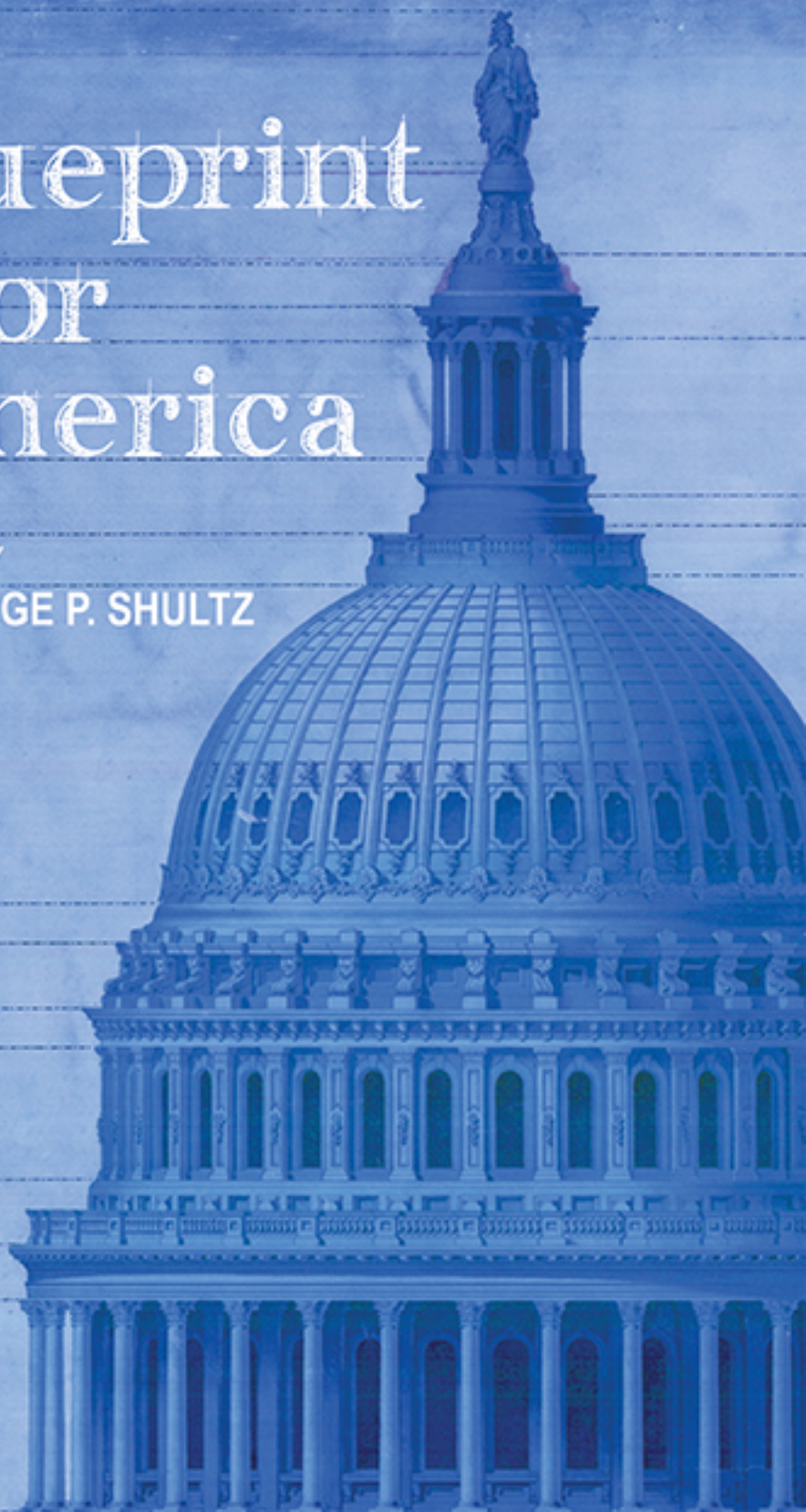


Blueprint for America

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A WORLD AWASH IN CHANGE

George P. Shultz

Reacting on my time as secretary of state, I worry about the sorry state of the world and my instinct is to say something constructive about the problems. How to start?

Let's begin by reviewing the way to think about foreign and security policy, and how to develop strategy. First, take steps to ensure and show the world that we can achieve what we set out to achieve, that a capacity to execute is always on display. The following example had an impact around the world.

Early in Ronald Reagan's presidency, the US air-traffic controllers struck. People came into the Oval Office and counseled him that this presented very complex problems. He said, "It's not complicated; it's simple. They took an oath of office and they broke it. They're out." All over the world, people thought that Reagan was crazy, but he turned to his secretary of transportation, who had been the chief executive of a large transportation company and who understood the problems and knew how to execute. He kept the planes flying. All over the world, people thought, "This guy plays for keeps. Be careful."

