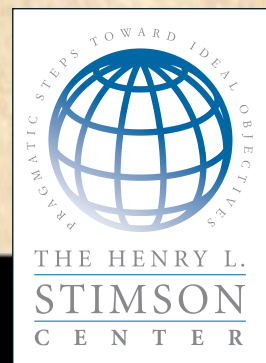
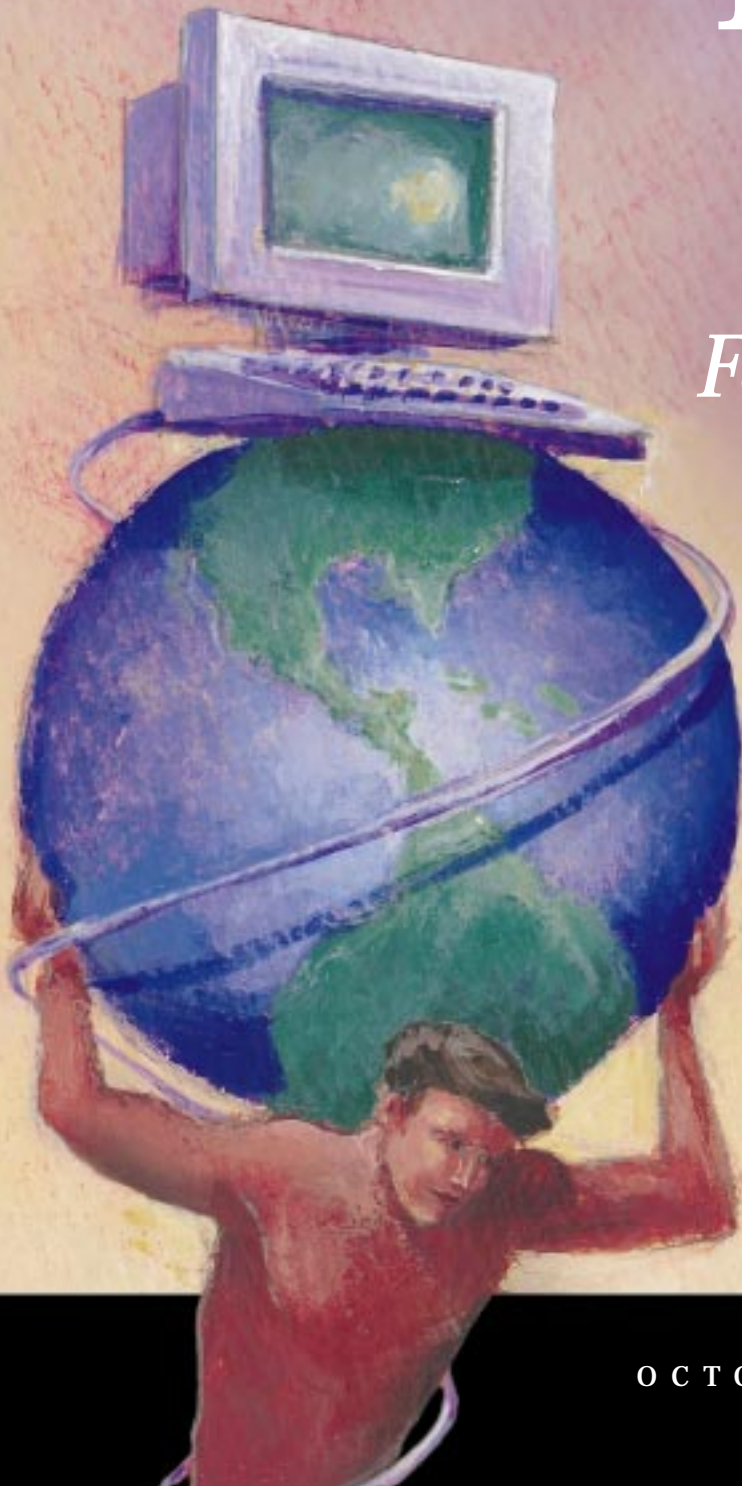


Equipped for the Future

*Managing U.S.
Foreign Affairs in
the 21st Century*



OCTOBER 1998

Preface

In launching the Project on the Advocacy of U.S. Interests Abroad, we set out to examine the aims and goals of American foreign affairs in the 21st century. Our purpose was to assess U.S. diplomacy in the post-Cold War world, explore how best to organize the U.S. Government to conduct foreign affairs, and determine how to link resources effectively with the nation's ongoing foreign policy needs.

We approached this not as an academic exercise, but as an exercise in practical public policy. We aimed for a product that would above all prove useful to the Congress, the White House, the Secretary of State and other policymakers. Our fundamental objective is to help crystallize a new consensus on the conduct of U.S. foreign affairs, and to set in motion pragmatic actions that can bring about reform.

This report does not offer a prescription for what U.S. foreign policy ought to be, though to be sure each of us holds strong views on specific policy issues. Nor is this report merely an argument for more funding, though we certainly point out areas where increased budget resources are needed. Rather, *Equipped for the Future* presents a series of process reforms for the conduct of our nation's foreign affairs. While no one of us may agree with every sentence in the report, it does represent a synthesis of our different viewpoints.

We view our contribution as one of identifying the "disconnects" in the way the U.S. Government currently conducts its international relations. And we suggest specific remedies in several areas — from information technology to interagency coordination, from the role of embassies to interaction with the business community. These are remedies that we, as a bipartisan group of foreign policy practitioners, hope and agree will equip us for a new era and ensure success in managing U.S. foreign affairs in the 21st century.

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Executive Summary

For the United States, engagement in the global arena is not an option, but a fact. At a time when a coffee announcement in Brazil can shake up financial markets in minutes, when secret preparations of a nuclear explosion in India can instantaneously change the international landscape, and when terrorists crossing borders in Afghanistan can threaten Americans thousands of miles away, the United States must have a modern foreign policy apparatus that can meet a vast array of unexpected challenges.

But while the world has changed radically in the second half of the 20th century, the means and methods used by U.S. diplomats to advocate our interests abroad are barely out of the quill-and-scroll stage. Tens of millions of Americans now interact overseas on a daily basis for both business and pleasure. Certainly business leaders are equipping themselves for the future; so are military leaders; but diplomats—our first line of defense—are handcuffed by outdated structures and outmoded tools.

Over the past year, the Henry L. Stimson Center asked a group of distinguished foreign policy leaders to address these problems. In this report they propose a series of structural and procedural innovations, collectively termed Dynamic Representation, to foster the formulation and conduct of more responsive, relevant, and effective foreign policies. The key components of these innovations include:

The formulation of more coherent and better coordinated policies in Washington through reforms such as consolidating the five existing U.S. foreign services into a single Foreign Service headed by the Secretary of State.

A more differentiated approach to representing U.S. interests overseas that would make possible a U.S. presence in all nations at lower cost. This more nuanced approach to

representation includes “right-sizing” embassy staffs, creating more “magnet” embassies that can handle certain functions on a regional basis, restructuring embassies to deal with emergencies in places where the U.S. presence is normally modest, and reinforcing the ambassador’s central role in embassy management and staffing.

A set of recommendations for upgrading the State Department’s information and communications capabilities to make possible effective utilization of modern means of collecting, analyzing, and distributing information. The Steering Committee recommends the creation of a \$400 million information technology working capital fund to support these efforts.

A series of reforms to allow the foreign affairs establishment to represent U.S. business interests abroad more effectively and to access the expertise of the private sector, including the establishment of a series of forums between Congress, the State Department, and the business community to discuss issues and policies for more effectively advocating American business interests overseas.

Budgetary initiatives to ensure greater constancy in funding for foreign affairs, and to ensure that the effectiveness of U.S. foreign policy is not further hampered by inadequate resources.

To meet the challenges and complexities of foreign affairs in the post-Cold War era, America must adopt structures and procedures that can adequately address a whole new set of challenges, and that will promote new approaches to those new challenges. That is why, on the cusp of the 21st century, the United States needs the thinking, the will, and the tools to enter the age of Dynamic Representation.

Part I Overview

Overview:

Why We Are Engaged

Since the end of the Cold War, the public debate regarding foreign policy — to the limited extent that there has been such a debate at all — has been framed largely as one of engagement versus withdrawal, internationalism versus isolationism. The underlying presumption has been that, with the great ideological conflicts of the 20th century seemingly resolved, America now has the luxury of disentangling itself from the world. Unfortunately, that debate is misleading, for in reality, the United States is confronted with a far narrower set of choices. Engagement, far from being an option, is rather a fact, and America's choices are about *how*, not *whether*, the United States will deal with the world.

More recently, the argument against U.S. international engagement has been cloaked in terms of “economic nationalism” — which is often little more than a narrowly drawn argument for protectionism and American insularity. But economic nationalism ignores the reality of global markets and the role of the United States as the world's largest trading nation. International trade and investment now comprise fully one-third of the U.S. economy. As a result, the relatively strong U.S. economy is in no way immune to the aftershocks of looming monetary crises in other nations and deteriorating financial conditions around the globe. Almost by definition, an America that is disengaged is a poorer America.

On a whole array of issues ranging from crime to terrorism to the environment, the United States will be increasingly vulnerable if it attempts to act in isolation. Environmental pollution is not confined to national boundaries, and attempts to address it in a purely national context are often fated to failure. Further, as criminals and terrorists do not respect the law, nor do they respect sovereign borders. This leaves the United States with little choice but to work actively with other nations in order to address the scourge of transnational anarchy that is crime and terrorism.

