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ASSESSING THE ROLE OF THE UNITED STATES IN THE WORLD

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ASSESSING THE ROLE OF THE UNITED STATES IN THE WORLD

WEDNESDAY, FEBRUARY 27, 2019

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:15 a.m. in Room SD-419, Dirksen Senate Office Building, Hon. James E. Risch, chairman of the committee, presiding.

Present. Senators Risch, Rubio, Johnson, Gardner, Romney, Isakson, Portman, Young, Cruz, Menendez, Cardin, Shaheen, Coons, Murphy, Kaine, Markey, Merkley, and Booker.

OPENING STATEMENT OF HON. JAMES E. RISCH, U.S. SENATOR FROM IDAHO

The CHAIRMAN. The Foreign Relations Committee will come to order.

Welcome, everyone. We have very distinguished guests with us here this morning, and I am going to make a few opening remarks. Then I am going to turn it over to the ranking member to make some opening remarks. And then we are just delighted to have both of you with us here today.

So with that, for the first time in a generation, the United States is facing a great power competition that threatens to disrupt the world order America created with our allies in the aftermath of World War II. That world order has arguably benefited all, especially those who believe in the principles of democracy, human rights, the rule of law, free trade, and a capitalistic free economy.

These cornerstones of liberty and prosperity, however, are once again under assault as we face a global power competition, most notably by a rising China intent on reshaping the world in its own image, and a Russia that wants to be seen as more than a regional actor and regain the influence it had during the height of the Soviet Union.

It is no secret that China seeks to surpass us both economically and militarily. One of the primary ways they have attempted to do this is by stealing our technology and intellectual property. The Chinese use American innovation to put our people out of work and stack the rules of the global economy in their favor. I have seen this firsthand as Micron Technologies, an Idaho-based memory chip company, had its trade secrets stolen by a Chinese company in an attempt to out-compete the very companies from which they steal.

In order to compete on a global scale, there must be adherence to rule of law. That is paramount. Chinese law and practice allow

the government total control over its companies. Whether or not Beijing is currently using tech firms like Huawei or ZTE to spy, it certainly could demand it and no court ruling or constitutional check would be necessary for them. This is a serious threat to our national interests and to the interests of our allies and friends.

As to Russia, the Russian Government is making efforts to return us to the 1960s, attempting to reignite a nuclear arms race by cheating on nearly all of its arms control agreements. In doing so, Putin is confirming over and over again what many of us already know, and it is time to reexamine and reset our nuclear nonproliferation architecture and that must include China.

While our strategic competition with China and Russia is a more recent development, the threats of the post-9/11 world remain. It is an accomplishment that today ISIS is on the ropes and al Qaeda is in retreat.

However, having failed states, corruption, lack of economic opportunity, and political oppression are on the rise around the world. According to Freedom House, global liberty declined in 2018 for the 13th consecutive year, at a time when even our allies in Europe are facing homegrown challenges to democracy and the rule of law. The United States needs to stand firm against tyranny and corruption now more than ever.

Ranking Member Menendez and I decided on holding this first hearing to provide the opportunity to set the agenda for the future work of this committee. The themes you will hear again and again from witnesses and Senators on both sides of the dais, China, Russia, nuclear proliferation, counterterrorism, human rights, and the rule of law are subjects the committee intends to focus on intently in the coming months.

This committee has a constitutional role in shaping the nation's foreign policy agenda, and both the ranking member and I intended to exercise this authority provided to us by the Founding Fathers of this great nation.

With that, I will ask my friend and colleague, Ranking Member Senator Menendez, to make some opening remarks.

STATEMENT OF HON. ROBERT MENENDEZ,
U.S. SENATOR FROM NEW JERSEY

Senator MENENDEZ Thank you, Mr. Chairman, and thank you for holding this hearing. And particularly, thank you, our distinguished witnesses.

I join you in many of the things that you said, Mr. Chairman, especially towards the role of this committee in terms of foreign policy, and I am glad to hear what you had to say about the pathway forward. I believe it is critically important for this committee to maintain an active role in assessing the United States' role in the world, understanding the administration's policies, and leveraging our own role as a coequal branch of government.

We face continuing and new challenges from an aggressive Russia, a rising China, and an evolving but still threatening ISIS and al Qaeda. We face a world with greater strategic competition with more dangerous competitors. So let us be clear about both our challenges and our opportunities.

Russia continues to be a leading source of global instability and chaos that directly seeks to undermine foundational American values. In addition to interfering in our democratic processes, Russia has sought to destabilize the democratic values of many of our allies and partners. How we respond to Putin's strategic adventurism will help define our role in the world no less than our efforts to confront the challenge of Chinese President Xi Jinping's neo-Maoist authoritarian great power nationalism.

Similarly, the world will judge and indeed follow our lead on how we live up to commitments to those who have put themselves on the front lines of the fight against terrorism.

I would also like to note at the outset of this hearing my concern about the escalation of violence in South Asia in recent days. I urge Islamabad and New Delhi to immediately engage in dialogue to de-escalate tensions. Past Republican and Democratic administrations have played constructive roles at the highest levels to promote peace and stability in South Asia. And if we are to see a peaceful resolution to the current violence, the Trump administration must follow suit.

In our interconnected and ever smaller world, we cannot afford only to address the headline-grabbing challenges. New trade patents, new technologies, new economic relationships are both bringing tens of millions out of poverty but also displacing and disrupting the lives of millions more, many in the United States. Indeed, many of these new technologies, including artificial intelligence, robotics, and genomics, offer huge promises for human advancement, but they also threaten to erode valuable democratic institutions, social relationships, and economic order. We face unprecedented migration challenges, including millions of refugees in our own hemisphere and millions more around the world. And we have yet to come to grips with the mounting realities of catastrophic climate change.

At a fundamental level, democracy, good governance, human rights, the importance of international institutions and alliances, the values the United States has championed for the past century and that best equip nations to promote peace and prosperity are also under attack around the world.

And I am sad to say, Mr. Chairman, rather than embrace these values on a domestic or global level, President Trump in many cases has chosen to abandon the very American values and institutions that for over two centuries have enabled the United States' leadership in the world.

We are an exceptional nation, a nation founded on ideas and ideals, and it is those ideas and ideals, more than our economic strength, though that has been considerable, and more than our military might, though that has been unparalleled, that has rallied others to our cause as their own, built partnerships and alliances, enabled the free flow of global commerce, and allowed us to help shape a world that has served our interests and allowed our values to flourish. All of that is today at risk.

When the United States fails to stand by our allies and international institutions or, worse, attacks them, our leaders place at risk the very relationships and institutions that have made us strong and have guaranteed peace and stability for 70 years.

When the United States fails to stand up for human rights or, worse, enables the depredations of authoritarian regimes, our leaders set conditions for abuse and turmoil that undermine true stability.

When the United States looks the other way as journalists are killed or our leaders themselves brand the press the enemy of the people, we threaten the vibrancy of civil discourse necessary for the values we as a people cherish.

When the United States fails to enforce the rule of law or our leaders suggest that law enforcement is transactional, we lead the way to creating global disorder.

When the United States scales back or cuts our State Department and foreign assistance budgets or pushes out career, experienced diplomats, we fatally undermine our ability to renew and revive our leadership at just a time when our leadership is more essential than ever before.

When America builds walls, America First becomes America Alone.

America derives its strength from our values. We could never retreat from that core concept. And as we look across the globe, we must lecture less and lead more.

The world today stands at an important moment, balance between order and chaos, between continuing with the decades-long project of building a peaceful and prosperous international order or retreating to isolation and anarchy. The path we are on under this administration I feel will leave us less safe and less secure in an increasingly complex world, unable to advance our ideas or to secure our prosperity. I hope we can change that course.

And I look forward to the testimony of our witnesses.

The CHAIRMAN. Thank you very much, Senator Menendez.

And we are now going to hear from our witnesses. We will start with Ambassador William Burns.

William Burns is a 33-year veteran of the Foreign Service and holds its highest rank, career ambassador. He was just the second Foreign Service officer to become Deputy Secretary of State, an office he held from 2011 to 2014. Prior to that, he was the Under Secretary of State for Political Affairs. Before that, he served as a U.S. Ambassador to the Russian Federation, and prior to that role, Ambassador Burns served as the Assistant Secretary of State for Near Eastern Affairs.

Ambassador Burns is currently President of the Carnegie Endowment for International Peace.

Ambassador Burns, welcome.

STATEMENT OF HON. WILLIAM J. BURNS, PRESIDENT, CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE, WASHINGTON, DC

Ambassador BURNS. Thank you so much. Chairman Risch, Ranking Member Menendez, members of the committee, it is an honor to be with you and an honor to join Steve Hadley, a friend and former colleague for whom I have deep respect.

I will highlight briefly three points from my written testimony, which I ask be entered into the record.

The first point is about the international landscape unfolding before us. Understanding that landscape is an essential prerequisite to crafting an effective strategy.

America faces a world that is more crowded, complicated, and competitive than at any point in my three and a half decade diplomatic career. The global order that emerged at the end of the Cold War has shifted dramatically, creating unprecedented challenges for American statecraft.

Great power rivalry is back, bringing with it complex risks and tradeoffs for which we are out of practice.

Crises of regional order continue to bubble, nowhere more so than in the Middle East, which remains best in class in dysfunction and fragility.

And challenges like climate change and the revolution in technology are outpacing the capacities of governments to create workable international rules of the road.

The second point I would make is about America's role on this disordered landscape.

The bad news is that we are no longer the only big kid on the geopolitical block. The good news is that we still have an opportunity to lock in our role as the world's pivotal power, shaping a new international order before others shape it for us. We still have a better hand to play than any of our rivals if we play it wisely.

Fashioning a strategy for America in a post-primacy world is no easy task. The most critical test of American statecraft is managing competition with China, cushioning it with bilateral cooperation wherever our interests coincide and developing a web of regional alliances and institutions that amplify our leverage. The primary aim, it seems to me, is not to contain China or force others to choose sides, but to ensure that China's rise does not come at the expense of everyone else's security and prosperity.

Meanwhile, this week's summit in Hanoi offers a rare opportunity to reduce the threats posed by North Korea's nuclear and missile programs. That will require a serious, sustained, disciplined diplomatic effort, backed up by economic and military leverage and closely coordinated with our allies in South Korea and Japan and other key regional players like China.

We will also have to manage relations with a resurgent Russia, playing a long game within a relatively narrow band of possibilities, from the sharply competitive to the nastily adversarial. But even as we push back firmly against Putin's belligerence, we cannot ignore the need for guardrails that can help us reduce the risks of collisions and manage nuclear dangers.

The challenges of renewed great power competition will require us to take a hard look at our involvement in the Middle East. We cannot neglect our leadership role in a region where instability is so contagious, but we ought to continue to shift the terms of our engagement with less demand on the American military and more reliance on creative diplomacy.

We also cannot afford to neglect our interests in Africa, a continent whose population will double by the middle of this century or in our own hemisphere, in many ways the natural strategic home base for the United States.

Being a pivotal power is all about putting ourselves in a position to manage relationships and build influence in all directions. That will require us to shore up our alliances, to deal with both immediate crises and long-term global challenges and to do better when it comes to following through on our international commitments. I worry that we are hemorrhaging our credibility at an alarming pace, especially with our closest allies in Europe, at a moment when the rise of China and the resurgence of Russia make transatlantic ties more, not less, important.

And that brings me to my third and final point, this committee's vital role in formulating a new strategy for the decades ahead. You have an opportunity and a responsibility to help bridge the disconnect between an uncertain American public and an often undisciplined Washington establishment. We have to show our fellow citizens that effective American foreign policy not only begins at home in a strong political and economic system but ends there too in more jobs, more prosperity, a healthier environment, and better security.

This committee has an equally important role when it comes to overseeing and shaping the tools of American foreign policy. Diplomacy in the years ahead will matter more than ever as our tool of first resort. We can no longer get our way in the world on our own or by big sticks alone.

Unfortunately, American diplomacy has suffered from decades of strategic and operational drift, which the current administration has made infinitely worse by its unilateral diplomatic disarmament. Not surprisingly, adversaries are taking advantage, allies are hedging, and the global order we did so much to build and defend is teetering.

The window for defining America's pivotal role will not stay open forever. Whether we seize the moment of opportunity before us will depend in large measure on whether this chamber and this committee can help recapture a sense of shared vision and shared purpose, whether we can recover a sense of diplomatic agility out of the muscle-bound national security bureaucracy that we have become in recent years, and whether we can come to terms with the realities of a new international landscape and shape it skillfully with our considerable enduring strengths.

Thank you very much.

[The prepared statement of Ambassador Burns follows:]

PREPARED STATEMENT OF AMBASSADOR WILLIAM J. BURNS

Chairman Risch, Ranking Member Menendez, Members of the Committee—it's an honor to be with you today and an honor to join Steve Hadley, a friend and former colleague for whom I have deep respect. I'm very pleased to offer some brief thoughts about America's changing role on a changing international landscape and its implications for the work of this important committee.

