

Exchange Mail

DATE-TIME 10/29/98 6:04:42 PM
FROM Wozniak, Natalie S.
CLASSIFICATION UNCLASSIFIED
SUBJECT FW: 1998 NSSR [UNCLASSIFIED]
TO Wadsworth, Valon J. (Val)

CARBON_COPY

TEXT_BODY

-----Original Message-----
From: Bouchard, Joseph F.
Sent: Thursday,
October 29, 1998 5:31 PM
To: @PRESS - Public Affairs
Subject: 1998
NSSR [UNCLASSIFIED]

Natalie,

Here 'tis. Title page is what
I sent to the printer, so does not look exactly like it does in the
published version (they put it in a nicer font and added the seal).
Might be better to scan the actual title page.

Joe
Bouchard

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Title Page.doc

A NATIONAL
SECURITY
STRATEGY
FOR A
NEW CENTURY

THE WHITE HOUSE
OCTOBER 1998

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Preface

As we approach the beginning of the 21st century, the United States remains the world's most powerful force for peace, prosperity and the universal values of democracy and freedom. Our nation's challenge-and our responsibility-is to sustain that role by harnessing the forces of global integration for the benefit of our own people and people around the world.

These forces of integration offer us an unprece-dented opportunity to build new bonds among individuals and nations, to tap the world's vast human potential in support of shared aspirations, and to create a brighter future for our children. But they also present new, complex challenges. The same forces that bring us closer increase our interdependence, and make us more vulnerable to forces like extreme nationalism, terrorism, crime, environmental damage and the complex flows of trade and investment that know no borders.

To seize these opportunities, and move against the threats of this new global era, we are pursuing a forward-looking national security strategy attuned to the

realities of our new era. This report, submitted in accordance with Section 603 of the Goldwater- Nichols Defense Department Reorganization Act of 1986, sets forth that strategy. Its three core objectives are:

- * To enhance our security.
- * To bolster America's economic prosperity.
- * To promote democracy abroad.

Over the past five years, we have been putting this strategy in place through a network of institutions and arrangements with distinct missions, but a common purpose-to secure and strengthen the gains of democracy and free markets while turning back their enemies. Through this web of institutions and arrangements, the United States and its partners in the international community are laying a foundation for security and prosperity in the 21st century.

This strategy encompasses a wide range of initiatives: expanded military alliances like NATO, its Partnership for Peace, and its partnerships with Russia and Ukraine; promoting free trade through the World Trade Organization and the move toward free trade areas by nations in the Americas and elsewhere around the world; strong arms control regimes like the Chemical Weapons Convention and the Comprehensive Nuclear Test Ban Treaty; multinational coalitions combating terrorism, corruption, crime and drug trafficking; and binding international commitments to protect the environment and safeguard human rights.

The United States must have the tools necessary to carry out this strategy. We have worked diligently within the parameters of the Balanced Budget Agreement to preserve and provide for the readiness of our armed forces while meeting priority military challenges identified in the 1997 Quadrennial Defense Review (QDR). The QDR struck a careful balance between near-term readiness, long-term modernization

and quality of life improvements for our men and women in uniform. It ensured that the high readiness levels of our forward-deployed and "first-to-fight" forces would be maintained. The priority we attach to maintaining a high-quality force is reflected in our budget actions. This fiscal year, with Congress' support for the Bosnia and Southwest Asia non-offset emergency supplemental funds, we were able to protect our high payoff readiness accounts. Next year's Defense Budget increases funding for readiness and preserves quality of life for military personnel.

Although we have accomplished much on the readiness front, much more needs to be done. Our military leadership and I are constantly reevaluating the readiness of our forces and addressing problems in individual readiness areas as they arise. I have

instructed the Office of Management and Budget and the National Security Council to work with the Department of Defense to formulate a multi-year plan with the necessary resources to preserve military readiness, support our troops, and modernize the equipment needed for the next century. I am confident that our military is-and will continue to be-capable of carrying out our national strategy and meeting America's defense commitments around the world.

