

STIMSON



Pragmatic Steps
Made for this Moment

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President and CEO, Stimson

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Pragmatic Steps

Made for this Moment

The presidential inbox is full; President Obama's second inaugural speech laid out an ambitious agenda for addressing an array of issues, both domestic and international. In this small volume, Stimson scholars propose some pragmatic and achievable actions that the president and his team can take to deal with some of the most important international challenges in his inbox. Our goal is to help advance international peace and security with realistic and realizable steps. We stress practicality over partisanship, flexibility over rigidity, and innovation over outdated approaches. We do not suggest that our list is complete; it is a selection of issues the president is certain to grapple with over the next four years.

Stimson approaches issues of international security with some fundamental values about the changing nature of power and politics in a globalized world, about America's capacity to help shape and solve many of the world's greatest challenges, and about the importance of institutions and norms that promote global cooperation. Our work is not driven by ideology or by a rigid notion of America's role in the world. It is attentive to the broad desire to move from over-reliance on military force and to expand civilian and diplomatic capacity for US engagement overseas. We seek to help redefine the security agenda in ways that reflect the interconnections among issues, and to avoid over-specialization in policy responses that are neither efficient nor effective. Stimson also prides itself on its capacity to build bridges between communities that care and are affected by the big security issues of the day.

Our ideas resonate with many of the topics laid out in the January 21 inaugural speech. The theme "faith in America's future" does not suggest a turning away from international problems, but rather places a priority on restoring America's economic vitality and progressive values as a part of America's global leadership role. The president spoke of the enduring purpose of America: to improve its institutions and society, and to address the global threats to humankind, with unique qualities and capabilities. He acknowledged that the work of any one administration will be imperfect and incomplete, but said that the country can rise to the challenges of the day and come together with energy and purpose. Here are some of the ways Stimson's work relates to these broad themes and purposes:



Ellen Laipson
President and CEO

- ◆ On environmental issues, we foster productive relationships between civil society groups and decision-makers in capitals and in regional organizations, bringing local knowledge and advocacy into centers of power.
- ◆ We also explore the way environmental threats are changing the security agenda in vulnerable countries, and how 20th century concepts of “security” have to adapt to a more complex mix of traditional and non-traditional security concerns by engaging a wide range of security actors.
- ◆ On nonproliferation, we engage countries of the global south to find synergies between their development goals and their international obligations to manage illicit flows of nuclear or other materials.
- ◆ Our regional work brings together experts and policymakers across conflict boundaries to share information and build trust, as a contribution to problem-solving on discrete issues such as water management, and as a conflict-prevention measure.

In the nine essays in this volume, some cross-cutting insights emerge. In several cases, we urge more attention to diplomacy and to other forms of “soft” power as the United States engages societies and new leaders in the Middle East and Asia.

We are not seized with the “rebalancing” to Asia because we see the geographic space from the Mediterranean to the Pacific as strategic continuum; we are deeply interested in issues that link the Middle East and Asia, and look at the Indian Ocean region as a bellwether for the complex security agenda of the future. Our regional experts focus as much on cross-border problems that require global solutions as on traditional state-to-state conflicts and cooperation.

We see opportunities for bold approaches on space, on delegitimizing nuclear weapons, and on engaging Iran. The second term offers President Obama a chance to leave a strong legacy on issues that reflect the profound redistribution of power in the international system; American leadership on these hard issues will demonstrate the nation’s enduring distinct role in the world, and will engage and encourage rising powers to take more responsibility for international peace and security.

We see the private sector and other non-government forces as playing increasingly important roles in managing and resolving security problems. Our work on maritime security and on various transnational threats engages diverse parts of the private sector and tries to facilitate constructive dialogue with government, to ensure productive collaboration and information sharing where possible.

We also look for ways to streamline and create more efficiency in official responses to multi-faceted challenges and crisis zones. Our work on resources for national security—diplomacy, development, and defense—looks at processes as well as financial issues, and addresses the long-term challenges of reforming and restructuring the work forces in key agencies for 21st century challenges.

Over the years, Stimson has developed a mantra of pragmatic steps for global security and we take pride in our capacity to understand in depth the mechanics of how policies are implemented, and when they need some repair. Our practical approach enables us to work well with technical experts in government to add value by identifying concrete ways policy implementation can be improved.

But we do not shy away from conceptual thinking and big ideas. We have a strong track record of generating and advancing innovative approaches to some of the most daunting topics, such as preventing nuclear war between India and Pakistan. We stick with the work through good times and bad. Sometimes think tanks have to demonstrate strategic patience; smart solutions are not always embraced quickly and it takes time for mindsets to change and good ideas to gain traction.

Stimson scholars also seek to learn from our past work and apply the insights and lessons to ongoing security problems. In UN peacekeeping, for example, we have studied past peace operations to glean ways to improve effectiveness, from the design of operations to the training of military and civilian officials.

Another example is recent brainstorming at Stimson with environmental experts on lessons from decades of arms control negotiations for the global effort to reduce carbon dioxide emissions and address the strategic challenge of climate change. While these two issues are very different, they have one thing in common: nuclear weapons and environmental degradation both have the power to cause immense suffering and to harm not just those alive today but future generations. Stimson cares deeply about achieving progress on both these “existential” issues, and sees opportunities for transfers of knowledge and insight across expert communities.

Among the lessons from arms control that may be applicable to climate change are: **1)** get past the visionary phase of grandiose but unrealistic goals, to focus on more achievable measures; **2)** create separate forums for nations with distinctly different interests and capabilities (the emerging powers versus the developed nations); **3)** involve political leaders, since technical experts cannot reach the finish line by themselves; and **4)** seek opportunities for unilateral action that will make a difference.

Stimson has never hesitated to offer bold and effective ideas to advance international peace and security. The essays in this publication continue that proud tradition. We hope you will find this volume useful, and welcome your comments.



Ellen Laipson
President and CEO

Implement the Nuclear Posture Review

Barry M. Blechman

The Challenge

In April 2010, the Obama Administration completed an inter-agency study of the nation's policies governing nuclear weapons. The key decision resulting from this "Nuclear Posture Review (NPR)" was to narrow the declared roles of nuclear weapons in US strategy. Policy statements alone, although important to convey signals to domestic and foreign audiences, do not result in concrete changes to the nation's nuclear forces. Real changes can only be accomplished when new, detailed guidance is provided to the government agencies and individuals that, among other things, plan for nuclear contingencies, make decisions on budgets for nuclear weapons and the infrastructure that supports them, and conduct negotiations with other nations about limits on nuclear forces. The Administration has not yet accomplished this; the challenge is to bring about real and lasting positive changes in the country's nuclear posture.

The Context

In the summer of 2011, the Administration launched what was supposed to be a 90-day "NPR Implementation Study (NPRIS)." The key question to be answered was how many nuclear weapons of what types are required to ensure that the primary purpose of these weapons—to deter nuclear attacks on the US, its forces abroad, and its allies—could be carried out successfully. Given that only Russia has a nuclear arsenal of a size comparable to that of the US, in effect, the question is what is required to deter a Russian nuclear attack.

The answer to this question is not obvious, and can never be certain, given that, fortunately, there is no empirical evidence—nor anyway to acquire it. So-called "requirements" for effective nuclear deterrence are based strictly on theories and speculation. During the latter stages of the Cold War, US policy hypothesized that to deter the Soviet Union, US nuclear forces should be able, with high confidence, to survive an attack and retaliate with devastating consequences against the Soviet military and civilian leadership, remaining nuclear forces, conventional military forces, and supporting war industries. In fact, the US planned to strike while under attack or even upon warning of an imminent attack. Still, the wide range of targets and the insistence on high confidence in their destruction (meaning multiple strikes were required on high value targets) led to "requirements" for high numbers of weapons

ready to be launched, and even larger numbers in the US arsenal to support those on alert. When the Soviet Union collapsed and Russia reduced the size of its strategic forces, these “requirements” were reduced, but still remained fairly high as the basic target set and criteria for their destruction was not changed very much.

The NPRIS was tasked to re-examine these assumptions, asking whether changes in the relationship between Russia and the United States, as well as changes in the nature of Russia’s governance, economy, and domestic social relations, meant that deterrence might be achieved with different or fewer targets and reduced confidence levels. (Some joked that contemporary Russian elites could be deterred by targeting the Swiss banks where they keep their money some neighborhoods in London, New York, and Tel Aviv where their families spend much of their time, and the Croatian coast where they often vacation.) Relaxing the requirement to retaliate promptly or even on warning of attack also would have implications for the size of forces required.