Most important is the pivotal role that the United States must continue to play in ensuring world peace and, where possible, the spread of democratic ideals and the rule of law. In this, the lessons of history are ironclad. An America that is not willing to exert its power and influence in the interest of world political stability is an America that will not, in the long run, know peace. A

world in which the United States does not place its weight on the scales of war and peace is a world that can harm America with a sudden and brutal ferocity.

The case for engagement, then, is clear. We have discussed it at length in our publication entitled *Shaping U.S. Engagement Overseas: Future Challenges, Future Opportunities for the Twenty-First Century*, released in January 1998 by the Henry L. Stimson Center.

This report, *Equipped for the Future*, takes as its fundamental premise the conviction that the United States has no choice but to be engaged in the world. The particular terms of U.S. engagement at any given moment, of course, will be dictated by the contingencies of history, culture, and circumstance. But if America is to be engaged in the world as it must, then the real questions become *how* it must be engaged, and *what structures and institutions* will most efficiently and effectively allow the nation to achieve its goals.

This report offers an agenda of process and infrastructure reforms to help develop an approach to global affairs that encourages flexibility, creativity, and good management. It recognizes that while state-to-state relations will remain a critical component of American diplomacy, they are only one avenue of U.S. influence overseas. This report and its recommendations offer a path for moving the U.S. foreign affairs machinery from “Classic Diplomacy” to “Dynamic Representation” for the 21st century.

“Classic Diplomacy”

Since 1945, the United States has conducted its foreign relations in the context of a world that practiced what can be called Classic Diplomacy. It was a world in which government-to-government relations were the principal activity. A world in which ambassadors and embassies were often a nation's only venue for expressing its national interests. A world in which heads of state met to discuss the great questions of the day. It was a world, in short, in which nations were more sovereign and independent actors than today's environment allows them to be on the cusp of the 21st century.

In that world of Classic Diplomacy, the United States built institutions and structures that adequately addressed its problems and allowed America to achieve its goals — as victory in two world wars and the Cold War powerfully demonstrated. The practice of Classic Diplomacy gave the United States the benefits of an elite, highly-educated and experienced foreign service, a largely bipartisan approach to world affairs, and an extensive intelligence and communications infrastructure, to name a few.

But it has become increasingly evident that the structures that served the United States so well from 1945 to 1990 are increasingly inadequate for the task of carrying the nation forward into a new century. Institutions that are not shaped in light of the environment in which they operate can place a straightjacket on policy.

That environment is especially complicated in the world in which the United States now finds itself. It is a world that has seen the end of one era of ideological confrontation, but has not returned to a 19th century-like balance of power, with states of comparable influence acting to maintain an international equilibrium. The power of the United States is at once too disproportionate to allow for such a balance, and at the same time it is neither sufficient nor desirable for the United States to act as a benign hegemon. The United States remains a dominant power in a world where its freedom of action, although certainly greater than that of any other power, is still constrained.

American ideals and values sustained public support for U.S. efforts during World War II and the Cold War. Unfortunately, the ambiguities of today's world in transition, with old historic animosities suddenly reemerging against a backdrop of modern weapons, technology and economics, do not lend themselves to tidy solutions. At the same time, however, policies shorn of ideals will not receive the support of the American public. What is required is a policy of synthesis; one that harnesses the advancement of the American ideal to the pursuit of national self-interest in a multi-polar world, all the while recognizing that American power is dominant but not unlimited.

The case for formulating a new foreign policy, what its content must be, and how it should be executed, are beyond the scope of this report. That said, history rarely experiences complete ruptures with its past, and much of the way the world has been will remain. Continuities will sit alongside discontinuities, making policy a mix of old methods and new means. What is certain is that such policy, whatever its outline and its contours, cannot be formulated unless the institutional structures are in

place to help develop and sustain it. Currently, such structures exist and have been found largely to have worked successfully, but they must be modified to reflect new realities.

Disconnects: The Missing Elements in Current U.S. Representation

There is much that works well in how the United States deals with the rest of the world. Most notably, the U.S. armed forces have operated effectively during the post-Cold War period to enhance world stability. But America's foreign policy establishment, with its reliance on traditional methods of Classic Diplomacy, is deficient in certain crucial elements in its policymaking apparatus: 1) effective interagency coordination, 2) "right-sized" embassies adaptable to their local circumstances, 3) modern information technology, 4) sufficient private sector interaction, and 5) adequate and consistent budgetary resources. These "disconnects" hamper America's ability to pursue its national interests and have profound implications at several levels for the future conduct of U.S. foreign affairs.

1. Interagency Coordination: *Institutional expressions of a comprehensive view*

As the world has grown smaller, issues of crime, economics and finance, population, and the environment have been added to the more traditional concerns of foreign policy. The State Department has watched as the Commerce Department, the Drug Enforcement Administration, the Federal Bureau of Investigation, and a profusion of other agencies and bureaucracies have begun conducting operations overseas. Our embassy in Mexico City, for example, houses 35 different government agencies. Coordination among the various components of the government has become a growing challenge.

America peers into the world through a broken camera lens. Every agency is grafted onto the whole, yet not surprisingly, each sees the world through the prism of its own priorities. The Drug Enforcement Administration sees the world from a law enforcement viewpoint. The Commerce Department views foreign affairs from a trade perspective. And the Environmental Protection Agency sees the world through the imperatives of environmental politics. Each serves the national interest, but

each sees that interest through the window of its own jurisdiction. Somewhat like a Mercator projection map, the world's image is complete, but its particular parts are distorted by the perspective.

Lacking adequate interagency coordination at home, America finds it increasingly difficult both to view the world in the context of a coherent agenda, and to express itself consistently in light of that agenda. Improved interagency coordination is the key to forging individual institutional views into a consistent U.S. foreign policy. Structures and procedures should be set in place that will reinforce and encourage agencies to work in concert to give greater focus and direction to overall American policy.

2. U.S. Embassies Overseas: *Showing the Flag*

The nation's embassies are in many respects a microcosm of many of the disconnects facing America's foreign policy establishment. Embassies, and the ambassadors who run them, are in some ways the United States' most important representatives to the outside world, demonstrating America's presence and its commitment to remaining engaged in the international arena.

But all too often ambassadors are not effectively in charge of their own embassies. Multiple agencies follow their own chains of command. Technologies are antiquated. Budgets are reduced. What is more, embassies are too often saddled with structures reflecting a preconceived notion of what embassies should be, rather than being easily adapted to fit the environments in which they must operate.

There will remain the need for America to "show the flag" in foreign lands. Embassies and consular posts stand as potent symbols to foreign governments and peoples around the world of America's commitment to a relationship with them, and with the world at large. The U.S. needs to be visible in a way that satellite feeds and the Internet do not permit. For when the television cameras depart, problems and issues remain, and no nation, least of all the United States, can afford to leave the impression that its attention span is only as long as the evening news.

The U.S. should maintain a diplomatic presence in all but the smallest of nations. But flying the flag in every country does not necessarily imply costly, full-fledged embassies everywhere. Implementing this principle could be made more efficient by greater use of regional hubs and by maintaining smaller posts in some loca-

tions, with staffing levels reduced where possible through the employment of advanced telecommunications technologies.

3. Information Technology: *Leaving the 19th century behind*

One of the most serious disconnects in America's foreign policy establishment is the relative backwardness of its technology infrastructure. There is perhaps no clearer indication of the need for reform in the American foreign service than the absence, in the age of the Internet and cyberspace, of the latest information technologies in many of America's key embassies overseas. It is ironic that the nation which has done more than any other to bring the world into the information age still conducts much of its diplomatic activities via cable.

The technology currently employed by the State Department is woefully inadequate to support its diplomatic efforts in the next century. Even as American businesses, academia, the media, non-governmental organizations, and other government agencies routinely employ cutting edge technologies in their day-to-day operations, the U.S. foreign policy infrastructure remains mired in the past. It is perhaps an overstatement to say that the medium is the message. However, it is no overstatement to say that without access to, and proficiency in, the information media of the future, the message can be lost in the cacophony of voices made suddenly all too audible via the computer.

The State Department's lack of sufficient access to advanced, encrypted communications, the Internet, e-mail, and teleconferencing is a serious stumbling block to the effective organization of information both within embassies and at State Department headquarters. The State Department needs to view technology, as the Defense Department does, as a way to improve policy-making rather than seeing it as just a tool of communication.

The amount of information in the world is estimated to double every 18 months. In an age where not having access to information can be more dangerous than losing control of a bit of information, American officials need to be able to access information, prioritize it, and make it broadly available on an almost instantaneous basis. To do so, American officials abroad should be supported by the best telecommunications technology available. The State Department's communications and information technology systems need to be modernized across the board. It should provide both secret and open channels of communication among embassies and

between embassies and Washington. It should include full interagency operability, access to the Internet, and a mechanism whereby information is easily obtained, prioritized and disseminated.

4. Beyond Governments:

Forging an inclusive diplomacy in a complex world

Another disconnect is the foreign policy establishment's shortcomings in public outreach. Millions of Americans routinely interact with foreigners and foreign governments — business people, governors and mayors, sports and entertainment figures, charitable and humanitarian organizations. On many specific issues, they know more about problems that confront the U.S. than do our government officials. This pool of knowledge should be tapped to make America's foreign policy more insightful as well as to forge an inclusive diplomacy that expresses America's increasingly diverse interests to a world that is far more complex than it was even just ten years ago.

