

# The Political Cartel

*An Ideological Roundtable*

## American Foreign Policy

A Contemporary Commentary

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# American Foreign Policy

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## Introduction

American foreign policy has recently suffered numerous setbacks. The misguided, distracting, and costly war in Iraq has alienated America from the world and the blame contests, responsibility-ducking, and political grandstanding in Washington have revealed some of the very worst in our nation's leaders. America is a beacon to the world for the blessings of constitutional liberalism—that is, the rule of law, judicial independence, due process, and the rights to worship, assembly, free speech, privacy, and so on. But America's reputation has been tainted by wiretapping and by torture—both widely perceived as unconstitutional. Abu Gahrib and Guantanamo Bay have now become a symbol to the world of American hypocrisy.

Also, the broadly defined and vague “war on terror” has dramatically dumbed-down our foreign policy discussion. On several occurrences, the United States has been the victim of sometimes successful, but over-rigid international paradigms. For example, containment, the doctrine of the Cold War was probably responsible for winning the war. However, containment was also responsible for the United States' lengthy, morale-depleting, and inconsequential war in Vietnam. Because the Soviet Union was attempting to spread communism around the world, it was believed that other communist nations would do the same thing—the so-called “domino theory.” But the domino theory instilled an irrational paranoia, manifesting itself in a black-and-white view that communism must be stopped anywhere it happened to find itself on the globe. This was coupled with the post-World War II belief that the United States could do anything, anywhere if it had the will-power to do it. Beginning with a few military advisors and leading to hundreds of thousands of troops, the United States fought a long, frustrating, and expensive war in a part of the world with which it had few if any strategic interests. And this was all because of the belief that Mao Zedong, the despot leader of the Chinese communist revolution, followed orders from Joseph Stalin and that Ho Chi Minh followed orders from Mao—all in a coordinated and unified attempt to spread communism around the world. We rightly believed communism to be destructive but wrongly believed that all communists were the same. If Stalin was trying to expand communism, which he was, we reasoned that Mao must have been trying to spread communism and if Mao was trying to spread communism, then Ho Chi Minh must have had the same ambitions. This thinking plagued

us then. Thirty-five years later, we are struggling with the same flaws. Today the issue is terrorism. Rather than discriminate between terrorists, identifying which ones are most threatening and which ones can be turned against each other, President Bush declared an open-ended war against all terrorism, everywhere. The United States needs to abandon this thinking and embark on a foreign policy grounded in moderation, pragmatism, and more effective priority-making.

America should pay also attention to what Fareed Zakaria in his book, *The Post American World*, has called, "The Rise of the Rest." He argues that the relative power of the world vis-à-vis the United States is increasing though not because the United States is becoming less powerful; rather, the world is becoming more powerful. Therefore, United States needs to adapt to changing international dynamics and find ways to work them to its advantage. Heretofore, the United States has resisted even the slightest challenge to its hegemony and sovereignty. It has made vain demands for other nations to conform to, yet has ignored many of the concerns and legitimate interests of the international community. This lazy approach will not only fail to improve conflicts in the international system, but will worsen them in two ways. Already present antipathy of the United States will become exacerbated and nations will be made less willing to cooperate at the negotiating table. Concessions in negotiations only occur when parties perceive gains (or avoidance of losses) for themselves by doing so. Therefore, when the United States acts the way it does, it gives foreign leaders the impression that their own concessions will not be reciprocated by concessions on our part. This distrust will prove to become more and more costly to American foreign policy as the rest of the world becomes more and more powerful.

Several threats to the United States are looming in the near future. Iran is rapidly developing centrifuges to enrich its stockpile of fissile material. This situation has rightfully caused great concern, yet has alarmingly failed to produce an effective response. It is time for new thinking on Iran. To contain Iran, the United States must take advantage of Iran's relatively pro-Western population as well as favorable bargaining leverage over certain international actors which are particularly influential to Tehran. Iran does not operate in a vacuum. The nations that come into contact with Iran have interests which the United States can exploit to manipulate their behavior. And, as we have seen from the last election, the Ayatollah has a monopoly on de jure power within the country, but his de facto power has been called into question. Understanding the complexities of these power relationships is the key to stopping Iran in a way that can lead to future stability and not drain the American treasury on another extended military campaign.

Also, America will have to make the best of a deteriorating Afghanistan and use recent successes in Iraq to create a viable state and a dependable ally. The effort in Afghanistan is made very complicated by the situation in Pakistan. A shrewd mix of diplomacy and force must be utilized as well as a knowledge of Afghan culture. There are lessons (both successes and failures) to be learned from the experience in Iraq but understanding the uniqueness of Afghanistan and the AI

Qaeda presence there is crucial to the formation of a viable Afghan state. Success in Iraq, Afghanistan, and Pakistan can engender great things for the United States and the Arab world.