The US Navy, for example, maintain two ballistic submarines on patrol in the Atlantic and two more in the Pacific, because of the “requirements” provided to it by Strategic Command for prompt attack capabilities. Fourteen ballistic submarines must be maintained in the force to support these four “on-station.” Reducing these requirements for warheads ready to be fired would permit a reduction in the size of the submarine force, as well as a slower paced, and therefore less expensive, modernization program for them.

The NPT implementation study was asked to look at the likely effectiveness of a range of operational warhead levels, starting with 300 (a number suggested by a study at the Air University) and rising to 1,550, the maximum number of warheads permitted by the NEW START agreement with Russia.

As had also been the case during the George W. Bush Administration, the implementation study proved more difficult than the NPR itself, testifying to its more significant stakes. The planned end of the NPRIS in the fall of 2011 stretched into the spring and summer of 2012. And, then, regrettably, just as the Administration was preparing for cabinet-level and, eventually, Presidential consideration of the NPRIS, the study was leaked. As the leaker was opposed to further reductions, the press accounts misleadingly suggested that the Administration was planning to cut US nuclear forces unilaterally, perhaps to as few as 300 warheads. Given that the presidential campaign was heating up, and Democrats traditionally are seen to be vulnerable politically to charges of being “weak on defense,” the White House decided to put the NPRIS on the shelf.

As a result, “requirements” for nuclear weapons have not yet been altered. Nuclear contingency plans are still based on Cold War planning factors, budgetary decisions on forces and modernization programs continue to assume we require forces large enough to promptly launch large numbers of warheads, and when arms control talks resume, US negotiators will be able to have only modest goals, as the “requirement” for nuclear warheads will remain relatively high.

Pragmatic Steps

This is one problem that is easy to solve and need not wait for the start of the President's second term. President Obama has changed the tenor of the debate on nuclear forces by his embrace of the goal of eliminating nuclear weapons from all nations and by his Nuclear Posture Review. It's time to make real changes in the nuclear posture by transforming this rhetoric into concrete guidance to nuclear planners through the NPRIS. The Administration should:

1. Take the NPRIS off the shelf and hold a cabinet-level meeting to discuss its findings and make a recommendation for the President's consideration.
2. Draw up a plan for release of a summary unclassified version of the results that will minimize any adverse political consequences at home and abroad.
3. Brief key sympathetic Members of Congress on the results and enlist their support.
4. Brief key allies on the results and planned release.
5. Direct relevant agencies to begin implementing the course of action decided upon by the President.
6. Release an unclassified summary of the study to the public as part of a broader educational campaign about the issues.

About the Author



Dr. Barry M. Blechman is the co-founder of the Stimson Center and a distinguished fellow focused on nuclear disarmament. He was chair of Stimson's board from 1989 to 2007. Blechman founded DFI International Inc., a research consultancy, in 1984 and served as its CEO until 2007.

Blechman has nearly 50 years of distinguished service in national security in the public and private sectors. Having worked in the Departments of State and Defense and at the Office of Management and Budget, he is an expert on political and military policies, military strategy, and defense budgets and industries. Blechman holds a PhD in international relations from Georgetown University, has taught at several universities, and has written extensively on national security issues.



Meet The Demand For Civilian Capacity

Russell Rumbaugh and Alison Giffen

The Challenge

The US needs more deployable civilian capacity to assist a troubled country move towards stability. The military is not a wholly appropriate tool for many challenges but too often has been the only one available. The challenges include preventing violence against civilians; promoting security sector reform; restoring infrastructure and markets; providing basic services; establishing the rule of law and respect for human rights; and rebuilding state institutions and civil society networks. The locales have included Afghanistan, Iraq, Libya, and basically every other troubled country that outsiders have engaged on these issues in the past decade or more.

The United States, its Western allies, and multilateral institutions have simply lacked sufficient civilian capacity and expertise to effectively address these challenges. Just as concerning, the limited civilian capabilities that exist have often focused solely on strengthening central governments instead of supporting the state and societal institutions that are foundational to the prevention and mitigation of violence in the short-term, as well as long-term peace and stability.

During its first term, President Obama's Administration sought to improve and expand US capabilities to provide such essential support. It now has the opportunity to fully implement a civilian capacity that can advance US security and foreign policy objectives much more effectively.

The Context

In 2010, Secretary of State Hillary Clinton launched the first ever Quadrennial Diplomacy and Development Review (QDDR). The QDDR was in part an initiative to strengthen and revitalize the role of the Secretary of State and US resources for diplomacy and development. The QDDR highlighted challenges—such as atrocity prevention and transnational threats—that require a whole-of-government approach and collaboration with multilateral institutions and allies. Following words with action, the Administration developed new US interagency mechanisms including the Atrocities Prevention Board to align agency strategies and focus

diverse resources on complex crises, and embraced constructive and effective public and private engagement in multilateral institutions like the UN Security Council and UN Human Rights Council.

The Administration also created the Conflict and Stabilization Operations Bureau (CSO) within the State Department, which offers a real opportunity to invest in civilian capacity and expertise at the operational level. CSO is tasked with “breaking cycles of violent conflict and mitigating crises in priority countries,” and is intended to go beyond traditional State Department and Foreign Service roles and responsibilities. Such a tasking makes it a new kind of operational capability in the US quiver to respond to foreign policy crises, and ideally prevent them.

Stood up in 2010, CSO currently only has about 100 full-time government personnel supplemented by 70 contract employees, but is being built with the goal of expanding. Only one of CSO’s current four offices deploys personnel to conduct operations, though these deployments were spread over priority areas in 2012: Kenya, Syria, and Central America as well as Afghanistan, the Democratic Republic of Congo, South Sudan, Tunisia and Uganda.

The other CSO offices should continue to develop the intellectual and administrative framework needed to underpin a more robust capability, honed by practical experience. Subsequently, CSO personnel available to conduct operations could be increased and the Civilian Response Corps (CRC) augmented. The CRC—originally a rapid deployment team of employees from existing agencies—is being re-conceptualized and could be rebuilt as a professional force with specialized skills in conflict prevention and mitigation.¹

To be of value, CSO must offer a capability different from existing departments and agencies. At the same time, CSO’s small size and its aspiration to provide surge capacity require it to work smoothly with existing embassy staff and the State Department’s regional offices. These sometime divergent requirements can result in tension and a complicated relationship between CSO and existing foreign policy players that must be effectively managed.

Although CSO’s predecessor, the Office of the Coordinator for Reconstruction and Stabilization (S/CRS), was unsuccessful institutionally, its operation in Sudan hinted at the potential of the new Bureau. S/CRS deployed a civilian surge to the ten states of South Sudan prior to the South’s referendum for independence. This augmented civilian footprint at the subnational level remained through the initial months of the new nation with the objective of preventing a diverse range of conflicts. The aspirations and modest but worthy success of the South Sudan experience underscores the need for a more robust civilian capacity for other global contingencies.

Moreover, as the deaths of Ambassador Stevens and three other Americans in Libya made all too clear, the work of the State Department and CSO’s role, as conceived, are inherently dangerous. Yet the State Department’s security practices have traditionally been reactive, which will not adequately support the expeditionary character of CSO deployments. The State Department must develop a comprehensive and proactive approach to security that will enable the civilian capability of CSO.

Even with substantial investment in US civilian capacity, the US will need to work more closely with others to leverage adequate and appropriate capabilities for future crises. Fortunately, there are willing partners. The United Nations recognized its own struggle to recruit and deploy the civilian capacities needed to promote sustainable peace. In 2010, the UN launched “Civilian Capacity in the Aftermath of Conflict,” a review of needs and a proposed strategy to address its capacity gaps. Several US allies have established civilian response units (the UK’s Stabilization Unit, Civilian Stabilisation Group, and Stabilisation Response Team; the Australian Civilian Corps; the Australian Federal Police International Deployment Group; and the Canadian Policing Arrangement) that have supported peace building efforts in Afghanistan, Haiti, Iraq, Libya, Pakistan, Sierra Leone, Fiji, and Papua New Guinea among others.