America has not yet found a way to come to grips with the fact that governments are no longer the sole, nor indeed often the principal, actors in the international arena. Perhaps not since the East India Company governed the Indian subcontinent on behalf of the British Empire has business had such a tremendous impact on international affairs. International organizations have become forces in their own right in places like Haiti, Bosnia and Cambodia. Such entities not only offer America new avenues to reach beyond governments in foreign lands to other peoples, they also often provide to the willing learner new methods and tools for conducting international affairs.

Not only is it necessary for America to grasp the role that such entities play, it is also prudent that the nation come to utilize many of their techniques. For example, private business offers new management strategies that might well be adopted by the State Department. International humanitarian relief organizations provide ready-made vehicles through which the United States can offer aid to impoverished peoples. The key is to organize the government and its programs so that there are both the means and the incentives for the private sector to interact with policymakers at all levels. The proliferation of players in the global arena provides America with new channels through which to reach the world.

This is not only of crucial significance in an international context. It has domestic implications as well. It is essential for policymakers to have the support of the American public if they are to conduct an effective for-

ign policy. The nation's policymakers and the foreign service, therefore, have a responsibility to communicate as clearly as possible — through the mass media and through the nation's educational, cultural and economic institutions — the direct relationship between American engagement in the world and American security and prosperity.

5. Stable Budgets:

The need for a foreign policy consensus expressed in dollars

Ultimately, all of this is reducible at some level to the hinge on which America's foreign policy apparatus swings: Money. The absence of a stable budget process for the nation's foreign policy apparatus is both symptom and cause of much that plagues the nation's foreign affairs institutions. Congress is reluctant to invest resources that could be more popularly spent at home. Such parsimony, in turn, results in foreign policy on a shoestring, diminishing American influence overseas and causing both friend and foe to question the United States' commitment to defending its own interests.

America's foreign affairs budget should be the numerical expression of America's cultural and political commitment to be engaged in the world. At the moment, those numbers express a shortsightedness about America's national interests. The United States must be willing to make up-front investments in order to collect the dividends that international engagement can pay out in terms of increased business opportunity and heightened diplomatic leverage.

While of course unnecessary expenditures must be eliminated, America's leaders should appropriate the resources sufficient to support diplomatic representation, and ensure that such funds are used efficiently. Diplomacy on the cheap is simply failed diplomacy. In a soldier's budget, it costs money to wage war. Likewise, in a diplomat's budget, it costs money to maintain peace — that is, knowing how, when, and with whom to make the person-to-person contacts to persuade, cajole and influence decisions in the direction of peace. The waning years of the 20th century are a time of relative peace, but imprudent budget cuts can reduce the chances of keeping it that way.

Just as important as the specific *amount* devoted to international affairs, it is also important that greater *stability* be imparted to the budget, so that plans and programs — which typically take years to implement — can be devised rationally and carried out effectively. This is not exclusively a matter of dollars. The budget process

itself cries out for reform. Dispersed committee jurisdictions, excessive earmarking of funds, and losing political trade-offs between international affairs and domestic demands, all render it difficult to conduct U.S. international relations in a rational and cohesive way.

Towards “Dynamic Representation”

While it is true that the foreign policy establishment has in fact already addressed some of these disconnects, the reforms that have been proposed, and much less frequently implemented, are *ad hoc* adaptations. For instance, reforms that have been undertaken to upgrade the foreign service’s information technology infrastructure are improvisations grafted onto an existing structure.

To remedy these disconnects in a more fundamental way, and to facilitate the development of new ways of doing business so that the nation will be well-positioned to advance into the 21st century, America needs a new diplomacy forged out of a new consensus. It must seek to build on the foundation of Classic Diplomacy and move towards Dynamic Representation, a coherent approach to global affairs that will enable America to confront the challenges and opportunities of the next century.

Crystal balls being in short supply, Dynamic Representation is not about seeing into the future to address America’s problems with yet another set of policy prescriptions. Rather, it is about building structures and processes, and about investing the resources to support them. Dynamic Representation seeks not to make solid predictions about a largely unknowable future, but to erect an infrastructure that will condition new ways to approach future questions, and create an environment that is flexible and adaptable enough to meet the infinite variety of challenges that may face America in the future.

To this end, Dynamic Representation requires a foreign policy infrastructure that can exploit the technology of instantaneous communication to allow embassies to perform their duties without undue micromanagement from Washington. It also requires that diplomats be given the latitude and resources to take positive steps to defuse conflicts, prevent crises and advance America’s interests. The selection and training of the best qualified people for the task will remain at the heart of American diplomacy. Under the concept of Dynamic Representation,

- Interagency coordination would serve as the frame-

work within which competing bureaucratic agendas are developed into a comprehensive foreign policy.

- Decision-making within broad policy frameworks agreed in Washington would be decentralized, with Washington giving greater latitude to its overseas representatives to carry out their responsibilities in ways adapted to the local situation.
- Embassies would become institutions that adapt specifically to the requirements of the places where they operate and would have the ability to continue adapting as circumstance evolve.
- Modern communications and information technology would allow U.S. representatives to carry out their duties more cost effectively, resulting in a fair return for U.S. taxpayers while maintaining a global presence befitting the world’s greatest power.
- American diplomacy would access the private sector to augment state-to-state relations with other avenues of U.S. influence overseas, such as the business community, non-governmental organizations, international organizations, and charitable institutions.

Equipped for the Future

The concept of Dynamic Representation brings together a spectrum of reforms, each justified on its own merits and together representing a coherent whole. The sections of this report that follow present a series of management and process recommendations in several areas — from interagency coordination to information technology, from the role of embassies to interaction with the business community.

These proposals examine not foreign *policy*, but rather *process and management reforms* with the aim of establishing a foreign policy that is more attuned to the trends of the world, while also more fully expressing the culture, interests and ideals of the nation. Taken together, these reforms are designed to improve the efficiency and effectiveness of America’s foreign policy apparatus. More importantly, these reforms should help facilitate analysis of the global environment by enhancing the foreign service’s ability to fully integrate and synthesize information from multiple sources, so that information is available to allow the United States to address global issues pro-actively, rather than after the fact.

To achieve such a goal requires nothing less than moving the entire diplomatic establishment into the future; the

structure of embassies, the personnel system, lines of authority, even the State Department's way of viewing its own mission require rethinking. This report, in offering a wide range of reform proposals, seeks to reorient thinking by reorienting institutions. Interagency coordination, improved information technology, and embassy reform are among the most important of the structural changes. But the State Department will also have to reexamine its relations with the Congress and seek new ways to better its outreach to the public.

Dynamic Representation seeks not only to facilitate America's diplomatic activities around the globe, but also to provide American policymakers and the American public with a new approach to the world. "We, all of us," Disraeli once wrote, "live too much in a circle." The time has come for the United States to break out of the circle perpetuated by the structures and mindset of the past that have constrained its thinking about international affairs. For the United States to be properly equipped to manage its foreign affairs in the 21st century, it needs to add to the tools of Classic Diplomacy and enter the age of Dynamic Representation.

Part II
Essential Reforms:
*Making Dynamic
Representation Possible*

Getting Our Government House in Order:

Remodeling the Foreign Affairs Machinery

“Good organization does not ensure successful policy, nor does poor organization preclude it. But steadily and powerfully, organizational patterns influence the effectiveness of government...Where organizational structure is logical and clear, the twin dangers of gridlock and neglect are both minimized...Organization affects more than the efficiency of government; it affects the outcome of decisions.”

—Commission on the Organization of the Government
for the Conduct of Foreign Policy, 1975

Building Interagency Coordination at the Strategic Level

A snapshot of the U.S. Government’s involvement overseas during 1998 would present a compelling picture of a nation growing ever more engaged in international affairs. What is most notable is the *variety* of official U.S. activities taking place simultaneously around the globe. The State Department is staffing embassies in several new countries that grew out of the breakup of the former Soviet Union. The Treasury Department plays a critical role in the monetary crises facing Indonesia and other Asian economies. Experts from the Environmental Protection Agency descend on Kyoto, Japan to participate in a controversial international summit on global warming. And agents from the Drug Enforcement Administration and the Federal Bureau of Investigation fight the drug war in Columbia and other Latin American locales.

Together with other U.S. officials working throughout the world in the fields of trade, agriculture, health, and labor issues, it is evident just how variegated American engagement has become. There is an unprecedented level of official activity from an unprecedented number of government agencies. That is precisely as it should be in an era in which there are numerous vital American interests to advocate. But all too often the efforts of so many agencies are disparate, isolated, and *ad hoc*.

To increase efficiency, eliminate waste, and ensure that America’s interests are articulated and advanced consistently, there must be an integration of agency efforts. For there to be effective coordination of agencies in the field, there must be better coordination in Washington where policy decisions are made. The short-sightedness of bureaucratic competition must give way to an ethic of

teamwork that defines success not in terms of narrow jurisdictional interests, but rather in the accomplishment of specific missions and goals.

It is a difficult job, certainly, to foster interagency coordination in U.S. international affairs, but not an impossible one. The National Security Act of 1947 addressed the issue of policy integration by creating the National Security Council (NSC). The NSC was designed to reflect the need for harmonizing the views of the State Department, Defense Department, CIA, and other national security and foreign policy agencies against the backdrop of Administration policy.