THE LANDSCAPE

Today's world is more crowded, complicated, and competitive than at any point in my three and half decade diplomatic career. The global order that emerged after the end of the cold war has shifted dramatically, creating unprecedented challenges for American statecraft.

Great power rivalry is back, and it has brought with it complex risks and tradeoffs for which we are out of practice. China is flexing its muscle and expanding its influence. The Chinese leadership no longer subscribes to Deng Xiaoping's "hide your strengths and bide your time" philosophy, and has accelerated its effort to not

only establish China as a global economic peer of the United States, but to supplant it as the leading power in Asia.

China's ambition to recover its accustomed primacy in Asia has already upended many of our comfortable assumptions about how integration into a U.S.-led order would tame, or at least channel, Chinese aspirations. And our traditional allies in Asia, as well as new partners like India, are taking notice and adjusting their strategic calculations—raising regional temperatures and increasing uncertainties.

Russia is proving that declining powers can be at least as disruptive as rising ones, punching above its weight as it exploits divisions within the West. Vladimir Putin's relentless focus for much of the past two decades has been to reverse the decline of the Russian State and its international standing—and the result is a Russia that sees its best bet for preserving its major power status in chipping away at the American-led international order. If he can't have a deferential government in Kiev, Putin can grab Crimea and try to engineer the next best thing, a dysfunctional Ukraine. If he can't abide the risk of regime upheaval in Syria, he can flex Russia's military muscle, emasculate the West, and preserve Bashar al-Assad atop the rubble. Since I left government, Putin has shifted from testing the West in places where Russia had a greater stake and more appetite for risk, like Ukraine and Georgia, to a wider range of places where the West has a far greater stake, like the integrity of our democracies.

Alongside these great power frictions, crises of regional order continue to bubble, driven by both the strengths of local competitors and the weaknesses of failing states. Nowhere is this clearer than in the Middle East, which remains best in class in dysfunction and fragility. No longer the global energy player it once was, no longer able to sustain its rentier economies, no longer able to camouflage its deficits of opportunity and dignity, much of the Arab world teeters on the edge of more domestic upheavals, with extremists eager to prey on its vulnerabilities.

Beyond the unsettled rivalries of states, and the decaying foundations of regional stability, new global challenges are straining the capacities of governments to create workable international rules of the road. The pace of the revolution in technology makes the impact and dislocations of the Industrial Revolution look plodding by comparison. Advances in artificial intelligence, machine learning, and synthetic biology continue to move at breathtaking speed, outpacing the ability of states and societies to maximize their benefits while minimizing their potential downsides. We have already seen how authoritarian regimes can harness the apparently decentralizing power of technology to consolidate control of their citizens.

Meanwhile, the transformative effects of climate change are becoming more evident with each passing season. With polar ice caps melting, sea levels rising, and weather patterns swinging wildly, the consequences of an environment badly damaged by human behavior are growing more dangerous and immediate.

AMERICA'S PIVOTAL ROLE

These challenges would be daunting in any era, but they are particularly urgent now, at a time when America's singular post-cold war dominance is fading. On today's international landscape, we are no longer the only big kid on the geopolitical block. That's not a defeatist argument; it's merely a recognition that the United States no longer occupies the unrivaled position of strength that we enjoyed after the collapse of the Soviet Union. What we do have, however, is an opportunity to lock in our role as the world's pivotal power—still with a better hand to play than any of our rivals.

No other nation is in a better position to navigate the complicated currents of twenty-first-century geopolitics: we still have the world's best military, spending more on defense than the next seven countries combined; our economy remains the most innovative and adaptable in the world, despite risks of overheating and gross inequalities; advances in technology have unlocked vast domestic potential in natural gas and clean, renewable energy; and we still have more allies and potential partners than any of our rivals, with greater capacity for coalition-building and problem-solving. These advantages are not permanent or automatic—but they do give us a window in which we can shape a new international order before others shape it for us.

Fashioning a strategy for America in a post-primacy world is no easy task. Neither unthinking retrenchment nor the muscular reassertion of old convictions will be effective prescriptions in the years ahead. We will have to rebalance American foreign policy priorities to tackle the most pressing challenges and respond to the most urgent threats. That will mean sharpening our attention on managing competition with great power rivals, and using our capacity to mobilize other players to address twenty-first-century challenges. That ought to be infused with a bold and

unapologetic vision for free people and free and fair markets, with the United States as a more attractive exemplar than it is today.

Asia must continue to be our first priority. The most critical test of American statecraft is managing competition with China, cushioning it with bilateral cooperation wherever our interests coincide, and a web of regional alliances and institutions that amplify our leverage. Our economies are deeply intertwined, but that is not in itself a guarantee against conflict.

Both the United States and China will have to work to ensure that our inevitable disagreements do not spiral out of control. As regional apprehensions about Chinese hegemony grow, there will be increasing opportunities for us to strengthen existing relationships and forge new partnerships in the region. Part of our strategy has to be defensive, pushing for overdue changes in China's trade and investment practices, ideally in concert with partners in Asia and Europe who share similar concerns. And part ought to be affirmative, laying out a compelling vision—and a renovated architecture of trade relationships, alliances, partnerships, and institutions—for Asia's future. The primary aim is not to contain China or force others to choose sides, but to ensure that China's rise doesn't come at the expense of everyone else's security and prosperity.

We also have before us a rare moment of opportunity to reduce the threats posed by North Korea's nuclear and missile programs, with a second summit meeting unfolding this week in Hanoi. This will require a serious, sustained, disciplined diplomatic effort, backed by economic and military leverage, and closely coordinated with our allies in South Korea and Japan, and other key regional players, like China.

A deeper American focus on Asia makes transatlantic partnership more, not less, significant. It implies a new strategic division of labor with our European allies, where they take on more responsibility for order on their continent, and do even more to contribute to possibilities for longer-term order in the Middle East, while the United States devotes relatively more resources and attention to Asia. Now is the moment for a renewed Atlanticism, built on shared interests and values in a world in which a rising China—as well as a resurgent Russia and persistent problems in the Middle East—ought to cement a common approach.

Managing relations with Russia will be a long game, conducted within a relatively narrow band of possibilities, from the sharply competitive to the nastily adversarial. Even as we push back firmly against Putin's belligerence, we cannot ignore the need for guardrails—lines of communication between our militaries and diplomats that can help us reduce the risks of inadvertent collisions. We should be engaging in serious strategic stability talks, and working in our own cold-blooded self-interest to limit nuclear threats. Russian violations have helped trigger the demise of the INF Treaty, but it would be foolish for us to let the New START Treaty lapse in 2021.

We should not give in to Putin, but we should not give up on the possibility of more stable relations with the Russia beyond Putin. Russians may eventually chafe at being the junior partner of a rising China, just as they chafed at being the junior partner of the United States after the cold war, and that may open up space for artful American diplomacy.

Tackling these challenges will require us to take a hard look at America's involvement in the Middle East, where we have focused so much of our foreign policy attention for the past several decades. We are no longer directly dependent on the region for the bulk of our energy needs, and a clear-eyed assessment of our interests argues for a different kind of engagement. We cannot neglect our leadership role in a region where instability is contagious and threats can quickly metastasize, but we ought to continue to shift the terms of our engagement, with less demands on the American military and more reliance on creative diplomacy,

As part of a long-term strategy, we should reassure our traditional Arab partners against the threats they face, whether from Sunni extremist groups or a predatory Iran. But we should insist in return that Sunni Arab leaderships recognize that regional order will ultimately require some modus vivendi with an Iran that will remain a substantial power even if it tempers its revolutionary overreach. We should also insist that they address urgently the profound crisis of governance that was at the heart of the Arab Spring. At a time when authoritarians feel the wind in their sails, the United States cannot afford to blindly and willfully indulge autocratic impulses. This body has already strongly condemned acts like the killing of Jamal Khashoggi and called for curtailing the overreach that has bred such horrendous conditions in Yemen; we must also do more to make sure that these condemnations are followed by tangible actions.

As members of this committee know very well, the strategic significance of Africa and our own Hemisphere has often been underplayed in Administrations of both parties. That is a mistake. Demography—with Africa's population likely to double to two billion people by the middle of this century—and a variety of uncertainties

and possibilities in both of these critical regions will only increase their importance for American interests.

Successfully executing a pivotal power strategy will require shoring up America's alliances. Just as in domestic politics, it's important to "remember your base"—in this case, a set of partnerships that sets us apart from lonelier powers like China and Russia, and serves as an enormous force multiplier. Over the coming decades, we'll have an increasing interest in putting ourselves in position to manage relationships and build influence in all directions. European partners will be instrumental in countering Putin's Russia, while our allies in Asia will be a necessary part of a broader strategy for dealing with the rise of China.

We must also do better when it comes to following through on our international commitments. It was, in my view, an historic mistake to make the perfect the enemy of the good and walk away from the Trans-Pacific Partnership; with a subsequent effort in Europe, we could have anchored two-thirds of the global economy to the same high standards and rules as our own system, helped emerging markets join the club over time, and shaped China's options and incentives for reform. Our withdrawal from agreements like the Paris climate accords and the Iran nuclear deal has further deepened international mistrust of our motives and undercut our image as a reliable partner. So has our backtracking on migration and refugee issues, and humanitarian diplomacy more broadly, which has hampered efforts to get other states to do their part and left critical frontline partners increasingly on their own.

RECONNECTING WITH AMERICANS AND REBALANCING OUR TOOLS

Just as it has at other crucial moments in our history, this committee can play a vital role in answering these challenges, and in formulating a new strategy for the century ahead. You have both an opportunity and a responsibility to help bridge the disconnect between an uncertain American public and an often undisciplined Washington establishment, and rebalance the tools in our national security toolkit to fit a new era.

All of you are acutely aware of the tradeoffs and interplay between America's foreign and domestic priorities. You know firsthand the costs and benefits of our international commitments. It will be impossible to fulfill America's potential as the world's pivotal power unless we make more vivid the connection between smart American engagement abroad and renewal at home. We have to show our fellow citizens that effective American foreign policy not only begins at home, in a strong political and economic system, but ends there too—in more jobs, more prosperity, a healthier environment, and better security.

In my experience, most Americans don't need to be convinced of the wisdom of disciplined American leadership in the world, in our own enlightened self-interest. But they are less persuaded of our capacity, across Administrations of both parties, to be disciplined in the application of American power, and to ensure that Americans across our society are positioned for success in a hyper-competitive world.

This committee has an equally important role when it comes to overseeing and shaping the tools of American foreign policy. In the years ahead, we won't be able to get everything we want on our own, or by force alone. So as a recovering diplomat, it won't surprise you that I am absolutely convinced that diplomacy—backed up by military and economic leverage and the power of our example—will matter more than ever as our tool of first resort.

Unfortunately, American diplomacy has suffered from decades of strategic and operational drift. We were lulled into complacency by our strength after the collapse of the Soviet Union, and we inverted further the roles of force and diplomacy in American statecraft following the terrible shock of September 11.

These long-term trends have been greatly exacerbated by the current administration's hollowing out of American diplomacy. The after-effects of its early, ill-conceived "redesign process" are still lingering. Intake into the Foreign Service was cut by over 50 percent. The Foreign Service has lost many of its most capable mid-level and senior officers. Key Ambassadorships and senior positions in Washington remain unfilled. What was already painfully slow progress toward better gender and ethnic diversity has been thrown into reverse. Most pernicious of all has been the practice of blacklisting individual officers, simply because they worked on controversial issues in the previous Administration.

There is never a good time for diplomatic malpractice, but this is a particularly damaging moment. This committee can—and should—help shape an affirmative agenda for diplomacy's renewal. At its core ought to be a compact—a two-way street in which the State Department and the executive branch follow through on serious

reforms, streamline structures, and find a rational balance for budgets and roles across the national security community, in return for more support from Congress.

That will mean an honest self-appraisal by the State Department; while individual American diplomats can be remarkably innovative and entrepreneurial, the Department as an institution is rarely accused of being too agile or too full of initiative. It will mean smart bureaucratic reforms that de-layer the Department and push authority downwards and outwards, empowering Ambassadors in the field. It will mean holding nominees to high standards and working to fill vital diplomatic posts around the world. And it will mean adequate resources for diplomacy, with more flexibility allowed in the use of funds. Neither the State Department nor the Congress can revitalize American diplomacy on their own, and this partnership will only work if it's embedded in a wider compact with citizens that restores their faith in disciplined American leadership and the significance and utility of diplomacy itself.

The window for defining America's pivotal role will not stay open forever. Whether we seize the moment of opportunity before us will depend in large measure on whether this chamber and this committee can help recapture a sense of shared vision and shared purpose; whether we can recover a sense of diplomatic agility out of the muscle-bound national security bureaucracy that we've become in recent years; and whether we can come to terms with the realities of a new international landscape, and shape it skillfully with our considerable enduring strengths.

