a "D10" alliance is a step in this direction. Lucy Fisher, "Downing Street Plans New 5G Club of Democracies," *The Times of London*, May 29, 2020, <https://www.thetimes.co.uk/article/downing-street-plans-new-5g-club-of-democracies-bfnd5wj57>.
- ¹³ See, for example, Howard J. Shatz, "COVID-19 and Economic Competition with China and Russia," *War on the Rocks*, August 31, 2020, <https://warontherocks.com/2020/08/covid-19-and-economic-competition-with-china-and-russia/>.

[W]hat transpires in the months and years ahead will depend on whether prominent leaders seek to promote global, rather than just national, solutions, recognizing, again, that a global pandemic requires a global solution and that none of us is safe unless all of us are safe.

—DAVID H. PETRAEUS

Tell Me How This Ends

David H. Petraeus

I have titled this paper “Tell me how this ends,” as that question has been associated with me ever since I first asked it during the early days of the fight to Baghdad in 2003. I was the Commander of the 101st Airborne Division at the time, and it was quickly becoming clear that the assumptions we’d been given before the invasion of Iraq were being invalidated, one after another.

Now, “Tell me how this ends” is once again the question on all of our minds, this time about the global pandemic and the global disruptions it has unleashed—economic, geopolitical, sociological, and technological. To give you a hint as to my emerging assessment, an alternative title I considered for this paper was, “At least two years to a new normal.” And it is increasingly clear that the new normal will be considerably different from what was normal before the pandemic. Another title I considered, since I used to teach economics, was “It depends.” You can never go wrong with that, and I will resort to that later in this piece where no other answer is possible. A final option was what Harvard Professor Stephen Walt, one of my dissertation advisors at Princeton twenty-five years ago, recently offered: “A world less free, less prosperous, and less open.” I hope that his prediction is proven wrong, though I have increasing concerns that it could be what comes to pass.

How *Will* the Pandemic End?

All of what does transpire, of course, hinges on how and when the pandemic itself does end. The *short* answer is that the threat of the virus truly ends, of course, only when either an effective therapeutic treatment or a vaccine—or both—are developed, mass produced, and administered globally, dramatically reducing the effects of the virus on those infected or, even better, enabling immunity from the virus altogether. Either of those possibilities, however, still appears many months away, at the least. In fact, the fastest vaccine ever developed in the past took four years—though various trials already being conducted around the world hold promise that a vaccine will be developed much more rapidly than that, perhaps as soon as later this year or early in 2021. But even if a vaccine is proven by then, many months will be required to mass produce it, distribute it, and administer it on the scale required to reduce substantially the incidence of the virus and the fears of it, as well.

How Quickly Can Current Restrictions Be Eased?

In the meantime, then, the key question for some months has been how quickly restrictions intended to halt, or at least reduce significantly, community transmission of the virus could be lifted so that some normal commerce, education, and social activity could be resumed. Lifting of restrictions was supposed to have been pursued as an approach that maintained various safeguards, such as wearing masks in public places, continued tele-working by those who can, limiting the sizes of gatherings (especially indoors), social distancing among those who do gather, numerous provisions to reduce risks in various industries and sectors (especially bars and in-restaurant dining), and continued sheltering-in-place by those most vulnerable to the virus’s effects.

It was also clear that a huge increase in testing and contact tracing capabilities would be needed as restrictions were reduced in order to identify and act in response to outbreaks—and, thus, to provide a degree of confidence, as well. Confidence is essential, of course, as resumption of normal activities is not just contingent on reopening the doors of various businesses, schools, and other institutions, but also on whether people feel secure in resuming some of their normal behavior. Testing and tracing capabilities have also been seen as essential to avoiding spikes in infections that could overwhelm our medical infrastructure. Ultimately, in fact, (and I note that this sounds a bit futuristic), there may need to be some form of digital assessment of one's health tied to daily near-real-time testing, as well as monitoring of one's vital signs, displayed on an app that assesses individuals' health status and could determine access to certain venues, possibly including public places, large gatherings, and public transportation. To be sure, any system used in the U.S., in particular, would have to have significant measures to safeguard participants' privacy. But, without an initiative like that, consumer and business confidence may not be fully restored in various parts of the world for a considerable period. And instead of top-down mandates for such initiatives, it may be that they will be voluntarily adopted from the bottom up, as certain entities require their use for entry to those activities. It appears that there are numerous initiatives being pursued that could facilitate such approaches, with some countries already adopting them, as well.

I have, since the early months of the pandemic, suggested that the relaxation of the current restrictions would be slow, tentative, halting, and not unidirectional (as we have seen in Singapore, China, South Korea, various European countries, and many U.S. states that “reopened” only to have to reimpose new restrictions after renewed outbreaks). I have suggested that this process would be similar to putting one's foot into the water in a bathtub to test the temperature, pulling it out if it is not right, making adjustments, then putting in more of one's body, adjusting further, and so on until fully immersed. That seems to be the case now that we have had many months of experience.

What I have described is essentially what is outlined in most of the concepts in the U.S. for reducing community spread and then relaxing restrictions—including the guidelines put forward by the White House (the Centers for Disease Control guidelines), the National Governors Association, and Harvard's Safra Center—with sequential phases for reducing restrictions, each phase triggered by fourteen days of consecutive reductions in the infection in the location contemplating reductions in restrictions.

Those standards notwithstanding, a number of locations in the U.S. and around the world have eased restrictions without the requisite two weeks of consecutive reductions in infection rates and without all of the recommended safeguards in place, as well as without developing all of the necessary testing and contact tracing capabilities. Many leaders clearly have concluded that the economies in their countries or states cannot wait for all the conditions recommended by epidemiologists. And we are now seeing what transpires in those locations, as a number of them experience a significant resurgence of community transmission of the virus that is, in many cases, necessitating a renewal of greater restrictions and undermining confidence. Much of this, frankly, was predictable, and one hopes that appropriate lessons are taken in those locations that have the options of implementing the guidelines to which they gave insufficient attention previously (and noting that some developing countries do not have the options available to the developed countries).

The Shape of the Recovery

All of this has led me to believe that there will not be a rapid resumption of *full* economic activity throughout the U.S. and much (though not all) of the world, some encouraging reports notwithstanding. The shape of the recovery in the U.S. is unlikely to be a true V (though certain sectors, such as home construction, may enjoy a robust V-shaped recovery); more likely, *in aggregate*, it will be an elongated U or, as the director of the International Monetary Fund has suggested, a jagged Nike swoosh in shape. Or perhaps, it may be a backward square-root-sign-shaped recovery that flattens out at a certain point due to continued pandemic activity and an end to fiscal support payments. Hopefully, we will not experience a W-shaped recovery, which could be the result of another significant shutdown due to widespread renewed community transmission of the virus, should reopenings prove premature or if the virus mutates or returns

from other countries after progress has been made at home. This is also possible if there is a second wave of the virus in the fall/winter. Given the developments in some parts of the U.S. and elsewhere around the globe, I have concerns about that. And, hopefully as well, it will not be a K-shaped recovery, in which those at the top of the economic heap do very well and the rest see their fortunes degraded. There are significant indicators that this could be the ultimate result if policy decisions are not taken to avoid such an outcome.

Implications for Geopolitics: The U.S.-China Relationship

With that context, let me focus on the likely effects of the pandemic on geopolitics, beginning with the most important relationship in the world: that between the U.S. and China.

My sense from the outset of the pandemic was that it would intensify and accelerate certain existing features of the U.S.-China relationship while also introducing some new ones. That has clearly been the case.

To be sure, the dynamic between Washington and Beijing had already become quite fraught before the worldwide outbreak of COVID-19. However, it appears that the developments associated with the pandemic have been exacerbating the competitive dimensions of the relationship. Developments over the past six months validate that assessment.

In the short term, the exacerbation of the competitive aspects of the relationship was likely to manifest itself in several ways, and many of those manifestations are now underway. As the Sino-American geopolitical rivalry intensified in the wake of the onset of the pandemic, both sides were likely to take further steps to insulate strategically sensitive industries from the other, and even to define what is strategic more expansively. In practical terms, that has meant pressures to harden and diversify supply chains, particularly in certain sectors, as well as pressures to impose additional restrictions on trade of certain items. It is also producing pressures for greater on-shoring of certain manufacturing and production capabilities and the acceleration of multiple new “arms races” in geopolitically significant technologies, such as 5G, space launch, artificial intelligence, hypersonic flight, and synthetic biology. Such developments were, to be sure, already visible in these areas; however, the concerns they reflected appear to have been heightened due to the circumstances of and experiences associated with the pandemic.

It is worth recalling that, for many years, there was an assumption about the U.S.-China relationship that economics would drive geopolitics—which is to say that deepening trade between our two countries would enable Washington and Beijing to transcend more difficult strategic issues. What we are now seeing is instead the opposite; increasingly, it is geopolitics that appears to be driving economic policy decisions. With the latest developments in various areas, including the Chinese development of a national security law for Hong Kong and the U.S. responses to that action and other issues, this is increasingly the case.

I offer this noting that I have long fervently believed that the United States and China have more to gain from cooperation in addressing the shared challenges of a globalized and interdependent world than from zero-sum struggles for power and influence, which potentially can have very dire outcomes. That would appear particularly important given the need for our two countries’ leaders to come together to lead the development and implementation of a global solution for a global pandemic and a global economic collapse.

Nonetheless, reality compels us to acknowledge that this is not the direction in which the relationship was headed before the pandemic—and that the pandemic and other developments in its wake are making the relationship even more difficult than it was, as ongoing accusations, new initiatives and responses, and aggressive diplomacy add fuel to already problematic relations.

In fact, it appears that the pandemic has been a catalyst for strains between other countries and China, as well. The flare-up of the dispute between India and China over the line of actual control between their countries, for example, has resulted in restrictions on the use of certain Chinese apps in India and other measures. The relationship between Australia and China has also deteriorated, in the wake of the Chinese response to Australia’s request for an investigation into the origins of the pandemic. Additionally, there has been growing skepticism about Chinese technology in the UK and Germany and other European countries. And the concerns over maritime disputes in the

South and East China Seas have grown this year, as well. In sum, even as China is recovering quite impressively domestically from the pandemic and may be the only major economy to grow this year, the frictions between it and other major powers appear to be on the rise.

The Broader Geopolitical Implications

Beyond those issues, what about the wider geopolitical implications? The answer here is, in time-honored economics professor tradition, “it depends,” in this case, on a variety of factors.

At present, while still early, there are various indicators, for example, that globalism, in general, and multilateral institutions, in particular, are facing greater challenges as a result of the pandemic. (That is especially the case for the World Health Organization (WHO), from which the U.S. is withdrawing.)

Beyond that tentative trend, what transpires in the months and years ahead *will depend* on whether prominent leaders seek to promote global, rather than just national, solutions, recognizing, again, that a global pandemic requires a global solution and that none of us is safe unless all of us are safe. Future developments *will depend*, for example, on how wealthy nations help cushion the blows to economies with far less medical capacity and little of the fiscal and monetary firepower that the U.S. and other developed nations are employing to keep those economies from going off a cliff. (And, here, it is important to keep in mind that the countries of Latin America, Africa, the Middle East, and South Asia have been behind East Asia, Europe, and the U.S. in the pandemic timeline and are still experiencing its worst effects.) And, certainly, the future also *will depend* on how international and multilateral organizations, especially the G-7, G-20, WHO, World Trade Organization, and international financial institutions, respond to the health, financial, and economic challenges associated with the pandemic.

My fear is that the pandemic may, over time, increase inequality within the developed world and emerging economies, promote greater populism, stoke nationalism and even nativism, reduce ease of travel across borders, result in diminished support for international organizations, and result in a further reduction in global trade and a substantial risk of financial collapse by those countries that were already in precarious situations before the pandemic.

As a believer in coalitions and international organizations, having been privileged to command a number of large military coalitions and also to serve as the chief of operations of the United Nations force in Haiti—and to work closely with other UN missions in the Balkans, Iraq, Syria, Yemen, and Afghanistan—I find those prospects very concerning. Nonetheless, I do retain some hope that national leaders will step forward in the months ahead and promote global efforts to resolve what clearly are global problems.

Implications for Business and Consumer Behavior

Beyond geopolitical implications, it is also important to consider the potential effects of the pandemic on business and consumer behavior. This is, after all, a critical subject, as it will have a great deal to do with the pace of return—and amount of return—to pre-pandemic levels of activities in major industries, including those connected with international and domestic tourism and travel; the restaurant and hotel industries; sports and large entertainment enterprises; major business events and gatherings; travel by plane, train, and mass transit; the cruise ship industry; commercial and private real estate industries; preferences for living in urban versus suburban locations; the prospects for brick-and-mortar retail (especially in malls); and even the very future of work and the locations in which it is performed.

With many of us having learned, for example, that we can perform our jobs reasonably well remotely, how critical will boots on the ground be in the future? Will our new expertise with video conferencing prompt many of us to reduce some of our previously crazy travel schedules? Will large firms still maintain large HQs in large urban centers, or will there be a shift to remote work, reduced travel, and distributed HQs, with small offices outside cities?

And what about the lessons for logistics supply chains and so-called “just-in-time logistics”? How much diversification of the locations in which various components of a product are manufactured will be necessary to

reduce vulnerabilities, and how significant will the ramifications of such actions prove to be? How much additional inventory of key components will be seen as necessary to avoid running out of them due to a potential disruption of supply chains? And how significant will the second-order effects in warehousing and inventory businesses and the third-order implications on the prices of finished goods and margins in retail industries prove to be?

Clearly, the answers to these questions are far from obvious right now, though I do expect that there will be important changes in consumer and business behavior, especially if businesses, tourists, and consumers need extended time to gain the confidence to resume traditional activities without undue concern that their employees, customers, and clients will contract the coronavirus. Keep in mind, again, that government leaders can allow and even encourage reopening of businesses, but it is the consumers' decisions that matter most in determining whether those businesses have customers or not.

Implications of the Responses by Central Banks and Governments

Finally, we should reflect a bit about the implications of the very significant—and necessary—responses to the economic devastation since the onset of the pandemic by central banks and national governments around the world. There have, for example, been extraordinary, truly unprecedented actions taken by the U.S. Federal Reserve and other central banks with interest rate reductions and enormous monetary easing. The same has been true of the massive and also unprecedented U.S. fiscal expenditures—already approaching three times America's annual discretionary budget—in an effort to cushion the blow of the extreme downturn, with more to come. The European Union and other governments have been pursuing similar fiscal and monetary initiatives, albeit not on the scale of the United States.

The actions by central banks and governments have, again, been necessary to cushion the blows from the economic collapse caused by the response to the pandemic. But there will be implications down the road that we should begin to anticipate. The pressures to deal with fiscal deficits at all levels of government that will result from the extraordinary government spending now ongoing will be substantial, especially in the United States (and particularly if inflation returns, as that might eventually force a rise in interest rates). It is likely that, once the crisis eventually ends, there will be much greater pressure than in recent years for increases in revenue generation and reductions in spending—at a time when our economies will desperately need new investment and stronger economic growth, which higher taxes and reduced spending could hinder. This pressure will weigh on many governments very heavily even after the new normal has gradually emerged from the economic wreckage caused by the collapse in so many sectors as a result of the necessary shutdown at the outset of the pandemic of all but essential activities.

Conclusion

All of us, needless to say, have been shocked by the death, sickness, economic calamity, and disruption of lives brought about by the pandemic. Naturally, we all look forward to a steady recovery from the terrible levels of unemployment and reductions in economic activity. At the end of the day, however, until a treatment and/or a vaccine are found and administered broadly, the economic revival in many sectors and industries is likely to be slow, halting, and far from a return to pre-pandemic conditions. It is also increasingly clear that the pace of recovery will depend in considerable measure on very extensive and increasingly rapid testing for the virus and on substantial increases in associated contact tracing and selective isolation regimens. This is what likely will be needed to restore confidence to citizens and consumers so that economies that were doing so well early in 2020 can return to steady, renewed growth instead of remaining, in many sectors, in what can only be described as a depressed condition.