Pragmatic Steps

1. Continue to invest in the new CSO bureau and evolving CRC. CSO and CRC should be given appropriate resources and running room to refine their unique role as a US civilian capability with expeditionary reach and rapid response capabilities.
2. Incorporate CSO into formal processes like Interagency Policy Committees, as existing bureaucracies will seek to limit its role.
3. The US Foreign Service as a whole must be modernized. Foreign Service officers need training and career incentives for supporting civilian assets needed in conflict prevention and post conflict situations.
4. Protect international affairs funding in today’s budget crunch, prioritizing the capabilities described here.
5. Review diplomatic security practices and protocols to ensure the right balance between protecting US government workers and enabling US civilian representatives to increasingly operate outside capitals when it’s necessary to achieve US objectives.
6. Work with others. The US should publicly and privately monitor and support the UN’s implementation of the UN Civilian Capacities review, developing ways that US capacity can be deployed to complement the UN and vice versa. Where possible, the US should encourage the European Union, African Union and other regional organizations to develop civilian capabilities. Finally, the US government should learn from, support and complement US allies’ comparative advantages when developing US civilian capabilities.

¹ A new CRC should steer clear of the previous model of a roster of federal employees that are temporarily seconded or assigned to CRC deployments.

About the Authors



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Giffen received her MA in international affairs from the School for International and Public Affairs at Columbia University, and received her BA in diplomacy and world affairs from Occidental College.



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Rumbaugh holds a BA in Political Science from the University of Chicago and a MS in Security Studies from the Massachusetts Institute of Technology. He was awarded the Office of the Secretary of Defense’s Award for Excellence as well as the US Army Commendation Medal for his service in Kosovo.

Prevent Trafficking in the Global Supply Chain

Brian Finlay, Rachel Stohl, Johan Bergenas, and Nathaniel F. Olson

The Challenge

Propelled by the forces of globalization, transnational criminal activity and the related trafficking of all manner of illicit items represents one of the most significant challenges to security, public health, democratic institutions, and economic stability in the United States and around the globe. As these threats converge and expand in an era of budgetary restraint, identifying cooperative responses that cut across governments' responsive infrastructures and traverse the public-private divide, will be central to ensuring that our widening economic interconnectedness is not undermined by the darker underbelly of globalization.

The Context

The President has stated explicitly that the expanding size, scope, and influence of transnational organized crime is one of the most significant challenges to our nation's economic stability and physical security. Consider this:

1. More than one quarter of the annual USD 4 billion small arms trade is unauthorized or illicit, and each day, upwards of 1,500 people die as a result of armed violence;
2. According to the US government, approximately 800,000 incidents of international human trafficking occur every year, aggregating to more than 12.3 million people around the world in forced labor, bonded labor, forced child labor, and/or sexual servitude;
3. From January 1993 to December 2007, 303 incidents involving unauthorized possession and related criminal activities were confirmed by the International Atomic Energy Agency's Illicit Trafficking Database;
4. Counterfeit goods are estimated to make up 5 to 7 percent of world trade. The Federal Bureau of Investigation believes that the 1993 bombing of the World Trade Center was financed by the sale of fake Nike and Olympic t-shirts; and
5. The global drug trade is worth an estimated USD 322 billion annually with 52,356 metric tons of opium, cannabis, cocaine, and amphetamine-type stimulants produced each year.

Perhaps most distressingly, the illicit networks that purchase, move, or sell these products are increasingly intersecting. It is no longer uncommon for producers, middlemen, supply chain firms, financiers, and insurers that knowingly or unwittingly support one illicit sector to have common ties in another. A local trafficker of drugs may also market counterfeit pharmaceuticals. The hold of an aircraft owned by one company and insured by another may contain illicit arms and also be carrying a dual use nuclear item.

In short, as globalization has opened new doors for citizens around the world to participate in the modern economy, so too has it provided new opportunities for transnational criminal organizations to acquire, market, and move their illicit wares. Meanwhile, governments, particularly in the developing world, have often been either unable or unwilling to combat these activities that increasingly emanate from their own shores, citing either a lack of capacity or alternative and competing priorities. Likewise, legitimate private companies whose interests may be equally threatened by criminal activity have yet to be fully inculcated as partners in prevention.

Meanwhile, given the magnitude of the challenge that any one of these trafficking threats poses, the United States government has traditionally sought to address these challenges vertically, with agencies acting largely in isolation from one another. Program managers at the Drug Enforcement Agency (narcotics), the Food and Drug Administration (counterfeit pharmaceuticals), the Department of Energy (dual-use WMD items); and the State Department (conventional weapons) to name but a few, are under-resourced and overworked, measured against discrete metrics by appropriators, and unable to develop the inter-agency responses necessary to disrupt these increasingly interconnected illicit enterprises.

Last year, the President announced a new strategy to combat transnational organized crime, outlining 56 priority actions to, among other things, enhance intelligence, protect strategic markets, strengthen interdiction, and disrupt the drug trade. Yet progress has not proceeded swiftly enough to meet the rapidly growing and mutating threat that organized crime and traffickers present. An incentives for government officials to collaborate across threat portfolios remain lacking.

Below are seven illustrative steps that should be made to translate the President's lofty objectives into pragmatic action, all within a budgetary environment that is diminishing rather than expanding.

Pragmatic Steps

1. To approach today's challenges horizontally and leverage the full spectrum of the US counter-trafficking force, the White House must survey broadly current anti-trafficking policies and programmatic capacity-building responses at the national, regional and international levels to analyze how responses developed for one smuggling method or group of illicit trafficking activities can be employed against smuggling overall.
2. Any comprehensive security strategy that seeks to engage governments of the Global South requires leveraging potential synergies between development and security assistance. For instance, whereas proliferation has traditionally been addressed by access controls, safeguards, guards, guns and gates, globalization now necessitates a more nuanced and coherent approach that appeals to the enlightened self-interest of all countries. The US government must revolutionize the Nunn-Lugar program to better bridge the North-South divide, translating it from a WMD effort to one that effectively bridges the security/development divide.

3. Other existing efforts can also become multi-purpose. The Obama Administration should increase funding for and the focus of the Export Control and Border Security program for conventional weapons. Historically, the program has focused on training and developing regulations to stop the proliferation of weapons of mass destruction. However, EXBS is equally well equipped to help establish stronger export controls to simultaneously stop diversion of conventional weapons from the legal to the illicit market, and also to assist transshipment countries better interdict illicit transfers as they enter and transit their territories. EXBS has the mandate to work on conventional weapons and should pursue growing the conventional arms aspects of their trainings and exchanges.
4. The United States has myriad programs that focus on democracy building, good governance, security sector reform, and judicial sector reform, as well as other development initiatives. Practical anti-trafficking measures should be included as part of the regular planning and implementation of these programs. Such steps could include ensuring that law enforcement and security forces understand national regulations and international standards. At a bureaucratic level, personnel responsible for development assistance, such as from the US Agency for International Development and other similar programs, will mirror approaches by other governments, as well as ensure that development voices are heard in program planning.
5. Multiple agencies have one or more offices with private sector outreach activities. For narrow mission areas or highly technical issues, independent outreach mechanisms make sense. But in many cases, redundant or even conflicting government efforts discourage industry involvement and complicate the already difficult work at the national level of reconciling public security with trade facilitation and other economic imperatives. As the National Security Staff begins drafting a new National Security Strategy, and as implementation of the 2012 National Strategy for Global Supply Chain Security continues, the administration has an opportunity to issue both high-level policy guidance and operational-level program guidance that streamline how government collaborates with industry.
6. In an era of financial austerity, the Aerospace, Defense, and Security community can be a critical partner to government and other commercial sectors in building capacity and resilience against today's diverse threat environment. As part of a broader industry outreach initiative, the President should convene a senior level government-industry forum to exchange ideas on the role of the high technology industry in meeting global challenges-in a role beyond its traditional defense focus.

Most of government's supply chain security initiatives, such as the Customs-Trade Partnership Against Terrorism (C-TPAT), have sought to reduce the risk of inbound cargo. But the vast trade in intermediate goods (both into and out of the US) and the need for US exporters to comply with other countries' equivalents of C-TPAT have policymakers intent on additional regulation of US exports. One key lesson of the last decade is that the design and implementation of programs to promote supply chain security have better prospects when government empowers industry to fully articulate the relevant capabilities it has, the constraints it faces, and the incentives that would actually change its behavior. Starting small with pilot initiatives can be instructive for all stakeholders-both in terms of understanding incentive structures and building relationships of trust.