We must also renew our commitment to America's diplomacy-to ensure that we have the superb diplomatic representation that our people deserve and our interests demand. Every dollar we devote to preventing conflicts, promoting democracy, and stopping the spread of disease and starvation brings a sure return in security and savings. Yet international affairs spending today totals just one percent of the federal budget-a small fraction of what America invested at the start of the Cold War when we chose engagement over isolation. If America is to continue to

lead the world by its own example, we must demonstrate our own commitment to these priority tasks. This is also why we must pay our dues to the United Nations.

Protecting our citizens and critical infrastructures at home is an essential element of our strategy. Potential adversaries-whether nations, terrorist groups or criminal organizations-will be tempted to disrupt our critical infrastructures, impede government operations, use weapons of mass destruction against civilians, and prey on our citizens overseas. These challenges demand close cooperation across all levels of government-federal, state and local-and across a wide range of agencies, including the Departments of Defense and State, the Intelligence Community, law enforcement, emergency services, medical care providers and others. Protecting our critical infrastructure requires new partnerships between government and industry. Forging these new structures will be challenging, but

must be done if we are to ensure our safety at home and avoid vulnerabilities that those wishing us ill might try to exploit in order to erode our resolve to protect our interests abroad.

The United States has profound interests at stake in the health of the global economy. Our future prosperity depends upon a stable international financial system and robust global growth. Economic stability and growth are essential for the spread of free markets and their integration into the global economy. The forces necessary for a healthy global economy are also those that deepen democratic liberties: the free flow of ideas and information, open borders and easy travel, the rule of law, fair and even-handed enforcement, protection for consumers, a skilled and educated work force. If citizens tire of waiting for democracy and free markets to deliver a better life for them, there is a real

risk that they will lose confidence in democracy and free markets. This would pose great risks not only for our economic interests but for our national security.

We are taking a number of steps to help contain the current financial turmoil in Asia and other parts of the world. We are working with other industrialized nations, the International Monetary Fund and the World Bank to spur growth, stop the financial crisis from spreading, and help the victims of financial turmoil. We have also intensified our efforts to reform international trade and financial institutions: building a stronger and more accountable global trading system, pressing forward with market-opening initiatives, advancing the protection of labor and the environment and doing more to ensure that trade helps the lives of ordinary citizens across the globe.

At this moment in history, the United States is called upon to lead-to organize the forces of freedom and progress; to channel the unruly energies of the global economy into positive avenues; and to advance our prosperity, reinforce our democratic ideals and values, and enhance our security.

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I. Introduction

We must judge our national security strategy by its success in meeting the fundamental purposes set out in the preamble to the Constitution:

...provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity,...

Since the founding of the nation, certain requirements have remained constant. We must protect the lives and personal safety of Americans, both at home and abroad. We must maintain the sovereignty, political freedom and independence of the United States, with its values, institutions and territory intact. And, we must promote for the well being and prosperity of the nation and its people.

Challenges and Opportunities

The security environment in which we live is dynamic and uncertain, replete with a host of threats and challenges that have the potential to grow more deadly, but also offering unprecedented opportunities to avert those threats and advance our interests.

Globalization-the process of accelerating economic, technological, cultural and political integration-means that more and more we as a nation are affected by events beyond our borders. Outlaw states and ethnic conflicts threaten regional stability and economic progress in many important areas of the world. Weapons of mass destruction (WMD), terrorism, drug trafficking and organized crime are global concerns that transcend national borders. Other problems that once seemed quite distant-such as resource depletion, rapid population growth, environmental damage, new infectious diseases and uncontrolled refugee migration-have important implications for American security. Our workers and businesses will suffer if foreign markets collapse or lock us out, and the highest domestic environmental standards will not protect us if we cannot get others to achieve similar standards. In short, our citizens have a direct stake in the prosperity and stability of other nations, in their support for international norms and human

rights, in their ability to combat international crime, in their open markets, and in their efforts to protect the environment.