Thank you very much.

The CHAIRMAN. Thank you, Ambassador. Thoughtful remarks.

Now we will hear from the Honorable Stephen Hadley. He served as National Security Advisor for President George W. Bush from 2005 to 2009 where, beyond his national security duties, he had special responsibility for U.S.-Russia political dialogue, the Israeli disengagement from Gaza, and developing a strategic relationship with India.

Mr. Hadley is current a principal at RiceHadleyGates, an international strategic consulting firm, as well as the senior advisor to the U.S. Institute of Peace where he has co-chaired a series of senior bipartisan working groups on a broad range of issues.

With that, Mr. Hadley. Good to have you here.

STATEMENT OF HON. STEPHEN J. HADLEY, PRINCIPAL, RICEHADLEYGATES LLC, WASHINGTON, DC

Mr. HADLEY. Thank you, Chairman Risch and Ranking Member Menendez, and other distinguished members of this committee. I am grateful for the opportunity to be before you today with my friend and colleague, Bill Burns.

As the chairman has pointed out, after World War II, the United States and its friends and allies created an international system based on democratic values and free market principles, and that system produced unprecedented prosperity and security for the United States and much of the world. But the system must be revised and adapted to reflect both geopolitical and domestic political changes in the last 70 years that have undermined its foundations.

At the geopolitical level, the world has seen a return of great power rivalry and ideological competition. China and Russia are challenging the existing international system and America's dominant role in it. Their alternative model of authoritarian State capitalism is attracting adherence because America's model of democracy and free market appears to be in decline.

Much of this is our own doing. Our economic system appears unable to produce sustained, inclusive growth offering equal opportunity for all our citizens to share in its benefits, and our political system appears to be unable to address longstanding societal chal-

lenges, like immigration, fiscal deficits, entitlement reform, infrastructure, climate change, even though workable solutions have been more or less apparent for years, if not decades. If the United States is to compete successfully in the new world it is facing, it must address its own political and economic problems, and fixing the American model at home will strengthen the American brand abroad.

The reemergence of ideological competition parallels what opinion polls clearly show is a crisis of confidence among the citizens of democratic states. They are no longer confident that democracy and free markets work for them at home or are worth promoting abroad. If the United States is to compete successfully in the new world it is facing, it must engage its citizens on the basic principles of democracy and free markets, and restoring American confidence at home will empower American leadership abroad.

Once the United States and other democratic societies have renewed their commitment to these principles, they must engage other states, including China and Russia. A system based on democracy and free markets is more likely to produce stable states able to meet the needs of their people, states that will live in peace with one another, and a world in which Americans can prosper in security and freedom. If the United States is to compete successfully in the new world it is facing, it must seek a global consensus behind a revised and adapted international system basing it on the principles of democracy, free markets, human rights, and the rule of law.

It is hard to imagine a revised and adapted international system in which China does not have a major role. Some say that China wants a seat at the table in revising the system and that China does not want to overturn and replace it. The United States should test this proposition by engaging China and embracing appropriate Chinese suggestions and initiatives, and the United States should seek strategic cooperation with China in meeting global challenges like climate change, environmental damage, terrorism, pandemics, and the societal effects of revolutionary technological change. These are challenges that neither country can solve alone but that must be solved if either country is going to realize its goals, whether the China dream or the American dream.

The problem, of course, is that China, with its increasingly diplomatic, economic, and military might, is a strategic competitor like no other America has ever faced. But strategic competitors need not be strategic adversaries. The challenge is to see if China and the United States can be both strategic competitors and strategic cooperators at the same time. The United States should make the effort but not be naive. It will be very difficult. And it will only succeed if the United States is fully prepared and capable of competing successfully with China if the effort fails and if China clearly understands this fact.

If the United States is to compete effectively in the new world it is facing, it must develop its own capabilities in critical technological areas and get in the game and mobilize private industry and private capital, incentivize innovation and technology development, and reenergize cooperation among industry, academia, and government, along with our friends and allies.

Does the United States still need to be the global leader? Yes, for the problem, sadly, is that there is no one else. Europe is too caught up with its own internal problems, and most of the world does not want either China or Russia to be the global leader. Without U.S. leadership, the international system is likely to move towards spheres of influence, oppression of smaller states, authoritarian politics, state-controlled economies, and abridgment of human rights. This is not a world in which the United States' friends and allies would live in comfort, prosperity, or security even if they could retain their freedom.

America's continued global leadership cannot be taken for granted, but isolationism and retreat do not work. We know because we have tried them before, and history has not been kind to the result.

Thank you very much.

[The prepared statement of Mr. Hadley follows:]

PREPARED STATEMENT OF STEPHEN J. HADLEY

Thank you Chairman Risch, Ranking Member Menendez, and other distinguished members of the committee.

I am grateful for the opportunity to testify before you this morning on assessing the role of the United States in the world.

My testimony will focus on the current challenges to the international system, how we should respond, and the continued need for the United States to lead but in a different way.

WHAT HAS CHANGED?

After World War II, the United States and its friends and allies created an international system based on democratic values and free market principles. That system produced unprecedented prosperity and security for the United States and much of the world. But it must be revised and adapted to reflect both geo-political and domestic-political changes in the last 70 years that have undermined its foundations.

At the geopolitical level, the world has seen the return of great-power rivalry and ideological competition. The 2017 National Security Strategy said it well: "The competitions and rivalries facing the United States are not passing trends or momentary problems. They are intertwined, long-term challenges that demand our sustained national attention and commitment." At the same time, an unfolding Digital Age promises incredible developments in key 21st century technologies—artificial intelligence and quantum physics, robotics and autonomy, cyber and biotech—that will revolutionize how people communicate, learn, work, live—and how militaries fight.

China and Russia are already using these 21st century technologies to challenge the existing international system and America's dominant role in it. They are weaponizing digital platforms to weaken our social cohesion, to undermine the foundations of our national power, and to fracture our alliances. Disinformation and disruption are not new, but digital tools are extending the scale and reach to unprecedented levels. Their alternative model of authoritarian state capitalism is attracting adherents because America's model of democracy and free markets appears to be in decline.

HOW WE SHOULD RESPOND?

Much of this is our own doing. Our economic system appears unable to produce sustained, inclusive growth offering equal opportunity for all of our citizens to share in its benefits. Our political system appears unable to address long-standing societal challenges—like immigration, fiscal deficits, entitlement reform, infrastructure, and climate change—even though workable solutions have been more or less apparent for years if not decades. If the United States is to compete successfully in the new world it is facing, it must address its own political and economic problems—and fixing the America model at home will strengthen the American brand abroad.

The reemergence of ideological competition parallels what opinion polls clearly show is a crisis of confidence among the citizens of democratic societies. No longer confident that democracy and free markets work for them at home or are worth promoting abroad, the resulting political disruption has distracted the United States and other democracies and made them less willing to play their traditional leader-

ship role in the world. If the United States is to compete successfully in the new world it is facing, it must engage its citizens on the basic principles of democracy and free markets—and restoring American confidence at home will empower American leadership abroad.

Once the United States and other democratic societies have renewed their commitment to these principles, they must engage other states including China and Russia. A global consensus is emerging that the international system needs to change. The issue is on what principles should the revised system be based. A system based on democracy and free markets is more likely to produce stable states able to meet the needs of their people, states that will live in peace with one another, and a world in which Americans can prosper in security and freedom. If the United States is to compete successfully in the new world it is facing, it must seek a global consensus behind a revised and adapted international system—and basing it on the principles of democracy, free markets, human rights, and rule of law.

HOW DO WE PERSUADE RUSSIA AND CHINA TO PARTICIPATE?

Russia seems to bear the greatest grievance against the existing international system, is the most resentful of American leadership, and has become a spoiler in almost every international crisis or conflict. U.S.-Russian relations need to return to the traditional framework for dealing with adversarial states: cooperate where possible, defend American values and interests where challenged, and manage differences so as to avoid confrontation and conflict. Until then, engaging Russia in seeking to revise and adapt the international system is likely to be a frustrating activity. But if China engages, Russia is likely to want to participate as well.

It is hard to imagine a revised and adapted international system in which China does not have a major role. Sophisticated Chinese analysts admit that China has been one of the biggest beneficiaries of the existing international system. Many say that while China wants a "seat at the table" in revising the system, China does not want to overturn or replace it. The United States should test this proposition by engaging China and embracing appropriate Chinese suggestions and initiatives. The United States missed an opportunity when it refused to participate in the Asian Infrastructure Investment Bank (AIIB), now widely viewed as a responsible development institution and not just a tool of Chinese hegemony. The United States should test whether China's Belt Road Initiative (BRI) could become something similar. And the United States should seek strategic cooperation with China in meeting global challenges (e.g. climate change, environmental damage, terrorism, pandemics, the societal effects of revolutionary technological change) that neither country can solve alone but that must be solved if either country is to realize its goals—whether the China dream or the America dream.

The problem is that China—with its increasing diplomatic, economic, and military might—is a strategic competitor like no other America has ever faced. But strategic competitors need not be strategic adversaries. The challenge—and the opportunity—is to see if China and the United States can be both strategic competitors and strategic cooperators at the same time. The United States should make the effort but not be naive. It will be very difficult. There are few positive historical precedents. And it will only succeed if the United States is fully prepared and capable of competing successfully with China if the effort fails—and if China clearly understands this fact.

Competition in the key 21st century technologies—the risk of a "Technology cold war"—and the strategic challenge presented by the Belt Road Initiative are two of the areas that most threaten to disrupt U.S./China relations. The United States and China need to construct a framework for their competition in these areas that reduces the risk of confrontation and conflict. At the same time the United States must ready itself to compete and win in those areas critical to its national security and economic future. For example, it is just too risky to let China dominate—let alone monopolize—the digital infrastructure of the 21st century. But for less critical infrastructure, the United States should cooperate with China if China will follow international best practices of transparency, intellectual property protection, resilience to corruption, sustainability, and fiscal, environmental, and social responsibility.

If the United States is to compete effectively in the new world it is facing, it must develop its own capabilities in critical areas and "get in the game"—and mobilize private industry and private capital, incentivize innovation and technology development, and reenergize cooperation among industry, academia, and government, along with friends and allies.

DOES AMERICA STILL NEED TO BE THE LEADER?

When global leadership became too burdensome for a Great Britain exhausted by World War II, it passed the torch to the United States. More than half a century later, many Americans are ready to pass the torch to someone else. The problem, sadly, is that there *is* no one else. Europe is too caught up with its own internal problems, and most of the world does not want either China or Russia to be the global leader. Without U.S. leadership, the international system is likely to move toward spheres of influence, oppression of smaller states, authoritarian politics, state-controlled economies, and abridgement of human rights. This is not a world in which the United States, its friends and allies, would live in comfort, prosperity, or security, even if they could retain their freedom.

DOES AMERICA HAVE TO LEAD IN A DIFFERENT WAY?

While America must still lead, others must both assume more responsibility and carry more of the burden. But they will only do so if given a greater role in setting the rules, running the institutions, and establishing the arrangements for a revised and adapted international order.

This applies especially to America's friends and allies. They are most likely to share our values and vision for a revised and adapted international system. If given a greater role and participation, they can be extenders of democratic and free market principles and America's biggest source of leverage.

Governments are not the only players in the new world America is facing. Involving others means involving the business sector, charitable organizations, academic institutions, civil society, and other non-governmental entities. These are now critical actors in the emerging international system.

The United States must overcome the "not invented here" syndrome and be willing to embrace sensible ideas and innovations from other sources, consistent with the fundamental principles of a revised and adapted international system.

Iraq and Afghanistan-style interventions are likely to be a thing of the past. The new formula of fighting terrorists "by, with, and through" local forces clearly works and is the right model.

The United States and like-minded states need to adopt a preventive strategy to stop and roll back the spread of extremism in fragile states. They must empower local partners willing to improve their own governance and better serve their people.

The United States must continue to develop and give priority to effective non-military measures like sanctions to deal with countries like North Korea and Iran. But without broad participation and support, sanctions risk isolating the United States and encouraging others to create alternative financial structures. Nations forced to choose between a U.S.-based international financial system and an alternative (especially one backed by China and Russia) may surprise us with their choices.

America's continued global leadership cannot be taken for granted. But isolationism and retreat do not work. We know because we have tried them before—and history has not been kind to the result.

Senators, I thank you for this opportunity to testify before you and look forward to your questions.

The CHAIRMAN. Thank you very much. Also very thoughtful.

We are now going to do a 5-minute round of questioning back and forth between each side. I am going to reserve my questions as we go down the pike. And with that, I am going to turn it over to Senator Menendez.

Senator MENENDEZ Thank you, Mr. Chairman.