In the immediate future, America must recover from its economic recession and make subtle changes to its banking and credit system. The needed changes are not dramatic, despite the ever-mounting populist rage to overhaul our American economy. While not a popular position, I believe our banking system is, for the most part, a solid and time-tested entity. The current problems can almost entirely be traced to a new class of asset that the banks had not been accustomed to, one to which no clear means of regulation had been established, and which created a system that encouraged, what was clearly extremely risky investing. Fixing this problem now will almost surely lead to a surge in investor confidence, a key to a solid American economy. The faster America's economy gets back on track, the less leverage we will have lost to nations like China, who stand to gain from every minute we remain in this crisis.

## Attitude Change

### **A More Constrained, Pragmatic, and Moderate Foreign Policy**

The last century featured some of the very best in American foreign policy. Democracy and capitalism triumphed overwhelmingly over fascism, totalitarianism, and communism on multiple occasions. In World War I, the United States joined the allied powers to halt Kaiser Wilhelm II, bringing security to Western Europe, and then prevented Hitler from consuming all of Europe in World War II. After World War II, the United States spent the next fifty years in an ultimately successful battle against communism. The inability of the communist state to compete with the basically free market state became obvious to the world as East Germany was opened up and the Soviet satellite states released. Nations such as India, which had suffered from decades of economic stagnation by following Soviet models, reformed their economic policies and began lifting millions out of terrible poverty. Our role as the leader of the free world was rightly enjoyed after each of those successes.

Unfortunately, in the process, the United States has developed something of a macho mindset. Rather than pursue the least expensive and least involved method of pursuing its national interests, the United States has developed a bad habit of flexing first and dealing later. This can be attributed to many things, not the least of which being that some of our most successful and memorable successes have been the result of decisively rolling out our impressive military power. The result has been a loss of life and treasure which have far exceeded what was probably necessary on several occasions. Peace and stability in the Middle East is a legitimate national interest of the United States. After the United States was attacked on September 11<sup>th</sup>, 2001, we had the full support of the world to invade Afghanistan and route out the Al Qaeda presence there. A successful campaign in Afghanistan would have created a stabilizing agent for Afghanistan and Pakistan, advanced more moderate Muslims (whose support we had) to positions of power in the

Islamic world, enhanced our international legitimacy and prestige, and would have been relatively inexpensive. Instead, George W. Bush halfway finished the job in Afghanistan and diverted his attention to Iraq. His declaration that we would fight any state that “harbors terrorism” sent us off in an uncompromising, expensive, and open-ended struggle that we have paid dearly for. *The result has been an unstable Afghanistan, an unstable Pakistan (a country with nuclear power), an unstable Iraq, an emboldened extremist leadership in Iran (which has continued to fund terrorist groups in Iraq and Lebanon, making the Middle East even more unstable), about a hundred thousand fewer Iraqi lives, more than one trillion dollars lost from the US treasury, a complete inability to militarily address more pressing conflicts, increasingly difficult domestic political circumstances for moderate Arabs, and a loss of American credibility and prestige all over the world, a serious problem I will address later.* When nations get caught up in black-and-white international paradigms, they find themselves in conflicts that, in hindsight, make very little sense.

America needs to get back to its most essential national interests and make priorities, deciding essentially to do the very least to get the very most. Despite its enormous military, it cannot solve all the world’s problems. Therefore, it has to pick and choose those which are most essential. On September 12th, 2001, it was clearly in our national interest to pursue Al Qaeda.

### **Why Global Approval Ratings Matter**

President Bush led our country to some of its lowest global approval ratings in history. Yet, many of his supporters seemed to care little. “Why do we care what people in Germany, Turkey, Britain, and Pakistan think of us?” they would say. “It’s their problem that they don’t like us.”

But recent events in Gaza are a perfect example of why global approval ratings matter and why global disapproval is our problem. The United States was completely sidelined during the most recent Israeli invasion. We could not work with anyone in the Arab world to bring about a ceasefire. As Israel’s actions fanned Arab flames, it would have been fantastic if the United States could have brokered a deal between the two sides but that consideration was completely impossible because of our moral standing in the Arab world. We could not even pave the way for a Fatah takeover because their leaders are also hesitant to associate with us.

Israel’s actions anger critical countries. As stated earlier, Ahmadinejad has been able to use Israel’s invasion as justification for his anti-Semitic rhetoric. Because Iran trains terrorists to make US operations in Iraq more difficult and supports Hezbollah in Lebanon, it is certainly in the United States’ interest that the Iranian people do not feel content with their current government. The greater the discontent, the more pressure will be put on their leadership to show signs of moderation.