All of this is doable and in line with the concepts around which national and state leaders in the U.S. have converged (even as a number have proceeded in ways that were contrary to the published guidelines). Now we must hope that the relentless execution of all the tasks needed to turn the guidelines into reality produces the steady recovery and expeditious arrival at what will begin to define the new normal, as the race to find a vaccine and treatment proceeds.

General David H. Petraeus, U.S. Army (Ret.) is a partner with the global investment firm KKR and Chairman of the KKR Global Institute, which he established in June 2013. General Petraeus is also a personal venture capitalist and serves on the boards of KKR companies OneStream and Optiv. Before joining KKR, he served in government for 38-1/2 years, culminating his 37-year military career with six consecutive commands as a general officer, five of which were in combat—including the Surge in Iraq, U.S. Central Command, and Coalition Forces in Afghanistan—and then serving as Director of the CIA, following Senate confirmation by a vote of 94-0. He graduated with distinction from the U.S. Military Academy in 1974 and later earned a Ph.D. at Princeton University. He has held academic appointments at West Point, the City University of New York's Macaulay Honors College, Harvard's Belfer Center, and the University of Southern California. He is currently a Senior Fellow at Yale's Jackson Institute for Global Affairs, Co-Chairman of the Woodrow Wilson Center's Global Advisory Council, Senior Vice President of the Royal United Services Institute, and a member of the Trilateral Commission. His many awards include four Defense Distinguished Service Medals, the Secretary of State Distinguished Service Medal, the Bronze Star Medal for Valor, two NATO Meritorious Service Medals, the Combat Action Badge, the Ranger tab, and master parachutist wings. He has also been decorated by 13 foreign countries.

Part IV

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*[A] successful approach to reviving America's influence abroad,
and recapturing what has been lost, will by necessity need to begin
at home.*

—MADELEINE K. ALBRIGHT

U.S. Foreign Policy in 2021

Madeleine K. Albright

Twenty years ago, as the second millennium drew to a close, the outlook for America could not have been brighter. The world was at peace, the global economy healthy, and the position of the United States unparalleled. The platform on which George W. Bush ran for president in 2000 referred to the era as “a remarkable time in the life of our country.”¹ Colin Powell, the incoming secretary of state, told Congress, “we will need to work well together because we have a great challenge before us. But it is not a challenge of survival. ... It is our own incredible success that we face.”²

Like any inheritance, incredible success can be invested productively or not. Tragically, America’s political capital has largely been squandered in this no-longer-new century. The historic blunder of the Iraq War, the 2008 financial crisis, and the badly mismanaged response to the coronavirus pandemic stand out, but there have been other missteps— an underappreciation for diplomacy, an overreliance on the military, neglect of our allies, and a failure to address domestic problems such as political polarization, systemic racism, and rising economic inequality. As a result, the United States is entering the third decade of the twenty-first century with respect for American leadership lower than it has been in the memory of any living person.

As a child in Europe, I hid in bomb shelters while Nazi planes flew overhead. Listening to the radio, I exulted at the voice of Winston Churchill and the wondrous news that American troops were crossing the Atlantic. I welcomed those soldiers on the streets of London, and I was seven years old when they hit the beaches at Normandy and later repelled Hitler’s army at the Battle of the Bulge. By the time the war was won, I was eight, anxious to discover what peace might be like and already in love with Americans in uniform.

To Abraham Lincoln, the United States was “the last best hope of Earth.”³ To me, it will always be the land of opportunity. I could not imagine wanting to live anywhere else, nor conceive what the twentieth century would have been like without my adopted country. I have had no greater honor in my life than to sit behind a sign that read “United States of America.” That is why it is so disturbing to me that so many people around the world have come to believe that America’s influence is negative, and that we provoke more conflicts than we prevent.

Contrary to perceptions overseas, most Americans would prefer to concentrate on problems at home rather than throw their weight around internationally. There are plenty of issues deserving attention. Each new day brings a reminder that our fight against poverty, racism, and injustice in our own society remains unfinished. We worry about the horrific loss of lives and livelihoods caused by the coronavirus pandemic. Families on the West Coast have been choking on the toxic air of wildfires, while those on the Gulf Coast suffer through more frequent and destructive hurricanes worsened by climate change. Our entire society is being reshaped, for better and worse, by globalization and technology, which have opened up new opportunities but also created large pockets of resentment among those who worry that their jobs will be lost to foreign competition or automation.

Meanwhile, there is much going on in the world that we don’t understand, and we feel increasingly disinclined to try. In the Middle East, there is a viper’s nest of conflicts (as in Libya, Syria, and Yemen) made worse by the meddling of regional powers. In Asia, China is emerging as a military peer of the United States—altering the balance of power and unsettling America’s traditional allies. Europe’s unity and strength are being tested by the rise of extreme nationalist movements and the pernicious influence of Russia under Vladimir Putin, whose goal is to divide and weaken the transatlantic alliance.

To use a diplomatic term of art, the world is a mess. But many of the most pressing threats to the United States do not emanate from any one foreign country or region. They are borderless challenges that include not only pandemic disease, but also violent extremism, nuclear proliferation, cyber security threats, mass migration, ethnic conflict, and climate change. These threats cannot be resolved by any one country acting alone, and any single country would be foolish to try. Partnership is the key to peace, security, and prosperity in this new era.

I have in the past issued warnings against turning inward, as the United States has often done after periods of intense engagement abroad. It has never been in America's interest to withdraw from the world, and it would be especially counterproductive to do so in this era defined by borderless threats. But those threats also have the effect of blurring the distinction between domestic and foreign affairs, which have always operated along a spectrum. As a result, a successful approach to reviving America's influence abroad, and recapturing what has been lost, will by necessity need to begin at home.

For almost as long as I have been alive, the world has been able to count on the United States to serve as the rock against which the forces of despotism run aground and break apart. But in my travels abroad over the past four years, I have heard the same questions all the time: If America has a leader who says the press always lies, how can Vladimir Putin be faulted for making the same claim? If America has a leader who insists that judges are biased and who calls the American criminal system a "laughingstock," what is to stop a repressive leader in Hungary or Southeast Asia from discrediting his own judiciary? And if our political system is so polarized that even basic responsibilities of government break down, how do we make the case for democracy over authoritarianism? Not long ago, I met with a group of Egyptian parliamentarians and spoke to them about the need to compromise in order to govern effectively. One of them looked at me and said, "yeah, like you guys?"

According to a study released in 2019, 42 percent of Americans now believe that people belonging to the opposing political party are "evil."⁴ Nearly 20 percent think that their adversaries "lack the traits to be considered fully human" and that the world would be better off if many of those foes didn't just steer clear of politics but were dead. Other surveys show that people often attribute to ideological opponents beliefs (e.g., about race, religion, law enforcement, and illegal migration) that the rivals do not in fact hold. Social media platforms are used systematically, intentionally, and effectively to propagate falsehoods about people and events in public life.

These trends are extremely worrisome. They are also out of place in a society that still claims to lead the free world. For the past several years, my exhortation to audiences has been "see something, say something, do something." Exactly what we are able to say and do will depend on our circumstances. A new American president can mark a clear break from the current "lie, deny, and defy" approach to executive leadership. Members of Congress can renew our commitment to the Constitution, support the principle that no one is above the law, and defend a free press. Every citizen must think about the example we set and the values we nurture in our young. We must look honestly at our society and commit to eradicating systemic racism and achieving equality of opportunity for all. Ultimately, each of us has a responsibility to promote our ideals as best we can despite the uproar those sowers of discord generate.

The repair and renewal of American democracy is not a purely domestic project. We need to enact new laws and develop new tools to protect our political and financial system from foreign authoritarian influence and interference. We need to support emerging democracies and those fighting for freedom and human rights in closed political systems. We need to draw closer to our democratic friends and allies to share best practices and counter the malign influence of Russia and China. We need to reinvigorate international institutions and foster mutually beneficial cooperation in critical areas, perhaps none more important than technology.

The coronavirus pandemic has both underscored America's dependence on technology and deepened it further. Much of our economic activity now takes place online, and we now rely on the internet to communicate, learn, and even govern the country. Our ability to do all this is a testament to more than half a century of U.S. leadership in scientific research and the development of transformational technologies. But our advantage has begun to erode.

China in particular has been investing heavily in emerging fields of innovation such as quantum computing, biotech, space, and artificial intelligence while aggressively deploying its own 5G telecommunications systems. 5G networks will provide connectivity for an unprecedented number of devices, so a great deal of attention has rightly been focused on the security implications of depending on Chinese equipment. But China is also undertaking a concerted international effort to influence global standards for mobile communications and to enshrine its preferred norms for artificial intelligence and advanced surveillance technologies. If they succeed, American companies would be disadvantaged, democratic values would suffer, and our security and prosperity would be threatened over time.

Democratic and Republican national security leaders increasingly agree on the need for a comprehensive U.S. technology and innovation strategy to respond to this challenge. In a September 2020 speech hosted by the National Democratic Institute, Senator Mark Warner said that “for the first time, there is a growing bipartisan consensus in Congress that the U.S. might need to pursue its own industrial policy to foster competition and give non-Chinese companies a more level playing field against [Chinese] state-backed champions.”⁵

Such a strategy should begin with investments to develop competitively priced and secure 5G equipment, funding for research and development to help ensure that semiconductors are manufactured in the United States, and increased support for American education and research institutions. It should include prudent limits on the sharing of sensitive technologies with China, especially those that could be used for domestic repression, along with measures to bring back to the United States the manufacturing of critical medical supplies. It also must include an approach to immigration that ensures the United States continues to attract the most talented people to study, stay, and invest.

As successful as the United States has been as a technology leader, we will need to partner with allies—especially democratic ones—to ensure that our vision of a more open, secure, and free internet prevails. We must develop and pursue a shared technology development agenda while advancing international digital norms that reflect democratic values. There have long been tensions between the United States and Europe over the right approach to digital privacy and competition, but our shared interests and values far outweigh these points of friction. Only by combining strengths can we guarantee our continued prosperity and security.

As dangerous as a U.S.-China technological rivalry could become, nothing is more threatening to American lives and livelihoods than the climate crisis. What had previously been downplayed as a long-term problem has moved into the forefront of American minds after years of worsening storms, destructive wildfires, and increasingly costly droughts and floods. Mother Nature, and more and more Americans, are now demanding a bolder approach to the production of energy based on a lessened dependence on carbon-based fuels.

As with the other challenges described in this chapter, progress on the climate agenda must combine domestic and international action—drawing strength from a comprehensive government response. For the past four years, the federal government has been moving in the wrong direction—withdrawing from the Paris Agreement, undoing environmental regulations, and promoting fossil fuels. But state and local governments have taken proactive measures, including California’s announcement in September 2020 that it will require all cars sold after 2035 to be zero-emissions vehicles.⁶ While the prospects for climate action in the near term will hinge on the outcome of the November 3 election, there will be pressure on any administration to act because of the depth of the crisis and the way the debate is being reframed.

Instead of focusing on the negative consequences of climate change, environmental advocates are increasingly making the case for the positive consequences of climate action. Senator Brian Schatz, who chaired a special committee on the climate crisis, describes “a future with an improved quality of life, more fairness, and better products. ... [C]hoosing action means choosing American wealth and American leadership.”⁷

Putting climate action at the center of U.S. foreign policy will reap international dividends. It offers a potential platform for cooperation with China, even as the ideological and technological rivalry deepens. It would send another strong positive signal to America’s friends and allies, not only in Europe but also around the world. And it would provide an avenue for us to reengage in the multilateral institutions that are essential to cooperative action on this and other borderless challenges, such as pandemic disease.

Whenever the United States awakens from its slumber and reengages on these and other critical issues, it will be essential that we act with humility. Our approach must reflect the understanding that we are operating in a new era where our leadership is no longer automatically accepted. If we fail to comprehend this, we will not know how to formulate a successful strategy. We will be like a lawyer who assumes that, because of past victories, she has the jury in her pocket when she hasn't, precisely because the jury resents being taken for granted.

Fifty years ago, the memory of World War II was part of every adult's consciousness; so, too, was America's role in rebuilding Western Europe and helping Japan to become a democracy. The rehabilitation of former Axis powers was seen as a luminous accomplishment. America's leadership was still disputed, but its credentials were acknowledged. The country that had stood up to Hitler, Mussolini, and Tojo had earned, at a minimum, a respectful hearing from people everywhere.

We can no longer assume that our understanding of our own history is widely shared. Relatively few hear the word "America" and think first of the Battle of Lexington or the landings at Omaha Beach. To those under the age of thirty—the majority in most countries—the Cold War confrontation between freedom and communism means little. To many, the Statue of Liberty has been replaced in the mind's eye by an immigrant child in a cage. We aren't thought of as the country that led in founding the United Nations, but rather as the petulant nation that exited the Paris Agreement, the Iran nuclear accord, and the World Health Organization.

A new decade can offer an opportunity to turn the page, refresh the American brand, and prove the resilience of our system. But for that to happen, we will have to return from our absence and, in so doing, help revive the basic international understanding that by working creatively with others, every country can reap benefits. By standing together with our partners, and by acting with purpose both domestically and internationally, we can resume progress toward a more peaceful, prosperous, and safe world.

Madeleine K. Albright is a professor, author, diplomat, and businesswoman who served as the 64th Secretary of State of the United States. In 1997, she was named the first female Secretary of State and became, at that time, the highest-ranking woman in the history of the U.S. government. From 1993 to 1997, Dr. Albright served as the U.S. Permanent Representative to the United Nations and was a member of the President's Cabinet. She is a Professor in the Practice of Diplomacy at the Georgetown University School of Foreign Service. Dr. Albright is Chair of Albright Stonebridge Group, a global strategy firm, and Chair of Albright Capital Management LLC, an investment advisory firm focused on emerging markets. She also chairs the National Democratic Institute, serves as the president of the Truman Scholarship Foundation and is a member of the U.S. Defense Department's Defense Policy Board. In 2012, she was chosen by President Obama to receive the nation's highest civilian honor, the Presidential Medal of Freedom, in recognition of her contributions to international peace and democracy. Dr. Albright is a seven-time *New York Times* bestselling author. Her most recent book, *Hell and Other Destinations* was published in April 2020. She is a member of the Aspen Strategy Group.

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A leader who fails to appreciate strengths can err every bit as much as a leader who fails to account for weaknesses.

—PETER FEAVER

Counting the High Cards in the Hand the Next President of the United States Will Play

Peter Feaver

On January 20, 2021, the chief justice of the Supreme Court is scheduled to swear in the next president of the United States. What kind of geopolitical position will that man—or in one or two extreme scenarios, that woman—inherit? Put another way, what sort of hand is being dealt to the next president to play over the next four years? The conventional wisdom is that the next president will be holding a lousy hand, one filled only with deuces. That view is overly bleak. Instead, the president can count on a few high cards. Indeed, it is likely that most of the other players at the geopolitical table would be happy to swap hands.

To be sure, the next president will start with some obvious vulnerabilities. At best, the situation at home will be fragile. The country will still be struggling to recover from the triple crises of a pandemic, an economy in deep shock, and a society riven by violent protests and ancient cleavages. If some of the gloomier forecasts hold, we could be further ripped apart by doubts about the legitimacy of the electoral outcome. It is not implausible that both current President Donald Trump and former Vice President Joe Biden, not to mention their millions of followers, will genuinely believe that they won the election and that their political opponent is trying to steal the election through fraud. Even if the electoral outcome is not seriously contested, it is doubtful that the next president will start with much of a domestic political honeymoon, so bitter and polarized has the electorate become.