Thank you both for your very thoughtful and insightful remarks.

I just came back recently, along with some other colleagues, from the Munich Security Conference and from meetings at the European Union and at NATO.

In this world that you both have described, would you say that our multilateral efforts to meet some of these challenges are one of the essential ingredients of potential success?

Ambassador BURNS. Absolutely I would. I believe that what sets the United States apart on this complicated landscape from lonelier powers like China and Russia are precisely our alliances, our part-

nerships, our capacity to mobilize other countries to deal with many of the broader challenges that Steve was talking about.

Mr. HADLEY. I agree.

Senator MENENDEZ So I will tell you that the synthesis of the comments that I got from our friends and allies in Europe is that they have a sense that we are going it alone. They do not have a sense of the strong foundational commitment that the United States has had with them. They see us drifting from them and not in concert with them. And that to me is a huge challenge.

It is interesting to listen to the Chinese be there and talk about the importance of multilateralism. Of course, it is somewhat hollow based upon their performance so far. But where there is a void, it will be filled by those who have their own aspirations.

So I think this is critically important for us to be able to move forward.

Let me ask you specifically in the context—you both have had experiences with Russia and you both addressed China. So what are the risks to U.S. national security of a world without any limitations on Russian nuclear forces? What are the implications for strategic stability if no inspection regime exists to provide information on the size and location of Russian nuclear forces?

Mr. HADLEY. Two things. One, the problem I think with alliances is while they are a high leverage proposition for the United States and one of our unique resources for dealing with the world, there is an effort, I think rightly, by the Trump administration to rebalance within our alliances and to get our allies and friends to take more responsibility going forward. I think that is part of what a revised adapted international system is going to look like. I think it is going to have more players and more people who want a seat at the table. And the trick is to rebalance those relationships without straining them beyond repair. And that is, I think, the challenge the administration has.

The dilemma on the nuclear piece in terms of the INF Treaty is that in some sense, the Russians very shrewdly put us in a box. They violated the Intermediate Nuclear Forces Treaty by deploying a ground-launched system that violates its terms. We addressed it over a period of two administrations, asked them to come back into compliance. They did not. And the dilemma was do you stay in a treaty where the other side is violating it or do you accept the opprobrium of getting out of the treaty, which is the box Putin I think put us in because I think he actually wanted to get out of the treaty too.

The question I think is going to be in terms of the New START treaty which I would hope would be both extended but also in some sense renegotiated to address these new emerging nuclear systems that Russia is deploying that were not in contemplation at the time that agreement was put into place that need to be addressed. There are more nuclear systems than are covered by the New START treaty, and the question is can we renegotiate, as the head of STRATCOM suggested just yesterday, a new arrangement that would cover these additional systems that are not covered by the New START treaty and would also perhaps cover the intermediate nuclear systems that used to be covered by the INF Treaty.

Ambassador BURNS. The only thing I would add, Senator, is that I really do think it would be a huge mistake to let the New START agreement expire both for the reasons that you mentioned, you know, the transparency that the intrusive verification measures provides to the United States and the ways in which that enhances our security, but also because, at least with regard to the limitation of strategic nuclear weapons, this is a really important part of a global regime to try to reduce the dangers of nuclear war. So however profound our differences with Russia are—and they are profound and are likely to remain that way—it is important in my view to preserve some guardrails in that relationship especially with regard to strategic nuclear weapons.

Senator MENENDEZ I will just make one comment. Rebalancing these alliances and having their fair-share burden is one thing. Straining them to the point that they believe that they are not an alliance is another thing.

The CHAIRMAN. Thank you.

Senator Gardner?

Senator GARDNER. Thank you, Mr. Chairman.

Thank you to the witnesses for your testimony today and your service to our country.

For the last 4 years on this committee, I have been privileged to chair the Subcommittee on East Asia, the Pacific, and International Cybersecurity Policy. The Indo-Pacific, as you know, is home to half of the world's population, half of the world's GDP, some of the world's largest standing armies, and six U.S. defense treaty allies. The security and economic future of the United States lies in a free and open—and the right policies in a free and open Indo-Pacific.

On December 31st, on New Year's Eve, President Trump signed into law the Asia Reassurance Initiative Act that I carried with Senator Markey. ARIA is a generational effort that has garnered broad bipartisan support. Senator Coons, Senator Cardin, Senator Kaine, others in Congress were cosponsors of this generational effort that has garnered support in Congress, the White House, the business community, policy experts, and leaders on both sides of the Pacific. ARIA authorized nearly $10 billion in new resources for a long-term strategy to enhance security cooperation with our allies to promote American businesses through trade opportunities and to project American values of democracy, human rights, and rule of law in the Indo-Pacific region.

As stated in the editorial in the ″Manila Times,″ January 20th of 2019, just last month, with ARIA's passage, America's engagement of the Indo-Pacific has more focus and resources. The new legislation also makes for a long overdue commitment to strategic thinking about the region.

In the 116th Congress, in partnership with Senator Markey—and I must say it has been an incredible bipartisan committee—we intend to conduct rigorous oversight to ensure that ARIA is fully implemented and fully funded. The line of questioning and conversations this morning has focused a lot on building alliances. That is exactly what ARIA is intended to do, to build alliances.

And so I would just as you both, how would you advise the current administration to best utilize the resources provided by ARIA

and the language that we have developed to address economic security and values in the Indo-Pacific?

Mr. HADLEY. I would urge them to embrace it. I think given the challenge presented by China, the United States needs to be present in Asia in every dimension, diplomatically, economically, militarily, private sector, public sector, and working closely with our friends and allies in the region. It is one of the reasons why I thought it unfortunate that we stopped the further negotiation of the TPP, the Trans-Pacific Partnership.

Senator GARDNER. And ARIA embraces a lot of the language and the trade of TPP and puts it into the language.

Mr. HADLEY. Exactly. And that is why I think it is a wonderful vehicle to allow us to embrace in a different framework perhaps those very principles and connections that we need to strengthen if we are going to be able to manage the emergence of China in Asia. So I think it is a terrific initiative.

Senator GARDNER. Thank you.

Ambassador Burns?

Ambassador BURNS. I agree absolutely. It seems to me that dealing with the rise of China across the Indo-Pacific is, as you said, Senator, the principal strategic challenge we face. There are several dimensions to a smart strategy. One is to try to reshape the terms on trade, investment, and other issues. And here I think what the administration is doing is right, and a lot of those efforts are long overdue. We ought to try to do it I think in concert with other countries, whether in Asia or Europe. We share a lot of the same concerns.

But the second dimension of the strategy is exactly what you are talking about and that is an affirmative vision for an Indo-Pacific region in which China's rise does not come at anybody else's expense. And as Steve suggested, that would require in my view taking another look at the Trans-Pacific Partnership because that provides a framework that is going to shape China's own incentives and disincentives for how it operates economically across Asia.

So I applaud the effort and I just hope that it will be one important building block in an effort to not only lay out that affirmative vision, but then build a web of alliances, partnerships, new institutions that gives us the leverage to help deliver on it.

Senator GARDNER. The focus today is on Vietnam and what is happening in Vietnam. I think the opportunity for us to continue building that strategic balance for the region is important. Obviously, Vietnam had a long a history with China, obviously a neighbor to China. There are certain things that they are going to be tied together on forever. But to provide U.S. leadership, provide this kind of legislation, an opportunity for strategic balance with Vietnam, business opportunities, to work with Vietnam on certain democracy, human rights values is incredibly important.

And I hope that we can continue engaging the administration on funding this effort because to have another great term of rhetoric, rebalance or pivot, simply is not enough. We have to provide actual leadership on the ground with real face and real dollars involved.

Mr. Hadley, you talked a little bit about the United States should test this proposition by engaging China and embracing appropriate Chinese suggestions and initiatives. I am concerned,

though, when you look at the opportunity they have with North Korea. Obviously, North Korea has relied on China for its economy, for its resources, for its aid. We know China continues to turn a blind eye to the violations of U.S. sanctions, ship-to-ship transfers, some of which have occurred at least in open source reports in Chinese territorial waters.

I do not know how we are going to engage them when they do not want to and they are reluctant to. They could be a critical player when it comes to denuclearization of North Korea, but yet they have refused to be that leader.

I am out of time. I am going to stop. But I am skeptical of China's willingness to engage in a responsible global capacity.

The CHAIRMAN. Thank you so much, Senator. And that raises a lot of issues that are probably appropriate for another hearing. There are a lot things, moving parts there.

Senator Cardin?

Senator CARDIN. Well, thank you, Mr. Chairman. I thank you very much for holding this hearing.

I want to thank both of our distinguished witnesses for their service to our country and their being here today.

Both the chairman and ranking member, both witnesses have mentioned that American values are our strength, that promoting good governance, rule of law, human rights, and our global leadership working with international partners will give us a more stable international community, is in our national security interest.

So that is being challenged today by many of the policies of this administration. We could talk about the Kingdom of Saudi Arabia. We could talk about the Philippines. We could talk about Russia. We could talk about China. But both of you have mentioned the importance of Asia in your statements and response to your questions. The President today is in Hanoi meeting with Kim Jong-un of North Korea. So I want to talk and get your response in regards to that second summit meeting between Kim Jong-un and President Trump.

Senator Menendez has already questioned whether America is committed to the future agreements with Russia in regards to INF and New START. We know that the Trump administration has withdrawn from the Iran nuclear agreement. And when you try to look at Iran and North Korea, you see some similarities between those between countries. North Korea was much further advanced—is much further advanced on the nuclear weaponization than Iran was, and they continue to promote a nuclear program. North Korea has been judged to be in worse violations of human rights towards its own citizens than Iran is. So the President withdraws from Iran without the support of our international partners and is now having a second summit with the leader of North Korea.

We had a hearing in this committee in the last Congress that said the first step needs to be a declaration of the program if you are going to have denuclearization. And to my knowledge, there has been no declaration by North Korea of its program and no game plan to understand where they are today so that we can have a road map to denuclearize.

So my question to you, with a second summit between the President of the United States and the leader of North Korea, are we just giving Kim Jong-un international legitimacy? And what have we accomplished by having a second summit?

Mr. HADLEY. I think we do not know. We will have to see what comes out of the summit.

But I think the point you made is a good one. You know, three administrations have done sort of top-down agreements with North Korea to try to get it to denuclearize, and none of those administrations were able to keep North Korea in those deals. And while there has been a lot of criticism of President Trump, those of us who were involved in those efforts that were unblemished by success I think we ought to give the President's approach a chance.

And I think it is going to look different because, as you said, Senator, North Korea is different than Iran. And I think rather than some kind of big overall framework agreement, I think the road they are on is to try to get North Korea to take steps in the direction of denuclearization in return for steps that we would take that over time build some kind of relationship between the United States and North Korea and gradually degrade their nuclear weapons capability and their ballistic missile program capability and to try to get Kim Jong-un to the point where he will make a strategic shift and decide that he is better off rather than being isolated—

Senator CARDIN. Compare that to what has happened in Iran with the U.S. pulling out of the nuclear agreement that was being enforced, an agreement, by the way, that I did not agree with initially, but disagreed with pulling out. I do not quite get the rationale here that we are going to give North Korea a long lead time to make incremental progress where we had significant progress with another country and we pull out. How does that gibe?

Mr. HADLEY. Well, I think it is because the reasons the administration gave for getting out of the Iran deal were, one, because they did not like the terms. They did not think the terms lived up to the promise of preventing Iran from finding a way to be a nuclear weapons State and it did not deal with other—

Senator CARDIN. Well, we had inspections. We had limits on what they can enrich, and we have nothing in North Korea.

Mr. HADLEY. I agree.

Senator CARDIN. Mr. Burns, do you have any—

Ambassador BURNS. No. The only thing I would add is if you will recall, Senator, the interim agreement that we did with the Iranians at the end of 2013, which froze their program, rolled it back in some significant respects in return for very limited sanctions relief, we preserved almost all of our sanctions leverage for the later comprehensive talks. And we were able to introduce some quite intrusive verification and monitoring measures as well. If you could get something like that as a first significant step in dealing with North Korea, setting aside the irony of this, given the administration's view of the Iranian nuclear agreement, that I would suggest would be a significant tangible step forward.

The risk, as you have suggested, is that we end up getting caught up in triumphalist rhetoric and give too much too soon in return for too little. I hope that is not the case. I hope we are able

to make some hard-nosed, tangible progress. That would be a good thing if we can.

Senator CARDIN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Cardin. Well thought-out remarks.

I would just observe that dealing with North Korea and Iran are two different situations in that they both have nuclear problems, as far as we are concerned, but Iran's problems go way beyond that when it comes to dealing with the terrorists and that sort of thing.

Senator CARDIN. I would just argue both countries go well beyond their nuclear problems.

The CHAIRMAN. There is no question about that. I agree with that 100 percent. But the meddling they are doing in the Middle East is a very bad situation for us.

