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“ASSESSING THE ROLE OF THE UNITED STATES IN THE WORLD”

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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 leadership 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 naïve. 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.