About the Authors: Managing Across Boundaries



Brian Finlay, *Managing Director/Senior Associate* Finlay's areas of expertise include nonproliferation, transnational crime, counter-trafficking, supply chain security, and private sector engagement. Prior to joining Stimson, he served as executive director of a Washington-based lobbying and media campaign focused on counterterrorism issues, as a senior researcher at the Brookings Institution, and as a program officer at the Century Foundation. Finlay holds an MA from the Norman Patterson School of International Affairs at Carleton University, a graduate diploma from the School of Advanced International Studies, Johns Hopkins University, and an honors BA from the University of Western Ontario.



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Nathaniel F. Olson, *Research Associate* Olson's focus is engaging industry and government actors to facilitate new models of public-private partnerships that leverage market mechanisms to advance US and global security interests. Olson also has extensive experience working with stakeholder groups inside and outside of government on a variety of national security issues, including cybersecurity, human capital development, and cross-functional teaming.

Execute The Defense Builddown

Russell Rumbaugh

The Challenge

The US defense budget is getting smaller, but a declining defense budget does not have to mean a decline in US national security or even American leadership around the world. It does, however, mean each dollar on defense needs to be spent wisely.

Former Deputy Secretary of Defense Bill Lynn said last year: “We have arrived at the fifth inflection point of post-World War II defense spending...What these transitions in defense spending have in common is that DOD suffered a disproportionate loss of capability as a result...In other words, we have gone 0-for-4 in managing the drawdowns to date.” Lynn overstates the point, but he rightly emphasizes that the question is not just should the defense budget go down, but how.*

The US defense budget in past builddowns has settled just under \$400 billion in today’s dollars, never going below 40% of US discretionary spending and always at least 20% of all military spending worldwide. Such level of resources should be more than ample to maintain a capable military ready for whatever the President calls on it to do.

The Context

Defense spending is subject to two different-though related-levels of politics. First, defense spending tends to go down as part of a framework dealing with larger issues, specifically debts and deficits. That was true in the 1990s, when defense spending was capped by the Budget Enforcement Act, which also capped all other discretionary spending and provided enforcement measures to tamp down the rise of entitlement spending. And it looks to be true this time. Though defense spending had already stopped growing, broad acceptance of defense spending declining came only with passage of the Budget Control Act and its discretionary caps in response to broader concerns about debt. The current fiscal cliff negotiations may further cut in to defense spending, but again as part of a broader deal.

Second, since defense spending is declining as part of that broader political deal, both the President and Congress have incentives to achieve savings from defense with as little controversy as possible. That means deferring to the preferences of those who actually build the defense budget, who, in the end, are the military services. Secretary Panetta has handled this

political task brilliantly, which has paid off with all of the military service chiefs publicly supporting the budget the President sent to Congress even though it involved a one percent cut to defense spending. The cost comes in how that cut is achieved. To keep the support of the uniformed military, the civilian leadership defers to the military's preferences, and since all four military services have different preferences, they, in turn, agree to not question each other's preferences. This budgeting by consensus rather than strategic priority is best illustrated by the Army's share of the defense budget increasing this year even though the strategic justification for the cuts seemed to heavily disfavor the Army. Both levels of politics encourage just letting the process generate defense budgets that are lower even if the results are not connected to strategic rationale.

Yet the President did provide clear and even bold strategic guidance last year. The strategy covered a lot of ground but notably called for two significant changes: a refocus on Asia-Pacific and an end to sizing the force to conduct stability operations like Iraq and Afghanistan. These changes, moreover, accord well with how many observers have described US interests in the world and the most appropriate military to achieve those interests. Such changes do come with some risk though; most notably they seem to shift the military away from being able to respond to the situation in Syria or other situations like it. That risk is a sharp reminder that defense budgeting is never just about politics, but has real consequences for US interests around the world. Still, if wise choices within-and without- the defense budget are made based on strategy and not politics, the defense budget builddown can be executed even while US national security and interests are well-cared for.

Pragmatic Steps

To overcome the thorny politics, preserve US national security and execute the defense builddown based on strategy, the President should take the following pragmatic steps:

1. Break with tradition and spread the FY14 defense budget across the military services unevenly. Such a break would force an explicit national conversation about US defense strategy. Just a \$10 billion swing from one service (presumably the Army given the President's strategy) to the other services would change how the budget is split among the services as much as any time in the past 40 years. Americans are ready for an argument about how to reduce spending strategically, rather than just turning the task over to the bureaucrats of the Pentagon. With the environment so primed, the President has the opportunity to make his case, and such a change in budget share can be used to validate the President's strategy.
2. Charge the new Secretary of Defense with executing the builddown in line with strategy rather than politics. Secretary Panetta has previously announced his desire to leave his post sooner rather than later, with most assuming his departure will come by this summer. When nominating Secretary Panetta's replacement, the President can take advantage of the attention devoted to cabinet-level appointees and the confirmation process to emphasize the need to execute the defense builddown based on his strategy. By charging the new Secretary explicitly, the President can take advantage of another public conversation, and more importantly, empower the incoming Secretary of Defense to make the difficult changes necessary within the Pentagon to adjust the declining budget to the President's strategy. The Secretary of Defense is undeniably a powerful figure, but still must deal with many political concerns inside and outside the Pentagon. A public charge by the

President will significantly increase the Secretary's political capital and vastly improve the Secretary's ability to actually make choices within the defense budget.

3. Strengthen non-military capabilities to address US national security interests around the world. Although a bold strategy can provide priorities, it cannot just wish away the events of the real world. In the past when confronted with situations like Syria, Presidents have had to rely on the military, despite many arguing the military is not the right tool. In the last decade, this missing capability has been all too apparent, and both the Bush and Obama administrations have taken steps to address it. Those efforts are captured in the State Department's Conflict Stabilization Office (CSO), which today represents the best hope for a non-military tool the President can use to address problems like instability. By building up the CSO, the President will have a tool to address very real US national security concerns without turning to the military, and undoing the priorities of his defense strategy.

* Lynn overdraws how poorly past builddowns have gone. In the 1950s, President Eisenhower oversaw a defense builddown that made strong choices and directed defense spending to exactly where his grand strategy called for: nuclear weapons. In the 1990s, Chairman of the Joint Chiefs Colin Powell presided over a very conscious builddown across the Bush and Clinton administrations that saw the military always capable of what it was called on to do. And while Lynn includes the immediate decline in spending from World War II, that decline is better characterized as the start of a demobilizations like the US traditionally undertook after wars; one that was abruptly ended with the Korean War and the onset of the Cold War. The drawdown in the 1970s under Nixon, Ford, and the start of Carter most clearly corresponds with a weakened force. Still, if builddowns are judged by their alignment with strategy rather than the dictates of politics, all of them have been less than optimal and this one could and should be done better.

About the Author



Russell Rumbaugh is a Senior Associate for Stimson's Budgeting for Foreign Affairs and Defense program. Rumbaugh's work includes groundbreaking analysis on defense strategy, defense procurement, foreign policy personnel, public diplomacy, and the costs of nuclear weapons. Before joining Stimson, Rumbaugh was the defense analyst on the Senate Budget Committee covering both the 050 Defense and 150 International Affairs accounts of the US Government Budget.

Rumbaugh holds a BA in Political Science from the University of Chicago and an MS in Security Studies from the Massachusetts Institute of Technology. He was awarded the Office of the Secretary of Defense's Award for Excellence as well as the US Army Commendation Medal for his service in Kosovo.

Cairo, Egypt



Reinvigorate American Soft Power to Shape Change in the Arab World

Mona Yacoubian

The Challenge

As turbulent change roils the Arab world, the Obama Administration must develop a coherent, long-term strategy to address the Arab transitions. At the outset of the Arab uprisings, the Administration undertook useful changes, creating a Special Coordinator for Middle East Transitions and restructuring key bureaus in the State Department. However, as the uprisings spread, rapidly evolving events forced the Administration into “crisis management” mode, careening from one predicament to the next. At times, the policy debate depicted a false choice between “hard power” and disengagement. Yet, a “third way” exists that bridges US leadership with new and creative applications of “soft power.”

Two years into the region’s unparalleled transformation, a new US approach should employ both traditional and non-traditional levers of American power to influence transitions in the Arab world. The challenge is to devise a clear strategy that defines the challenges of transformative change sweeping the region, mitigates threats to US interests, and identifies opportunities to help shape and channel powerful forces for change.

The Context

The Arab world is in the midst of epochal change. Ignited by successive popular uprisings, the region’s transformation will unfold over the next decade or longer. Volatility, dislocation, and cascading crises will mark the Middle East’s “new normal.” However, the Arab transitions also hold the hope for broad reforms as newly-empowered populations seek to shape their destinies. Significant differences distinguish each country’s trajectory. Yet, a common thread runs through every country from Tunisia to Syria to Jordan: a popular yearning for change that is deep and unyielding.