History attests to the NSC’s success. For half a century it has provided presidents with an effective mechanism for reconciling the often competing views of the Federal government’s national security and foreign policy agencies, resulting in policies that were, on the whole, directed and effective. Even in cases where the system broke down, as in the Iran-Contra affair, subsequent efforts identified the problem and implemented improvements in the process. The model should not only be maintained, it should be replicated — even in the field where the ambassador, under guidance from the Secretary of State, can play a role analogous to that exercised by the National Security Advisor in Washington.

Similar coordination is needed to ensure that those who operate in the field will have clear guidance for the increasingly diverse array of issues facing policymakers in the 21st century global arena. Such coordination can come from an expanded NSC role, from new interagency mechanisms, and from within the State Department.

Recent efforts by the Administration to coordinate counter-terrorism efforts that cut across agency lines are

a step in this direction. And the proposed consolidation of the Arms Control and Disarmament Agency (ACDA) and the United States Information Agency (USIA) into the State Department is consistent with this approach. The fact that the consolidation proposal has been stalled for over a year when both the President and Congressional leaders agree that it makes sense, underscores both how vital and how difficult it is to forge bureaucratic pieces into a whole that is greater than the sum of its parts.

Much more still needs to be done. There must be greater institutional flexibility to approaching global problems. For example, Treasury's responsibility as the U.S. overseer of international monetary issues with respect to the International Monetary Fund and other international financial institutions, does not make full use of the expertise and on-the-ground presence of other agency officials. And the current *ad hoc* approach to global environmental issues can result either in neglect of those issues, or in policies that are too narrowly focused on the imperatives of domestic politics, thereby distorting American policies and goals.

To alleviate these problems, there must be a greater willingness to develop alternative structures for addressing issues that have not traditionally been considered foreign and security policy matters.

Recommendations:

- Make greater use of interagency mechanisms. Additional use of interagency mechanisms, under strong White House guidance, can help coordinate policy in issue areas such as:
 - *International monetary questions.* An interagency board, with Treasury in the lead, comprised of the Secretaries of State and Commerce and the U.S. Trade Representative, should be established to give input to Treasury and assist with issues of international finance. The board would operate under the auspices of the White House, perhaps through the NSC or the National Economic Council.
 - *International environmental issues.* The existing White House Council on Environmental Quality (CEQ) should be reestablished as an interagency effort to coordinate international environmental policy development. The council would include the Departments of State, Justice, Defense, Interior, HHS, and Agriculture, and the Environmental Protection

Agency. The council should report to the President on international environmental policy and on ways to integrate it into the nation's broader foreign policy framework.

Putting Flexibility in the Personnel System

A faster-paced, more interconnected world will require a cadre of dedicated professional diplomats who know how to get things done in more complex environments. America's foreign policy will require more professional flexibility and agility, yet the rigid existing personnel system still pigeonholes and bureaucratizes. The system needs to find and nurture exceptionally talented individuals to meet the increasingly diverse demands of the coming century.

Language and regional expertise, strong analytical and diplomatic skills, and a deep knowledge of history, international relations, negotiation and cross cultural communication will continue to be the starting point for America's professional diplomatic service. But the emerging foreign policy agenda will also require people with specialized capabilities in a wide range of areas including finance, environment, economic development, military affairs, science and technology, and other global issues.

The goal must be to give wider scope to the able men and women of the foreign service to exercise their abilities and to take the initiative. An effort must be made not simply to fill slots in a hierarchy, but to make sure that those positions evolve, change, and are created or eliminated when necessary, to fit the needs of a rapidly changing global environment. New methods must be found to allow the foreign service to reach outside to tap into the pool of multi-talented, multifaceted men and women whose backgrounds reflect all corners of society.

In short, the current personnel system must develop a more flexible structure that seeks to bring out the best in the people it recruits and to develop the expertise it will need in the future. Then America's foreign policy will have the agility to deal with the evolving international environment while maintaining a standard of excellence that best exemplifies the American ideal.

Recommendations:

- Conduct a comprehensive workforce planning review. The State Department should conduct a workforce planning review to identify the skills that will be needed to address the areas that will be important in the next century, including finance,

economic development, environmental sciences, military affairs, science and technology, rule of law, and other issues. Strong emphasis should continue to be placed on foreign language skills and on regional expertise. In conducting a workforce planning review, the State Department should utilize the expertise of the U.S. Department of Labor, which conducts reviews of job and skill requirements for the overall American workforce.

- Review State's personnel policies. The current "up and out" system has the unintended impact of effectively advancing some very qualified personnel out of the foreign service. The promotion system should be revamped to encourage the foreign service to develop functional expertise to deal with cross-cutting issues that transcend a traditional political or economic designation. Promotion policies should encourage service in jobs classified in functional specialties (such as with the functional bureaus in State or in specialized jobs in embassies or with international organizations). Condition promotion into the senior ranks of the foreign service on successful completion of rigorous training programs in management skills and negotiation techniques. The grievance process, too, should be revisited. The grievance system limits flexibility and can hamper the development of a personnel cadre with the skills requisite for implementing Dynamic Representation.
- Revive and expand a foreign service reserve system. A revived foreign service reserve system could provide a cadre of personnel with specialized skills who can be called upon for short or long-term assignments overseas, as needed. Reserve personnel would be recruited from government agencies other than State, as well as outside entities such as industry, academia, and the professions. Periodic training should be provided. Such a reserve system should be designed to provide more flexible movement into and out of the active career service.

Improving Congressional Relations

There has been much complaint from the Hill that the State Department is unresponsive to its inquiries, and that it is bureaucratic and secretive even with the most routine matters. In turn, State says that Congress attempts to micro-manage State's policies and operations. While there are occasional "honeymoon" periods between State and the Congress, there is also something of a cycle of secrecy and lack of understanding.

Improving the State Department's relationship with the Congress requires not so much radical changes in State's congressional affairs operation as simply to bring it up to the standard of other Federal agencies, especially the sophisticated standard of the military services.

More than anything else, this will require a shift in the mindset of the State Department with respect to congressional relations. State urgently needs to abandon the culture of secrecy that often pervades its communications with the Hill and the public at large. While of course it is vital to ensure that messages to the Hill be consistent, there are too many levels of clearance for State Department communications to Congress. State's deliberative process is often too slow to be of timely use to Hill staff.

But to improve relations between Foggy Bottom and the Hill, Congress will have to meet State halfway, and an atmosphere of mutual understanding will be necessary to augment the institutional changes that are made. Seemingly small efforts can go a long way to fostering a culture of cooperation.

Recommendations:

- Build constituent relations for the Foreign Service. Members of Congress should be informed when individuals in their districts have been accepted into the foreign service, and where foreign service officers from their districts are being posted overseas. That way, Members of Congress can see that embassies have personal constituent connections, building some of the same sense of pride and ownership that Members of Congress have for appointments to the military academies. State must do a better job with its public affairs outreach in making ambassadors and other diplomatic personnel available to speak to constituents throughout the country. Personnel policies should be changed to create incentives for increased public speaking by foreign service officers.
- Strengthen congressional relations. To assure that the best people are brought in and that a higher priority is given to Congressional affairs, State should provide incentives for senior and mid-level personnel to serve in the Department's legislative bureau. In addition, Congress should make space available for the State Department to establish congressional liaison offices on Capitol Hill. Currently, the armed services maintain liaison offices on Capitol Hill, but the State Department does not. Like their military counterparts, State congressional liaison offices

would function as casework clearing houses and information centers — for example, assisting in consular matters, passports, etc.

Budget Reforms

It is essential that the United States rededicate itself to making available the resources necessary for an effective foreign policy. Budget policies must assure not only the adequacy but the constancy of funding. This will mean reversing the trend in budgets for overseas representation and foreign programs that has seen a 50 percent cut in real expenditures since the mid-1980s.

Reforms to the budget process are also required to link resources appropriately with the nation's foreign policy needs. Congressional earmarking of funds for particular subactivities and through formulas for particular countries skews U.S. foreign policy and reduces the ability to respond to situations as they develop.

Moreover, too many congressional committees have some piece of the international relations funding pie. This renders a coherent approach difficult because no single committee has overall responsibility for the international affairs budget (function 150). Four separate House appropriations subcommittees fund some piece of function 150. Compared to other government agencies and functions, there is an unusually large amount of split jurisdiction with respect to international affairs.

When the Republicans assumed a majority in the Congress and reduced the number of congressional committees, they began to consider combining these committee jurisdictions. In light of the need to bring foreign affairs activities together in a coordinated and coherent fashion, such committee restructuring is certainly warranted.

Recommendations:

- Grant flexibility to respond to international emergencies. The Secretary of State currently has little discretion to transfer internal funds when special situations arise. (Current section 451 authority is too limited.) The Secretary should be given authority of say, \$25 million, to transfer funds already appropriated. Alternatively, a new international emergency fund could be created to use as emergencies or other situations occur that require more rapid response than congressional appropriation or reprogramming permit.

- Create a \$400 million Information Technology Working Capital Fund. Moving the State Department out of the past and into the future with greater use of new technologies will require new money. Congress should authorize a \$400 million information technology working capital fund. The funds will be available on a multi-year basis, and will be used both for modernizing State's information technology capabilities and for developing a government-wide communications system for U.S. international relations.
- Allow State to expend user fee revenues. For several years now, the Food and Drug Administration has charged the pharmaceutical industry user fees to cover the costs of testing new products and drugs. Similarly, State should be allowed to use the full \$600 million in user fees it is collecting each year — rather than imposing a ceiling of \$140 million and returning the rest of the revenue to the Treasury. The revenues could be devoted to improving consular activities and other ways in which the Department supports the activities of U.S. citizens directly.
- Revamp congressional committee jurisdictions. Congress should revamp its committee jurisdictions with respect to international affairs appropriations, combining them into the foreign operations subcommittee so all of the pieces are considered and deliberated upon together. This would remove international affairs from domestic political trade-offs such as the Bureau of Prisons within the Commerce-State-Justice Appropriations bill. It would further rationalize the process if the committee appropriated funds for the function 150 budget by objective rather than by program activity.