Abroad, the situation does not look much better, according to the conventional wisdom:

- Our traditional allies either have lost confidence in us (the Democrat interpretation) or are determined to exploit us (the Republican interpretation).
- America is in the early stages of waking up to the long-term challenge presented by China's rise, and most experts think that wake-up is belated. In raw material terms, China may have weathered the health and economic crises better than the United States did, at least in the short run. Xi Jinping, China's increasingly authoritarian leader, seems to have survived the wobbles the regime suffered during the early days of the pandemic, and his grip on power seems as strong as ever.
- Meanwhile, the other major geopolitical adversary, Vladimir Putin's Russia, continues to play a bad hand deftly—at least in the short run. Over the past several years, Putin has seen progress on almost every single geopolitical goal, and usually at the expense of the United States. Russia has displaced the United States as the holder of the balance in Syria and is firmly entrenched as a major player in the Middle East, thus reversing a decades long priority goal of every Democratic and Republican administration of the past fifty years.
- The NATO alliance and the EU—the two major Western institutions Putin has spent decades trying to undermine—are both reeling, while Russia's grip on eastern Ukraine is solid and Putin's ambitions in the Arctic largely unchecked.
- Both Iran and North Korea are more advanced in their nuclear ambitions than they were four years ago, and prospects for a negotiated solution are as bleak as ever. The goals of a nuclear-free Iran and a nuclear-free North Korea—two priority objectives that have preoccupied every administration in the post-Cold War era—seem less obtainable now than they ever did.

- Lesser thorns in the flesh, such as Venezuela or erstwhile NATO ally Turkey, have defied the United States with impunity, leaving a daunting mess for the next president to clean up.

This brief survey barely scratches the surface of the range of geopolitical problems confronting the administration on day one, and it is easy to see why the mood in the country is so bleak. A high percentage—65 percent in the RealClearPolitics average of polls in late September 2020—think the country is on the wrong track. If the Aspen Strategy Group Summer Workshops and Security Forum are any indication, the mood among elite opinion is probably bleaker.

Crafting a contrarian's take would thus seem to be something of a fool's errand, but perhaps one that can serve a broader purpose. A leader who fails to appreciate strengths can err every bit as much as a leader who fails to account for weaknesses.

So the contrarian question: Will there be some high cards in the president's hand? Yes. Some sources of strength will be present regardless of who is elected, and others depend on the electoral outcome. Below I sketch the advantages in the following order: (1) regardless of who wins, (2) if Biden wins, and (3) if Trump wins.

Five American Advantages, Regardless of Who Is President

1. The military hard power advantage enjoyed by the United States and the U.S.-led NATO alliance.

It turns out, some of President Trump's boasts are true. Under Trump, the defense budget experienced a modest uptick over the budgets that were forecasted in the late Obama administration. Over the course of eight years, President Obama oversaw deep cuts to the projected growth in defense spending, leading to widespread worries of a yawning ends-means gap. The three budgets signed by President Trump added back tens of billions of dollars beyond the projected baseline of the later Obama years, much of which went to much-needed procurement modernization.

Likewise, as NATO Secretary General Jens Stoltenberg himself acknowledged in April 2019, all of Trump's jawboning about weak spending by NATO allies has produced some positive results, with some key allies beginning to fund more of their commitments. This increase comes after decades of decline, and it is by no means the case that NATO spending has been optimally coordinated. Nevertheless, NATO remains without peer as an alliance in terms of the quality of its military and its capacity to project hard power far from its borders. Or rather, the closest peer NATO has in global power projection is the United States itself. Since the earliest days of the post-Cold War era, prophets have predicted the collapse of NATO; perhaps someday that prophecy will come true, but it won't be true on Inauguration Day.

Some caveats are necessary. The defense spending slowed the growth in the ends-means gap, but the relief was temporary, and the budgets are now likely headed back down. As Chris Brose reminds us in his book *The Kill Chain*, because of stubborn flaws in the acquisition process, we are not getting maximum bang for each buck; waste remains a significant problem in defense spending. The increase in NATO defense spending is welcome, but it came at the extremely dear price of a loss in NATO unity and self-confidence. Because of these credibility gaps, NATO overall is weaker, but at least there is more raw material for the next president to assemble than we were on track to see before Trump took office. Finally, our near-peer competitors have remained active, too, and so the Russian and especially the Chinese militaries are more capable at the end of 2020 than each was at the end of 2016.

Nevertheless, the bottom line remains true. The next president will be commander-in-chief of the world's most formidable military and will lead the world's most effective and powerful military alliance. The trend lines are worrying, but every adversary the U.S. faces would gladly switch places when it comes to the military hard power assessment.

2. The economic hard power advantage: the dollar is still the global reserve currency.

The other hardy perennial forecast of the prophets of American demise is that the dollar will lose its role as the global reserve currency. If American military might and the NATO alliance are the symbols and substance of American hard power in the military arena, the dollar's role as the global reserve currency is the symbol and substance of American hard power in the economic arena. This role affords America an "exorbitant privilege," as French President

Valéry Giscard d'Estaing famously put it—the ability to pursue economic and domestic policies that have negative financial second-order effects without paying the price in the short run through the balance of payment system. The dollar's role gives the United States the equivalent of a home-court advantage in its competition with economic rivals, whether allies or adversaries, and this advantage will still be intact on Inauguration Day.

To be sure, Trump's approach to international trade and his treatment of America's economic partners have led some experts to double down on their prediction that the dollar's days are numbered—and that was before the pandemic. The extraordinary moves by the Federal Reserve System and the dramatic ramp up in government spending in response to the economic panic triggered by the pandemic have put further strains on the dollar. Practically every issue of a business daily includes at least one speculation that the combination of low interest rates and high debt will finally prove the dollar's undoing.

And yet, as American economist Barry Eichengreen has argued as recently as August 2020, it is striking that none of the likely candidates to replace the dollar appear ready to play that role. Neither the euro, nor the yuan, nor some basket of fiat currency, nor bitcoin or other cryptocurrency—none is as well-suited to playing the vital role that the dollar still plays today. At some point, the dollar's weaknesses may overcome its strengths, but that point will definitely not come before the next president starts his term of office. That means he can count on being able to wield the enormous political-economic clout that Trump, Obama, Bush, and previous presidents wielded in the post-Bretton Woods era, at least at the outset.

3. The soft power disadvantage of the principal rival: China's mishandling of the pandemic.

The expert community is rightly dismayed at how poorly the Trump administration handled the pandemic, and undoubtedly the United States lost some soft power in the process. As numerous experts in allied countries have observed, the United States has not presented as a sure and trustworthy leader during this crisis.

But neither has China. China misled the global community about the virus' origins, refused to cooperate in a timely way with the relevant global health community, and then tried to cover this up with a ham-handed attempt at spin control that included exporting defective PPE.

At the same time, China has used the cover of the pandemic to crack down brutally on restive populations in Xinjiang and in Hong Kong and has promulgated a new National Security Law that seems poised to infringe globally on the exercise of basic rights of free speech.

Chinese leaders may believe these efforts collectively signal strength, but the opposite is more likely the case. China appears to be insecure and incapable of playing the role of a responsible global leader. Other states may be prepared to cut deals with China on narrow transactional terms, but the prospects of a widely held "Beijing consensus" that sees Chinese leadership as a net benefit seem more remote today than they were even a few years ago.

4. The silver linings amidst the dark domestic clouds.

The polarization and bitter divisions that mark American domestic politics are surely some of the lowest cards in the hand the next president will play. Yet even in this area, it is possible to identify some reasons for hope, and in that hope might rest the seeds of a deeper and more durable strength.

First, although the attending violence is tragic and the pain must not be disregarded, it is a fact that America is finally having a long-overdue conversation about race. And with some noteworthy exceptions to the contrary, that conversation is probing, raw, and yet mostly peaceful. The United States does have a problem with race—slavery is America's original sin that still stains our present in important ways. Yet racial/ethnic inequality is a problem affecting other great powers, too, and some of them—China, India, Russia, and even the major European powers—are further behind the United States in terms of coming to grips with the issue. Yes, it is tragic that racial divides have so fundamentally shaped the experience of all Americans, whether they realize it or not, but Americans can and are debating these issues openly in a way that would be improbable in most countries and perhaps even impossible in some.

Second, while there is great disagreement over how to address America's domestic problems, there is a remarkable bipartisan consensus on whether to do so. Both parties have made "fixing America at home" a central plank in their message. The devil is in the detail of exactly what to do, but whoever is president will not have to do much persuading to prioritize the problems at home—and will have a Congress that was elected on a similar basis.

Whether the president can leverage these two facts to meaningfully strengthen America's position in the global competition will depend to a great extent on his political skill. But it is not a foregone conclusion that he will fail.

5. The U.S.-sized hole in global leadership.

This past year has provided vivid proof of what we have known all along: the world needs the United States and wants the United States to be constructively engaged and wisely leading on the most important global issues of the day. The concept of America as an indispensable nation is more often invoked by critics than by advocates, more often depicted in caricature than in compelling form. But in its purest form, the claim rests on a simple observation: of course, America cannot afford to solve every problem nor even confront any serious challenge on its own, yet there are few global problems that get resolved satisfactorily if America is AWOL. Getting the United States to do its part is almost always a necessary predicate to getting other states to do their part.

No major geopolitical actor—not the EU, not China, not India, certainly not Russia—can or will fully replace what is lost when America abdicates on major geopolitical challenges. Those who thought that a rising China was ready to take over for a declining America have little reason to persist in believing that myth after the last several years. While a few of our adversaries are cheering on American decline, it is not too much of a stretch to say that most global leaders want to see America be great again.

Biden's Additional Advantages

1. A soft power rally and foreign honeymoon.

If the next president is Biden, he will start out with the enormous advantage of being not-Trump. President Obama benefited from a similar, if considerably smaller, advantage and has a Nobel Peace Prize to prove it. Simply by embodying a return to normalcy—with all the warts and wrinkles that went along with what America used to be—Biden will begin with a reservoir of global goodwill that deft diplomats can leverage to good effect. To be sure, the bell cannot be un-rung: every foreign leader will hedge against the possibility that the U.S. political system might produce "another Trump" in some future electoral cycle. Biden will enjoy a "new normalcy," not the old "normalcy" but the rapid restoration of American soft power, even if short-lived could still be a powerful card to play.

2. A competent team.

Every incoming administration has a learning curve, even if the team is seasoned with prior experience. But in this case, the incoming Biden team would out of the gate likely be more competent, from top to bottom, than the Trump team has been in its last year of office. This is partly because the Democrats nominated a candidate from their mainstream and so with access to the largest pool of talent in the party. And it is partly due to Trump's failure to recruit and retain the best talent from his own party. A competent team can make a good president more effective and can mitigate somewhat the mistakes of a bad president.

Trump's Additional Advantage

1. *A president able to wield the maximum powers of the executive branch.*

If Trump is re-elected, he will likely have an even freer hand in foreign policy and national security policy than did his predecessors. All second-term presidents enjoy the freedom of not running for re-election, which allows them to do politically risky things that they deem to be in the national interest. Obama sidestepped Congress to negotiate the Iran deal, which committed the United States in ways a treaty usually does but without having to build the political coalition to secure passage. George W. Bush defied Congress to initiate the surge in Iraq, which turned around the fortunes in that war. Bill Clinton defied Congress to intervene in the Kosovo war. Trump will have an additional advantage none of his predecessors enjoyed: he will have been re-elected *after* receiving the closest thing to a political death blow the Constitution provides, namely getting impeached by the House. Even if Democrats win sizable majorities in Congress, Trump will still enjoy a significant degree of autonomy in the national security arena. This means that he will be less fettered by domestic constraints. Whether he uses this power for good or ill is a matter over which partisans can differ, but that he will be empowered seems inarguable.

In sum, this contrarian exercise reaches a modest conclusion. The next president's geopolitical position will not be as strong as it could be—and definitely will not be as strong as it should have been, if the basic governing mistakes of the last four years had been avoided. But nor will the next president's position be as bad as it might have been, not even as bad as the prevailing pessimistic conventional wisdom suggests. America still has some high cards in its hand, enough to make it the envy of the rest of the players at the geopolitical table.

Peter Feaver (Ph.D., Harvard, 1990) is a Professor of Political Science and Public Policy at Duke University. From June 2005 to July 2007, Dr. Feaver was on leave to be Special Advisor for Strategic Planning and Institutional Reform on the National Security Council Staff at the White House where his responsibilities included the national security strategy, regional strategy reviews, and other political-military issues. Dr. Feaver is author of *Armed Servants: Agency, Oversight, and Civil-Military Relations* (Harvard Press, 2003) and of *Guarding the Guardians: Civilian Control of Nuclear Weapons in the United States* (Cornell University Press, 1992). He is co-author, with Christopher Gelpi and Jason Reifler, of *Paying the Human Costs of War* (Princeton University Press, 2009), and co-author, with Christopher Gelpi, of *Choosing Your Battles: American Civil-Military Relations and the Use of Force* (Princeton University Press, 2004). He is co-editor, with Richard H. Kohn, of *Soldiers and Civilians: The Civil-Military Gap and American National Security* (MIT Press, 2001). He blogs at Elephants in the Room at ForeignPolicy.com. In 1993-94, Dr. Feaver served as Director for Defense Policy and Arms Control on the National Security Council at the White House where his responsibilities included the national security strategy review, counterproliferation policy, regional nuclear arms control, and other defense policy issues. He is a member of the Aspen Strategy Group.

Too often, our conversations skip straight to the question of what we need to do, rushing past the question of what our decision-makers most need to know.

—JANE HARMAN

Good Intelligence Is a Key Ingredient to Good Foreign Policy

Jane Harman

For four decades, the Aspen Strategy Group has probed the day's tough foreign policy problems. This year's topic—Domestic and International (Dis)order—focused on reemerging threats, including China. How we understand the threats posed by China, Russia, jihadis, and the pandemic requires state-of-the-art intelligence. We need to know everything we can about capabilities, plans, and intentions in order to equip the president and our foreign policy team to make the best decisions. This paper focuses on the state of our intelligence. Too often, our conversations skip straight to the question of what we need to *do*, rushing past the question of what our decision-makers most need to *know*.

That kind of haste is costly, and regrettably common. Our country has repeatedly learned, and just as often forgotten, that you can't make good policy without good intelligence. Today, the intelligence function is as important as it's ever been, but the job is far harder to do well. In this golden age of misinformation, our adversaries hide their intentions beneath layers of bluff and double-bluff, speaking through a thousand masks and cut-outs. Across portfolios—whether in the Middle East or the digital domain—the line between secret sparring and open conflict is thinner than ever. Is Russia probing our networks to collect intelligence, to shore up its own defenses, or to flip the switch on our power grid tomorrow? Is Iran trying to save face or moving to a bona fide war footing? Which of our negotiating partners is ready to strike a deal, and which to pick our pockets?

Meanwhile, over the last several administrations, our intelligence community has been hit by overlapping crises—wrong-footed by fundamental changes in the way spying works. We have moved from a world in which secrets were sparse, locked away in safes, to a world of too much information, in which truth hides in plain sight and signals are swamped by noise. We've left an era defined by the well-placed mole for one ruled by backdoors and deepfakes. In the process, hackers and technology firms have become as important to intelligence policy as governments—sometimes as instruments of the state, but just as often in the roles of rogue actors or contractors.

To be sure, at times Congress has found the political will to pursue serious oversight and reform of the intelligence community. In the Intelligence Reform and Terrorism Prevention Act of 2004, we created new institutions—such as the Office of the Director of National Intelligence (ODNI) and the Privacy and Civil Liberties Oversight Board (PCLOB)—to promote a transparent, accountable, better-coordinated intelligence community (IC). In the Foreign Intelligence Surveillance Act (FISA) Amendments Act of 2008, we brought the executive branch's secret spying programs under law and tried to create a sustainable framework for future surveillance. But many of these reforms have disappointed, while momentum to make further progress has stalled out. At home, Americans in both parties remain skeptical of the executive branch's commitment to observing legal boundaries. Abroad, our European allies remain profoundly unhappy with our zero-sum game between security and privacy—unhappy enough to threaten the free flow of information across the Atlantic.