The Arab uprisings highlight a profound shift in the nature of power. Shaped by broader popular access to cellphones, satellite television, social media and other emerging technologies, power is more diffuse. Forces for change have migrated from Arab society’s traditional establishment to disparate, organic elements often residing at society’s periphery. This diffusion of power has given rise to a new dynamism that is inherently more volatile and less predictable and merits a new approach.

In May 2011, President Obama delivered a speech that attempted to put the Arab uprisings in context. Touting a “new chapter in American diplomacy,” the president emphasized the historic nature of change reverberating across the region and called for expanded US engagement. He underscored the need to “broaden our engagement beyond elites” and build networks with those who will shape the region’s future.

Yet, as unrest continues to reverberate across the region, US policy has yet to fulfill the president’s vision. Instead, it remains hostage to unresolved tensions between US interests and values such as the tradeoff between reform and stability and the contradictions between short and long term interests. In the absence of a coherent Arab transitions strategy, the region’s winds of change—from Syria’s civil war, to Bahrain’s brutal repression of its Shia majority, to continuing tumult in post-transition countries such as Libya, Egypt, and Tunisia—will continue to buffet the United States.

Moving forward, the United States should adopt policies that reflect the complex dynamics propelling the Arab transitions and better anticipate impending challenges. The Administration should invest in more nimble, “soft power” responses that combine US leadership, economic statecraft, and creative diplomacy. The Administration must develop a better mix of policy tools that places greater emphasis on both “soft power” and “smart power” levers. When kinetic responses are necessary—as in Libya and possibly Syria—the Administration must insure that military interventions are bounded and followed by peace-building and reconciliation efforts.

It must adapt to a changing power landscape where traditional modes of engagement are not always effective. It must instead develop new methods of diplomacy that penetrate the region’s grassroots. To reach these new actors and gain greater insights into their worldview, the Administration should also leverage American leadership and know-how for creative policy solutions to the dire economic challenges threatening to derail the transitions. US entrepreneurship and innovation can play a key role in helping to build vibrant private sectors in the Arab world—critical for job creation. Likewise, the United States must re-assert its role as the pre-eminent force for diplomacy in the region. It must rise above deepening sectarianism and seek to build coalitions for peaceful resolution to deepening conflicts such as in Syria.

Pragmatic Steps

The Obama Administration should undertake several steps to better prepare for the Arab world’s impending decade of turbulence. By following certain policy prescriptions, the Administration will be better placed to anticipate future challenges and re-assert American leadership in the region.

1. Designate a senior level official at the National Security Council to serve as Deputy National Security Advisor for the Arab Transitions, with broad responsibility for directing policy on the Arab world’s transformative change. This official should have close access to the President as well as coordinating responsibility over all relevant US government agencies.

2. Conduct a broad policy review and develop a long-term, coherent strategy that elaborates on the complex drivers of change in the Arab world, future challenges and opportunities for US policy.
3. Devise a detailed communications strategy to accompany a US strategy on the Arab transitions to insure that both the American public as well as Arab publics are informed on the significance of Arab transformations for US interests. Underscore the potential dividends for US economic growth and job creation that will accrue by investing in and developing Middle East markets. Reach out to Congressional leadership to gain their backing.
4. Insure that US diplomats have the appropriate resources to promote US trade and investment, particularly in North Africa where the untapped potential for Maghreb trade and investment could contribute to a dynamic new market for US companies.
5. Deepen US grassroots engagement by ensuring that American diplomats spend extended time away from capitals, touring provincial regions and building networks. Empower and facilitate American NGOs where official US engagement is sensitive.
6. Spearhead a strategic dialogue with Gulf allies in the region that seeks to tamp down growing sectarianism and builds a new vision for a peaceful and prosperous Arab world. In particular, the United States should focus on both Bahrain and Syria as potential sources for widespread regional instability. It should assert a leadership role that brings all parties in the region together to help build peaceful solutions to these crises.

About the Author



Mona Yacoubian is a Senior Advisor for the Middle East/Southwest Asia program. Yacoubian directs *Pathways to Progress: Peace, Prosperity and Change in the Middle East*, a joint initiative with the George C. Marshall Foundation that explores the dynamics propelling the Arab revolts and seeks innovative policy solutions that will ensure that the region embarks on a path towards peace and prosperity. Yacoubian's work focuses on the Arab Uprisings, with a particular concentration on Syria. She previously served as a Special Advisor and Senior Program Officer on the Middle East at the US Institute of Peace, where her work focused on Lebanon and Syria as well as broader issues related to democratization in the Arab world. She has an MPA from Harvard University's Kennedy School of Government and a BA from Duke University.



Strengthen Water Security at Home and Abroad

David Michel and Russell Sticklor

The Challenge

Soaring demand, unsustainable consumption patterns, ineffective management, insufficient investment, and mounting environmental pressures increasingly imperil the world's vital fresh water resources, undermining US national security objectives and threatening domestic prosperity. Abroad, growing strains on global water supplies could generate tensions between states sharing the same water sources. Water shortages and water-related disasters—when combined with other factors such as poverty and weak institutions—could contribute to social disruptions that can result in political unrest or even state failure. At home, worsening climate change impacts and aging water infrastructure dampen economic growth and could endanger public health.

The Context

Over the past century, water demand has appreciably outpaced population growth. While the number of people on the planet has more than quadrupled since 1900, global water use has soared sevenfold. In the coming decades, rising populations, continuing economic development, and increasing urbanization will further boost the world's water needs. By 2030, worldwide water withdrawals will climb more than 50 percent, according to analyses by the 2030 Water Resources Group. Assuming a business-as-usual scenario, without any improvements in water-use efficiency or productivity, global demand would then exceed existing, accessible, and sustainable water supplies by 40 percent. One-third of the world's population, largely in developing countries, will live in basins where the projected supply deficit will reach 50 percent or more.

Safe drinking water and basic sanitation are essential components of individual welfare and the social commonweal, recognized by the United Nations as fundamental human rights. Yet over 780 million people around the world today lack access to improved drinking water sources and 2.5 billion people—more than a third of the Earth's inhabitants—lack improved sanitation. Insufficient water access and inadequate sanitation impose substantial burdens on society. Scarce water supplies and polluted sources can impair agriculture and food security, compromise industrial production and power generation, endanger public health, jeop-

ardize livelihoods, and hobble economic growth. Across the developing world, the health impacts and productivity losses linked to water, sanitation, and hygiene (WASH) problems may amount to 2 percent of GDP, rising to as much as 5 percent in sub-Saharan Africa. More troubling than the economic damages are the human costs. Globally, some 3.5 million deaths a year, more than 80 percent of them children, stem from WASH-related diseases like diarrhea, cholera, and dysentery.

Such dire economic impacts and human losses are both unconscionable and unnecessary. More effective water management can mitigate—if not altogether eliminate—many of these risks. In the developing world, more than 80 percent of wastewater goes untreated. On farms around the globe, much water lavished on the fields evaporates or drains off before ever reaching crop roots and irrigation efficiencies are a fraction of their potential. Similarly, the World Health Organization calculates that 10 percent of the total disease burden worldwide could be prevented by improvements in WASH delivery and that every dollar invested in drinking water and sanitation would return more than 7 dollars in benefits.

The US has long supported efforts to increase global access to clean water and sanitation and to improve water resources management. In 2000, the US joined the Millennium Development Goals, including the objective to halve the number of people worldwide without safe drinking water and basic sanitation by 2015. In 2005, the 109th Congress passed legislation making access to safe water and sanitation a specific objective of US foreign assistance programs. US programs led by the Millennium Challenge Corporation, USAID, and the State Department have contributed to significant global progress. Yet each of these activities can reflect different priorities and criteria, responding to the goals and objectives of the managing agencies, and raising questions about the strategic direction, balance, and coherence of US international water policies.

At home, improving water security is also critical to providing a stable foundation for future economic growth and bolstering public health. Shifting weather patterns years in recent years—marked by more severe storms, heightened flooding, extended heat waves, and intensified droughts—have combined to severely strain water supplies in some economically vital sections of the country. Drought in 2011 affected one-third of the continental US, costing \$10 billion in economic losses and emerging as the year's most expensive domestic natural disaster. Meanwhile, 2012 registered as the hottest year on record in the Northern Hemisphere and saw the US Midwest experience its most severe drought in half a century.