So with that said—and thank you. Well thought-out.

Senator Romney?

Senator ROMNEY. Mr. Hadley and Mr. Burns, thank you so much for being here. I appreciate the service that you have given to our country and the wisdom that you provided this morning.

Thank you also to Chairman Risch and Ranking Member Menendez for your comments and questions and your leadership of this committee. This is in my view a critical time for this committee's work, and under the leadership of these two gentlemen, I hope we are able to make the kind of progress that the country needs.

Following the Second World War, Dean Acheson, Harry Truman, and others worked together—George Kennan—to establish a foreign policy for our nation, objectives and a strategy, if you will, that we followed quite consistently over the many decades. We now live in kind of a very different world than that that existed following the Second World War. And there are some, like myself, who believe that we have not devised a new strategy or even set objectives for what we hope to accomplish over the coming decades or century.

One, I question is that right? Is it we are sort of flailing with an uncertain path in the face of nations like Russia and China that apparently do have very clear objectives and strategies? China has even published them. And if that is the case, let me ask you, how do we go about the process of establishing a clear set of objectives and strategy for our foreign policy going forward? And do you have any suggestions of an element or two or three or whatever that ought to be part of the strategic thinking for the vision for America over the coming decades?

Ambassador BURNS. Well, thanks, Senator.

I think the first step is to understand the landscape and the way in which it has changed not since the era of Acheson and others, but since the end of the Cold War, which launched a moment of 20 years or so in which we really were the singular dominant player in the international system. I think we have to recognize that that landscape is more competitive now and recognize also our strengths. I do not think we need to be defeatist about this at all. We still, as I suggested in my opening remarks, have a better hand to play than any of our rivals. The question is how we play it. And I think recognizing that one of our great assets is our ability to draw in alliances, to build partnerships with new emerging coun-

tries like India, for example, and then to think strategically about our priorities which, as both of us suggested, I think has to start with Asia. It does not end there. And ironically I think that makes transatlantic ties more rather than less important because we both share concerns—we and our principal European allies—about Chinese rise, about Russia's resurgence.

And at the same time, my last point is we also have to take into account that range of truly global challenges well beyond the reach of any one State, whether it is the revolution in technology, climate change, just as two profound examples, and look for ways in which we can take the lead in mobilizing other countries to address them because those are going to be, especially with regard to climate, I think a truly existential challenge.

Senator ROMNEY. Thank you.

Mr. HADLEY. Senator, I would say we need to revise and adapt the international system to reflect the new changed circumstances. The question is, is it going to be based on our principles or somebody else's? And that is why one of the first steps—something we did at the Atlantic Council was to roll out a declaration of principles that takes the traditional principles under the old order but revises and adapts them for the new situation. That begins the process.

We are going to engage China on these principles, and I think whether we are going to successfully adapt that international system is going to depend a lot on our relationship with China. And that is why I focused so much on China in my testimony. I think we know the problem. I do not think we have a strategy at this point on China. I think it is one of the things that this committee could really do to have an intensive set of hearings on China strategy because I think we know the problem. I do not think we have a strategy.

I think it starts by getting ourselves in a position so that we can compete successfully with China. And I think if we do that, there are selective things on which we can get China to cooperate with us. But first we have got to fix I think—our foreign policy begins at home. We have got to have a firm foundation here at home. Engage with China but make it clear to China that we are also prepared to compete with it, and if they are not willing to cooperate, they will be on the short end of the stick.

Senator ROMNEY. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator Coons?

Senator COONS. Thank you, Chairman Risch, Ranking Member Menendez.

And I would like to thank Ambassador Burns and Security Advisor Hadley. Thank you for your decades of service and your very insightful framing comments that have led to this conversation.

I will just note that both of you made the point that the single best thing we can do to promote and protect democracy abroad is to get our act together here at home. I will just comment that all of us are engaging in a broad and searching and constructive and important hearing with you. Yet, our nation is glued to the television watching testimony in the other chamber about stuff that does not necessarily advance democracy. Can I put it that way?

Transparency does. But we just had a government shutdown of 35 days that, as best I could tell, amounted to a fight over the world ″wall″ versus ″fence.″

In Munich, I heard grave concern about our drift and our lack of reliability. I really appreciated the broad group that put out these principles to reassert our engagement and our commitment to them. Later today the Senate Human Rights Caucus will hold another event focusing on the bipartisan effort to combat human trafficking and human slavery globally. I think central to our pushing back on China and Russia is continuing to reassert our commitment to core principles like human rights.

I could not agree more with you that coming up with, as a full committee, a thoughtful, well reasoned strategy for confronting and engaging and potentially partnering with China is the most important thing we can do.

But I would like to ask you for a minute, if I could, about fragile states and your engagement and role in delivering a report yesterday. So the United States Institute of Peace convened an impressive, broad working group that both of you served on to come up with a strategy for engaging fragile states and preventing extremism. 18 years after 9/11, we have spent almost $6 trillion on combating extremism, not exclusively of the Islamic variety but mostly. And we should be able to pivot to Asia and engage with China, but we will not if we cannot find a better path forward for conducting preventive investments on a multilateral basis to confront terrorism. I would be grateful if both of you could briefly speak to your work on that task force on extremism in fragile states and the recommendations that came out of it.

Ambassador Burns, why do you think the U.S. Government can do a better job than we have done to ensure that fragile states do not become failed states, that we do not have, for example, Somalia be repeated in Ethiopia or Kenya or South Sudan?

And, Mr. Hadley, if you would, the report calls for the creation of an international fund with a different approach to preventing fragile states becoming failed states. I would be interested in your thoughts on how that fund would work, why there is a compelling role model, and how you see that going forward. If you would, in order. Thank you.

Ambassador BURNS. Well, thanks so much, Senator. And I was privileged to join Steve and a number of others on the task force that you mentioned.

I think briefly we have all learned I think over the last 2 decades since the terrible shock of 9/11 that the use of kinetic action of military resources are absolutely essential in dealing with the al Qaedas or the ISISes of the world. But that kind of terrorism, as profound a threat as it is, is oftentimes a symptom of a deeper extremism which thrives in fragile or collapsing societies.

And so one thing I think we both agree is on the need—it will not surprise you as a recovering diplomat that I believe in this on prevention, on looking at places where you have partners in place who are committed to good governance—and that is not going to be in every fragile place in the world—both in governments and in civil society with whom we and other international partners can work to try to create some models of success. Over the last 20

years, Colombia is one example of that where through administrations of both parties, the United States working with some courageous leaderships in Colombia was able to make real progress. We need to look for other places where we can make that kind of long-term investment, not just the United States on its own but working with other international partners who share that concern.

Mr. HADLEY. Fragile states are places where terrorists recruit and other powers meddle. They are the problem. The problem in fragile states is governance. And the model we talk about in the report is to go with the Millennium Challenge account kind of model where you partner with leaders of States who understand the problem is governance and want to deliver more for their people. Partner with them in a program they embrace and develop to advance their societies. Then go to the Global Fund, as we did for the Global Fund for AIDS relief, get the international community to contribute and then fund that kind of program. It is really a combination of the MCC, the Global Fund, partnering with local states and leaders who are willing to address the problem of governance that is the problem in fragile states.

Senator COONS. And you can think of lots of challenges we face that would be addressed or reduced if, for example, the nations of El Salvador, Honduras, Guatemala actually had a successful decade-long progress towards stability, transparency, rule of law or if the countries of the Sahel had a decades-long progress towards transparency and stability. And we could then focus on the bigger challenges that all of us agree we have to focus on. There is more extremism. There are more fragile states today than there was 18 years ago. And we have spent $6 trillion.

We need a different strategy. And I am reintroducing a bill in this Congress with six members of this committee that would authorize this new strategy and move us towards funding a preventive strategy to dealing with failed states.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Coons.

Senator Young?

Senator YOUNG. Mr. Burns, Mr. Hadley, thanks so much for your service to our country and for being here today and for your thoughtful testimony.

Both of you have provided some thoughtful commentary in your written submissions, as well as your words here today, with respect to our strategic competition with China.

I am particularly concerned with our economic competition. This is something I credit the administration for elevating, the predatory economic practices of the Chinese, as have my colleagues on the other side of the aisle. I think all Americans recognize that we have to deal with intellectual property theft and forced technology transfer and the dumping of manufactured goods into this country and other illicit behaviors that violate the liberal international order that we invited China into back in 2000.

With that said, I am concerned that a bilateral approach to addressing these matters is not going to be effective. I think we will end up ultimately with some sort of agreement with respect to terrorists and the tit for tat that we have seen that does not address the root issues of intellectual property theft and some of the other

things. And I think we need more leverage, candidly, or perhaps another international forum outside of the WTO because it is so difficult to reform the WTO in order to address these matters.

And I just wanted to open up the floor to you gentlemen to see if you have some ideas that we ought to entertain here on this committee and encourage the administration to adopt, working with our international allies and partners, to help address this what will be probably a multigenerational issue.

Ambassador BURNS. Thanks, Senator, very much.

I mean, I think I really appreciate the question, and I think in terms of American strategy, it does have to have two dimensions and both of those dimensions cannot be purely bilateral. The defensive dimension, just as you said, is the overdue effort to push back against Chinese practices which disadvantage us.

The one missing element I think our strategy so far over the last couple years has been not working more energetically with lots of other countries who share those same concerns, and instead we have launched off on kind of second flank trade wars in steel and aluminum, whether it is with the European Union or with Japan or others, rather than making our priority trying to push back against Chinese practices.

The second dimension is the affirmative, and that is where, as both of us said, I do think it was a mistake for the United States to pull out of the Trans-Pacific Partnership because if you want to deal effectively with China and its predatory economic practices over time, you have to create an affirmative framework for the kind of Asia that we want to see and lots of our friends and partners want to see across Asia with a set of high-end international standards that reflect our values and also are going to position American business to compete effectively in the future.

So I agree with you. I think this is not just a question—important as bilateral efforts are, it has got to be within a wider framework.

Senator YOUNG. Mr. Hadley?

Mr. HADLEY. I think it is great that there is bipartisan support for the proposition that these structural elements of China's economy that take advantage of us need to be addressed. I think they are dealing with these structural issues so far as I can tell in the bilateral negotiations going on. We are going to be at this for a long time to get China on the right sheet of paper in terms of these things.

So I would say view this as kind of a pump primer or a jump start. I would hope that we would then bring other allies in behind the effort. I think WTO reform is something that we need to be doing and we need to be leading on. So I would hope that this would start a process that would be an inclusive one that you described.

Senator YOUNG. So I know these core issues of intellectual property theft and the others are on the agenda, and to that extent, I think they will be addressed. Some laws will be promulgated in China. Some new rules will be put in place.

But the key is enforcement mechanisms. And it strikes me that we are going to need some new enforcement mechanisms. Perhaps the administration is working on that. I am not aware of what new

enforcement mechanisms might be included in a potential agreement. But do you agree that is what we should be looking for?

Mr. HADLEY. Absolutely. We have heard this rhetoric out of China before. It is always where the rubber meets the road, that things do not seem to happen. That is why I think we are going to be in a long process for this. We need enforcement mechanisms, and we need others to join with us in using those mechanisms.

Senator YOUNG. Thank you.

The CHAIRMAN. Thank you, Senator Young.

Senator Murphy?

Senator MURPHY. Thank you very much, Mr. Chairman.

Thank you both for being here and for your years of service. Thank you for challenging this committee to find some enduring common ground on the challenges and priorities that we are talking about. I agree that that is more important than ever, and I hope that we take up your call to action.

Ambassador Burns, I wanted to ask you to expand on your comments about the future of the EU and NATO. Secretary Pompeo gave a really remarkable speech in Brussels in December that got very little attention here but had serious reverberations throughout the continent, in which he engaged in a pretty remarkable broadside against multilateralism in defense of sovereignty. And you combine that together with the cheering of Brexit, cheerleading of some of the nationalist movements on the continent, and I worry. I think many of us worry about the work that we are doing both quietly and loudly to undermine the European Union and NATO as well.

Tell us about the status of both of those alliances and how this committee can do work to try to make clear that this is in the long-term interest of the United States to support both.

Ambassador BURNS. Thanks, Senator.

Well, the first point I would make is I think with all of our focus on Asia, which makes perfect sense as you look out over the next couple of decades, it does make transatlantic ties more rather than less important because we share a lot of common interests and we certainly share values in ways which makes that transatlantic relationship unique.

Second, I think we do have to recognize that many of our closest allies in Europe and the European Union in particular are in the midst of an existential crisis. I mean, they are having a nervous breakdown at the same time as in some ways we are on this side of the Atlantic. And while we do not get a vote on issues like Brexit, the United States certainly has an interest in those issues, has an interest in a vibrant European Union on whom we can rely and on whom Europeans can rely when they look at their relationship with the United States.