As a result, we now face a difficult double game. Not only do we need to fix what's broken or obsolete in our intelligence community, we need others to trust that we've made repairs. Our challenges have deepened, sharpened, and multiplied.

Confronting Politics in Intelligence

The most dangerous threat to our intelligence function is also the oldest, as well as the hardest to stamp out: politicization. When we let the tail wag the dog, when the “right” answer has been picked out before our analysis ever gets going, we risk blinding ourselves to national security realities. We know the potential costs, of course, in the wake of the Iraq intelligence debacle, but every White House confronts some fresh temptation to forget the lesson. And while the issue has taken on a higher profile under this administration, the problem hardly started—and won’t end—with this president. Making durable progress toward an independent intelligence community means taking a hard look at institutions, not just individual personalities.

After all, as long as we’ve had spy agencies, there have been individuals tempted to misuse them. Politics can creep in at any stage—when deciding where to point our collection tools in the first place, when choosing how to contextualize raw reports, and when deciding what makes it into the President’s Daily Brief. But the problem is especially acute today, because the most important stage in our contemporary intelligence process is *analysis*. We don’t live in a world of scarce intelligence anymore; instead, we risk drowning every day in a flood of raw information. There’s always enough information to tell almost any story—enough unfiltered intelligence that, massaged properly, up can look like down, right like left, or a friend like an enemy. It can happen in a thousand subtle ways. Through selective briefing, or selective leaks, or selective declassification. By threading coincidences together into conspiracy. By mixing high- and low-quality sources to launder issues of credibility. At each stage, intelligence risks becoming just another branch of public relations.

Sometimes, politicization is a question of officials twisting the story that reaches the president to pursue some factional agenda or preconceived policy preference. But presidents, of course, have more than enough tools on hand to push the boundaries themselves. They can manipulate the appointments process to install loyalists in key offices. They can manipulate their nearly plenary power over the classification process to conceal unflattering or inconvenient truths. And when one element of the intelligence community won’t offer the right answer, there are fifteen more to shop around at. As often as these maneuvers have played out, the point we’ve yet to internalize is that all of these are *self-sabotaging* moves. Without unbiased analysis, a commander-in-chief is making foreign policy choices with blinders on. That’s a movie we’ve all seen before, and a mistake we cannot afford to repeat.

Adapting Human Intelligence to a New World

The image of the spy at a “dip party” became obsolete by the end of the Cold War. Today, human intelligence (HUMINT) is no longer just gathering intelligence from human sources. That’s partly because we have advanced tools and open sources—from satellites showing us images a man or a woman couldn’t provide to reading what’s in the newspaper or gleaning insights from the Islamic State’s public Telegram channels—to supplement our collection efforts. But we still need humans to develop sources to carry out our most sophisticated cyber operations. It’s a misconception that these operations happen at the speed of light; most are a long process involving reconnaissance and a lot of information, and we have to step away from the keyboard so that we can set up the circumstances for human targets to make a mistake. At the same time, we live in an age of extensive surveillance making it harder to operate in certain places, and policy makers, for their part, have only grown more risk-averse, ratcheting up the political cost of planting our people in dangerous positions.

Our adversaries’ growing cyber capacity heightens the difficulty further. Because China and Russia are in our networks, they’ve seen our payroll—and that includes our spies, who need salaries and health insurance as much as any employee at the Department of Agriculture. Incidents like the hack of the Office of Personnel Management, or the data breaches at private firms like Anthem and Equifax, have scattered fragments of our officers’ identities all over the world. Building covers that can stand up to that degree of digital scrutiny is extraordinarily difficult, shading into impossible. And the politicization of intelligence throws yet more fuel on the fire. No one will sign up for a dangerous undercover role if their identity might be declassified for partisan gain down the road. No ally will share secrets from a well-placed source if we can’t swear to keep them.

None of these trends is likely to shift to the advantage of human spies any time soon. Instead, at IC components like the Central Intelligence Agency, we need to rebalance our investments to reflect what they can still do well. As I've argued before, the agency has developed an impressive capacity for kinetic action and support. Even as the most urgent threats confronting us shift—from non-state organizations to near-peer competitors—that expertise will remain invaluable in tomorrow's gray-zone conflicts. But making the change will require shaking loose from an organizational culture that is rooted in the Cold War, which ended over three decades ago.

Signals Intelligence in the Shadow of Silicon Valley

Though in some respects our signals intelligence (SIGINT) efforts are cutting edge, in others they risk becoming outmoded even faster than our HUMINT undertakings do. The most volatile variable in the mix, though, isn't the obsolescence of any particular gizmo—it's Washington's always-evolving relationship with the tech giants in Silicon Valley. Our government has been slow to grasp that the business decisions made by a handful of private firms influence our access to intelligence as much as any bill passed by Congress or any executive order. We've been slow to understand, too, that when we fail to establish accountability guardrails of our own, other parties will throw up walls of their own, jeopardizing our access to information in the long run.

Over the last ten years, for instance, nothing has damaged our SIGINT capacity more than our initial insistence on "collecting it all." We now know that some of the most expansive undertakings of the Bush and Obama administrations, like the telephone metadata program that operated under Section 215 of the PATRIOT Act, produced little actionable intel. Pending legislation to curb practices has stalled in Congress, which is only further complicated by some alleged FISA application missteps at the Department of Justice.

We'll be living with the consequences for the foreseeable future because Silicon Valley reacted by "encrypting it all." We lost access not only to what we *shouldn't* have been able to collect, but also to data that once would have been subject to ordinary warrants and valid legal process—all with the flick of a switch. Now, that shift may turn out to have been for the better; the gains to our cybersecurity may ultimately outweigh the intelligence we forfeited. But regardless, the experience should have been a sharp lesson learned.

It didn't take. Law enforcement has picked fight after fight with the tech giants, pushing Apple and others to adopt ever more elaborate technical safeguards—and pushing more and more of our intelligence targets onto high-security platforms. This is an arms race we can't win; it's imperative we stop trying before we do any more damage. Instead, of course, technology policy is becoming more and more of a political football, the kind of Washington conversation in which the people who know the least talk the loudest. And the rift is deepening at a moment when technical capacity has never seemed more critical to our national security future. Who's going to have the edge in the race to develop powerful artificial intelligence: the countries that celebrate their whiz kids or the countries that marginalize and antagonize them? Where are the next big leaps in quantum computing—or in quantum-proof cryptography—going to come from?

A twist on the same dynamic has played out in our relationship with Europe. Some of our allies have never fully gotten over Edward Snowden's disclosures; some of them don't think very highly of the reforms we've taken in response. We could go back and forth over whether that reaction is justified, but the reaction is real, and it threatens severe consequences for the free flow of information across the Atlantic. Just this summer, the Court of Justice of the European Union threw out the Privacy Shield agreement, which lets firms transfer data from Europe to the United States, on the theory that American law doesn't do enough to protect its citizens against our intelligence agencies. That decision has been criticized (fairly) for overstating the difference between the European and American approaches to national security surveillance. But whatever its merits, the ear-splitting alarm is worth hearing: if the United States fails to set more appropriate limits on National Security Agency (NSA) data collection, Europe will set its own. And if the EU pursues the kind of "data sovereignty" Russia and China have pioneered, the consequences for the open internet—not to mention our intelligence partnerships—could be disastrous. In the long run, we lose far more by pushing our partners' privacy boundaries than we do by showing we respect them.

Where We Need to Go

It would take a book to explore every patch, fix, and reform, and even that magnum opus would be incomplete; these challenges are *dynamic*. Addressing them will take leadership—in Congress, in the White House, and in the senior ranks of the intelligence services. Still, my short list of prescriptions has to begin with remedies for politicization.

Of course, there is no single silver bullet. Instead, we'll have to create overlapping accountability mechanisms, safety nets that back each other up. For one, we need to update the Federal Vacancies Reform Act to ensure that Congress keeps its say in who fills the nation's top spy jobs. The responsibility to advise and consent is a grave one, not to mention a powerful oversight tool, but it comes to nothing if the president can shuffle appointees around the bureaucracy without needing to send anyone to the Hill for Senate approval. In the same spirit, we need to strengthen protections for the inspectors general (IGs) who help make sure the intelligence community colors within the lines. When IGs are removable at a moment's notice, a determined president can end any investigation or report with a phone call—paying little to no political cost in the process. Congress must likewise insist that the president properly staff and empower watchdogs like the Privacy and Civil Liberties Oversight Board. The PCLOB's reports have been an indispensable source of ground truth on our intelligence programs—for one, the agency concluded that the metadata program raised legal concerns long before the courts did—but the agency is defanged when it lacks a quorum, as it did for too long in the Trump administration.

By the same token, the intelligence community must learn to tolerate greater scrutiny and transparency if it hopes to regain the trust of partners and the public. The Foreign Intelligence Surveillance Court (FISC), for instance, has lost the trust of too many parties to continue on with business as usual. We need to let sunlight in to reassure members of both parties that surveillance powers are being exercised appropriately (not politically) and to make clear that the executive hasn't returned to the bad old days of secret law. That means publishing more of the FISC's legal determinations; it means expanding the participation of *amici curiae*, who can ensure civil liberties are taken seriously. The executive branch must also make sure that criminal defendants receive the notice they're entitled to—under both our intelligence statutes and the Constitution—when the fruits of foreign surveillance are used against them at trial. Reforms like this would help reassure the world that our intelligence programs are subject to judicial review and that we're confident they can pass with flying colors.

Only by regaining the public's trust—and only *when* we've regained the public's trust—can we put our spy agencies on a sustainable footing for the future. And only with good intelligence can we hope to craft the foreign policy we need.

Jane Harman is the Director, President & CEO of the Wilson Center and a former nine-term member of Congress from California. She served as Ranking Member of the House Permanent Select Committee on Intelligence from 2003 to 2007; was a principal author of the Intelligence Reform and Threat Prevention Act; and was deeply involved in the government's response to the September 11 attacks. Since joining the Wilson Center, she has served on advisory boards to the Central Intelligence Agency, the Office of the Director of National Intelligence, and the Departments of State and Homeland Security. She also currently serves on the Defense Policy Board. She is teaching a seminar at Harvard Law School, her alma mater, and has a book forthcoming in May 2021. She is a trustee of the Aspen Institute and a member of the Aspen Strategy Group.

In our increasingly complex world, the United States must remain the strong glue that holds our transatlantic bond together.

—KAY BAILEY HUTCHISON

U.S. Security Challenges in 2021 and Beyond

Kay Bailey Hutchison

Security challenges for the United States in 2021 must be discussed with a risk analysis that sees far into the future. Changes in science and technology will have as much impact as arms-control talks on missiles that deliver weapons of mass destruction. The array of new types of lethal weapons is staggering, and space, vital as it is to our national security and prosperity, is now a domain that must be defended. Artificial intelligence enables action without human judgment; it can be used to distort messages that could change orders or allow mistakes that could have drastic consequences. Adding to the technology innovations of developed countries, science is producing lethal options at minimal cost. Simultaneously, the speed, scale, and intensity for cyber and “hybrid” attacks are increasing, facilitated by rapid technological changes, global interconnectivity, and even unforeseen pandemics. Who could argue, for example, that an adversary with even the most limited resources would not wonder about harnessing the human and economic devastation caused by COVID-19 for its own benefit? Add this possibility to the list of threats that could be used to destroy the economy and the people of a military, economic, or values-based competitor.

What we assess as the security challenges for 2021 should guide our preparation for deterrence against longer-term challenges. Below are my thoughts, shaped through the NATO lens, about the way forward. In brief, NATO has provided transatlantic security for over seventy years thanks largely to its ability to adapt to new threats. Led by the United States, the alliance now includes the unified voice of thirty democracies spanning Europe and North America. It is the essential security alliance for Western values—values that must continue to guide the U.S. approach to foreign affairs.

NATO Unified and Strong

When assessing the security challenges of 2021, it is imperative that NATO holds together, strong and unified.

Since its founding in 1949, NATO has expanded from twelve to thirty allies. The strength NATO brings with thirty unified allies cannot be underestimated. Each ally brings its own unique resources, expertise, and competitive advantages, stretching from North America to the Baltics to the Balkans.

NATO’s expansion, however, does not come without challenges. Because NATO acts through consensus, all decisions must be agreed to unanimously. Bilateral disputes or regional differences in priorities can divide the alliance, while some allies tend to put economic priorities above security requirements.

If careful, constant efforts are not made to maintain unity, NATO risks a weakened resolve. Failing to act or failing to prepare must be avoided in an alliance that relies on deterrence to prevent open conflict. Deterrence is achieved with superior capabilities that are constantly updated and messaged through exercises and public commitments.

In our increasingly complex world, the United States must remain the strong glue that holds our transatlantic bond together.

The National Security Strategy labels Russia and China as revisionist powers that seek to shape a world antithetical to U.S. interests. The 2018 National Defense Strategy notes that the central challenge to U.S. prosperity and security is the reemergence of long-term, strategic competition by these revisionist powers. In the near term, Russia aims to

weaken U.S. influence in the world, divide us from our allies, and develop existentially threatening weapons systems. In the longer term, we see the militaristic buildup of a China that uses economic might for strategic advantage to be the power struggle requiring the most preparation.

Our strategic competitors see NATO as an adversary. They use hybrid and cyber attacks as divisive maneuvers meant to wear down our publics and sow division. It is the vital role of the United States to assess risk and push the alliance to prepare against threats. This is the strength that makes us essential to NATO.

The United States must continue to lead NATO to ensure not just unity, but unity *and* strength.

COVID-19

The challenges of 2021 will include defeating COVID-19. But when the immediate crisis is no longer a health issue, the effort turns to preparing for the next threat to global health. We must ensure that COVID-19 and other pandemics will not turn a health emergency into a security emergency in the future.

In 2020, NATO has done its part responding to the pandemic using military assets and logistics to support humanitarian needs. To date, NATO and allied militaries have coordinated more than 350 flights to airlift hundreds of tons of supplies around the world and set up nearly 100 field hospitals to bring aid where needed. Our defense ministers in June 2020 adopted a NATO plan to provide support in the event of a second wave or a future pandemic, stockpiling medical equipment for immediate assistance.

The challenge that will continue is determining how to prepare for a rogue nation that decides to use chemical and biological elements for hostile aggression. Attacks that could start in a water supply, transportation system, air release, or in more ways than we can even imagine today must be assessed and plans made to respond.

Terrorism

The immediate priority is to eliminate terrorist havens in parts of the Middle East that have been exported to the United States and our allies. NATO stood with the United States after declaring its Article 5 commitment following the 9/11 terrorist attack on our country. The effort continues in Afghanistan and Iraq to ensure terrorism for export does not resurge.

Keeping NATO military trainers for Afghan and Iraqi institutions, enabling them to protect their own countries, is a primary focus for 2021 and likely beyond. Supporting an Afghan peace negotiation and an Iraqi government that is determined by free and fair elections will be a challenge the United States will face with increasing support from NATO.

Great Power Competition

A significant allocation of resources will be necessary, near and long term, to prepare for competition from Russia and China.

Each country is expending enormous efforts to compete with U.S. security assets. The United States must continue its vigilance to assess the risk, build defense, and lead NATO in allied efforts to exhibit strength against all potential weapons and methods.

As the United States is building military hardware to meet these challenges, we can also expand bilateral partnerships that strengthen democratic institutions. NATO is the world's longest standing and most effective security alliance; it too can expand global partnerships for stability in self-governance.