Pakistan is another example. Prime Minister Zardari is fighting a losing battle trying to forge a fragmented and corrupt government into one that can effectively maintain law and order in its Afghan-bordering tribal badlands. With the Inter-Services Intelligence (ISI) wing of the government

(which many argue effectively is the government) clandestinely interfering in his attempts to achieve his goals, operational assistance from the US government could be extremely useful. However, we have such poor standing with the Pakistani people that we can do very little there, short of financial assistance. Because we cannot collaborate effectively with Pakistan, our operations in Afghanistan, particularly near the AfPak border, are significantly more challenging.

Also consider Turkey. For most of the 20th century, Turkey has been a critical strategic partner to the US, occupying a crucial expanse of land bordering the Mediterranean sea, Syria, Iran and Iraq. For centuries, Turkey has been the gateway between the West and the East. Because 90 percent of Turkish citizens opposed the most recent war in Iraq, the Turkish government, which wanted to help us during the war, could not support us. This created logistical and operational problems for US forces. The northern entrance to Iraq was completely cut off and the United States was only capable of fighting on one front. This is a good illustration of potential tactical problems that come from being unpopular.

The United States had little trouble finding international support for our operations in Afghanistan, Kuwait, and Bosnia. Because the international community largely believed those to be just causes, world leaders had no reason to worry about their approval ratings and thus supported us. I would even argue that on those occasions, it was essential to work with America. If foreign leaders did not, their domestic support would have plummeted.

That said, international approval is important because international leaders rely on domestic approval to be able to cooperate with us. Every decision they make is tempered by what is domestically tolerable. This is important from everything to air bases, arms control, multilateral engagements, tactical coordination, and much more. Future presidents should learn from the current frustrations that come from being unpopular in the world.

### **The Rise of the Rest**

The United States is without question the political, economic, and military leader of the world. Before the fall of the Soviet Union, most analysts regarded the world as bipolar, meaning led by two powers. Even when the Berlin Wall fell, George H.W. Bush and Bill Clinton were hesitant to refer to the world as unipolar, even though the characterization had never been more accurate. Since 9/11, the United States has become increasingly confident of its ability to dominate international affairs, despite the fact that, now, the United States is becoming decreasingly powerful. Because of the disparity between perception and reality, the United States is engaging in very destructive long-term behavior.

The reality is that China will challenge the United States' dominance in the world. It is not a question of if but when. By virtue of its enormous population and economic growth, China will

become the second most powerful nation in the world. Therefore, the United States needs to shape its entire foreign policy around that central assumption.

The rise of China need not be a bad thing; policy makers should not begin (or continue) scrambling to find ways to contend with them. Even if China's economy were to outgrow ours (which is very unlikely for a very long time), China would not be able to overturn the existing international order. As it is, the Western order is too well established and the economic might of the United States in conjunction with the European Union are too much for China to contend with. But all this misses the point; China is not interested in overturning the international status quo. They are far too consumed with their own internal stability. Internal stability has become an obsession for the Chinese leadership and they are fully aware that a growing Chinese economy depends on a healthy US economy.. China has to build enormous industry to keep its people working. Therefore, we should not feel threatened by the rise of China. Instead, we should work to reinforce the international order so that, as China's influence grows, it will imbed itself into the international order rather than butt heads with it.

The practical implication of this strategy is that the United States should give far greater respect for international law; it should participate in and follow it more consistently. As it is, the United States treats international law like something that only less powerful, developing nations need to follow, in order to control their behavior. While this probably has some truth to it, this kind of thinking will encourage the same behavior from Chinese leaders once they become more powerful. A China that will not abide by international law is a very bad thing for the world.

This is why, regardless of its imperfections, I believe the United States should ratify and abide by the Kyoto Protocol. We are at a stalemate with China on the issue. Every time discussion of the Protocol comes up, many rail that we will lose our economic competitive advantage to China. While I do believe it unfair that under the terms of the protocol, China would not incur the same obligations as the United States, I also believe this is both short term thinking and out of touch with reality.

First, it ignores the reality I have just described, regarding the fostering of a responsible Chinese power. Second, with China's tremendous population and need for heavy industrialization, it will need a tremendous amount of energy. Many analysts believe the scale of China's industrialization will create a tremendous strain on the environment in China; the quality of air in most Chinese cities is already unsafe. Therefore, if the United States can take the lead in producing "green technology," it will have an enormous market to sell to. This is essentially the argument of New York Times columnist, Thomas Friedman, in his book *Hot, Flat, and Crowded*. If the United States gets ahead in the green market, it will surely have no trouble eliminating its trade deficit with China because China will desperately need our technology.

This is also important from a geological perspective. Because coal is so cheap and powerful, China produces two coal-burning plants every week. This coal burning is the very driver behind China's economic growth, which China depends on. If this trend continues, the United States will not be able to produce enough hybrid cars to temper the carbon-dioxide that China will be releasing. Carbon-dioxide already appears to be in greater preponderance than at any time in our planet's measurable history. The undisputed projection is that in the next fifty years, our CO<sup>2</sup> concentration in the atmosphere will nearly double. In order to stave off tremendous climate change, which would create seemingly insurmountable international and global problems, the United States needs to help China transition away from coal. We can only do this if we have developed the technology to do so ourselves.