Embassy Reform:

Better Service for Clients the World Over

“Now (there)’s a level of proliferation of data, of information unlike anything that the human race has ever known. And in that context, to suggest that we’re going to have traditional ambassadors in traditional embassies reporting to a traditional desk at the State Department, funneling information up through a traditional assistant secretary who will meet with a traditional secretary strikes me as unimaginable. And of course, in the real world, it no longer works that way.”

—Speaker Newt Gingrich
Georgetown University, October 7, 1997

“We don’t have one Foreign Service; we have five: State, Agriculture, Commerce, USIA, and AID. Our current embassies are structured to mirror personnel systems that were created in another time and for another purpose.”

—Anthony Quainton
former Director General of the Foreign Service

“Value-Added” by Embassies

The demands on U.S. embassies are increasing. More Americans are traveling overseas. The country is more reliant on exports for domestic prosperity. The information age and the spread of democracy have created fast-paced and more complex local environments. Americans expect their 260 embassies and consulates overseas to pursue the U.S. interest in security, peace, justice, prosperity, and democracy. They also look to embassies to provide services to U.S. citizens and businesses while functioning effectively at the lowest cost possible.

This increasing reliance on embassies is testimony to the critical role that diplomatic agencies play. Despite the immediacy of communications technologies, a permanent American presence overseas is vital to ensure that America’s leaders can obtain a full grasp of the world’s complexities. The argument that ambassadors and embassies are no longer needed because policy can be carried out via CNN and the Internet simply does not withstand scrutiny.

There is no doubt that the technology of real-time communication has linked the globe in ways previously unthinkable. And while policymakers do benefit from CNN, it is grossly inaccurate to say that they are able — by virtue of media coverage alone — to obtain the kind

of in-depth information and understanding of the motives of foreign leaders and their political environments that makes effective policy formulation and implementation possible.

In diplomacy, there is no substitute for the “human factor.” Without the presence of people on the ground, Washington would lose its best means of understanding broad social trends, could misread isolated actions and speeches, and might lose a sense for the timing and the sources of influence. The ability to make face-to-face contact with a nation’s leaders, its businessmen, and its people, is essential. Such contacts provide what the ten-second soundbite cannot — reliable personal and institutional relationships.

Through these relationships, U.S. leaders can obtain insights into the motivations, incentives and operating procedures of foreign leaders and can far more effectively influence their policies. That is why, even in the age of satellite communications, an American presence overseas (including embassies, consulates, and a cadre of diplomats) will remain a vital component of 21st century foreign policy.

By maintaining a consistent, visible presence through its embassies and consulates the U.S. will be better able to communicate with other governments, establish and maintain relationships with foreign peoples and, where

necessary, influence events through timely and educated interventions. In the information age, the key value added by U.S. representatives stationed abroad is the relationships they develop and maintain with those foreign leaders and other actors who affect U.S. interests and policies. To maximize this value, key improvements are needed in the way U.S. embassies are currently operating in order to wield the level of influence and provide the services that Americans will expect in the next century.

Making Embassies Adaptable to Local Circumstances

An embassy's task will be to represent America, not just America's *government*, facilitating the work of American educators, artists, non-governmental organizations, businesspeople, churches, and ordinary citizen travelers — all of whom establish the vast number of interconnecting links that connect the United States to the rest of the world. Going beyond their traditional function of housing American diplomats overseas, embassies should be places where foreign peoples and governments are exposed to American culture, and where, simultaneously, America finds its gateway into foreign lands.

It is necessary for the United States, as the world's only superpower, to pursue universality of relations and maintain its diplomatic presence around the globe. The United States must be, or certainly felt by other nations to be, a visible and active presence throughout the world. But this does not necessarily imply costly, full-fledged embassies in every country. Rather, the number, location, and size of U.S. posts in a given country or region must be configured to reflect U.S. interests.

The feasibility of maintaining a robust U.S. diplomatic presence depends on cost-efficiency measures such as having only smaller posts in some small states, developing "surge capacity," and making greater use of regional hubs. U.S. embassies need to be able to adapt more readily to changes in both the local environment in which they operate and in the American agenda so that they not only represent the interests of the nation, but radiate its energy and dynamism as well.

Recommendations:

- "Right-size" the staffs of embassies and consulates. The size of the U.S. Government's physical presence required in a particular country should be determined on the basis of U.S. interests there. In some posts, this will mean smaller (3-5 person) staffs,

with staffing levels reduced where possible through the employment of advanced telecommunications technologies. Where U.S. interests are modest, ambassadorial designation should be made more flexible to allow for lower level diplomats to head smaller posts. An arrangement might be made whereby the position of "minister" (used in previous decades) would be reinstated for some posts, but where Senate confirmation would not be required. In other rare instances, the U.S. could assign leadership responsibility to a *charge d' affaires* without nominating an ambassador.

- Develop "surge capacity" to be used in emergencies in countries where U.S. presence is minimal due to modest U.S. interests. The State Department should develop the concept of mobile embassy sections such as humanitarian assistance, communications units, and consular capacities to be used flexibly depending on the nature of crises that arise. This would be especially helpful when extraordinary situations arise in locations in which there are smaller posts.
- Create more "magnet embassies" in regions. The State Department should expand its current ability to service several embassies simultaneously by creating "magnet embassies" in a region to take on specific functions (i.e., environment, health, drugs, development or administrative services) for the region as a whole. Creating a magnet embassy requires more than assigning a single staff officer with a functional specialty to cover a number of countries in a region. Rather, the magnet embassy's functional specialization should permeate the work of the entire embassy. For example, if an embassy is an environmental magnet, the embassy staff, including the ambassador, would have general knowledge of regional environmental issues and relevant U.S. environmental law and embassy specialists could serve as a source of information for the entire region on environmental issues relating to their specialty.

Building Interagency Coordination in the Field

Over the years, the number of U.S. Government personnel overseas has proliferated as such issues as trade, drug trafficking, and combating organized crime have drawn other bureaucracies into the global arena. The Drug Enforcement Administration, the Federal Bureau of Investigation, and the Immigration and Naturalization Service have all become more active overseas, joining the

CIA and the Departments of Commerce, Defense, Treasury, and Agriculture in residence in U.S. embassies. In fact, personnel from the State Department now comprise less than half of the officials stationed in U.S. embassies. The result has been the creation of an overlapping patchwork of jurisdictions with competing agendas.

To combat this, the President must insist that embassies operate as a team, with all agencies dedicated to working together to achieve America's policy goals. In doing so, the aim is not to have the State Department run operations for which it clearly lacks the expertise (e.g., drug enforcement), but for ambassadors, as the President's representatives, to be aware of, and coordinate the activities of, the several governmental players. With just such awareness, policymakers should work to encourage the sort of healthy cross-pollination that occurred in the military services after passage of the Goldwater-Nichols Defense Reorganization Act of 1984, which required successful service in "joint" positions for advancement in each of the military services' personnel systems.

Moreover, as Senate Foreign Relations Committee Chairman Jesse Helms has suggested, the workings of the diplomatic establishment should be streamlined and consolidated to foster a more coherent policy. The multiple U.S. foreign services, now housed in five different U.S. Government agencies, need to be forged into a single entity under the leadership of the Secretary of State. Any consolidation proposal, of course, invites bureaucratic infighting, but teamwork across government agencies would be greatly improved.

For their part, America's ambassadors, acting as representatives of the President, should act more as chairpersons of an interagency team rather than just as officials of the State Department. Ambassadors should establish good lines of communication with officials from all agencies and should be given greater latitude to adapt the way they carry out their mission in a changing local environment. In addition to the powers granted to ambassadors under the Foreign Service Act of 1980, each ambassador receives a letter from the President reiterating his or her legal authority to "direct, coordinate and supervise" the activities of all U.S. personnel in the country to where the ambassador has been posted, except for those assigned to military commands. However, ambassadors must oversee embassy operations effectively in practice as well as in theory.

Similarly, those practices that can undermine the authority of ambassadors, such as the proliferation of special envoys, should be minimized. Special envoys obviously can be useful to a president in certain situa-

tions, but they should be used sparingly. Where such envoys are deemed necessary, their appointment should not undercut the authority of the ambassador, affecting his influence with the host country and his leadership as the head of the U.S. government team.

Just as ambassadors should not be undercut, so should they understand that their role will demand more of them than ever before. Ambassadors will not only be expected to continue their role as America's representatives to foreign governments, they will also be called upon to be advocates to foreign publics, seeking to exert pressure through public diplomacy. Therefore, the President will need to nominate ambassadors with the skills required, and ambassadorial training will need to be strengthened in the areas of organization and management. To supervise an embassy, the ambassador must not only represent America to other governments, but he or she must also be able to play the role of interagency CEO in addition to the role of traditional diplomat.