NATO already has a pillar of outreach dubbed "projecting stability." This means, when welcomed by a country that seeks common values but is near areas of aggression against individual freedoms, NATO consults to strengthen institutions through dialogue, joint exercises, and training. Projecting stability through partnerships should be

expanded. As hybrid and cyber attacks have increased, democracies are seeing more disruptive false reports, including through social media, that seek to sow discontent in their publics. Strengthening democratic governments to promote fair elections, freedom of the press, the rule of law, and respect for human rights will help dilute the effects of hybrid misinformation by building trust in political institutions.

Consider, for example, an enhanced NATO network in Latin America countering the influence of Russia, China, and Iran that we are now seeing throughout our own hemisphere. Imagine the free democracies of Asia partnering with NATO and the United States to ensure freedom of navigation of the seas for global commerce.

If we look to the long term, strengthening global democracies for resilience against efforts to divide and conquer freedom will be a bulwark to protect Western values and our way of life.

NATO should not ignore global threats because these threats undermine transatlantic security. Alliance burden-sharing with America's leadership is the way to ensure that Western democracies and respect for human rights prevail in a world of challenging dynamics.

The challenges of 2021 will be to assess and prepare for a much bigger and longer-term effort. We must build institutions that ensure our way of life—determined by our people—and bring together allies and partners that are strengthened to support our collective values.

Kay Bailey Hutchison was sworn in as the Permanent Representative of the United States to the North Atlantic Treaty Organization on August 15, 2017. From 1993-2013, she served as a U.S. Senator from Texas and was also elected to a Senate leadership position. Ambassador Hutchison gained extensive international experience and developed a deep understanding of NATO as a Member of the Senate Armed Services Committee. She also served as Chairman of the Military Construction Subcommittee and as a Member of the Defense Subcommittee on the Senate Appropriations Committee. She served two terms as Chairman of the Board of Visitors of the U.S. Military Academy at West Point. Prior to assuming her duties, Ambassador Hutchison was a prominent attorney at Bracewell, LLP, an established international law firm in Dallas, Texas. Ambassador Hutchison also served in the Texas House of Representatives, as the Texas State Treasurer, and as Vice Chairman of the U.S. National Transportation Safety Board. Ambassador Hutchison earned a Bachelor of Arts degree from the University of Texas and a degree of Juris Doctor from the University of Texas School of Law.

Whatever Berlin intends to do, it should first ask what its actions would mean for Europe's ability to recover from the crisis and for Europe's capacity to protect its values, interests, and sovereignty on the world stage.

—WOLFGANG ISCHINGER

Germany's European Imperative

Wolfgang Ischinger

Henry Kissinger once suggested that political decisions should be guided by two core questions: “What are we trying to achieve?” and “what are we trying to prevent?”¹

For Germany, the answers to both questions are clear. What we need to prevent at all costs is Europe falling apart, paving the way for a return of nationalism, which has brought war twice in the past century. What we want to achieve is equally clear: we want Europe to be able to defend its political, economic, and societal model. This is why Germany must now embrace a “European imperative”² as the basis for its decision-making. Whatever Berlin intends to do, it should first ask what its actions would mean for Europe’s ability to recover from the crisis and for Europe’s capacity to protect its values, interests, and sovereignty on the world stage.

The pandemic has upended plans for the current German presidency of the Council of the EU. The primary task will be that of “maintaining EU integration as such.”³ The pandemic risks deepening rifts between Europe’s hard-hit south and the countries of the north, it threatens to widen fissures between eastern and western EU member states over migration and the rule of law, and it generally risks strengthening Euroskeptic forces across member states. And as if this were not enough, emboldened external actors—Russia and China in particular—are eager to exploit the pandemic in efforts “to undermine democratic debate and exacerbate social polarization”⁴ in Europe to advance their own agendas.

In this regard, the recent decision to create a recovery fund proves that the grand coalition in Berlin understands that EU member states were “writing a page in a history book” rather than “a page in an economics manual.”⁵ In financial terms, it also sent the much-needed signal of solidarity and empathy that Berlin had failed to convey in previous crises.

For Germany, the initiative was tantamount to a massive change in mindset. Berlin should use this occasion to once and for all do away with the one-sided narrative of being exploited as Europe’s paymaster—a narrative long cherished by policy makers, journalists, and the wider public. Too often, EU budget increases have been criticized without mentioning the benefits of integration, let alone the cost of disintegration. Between 2014 and 2018, the single market increased real incomes in Germany by almost 120 billion euros, while, in the same time period, Germany’s net contribution to the EU budget amounted to 10–15 billion euros per year.⁶ Thus, the economic benefits Germany accrues alone outweigh the costs it incurs many times over.

Yet, making the case for Europe in Germany is not the only task for German leaders. They also have to make the case for Germany in Europe. If Germany is to act as a bridge builder in a deeply divided EU and forge sustainable compromises on important European issues—from migration and asylum to climate change and defense—it needs to be perceived as an honest broker in the common European interest, as a legitimate leader that has Europe’s best interests at heart.

To strengthen Europe’s ability to defend its values and interests in the world, Germany should take bold steps toward fully embracing and implementing the European imperative.

Most importantly, we need to end the “‘small nation’ thinking”⁷ of the past. At a time when Europe’s ability to “relearn the language of power”⁸ is called for on various fronts, Germany must seize the opportunity to amplify Europe’s voice in the world.

Germany's desire to strengthen Europe's role in the world is still at odds with Berlin's own inability to approach policy issues from a more (geo-)strategic and global angle. This inability was particularly evident in the German debate about the U.S.-EU Transatlantic Trade and Investment Partnership (TTIP). In these discussions, narrow domestic targets took precedence over geopolitical considerations.⁹ Likewise, the recent debate on U.S. nuclear weapons stationed in Germany gave the impression that this was exclusively a national issue and had few if any ramifications for NATO or Euro-Atlantic security. Time and again, members of the German political elite fail to consider the international repercussions of their statements and policies.

Europe has to stand its ground in a global environment where innovation and economic growth have become a primary domain for geopolitical competition. Yet, Germany itself has still been reluctant to view its economic relations through a wider geopolitical lens. It continues to rank economic growth and export promotion before other foreign policy goals and does not link these economic goals to other priorities. At a moment when Germany's most important trading partners increasingly extend beyond its close strategic allies, this policy is neither sustainable for Germany nor conducive to empowering Europe.¹⁰ In this regard, Germany's China policy will constitute one of the principal tests of Berlin's willingness to embrace the European imperative.

Germany regularly acknowledges that the most decisive challenges of the future, including climate change, migration, and technological competition, all require European solutions. Still, Berlin often balks at requests to back up its demand for "more Europe" with the necessary resources, financial and otherwise. Germany's climate policy is a primary example. Climate and environmental protection topped the list of priorities for the German presidency of the Council of the EU. However, Berlin has been reluctant to provide the funding needed for the European Commission's ambitious Green Deal.

Climate policies are not the only area where this is the case. Financial nit-picking and concerns about burden-sharing often dominate German debates about European policy priorities and objectives. The European imperative demands a public debate that defines the concrete goals and benefits that Germany seeks to achieve at the European level. And it demands that once these goals are defined, Germany invests the resources needed. Recent survey data suggest that Germans do not only desire a more active role for their country in Europe, they are also willing to provide more resources for concrete European policy ambitions, including in the fields of climate protection and innovation.¹¹

A Europe able to defend its values and interests in the world must speak with one clear voice. The starting point includes Germans listening to their neighbors when their core interests are at stake. An EU foreign policy à la carte will not work. We cannot call for joint European positions on some issues while at the same time—as was initially the case with Nord Stream 2—trying to restrict European jurisdiction when we see it as a hindrance. The EU cannot become "*weltpolitikfähig*"¹²—capable of acting at the global level—if every single member can veto every decision for parochial reasons. Put differently: being guided by the European imperative cannot be understood as acquiescence to a Europe of the lowest common denominator. To this end, Germany should take three steps.

First, Berlin should continue to make the case for an extension of qualified majority voting (QMV) to the domain of foreign and security policy and, as a first step, voluntarily waive its veto right. Of course, critics may argue that the risk for Berlin is small, as it is less likely to be outvoted than other countries. But at the very least, this would send a clear signal to the rest of Europe.¹³

Second, Germany should seriously consider how it can make using the veto more costly for others. Abstaining from using its own veto will certainly help, but would clearly not be enough.

And third, Germany needs to be more willing to forge ahead with a critical mass of like-minded partners when the EU's consensus requirement gets in the way of action. In the area of the Common Foreign and Security Policy, this is particularly urgent. Here and elsewhere, Berlin must not hide behind a lack of consensus but should actively seek partners that share an ambitious agenda for Europe. Of course, this means reinvigorating the Franco-German partnership, which has recently shown the way in the economic realm but should also be more active in foreign and security policy. The European imperative demands that Germany should not press ahead without properly consulting or reassuring its neighbors. But it should also not allow individual EU partners to paralyze the European project and prevent efforts to update it.

The partnerships Berlin needs to foster in order to help defend European values and interests in the world extend well beyond the EU. This is most important following Brexit. Germany should work closely with France to secure close coordination and cooperation with the United Kingdom.

Germany should also underscore its ambition to turn the EU into a credible foreign policy actor. There is no need for semantic debates about the true meaning of “strategic autonomy” or “European sovereignty.” But there is a clear need to enhance Europe’s ability to act. Europe’s lack of influence on the course of conflicts that have affected its core interests—most notably those in Syria and Libya—has been all too evident. While Europeans have been quick to criticize the United States for abandoning its traditional role, the European approach has been even more impotent and inward-looking than that of the United States.¹⁴ A world of “Westlessness”¹⁵ is also a consequence of Europe’s apparent inability to defend its own core interests. While Commission President Ursula von der Leyen has promised a “geopolitical Commission,”¹⁶ Josep Borrell, the EU high representative for foreign affairs, has repeatedly underlined the necessity for Europe to “relearn the language of power.”¹⁷ European leaders must make sure that these grandiose claims are filled with meaning.

In any case, it is obvious that the EU will not learn to speak the language of power as long as Germany does not. Even in a world increasingly shaped by great-power competition, it still makes sense to defend the European model of multilateral cooperation, trying to forge win-win situations or investing in rules-based frameworks. But this should be done from a clear-eyed position of strength and based on reciprocity, recognizing the fact that other actors do not share the European world view. Even the United States has to adapt to a new era of great-power competition in which the U.S. is facing increasingly powerful rivals in a world where liberal democracy is no longer the only game in town. For the EU, which was essentially designed to overcome a “dog-eat-dog” world, the learning curve is far steeper. It is still new to the great-power game.¹⁸ For very good reasons, Europeans, and Germans in particular, detest the kinds of policies that come with it. Yet, even if they operate differently, Europeans must learn how to respond more decisively and effectively to attacks on their core values and interests. What kind of message does it send if repeated attempts to hack into parliaments or to undermine the integrity of elections—the critical infrastructure of European democracies—are not met with a strong response? With Berlin’s help, Europe must make sure everyone understands it will not accept being bullied and will mobilize its special set of resources to push back.

This plea for Germany to embrace the European imperative and accept the leadership role that is part of it should not be misunderstood. Germany cannot—and will not—lead on its own. It must always build coalitions, with France remaining its first and foremost partner. What is needed is a “European Germany,” as Thomas Mann put it. It is a Germany that is aware of its limits. But it is also a Germany that is aware of its potential. German leaders and the German public often seem blissfully unaware of the fact that decisions made and actions taken in Berlin can be existential issues for its partners. German leadership based on the European imperative would acknowledge and anticipate the ripple effects of German decisions and actions for Europe. More important still, it would create a simple but powerful benchmark for all political decisions taken in Berlin: first and foremost, they must be geared toward strengthening Europe. If Berlin throws its full weight behind the EU, it can become Europe’s “enabling power.”

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- ⁸ Josep Borrell, "Embracing Europe's Power," *Project Syndicate*, February 8, 2020, <https://perma.cc/C35M-H99G>.
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The first key objective for American leadership in 2021 is to correct the confusion and disorientation—worldwide—about whether and how the U.S. intends to lead.

—JOHN MCLAUGHLIN

American Foreign Policy in 2021: Competing on a New Playing Field

John McLaughlin

Looking ahead on American foreign policy just before an election always presents the temptation to say, “Well—it depends on who wins.” But this would mean risking a low shelf life for any projections. Better this year to look instead at the world as it is—the conditions and challenges that will confront *either* candidate.

The other temptation to resist is keying everything to how the COVID-19 pandemic plays out. To be sure, the pandemic is perhaps the most striking breakpoint with the world we have traditionally known—but it is not the only one. And many of the conditions the United States will confront existed before the pandemic, the result of complex causes over multiple administrations. All this said, we must approach 2021 with no illusions about the impact of the disease; it has made all of the pre-existing problems worse—killing one-half million people globally (more than 200,000 Americans), exacerbating global hunger dramatically, triggering a series of deep and likely persistent economic recessions, and adding to growing questions abroad about the strength, competence, and leadership ability of the United States (in sum, the merit of the U.S. “model”).

The starting point for U.S. foreign policy in 2021 has to be defining the characteristics of the era we are in—one that could be called the *third* post-World War II era. The first obviously was the Cold War—bipolar in character, centered on ideology and an arms race, and lasting about forty-six years until the collapse of the Soviet Union in 1989-91. The second was the seventeen-year period from 1991 to the 2008 financial crisis, now widely referred to as the “unipolar moment,” a period when the United States by virtue of having lost its “main enemy” had unparalleled freedom of maneuver and limited concern about geopolitical competition—while rebounding from the 9/11 attacks and getting mired in Iraq and Afghanistan.

The third era, now a dozen years on, begins around the time of the financial crisis. That event shook global confidence in the U.S. financial system and opened up a period of rising competitors—some growing more powerful and influential (China), others turning aggressive (Russia) or displaying vaulting regional ambition (Iran), or some simply gaining dramatic capability and competence in multiple fields (India). This, along with challenges to aspects of the U.S.-fashioned post-WWII international order encompassing borders, institutions, and rules governing the “global commons,” has occurred against a global backdrop of growing populism, weakening democratic systems, burgeoning global population, societally disruptive and persistent migration patterns, and the emergence of advanced technologies empowering individuals and small groups beyond anything imagined in earlier eras. In short, *a world unlike any the U.S. has had to compete in previously.*

Foreign policy is not just about eras or ideas; it is also about resources—things that can project influence and back up ideas with demonstrable power and influence. So as the U.S. seeks to move forward and give shape to this era, it is worth looking at the state of our *national security* toolkit. We continue to enjoy many advantages in hard power and soft power—but not as overwhelmingly as in the past.

Turning first to hard power, views differ on the state of our military and its competitiveness, but it seems clear that we can no longer count on enjoying a technology gap with rivals. Nor can we be as assured of spending our way to dominance, especially if some economists are correct in plausibly suggesting that China’s economy will be twice the size¹ of ours by 2050.

Numerous studies affirm such concerns about whether our military can retain its customary dominance. The bipartisan National Defense Strategy Commission,² reporting two years ago, concluded that in its current state, the U.S. military might “struggle to win, and might even lose” a conflict with Russia or China. The commission was concerned about everything from the state of acquisition to readiness and was very doubtful that the military could handle a war with two adversaries simultaneously.

The main concern of the commission and in the most recent Pentagon report³ is with China’s advances, especially as they affect the balance in the Pacific. China now has in absolute terms the world’s largest navy (350 ships and submarines compared to U.S. Navy’s 293 ships), although this may understate the quality and capability of the U.S. naval force. It is now producing its second indigenously constructed aircraft carrier with more on the way and has stockpiled more than 1,250 land-based cruise and conventional ballistic missiles with ranges up to 5,500 kilometers—compared to no ground-launched cruise missiles for the U.S. and only one type of conventional ground-launched cruise missile with a range of 70-300 kilometers. China has achieved this while strengthening its integrated air defense system and modernizing its command and control systems. The Rand Corporation⁴ has come to similar conclusions in its studies. No surprise that former Joint Chiefs Chairman Gen. Joe Dunford left office worrying about the U.S. losing its “qualitative and quantitative competitive edge.”⁵

Russia is not in the same league but narrows many gaps through its use of hybrid warfare—the blending of conventional force, special operations, information warfare, psyops, covert action, and coordinated dissembling. And at this point, Russia appears far ahead and perhaps holds a monopoly on hypersonic weapons,⁶ whose speed and maneuverability potentially cancel out many U.S. advantages on warning and missile defense.