Second, be realistic. Throw away your rose-colored glasses. See the world as it is. That doesn't mean only bad things. Don't be afraid to recognize an opportunity when it comes along.

Portions of this chapter also appear in the book *Learning from Experience* (Hoover Institution Press, 2016).

Third, be strong. Of course, that means military strength; and economic strength is essential to a strong military. But we also need to have self-confidence and strength of purpose in our country.

Fourth, develop a US agenda. What is it that we want to achieve? Be careful not to think initially about the other guy's agenda and adjust to it—or you will be negotiating with yourself.

Then be ready to engage, but be clear: no empty threats. I remember boot camp at the start of World War II. My drill sergeant handed me my rifle and said, “Take good care of this rifle. This is your best friend. And, remember, never point this rifle at anyone unless you are willing to pull the trigger.” No empty threats. This boot-camp wisdom, often ignored, is essential wisdom.

THE WORLD TODAY seems almost suddenly awash in change. Economies struggle everywhere, the Middle East is in flames, and national borders seem to mean less than ever before. The proliferation of nuclear weapons and the rising possibility of their use threaten all mankind. There are potentially severe consequences of a warming climate. There is a virtually global effort opposed to the long-standing state system for bringing order to the world. And there are more refugees today than at any time since the end of World War II. All this is in sharp contrast to the economic and security commons that coalesced as the Cold War came to an end.

Let's revisit that formation. After World War II, some gifted people in the Truman administration, along with others, looked back—and what did they see? They saw two world wars; the first was settled in rather vindictive terms that helped lead to the second, in which 50 million people were killed and many others injured and displaced. They saw the Holocaust. They saw the Great Depression and the protectionism and currency manipulation that aggravated it. They said to themselves, *What an abysmal world, and we are part of it whether we like it or not.* They set out to

construct something better, and just as they got going, the Cold War emerged. So the Marshall Plan, the Bretton Woods system, NATO, and the doctrine of containment came into being. Gradually, continuing through various administrations and mostly on a nonpartisan basis, a security and economic commons was constructed, with important leadership from the United States, from which everybody benefited.

But that commons is now at risk everywhere, and in many places it no longer really exists. So how did we get here again? And what should we do about it this time?

THE BREAKDOWN OF THE GLOBAL COMMONS

The strategic earthquake now underway began with the turn of the twenty-first century. In the simplest summary, it is an accelerating decline in management of the international state system. Many of the states that constitute the system are struggling with their own problems of governance. At the same time, the system is under deadly attack from enemies outside who are pledged to destroy and replace it.

The state system depends upon respect for the borders of countries, but borders are being softened or have recently been eradicated. Most visible are the actions of Vladimir Putin's Russia. He attacked Georgia in 2008 and wound up carving out two new territorial entities: Abkhazia and South Ossetia. More recently, and partly as a response to the movement of Ukraine in the direction of European rule of law and greater interaction with Western European countries, Putin seized Crimea and is in the process of trying to erase the borders of eastern Ukraine. Russian arms have been fired to shoot down a civilian passenger aircraft. Putin is surely playing a very weak hand, but very aggressively. And now he moves in to the Middle East, no doubt seeking, along with Iran, a dominant position.

Meanwhile, in Western Europe, those in charge are gradually reducing the meaning of borders as they seek to homogenize into

“Europe” all the ancient cultures of that region. The creation of the euro is a case in point. Many economists warned that the coverage of the very different economies in Europe by a fixed exchange rate would lead to trouble: varying degrees of austerity would replace the flexibility of exchange rates, a result that is increasingly unacceptable. The stresses produced by this effort are all too evident as the dispersion of sovereign power leaves a sense of uncertainty and indecisiveness in the region in the face of continuing economic problems.

Of course, the Middle East has become a vivid display of the vast changes in patterns of governance and in the profile of relationships among states. The focus on the Israeli-Palestinian relationship and the US preoccupation with the “peace process” fails to recognize the larger world-historical situation at present. What kind of war is this now being waged in the Middle East and beyond? To better understand, we instead need to revisit the nature of world order as analyzed at the time of the French Revolution. At that time, as is true now, the greatest danger to the international state-based structure comes when an ideology gathers horizontal appeal—when (to borrow Martin Wight’s framework) men’s loyalties bind them closer to similarly minded men in other states than to their fellow citizens.¹ The consequence, according to Edmund Burke, “is to introduce other interests into all countries than those which arise from their locality and natural circumstances.”² This was expressed in Marxism-Leninism as “an industrial worker in Marseilles” having “greater solidarity with an industrial worker in Yokohama than either does with the French or Japanese people or nation.” And this horizontal ideological solidarity can be turned into a revolution against the established border-defined order of states with mutual obligations and formalized interactions.