### **Creating a 21<sup>st</sup> Century Military**

While improvements are being made, the US military still lacks many essential features necessary to become relevant in today's changing world. Unfortunately, we still have a bloated, Cold War military which struggles with the guerilla tactics which compose most modern-day international conflict.

To begin, military field commanders are going to have to master a new set of skills i.e. negotiation and diplomacy. This is because most armed conflicts these days do not take place between states but between a states and rebel groups. In state to state conflicts, negotiations and diplomacy take place among foreign ministers, but this luxury does not exist when dealing with belligerent groups. As evidence by General Petraeus' mastermind strategy to reach out to local Sunni militias in Iraq suggests, commanders are going to have to learn to work with local populations with the goals of fostering good-will, exploiting local resources, and alienating irreconcilable belligerent elements from reconcilable ones. There is much evidence to suggest that in Afghanistan, many citizens who work with Al Qaeda only do so because they have no other source of employment. These are not hardline extremists but merely people with either nothing else to do or no one else to provide protection. These elements can certainly be enticed away from the non-compromising elements. Commanders should devote significant time and resources to finding ways to accomplish this.

Because guerrilla groups work amongst civilian populations, military operations are going to have to resemble scalpels more so than hammers. Population unrest is terrorist's greatest weapon. Once terrorist groups have the support of local populations, their battle has been won. The more American operations cause collateral damage, the easier it becomes for terrorist groups to win over local populations. They become the defenders in the eyes of the population. Thus, a significant buildup of special forces is a key to a 21<sup>st</sup> century military. Military operations need to operate more like police forces than military ones. These sort of operations are given greater

legitimacy by local populations who are happy to have criminals among them brought into custody but who seethe when being bombed on.

## The Current Conflicts

### Iran

Iran's situation on the ground is becoming less certain every day. Because of the uncertainties surrounding the most recent election, it is difficult to formulate foreign policy on Iran. However, given the Ayatollah's track-record and abundance of power, it is likely that, to a great extent, Iran's power will remain with him and that Mahmoud Ahmadinejad will continue as their president. The massive numbers in the streets of Tehran in protest is awe-inspiring. And I continue to hope that their efforts to put Moussavi, who by most accounts was likely the true winner of the election, in power will be successful one day. However, the United States needs to prepare for the contingency that Ahmadinejad will retain power.

In the short term, the United States government needs to avoid taking dramatic stances on Iran's election. As much as possible, the US should stay out of this issue. Moussavi is having great success mobilizing the urban population against the government. Even elements within the government have turned against the election results and Ahmadinejad. This kind of discontent would put pressure on any government, regardless of how powerful it is. By getting involved in this conflict, the hardline elements within the government would be given access to another weapon to keep themselves in power: being able to accuse the moderates and pragmatists within the government of being puppets of the West. Thus, the best policy is nonintervention and focusing on America's long-term interest in Iran: its nuclear program.

Iran's growing nuclear program has been a concerning international prospect for years now. Thus far, Washington's policy on Iran's regular nuclear developments has been disappointing: denouncement and severance of diplomatic and economic ties. This regular course of events is both useless and out of touch. Had America not been caught up in Iraq, the US might have had more leverage over the situation but considering the present circumstances, I propose a different solution:

To begin, *I am working off the assumption that Iran will acquire full nuclear capability*; I can hardly imagine anything the United States could realistically do to change this. If my assumption is correct, it would be far more wise for the US to contain that capability than try to eliminate it and it would be wiser to bring Iran into the heart of the international system than keep it on the periphery. Therefore, regardless of the eventual election results, the United States should offer recognition of Iran's sitting government (something we have not given since 1979) and a normalization of economic relations in exchange for two things.

First, Iran should pledge to only use nuclear power for civilian electrical production as they insist they are doing. This is simply to give a formal legal basis of accusation should the need arise. Second, Iran's nuclear facilities should be subject to regular and frequent inspections by a group of non-threatening, diverse states. States that should be considered include Syria, Russia, China, and Saudi Arabia. While these are not the most trustworthy states in and of themselves, each can be characterized by mutual distrust, making it unlikely that they could work in concert to corrupt the inspection process. One of my biggest concerns with any nuclear power is that nuclear materials could be sold, stolen, or hidden. A group of inspector nations that could be counted on to keep a meticulous account of all fissile materials could stave off much of that threat. The idea is a cost-benefit no brainer. If it can be made fairly certain that Iran will acquire nuclear capability, the cost of containing that threat will be far less than any military option. Additionally, if Iran can grow into a responsible nuclear power, it can create tremendous benefits.