Yet, this is also a period of great promise. Globalization is bringing citizens from all continents closer together, allowing them to share ideas, goods and information at the tap of a keyboard. Many nations around the world have embraced America's core values of representative governance, free market economics and respect for fundamental human rights and the rule of law, creating new opportunities to promote peace, prosperity and greater cooperation among nations. Former adversaries now cooperate with us. The dynamism of the global economy is transforming commerce, culture, communications and global relations, creating new jobs and economic opportunity for millions of Americans.

The Imperative of Engagement

Our strategic approach recognizes that we must lead abroad if we are to be secure at home, but we cannot lead abroad unless we are strong at home. We must be prepared and willing to use all appropriate instruments of national power to influence the actions of other states and non-state actors. Today's complex security environment demands that all our instruments of national power be effectively integrated to achieve our security objectives. We must have the demonstrated will and capabilities to continue to exert global leadership and remain the preferred security partner for the community of states that share our interests. We have seen in the past that the international community is often reluctant to act forcefully without American leadership. In many instances, the United States is the only nation capable of providing the necessary leadership and capabilities for an international response to shared challenges. American leadership and engagement

in the world are vital for our security, and our nation and the world are safer and more prosperous as a result.

The alternative to engagement is not withdrawal from the world; it is passive submission to powerful forces of change-all the more ironic at a time when our capacity to shape them is as great as it has ever been. Three-quarters of a century ago, the United States helped to squander Allied victory in World War I by embracing isolationism. After World War II, and in the face of a new totalitarian threat, America accepted the challenge to lead. We remained engaged overseas and worked with our allies to create international structures-from the Marshall Plan, the United Nations, NATO and other defense arrangements, to the International Monetary Fund and the World Bank-that enabled us to strengthen our security and prosperity and win the Cold War. By exerting our leadership abroad we have deterred aggression, fostered the resolution of conflicts, strengthened democracies, opened foreign markets and tackled global problems such as protecting the environment. U.S. leadership has been crucial to the success of negotiations that produced a wide range of treaties that have made the world safer and more secure by limiting, reducing, preventing the spread of, or eliminating weapons of mass destruction and other dangerous weapons. Without our leadership and engagement, threats would multiply and our opportunities would narrow.

Underpinning our international leadership is the power of our democratic ideals and values. In designing our strategy, we recognize that the spread of democracy supports American values and enhances both our security and prosperity. Democratic governments are more likely to cooperate with each other against common threats, encourage free trade, and promote sustainable

economic development. They are less likely to wage war or abuse the rights of their people. Hence, the trend toward democracy and free markets throughout the world advances American interests. The United States will support this trend by remaining actively engaged in the world. This is the strategy to take us into the next century.

Implementing the Strategy

Our global leadership efforts will continue to be guided by President Clinton's strategic priorities: to foster regional efforts led by the community of democratic nations to promote peace and prosperity in key regions of the world, to increase cooperation in confronting new security threats that defy borders and unilateral solutions, to strengthen the military, diplomatic and law enforcement tools necessary to meet these challenges and to create more jobs and opportunities for Americans through a more open and competitive economic system that also benefits others around the world. Our strategy is tempered by recognition that there are limits to America's involvement in the world. We must be selective in the use of our capabilities and the choices we make always must be guided by advancing our objectives of a more secure, prosperous and free America.