You know, Europe faces challenges of uncertainty about whether they can rely on the United States, and I do not think the Secretary's speech in Brussels helped that. I think they face uncertainties as they look across the Mediterranean at the south and the insecurities that come out of the Middle East and Africa. And certainly there is the specter of a resurgent Russia and Putin's belligerence as well.

So for all those reasons, we ought to be paying a lot of attention to investing in those alliances.

And with regard to NATO, as Steve said, of course, we need to push for more burden sharing. That is not a novel insight for this administration. Its predecessors have also pushed. Maybe we did not do it as hard as we should have. But there does need to be a better balance. But at its core, I think that relationship, both with the EU and with NATO, is as or more important than ever for the United States.

Senator MURPHY. You cannot combat the growing hegemony of China without the United States and Europe being together in that project.

Mr. Hadley, I wanted to point you to a really interesting turn of phrase that Ambassador Burns used at the end of his testimony. He asked whether we can recover, quote, a sense of diplomatic agility out of the muscle-bound national security bureaucracy that we have become in recent years. I thought that was a really interesting challenge to us.

And I think about that in the context of Syria where we have been told over and over by experts before this committee that this is a political problem without a purely military solution. And yet, the United States has had 2,000 troops inside Syria and virtually no diplomats in part because 19-year-old marines are pretty well equipped to go very quickly into conflict zones and 50-year-old diplomats are not. You put that side by side with Russia and China who, if nothing else, are much more nimble than the United States in taking advantage with pace of opportunities and weaknesses around the world.

What are your recommendations in a short amount of time as to how we try to make diplomacy more nimble, how we try to get people who can solve complex political problems into those places as opposed to what we do today, which is put very capable warfighters into these places who may not be as well equipped as others in our national security infrastructure?

Mr. HADLEY. I will give you a short answer. I think the appointment of Jim Jeffries as Special Envoy for Syria, an experienced diplomat, is an effort to put someone at the front of our diplomacy who is not chained by the bureaucracy, can be more nimble. But in order for him to succeed, he has to have leverage. And the problem we have had in Syria is we have not been present in a form that gives us leverage remotely similar to what the Russians and the Iranians have. So it is great to have an agile, flexible diplomat, but if we do not give him the gravitas behind him and the leverage behind him to achieve a good result that serves our interests, he will fail.

Senator MURPHY. Does leverage only come through military deployments?

Mr. HADLEY. No, it does not only. But in a place like Syria in a combat zone—

Senator MURPHY. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Murphy.

Senator Portman?

Senator PORTMAN. Thank you, Mr. Chairman. And I appreciate your holding this hearing. A great way to kick off your tenure to

have a broad-based look at America's role in the world. The problem is we only have 5 minutes to ask 5 hours' worth of questions.

The CHAIRMAN. We are going to have some more hearings, Senator. You will get a shot.

Senator PORTMAN. But these two are great diplomats in their time and great public servants, and we appreciate your service to our country and your continued advice to us. Hadley in particular. I had a chance to meet one of his colleagues. So I saw the kind of advice he gives the President of the United States and the great respect he has among his peers.

So many issues. And let me just focus on Russia and China quickly.

One, Steve, I read your piece recently in ″Foreign Policy″ with regard to the Kerch Straits and what we should be doing. You advocated a much more aggressive response to Russia and talked about the fact that after Crimea, there was very little response, and even on the eastern border, not an adequate response in Donbass.

What should we do specifically right now with regard to their obviously illegal activities in the Kerch Strait?

Mr. HADLEY. The article suggested that we should have sanctions in response to—

Senator PORTMAN. Specific sanctions just as to that issue?

Mr. HADLEY. Specific sanctions tied to the incident in Kerch where basically Russia broke an agreement that they had with Ukraine that there would be joint sovereignty over that strait.

Secondly, we need to take steps that are preventive so that Russia does not mistake the lack of response for an invitation to do more. There are areas north of there that are important for water supplies for Crimea, a concern that the Russians might take another chunk out of Ukraine.

Senator PORTMAN. Fresh water reservoirs.

Mr. HADLEY. We should be putting observers and forces there to ensure that Putin is not tempted. And I think we need greater naval operations in that area and in the Baltic Sea for the same reason.

Senator PORTMAN. And pushing NATO to do more in the region with regard to the naval presence.

So quickly on another Russia issue, and this is one actually Senator Murphy and I have worked a lot on over the last several years, and we now have this Global Engagement Center at the State Department. We have promoted and funding disinformation, propaganda.

Ambassador Burns, when you were in Russia, you saw this. But I would imagine you would say that between the period you were there, which I think was around 2005, and today that things have changed dramatically.

What should we be doing that we are not doing to push back? And do you all have information about the Global Engagement Center? How do you think that is being set up?

Ambassador BURNS. Well, thanks, Senator.

No. I think it is a very smart initiative. I think there are lots of things that we can do. I mean, first is to recognize the severity of the problem, and the 2016 elections I think drove that home to all of us as well. But that is not the end of it. I mean, that challenge

is continuing not just for us but also for our allies in Europe where Putin and the Kremlin I think are past masters of trying to meddle in problems there as well.

So I think there are things that we can do that help identify, working not only as a government but with the private sector to identify efforts, whether it is using bots or others, to infiltrate into our systems as well. There are things we can do to help strengthen and safeguard our own electoral processes as well. There are examples and experience that we can share with the Europeans who face many of those same challenges.

So, again, I think this is an area where making common cause with some of our transatlantic partners on the Russian disinformation threat is a really smart long-term investment.

Senator PORTMAN. Steve, any thoughts?

Mr. HADLEY. I agree.

Senator PORTMAN. Moving on to China quickly, we are doing a hearing tomorrow with regard to Chinese influence here in our country with regard to our colleges, universities, and our K through 12 institutions. These are the so-called Confucius Institutes. A report is coming out today. They spend about 150 million bucks since 2006 through really a propaganda arm of the Chinese Government to fund these institutes, colleges, and universities. About a hundred of them are happy to take the money and work with Confucius Institutes. My understanding is—and we will talk about this tomorrow—more that these individuals who come from China have a contract with the Chinese Government, including the application of Chinese law. And there are visa issues. There are issues with regard to transparency, universities not reporting the payments, which they are required to do after it meets a certain threshold.

Any thoughts about that issue broadly and then more specifically, with regard to influence here in this country through our university system, research, technology transfer with regard to China?

Mr. HADLEY. I think one of the things that is important is to expose what is going on. People are very sensitive to Russian interference in our country internally, not so aware of what the Chinese are doing. So the first step is exposure.

Second of all is a balanced reaction. The solution in my view is not to exclude all Chinese graduate students from any American graduate school. There is a lot of value added we get from being an open society where students from all over the world can come and study in our institutions. But having guidelines and restrictions that keep China from using these students as a source of stealing intellectual property and national security secrets is just common sense.

So the question is expose the problem, get people aware, but then avoid an overreaction, and try to craft a sensible set of policies that in some sense take a little bit of a middle road and balance competing considerations that are at stake here.

Senator PORTMAN. My time is up. I like your idea of strategic competitors and strategic partners, and that would be consistent with that.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Kaine?

Senator KAINE. Thank you, Mr. Chair.

And thanks to our witnesses.

Jumping right in, you have each testified to the value of NATO and the importance of a strong nation having strong alliances versus a strong nation being a lonely nation.

I have a bill that Senator Coons, Senator Gardner, Senator Rubio—we have introduced together to clarify that we would not withdraw from NATO unless there would be an act of Congress or a Senate vote on that. NATO was a treaty ratified by the Senate. The Constitution says treaties must be ratified by the Senate. The Constitution is silent about how treaties come to an end. But there is a general understanding that when the Constitution is silent about that, it is an area where Congress can legislate.

Would specifying that we would not withdraw from NATO absent a vote of the Senate or Congress send a positive message about the importance of that alliance to the United States?

Ambassador BURNS. Yes, it certainly would, Senator.

Mr. HADLEY. I completely agree.

And I want to commend the Senators who joined what I think was the largest congressional delegation ever at the Munich Security Conference. I think it was critically important to put the Congress and the American people on record as supporting NATO. I salute you for having done it. I think this would be very worthwhile legislation for the same reason.

Senator KAINE. Mr. Chair, I would hope we might have some opportunity to discuss that in committee, especially given the 70th anniversary in April.

Second, should the United States policy still be to promote a two-State solution between Israel and Palestine? Have the facts, Israeli settlements on the one hand or the fractured nature of Palestinian leadership, especially between Gaza and the West Bank—have they made it essentially an unrealistic goal, or is it a realistic goal that we should continue to promote, and if so, how?

Ambassador BURNS. I mean, Senator, it is a really good question because I think the chances of producing a two-State solution have become more and more elusive over time for lots of different reasons. You mentioned most of them.

I still think it is an extremely important aspect of American policy to promote that. I think if you look at the reality of what a one-State solution would look like, in other words, the reality in which our friend and ally in Israel and the land that it controls from the Jordan River to the Mediterranean has a political reality in which Arabs, as you look out over the next 4 or 5 years, are likely a majority in that area, it is hard to see how you sustain the kind of Jewish democratic state that all of us have been committed to for so long. And I think that is the reality, quite apart from the legitimate aspirations of the Palestinians for a state of their own.

So as elusive as the goal is—and it is getting more elusive every day—I think there remains a sense of urgency about that. I do not underestimate the obstacles in the path of it, but I think we will all regret it if we wake up 5 or 10 years from now and it turns out that that outcome is impossible.

Senator KAINE. Mr. Hadley?

Mr. HADLEY. I do not know what the administration's long-promised initiative on Middle East peace is going to look like. I think we will need to see that.

I would think it would be very useful for this committee to focus on a study that was done by the Institute for National Security Studies in Israel, which is a proposal for concrete steps on the ground that would improve the life of the Palestinians but, at the same time, would preserve the possibility for a two-State solution down the road because I agree with Bill. I just do not think the politics in either community, either Israel or the Palestinian community, are ready for a two-State solution now. But this was a very interesting set of proposals to try to help the Palestinians build institutions, improve livelihood, improve economic activity, and keep open the option for a two-State solution. I think that is the best we can do right now.

Senator KAINE. One of the things that I hear on the Armed Services Committee often is that we should avoid activity that tends to drive our adversaries together. And occasionally we will hear testimony there about Russia and China cooperating more together. There were Russian military exercises recently that the Chinese participated in.

From your vantage point, do you worry about Russia and China cooperating more, or do you think there are natural limits to that cooperation and we need not worry about it?

Ambassador BURNS. No. I think it ought to be an object of concern for us. I think it is more than just a marriage of convenience right now between China and Russia. I think they share a broad interest in chipping away at an American-led order around the world.

Having said that, I also think you are right, Senator, that if you play this out over the next 5, 10, 15 years, I do not think Russians are going to be any more comfortable being China's junior partner than they were being the junior partner of the United States in the immediate post-Cold War era. And so I think whether you look at the Belt and Road Initiative by China and the likely political collisions at least in Central Asia that you can see, there is going to come a time I think when Russians probably beyond the Putin era see more of an interest in a healthier relationship with Europe, with the United States as a hedge in a way against China's rise. So I am not predicting that is coming anytime soon, but it is something that we ought to at least be aware of as we look at longer-term strategy.

Senator KAINE. Excellent.

Well, I am over time. Thanks, Mr. Chairman, and thanks to the witnesses.

The CHAIRMAN. Thank you, Senator Kaine.

Senator Rubio?

Senator RUBIO. Thank you both for being here.

I think this is a really important conversation. We spend a lot of time talking about tactics around here, but if tactics are not driven by a strategic aim, then I think it is difficult both to justify to the American people and ultimately you just lose yourself in why you are doing things. And I think this is a long overdue conversation, and I am very happy that the chairman and the ranking

member chose this topic because we have got some decisions to make about our strategic view that I think could be a bipartisan one and a strong consensus in our foreign policymaking in this new era.

There are a lot of challenges, but there are two I want to ask you about. The first is this rise of autocratic regimes who go through some of the rituals of democracy. They have an election but nobody can run against them, and there is no free press and things of this nature. And they also have elements of state-controlled capitalism. And so the rise of these—and they are sort of out there arguing to people look how stable we are, we are prosperous, and we have stability. And then they point to the West and the upheaval we are facing across the developed nations of the West. Some of it is a function of technology and globalization that have impacted the working class and the middle class and leading to real upheaval that is manifested politically.

The other interrelated is we have our first near-peer competitor in China since the end of the Cold War. I mean, yes, Russia is a strategic competitor in key parts of the world, largely as a spoiler and increasingly as an aggravator, but not like China. In fact, I would argue they pose a comprehensive challenge. Unlike even the Soviet Union was never an industrial or technological challenger in that realm. And the Chinese are spreading their model of authoritarian capitalism, and they are trying to shape these post-World War II institutions in a way that is sort of beneficial to them. And then you also see them in these efforts to dominate the Asia-Pacific region, most certainly be a dominant power there. They view that as their right historically. And then, of course, challenge the U.S. across multiple domains across the world.