Syria is well-disposed to President Obama and its foreign minister in a CNN interview demonstrated an unprecedented willingness to negotiate with Israel despite one of Israel's most hawkish assembled governments in recent history. A trilateral conference should be set up between the United States, Israel, and Syria. There, the United States should propose a cessation of the Golan Heights, a worthless piece of land, back to the Syrians, in exchange for Syria becoming an inspector of Iran's nuclear facilities. If Israel perceives its biggest threat coming from Iran rather than Syria, it might be willing to give up what it has used as a buffer since the war in 1967. An auxiliary goal, though nevertheless an important one, would be to involve Syria in the Israel-Palestine peace process. At the very least, Syria can become what Egypt is: not a fan of Israel, but neutral. This could have the future effect of reducing the paranoid nature of Israeli politics and engender more dove-minded governments in the future, should Israel feel more secure about its geopolitical position.

My suspicion is that involving Russia and China in the inspections should be easier. The United States already has significant leverage over Russia in one respect: the threat of the European missile defense system. Russia knows it and so does President Obama, who has rightly used it to involve Russia in Iran. Obama proposed to lift the missile defense if Russia could stop nuclear development in Iran. I would make it even easier; all Russia would have to do is inspect Iran's nuclear facilities. Russia would almost certainly jump at this opportunity because they hate the missile defense system. The prospect of having the missile defense system lifted simply for involvement in nuclear inspections would seem like a get out of jail free card. As illustrated plainly by this example of *realpolitik*, the defense system gives significant bargaining leverage to the United States. And the Russians know *realpolitik* very well.

China can be pressured by many of its neighbors to become an inspector. A bloc including Japan, Singapore, Thailand, South Korea, and India could be formed to gently nudge China into that role.

It is crucial that China become involved for three reasons. First, they are distrustful of Russia and would likely halt any Russian attempt to collude with Iran. Second, China has a greater stake in international stability than any of the other mentioned states. Lastly, it is important for China to imbed itself in the current international system in order to develop its leadership capabilities and to develop itself as a responsible international intervener, a position China has resisted to this point. This could pay future dividends with China's involvement in North Korea, Myanmar, and Sudan. As G. John Ikenberry argues persuasively in *Foreign Affairs*, there are many factors which would prevent China from overturning the current Western international system. The more China becomes involved in the international system, the more likely China will become more Western.

Saudi Arabia's monarchy, though flawed in many ways, has demonstrated an unprecedented moderation in recent years. It was vocal in its opposition to the most recent Palestinian aggression and has been hard on rooting out terrorism within its borders. While Saudi Arabia continues to enforce many hardline Wahabi-style rules in its own country, its dealings with the Western world continue to be very cooperative. Thus, it should not be a great chore to involve the Saudis.

With regard to Iran, a few things need to be remembered. First, with the obvious exception of Israel, Iran has the most pro-American population in the middle east. Iran was a strong ally until 1979, when the Shah, who was seen as a Western puppet, was overthrown. Rioting Iranians took over the US embassy and install Ayatollah Khomeini as its Supreme Leader. However, many of the Western seeds had already been sown and continued to grow during the rule of the two Ayatollahs. If the people of Iran are treated respectfully by the US, they (especially the younger ones) will likely reciprocate. This explains the overwhelming disapproval of Iran's government by the Iranian people. Ahmadinejad, with his populist, welfare-state policies has run his country's economy into the ground with inflation and has alienated his country with his extreme rhetoric.

Second, vilifying Iran, as Bush did in his 2002 State of the Union Address is unacceptable. It gives legitimacy its extremists and alienates its moderates. Instead, Iran should be given normal international status in order to continue the alienation of its extremist leaders from its people. This is the most likely way to bring about regime change. A bad government with no one to blame cannot stay in power very long. Governments which are put on the periphery of the international order tend to use the West as an excuse for their own shortcomings and thus stay in power (Cuba is another good example). Bringing Iran into the forefront of the international system will almost certainly expose its inept government and lead the people of Iran to demand change. In response, the Ayatollah will continue to resist change, but will probably embarrass himself trying. Richard Nixon's and Henry Kissinger's opening up of China is a great case study of this phenomenon. China was a closed off state with a communist, totalitarian government. It was also in the course of starving out millions and committing atrocious human rights violations. Their barbarity dwarfs the situation in Iran, even during the current post-election demonstrations. Yet, once China was

opened up, it began a process of economic and political liberalization which has continued to this day. Not surprisingly, Henry Kissinger is one of the leading proponents of opening up dialogue with Iran.

Third, the development of unchecked Iranian nuclear weapons would almost certainly lead to tremendous conflict. Therefore, if Iran finds a way to develop MRBMs despite inspections, armed conflict was probably inevitable had the inspections not taken place anyway. Again, I am operating under the assumption that with Iran's current trajectory, it will probably attain nuclear capability anyway. Therefore, the inspections' purpose is to make the best of a bad situation.