We must always be prepared to act alone when that is our most advantageous course. But many of our security objectives are best achieved-or can only be achieved-through our alliances and other formal security structures, or as a leader of an ad hoc coalition formed around a specific objective. Durable relationships with allies and friendly nations are vital to our security. A central thrust of our strategy is to strengthen and adapt the security relationships we have with key nations around the world and create new relationships and structures when necessary. Examples include NATO enlargement,

the Partnership for Peace, the NATO-Russia Permanent Joint Council, the African Crisis Response Initiative, the regional security dialogue in the ASEAN Regional Forum and the hemispheric security initiatives adopted at the Summit of the Americas. At other times we harness our diplomatic, economic, military and information strengths to shape a favorable international environment outside of formal structures. This approach has borne fruit in areas as diverse as the elimination of nuclear weapons from Ukraine, Kazakhstan and Belarus, our comprehensive assistance package for Russia and other Newly Independent States (NIS), the advancement of peace in Northern Ireland, and support for the transformation of South Africa.

Protecting our citizens and critical infrastructures at home is an intrinsic and essential element of our security strategy. The dividing line between domestic and foreign policy is increasingly blurred. Globalization enables other states, terrorists, criminals, drug traffickers and others to challenge the safety of our citizens and the security of our borders in new ways. The security challenges wrought by globalization demand close cooperation across all levels of government-federal, state and local-and across a wide range of agencies, including the Departments of Defense and State, the Intelligence Community, law enforcement, emergency services, medical care providers and others. Protecting our critical infrastructure requires new partnerships between government and industry. Forging these new structures and relationships will be challenging, but must be done if we are to ensure our safety at home and avoid vulnerabilities that those wishing us ill might try to exploit in order to erode our resolve to protect our interests abroad.

Engagement abroad rightly depends on the willingness of the American people and

the Congress to bear the costs of defending U.S. interests-in dollars, energy and, when there is no alternative, the risk of losing American lives. We must, therefore, foster the broad public understanding and bipartisan congressional support necessary to sustain our international engagement, always recognizing that some decisions that face popular opposition must ultimately be judged by whether they advance the interests of the American people in the long run.

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II. Advancing U.S. National Interests

The goal of the national security strategy is to ensure the protection of our nation's fundamental and enduring needs: protect the lives and safety of Americans, maintain the sovereignty of the United States with its values, institutions and territory intact, and promote the prosperity and well-being of the nation and its people. In our vision of the world, the United States has close cooperative relations with the world's most influential countries and has the ability to influence the policies and actions of those who can affect our national well-being.

We seek to create a stable, peaceful international security environment in which our nation, citizens and interests are not threatened. The United States will not allow a hostile power to dominate any region of critical importance to our interests. We will work to prevent the spread of nuclear, biological

and
chemical weapons and the materials for producing them, and to
control other
potentially destabilizing technologies, such as long-range missiles.
We will
continue to ensure that we have effective means for countering and
responding to
the threats we cannot deter or otherwise prevent from arising. This
includes
protecting our citizens from terrorism, international crime and drug
trafficking.

We seek a world in which democratic values and respect for human
rights and the
rule of law are increasingly accepted. This will be achieved through
broadening
the community of free-market democracies, promoting an
international community
that is willing and able to prevent or respond effectively to
humanitarian
problems, and strengthening international non-governmental
movements committed to
human rights and democratization. These efforts help prevent
humanitarian
disasters, promote reconciliation in states experiencing civil conflict
and
address migration and refugee crises.

We seek continued American prosperity through increasingly open
international
trade and sustainable growth in the global economy. The health of the
international economy directly affects our security, just as stability
enhances
the prospects for prosperity. Prosperity ensures that we are able to
sustain our
military forces, foreign initiatives and global influence. In turn, our
engagement and influence helps ensure that the world remains stable
so the
international economic system can flourish.

We seek a cleaner global environment to protect the health and well-
being of our
citizens. A deteriorating environment not only threatens public health,
it
impedes economic growth and can generate tensions that threaten
international
stability. To the extent that other nations believe they must engage in
non-sustainable exploitation of natural resources, our long-term
prosperity and
security are at risk.

Since there are always many demands for U.S. action, our national interests must be clear. These interests fall into three categories. The first includes vital interests-those of broad, overriding importance to the survival, safety and vitality of our nation. Among these are the physical security of our territory and that of our allies, the safety of our citizens, our economic well-being and the protection of our critical infrastructures. We will do what we must to defend these interests, including-when necessary-using our military might unilaterally and decisively.