According to a recent Natural Resources Defense Council study, global warming will likely threaten more than 1,100 counties in the contiguous US with increased risk of water shortages in the next 40 years, a timeframe during which total US water demand is expected to grow more than 12 percent. The report deemed 400 counties (concentrated in the US Southwest and Great Plains) will face an extremely severe risk of shortages, with key agricultural breadbaskets such as California's Central Valley projected to see five inches less of average annual precipitation by 2050. Declining water availability is already having visible impacts on other areas of the economy as well, with low water levels in late 2012 and early 2013 threatening critical shipping corridors in the Mississippi basin.

Lastly, domestic water issues are not restricted to the rural US. Some urban areas rely on water-delivery systems that lose 30–40 percent of their water due to leaking pipelines and poor maintenance, while some cities' turn-of-the-20th-century storm-water infrastructure allows untreated wastewater to contaminate public drinking supplies after heavy rains. Left unaddressed in the coming years, the deterioration of urban water infrastructure may jeopardize public health while threatening the vitality and productivity of water-stressed regional economic hubs, especially cities like Atlanta, Las Vegas, Los Angeles, and Phoenix.

Pragmatic Steps:

To bolster the US role abroad as a positive driver of water cooperation and enhance water security and economic productivity at home, the new Obama administration should take the following pragmatic steps:

1. Press Congress to pass the Senator Paul Simon Water for the World Act. The Act aims to provide 100 million additional people with sustainable access to safe drinking water and sanitation. It targets high-priority countries with the greatest needs; emphasizes building local capacities to address water challenges; fosters international diplomatic and scientific cooperation for sharing data, technologies, and best practices; and bolsters coordination between US agencies and integration across existing water, health, development, and food security programs. A rarity for Washington legislation, it enjoys strong bipartisan support and requires no new funding.
2. Encourage Congress to authorize multi-year funding appropriations for WASH and water management assistance efforts. Programs establish goals and targets based on long-term action plans, but it is difficult for USAID, State, and other agencies to formulate and implement multi-year plans while receiving uncertain annual appropriations.
3. Enhance coordination with other funders. In many developing countries, WASH programs are funded primarily by foreign donors and the private sector. Disconnected program management between donors contributes to redundancies and gaps, heightens demands on local capacities, and weakens overall coherency and oversight across programs.
4. Invest in water-storage infrastructure to bolster domestic climate-change resiliency. The economic productivity of the US agriculture and livestock industries is closely tied to water availability. To buffer against projections of increasingly erratic seasonal water availability in the coming years, modest public works funding directed at building storage infrastructure in the Southeast, Midwest, Great Plains, and Southwest will help the US economy more ably weather future dry spells.
5. Incentivize more efficient urban water use. Offer tax breaks to companies that invest in water-recycling schemes or demonstrate evidence of efficient water use, paying particular attention to major cities of the water-scarce Southeast and Southwest. Financial incentives for effective private-sector water demand management would better promote economic resiliency in arid urban areas than would increasing surface- and groundwater withdrawals. Meanwhile, shoring up urban water-delivery and wastewater treatment infrastructure should be considered for public-works spending, given the real and achievable gains in public health, environmental security, and overall water-use efficiency that would result.

About the Authors



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Take A Strategic Approach To Iran

Ellen Laipson and Geneive Abdo

The Challenge

It is time to develop a broader, more inclusive approach to US policy towards Iran. The past years' focus on preventing Iran from acquiring a nuclear weapons capability has led to a hardening of policy views and a narrowing of policy options. Iran's nuclear activities are of grave concern to the US and the international community, but the challenge Iran poses today is even greater: Iran can be the spoiler in the region exacerbating sectarian tensions and undermining the search for sustainable security for the diverse countries of the region. A strategic approach would attempt to find a more comprehensive modus vivendi with a country of great weight in a volatile region, to bring it into compliance on its nuclear activities, to prevent it from creating more regional tension, and to identify discrete areas for cooperation on matters of shared concern.

The Context

Iran presents the Administration with a “wicked” problem—almost any part of a solution creates more problems and predicaments. Washington and Tehran have a long track record of missed opportunities and miscommunications; when one party is ready to try a new tack, the other party is either deeply suspicious, or distracted by other priorities. A 2009 overture by President Obama was not reciprocated because of long-held suspicions of US intentions, and the domestic political turmoil in Iran caused by contested election results. Domestic politics have also limited the room for maneuver of leaders whose public rhetoric often suggests an open-ended enmity, not susceptible to compromise or resolution. Iran's hubris, its revolutionary ambition, and its opaque decision making process further complicate the situation.

For example, Supreme Leader Ali Khamenei in early February rejected a US offer to convene bilateral talks with Iran. Days after US Vice President Joseph Biden extended the rare offer to Iran, Khamenei publicly dismissed the idea of negotiating with the United States as “naïve.” It is unclear if Khamenei's negative response was a definite “no,” or merely a stalling tactic until Iran's upcoming presidential election is held in June. With President Mahmoud Ahmadinejad politically marginalized as he serves out the few remaining months of his term, Khamenei is likely to want the next president to be involved, if such talks are ever held. Although Khamenei

is the key player in determining whether engaging Washington bilaterally is in Iran's interest, he prefers for Iran's president to serve as a buffer between himself and the United States.

Bilateral talks could create an opportunity to reduce tensions and establish diplomatic momentum before Iran has made a decision to cross the strategic threshold to full nuclear weapons capability, and while its leaders are deeply concerned about the economic pressures imposed by sanctions. Now, Khamenei has created serious doubt over whether Iran will ever agree to direct discussions with the United States.

Iran has engaged on and off for the past decade with the Permanent Members of the UN Security Council plus Germany in discussions about its obligations under the Nuclear Nonproliferation Treaty (NPT). In 2012, meetings were held in Baghdad, Istanbul, Moscow, and further meetings are possible in the coming weeks. The European Union chairs the meetings, which are useful but not sufficient to achieve progress. Several of the key players would welcome a US-Iran track to focus Iran's attention on its long-term interests.

The other core component of international strategy towards Iran has been increasingly powerful sanctions against Iran's leadership, industry and banking sectors. The stated aim of international sanctions—to pressure Iran to restrict its nuclear program—has not produced the desired results. Sanctions nonetheless have made a significant impact on Iran's economy. A European oil embargo, which became effective in July 2012, is a major factor in cutting Iran's daily oil exports to approximately 1 million barrels per day from 2.5 million barrels. Because oil exports are responsible for about 70 percent of the Iranian government's revenue, Iran is suffering from a serious loss of hard currency. The result is a plummeting rial, which lost about 75 percent of its value since 2011, sending shockwaves through Iranian society and causing rioting among merchants. Many consumers find it difficult to buy basic food items. Meat and chicken, for example, have become unaffordable for many Iranians, and despite waivers on medical and humanitarian goods, anecdotal evidence suggests that sanctions have created genuine hardship in the health sector as well.

Sporadic US efforts to engage Iran on policies towards two of Iran's neighbors—Iraq and Afghanistan—have also not produced any important results in terms of building trust or greater understanding of the two countries' interests. In Iraq, the direct competition for influence over the government of Nuri al-Maliki rendered talks unproductive. On Afghanistan, an overture to inform Iran about the planned withdrawal of international forces foundered when Iran determined that its greater interest was to try to prevent a new strategic framework agreement between Washington and Kabul (which went in effect in July 2012).

The difficulty Washington has faced in engaging Iran, even on issues in which the interests of both countries coincide, lies in a profound suspicion of the United States' motivations. For much of his political history, Khamenei has believed the United States' primary objective is regime change. The Arab uprisings and Washington's support for the Syrian opposition also led Iranian political elites and Islamic Revolutionary Guard Corps commanders to believe that the United States aims to diminish Iran's regional influence and shift the regional balance of power in favor of Iran's foes—Saudi Arabia, and other Gulf states.

Khamenei has successfully marginalized those within the regime who do not share his views, including President Ahmadinejad, who had been receptive to making a deal with the West. Unlike former President Mohammad Khatami, who believed Iran should develop better relations with Western states, Ahmadinejad had different motivations; he believed better relations with the United States would gain him popularity at home. But now, the president and his political faction have been pushed to the sidelines and are unlikely to be allowed to run a candidate in the upcoming presidential election. This removes a powerful dissenting voice against those unwilling to make compromises on the nuclear program. Others, who also would be inclined to apply pressure for a deal, such as former President Hashemi Rafsanjani, are also too politically weak to make a difference.