## **Afghanistan**

During the 2008 presidential campaign, Barrack Obama made removal of US presence in Iraq one of his foremost tasks as president. As successful as he might be, he is likely to be frustrated by the increasing difficulty that lies ahead in Afghanistan. Problems include: Al Qaeda border crossing, a completely inept government, a somewhat anarchical tribal culture, extreme poverty, and mountainous terrain. Conventional warfare in Afghanistan will not work. The British and the Soviets tried for years and each failed miserably.

The most significant problem in Afghanistan is Pakistan. Pakistan, for some reasons, many legitimate, insists that US forces not cross into their territory. For one thing, its government is under tremendous pressure not to create an uprising in its already unstable society. Yet, Al Qaeda crosses the border with impunity. This is a similar situation that the United States found itself in Vietnam vis-à-vis Cambodia and Laos. Border crossings have proven to be a frequent and effective guerrilla tactic. If the US were not so dependent on stability in Pakistan, crossing the border would not be such a problem. Additional complications arise because Pakistan is paranoid of its eastern neighbor, India. The United States gives the Pakistani government billions of dollars each year for its military, yet most of the troops are located near the border with India rather than the Afghanistan. It is also understandable that the Pakistanis are hesitant to put troops where there would almost certainly be conflict. Troops near Afghanistan will constantly be fighting with Al Qaeda. Troops near India will be stalemated, and thus will not have to fight. This means that Pakistan tends to give only a half-hearted effort to put down terrorist activity in areas like the Swat Valley and the tribal badlands.

One idea worth trying is a trilateral conference with India and Pakistan with the goal of attaining permission to place a temporary buffer force on the AfPak border, not allowing any troops to pass from either side. The conditions of the agreement could be as follows:

### **US Obligations**

1. The placement of a force on the AfPak border, not to extend more than one mile into the sovereign territory of either state, to prevent any military force crossings.

2. Operation of round-the-clock aerial and satellite surveillance of the border.
3. Notification to both sides of any breaches.

#### Indian Obligations

1. Agreement to not move any military forces across the border.
2. Agreement to several phased force withdrawals in tandem with Pakistani withdrawals.

#### Pakistani Obligations

1. Agreement to not move any military forces across the border.
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The goal of this arrangement is simple: to free up Pakistani forces to restore order on its Western border. Despite the length of the border, a large force should not be needed; India and Pakistan are not on the brink of war, they are merely caught up in a prisoner's dilemma. In a typical prisoner's dilemma, two people are taken prisoner and each told the following separately:

- If you accuse the other of wrongdoing and the other prisoner does not accuse you, the other prisoner receives a long sentence and you receive a short sentence.
- If both of you accuse each other, you each receive long sentences.
- If both of you refuse to accuse each other, you each go free.

The dilemma is that, while the best scenario is clearly to not accuse each other, fear of a long sentence will lead you to accuse each other in order to guarantee no worse than a short sentence. The result is that both of you receive short sentences because each of you does not trust the other, despite the fact that you could have both gone free. This is the same situation in India and Pakistan. Both could withdraw forces and everything would be fine. But neither side is willing to withdraw when the other side has their forces so close to the border. Therefore, the United States does not have to send a force to prevent a full frontal assault. It merely has to send one which can stave off mutual distrust on both sides. Thus, operationally, this mission is very doable. If successful, US operations in Afghanistan would be made much less complicated and our time there might be shortened considerably.

The obvious complication to this arrangement is that it would create a situation whereby Pakistan would have US forces on each side, a situation it does not want. While, the US should arrive at the negotiating table pushing for this arrangement, it has two possible concessions which it might offer to push the arrangement through. First, it could guarantee the Pakistani government that it will discontinue its drone bombing operations on Pakistan's Western border and completely cease all

breaches of that border. If that doesn't work, the US could pledge to remain on the Indian side and instead work with India to form a bilateral agreement.

### **North Korea**

The North Korean state is a tragic totalitarian military machine. It robs its peasant population to feed its more than million man military. No country in the world operates in a more totalitarian fashion. Kim Jong Il's preponderance of power has come at the price of unimaginable suffering on the part of the North Korean people.

My initial reaction to North Korea's various attempts to construct nuclear ICBMs is that the US should continue to do what it has always done. That is, pay North Korea to discontinue their program every time they begin it again. My thinking to this point has been simple: if the North Koreans renew their program every two years and the United States pays them about \$10 billion in food, oil, and cash each time to discontinue it, that is much better than engaging in an open-ended military campaign which would certainly be much more expensive, cost many lives, and agitate China.