In sum, our military is still the world’s most powerful in absolute terms, but others are catching up and hold leads or are bidding for leads in many key areas. *The primary consequence of this, in a world where we presumably wish to avoid combat with a peer competitor, is to diminish the deterrent power of the force we present*—tempting others to adventurism or to provocations that can generate costly miscalculations leading to unwanted war.

A primary defense task for American national security policy in 2021, looking to the future, will be to ensure that our military retains the power to deter—which may not be entirely about resources.

Key parts of our soft power toolkit are also at risk. The U.S. has always had an edge in this realm measured by things as mundane as box office receipts for American movies,⁷ 70 percent of which typically come from overseas and heavily from China and Russia. But while these “softest” indicators may be holding up, other more operationally significant ones are not.

Diplomacy is the point of the soft power spear, and it is in trouble—in terms of both resources and current global public opinion about the United States. On the resource side, the database⁸ operated by the nonpartisan Partnership for Public Service shows that as of August 2020 there were at least fifty-nine positions at State that either had no nominee, an unofficial nominee, or an official nominee waiting for Senate approval. Alarming, among the spots having no nominee in any category, thirteen are ambassadorial, representative, or special envoy posts (including to Afghanistan, Cuba, and the EU). Moreover, the State Department’s official website acknowledges that forty-six countries do not have an official ambassador (as of August 2020). Many of these are key U.S. allies or partners, including Japan, Jordan, Norway, and the EU. Finally, President Trump has appointed more “political” ambassadors than his predecessors—about 43 percent compared to around 30 percent under the last three administrations. And many of them have gotten into embarrassing situations,⁹ due either to personal behavior or diplomatic faux pas.

Recent year State Department budgets,¹⁰ including for 2021, have hovered around \$40 billion with about half going to foreign assistance, leaving only about \$20 billion for worldwide operations—compared to a 2021 Defense Department budget¹¹ of about \$740 billion.

Moreover, State and other agencies in 2021 will be pushing against plummeting world opinion of the United States. The latest survey¹² of thirteen key countries by the Pew Research Center reports that “the share of the public with a favorable view of the U.S. is as low as it has been at any point since the Center began polling on this topic nearly two decades ago.” American foreign policy in 2021 must begin bending this curve upward.

So, reflecting on the national security toolkit, the United States heads into 2021 with both its hard power and soft power suffering shortfalls and facing challenges unique to this new era—at least in terms of scope and magnitude.

When it comes to issues the U.S. has to grapple with in 2021, the sheer number of problems demands some thinking about priorities. Thinking of this reminded me of the answer I got a couple years ago when, visiting Beijing, I had the opportunity to ask a Chinese Communist Party vice chairman for her assessment of China's major national security problem; without blinking she said: "Internal development." This suggests that heading into an era of enhanced competition with China, we need to be aware that not all of that competition will be on foreign fields but also in our respective capacities to mobilize and efficiently deploy our populations and our national resources.

When it comes to challenges affecting foreign policy, our most pressing task may be domestic—but it is less internal development and more a matter of governance. Arguably our greatest challenge at home is the paralyzing partisanship that vastly transcends the normal differences and political friction expected in a democracy. Stated simply, we are a divided country, and we are dealing with competitors who lack many of our foundational strengths but who seem able—admittedly through political systems we abhor—to make and implement decisions rapidly.

We court danger if we take too much comfort in the home advantages we have and that have allowed us to prevail in the past—resources, education, innovation, and favorable demographics. We are not using these to full advantage and the American people sense this; the latest surveys¹³ show that only 17 percent of the U.S. population trusts the government to "do the right thing" compared to 75 percent in the late 1950s. Gifted leadership and a "whole of government" effort is required to bring our domestic and foreign policy goals into harmony.

Turning to specific foreign issues, it no longer works to march through a series of the world's obvious "hot spots" because most of them are now connected in ways that rule out dealing with them one at a time. Better to start with two mega-requirements for U.S. foreign policy heading into the twenty-first century.

The first key objective for American leadership in 2021 is to correct the confusion and disorientation—worldwide—about whether and how the U.S. intends to lead. After a period of withdrawal from or neglect of multilateral settings, the world is waiting for a confident and long-term reassertion of U.S. leadership. Related to this is the second requirement: reinvigorating our traditional alliances—some multilateral, some bilateral—and perhaps creating new ones. As surely as we enjoy advantage from natural and man-made gifts at home, we have a decisive edge internationally through our ability to attract, hold, and lead *values-based alliances*—something most of our competitors are unable credibly to accomplish.

Alliances and strong bilateral relationships will be our most powerful force multiplier. *This is foundational work for American foreign policy in 2021*, which, when accomplished, will pave the way for all else Washington needs to achieve.

Then we need to turn to the big global issues on which only U.S. engagement can make the difference between progress or paralysis. This includes climate change, about which there is no longer credible debate, beyond just how rapidly and severe the damage will be. Climate scientists see a 2° C increase in warming as the tipping point for catastrophic levels of change, but at the current pace of greenhouse gas increases, the earth is on track for 3-4° C rise over the next eighty years. More urgently, the 2018 UN study¹⁴ said we have only about twelve years to take actions to stay under 1.5° C or face an acceleration toward worst effects. Without mitigation, the impact on our health, economy, military readiness, food and water security, and migration is likely to grow throughout the period—not to mention the threat to our coastal military installations (DoD calculates 128 such bases¹⁵ valued at \$100 billion would be mostly or completed submerged by 2100), low-lying islands, and countries such as Bangladesh.

A comparable issue requiring U.S.-led multilateral engagement is the unraveling global arms control regime and the threat of proliferation of nuclear weapons beyond the current nine nuclear powers. With the 2011 New START Treaty set to expire¹⁶ less than a month after a new U.S. administration takes office, we are on the verge of having for the first time since the 1960s no formal agreement with the world's other major nuclear power on the management and reduction of the world's most dangerous weapons. That can weaken the international Nuclear Non-Proliferation Treaty (NPT), in which countries' agreement to refrain from developing nuclear weapons is based on an assumption of continued reductions among the major powers. With North Korea already possessing nuclear weapons and Iran

restocking¹⁷ its enriched uranium following U.S. withdrawal from the 2015 agreement limiting Tehran's nuclear work, these two regions at minimum are vulnerable to the proliferation temptation. Few issues have greater urgency for American foreign policy in 2021 than getting nuclear weapons and materials managed securely—with an eye toward continued reductions.

Looking at specific regions, the United States will face tough choices everywhere in 2021.

In the **Middle East**, the question is just how much the U.S. wants to continue significant commitments such as those in Iraq and Syria and whether to strive as in the past to be the honest broker in settling regional disputes—at a moment when the region seems to be realigning itself with minimal U.S. input.

Europe, whose unity and influence has often benefited from U.S. engagement, needs understanding and support from Washington at a moment when it is struggling with internal divisions, a change of leadership in Germany, democratic backsliding in the east, financial stresses in the south, migration, and the centrifugal stimulus of Brexit.

Although election interference has made **Russia** toxic in American politics, U.S. foreign policy in 2021 must find a way to couple firm deterrence with sufficient engagement, now at historically low levels, to restore at least mutual comprehension, get arms control back on track, and find a measure of common ground where our interests coincide, as in combating terrorism.

Latin America and Africa in 2021 must command American attention for their most sharp-edged problems. After a democratic resurgence in the 1990s, **Latin America** is in now troubled with widespread protests that show dissatisfaction with democratic governments and of course openly authoritarian regimes in countries such as Venezuela and Nicaragua. **Africa** presents a tableau of broadly successful governments—South Africa, Namibia, Ghana, Tunisia, Morocco—and present dangers, such as the terrorism flourishing in large ungoverned areas of the Sahel.

Managing the U.S. relationship with **China** is the challenge looming over all the others, sure to affect to one degree or another success in other arenas. What are the realities facing the U.S. as it crafts China policy in 2021? Here are four important ones.

First, it is hard to sustain the long-dominant American notion that simply supporting China's rise would ultimately make it the "responsible stakeholder" many envisioned in international trade and in the global order created mainly by the U.S. after WWII. President Xi's statements are open to interpretation, but these and China's actions are hard to read in any way other than, at minimum, signaling deep dissatisfaction with the current global order or, at maximum, a desire to replace it¹⁸ with one revolving around a series of interlocking political and economic relationships with China.

Second, China will continue growing economically,¹⁹ even if at a slower pace than in its boom decades of double-digit expansion. Its economy is already one-third larger than that of the U.S. in purchasing power parity and will achieve parity soon in nominal rates. It produces 30 percent of global manufacturing and is the major trading partner for about three-fourths of the world's countries.

Third, China's military modernization of the last four decades makes it able to hold U.S. forces at greater risk in the Pacific—with an aspiration to be dominant in the region by 2049. It plans to double its nuclear arsenal²⁰ in the next decade, according to the Pentagon. Within five years, it will have about 200 nuclear warheads capable of hitting the U.S. (keeping in mind that the U.S. has about 3,800 and that China's posture is defensive, eschewing a nuclear first strike).

Fourth, although China seems unable to build values-based alliances rivaling those of the U.S., it is fielding transformational ideas attracting large participation, much as the U.S. did after WWII. Its Asian Infrastructure Investment Bank (AIIB) has drawn participation from many American allies, including half of NATO and many Asian partners, such as Australia. Beijing's Belt and Road Initiative (BRI) is gradually connecting China with the Middle East and Europe through a network of roads, rail, ports, and air agreements. And in the wake of American withdrawal from the Trans-Pacific Trade Partnership, China threw its weight behind a comparable pact, the fifteen-nation Regional Comprehensive Economic Partnership (RCEP)²¹ whose Asia-Pacific members comprise one-third of the earth's population and production.

In the face of such realities, there is no perfect strategy for U.S. foreign policy—but there are strategies to avoid. One is the “economic decoupling” many tout as the way to end any dependency on China and weaken its economy. But our two economies are too entangled²² to realistically plan this—the U.S. buys on average around \$500 billion in goods of all kinds²³ (ranging from sophisticated electronics to common household items) from China annually and sells it more than \$100 billion (ranging from transport equipment to electronics and food), along with \$300 billion in computer chips alone. Decoupling also implies needless fear of head-to-head competition, which we simply have to face and in which we continue to enjoy significant advantage. This includes even emerging technologies such as artificial intelligence, according to several recent university studies,²⁴ in part because of our open research tradition—the very opposite of decoupling.

Presumably, we want a strategy that leads to something other than military conflict. Accepting that means that at any point, our relationship, even if it has moments of hostility, can also be marked by moments of partnership or shared interests on some issues (North Korea, terrorism) and by intense competition on a range of economic and political matters. In other words, we have to accept that it will be complicated and resist characterization by labels that echo the past, like “containment” or “Cold War.”

Our China strategy will require the flexibility to adjust to changing circumstances, but starting principles could include:

- A determination to compete aggressively on all measures of power and influence and to implement this with an American “whole-of-government” effort;
- Enhanced consultative mechanisms with China—military, diplomatic, economic, intelligence—to foster mutual comprehension and conflict management;
- U.S. cultivation and strengthening of U.S.-based alliances aimed not at walling off China but at coordinating interaction with it;
- Focusing on aspects of U.S. defense acquisition and planning that give priority to enhancing deterrence.

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Competing with authoritarian states will require a strategic and robust U.S.-Europe partnership that upholds shared liberal democratic values.

—TORREY TAUSSIG

U.S. Foreign Policy in 2021: Five Priorities for a Progressive Transatlantic Agenda

Torrey Taussig

Introduction

American and European policy makers will be presented with a daunting set of challenges in 2021. Foremost among them include threats to democratic institutions and free societies posed by authoritarian states; growing economic inequities on both sides of the Atlantic; the unmitigated effects of climate change; and most recently, the disastrous global financial and public health implications of COVID-19. Unfortunately, the transatlantic relationship currently faces a significant deficit of trust that is inhibiting cooperation on this set of shared challenges. As a community comprised of some of America's strongest and most prosperous partners, this lack of trust and cohesion has significant consequences for U.S. interests at home and abroad.

In the coming year, the United States and Europe may have an opportunity to overcome some of these challenges—not by looking backward and reverting to old assumptions and policies, but by advancing a renewed and progressive transatlantic relationship. This paper proposes five specific goals for U.S. foreign policy that aim to advance such an agenda while strengthening shared U.S. and European interests.

1. Pursue joint action with Europe on climate change as a top foreign policy priority.
2. Create a strong democratic playing field for competing with China.
3. Advance technology for free societies through standard setting and joint research initiatives.
4. Enforce anti-corruption measures to strengthen democracy in the transatlantic community.
5. Broaden the transatlantic economic agenda beyond trade to focus on digital issues and regulatory harmonization.

Each of these policy goals is explored in-depth below and highlights tactical priorities for the U.S. and Europe to pursue in 2021 and beyond.

Geopolitical and Domestic Realities in 2021

Geopolitical realities in 2021 will provide even greater urgency for reviving the transatlantic relationship. Both Democrat and Republican U.S. foreign policy experts agree that America's unipolar moment is over. U.S. political, military, and economic influence is being challenged by a rising China that seeks to displace American power in the Indo-Pacific and compete with the U.S. for stronger ties with America's traditional allies, including those in Europe. Russia is pursuing an irredentist foreign policy under President Vladimir Putin that undermines the strength of democratic and free societies in an attempt to maintain the Kremlin's internal legitimacy. Within the West, democratic backsliding and the emergence of populist nationalist forces are tearing apart the political and social fabrics of countries that have anchored the transatlantic relationship.

Domestically, the United States will still be dealing with a pandemic not yet under control and a significant economic recession in 2021. There will be little bandwidth to advance major foreign policy proposals that are not linked to alleviating America's economic and public health crises. But critical challenges on the world stage, ranging from China, Russia, Iran, and Afghanistan to trade and climate change, will remain. It is therefore critical that the United States have a willing and capable partner in Europe. This will require early and sustained attention to the transatlantic relationship, including a willingness to discuss issues central to Europe's politics, such as migration (and thus security issues in the Middle East and North Africa) and climate change. Concerted and coordinated efforts by the U.S. and Europe will be more effective than unilateral steps taken by either the U.S. or European nations.

The transatlantic relationship will also be important for achieving U.S. domestic policy goals. The European Union is scheduled to propose legislation in 2021 and 2022 on issues such as economic recovery, trade, digital taxes, the regulation of social media, tariffs tied to carbon consumption, and the rule of law. It is possible that European regulations will set standards globally (as happened with European privacy rules for digital media). Early and constructive engagement with Europe may provide a way to advance progress on these issues, particularly if the U.S. domestic context remains partisan and divided.

Five Policy Priorities for a Progressive Transatlantic Agenda

1. Pursue joint action with Europe on climate change as a top foreign policy priority.

The Trump administration has significantly set back the United States in its domestic and global efforts to address climate change. If there is a new U.S. administration in 2021, the U.S. will have an opportunity to rebuild cooperation with Europe on advancing a progressive climate agenda. Ursula von der Leyen, president of the European Commission, has deemed tackling climate challenges as “this generation’s defining task”¹ and the Commission’s “first priority.”