Yet, as sanctions continue to play a large role in Iran's economic crisis, Iran may reach the conclusion that it has no choice but to make a deal on the nuclear issue through the P 5+1 process, even if it is not yet ready for bilateral talks with the United States. The United States, therefore, should not match Khamenei's antagonistic rhetoric with its own. Instead, the United States should make clear that the door is still open for negotiations on a variety of issues.

Pragmatic Steps

1. The United States can take the high road, with renewed focus on achieving a real breakthrough in this long impasse through peaceful means. A tone and approach that are less punitive, more respectful of Iran's legitimate rights and responsibilities, could help the Iranians overcome their deep suspicions about US objectives. The President should make clear that the US believes that a mutually acceptable arrangement on enrichment and inspections is achievable, and would address both Iranian and international interests.
2. Make clear that a new bilateral track on a wide agenda does not undermine the existing P-5 Plus One Track, which embodies the UN's convictions and commitments. The US can revalidate the nuclear track and Europe's key role and pursue the bilateral approach at the same time.
3. Prepare to lift some sanctions that are more symbolic than substantive to show good faith; even if Iran responds negatively, it can demonstrate the beginning of a process.
4. Develop an agenda of topics for bilateral meetings that address broad regional security concerns, and Afghanistan in particular. Engaging Iran on Syria or Palestine may be too contentious since the parties' positions are deeply incompatible. But Afghanistan remains a more appropriate topic, and a wide-angle discussion of Middle East trends would also be a useful starting point.
5. Support and promote more robust exchanges between Iranian and American counterparts in key areas of education, science and technology, and public health as worthy endeavors on their own merits and as confidence building measures to build more trust at the popular level.

About the Authors



Ellen Laipson is president and chief executive officer of Stimson. She directs the Middle East/Southwest Asia program, focusing in particular on security issues in the Gulf region. Laipson joined Stimson in 2002, after 25 years of government service. In late 2009, President Obama named Laipson to the President's Intelligence Advisory Board and in 2011, Secretary Clinton named Laipson to the new US Department of State's Foreign Affairs Policy Board. She is a member of the Council on Foreign Relations and the International Institute of Strategic Studies, where she is a member of the International Advisory Council. She also serves on the board of the Asia Foundation. Laipson has an MA from the School of Advanced International Studies at Johns Hopkins University and a BA from Cornell University.



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Cooperate With China On Space

Michael Krepon

The Challenge:

Satellites are crucial for national, economic, and personal security. They permit quick and secure long-distance financial transactions. First responders, disaster relief workers, and lost motorists depend on satellites to reach their destinations with a minimum of delay. Satellites provide warnings of devastating storms in enough time to take precautionary measures. A growing number of nations depend on satellites for intelligence collection—especially the United States. Satellites help protect US soldiers in harm's way, and they can minimize civilian casualties in warfare. Satellites monitor the health of the planet.

No country benefits more from satellites than the United States. But US satellites are as vulnerable as they are valuable. They are far easier to damage than to defend. The same is true for satellites of other nations. Because satellites orbit the earth in predictable paths, states with advanced missile and space surveillance programs can find and target them. Missiles designed to launch satellites, attack distant targets, or intercept incoming missiles can also be used to destroy satellites. Satellites are also at risk from space debris, a growing competition in space between the United States and China, and the absence of rules of the road for what constitutes responsible behavior in space.

The challenge facing the United States and all major space-faring nations is how to secure the benefits that satellites provide at a time when abilities to disable or destroy satellites are easily acquired. Going on the offense in space could also create havoc in heavily trafficked orbits and offers no defense against retaliation. Protective measures in space provide limited effectiveness, at best.

Cooperative measures for the sustainable use of space are also hard to achieve. Three norms are of particular importance: (1) the stoppage of harmful, purposeful interference with objects in space; (2) the promotion and practice of debris mitigation measures for space; and (3) the development of a space traffic management system for space.

The Context

Stimson has been focusing on ways to enhance US security and to avoid dangerous confrontations in space since 2002, following concerns that the George W. Bush administration might seek to weaponizing space. The impulse by some in the Bush administration to “seize the high ground” in space was accompanied by the administration’s withdrawal from the Anti-Ballistic Missile Treaty and its rejection of space diplomacy that could in any way tie the Pentagon’s hands.

In less than a three-year span during the Bush administration, three severe debris events occurred: an anti-satellite (ASAT) test by the People’s Liberation Army, the break-up of a Russian rocket body, and a collision between a dead Russian and a functioning U.S. satellite. The Pentagon responded to the Chinese ASAT test by demonstrating an agile, sea-based ASAT capability, doing so against a satellite about to enter the earth’s atmosphere so as to mitigate debris consequences.

In response to heightened concerns over warfare in outer space, Stimson drafted a Code of Conduct for responsible space-faring nations in 2004. Stimson’s second draft, in 2007, was a collaborative effort with nongovernmental organizations based in Russia, China, Japan, France and Canada. The United States and other nations endorse and practice codes of appropriate conduct at sea, on the ground, and in the air. Activities in space do not have an analogous code. Codes of Conduct are norm-setting initiatives. They take the form of executive agreements.

The concept of a Code of Conduct has gained momentum. Countries of the European Union (EU), Japan and Canada have endorsed the concept, and the EU prepared and circulated its own draft Code of Conduct in 2008. After extended deliberation, the Obama administration also endorsed a properly crafted Code of Conduct in January 2012. Russia and China have proposed a different approach, calling for a treaty to ban weapons in space, and not to resort to the threat or use of force against outer space objects. What constitutes a “weapon” under this proposed treaty is ill-defined, and this draft treaty has no verification provisions.

In the second term of the Obama administration, space cooperation among major powers can increase, or military competition can heat up in space, including repeated instances of harmful, purposeful interference with satellites. The Pentagon will be ready for either eventuality. The key questions are which path Beijing will choose, and whether the Obama administration will take more concerted efforts to promote an international code of conduct that strengthens or establishes norms of responsible behavior in space.

Pragmatic Steps

1. Lead from the front, not from behind. The EU has not made concerted or effective efforts to broaden support for an international code of conduct for responsible space-faring nations. The Obama administration would do well not to outsource this initiative to the EU.
2. View the space code of conduct as a big investment, rather than small change. The code of conduct could be a door-opener for strategic engagement with Beijing. One way to swing the calculus of the new Chinese leadership toward increased cooperation with the United States would be to propose a joint US-Chinese space mission. Options could be particularized by specialists in both countries for consideration by national leaders.
3. Convene a series of conferences of major space-faring nations with suitable co-sponsorship to promote the conclusion of a code of conduct.
4. Propose a moratorium by major space-faring nations of long-lasting, debris-causing ASAT tests.

About the Author



Michael Krepon is a co-founder of Stimson and director of the South Asia and Space Security programs. Krepon's current research focus is nuclear stability and crisis management in South Asia. He has championed confidence-building and nuclear risk-reduction measures between India and Pakistan, several of which have subsequently been implemented, and his work on space security centers around the promotion of a code of conduct for responsible space-faring nations has been endorsed by the European Union and the Obama administration. Krepon, author or editor of thirteen books and more than 350 articles, received an MA from the School of Advanced International Studies at Johns Hopkins University and a BA from Franklin & Marshall College.

Beijing, China



Find the Right Balance in Asia Policy

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The Challenge

The rebalancing of American attention toward East Asia announced by President Obama in late 2011 is not a casual or inconsequential undertaking. Nor is it entirely new. Over the years, with the demise of the Soviet Union and the rise not only of China but other Asian economies, previous administrations have had a similar objective. However, events in the Middle East and South Asia have impeded engaging in it on a sustained basis. Now that the war in Iraq is over and Afghanistan is winding down, the opportunity exists to undertake rebalancing in a serious way.