However, I think there is an even better solution: leave the situation to China. The way I see it, there are two certainties regarding China, North Korea, and ourselves. As long as China's leaders perceive that the United States will intervene when North Korea acts belligerently, China can consistently be counted on to do nothing. This is even more predictable considering China's publicly stated preference for non-intervention in international affairs. The other certainty is that if China is made to be certain that the United States will not intervene, China will be forced to. China, being the regional powerhouse that it is, will eventually act in its self-interest to dismantle North Korea's nuclear program. A nuclear North Korea would come at too great a cost to China.

Chinese involvement has several advantages. First, and the most obvious is that a significant amount of pressure and complication is removed from our own foreign policy. The bilateral relationship between the United States and the US is already complicated enough. Also, China has significantly more leverage over North Korea. Going back to the Korean war, Chinese intervention in North Korean affairs has been frequent and meaningful. Chinese intervention also has the added advantage of not being nearly as threatening to the North Koreans as US intervention would be. This would surely give the North Koreans greater willingness to come to the negotiating table.

The military option should only be used in a crisis. The United States, while enjoying a significant technological advantage, would be far out-manned, especially given our troop levels in Iraq. The military contingencies will certainly be given increasing discussion should the situation continue to deteriorate. In the meantime, the United States needs to work to give China greater incentive to take control of that situation.

## Iraq

2006 will probably be remembered as the nadir of the US war in Iraq. However, thanks to the impressive work by General David Petraeus, the country has largely recovered. Along with the “surge” came a significant change in strategy. Prior to the surge, the military focused almost extensively on combating Sunni militias while supporting the Shiite-led government. After the surge, Petraeus focused on getting the support of Sunni militias and used them as something of a police force. This group became known as “The Awakening.” The result has been a significantly more stable Al-Anbar region and nation as a whole. Sunnis, who are Iraq’s former ruling power and religious minority, have felt less threatened and Shiites have had more accountability.

At this point, it can be said that the United States has sufficiently escaped the abyss it found itself in during the war. US objectives in the coming months need to be the continued withdrawal of US forces there. As long as the situation in Iraq does not spiral out of control, the US needs to pursue withdrawal even if that comes at the price of some less than preferred outcomes. The sooner, the US can leave Iraq, the sooner it can increase troop strength on the AfPak border and the sooner the US can eventually leave Afghanistan. After withdrawal, Iraq can reasonably be counted on to be a weak ally—never willing to take dramatic action but never opposing us in any meaningful sense. Viewed this way, this would be a much better scenario for the United States than existed before Saddam Hussein. Thus, leaving Iraq under less than ideal conditions, short of anything truly calamitous, should not be viewed as a letdown.

## The Financial Crisis

### Global Implications

The most significant foreign policy crisis is actually occurring domestically: it is our faltering economy. The current financial crisis has caused what Niall Ferguson, economic historian at Harvard University, has called, a “crisis of globalization.” The United States has less money to consume foreign products and less money and incentive to invest in foreign enterprises and products. Because the United States is the economic hub of the world, our recessions send shock waves globally and trade is a two way street. Our recessions lead to less demand for foreign products, creating unemployment abroad. Global unemployment in turn creates less demand for American exports; a vicious cycle is created.

Also, it is drying up local, state, and federal coffers. Funds for all kinds of basic services are no longer being counted on. Policemen, fire fighters, public health workers, social workers, public administrators, and educators all around the country are being laid off. This drying up of funds includes many non-profit charitable and humanitarian organizations which have proven to be crucial to the well-being of the most vulnerable populations in our world.

Lastly, the United States is forced to spend a lot of money because of the recession, in economic stimulus, in shoring up the so-called “too-big-to-fail” companies (e.g. AIG, GM, Citi), and providing liquidity to failing banks. This of course increases the already large debt. For years, most Americans have cared little how financing debt works because it has never been a problem. Now, we are keenly aware that China is a huge financier of America’s debt. With China’s own need for domestic economic growth and its Communist Party’s political fear of domestic uprisings, it stands to reason that China could eventually become unwilling to finance America’s debt and instead focus its attention more inwardly. The other possibility is that China might insist on raising interest rates on the money we borrow, a scenario we would be powerless to resist.

### **The Root of the Problem**

The key to shoring up the the economy is both complicated and simple. To understand the solution, it is important to understand the actual problem. Unfortunately, the masses seem content to blame easy targets such as large banks, sub-prime mortgages, President Bush’s tax cuts, Fannie Mae and Freddie Mac, corporate greed, and Americans living on too much credit. While many of these may have contributed to the problem, they all miss the underlying problem.