This is what underlies the “strategic earthquake” across the Middle East today. The ignition switch that started this new war and turned it into the armed upheaval we saw by the summer

of 2014 was a seemingly small incident, but it turned on long-simmering resentment against loss of dignity and the absence of opportunity. In 2011, a lone entrepreneur in Tunisia tried to start a little business selling fruits and vegetables, and the regime squashed him for refusing to pay a bribe. What resonance that act produced! Along with the American overthrow of Iraq's Saddam Hussein and the departures of Hosni Mubarak in Egypt and Zine El Abidine Ben Ali in Tunisia, the lid on full-scale oppression in Iraq and elsewhere was lifted and the idea was aroused of escaping oppression anywhere in the region.

That escape is now conceivable because people know what is going on and can communicate and organize. With the lifting of the lid, out came a seemingly innumerable array of formerly suppressed tribes, factions, sects, ethnicities, causes, and so on that had been building up pressure for generations. Then they began to attack each other out of revenge and for future power-holding. Between 2007 and 2013, it appeared that there were three or four different levels of civil wars going on within the Arab-Muslim world.

This in turn revealed a new reality. The Arab regimes, at least since the post-Second World War period, had been telling the world that all was well in the Middle East except for one thing: the existence of Israel. American administrations across the years generally accepted this narrative and devoted their efforts to a process attempting to resolve the Arab-Israeli conflict. At the same time, the Arab state regimes, starting in the mid-1970s, recognized the growing existence of a horizontal, religiously radical political ideology that held a dangerous potential for the regimes themselves. Some of the regimes, therefore, began to try to co-opt the Islamists by subsidizing them and urging them to redirect their threats away from the regimes and toward Israel and European and American targets.

The overthrow of rulers in Tunisia and Egypt, and of Saddam Hussein's regime, caused the Islamists to envision overthrowing

other Arab state regimes. The old narrative was no longer plausible or sustainable; it was now a Muslim-on-Muslim conflict that had nothing to do with Israel. And within this contest was the re-emergence of the centuries-old mutual hatred of Sunnis and Shias. Over the past three or more years, these layers of intra-Muslim conflict have coalesced into one ever-larger civil war between the state regimes that are inside the international state system and the Islamist ideologues who would overthrow the regimes and take the entire region out of the international system and into their religiously driven new world order.

This is what happened in the summer of 2014 with the sudden emergence of the Islamic State of Iraq and al-Sham (ISIS) and its self-proclaimed Islamic State and Caliphate. ISIS's goal was clearly stated by one of its fighters: "We are opposed to countries," that is, to the world of states.

But in addition to the arrival of a territory-holding horizontal military force, another dimension of threat is involved: religion. From the 1648 end of the Thirty Years War, to the mid-1990s, religion was thought to have been neutralized as a cause of conflict in international affairs. Now, religion and religious war have returned. Religion, especially in the premodern period, was largely adversarial to diversity, demanding that all peoples under its purview adhere to a single way of belief and practice. The modern age sought to neutralize this tendency by declaring that while each state could practice the religion(s) of its choice, religious doctrines and scriptures should be kept out of interstate negotiations, a precept that worked well for a long time.

However, after three centuries of keeping religion out of international affairs, the rise of radical Islam in the late twentieth century and on into the twenty-first has been a severe setback to the cause of governing diversity. Radical Islamism finds it intolerable to cooperate with unbelievers, and in recent years there has been an upsurge in such intolerance even within Islam in the Sunni-Shia conflict. So all the factors for a climax are now involved: a

horizontal ideology, territorial holdings, religion, and dedication to the destruction of the modern international order.

All this comes at a time when the American grand strategy seems to countries around the world to be one of withdrawal.

WHAT TO DO ABOUT IT?

The authors of the essays which follow weigh in with their own ideas on more strategic approaches to our country's security: across our military forces, our energy picture, and in the craft of diplomacy. Let me start them off by laying out a few key concepts of my own.

As we look at our military, which clearly needs support for its force structure, training, acquisition of weapons, and, even more important, the costly effort to develop weapons of the future, we need to confront the fact of a large and building erosion in the military budget caused by massive health care and pension commitments. Those commitments, if not dealt with, will crowd out the basic functions of the military. They need some of the same medicine as must be applied to entitlements.

Russia is attempting to build and extend a sphere of influence beyond its borders. One of Russia's strengths is the dependence of many countries, particularly in Eastern Europe and the Baltic states, on it for supplies of oil and gas. Russia has demonstrated that it is willing to cut off supplies in the middle of winter, so the first step is to put in place a European energy initiative. The United States has recently developed an ability to produce oil and gas far beyond earlier times, so we should lift the export controls, develop LNG facilities, encourage the use of the new energy production and trade infrastructure in European countries that do have potential capacities, and put in place enough capacity in every country that the threat by Russia to cut off supplies is sharply weakened.