Recommendations:

- Consolidate the existing foreign services. To help guard against divided loyalties and policy end-runs back to Washington, place the other foreign services, such as the Foreign Commercial Service and Foreign Agricultural Service, under the management authority of the Secretary of State. Such consolidation will also aid management efforts by bringing accountability to the embassy's piecemeal budget. Funding streams, including AID funds, can be united and the ambassador held accountable for how funds are used.
- Give the ambassador authority to determine the personnel needs of the embassy. Although the Foreign Service Act of 1980 and the Presidential letter to each ambassador gives the ambassador the responsibility to approve or veto any change in the size, composition or mission of all agency elements in overseas missions, in practice ambassadors have little control over such matters within their embassies. Therefore, the President's letter should be revised, updated, and reissued to make explicit that a chief of mission has the full authority to approve new embassy personnel, evaluate the performance of all embassy personnel, and have the power to send home personnel from any agency of the government. Further, the letter should stipulate that the Foreign Service Act mandates that ambassadors represent the President and the U.S. Government, not just the State Department.

- Strengthen the link between the Departments of State and Defense. There should be periodic regional crisis management simulations and other regional meetings involving embassy representatives and the staff of each U.S. regional Commander-in-Chief (CINC). The Defense Department should also reinvigorate the currently declining foreign area officers program that in the past has provided embassies with military officers trained in the language, culture and politics of the region in which they are to be stationed. Each CINC should be assigned a political adviser with a status equivalent for career purposes to an ambassador. Such an advisor would not be the only channel through which the CINC deals with the State Department, but rather the advisor would provide active liaison between the embassies in the region and the CINCs.
- Sustain the right division of labor between headquarters and embassies. While keeping the principal responsibility for policymaking in Washington, the U.S. government must decentralize the implementation of policy and the management of country programs to its embassies, consulates, and other diplomatic agencies overseas. Worldwide and regional planning, strategy, and policymaking must be centralized in Washington with input from the field. But the field should be left as unencumbered as possible to implement the management of programs and country-specific strategies in ways that are most effective in the local environment. This should allow State Department headquarters to be leaner, resulting in fewer layers and fewer assistant secretaries.

Security for American Personnel

Inextricably linked to concerns about the effectiveness of embassies and their personnel is a commitment to the security of embassies. America's diplomatic facilities overseas cannot be expected to perform their functions unless adequate provision is made for their safety.

During the 1980's, with the bombing of the American embassies in Beirut and Kuwait, Congress and the President took a quickened interest in protecting the diplomatic facilities of the United States overseas. In the post-Cold War world, where America's diplomatic facilities receive 30,000 threats annually, where terrorists are no longer necessarily controlled by states that are willing to fund them, and where military technologies proliferate at an alarming rate, the need for security has grown even more urgent — as demonstrated by the August 7, 1998 bombings of U.S. embassies in Kenya and Tanzania.

There needs to be a renewed and strengthened commitment to American diplomatic security worldwide. The State Department estimates that 220 of the 260 U.S. diplomatic posts fall short of security standards and require security upgrades. Congress and the public must realize that investing in the security of U.S. diplomatic facilities is not only a moral obligation to those Americans and their families who serve overseas, it is also an investment in the credibility of the United States. Foreign leaders and publics need to be convinced that the United States is willing to invest the resources necessary to securing America's diplomatic presence around the world.

By investing in measures such as those advocated by the 1985 Report of the Secretary of State's Advisory Panel on Overseas Security, chaired by Admiral Bobby Ray Inman, the United States, through the strength of its defenses, may be able to reduce the threat of terrorist action against Americans around the world. The National Technology Alliance is identifying new security technologies that can be deployed. And "right-sizing" the staffs of embassies and consulates will help ensure that the minimum number of American personnel are put at risk.

While there will often be tension between the imperatives of security and the openness necessary to American diplomats in carrying out their duties, a prudent investment in sound security will, on the whole, enhance the effectiveness and prestige of the United States in those places where its national interests are most at stake.

Recommendation:

- Appropriate additional funds to enhance American diplomatic security. While there has already been considerable work done on improving the safety of American diplomatic facilities overseas, Congress should appropriate additional funds to protect a greater number of embassies, consulates and other offices on the State Department's security priority list.

Intelligence Activities

The end of the Cold War era forces the U.S. to rethink its intelligence needs and the way in which intelligence activities are conducted through U.S. embassies overseas. It is a mistaken notion to believe that the breakup of the Soviet bloc has rendered intelligence collection less necessary. The increase in CIA personnel overseas that took place during the Cold War has been reversed, but there

remains, nonetheless, a wide range of areas where intelligence gathering is irreplaceable. The result is that critical U.S. intelligence needs today are not always being served or served well. Terrorism, nuclear proliferation, and biological weapons are areas that will require increased support.

The key is to make adequate resources available and reset priorities. Human intelligence is particularly inadequate for the demands created by aspiring regional hegemons. The 1996 Report of the Commission on the Roles and Capabilities of the United States Intelligence Community, chaired by Harold Brown, said of the intelligence community: "Some agencies find themselves with workforces that are not aligned with their current needs but lack the ability to correct the situation." Meeting today's priorities may require a redirected and more targeted deployment of intelligence officers outside of West European democracies, where intelligence reporting and State Department reporting are most likely to overlap.

Embassies will continue to play a vital role in supporting the intelligence function. But with increased emphasis on countries where we have little or no representation, non-official cover will become more important. Embassies in Western industrialized democracies will focus on liaison activities and third-country recruiting. In all countries, renewed efforts should be made to ensure that intelligence reporting not duplicate what overt embassy reporting covers. Improvements are needed in the coordination of analytic activities in Washington.

The ambassador should be informed of all intelligence activities in country, but in a way that is consistent with the intelligence imperative to protect sources and methods. The ambassador should also be informed of "third-country activities." The ambassador has a critical responsibility to ensure that all intelligence activities are consistent with policy, and to report to Washington if he or she believes that this is not the case.

Information Technology:

Plugging into a Wired World

- *The American Ambassador in Stockholm, Sweden, cannot access from his desk the daily electronic briefings of the Swedish Government. The Swedes are on the Internet. Our ambassador is not.*
- *Most American diplomatic communications are still conducted via the diplomatic cable or telegraphic system, a communications system concept conceived and developed during World War II.*
- *The American ambassador in Mexico City is unable to e-mail many of his own staff, which comprises personnel from some 35 different government agencies, because of systems incompatibility and security concerns with linking all systems.*
- *Secretary Albright in Moscow in February 1997 stated in an interactive World Wide Web conversation with students from around the world: "Technology is bringing us closer together. This will make us all wiser, quicker to understand each other, and better able to work together on the world's problems." She had to use the computers in the USIA library because the State Department's computers were prohibited from being linked to the Internet.*

Ideal Technologies for Real-World Diplomacy

In an ideal world, American diplomats should be able to turn on their desktop computer and see statements of the Secretary of State within an hour of their delivery, congressional action on foreign affairs legislation the day it is taken, and international press reports and intelligence briefings as they are issued. They should be able to receive and send classified e-mail to State Department headquarters as well as to and from their embassy colleagues. They should be attending important meetings in Washington, D.C., on a daily basis — electronically. They should be hammering out with their regional colleagues common approaches to similar problems in secure electronic chatrooms. They should be influencing the world in new ways, instantaneously countering misinformation about U.S. policies and actions to foreign journalists and decisionmakers. They should be providing information and electronic links to key information in a foreign country.

Instead, the United States government has a system of worldwide communication that is so complex, it impedes coherent policy-making and implementation, inhibits the management and effectiveness of our

embassies abroad, and promotes a culture of secrecy that denies policymakers rapid access to the information they need. In fact, the State Department is currently operating, maintaining and upgrading *four separate* information technology systems — none of which provide full service or Internet connection to the worldwide web. Some State Department officials must use three different computers on a single desk because there are so many separate information systems.

Why are we so far behind in utilizing one of the most innovative developments of the 20th century? It was invented by American genius, after all, yet the Canadians, the Australians and several other nations have been quicker to take advantage of its uses in diplomacy.

One of the reasons has been the State Department's slowness to recognize the utility of advanced information technology. The State Department has simply not pursued information technology effectively. The Defense Department, in contrast, makes extensive use of advanced technology.

Another reason has been the perceived need for secrecy in government communications. While that need is

real, of course, it has been taken to an imprudent extent and ignores the significant innovations that have been made in ensuring secrecy and confidentiality in electronic communications. State needs a better grasp of the security systems that are available and that are already being used by many of the other foreign policy and national security agencies.

A third reason — and perhaps the most important — is money. Throughout the 1990's, the State Department's budget was under pressure from deep cuts. Consequently, management efforts were devoted to downsizing and finding cheaper ways of doing what must urgently be done — rather than investing the time, intellectual effort, and scarce dollars to design new technologically-assisted ways of working.

U.S. government activities abroad need coordination and leadership. The State Department is the logical agency to provide the country-based knowledge, the overseas management and the strategic direction required to make U.S. efforts succeed internationally. With its extensive experience in gathering and analyzing data, the State Department has both the high-quality personnel and institutional knowledge requisite to make itself the premier agency in building the government's information infrastructure. By combining its current expertise with the most up-to-date technologies, the State Department will be well-positioned not only to continue to produce quality analysis but to lead the government in using high technology to produce the best analysis possible in the future.

That is why the State Department, rather than another government agency, should play the lead role in designing a system that has global reach and can provide inter-agency connectivity. Information is the State Department's primary commodity and product. State's value-added is knowledge. Plug them in and the whole government benefits.