Before the turn of the century, any person wanting to get a mortgage would usually need three things: a 25% down payment, a steady job, and good credit. Loan officers essentially kept their jobs (and banks stayed in business) based on how well their loan recipients paid back their loans. This system had more or less been in place for as long as our modern banking system but when the mortgage-backed security (MBS) was invented during the late 80s, and came alive during the late 90s, everything began to erode. Commercial banks (i.e. your basic savings and loan institutions) could issue mortgages to interested homeowners and sell its mortgages to investment banks (e.g. Citigroup, Solomon Brothers, Bank of America, JP Morgan Chase, etc.) for fees. The investment banks would then bundle up those mortgages and sell them as investments. The investors’ returns were essentially made up of the interest on each loan. If the average interest on the mortgages was 8%, the investors could expect roughly an 8% gain (minus the percent of defaulted mortgages). Eventually, there were not enough mortgages to support the demand for MBSs. Because of this, commercial banks relaxed their issuance standards to increase the number of people who were eligible for mortgages. As more and more people became eligible to take out mortgages, demand for real estate went up sharply, dramatically raising property values.

When property values rise sharply, as they did from 2001 to 2006, it becomes almost impossible to default on a loan. Suppose someone takes out a \$500,000 mortgage. If, by the time that individual cannot make his payments, the value of his house has risen to \$550,000, he can simply sell his house. He will get \$50,000 and the bank will eventually get its \$500,000 plus interest, so both are happy. Traditionally, mortgage loan officers’ pay has been based on the volume of loans that get paid back. The system, which worked for centuries, provided incentive for prudence and

caution while the new system encouraged recklessness. The more loan officers loaned, the more they made in fees.

Unfortunately, the ratings agencies saw it the same way. Mortgages that would ordinarily be given terrible ratings were given the AAA rating (the highest rating) because they were not defaulting. The ratings agencies did not take into account that the low default rates were due to artificially rising real estate values. Because of the AAA ratings, investors felt very safe with the MBSs and invested all the more.

As you can see, a vicious cycle was created. Many people were getting rich between 2001 and 2006. Homeowners were using their rising home equity to pay off their mortgages and even as modified debit cards, spurring on artificial consumer demand. Commercial banks were making money issuing home loans and selling them to investment banks for fees. Investment banks were making money on brokerage fees from investors and investors were making money from the securities themselves.

### **The Solution**

Overall, the banking system was not in terrible shape when it crashed. Centuries of solid banking practices were overwhelmed by a single financial instrument that created a system of perverse incentives. The problem is simple: commercial banks and investment banks were never meant to be married. Allowing the two to intermingle creates all kinds of conflicts of interest and threatens the integrity of the entire banking system. Therefore, solution is two-fold. First, the two types of banks need to be made separate. The Glass-Steagle Act of 1933 was enacted for this very purpose. However, it was overturned in 1999 by the Gramm-Leach-Bliley Act of 1999. The Glass-Steagle Act needs to be reenacted. Doing so would restore much lost confidence in the financial sector.

The second fix has to do with the toxic assets that banks have on their books. These are mostly the horrible sub-prime mortgages which became woefully unrepayable after the mortgage bubble burst. The government is attempting to purchase these assets from the banks but they are having trouble because of the inherent difficulty in trying to determine their true value. Unfortunately, the banks are probably going to win the appraisal battle, which means the government can either purchase these toxic assets at higher valuations now, or they can do it later, as Japan did in the 90s. The US Treasury should purchase these assets now and get it over with. Otherwise, like Japan, we will encounter a decade of zombie banks and financial stagnation.

A healthy financial sector is the key to the modern American economy. Restoring its potency, prominence, and trustworthiness will inevitably create reverberations throughout the economy, as industries will have their lines of credit restored and be able to hire more workers; demand will rise, deflation will reverse and the states' and federal coffers will begin filling again.

## Summary

The United States' success during the next century will be in proportion to its understanding of the complexities of competing national interest, the long-term implications of its decisions, and a systematic prioritization of its own national interests. While it is true that the United States enjoys a preponderance of power in the international system, the US would do well to understand the importance of maintaining high approval ratings abroad and cooperating with our allies. It is without question that the United States' aims will be made much easier by doing this.

The United States also needs to understand that while there are trouble spots in the world, namely North Korea, Iran, Afghanistan, Pakistan, and Iraq, there are time-tested methods of dealing with each of them. The United States needs to understand the politics of each state and the national interests of each state. In doing so, it can generally find ways to ameliorate the problems that each state poses.

Lastly, the financial crisis threatens to significantly undermine the United State's power and influence in the world as well as worsen the well-being of many of the most vulnerable in the world. A healthy US economy is extremely important to the rest of the world. It is extremely important for the well-being of our foreign policy. Banking reform cannot be viewed solely through a domestic lens. It has the potential to shape every decision made in this country because no decision is divorced from economic realities.

America is a great nation. It has given hope to people all over the world and improved countless lives. American foreign policy can impact, for better or worse, the life of every living person. While American foreign policy has suffered many setbacks, there exists great room for change. There are too many brilliant, well-meaning people in this country for that not to be so. It is time that we renew our efforts and restore America's place as the defender of liberty.