At the same time, we need to see that our military capabilities, working with NATO and urging larger budgets for defense, are

strong and present on a proper basis in the countries most threatened. NATO is now developing just these capabilities. And then there is the situation in Ukraine. We need to see that Ukraine's armed forces are trained and equipped. More fundamentally, we need to help Ukraine lessen the corruption in its governmental processes and take advantage of its natural capabilities to get its economy moving in a positive direction.

If we are able to put these policies in place, Russia will see that it is not walking into a vacuum but into a stone wall. Russia is playing such a weak hand—economically and demographically—that we also must be ready to engage with Russia, expecting that at some point along the way Russia will see the advantages of working within a collaborative state system. But in the meantime, Russia has returned to the Middle East in collaboration with Iran, first in support of Bashar Assad's Syrian regime, but, no doubt, in a combined effort to extend Iranian reach as sanctions are lifted.

The Middle East and ISIS present more difficult and complex issues, as we have already outlined. Nevertheless, these imperatives stand out. We must develop the strength to prevail militarily over ISIS. Of course, this means air power; but there must also be boots on the ground that are capable and effective. They will be more effective if they are mostly Arab boots. The challenge is to develop a force in the region that, in coordination with us, can be impactful. An unusual potential coalition is possible: Saudi Arabia, Jordan, Egypt, the United Arab Emirates, and Israel, plus Iraqi Kurds and others with help from traditional European allies.

We also need to do everything we can to limit ISIS's access to financial capability. This means a hard diplomatic effort to persuade Arab states that have a past record of trying to buy off ISIS that such a tactic is self-defeating. Access to oil supplies can be greatly restricted by air power and the denial of access to markets.

With a sharp decline in military success on the part of ISIS, its appeal will decline. Nevertheless, we need to seek ways to understand that appeal and deal effectively with it. Every country in the

West, let alone Russia and China, needs to be on guard against potential terrorist threats that may spring from the ISIS carcass.

An essential ingredient in the development of foreign policy is the maintenance of a constructive relationship with China. Strains are now clearly evident, but they can be dealt with by strong diplomacy. Here's what to do:

The two presidents or, alternatively, their authorized secretaries of state, defense, and treasury should develop a list of all those areas where cooperation and interaction are beneficial to each country. The list will be fairly long, but will be dominated by the economic advantages to both countries of their large economic interaction. There are obvious areas of collaboration in the terrorism, climate, and nuclear arenas. There are also points of tension.

For example, the competing claims with Japan over the Senkaku Islands were quiet for a long while as both sides simply agreed to disagree and put the issue to sleep. Skillful diplomacy should be able to put the issue back to sleep. The South China Sea presents more difficult issues, but perhaps there is a template that could be used. A careful joint study by a council of all the countries with interacting borders, including sea borders, with a rotating chairman can set out and respect the rules. That has been used to deal with issues of the Arctic, so perhaps the Arctic Council can serve as a template.

The problems posed by nuclear weapons are immense and are of vital significance to all countries. The explosion of even a few of these weapons almost anywhere would have disastrous global implications. China and the United States should be partners in taking every possible step to get better control of these weapons of mass destruction. The United States and China could work together with others to create a joint enterprise of countries working on this issue. In May 2016, President Obama hosted a fourth meeting at the heads-of-government level to find ways to get better control of fissile material. Perhaps this meeting could become a launching pad for a global nuclear control enterprise.

At the same time, much progress is being made on the nuclear front in the ability to verify whatever is taking place. Traditional technical means are still available. A template of on-site inspection in the most recent Strategic Arms Reduction Treaty between the United States and Russia is a working arrangement. The Open Skies Treaty still operates reasonably well and the emergence everywhere of information and communication capabilities is making the world more and more an open book. Let's put these possibilities to use in the hope that somehow and some way an end can be put to nuclear weapons. As has been said, "A nuclear war can never be won and must never be fought."

Finally, we must garden. Anyone who tries to grow things knows that if you plant something and then come back six months later, all you will have is weeds. So you learn to keep at it so that you can have a healthy garden.

The same is true in diplomacy. Listen to people, talk to people, and discuss possibilities, problems, and opportunities. Get to know others and build a relationship of trust—even when the particular issues themselves might still be on the back burner. Then, when problems arise, you have a basis for work in a constructive way. Storms may come, but a good gardener will always have good flowers and good crops. I'll have a few more words to say on that in our conclusion, but first let's hear some more on needed outward-facing strategies and international relationships from our Hoover scholars.