And so I think there are two big strategic decisions we need to make. The first is are we going to defend liberal democracy and in particular the value of individual human rights because if we are not pushing back on that, both in words and in action—it is not just a nice thing to do. Right? There is a strategic value to doing that, but if there is no counterbalance to this authoritarian movement.

And then the other is China where we have kind of been told there are only two choices at least in the broader scheme. One is that we either try to modify their rise or we try to stop their rise. And I think the question is whether there is a third option there and that is some level of strategic equilibrium since we do not want there to be an imbalance in the relationship because it could very well lead to conflict. And that is why we have to be careful about things like Made in China 2025. They want to dominate these 10 key industries from aerospace to agriculture machinery and technologies and the like.

And just back on the first point on the pushing back on this autocratic rise, it also explains why we should care about the internment of Uighur Muslims in China or why we should support those in Venezuela that are demanding democracy through their constitutional order. That is why we should care about the murder of Khashoggi. You do not chop people up in consulates. And because we do not push back, we have completely surrendered that.

So just on those points, first of all, I think you would agree that it is important for there to be sort of a strategic consensus in order to drive our tactics and our policies.

And particularly on the China point, is the right way to frame it or is it the right view that this is not about constraining? They are going to be a great power. It is about ensuring that there is a strategic balance between the countries because the absence of that balance could lead to conflict.

Mr. HADLEY. I think you got it just right. You know, after the end of the Cold War, we thought the ideological struggle was over and we had won. And I agree with you that in the emergence of China, we see a competitor like we have never known before in terms of its scale across the board, diplomatic, economic, militarily.

They do have a different model than we do. They are competing actively advocating that model in the international system. We are hardly in the game. We need to start affirming our confidence in our model and fix our problems at home so the brand looks good internationally because it is working effectively at home and then compete in the ideological struggle with China. I think in the end of the day if we do that, we will win. But I think at this point we are not in the game.

I agree with you on China. That is why I tried to say can we be strategic competitors and strategic cooperators at the same time. And that means in some areas we are going to have to—for example, like the digital infrastructure where I think we are going to have to make sure that China does not monopolize or dominate that area. There are other areas that I think are less strategic to us where we can cooperate. We are going to have to try and find some balance.

Ambassador BURNS. Just two quick comments, Senator, if I could add.

First, on China, I absolutely agree with you. This is not an issue in my view so much of constraining China because its rise is going to continue. But the question is into what world does it rise. And we have the capacity through the rejuvenation of ourselves, our political and economic system at home, and then working with friends and allies across the Indo-Pacific and around the world and adapting institutions to help shape that world into which China's rise occurs and to help shape its own incentives and disincentives for its actions in that world.

And then finally on human rights, I could not agree with you more. This is not just a moral issue, as important as that is for the United States. It is a practical source of our influence in the world especially if we are consistent about this and we are willing to call to account not just adversaries, which is easier to do, but also friends of ours because it is not as if they are doing a favor to us by listening to those kind of concerns. State after state around the world—it is particularly true in the Middle East, and we saw this in the Arab Spring—that do not pay attention to those basic indignities or human rights become brittle and break, and they do not become reliable partners over time. So I could not agree with you more. It is very important for us to factor that in for practical reasons to the way in which we deal with other societies.

The CHAIRMAN. Thank you, both.

Senator Isakson?

Senator ISAKSON. Thank you, Mr. Chairman.

You know, when you are last, everything has been said. You just have not said it. I have been sitting over here trying to remember my days with Steve and others to ask some intelligent questions, and I want to make a couple suggestions.

First of all, I think that Senator Coons was right on target. We embarrassed ourselves in the shutdown, we being Republicans and Democrats. A lot of things we said and were on TV at a time when all the other things were going on I think sent the wrong signal to our friends and neighbors and probably to our adversaries too.

I think also what everybody did in going to Munich—I did not go to Munich, but that was a great message to send. I have been to that conference, and at the particular time we are in now, that sent a positive message on NATO.

I would like to make a couple suggestions. There is one thing out there that we could bring up in this committee, do thorough hearings on, and challenge ourselves to either adopt it or not adopt it. And that is the Law of the Sea. That affects China. That affects Russia, and that affects the United States more than any other thing that is out there. And it is controversial. And on the conservative side, there are a lot of people who do not like it. But the Seabed Authority in Jamaica oversees the distribution of the fees that are paid to the UN body that does the management of this and gives you access to rare earth minerals in the South China Sea, the Arctic changing on the North Pole, things that are big issues, the North Pole with Russia and the South China Sea with China.

So I think a great way to bring something up that is laying there for us to talk about that affects our relationships with Russia and China is to bring up the Law of the Sea somewhere down the line and talk about that vis-a-vis us being in the world and not being a part of that treaty. It is very interesting that only Iran and Venezuela and a couple others and us are not members of it. Everybody else has already signed it. So we are a little late to the party, but it would be perfect timing to accomplish what you want to and engage more in discussions that we should have.

Mr. Burns, in your statement, I took it that you did not think using tariffs and using trade negotiations vis-a-vis foreign relations is a good thing to mix. Was I right with that or wrong with that?

Ambassador BURNS. No. I mean, I think there are instances where we can use tools like that to get better ends. My only point, at least with regard to China, was that I think we get farther in addressing some of the structural problems, real problems we have with China when we are working with other countries who share those same concerns. And my comment was more about us. While at the same time we are pushing the Chinese rightly to reverse some of those trade and investment practices that disadvantage us, it would make sense to try to make common cause with Asian allies, with European partners as well rather than start sort of second and third front tariff conflicts with them at the same time. That was my only point.

Senator ISAKSON. I agree with you on the TPP. I was sorry that we dropped out of that. But I have to admit it had some positive effect too by getting people thinking. Now, we still need to engage

with China. Not having a trade agreement in that part of the world is dangerous for our country I think, and I think we need to do it.

I have found that some of the strategy that has been used in those tariff negotiations have been pretty neat to get people to the table and other things that they were not at the table before.

My last thing for the chairman is I will make you an offer, Mr. Chairman. This past weekend I entertained two couples in Atlanta from the northeastern part of the country, one of them a professor. I took them to the Museum of Civil Rights and Human Relations in Atlanta, one of the most moving experiences they had had. And I think we could have a 1-day CODEL sometime this year for the committee and go to Atlanta and go through that three-story museum, which includes all the King papers, but lots of other things too, all about human rights and all about civil rights, and then take some of the programs that have come from the Carter Center and from Emory University and from Georgia Tech. Sam Nunn's institute is at Georgia Tech, and his Nunn-Lugar initiative is managed out of that location. You could put together a great one day for the committee, fly down and come back, but learn a lot about human and civil rights and also about what we have been doing through other mechanisms, both Nunn and others in terms of foreign relations. So I will be happy to volunteer as a tour guide if you decide that is a good thing for us to do.

The CHAIRMAN. Thank you.

Senator ISAKSON. I yield back.

The CHAIRMAN. Well, that completes our first round, but I will yield to Senator Menendez.

Senator MENENDEZ Thank you, Mr. Chairman. I just have one question I want to follow up.

But I want to say to my dear colleague, Senator Isakson, I agree with you on the Law of the Sea. I conducted hearings when I was the chairman of the committee towards the Law of the Sea. I think it is critical in so many ways to our national security and strategic interests to be part of the Law of the Sea at a time in which America is an Atlantic State, it is a Pacific State, it has its nexus in the Arctic. I mean, it has critical interests. And I would embrace that. I would just hope that we could overcome the ideological issues of some of these treaties and move forward in our own national interests. So I want to second your call.

And certainly we would love to take a trip down to see the center.

On China, as part of devising a strategy, is a critical element of that not an embracing of—and reforming it, fine—but embracing of multilateralism? You know, when the European Union and the United States joined together in an economy, it begins to rival China. When the United States joins with Asian and South Asian communities, it begins to challenge China. When China spends unlimited amounts of money in ways to influence its not only economic interests but its foreign policy interests, we are not going to go dollar for dollar or euro for euro, but that is not where our competitive advantage is either.

So is it not critical for us, as we think about the strategy, that we need to create the strategic relationships with others in order to be able to more successfully ultimately meet the challenge of

China and by that rebalancing of economic and other interests be able then to compete more effectively with China and bring it closer to it being part of a new international world order? I think that is critical because on our own, despite being a great nation, I am not quite sure that we can meet that challenge just strictly on our own.

Do you have perspectives on that?

Mr. HADLEY. I would agree with you. And I think it is one of the things that is useful that the administration has what they call the Indo-Pacific Strategy because what that tells me is that to manage China, we and our friends and allies are all going to have to work together.

And I think we can use multilateral institutions to put pressure on China. They announced the Asia Infrastructure Investment Bank. A lot of people thought that was just a strategic play by China. It turns out it is a pretty good bank. China's influence is declining. It is fairly professional. It partners with the other international banks and development banks. I think we should try the same thing with the Belt/Road Initiative, to use the fact that some of the countries that receive Chinese funds are having buyer's remorse and push China to put that in an international multilateral framework too that meets professional standards of transparency, fiscal responsibility, environmental responsibility, benefiting the recipient countries. I think we need to use the entire international community to try to manage this problem that we have never seen before, which is the emergence on the world scene of somebody with the weight that China now has and is increasingly going to have. So I agree with you.

Ambassador BURNS. Senator, all I would add is I think the United States' great strategic advantage, as you look out as far as I can see into the 21st century, is our ability to work with and mobilize others.

You know, China by comparison is a relatively lonelier power today for all of its strengths and for all of its inevitable rise. So if you look at trade issues, if we had been able to remain in the Trans-Pacific Partnership, knit together 40 percent of the global economy, if in future years we had added to that a kind of transatlantic analog to that around the same high-end standards, you could have mobilized two-thirds of the global economy around a set of standards which inevitably shapes China's choices, its incentives and disincentives.

The same is true with regard to the Law of the Sea. We are in a much stronger position in the South China Sea against pushing back against the Chinese if we are able to point to those rules and we are a part of that system as well. So I agree.

Senator MENENDEZ Thank you, Mr. Chairman.

The CHAIRMAN. Senator Cruz?

Senator CRUZ. Thank you, Mr. Chairman.

Thank you to each of the witnesses for being here this morning. Thank you for your testimony.

Let us start with what you were just addressing in the last set of questions, which is China. In my view, China is the greatest geopolitical long-term threat to the United States, both economically and militarily. I want to ask both of you. Do you share that assess-

ment, number one? Number two, if so, what should we expect from China in the next decade?

Mr. HADLEY. I worked for President Bush, and each morning we would come in at about 5 after 7:00 and tell him of all the terrible things that had happened overnight. And he would always say, well, your job, gentlemen, is to take each problem and challenge and turn it into an opportunity. And I think that is what we need to try to do with China, and I think that is what Senator Rubio was talking about. It is a huge challenge.

I do not think we know where China is heading, and that is why I think the point Bill made is right about trying to condition the environment in which China is emerging, to try to influence its behavior, because the trends are troubling. If you look at the extent of the increasing control that the party is exercising over the society, if you look at the social credit scheme and using data to really incentivize party-approved behavior from the citizenry, it is the kind of tool that Stalin would have loved to have had in his era.

We do not know where they are going economically. They clearly have some trouble. I think there is a tension between their political system and their economic system, that you cannot have the kind of political control and have the kind of economic reform and opening up China needs if it is going to achieve its objectives for its own self.

So I think there are all kinds of dilemmas in terms of where China is heading, and the most we can do is to try to condition the environment, shape as much as we can Chinese choices, but put ourselves in a position that if it comes to a head-to-head competition, we are going to win.

Ambassador BURNS. Senator, I agree with you. I think we have to be clear-eyed about what Chinese ambitions seem to be, and I think China wants to be a global economic peer of the United States and it is well on its way to that outcome. And second, I think it wants to recover across the Chinese political elite what it sees to be its accustomed role as the dominant player in Asia.

Now, both of those ambitions carry with them the seeds of collisions with the United States. I mean, history is full of collisions between rising powers and established powers. I do not think there is anything foreordained about that, and that is why, as both of us have said, I think that has a lot to do with how forward looking, how nimble we are in trying to shape the conditions in which China rises so that we can limit the risks of collisions over time. I think that is possible. But that is the single biggest strategic challenge we are going to face.

Senator CRUZ. So in your judgments, what should our objectives be with regard to China and dealing with China in the next decade? And what tools do we have to accomplish those objectives? And I would ask that you include in your answers some assessment of the Chinese investments in propaganda, whether it is in countries across the globe or here in the United States through organizations like Confucius Institutes that are funded by the PRC and designed to spread a particular message that is agreeable to the government of China.