Recommendations:

- Consolidate State's network infrastructure. The U.S. government should consolidate State's current four systems into two — classified and unclassified — that can provide both access to the Internet and an ability to communicate internally at three levels (unclassified, sensitive but unclassified, and classified.) Security technology and

strategies have changed substantially over the past few years. Sensitive but unclassified data as well as some levels of classified data can be handled on a commercial network utilizing technology such as Frame Relay, or even across the Internet with the available security products currently on the market. For the remaining classified requirements, State should work with NSA to develop an information security strategy and technology approach, which should lead to the simplification of State's current environment.

- Build a government-wide information system. The U.S. Government should also establish a system linking all government agencies with overseas interests, including State, DOD, CIA, USTR, Agriculture, Commerce, Treasury, and elements of other agencies as appropriate. Each organization would be responsible for maintaining websites that contained relevant information to be shared with other members within State or across government agencies. The Chief Information Officer at State should chair an inter-agency task force to determine as quickly as possible how such an information system should be designed and implemented.
- Upgrade State's current capabilities. The State Department should utilize commercial off-the-shelf technology wherever possible to upgrade its currently inadequate information technology capability. Using commercial products, as the Department of Defense has done, would permit the State Department to take advantage of the marketplace where consumer pressures have consistently driven prices down and capabilities up. Such savings will help to reduce budgetary pressures.

It is worth being specific about the information technologies that are required to bring the State Department up to the desired standard. The new system should provide the following technology to be used as diplomatic tools:

(see chart on next page)

Technology and Implementing Tools

1) Common desktop environment

A pentium-class computer with a common suite of software and identical configuration of that software on each machine

2) Internal and external global networks

- a) Secure communications worldwide (phone, fax, e-mail and video)
- b) Better communication between D.C. and embassies and among embassies in region
- c) Direct communication between D.C. and foreign counterparts

3) Databases

- a) Retrieval, corporate memory, quick reference to previous work on selected topic
- b) Development of a global international affairs resource database
- c) Participation in the Geographical Information System (GIS)

4) Access to the Internet with web browsers and facilities to host web pages

- a) Web pages for embassies
- b) Info service for U.S. citizens at home and abroad
- c) Public diplomacy on line
- d) Electronically provided information and links for commercial users
- e) Worldwide information searches

5) Automated message handling

Record-keeping, retrieval based on message title, subject, date, text search, etc., ability to automatically separate unclassified from sensitive messages

6) Business processes automation

Electronic payroll, bill paying, travel vouchers, etc., in D.C. and in embassies

7) Collaborative tool software

- a) Whiteboarding and Internet chat rooms to communicate globally and reduce number of time-consuming briefings and meetings locally
- b) Improved planning regionally and between D.C. and individual embassies
- c) Improved crisis management

8) Presentation software

Illustrated electronic memos
(same as #7 in use)

9) Video teleconferencing

- a) Real-time collective analysis across global distances
- b) Long-distance interaction among U.S. embassies and with Washington
- c) Interaction with foreign counterparts

10) Digital photography

- a) Rapid transmission of photographs
- b) Medical evaluation
- c) Personal identification
- d) Geographic markers
- e) Integration of photos with all messages or presentations

11) Information technology help and information and anchor desks

Centralized round-the-clock computer assistance for embassy users, as well as a substantive "request for information" desk similar to CNN-Atlanta operations where correspondents use ops databases for guidance and latest news

12) NSA/commercial encryption

Tunneling secret communications through unclassified channels

Funding

The U.S. Government should establish a new working capital fund to support the two broad objectives described above: 1) to consolidate and modernize State's information technology capabilities, and 2) to develop a global communications system inter-linking all U.S. posts overseas and all U.S. government agencies in Washington.

An estimated \$400 million is required to meet the one-time costs of acquiring outside consultants, equipment, and additional bandwidth, and for the ongoing costs of retraining information technology staff, hiring and retaining additional technicians and modernizing the systems in the future as new technologies become available. An inability to compete with private sector salaries is a major obstacle to creating a cadre of state-of-the-art information professionals.

Budgetary pressure on the international affairs account has retarded progress on government use of technology overseas. The new fund should be a separate multi-year appropriation. The working capital fund should also be established outside the function 150 account on the grounds that the expenditure will improve the effectiveness not only of the traditional foreign affairs agencies, but also of the myriad of U.S. government agencies that are increasingly working overseas, including law enforcement, Agriculture, Commerce, and Treasury. The working capital fund should be authorized with an initial \$400 million. Additional funding required in future years could come from agency contributions into the working capital fund.

Secrecy

The government's need to communicate internally on a classified basis must be protected. But if the State Department is to lead the U.S. Government on this global technology undertaking, it needs to replace its current policy of risk avoidance with risk management. The atmosphere at State has to change from information policing to information providing. The State Department must accept the fact that in an information-intensive environment, not having access to information can be riskier than losing control over a particular piece of information. This was a difficult mindset for DOD, too, to adopt in recent years, but it is the only acceptable one for survival and growth in the information age.

Private sector companies and other government agencies, i.e., the Defense Department and the National Security Agency, are protecting highly sensitive communications and information with a variety of new technologies such

as firewalls, passwords, and secure access cards. The State Department's current security concerns lead it to use four separate communications systems which lack connectivity — a cumbersome and expensive system to maintain and upgrade. New ways to protect security should allow the State Department to consolidate and streamline current operations once funding is made available.

State Department Culture

One of the reasons the Defense Department has far outdistanced the State Department in information technology has been demand from the DOD's top leadership, who recognized its usefulness early on and pushed to make it widely available. In this connection, the State Department should seek to cooperate and coordinate on information technology issues with the Defense Department, the intelligence community and other agencies wherever possible to benefit from their experience and to avoid expensive overlap of functions that could be shared.

State Department personnel in the areas of environment and non-proliferation have already demonstrated the value of establishing electronic links to counterparts in other agencies and to foreign and non-governmental organizations — all now outside the State communications network. But to fuel the kind of cultural transformation that must take place in the State Department overall, leadership is key. For further changes to occur, change must come from the top.

Machines, no matter how high-tech, are no replacement for quality personnel. Information technology is just that — a technology. Properly understood, information technology is not merely computers, software and communications links, but also the people who are able to take the lead and use information in innovative ways. Better analysis by personnel who can grasp and prioritize the information that they receive is essential to an effective information technology infrastructure and to an effective foreign policy.

Historically, the State Department and the Foreign Service have always been in the forefront of efforts by the government to use information to further the national interest. There is no reason why, even with the advent of the computer and the Internet, they should not remain so by employing the latest technologies — especially in light of the fact that State has one of the best government training facilities available: the Foreign Services Institute. State should not risk forfeiting its lead role in analyzing information by failing to keep up to date.

Recommendations:

- Foster a change in culture at the State Department: State Department executives, particularly the seventh floor principals, should familiarize themselves with the information technology currently used by top leadership at the Department of Defense as well as that available routinely in the private commercial sector. Technology issues should be heightened from the administrative level in State to an appropriate policy level. State will also need to reward pockets of innovation; design short-term training sessions, and establish a “technical-expert-in-residence” program of information management specialists who can be called upon to serve temporarily in bureaus that request help as new technology comes on line. State’s training programs should also emphasize the significant role information technology can play in allowing diplomats to perform their missions as information gatherers and analysts.

Accessing the Private Sector:

Bridging the Gap to an Entrepreneurial Culture

“The lumbering policy-making processes of government are increasingly mocked by the speed of private sector responses to economic information. Consider the train of events that began on a June morning two years ago, after an overnight frost in Brazil, when a government official there announced a substantial reduction in projected coffee production.

“The news instantly flashed to the Coffee, Sugar and Cocoa Exchange, where the price of coffee futures immediately began rising. Traders of...other products did not understand what was happening but began bidding up their prices, causing the index of commodity prices to rise. This was registered on the computer screens...in almost two hundred Wall Street firms, who reported this shiver of inflation to their bond trading colleagues, who started a sell-off of bonds, which caused bond prices to fall, which caused bond yields to rise, which put upward pressure on interest rates, which caused stock prices to fall.

“Elapsed time between the announcement in Brazil and the tremor on Wall Street: less than ten minutes.”

—George F. Will
The Washington Post, October 10, 1996

Diplomacy and Business Interests

With the increasing importance of business and non-governmental organizations (NGOs) in the conduct of international relations, the United States needs to revise its conception of foreign affairs to facilitate the expansion of business opportunities for American companies. To be sure, the American foreign policy establishment has improved its performance greatly in this area, but more needs to be done.

There is more to the relationship between the United State's foreign policy establishment and the business and NGO communities than simply making the world “safe for American commerce.” Both business and NGOs offer unique insights into the nations in which they conduct their business, and they have developed procedures and policies that reflect those insights. The State Department must develop ways to integrate these insights, procedures and policies into its own operation, and do so on an ongoing basis.

In short, the barrier that has existed between the culture of the business community and the culture of the State Department must be broken down, and in its place should be created a new culture of cooperation. In this new cooperative culture, the needs of government and commerce will be reconciled and brought together in a coherent whole that more broadly and effectively expresses America's national interests.

One key to establishing a more cooperative culture between the State Department and the business community is the importance of recognizing that business is not monolithic, but rather diverse, with needs that are determined by size and circumstance.

For example, big businesses do not generally go to embassies looking for the basic commercial facts about a country that an embassy commercial officer typically offers. Usually, such companies already have much better market information than the embassy does. Rather, businesses are more likely to go to embassies looking for advocacy for their commercial interests and for analysis and judgment. While embassies should continue to provide basic information, they should also be prepared to answer the sorts of judgment questions more helpful to big businesses. The “value-added” embassies can bring to business is analysis and judgment both on the political front (e.g., Who matters in the country's political leadership? Who are its “up and comers”? Who is a problem? How politically stable is the leadership? Is the legal system in the country reliable or corrupt?) and on the business front (e.g., How is our company viewed in the country? What mistakes have we made? How have other businesses like ours fared in the country?).