This is not a “pivot” as some have come to call it, precisely because it does not represent an intention to pivot away from Europe or the Middle East, or South Asia. But with American economic, political and security interests increasingly centered in East Asia, we need to reallocate more of our human, financial and other resources to that region, resting on three core objectives:

- ◆ *Strengthening our alliances and partnerships throughout the region to consolidate peace and stability*
- ◆ *Further developing and deepening relations with China in a manner that can reinforce our broad common interests while successfully managing our differences*
- ◆ *Preventing or managing emerging conflicts driven by territorial and natural resources disputes and rising nationalism in key East Asian countries, including:*
 - ◆ *In Northeast Asia, the challenge of nuclear weapons and proliferation from North Korea, energy security, competing territorial claims and other serious sovereignty-related issues such as Taiwan’s relationship with the PRC and freedom of navigation (including for naval vessels)*
 - ◆ *In Southeast Asia, China’s insistent claims on virtually all land features (and associated waters) in the South China Sea, its demand for raw materials and tropical commodities, and its drive to harness the huge hydroelectric potential of the Upper Mekong through the construction of as many as 14 large- to mega-sized dams have a profound effect on the politics of China’s southern neighbors, and could well create conditions of long-term instability*

The Context

Northeast Asia is probably the world's only region where the strategic environment continues to be characterized not only by the legacies of Cold War but also by pre-1945 history. China's rapid emergence as a global economic powerhouse has encouraged Beijing to behave in a way that poses questions about its strategic intentions in the region and globally. Leaders in China and the United States both recognize the fundamental importance of finding ways to cooperate on a very broad agenda. But the two nations have differing, sometimes competing, interests on many of the most fraught issues in East Asia, the Middle East and beyond. Given the deep mutual strategic suspicions, the second Obama Administration will need to find even more effective ways to move the relationship with Beijing from the rhetoric about a "new kind of major power relationship" to a reality that will avoid the historical trap involved when a new rising power emerges in the face of an existing—and in this case not significantly weakened—established power.

Northeast Asia has entered an unprecedented period of uncertainty. Pyongyang's repeated attempts to conduct missile tests and its unabated nuclear ambition provide little hope that its new leader Kim Jong-Un will lead his country down the conciliatory path anytime soon. If anything, it is more likely that North Korea will continue its belligerent behavior, as seen in its third nuclear test in February. While remaining firm on the ultimate goal of denuclearization of North Korea, the United States must work with China, the ROK, Japan and Russia to determine whether there is a fruitful diplomatic path forward with Pyongyang that can cap and eventually eliminate the North's nuclear program. Eventually concluding peace arrangements on the Peninsula and normalization of the DPRK's relations with the United States and others must be part of the picture. But neither of these goals is realistic in the absence of successful efforts on the nuclear front.

Beijing, Tokyo and Seoul are all going through political transitions.. Despite the impressive economic success of China and South Korea in recent times, and although the specifics and severity of the problems differ in each country, all three face daunting domestic economic and social challenges. Maintaining a peaceful international environment to allow them to focus on those priority domestic concerns will be a high priority for each. However, issues of "history" among the PRC, ROK and Japan as well as competing territorial claims among them will also likely continue to complicate these efforts.

Northeast Asia has witnessed a sharp increase in tensions of territorial and maritime issues. Two of these disputes—Japan-ROK tension over Takeshima/Tokdo and Japan-China tension over the Senkaku/Diaoyu islands—are very problematic for the United States, and will raise questions about how the US rebalancing policy can contribute to the successful handling of these deeply entrenched issues. Both disputes are of great importance for US alliance management, but the East China Sea issues between China and Japan also raise the risk of blundering into conflict, even though no one wants that.

In Southeast Asia, the tone for US reengagement was set when Secretary of State Clinton declared “we’re back” at the July 2009 ASEAN foreign ministers’ meeting. The President underscored the closer US embrace of Southeast Asia by attending the East Asia Summit in November 2011. Obama was the first US president to visit Myanmar and Cambodia, strong symbols of the shift in US attention and interest to the region.

The centerpiece US Lower Mekong Initiative (LMI) involving the Mekong River Commission (MRC) and its four constituent countries, Cambodia, Laos, Thailand, and Vietnam, and recently, Myanmar, will require continued attention to ensure its sustainability. It has been appreciated in the region that then-Secretary of State Clinton personally championed the issues of fisheries, food security, education, and climate change adaption, giving US policy a strong “human security” profile.

The renewed interest and involvement in the region by the United States and its status as an agenda-setter and convener has had a modest impact on the regional dynamics and brought more international attention to the underlying geopolitical issues at stake. All of the MRC countries welcomed the proposed LMI, and each of them agreed to accept responsibility to co-chair with the United States a set of working groups.

Disputes over islands, reefs, shoals and rocks in the South China Sea also engage American interests with respect not only to the maintenance of peace and stability but also ensuring freedom of navigation. In these areas, as well, the course of US rebalanced engagement will also be of high importance; some worry about the sustainability of the more robust civilian engagement, and are more confident that the US military presence will be a source of assurance in the decades to come.

Pragmatic Steps

1. Renew and improve the economic and security dialogues with Beijing quickly once new Cabinet officers are in place in both countries, but also move beyond that to a sustained summit-level dialogue to help enhance mutual trust regarding each side’s strategic ambitions and policies.
 - ◆ As part of this, stress the importance of maintaining peace and stability and the importance of respecting internationally accepted norms and the rule of law.
2. Ensure that reengagement and rebalancing complement each other, and strengthen coordination among the NSC, State, Defense and the Pacific Command to achieve better unity of purpose. Ensure that rebalancing is understood as a holistic notion, not a purely security-driven concept and not as an approach aimed at restricting China’s peaceful rise.
3. Facilitate a “reset” of Japan-Republic of Korea relations. The inauguration of new leaders in those countries provides a moment of opportunity, and the US should work quietly to strengthen the instincts of Japanese PM Abe and Korean President Park Gyun-hye to stabilize the relationship. This is not only essential for maintenance of regional peace

and stability in general, but a positive Japan-ROK relationship is critical specifically to ensure solid US-Japan-ROK policy coordination vis-à-vis North Korea.

4. Continue the ongoing efforts to deepen the US-Japan alliance. There is already an effort under way between the United States and Japan to revise the burden-sharing in bilateral defense cooperation. Washington should also intensify its consultations with Tokyo to complete the realignment of US forces in Japan, the relocation of the Marines in Okinawa in particular, that was agreed in 2006.
5. Work with members of the UN Security Council and other Six-Party Talks partners, especially the ROK and China, to develop effective policies for capping and eventually eliminating North Korea's nuclear weapons program and for ending the pattern of provocative DPRK behavior, including ballistic missile and nuclear tests.
6. Sustain the positive momentum created in US-ROK alliance relations during the Lee administration by successfully relocating US forces, concluding the "123" agreement on nuclear cooperation, and implementing the KORUS FTA in a way that vividly demonstrates its benefits to a broad spectrum of Koreans and Americans.
7. Maintain strong unofficial relations with Taiwan, contributing to our mutual prosperity, Taiwan's democratic development, and the island's security as well as to the ongoing process of peaceful development of cross-Strait relations.
8. Keep the focus on the Lower Mekong Initiative as a dynamic framework for US engagement, and avoid it becoming a confusing mélange of aid programs, without the high-level attention that made it so successful under Secretary Clinton. Synchronize the LMI with the Initiative for ASEAN Integration (IAI), which seeks to narrow the development gap between more and less advanced countries, and accelerate the economic integration of the newer members (Cambodia, Lao PDR, Myanmar and Viet Nam).
9. Place greater emphasis on visible public diplomacy and information dissemination within the Southeast Asia region. The most active four years of US engagement since the end of the Cold War have significantly raised the US profile in the region, generated anger and criticism from Beijing, and in some cases, created expectations that will be hard to fill without more substance and follow-up.
10. Enhance US credibility on maritime territorial disputes by expending the necessary political capital to gain Senate ratification of UNCLOS (the Law of the Sea Convention.)
11. Pursue the Trans-Pacific Partnership in a way that complements, rather than competes with, other regional economic and trade arrangements.

About the Authors



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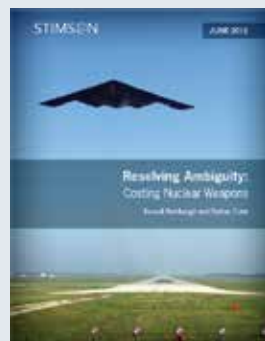


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It's time to...

develop a broader, more inclusive approach to
US policy towards Iran.

bring about real and lasting positive changes
in the country's **nuclear posture.**

identify cooperative **responses to transnational crime**
that cut across government infrastructures and traverse
the public-private divide.

execute the defense builddown based on
strategy, not politics.

develop a coherent strategy to address the
Arab transitions with new and creative
applications of "**soft power.**"

enhance **water security** at home and abroad.

take the lead in securing the **sustainable use of space.**

strengthen our alliances and prevent conflict in **East Asia.**



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