Rejoining the Paris Agreement is only the first step. Vice President Biden has also pledged that under a Biden administration, the U.S. will be carbon neutral by 2050. Biden’s proposal also makes a federal investment of \$1.7 trillion over the next ten years and leverages additional private sector, state, and local investments to total more than \$5 trillion.²

This strong climate agenda is in line with European Union efforts, which as part of its European Green Deal Investment Plan aims to attract at least 1 trillion euros of public and private investment over the next decade to make the bloc carbon neutral by 2050.³ Much of the investments pledged in the U.S. and Europe will need to be used in support of technology innovation, which is an opportunity for U.S. and European public and private sector entities to boost joint funding initiatives and pool research and development.

Early goals for the U.S. will be to prioritize and integrate climate into all aspects of the transatlantic relationship, including trade, energy, defense, and technological cooperation; to work with the European Union to coordinate the implementation of shared climate targets (specifically pledges to be carbon neutral by 2050); and to partner with EU member states in promoting a strong climate agenda at key multilateral bodies, including the G7 and G20.⁴

Two tactical priorities for the U.S. will be to coordinate with the EU on carbon border tariffs and to strengthen financial and technical collaboration. Border adjustment tariffs (BATs) have emerged as a favored tool among climate experts to safeguard American workers and economic competitiveness while encouraging trading partners to raise their climate performance in order to access the U.S. market. Similarly, the European Green Deal includes a carbon border adjustment mechanism that would start in 2021 and levy taxes on carbon-heavy imports. The U.S. should work alongside the EU to ensure that actions taken are compatible with WTO rules and avoid measures that would lead to transatlantic trade disruptions. To enhance financial and technical collaboration with European partners, the U.S. should also look to use initiatives developed under the European Green Deal to strengthen cooperation in energy efficiency, carbon capture, and other decarbonization and energy efficient technologies.⁵

2. Create a strong democratic playing field for competing with China.

China presents an interrelated set of challenges to the U.S. and Europe that span trade, technological, and governance issues. While tensions between the U.S. and Europe under the Trump administration and European disunity on China policy have inhibited a coordinated transatlantic strategy, there has been considerable convergence in recent years between U.S. and European positions on China. Both the U.S. and Europe share concerns over Chinese forced technology transfers, unfair trade practices, limited market access, and advantages maintained by Chinese state-owned enterprises over U.S. and European companies. There is also interest among U.S. and European partners to develop shared technological standards as China develops and exports its surveillance technologies.

The publication of a European Union white paper in March 2019 marked a fundamental shift in how far Europe was willing to go in pushing back on China. The white paper simultaneously referred to China as a partner, competitor, and systemic rival and outlined the importance of developing a more balanced and reciprocal relationship with China while strengthening Europe's industrial and technological capabilities. Today, the EU is taking important steps, such as creating a chief trade enforcement officer position, developing a strategy for strengthening EU competition laws for accessing the common market, and building efforts to strengthen EU-wide investment screening mechanisms.⁶

On the other hand, there is little appetite in Europe for pursuing hardline approaches, such as economic decoupling. There are also disagreements between the U.S. and European countries on whether to allow Chinese telecommunications company Huawei to develop national 5G networks. Meanwhile, the Trump administration's withdrawal from the Paris Agreement and the Iran nuclear deal, threats to withdraw from the WTO, and issuance of steel and aluminum tariffs on the EU have damaged America's credibility and rendered China a more reliable global partner for addressing environmental and security issues.⁷

To begin to develop a shared agenda on China, the U.S. should first indicate alignment and interest in collaborating with Europe on three policy issues in particular: trade, technology, and human rights. On trade issues, and if there is a new U.S. administration in 2021, there will be more room to advance progress on WTO reform efforts and pursue cases alongside the EU and other countries such as Japan to compel China to change its abusive trade practices, including on intellectual property theft. This coordinated approach will put Beijing under greater pressure than the current unilateral trade war pursued by the U.S.

Regarding technology, the role of Chinese telecommunications firm Huawei in developing EU member state 5G networks is a contentious issue that the U.S. should try to influence. Europeans care deeply about digital privacy and data protection and have shown an interest in developing viable alternatives to Huawei. The U.S. and European governments in cooperation with private sector companies should therefore continue to explore investment and R&D opportunities to nurture competitors such as Finland's Nokia Corp. and Sweden's Ericsson AB, as well as other non-Chinese companies.⁸

Democracy and human rights issues is a third priority area. Standing up to the Chinese Communist Party's (CCP) abuses against Uighur Muslims in Xinjiang and repressive actions in Hong Kong will remain a top issue for the U.S. regardless of who wins the U.S. presidential election in 2020. While Europe has been more reticent than the U.S. to employ offensive tools such as export controls and sanctions to push back against such concerns, Beijing's imposition of a new national security law in Hong Kong has further aligned U.S. and European concerns over the CCP's authoritarian reach. In July 2020, the EU agreed to enact its own export controls of technologies to Hong Kong that could be used for internal repression or surveillance. Moving forward, this development could provide more room for the U.S. and the EU to coordinate on export controls to China and to strengthen a transatlantic democracy and human rights agenda.

The transatlantic community still has the power to influence China's choices if the U.S. and Europe can work together and with other likeminded states to hold China accountable to high standards in trade, technology, and global governance. However, this will first require restoring transatlantic trust and easing political tensions in the U.S.-Europe relationship on policies such as climate change, trade, and sanctions.

3. Advance technology for free societies through standard setting and joint research initiatives.

The U.S., Europe, and other democratic nations have an opportunity to lay the foundations for a progressive vision on AI and emerging technology. The U.S. and Europe maintain a shared set of values and a mutual desire to set democratic standards and bolster defenses at a time when China is developing and exporting surveillance technologies around the world. But Europe's comparative lack of technological capabilities could leave it dependent on Chinese companies that do not share Europe's values on privacy and human rights.

To make up for this weakness, Europe has positioned itself as a first mover in tech regulation—a tool the EU also hopes will boost its technological sovereignty.⁹ In February 2020, European Commission President Ursula von der Leyen released a series of proposals for regulating AI and has pledged billions of euros to turning Europe into a data superpower. Brussels has already had some success on this front; its General Data Protection Regulation (GDPR) has forced major websites to comply with EU data practices despite the frictions this legislation initially caused with U.S. companies.

The U.S. should lead the charge alongside Europe to develop a technology ecosystem that protects and promotes liberal democratic values and that builds consensus among other U.S. allies and democratic states. It will also be critical for the U.S. and Europe to strengthen defenses against technology theft and forced transfers while boosting shared R&D and innovation efforts.

There is already significant collaboration and shared R&D between the U.S. and Europe at both the government and industry level. To enhance this collaboration, the U.S., the EU, and NATO should explore how best to share data sets to train AI algorithms, boost defenses against counter-AI techniques, and investigate other efforts to exploit AI system vulnerabilities.¹⁰ The U.S. and Europe should also share best practices on investment screenings based on lessons learned through the Committee on Foreign Investment in the U.S. (CFIUS) to ensure that foreign entities are not acquiring assets in strategic industries that will erode the transatlantic community's technological edge over authoritarian powers.

4. Enforce anti-corruption measures to strengthen democracy in the transatlantic community.

A strong global anti-corruption agenda is an integral component of a values-based and progressive U.S. foreign policy. Countering corruption and illicit finance is a goal that resonates domestically in the U.S., as it involves strengthening the rule of law, delivering transparent and accountable governance, and addressing the financial drivers of declining trust in democratic institutions. It also has wide application to the transatlantic relationship. Illiberal governments in Europe and elsewhere have been known to use corrupt practices and networks to consolidate power and undermine political opposition. Corruption should therefore be targeted as a means to strengthen civil society and the rule of law in backsliding countries.¹¹

An aggressive agenda on tackling corruption would also target influence from authoritarian regimes like Russia and China that rely on corrupt elite networks to maintain regime stability and undermine Western democracies. Russia in particular has proven capable of buying influence in European politics by funding political parties, corrupting politicians and government officials, and using European markets to launder money and enrich Russian elites. These activities undermine the rule of law in Europe and dent democracy's appeal by promoting corruption and making governments less responsive to their citizens.¹² Russia's efforts are possible because of Europe's patchwork campaign finance regulations (only half of EU member states fully ban foreign donations) and because of the EU's weak financial supervisory architecture. Due to the nature of Europe's single market, Russia and its proxies can undermine Europe's entire financial supervisory system by exploiting the individual member states with the weakest regulations.¹³

There is ample opportunity for the U.S. and Europe to make progress on anti-corruption measures in light of the political will to advance this issue on both sides of the Atlantic. Through domestic and coordinated reforms and legislation, the U.S. and Europe can make progress on shutting down tax havens, exposing fraud and corrupt practices, and bringing transparency to illicit financial schemes and networks. Specifically, the U.S. can work with the UK and the EU to establish international transparency and enforcement mechanisms to close offshore tax havens¹⁴ and develop a global financial wealth registry to reveal accurate wealth ownership and prevent corporations from moving money to low-tax jurisdictions.¹⁵

Another priority for U.S. and European partners on countering corruption involves coordinating more on anti-money laundering efforts. Since power to take concrete action on money laundering resides with national authorities, EU common standards are only as effective as those of the weakest member states.¹⁶ The U.S. should therefore support the creation of a European-wide anti-money laundering regulator that would develop legislation to bring national competencies and enforcement mechanisms up to high and uniform standards.

5. Broaden the transatlantic economic agenda beyond trade to focus on digital issues and regulatory harmonization.

Trade will remain a divisive issue in the U.S. and Europe in 2021. Whether there is a Biden or a second Trump administration, either will face intraparty headwinds on reducing trade barriers and implementing free trade agreements that are not perceived as protecting American workers. This domestic political landscape has been complicated by trade and economic policies pursued by the Trump administration toward U.S. partners, including the EU.

Yet the U.S. and the EU have a \$1 trillion bilateral trade relationship, which constitutes the largest economic relationship in the world.¹⁷ The transatlantic economy creates 16 million jobs in the U.S. and Europe.¹⁸ For these reasons and others, removing barriers to trade in the transatlantic relationship should be promoted as good for the middle class on both sides of the Atlantic. Looking ahead, future trade discussions with the UK and the EU (and particularly the ongoing U.S.-UK free trade negotiations) can advance a strong climate agenda by basing progress around party commitments to Paris climate targets, enforceable environmental standards, and regulatory incentives for clean energy.

Advancing a transatlantic economic agenda to meet environmental aspirations will first have to address tit-for-tat retaliatory measures that the U.S. and the EU have pursued under the Trump administration. Despite originally exempting the EU from Section 232 steel and aluminum tariffs enacted on the basis of national security, the U.S. implemented the tariffs in June 2018. This action set off a round of retaliatory measures from the EU; more than \$3 billion worth of U.S. goods, from whiskey to Harley-Davidson motorcycles, became subject to 25 percent tariffs. Meanwhile, the Trump administration has continued to threaten tariffs on auto imports from the EU.

Both sides must take steps to repair the deteriorating trade relationship and return to their 2018 pledge to work toward “zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods.”¹⁹ Although there is little appetite in Brussels and Washington for a resumption of Transatlantic Trade and Investment Partnership (TTIP) talks, a truce on trade will allow the U.S. and the EU to advance a broader economic agenda that includes developing a regulatory framework for digital services, countering China’s market distorting practices, carrying out effective WTO reform and modernization efforts, and advancing an agenda to tackle climate change.

Defining digital taxation rules will be an early hurdle for the transatlantic relationship in 2021 and will require close attention. Seventy-five percent of digital content globally is produced in North America and Europe, and 55 percent more data flows via transatlantic cables than over transpacific routes.²⁰ To maintain this level of data production and transport, the U.S. and the EU must reach an agreement on digital services regulation. The Trump administration’s withdrawal from multilateral negotiations at the Organisation for Economic Co-operation and Development (OECD) on amending global taxation rules for the digital economy has further incentivized EU countries to implement their own national digital services taxes that target large U.S. companies. The OECD is an important venue for reaching a global solution on this issue, and it will be incumbent on a new U.S. administration to work with European countries to either rejoin the OECD negotiations or determine a regional-based solution to digital tax disagreements.

Conclusion

The five policy shifts outlined in this paper are central to advancing a progressive vision for U.S. foreign policy and the transatlantic relationship. This agenda includes addressing shared challenges from China; advancing democratic standards in AI and emerging technologies that meet the needs of free societies; integrating a strong climate agenda into our economic, political, and social ties; promoting tough anti-corruption measures to strengthen democratic

institutions and the rule of law; and advancing equitable trade and regulatory policies that strengthen climate measures and inclusive growth. For each of these efforts, the European Union will be a key partner for the U.S. in 2021 and beyond.

Competing with authoritarian states will require a strategic and robust U.S.-Europe partnership that upholds shared liberal democratic values. Before advancing shared values in our foreign policies, however, the U.S., the EU, and European member states will need to strengthen their own domestic commitments to democracy, social and racial justice, human rights, and the rule of law. This will involve the difficult but necessary work of addressing the drivers of discontent and distrust that have fueled populist movements on both sides of the Atlantic. Without addressing these weaknesses in the transatlantic community, calls to compete with authoritarian states on the basis of shared democratic values will continue to ring hollow.

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The U.S. administration that takes office in 2021 should regard it as a time to help found another, a fourth, system of world order, as was done at the beginning of the 1990s.

—PHILIP ZELIKOW

U.S. Foreign Policy in 2021: Reconceiving America's Place in the World

Philip Zelikow

We are living through a transitional period of world history. As it did at the beginning of the 1990s, in the early 2020s the United States should help define a new agenda for common international and transnational action. This new agenda implies a different system of world order and institutions to go with it.

In doing this, the U.S. should maintain a deep engagement in tackling global problems that matter most to Americans. Yet this engagement need not, and should not, be very costly or militarized. Thus, the U.S. will also need to reconceive its own institutions for accomplishing foreign objectives, both civilian and military, for this different age.

Part One: Historical Context

The transition in world history has two dimensions. We are living through a transition in world history. And we are assessing a transition in the structures of world order.

World history. We are in the early stages of the third great era of modern world history over the last 250-plus years.

- The first era, which I date from about 1760 to about 1870, was marked by radical changes in material conditions of human existence and ideas about governance. Historians tend to associate these changes with the democratic revolutions in the Atlantic world, the first industrial revolution, and the ways these changes rippled into the major civilizations throughout Asia.
- The second era began taking form during the 1870s and took defining form in the last quarter of the 19th century. This era also lasted for about a hundred years, until the last quarter of the 20th century—1890-1990 is not a bad simplification. This was the age of industrial behemoths, the global organization of supply chains to fuel them, and corresponding changes in the organization of society and economic life, including urbanization. It was an age that historians often associate with the second industrial revolution, advanced nation-states, and their more intensively globalized domains. With these material changes came the emergence of rival systematic ideologies contesting how to organize such societies, including the beliefs that led to gigantic industrial wars among the leading powers.
- The third era began toward the end of the 20th century and it is still taking shape. It is marked, among other things, by the digital revolution touching and reshaping many aspects of society, the decomposition of the older ideologies of the industrial age, and much larger human impacts on the global biosphere.

Meanwhile, alongside these macro evolutions in world history there has been a parallel struggle to find ways to organize states to attempt some common efforts among them.

World order. Until the First World War, despite a couple of European experiments, there were no truly *global* efforts to organize purposeful structures of cooperative world order. The First World War was such an obvious global disaster that governments and peoples were inspired to try to do better.

Any cooperative system of world order is no more than a group of governments (or other powerful institutions) that try to work together to accomplish certain purposes.

There have been three such efforts in the last hundred years. All three tried at least to do a few basic things:

- indicate the major powers who accept some responsibility for the effective operation of the system;
- prevent or manage the danger of aggressive armed conflict, including by organizing to deal with common enemies; and
- set up a working basis for global commerce, including any common rules for trade and finance.

The United States of America became the largest economy in the world during the 1870s and the world's most capable military power during the 1940s. For better or worse, the United States has played a central part in all three of these past efforts.