For small and medium sized businesses, on the other hand, there will continue to be a need for basic statistical data and “facts and figures” that help such businesses pursue their commercial interests. Small businesses can

not always afford to develop on their own basic market information about a country. Embassies should continue to be able to respond to such requests about the country's economy and questions as "Whom do I need to talk to in order to get an environmental permit?"

How Business Views the State Department

The Project canvassed the views of the business community regarding U.S. representation of business interests. Some of America's largest companies responded in detail on how they interact with our embassies, how useful current U.S. diplomatic representation is to a company's activities abroad, and how embassies could do a better job for business.

In general, the business community's view of American diplomatic presence overseas was fairly positive. Although some specific criticisms were made, business seems to have a generally favorable view of the foreign service of the United States overseas.

More specifically, on the positive side, the business community rates the quality and talent of U.S. diplomats as high. They also believe embassies are better at addressing business interests than they were in the past. Comments included: "we have noted a dramatic increase and improvement in U.S. embassy support for U.S. firms...", and "the assistance we received from U.S. embassy officers...was very solid and value added." One company noted that they are beginning to realize that they need to utilize U.S. government diplomatic facilities more than they do. Other respondents noted that the value of embassies is greatest in developing countries, and of less consequence in more developed nations.

Among the criticisms, none of the companies said that American embassies were crucial to their overseas operations. One company called embassies "irrelevant" to the activities of big business, while the auto companies were most critical of embassy performance overall. Some companies said that other countries put more emphasis on supporting their business interests than the U.S. does. Other comments called for: improved information technology, better training, greater expertise in specific industries, and more awareness of the actions of multilateral agencies.

Recommendations:

- Distinguish between the very different needs of big business and those of small and medium sized businesses. The State Department should maintain a comprehensive information database for American

companies and investors on all nations where the United States conducts business and/or maintains diplomatic relations. This database will provide facts, figures and general political and economic information to small and medium sized businesses. For larger businesses, embassy officers will be prepared to report on the political climate and key issues in various nations, as well as information on who to contact in the State Department to obtain further information and in-depth analysis.

- Facilitate State Department / Congressional / Business Community Forums. The State Department should establish a forum for ongoing consultations between the Congress and representatives of the business community, such as the Chamber of Commerce, NFIB and others. This State / Congress / Business Community Forum should work to be responsive to the business community's needs and to develop procedures and policies for more effectively advocating American business interests overseas. Specifically, the State Department should act in an intermediary role to bring together on a regular basis interested representatives of Congress, industry and commerce to discuss the issues affecting business and government in foreign nations. The State Department should target, in consultation with the business community and Congress, specific nations of interest for which a forum should be created to meet on a regular basis. State should invite interested parties to participate, propose an agenda of topics for discussion, and provide general background information on the country in question. Topics for discussion might include: political and economic issues in the target nation, diplomatic relations with the United States, forecasts and analyses, and proposed changes in U.S. policy to help facilitate better diplomatic and business relations with the target nation.
- Create business liaison offices. In nations where U.S. commercial interests have growth potential or are already strong, embassies should create a business liaison office (by merging the economic and commercial sections) that is responsible for serving the interests of American businesses. Where appropriate, political and economic affairs functions can be merged for the same purpose.
- Charge user fees. In light of numerous recommendations from the business community, the State Department should adopt the policy already used by the Foreign Commercial Service of charging a user fee to business for use of its services, especially services not readily available to the general public

and those not normally provided by America's diplomatic agencies. Representatives of the business community have indicated that they are likely to value more highly information that they pay for, and that they are more likely to seek out that additional information, as they do with their own consultants, if they believe the information has value.

- Establish a Business Exchange Program. A State Department program should be set up to allow Foreign Service officers to serve for up to one to two years in a position in American business. In essence, the State Department official would work within the hierarchy of the business, assisting the business to work in a select country or group of countries. This would give Foreign Service personnel experience in the private sector and an understanding of business concerns, while allowing businesses to tap the expertise of the State Department. This exchange program would be integrated into the Foreign Service personnel system, and would be considered a normal part of the process for career advancement in the Foreign Service. During the exchange, the State Department official would be paid by the State Department, but would effectively serve as an employee of the business to which he is assigned.
- Integrate non-governmental organizations. The State Department and U.S. embassies should facilitate ongoing interaction on policy and program activities with NGOs around the world. Efforts should be made to establish liaison with internationally recognized NGOs, with an emphasis on tapping into NGOs as a source of information, as well as learning from and integrating, where appropriate, NGO procedures and policies that would improve the U.S. Government's activities overseas. Both the Undersecretary for Political Affairs and the Undersecretary for Global Affairs should be routinely advised about the concerns and interests of NGOs in order to more fully integrate NGO activities into the policymaking process.

Appendix:

Summary List of Specific Recommendations

Getting Our Government House in Order: Remodeling the Foreign Affairs Machinery

Building Interagency Coordination at the Strategic Level:

- Make greater use of interagency mechanisms. (p. 12)

Putting Flexibility in the Personnel System:

- Conduct a comprehensive workforce planning review. (pp. 12-13)
- Review State's personnel policies. (p. 13)
- Revive and expand a foreign service reserve system. (p. 13)

Improving Congressional Relations:

- Build constituent relations for the Foreign Service. (p. 13)
- Strengthen congressional liaison. (pp. 13-14)

Budget Reforms:

- Grant flexibility to respond to international emergencies. (p. 14)
- Create a \$400 million Information Technology Working Capital Fund. (p. 14)
- Allow State to expend user fee revenues. (p. 14)
- Revamp congressional committee jurisdictions. (p. 14)

Embassy Reform:

Better Service for Clients the World Over

Making Embassies Adaptable to Local Circumstances:

- "Right-size" the staffs of embassies and consulates. (p. 16)
- Develop "surge capacity" to be used in emergencies in countries where U.S. presence is minimal due to modest U.S. interests. (p. 16)
- Create "magnet embassies." (p. 16)

Building Interagency Coordination in the Field:

- Consolidate the existing foreign services. (p. 17)
- Give the ambassador authority to determine the personnel needs of the embassy. (p. 17)

- Strengthen the link between the Departments of State and Defense. (p. 18)
- Sustain the right division of labor between headquarters and embassies. (p. 18)

Security for American Personnel:

- Appropriate additional funds to enhance American diplomatic security. (p. 18)

Information Technology: Plugging into a Wired World

- Consolidate State's network infrastructure. (p. 21)
- Build a government-wide information system. (p. 21)
- Upgrade State's current capabilities. (p. 21)
- Foster a change in culture at the State Department. (p. 24)

Accessing the Private Sector: Bridging the Gap to an Entrepreneurial Culture

- Distinguish between the very different needs of big business and those of small and medium sized businesses. (p. 26)
- Facilitate State Department/Congressional/Business Community Forums. (p. 26)
- Create business liaison offices. (p. 26)
- Charge user fees. (pp. 26-27)
- Establish a Business Exchange Program. (p. 27)
- Integrate non-governmental organizations. (p. 27)

Appendix:

Action Items by Jurisdiction

Executive Branch

- Make greater use of interagency mechanisms. (p. 12)
- Conduct a comprehensive workforce planning review. (pp. 12-13)
- Build constituent relations for the Foreign Service. (p. 13)
- Give the ambassador authority to determine the personnel needs of the embassy. (p. 17)
- Strengthen the link between the Departments of State and Defense. (p. 18)
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Congress

- Revive and expand a foreign service reserve system. (p. 13)
- Grant flexibility to respond to international emergencies. (p. 14)
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Joint Action Items

- Review State's personnel policies. (p. 13)
- Strengthen congressional liaison. (pp. 13-14)
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- Develop "surge capacity" to be used in emergencies in countries where U.S. presence is minimal due to modest U.S. interests. (p. 16)
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About the Henry L. Stimson Center

The Henry L. Stimson Center is an independent, non-profit, public policy institute committed to finding and promoting innovative solutions to the security challenges confronting the United States and other nations in the 21st century.

The Center draws inspiration from the life and work of Henry Stimson, whose distinguished career in foreign and defense policy reflected a singular ability to steer a steady course toward long-range public policy goals while serving presidents of both political parties.

Solving tomorrow's security problems will continue to require the constructive use of traditional diplomatic and military tools, but also new tools to address the economic, environmental, and demographic trends that will be critical to global stability in the decades ahead. The Stimson Center contributes to meeting these security challenges with creativity, vision, and partnerships across cultural and political divides. The Center couples in-depth research and analysis with education and outreach that incorporates energetic use of the technologies of the information revolution. The Center's programs aim both to inform publics and decision makers and to shape the contours of domestic and international debate on vital issues of international public policy.

Although Henry Stimson could not have anticipated many of the challenges that confront the world a half-century after his second tenure as secretary of war, we believe that his practical, non-partisan approach to the issues remains as relevant today as in his lifetime. His commitment to wise management of the public trust is especially germane in a time of limited government resources and competing public needs. By establishing and maintaining a research center in his name, we hope to call attention to his life of public service, his commitment to sustained and effective American engagement abroad, and his basic philosophy of public policy — pragmatic steps toward ideal objectives.

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