Mr. HADLEY. I think we start by preparing to compete with China in those areas where it is in our national security and eco-

nomic interest to do so and put ourselves in a position to compete and win in those areas. At the same time, to try to put a framework around that competition so that it does not swallow up the entire relationship and push us from competition to confrontation and even conflict. And by so doing, open a space for cooperation because, as I said in my testimony, there are a lot of issues on which it is in China's and the United States' interest to cooperate. We need to find a way to strategically compete, bound the competition so it does not overwhelm the relationship, and still have a space to cooperate in those areas where it is in our interest to do so.

Finally, we need to take on the ideological challenge. We have got to show the world again that authoritarian state capitalism is not the route to a stable, prosperous, secure society, and that our model works. I think we have lost some confidence in that, and we need to reaffirm our commitment to it and then demonstrate it in our own society.

Ambassador BURNS. I agree. I mean, I think a lot of this has to do with the power of our example in the world. We get a lot further with the power of example than we do with the power of our preaching. I have always found in many years overseas it has to do with restoring our ability to compete effectively, and we ought not to be defeatist about this. The United States, as you well know, Senator, has enormous strengths to bring to bear. They are not the same singular dominance that we had for 15 or 20 years after the end of the Cold War, but they are still a better hand to play than any of our rivals'. But we have a window within which we can play that wisely because windows do not stay open forever. And if we do not try to shape that environment, others are going to shape it for us. And I think that is the challenge right now with China and more broadly in the world.

Senator CRUZ. Thank you.

The CHAIRMAN. Thank you, Senator. A good line of questioning.

Senator Markey?

Senator MARKEY. Thank you, Mr. Chairman, very much.

Kim Jong-un and President Trump are meeting in Vietnam and the stakes are very high. There is a Kim family playbook going back to his grandfather where they extract U.S. rewards. They then delay meaningful concessions from their side, and then they exploit ambiguities in any understanding. And as he arrives, the President has a bit of excessive exuberance going into this meeting. And my concern is that the President can give away the farm while not, in fact, receiving real concessions from the other side.

So my question is, has North Korea taken sufficient denuclearization steps thus far to warrant significant U.S. concessions? And are the promises of future North Korean steps towards denuclearization, of which we do not even have an agreed-upon definition yet, sufficient for significant U.S. concessions at this summit?

Mr. HADLEY. I think that they do have a playbook. They are very tough to negotiate with. We have had three administrations have agreements with them to denuclearize, and none of those administrations were able to keep them into it.

And President Trump has tried an unconventional approach. He initially saber-rattled and everybody said, oh, my gosh, we are

going to war. It turns out he was probably right because he got Kim Jong-un's attention. He has got the Chinese attention.

Senator MARKEY. But did he get any concessions?

Mr. HADLEY. He has got a cessation of their missile testing, a cessation of their nuclear weapons testing, some dismantlement of facilities. The significance of that is that while the program is ongoing—he is still generating fissile material and ballistic missiles—it is not—

Senator MARKEY. Right. He is developing nuclear ballistic missiles. He is still producing fissile material.

Mr. HADLEY. It is a step on what will be a long road. Does it justify some response on the U.S. side? Yes. Does it justify significant concessions? Your question. Probably not at this point. Those need to be down the road. And I think what the administration is trying to do is have some narrow steps they can take like a declaration about the end of hostilities and maybe some diplomatic opening.

Senator MARKEY. Which is very important to the North Koreans. That is a big concession from their perspective.

Mr. HADLEY. That is right, and we ought to get some further dismantlement and degradation of their nuclear and missile program in return.

Senator MARKEY. And if we do not get that?

Mr. HADLEY. I think we need to proceed step by step, and let us see what the President comes up with.

Ambassador BURNS. Senator, I guess I would just add a couple of points.

I mean, first, as Steve said, any of us who have worked on this issue for the last 25 years start from a point of humility because it is not like our record is exactly pristine in dealing with North Korea's nuclear and missile threats.

Second, I do think it is really important that we be careful in not giving away too much too soon because, as Steve said, the North Koreans are practiced masters at dangling things, which then turn out to be easily reversible. I have never thought this was an argument against engaging at the highest level of leaders. It is not a problem with talking to one another. The problem is talking past one another. And that is why I think this is a classic challenge of really hardnosed diplomacy, step by step, to ensure that we do not give away too much even if it is in terms of a declaration of the end of hostilities, which is something, as you said, the North Koreans would really value because there is a lot at stake in that. If we can get something practical for it in terms of freezing fissile material production and rollback, that is a good thing.

But we also have to be careful in light of the long-term strategic competition with China because North Korea's playbook is pretty clear. They would like to sow the seeds of uncertainty about the U.S. commitment to our alliance with South Korea, our alliance with Japan, and that also happens to suit a long-term Chinese calculus as well.

So it is not an argument against a declaration of that sort, but we need to be careful to make sure we get something very tangible in response.

Senator MARKEY. Now, the UN Panel on Experts on North Korea is set to publish an assessment of the Kim regime's continued illicit

behavior. It has got three things in it: engaging in sanctions of Asians to sell natural resources and to procure oil at levels above the UN caps; two, sending North Korean technicians to Syria, possibly to assist with ballistic missiles and chemical weapons programs; and three, selling military equipment and expertise using the Syria connection as a conduit to the Middle East and Africa, including sales to Libya, Sudan, and the Houthis in Yemen.

How can the United States provide significant concessions to a North Korean regime that is engaging in those types of activities?

Mr. HADLEY. Well, it is interesting you should mention it because that was exactly the problem that a lot of Republicans had with the Iran nuclear deal. How can you do a deal on nuclear when Iran is one of the great State sponsors of terror and is destabilizing its neighbors?

So this is a dilemma. And I think the proper approach is to put all the issues on the table even though you might work through them incrementally in terms of getting this process started with North Korea. And I do think one of the things we are not making the most of is the human rights issue, which we should be raising for its own self, but also because it embarrasses Kim Jong-un and is actually a source of leverage on Kim Jong-un.

So I think we need to be cognizant of all these problems with the regime and have a strategy to begin to address all of them but also use all of our instruments of influence to try to get the kinds of substantial response that you are calling for.

Senator MARKEY. And again, my only point is that if you look at the totality of his conduct, as the Panel of Experts is going to be reporting back, it is actually less cooperation and intensifying the conflicts that we, the United States, are on the other side of around the world.

So we thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Rubio?

Senator RUBIO. And I just wanted to ask both because of the expertise and experience that both of you have to ask you briefly about ongoing events with Venezuela, which is a part of the world that we have not really talked a lot about in the last 20 years.

First, I think one of the things we perhaps need to spend more time on is explaining why we should care. And I think one of the issues is what we had discussed in my first round of questions, the autocracy versus democracy debate. But this is in our own hemisphere becoming even more pronounced.

And the other is it is in our national interest. I mean, if things in Venezuela do not improve the migratory crisis, another 2 million to 3 million people are projected to leave which would potentially collapse social services in Colombia but also Peru, Ecuador, even Brazil. So it becomes a regional disaster. The drug flights sponsored by their government—these planes are literally flying out of their air space protected by their armed services. They turn right into Central America. They land in Guatemala or Honduras. They are trafficked into the U.S. It is a fuel for the gangs that are terrorizing people and causing migration from that part of the world, not to mention the drugs headed to us. They harbor terrorist groups

openly. The ELN, as an example, just killed 20 police cadets about a month in Colombia, openly harbored in Venezuelan territory.

And something that has not been covered, the environmental destruction that is occurring in the gold mining, just absolute catastrophic degradation of once pristine areas.

So a couple observations because I want your insight given your years of experience. The first is all this talk about multilateralism. In many ways the administration's approach to this has been sort of the model of that, the OAS, the Lima Group, virtually all the EU countries. In fact, the EU would be there if it was not for Italy and I believe Greece that are refusing to come on board, but everybody else is there, 60 countries sort of aligned with this position and the like.

And the assessment I have is that this is a regime core made up of cronies who are isolated from reality and a lot of other people, a lot of yes-men around them when you are in that level of power. But they are able to provide incentives to the security forces, by the way, are multilayered down to street gangs that they are using to protect them. But they are still able to provide incentives to the security forces to protect them and to spy on each other. And hence, I think the policy approach has been to target those incentives that they are able to provide by going after hard currencies through the sale of oil, none of which benefited the Venezuelan people, and of course, the diplomatic isolation as well.

But what strikes me is this has been going—the crisis has been going on for a long time, but from the moment the interim president swore in to today it has been 4 weeks and a couple days. So it has not been 4 years or 4 months. 4 weeks. And everybody wants to know why is it not over yet.

First of all, your observation of the general situation and, second, the value of some level of strategic patience. These sanctions and this pressure, both the international isolation and the economic, take time to build in before you begin to see the security forces and the elites that are supporting them crack. It does not happen from one day to the next, and sometimes they are unpredictable. They happen very quickly. And embedded in that too is the notion that we do want to see some of the institutions there, as flawed as they may be, survive because if the police officers do not show up the next day, there is no security, and then it gets really bad. So just your general observations on how long it takes to do this, the strategic patience part of it, and anything else with regard to it.

Ambassador BURNS. Three quick comments, Senator.

First, I absolutely agree with you on what is at stake. Through administrations of both parties, we have tended not to pay as consistent strategic attention to our own hemisphere as we should have. And you are right about the spillover dangers too for Colombia, a success story in the last 20 years, but which could really be badly affected by this.

Second, I think in terms of our approach, you are right. I think the reliance on multilateralism, on diplomacy, on working with partners in the hemisphere, as well as Europe, is exactly the right approach.

Strategic patience is I think the right frame for thinking about this. It takes time for that kind of pressure to take effect. As you

know better than I do, there are all sorts of challenges which would arise in terms of military intervention given the history of our involvement in the hemisphere and the baggage that comes with that. So I think it is the right approach to build up that kind of pressure.

And the only last comment I would make is that I hope we are being very careful about, in a sense, preparing for success because the day after can bring huge challenges, just as you suggested, in Venezuela. If you end up in a situation where all the institutions are broken and you have got lots of people who have an incentive to breed further insecurity, it is a huge challenge as well. So a lot of attention needs to be put into that.

Mr. HADLEY. Two quick points.

I agree we do need patience. I agree it should be multilateral. The problem is I do not see that we have got enough leverage to get Maduro gone. And I think where the committee can focus and where I hope Elliott Abrams is focusing is what is the strategy that gets us more leverage that will actually crack this regime.

Secondly, on Bill's point, one of the things John Allen said, you know, when you plan a major intervention that is going to perhaps crater or change a regime, you need to start with phase four and work backwards. What do you want the situation to be after you have succeeded and then work backwards in your planning so the things you do now to achieve that result are not working at cross purposes with where you want to end up. I do not think we have done that kind of deliberative planning with respect to Venezuela given how it came up. I think we need to start it now.

The CHAIRMAN. Thank you.

Well, gentlemen, thank you so much for your time here today, and I know I speak on behalf of both myself and the ranking member that we were honored to have the two of you. You were chosen specifically for this as our initial hearing here this year. And we look forward to working with you in the future. Again, you have our thanks. Thank you so much.

And this hearing is adjourned.

[Whereupon, at 12:05 p.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

RESPONSE OF THE HONORABLE STEPHEN HADLEY TO QUESTIONS SUBMITTED BY SENATOR TODD YOUNG

Question. How can the United States maintain its position as the leading global innovator? Which technologies do you see as vital for the U.S. and how can the U.S. construct a framework for fair international competition in those sectors?

Answer. The United States will be able to maintain its position as the leading global innovator if our technology sectors continue to focus on key developments in artificial intelligence (AI), robotics, augmented reality/virtual reality (AR/VR) and financial technology (fintech). The United States should be most focused on the dual use technologies: VR for gaming, AI, robotics, and virtual reality will be foundational so that many applications or end-use technologies will be built upon them. These foundational technologies will be component technologies for future innovations much the same way that semiconductors have been components in all electronics. For example, facial recognition and image detection for social networking and online shopping has real application in tracking terrorists or other threats to national security and much of today's commercial autonomous vehicle technology and drone technology solutions find their genesis in DARPA programs.

China aims to dominate the same key industries, to reduce reliance on foreign technology, and to foster indigenous innovation. Through published documents such as 5-year plans and Made in China 2025, China's industrial policy is clear in its aims of import substitutions and technology innovation. Currently the US does not have a comprehensive policy or the tools to address this massive technology transfer to China. CFIUS is one of the only tools in place today to govern foreign investments but it was not designed to protect sensitive technologies. CFIUS is only partially effective in protecting national security given its limited jurisdiction. The USG does not know what technologies we should be protecting and because competition is likely to be particularly intense in the technologies that will define the world economy in the next decade—artificial intelligence, cyber autonomy, biotech, quantum computing, and information technology, it is important that the USG construct a framework for fair international competition in these sectors.