The first system was set up between 1919 and 1925. From the start it had some significant handicaps and limitations, but perhaps it could have lasted for a little while. But it soon collapsed amid a series of ill-managed crises between 1930 and the end of 1933.

The second system, the Cold War system, was a system for a divided world. It was set up mainly between 1944 and 1951. It lasted for a generation. It was cooperative, but only within the two principal confederations. These confederations organized themselves for global war and competed for advantage in the uncommitted "third" world. The economic side of both confederations began unraveling during the 1970s. The entire Cold War system disintegrated between 1988 and 1990.

We are now living through the declining years of the third system of world order. This system, meant to provide the foundation for a growing global commonwealth, was mainly set up between 1989 and 1994. (The global financial structures began being created in 1978.) This system too has lasted for a generation.

Even as it fades, this third system is still poorly understood. It is often believed, even by scholars, to be the same system as the one created in the late 1940s. It is not. Some of its institutions are entirely new, like the Treaty on Conventional Armed Forces in Europe (CFE)/Organization for Security and Co-operation in Europe (OSCE)/Open Skies system or the World Trade Organization (WTO). Some are informal, like the central bank structures for international financial cooperation. Some institutions kept the same reassuring names and outlines, like the North Atlantic Treaty Organization (NATO) and the International Monetary Fund (IMF), while the institutions themselves were gutted and transformed to do quite different things.

Part Two: The Crisis of the Old Order: No Longer So Good at the Old Problems

The current system of world order is breaking up. The old system is no longer so good at handling the old problems. And the old system has not adapted well to handle the *new* problems.

As for old problems, remember that there are three classic jobs for such a cooperative system to perform.

First: "Indicate the major powers who accept some responsibility for the effective operation of the system."

The original American creators of the system in the early 1990s believed the American role in it would be central but not dominant. Unfortunately, many Americans thought they were in a prolonged "unipolar moment" and drifted complacently into unipolar habits of thought. As I pointed out in my recent book with Condi Rice, even from the start, even at the supposed peak, this so-called "unipolar moment" was, all along, really a "unipolar mirage."¹

The temptation to try to be not just central, but truly dominant, rose during the 1990s and then started failing almost as quickly. The whole cycle of Icarus trying to fly, then falling painfully back to Earth, happened within less than ten years (about 1997-2006). America has now fallen back to Earth. But it turns out that the reality back on Earth need not be so bad.

The U.S. did make a serious effort, beginning especially during 2005 and several years afterward, to welcome China and India into the ranks of the great powers and invite them to accept some responsibility for the effective operation of the system. For quite different reasons, and in quite different ways, neither of these efforts has been very successful.

Russia's place in this third system has been a difficult problem. The most important phase to have addressed this issue would have been during the 2000s, as Russia recovered political and economic stability. The United States did not give adequate attention to the emerging crisis with Russia at a crucial point, especially in 2006-2008. However, even if it had, there was an important dynamic emanating from Russia's own circumstances, and so it is not clear that the escalating problems since 2007 could have been averted.

The multiplying issues in major power relations since 2016 are so recent and well known that they require no comment. It is worth noting, though, that transatlantic policy toward Russia has been mainly on autopilot for the last five years. The bottom line is that, at the end of 2020, all of the major powers feel that they are mostly on their own.

Second: "Prevent or manage the danger of armed conflict."

The system set up in the early 1990s was oriented to a set of newly prominent dangers. These were entirely different from the missions of the Cold War system, dominated by its preparations to wage global war, including global thermonuclear war.

The new missions began picking up more and more attention through the 1980s and then stood alone as the gigantic older missions dissipated. As all the mountains disappeared, the remaining foothills seemed like mountains.

These new missions were to police the emerging global commonwealth in at least a few ways regarded as basic. The focus was on what the United States and some of its friends regarded as the most dangerous global outlaws. These "rogues" were weapons of mass destruction (WMD) outlaws, terrorist outlaws, and a couple of especially egregious or intrusive local aggressors—such as Iraq in 1990 and Serbia during most of the 1990s.

The system substantially contained these threats. But it allowed the catastrophic failure represented by the 9/11 attack. That failure was traumatic.

In the aftermath of that trauma, the U.S. and its friends catastrophically misjudged the Iraqi situation in 2002 and thereafter. Dominated by narrow-minded military and intelligence arguments and estimates, the U.S. badly misjudged the gravity of the local situation and badly misjudged its capacities to manage the aftermath of its military operations.

Through prolonged and painful trial and error, many in the U.S. government eventually learned more about how to conduct effective local partnerships in the damaged societies in which it now finds itself enmeshed. But the U.S. government is still far too reliant on a narrow spectrum of military and intelligence instruments, the only ones in which it has invested a large effort.

Third: "Set up a working basis for global commerce, including trade and finance."

This system is also degrading. The operation of the WTO is coming to a halt. Both the IMF and the World Bank are weaker now than at any time in the last thirty years. Governments around the world are considering how to further renationalize their economies and supply chains.

Through able management around the world, the dollar-dominated global financial exchange system survived the serious American and European financial crises of 2008-2012. Although that system still seems to be working, this is only because the dollar's value is still stable and the search for an alternative to the dollar-based system is therefore not yet urgent. But the U.S. has put the dollar's future under enormous strain. It is using the dollar as a principal tool of unilateral power while it is undermining the dollar with unprecedented and problematical levels of debt and money creation. The resulting risks seem so large and incalculable that it is only sensible to start hedging against the survival of this part of the old order.

Part Three: Toward a New Agenda

To repeat what I said at the top: we are in a transitional period in world history. Some old concerns about war and peace, trade, and finance continue. But even there, the nature and purposes of future warfare and the future of global capitalism appear to be changing in very deep ways.

There are particular regional dangers. Each needs to be analyzed on its merits, in detail. Where there are dangers of conflict, the system of the early 1990s seems, at the moment, to have entirely collapsed. Discussions among the major powers about current and possible armed conflicts seem almost nonexistent. The main arms control structures are in poor shape. Limited wars are proliferating. Russia is currently actively involved in at least three of them, although right now the ceasefire seems to be holding in the Donbass. The main point is that the policy design work cannot be done by just pulling out the familiar Cold War playbook, or even the 1990s playbook.

In the United States, the usual argument is framed as “restore liberal international order” on one side, with “restraint or offshore balancing or America First” on the other. This framing of the argument is reactionary—on both sides. It is a culture war about attitudes, toward foreigners and foreign problems.

This culture war looks backward, not forward. It is not focused on the problems most Americans agree that their country should tackle.

The U.S. administration that takes office in 2021 should regard it as a time to help found another, a fourth, system of world order, as was done at the beginning of the 1990s. There is a domestic companion, a new era of American opportunity related to the digital revolution.²

The United States could work with partners around the world to set some basic directions on an agenda emphasizing (in no particular order), the following seven themes:

- Biological security (including future developments in biotechnology)
- Environmental security (including the oceans)
- Digital security and innovation
- Inclusive economic recovery, opportunity, and security
- Future of freedom
- Future of China
- Strengthening a coordinated rule of law among those who want one: Versus terrorism, transnational corruption, and other transnational threats to public order

It is still unclear how globally inclusive this new system can be. The adapted or new institutions will have to start from a practical understanding, on each of these vectors, of which nation-states or subnational entities or nongovernmental institutions can muster the capability to accomplish the desired effects and are willing to join in a common effort.

Some people imagine a new system for a divided world, with “democracies” in one camp and outsiders in the darkness. This reminds me of the worst features of the “Versailles system.” The proponents, of course, see it as a new Cold War system.

Yet, that Cold War system was not a system in which the United States recruited the principal partners. Instead, the principal partners tended to recruit the United States. It was the partners who did much of the work to defend themselves and organize the loose confederations that defined that system of anti-Communist kinship.

Today, in most of Europe and most of Asia, other important powers are not so reactionary. They are not nostalgic about the Cold War system, and they do not wish to re-create one.

There are also experts around the world who envision, even welcome, a multipolar world, perhaps more like the world of the eighteenth or nineteenth centuries, but with China becoming the new paramount power, as Britain sometimes was back then.

Both of these alternatives, of polarizing rivalry or multipolar anarchy, are really no system of world order at all. They cannot go far to accomplish any large, worldwide results. They are systems of disorder, preparing for constant conflict and imperial rivalry.

Maybe this is our fate. I am not so sure. I have not yet given up on a system of world order, adapted for the challenges of the twenty-first century.

Part Four: Reconceiving America's Role in World Politics

My generation formed habits of thought about America's role in the world, habits of thought that were formed in an exceptional time. For most of its history, the United States was not deeply engaged with world politics. American public engagement with global problem-solving is the exception in our history, not the tradition.

In the last 244 years, the only times there has been a broad consensus in the country in favor of costly international action was in the year and a half surge in 1917-18; the reaction to world war between about 1941 and 1945; the sustained reaction to the danger of World War III between about 1950 and 1985; and then as a reaction to 9/11, between about 2002 and 2008.

My generation came of age during that uniquely long consensus, sometimes under great strain, that held up between about 1950 and 1985. But that was a distinct period of history. The anti-communist glue that created a degree of consensus in foreign and defense policy dissolved along with the Soviet Union. It has really never returned, in either party.

Large defense spending continues. But it is sustained by inertia, the powerful domestic interest groups that now find identity and sustenance in the defense-intelligence behemoths, and some shared desire to patch up the battlements of a Fortress America in a world that seems strewn with obscure pathologies.

The current time reminds me of American attitudes in the 1920s, after the bitter disillusionment with the intervention in the First World War and its aftermath. Then and now, Americans in both parties are deeply suspicious of any foreign commitments. Also, as was the case then, when Americans were reacting to a previous generation of mass immigration, a significant fraction of Americans are uneasy about foreigners and wish (as Americans did then) to severely restrict such flows. Many Americans, across parties, are also anxious about the future of their communities. They search for community even as the digital revolution makes them feel more globalized and rootless, in other ways, than they have ever felt before.

But I encourage you to reexamine the list of seven global themes I suggest for a future agenda. Now, even in these times, Americans *do* care about all seven of those global problem sets. They often do not perceive them as being global. The problems often present themselves locally, from the fires burning in the next county, to the pandemic sweeping the country, to the cyberattack that just disabled your husband's machine.

Americans are interested in tackling those problems. They are open to people who can make a practical case for how to do that, which—in all cases—necessarily involves global partnerships.³

If those seven themes form the core of a new security agenda for the twenty-first century, our legacy institutions are strikingly ill-adapted to address them. I define power dynamically, as a capability to attain desired results. Our institutions are not adapted to achieve desired results on the agenda of this emerging era of global problems.

Americans are sometimes proud to point to how much more “hard” power we have, as if military instruments and the related intelligence support provide the brute force to attain the desired results in this new era. A major part of U.S. “hard” power and most defense and intelligence spending are substantially irrelevant to this new security agenda. This is true even if one is concerned, for instance, about the nature of relevant military readiness against dangers from China or Russia. One of the ironies of the U.S. criticism of European defense spending is that the traditional U.S. security approach is so anachronistic that the Europeans now have a quite comparable share of what is really the “hard” power to attain results on the problems in today's world, especially those that now specifically beset Europe and the Mediterranean world.

America's institutions for wielding twenty-first century power have atrophied. If the United States tripled its Foreign Service, which it should, the budgetary impact would scarcely be noticed. But pushing more money into the State Department is not the core problem. The core problem is reconceiving that and other deeply neglected institutions in order to attain American objectives outside of the United States. Congress is not likely to make a radical commitment of new resources into the same old vessels.

That reconception of American foreign service should also be an agenda for action, to rebuild better, as candidate Biden has put it. That agenda should have at least four parts (in no particular order):

- Redefine and broaden the concept of foreign service beyond a single department of the government, to become an interdepartmental foreign service, while narrowing the focus of the traditional Department of State.
- Restore the State Department's capacity to play a central role in providing day-to-day analysis of developments around the world.
- Reduce reliance on outside contractors and maintain professional expertise for critical problem-solving and policy implementation inside the government. Create a foreign service reserve of expertise, available as needed, around the country.
- Overhaul and strengthen professional training, including training in policy design and key policy areas, in a greatly enlarged foreign service.

Back in 1974, my former colleague at Virginia, Mel Leffler, wrote an essay called, "Political Isolationism, Economic Expansionism, or Diplomatic Realism: American Policy Toward Western Europe, 1921-1933." His essay was about the problem of constructing a new kind of American engagement in a troubled continent, even though Americans were wary of any foreign entanglements or military commitments. So, "the United States became, in the words of Henry Stimson, the champion of a 'commercial and non-military stabilization of the world.'"⁴

What the American internationalists attempted to do back then, in the early 1920s, was to help build a system that had deep engagement with European politics. It had deep engagement with East Asian politics. It had deep engagement with what then was the global balance of military power. But they tried to do so in a way that grew out of American objectives at home.

Such a system need not be very expensive, in the sense of traditional military spending. And the system designed back then suffered from too narrow a toolkit. It was, for example, too reliant on Wall Street and it had too weak a base in domestic and congressional support.

But it is time to update that general theme for another America wary of foreign entanglements and military commitments that is seeking a "non-military stabilization of the world." It cannot be exclusively non-military (and it was not then). But at this point, in 2020, the twenty-first century toolkit, for the twenty-first century security agenda, can be predominantly non-military.

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¹ Philip Zelikow and Condoleezza Rice, *To Build a Better World: Choices to End the Cold War and Create a Global Commonwealth* (New York, NY: Twelve, 2019), 364.

² I was the managing director for a group called "Rework America" that published both a diagnosis and set of prescriptions for such an agenda. *America's Moment: Creating Opportunity in the Connected Age* (New York, NY: Norton, 2015). The group's arguments remain valid in 2020.

³ See, for instance, the way the argument is put in Robert Zoellick, "Biden's Domestic Priorities Should Guide His Foreign Policy," *Foreign Affairs*, September 8, 2020, <https://www.foreignaffairs.com/articles/north-america/2020-09-08/bidens-domestic-priorities-should-guide-his-foreign-policy>.

⁴ Melvyn Leffler, "Political Isolationism, Economic Expansionism, or Diplomatic Realism: American Policy toward Western Europe, 1921-1933," republished in *Safeguarding Democratic Capitalism: U.S. Foreign Policy and National Security, 1920-2015*, ed. Melvyn Leffler (Princeton, NJ: Princeton University Press, 2017), 82. Robert Zoellick stresses the achievements of the early 1920s system in disarmament, East Asia, and international law in his chapters on Charles Evans Hughes and Elihu Root in *America in the World: A History of U.S. Diplomacy and Foreign Policy* (New York, NY: Twelve, 2020). The limitations and failures of this system are also drawn out in Adam Tooze, *The Deluge: The Great War, America, and the Remaking of the Global Order, 1916-1931* (New York, NY: Penguin, 2015).

DOMESTIC & INTERNATIONAL (DIS)ORDER

A STRATEGIC RESPONSE

Aspen Policy Books is a series of annual publications that address the most pressing foreign policy challenges facing the United States. This volume reflects the discussions that occurred during the 2020 Aspen Strategy Group Summer Workshop, a resolutely nonpartisan meeting of experts from the fields of government, academia, journalism, and business. Unlike previous editions, *Domestic and International Disorder* does not center on one overarching topic, but instead addresses a select set of subjects at this critical time for the United States: race, democracy, and political divisions on the American home front; the future of U.S.-China relations; the global economy; and U.S. foreign policy priorities for 2021. The foreword by ASG Co-Chairs Joseph S. Nye, Jr. and Condoleezza Rice and the preface by Executive Director Nicholas Burns and Director Anja Manuel set the context by outlining the geopolitical, economic, and civil importance of these national security challenges. Each chapter then offers a strategic view and concrete policy recommendations to stabilize the U.S. position on one of these themes.

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