The second category includes situations in which important national interests are at stake. These interests do not affect our national survival, but they do affect our national well-being and the character of the world in which we live. In such cases, we will use our resources to advance these interests insofar as the costs and risks are commensurate with the interests at stake. Our efforts to halt the flow of refugees from Haiti and restore democracy in that state, our participation in NATO operations in Bosnia and our efforts to protect the global environment are relevant examples.

The third category is humanitarian and other interests. In some circumstances our nation may act because our values demand it. Examples include responding to natural and manmade disasters or violations of human rights, supporting democratization and civil control of the military, assisting humanitarian demining, and promoting sustainable development. Often in such cases, the force of our example bolsters support for our leadership in the world. Whenever possible, we seek to avert humanitarian disasters and conflict through diplomacy and cooperation with a wide range of partners, including other governments, international institutions and non-governmental organizations. This may not only

save lives, but also prevent the drain on resources caused by intervention in crises.

Our strategy is based on three national objectives: enhancing our security, bolstering our economic prosperity and promoting democracy abroad.

Enhancing Security at Home and Abroad

Our strategy for enhancing U.S. security recognizes that we face diverse threats requiring integrated approaches to defend the nation, shape the international environment, respond to crises and prepare for an uncertain future.

Threats to U.S. Interests

The current international security environment presents a diverse set of threats to our enduring goals and hence to our security:

* **Regional or State-Centered Threats:** A number of states still have the capabilities and the desire to threaten our vital interests through coercion or aggression. They continue to threaten the sovereignty of their neighbors and international access to resources. In many cases, these states are also actively improving their offensive capabilities, including efforts to obtain or retain nuclear, biological or chemical weapons and, in some cases, long-range delivery systems. In Southwest Asia, both Iraq and Iran have the potential to threaten their neighbors and the free flow of oil from the region. In East Asia, North Korea maintains its forward positioning of offensive military capabilities on its border with South Korea.

* **Transnational threats:** Terrorism, international crime, drug trafficking, illicit arms trafficking, uncontrolled refugee migrations and environmental damage threaten U.S. interests, citizens and the U.S. homeland itself. The possibility of terrorists and other criminals using WMD-nuclear, biological and

chemical weapons-is of special concern. Threats to the national information infrastructure, ranging from cyber-crime to a strategic information attack on the United States via the global information network, present a dangerous new threat to our national security. We must also guard against threats to our other critical national infrastructures-such as electrical power and transportation-which increasingly could take the form of a cyber-attack in addition to physical attack or sabotage, and could originate from terrorist or criminal groups as well as hostile states. International drug trafficking organizations have become the most powerful and dangerous organized crime groups the United States has ever confronted due to their sophisticated production, shipment, distribution and financial systems, and the violence and corruption they promote everywhere they operate.

* Spread of dangerous technologies: Weapons of mass destruction pose the greatest potential threat to global stability and security. Proliferation of advanced weapons and technologies threatens to provide rogue states, terrorists and international crime organizations the means to inflict terrible damage on the United States, its allies and U.S. citizens and troops abroad. We must continue to deter and be prepared to counter the use or threatened use of WMD, reduce the threat posed by existing arsenals of such weaponry and halt the smuggling of nuclear materials. We must identify the technical information, technologies and materials that cannot be allowed to fall into the hands of those seeking to develop and produce WMD. And we must stop the proliferation of non-safeguarded dual-use technologies that place these destructive capabilities in the hands of parties hostile to U.S. and global security interests.

* Foreign intelligence collection: The threat from foreign intelligence services is more diverse, complex and difficult to counter than ever before.

This threat is a mix of traditional and non-traditional intelligence adversaries that have targeted American military, diplomatic, technological and commercial secrets. Some foreign intelligence services are rapidly adopting new technologies and innovative methods to obtain such secrets, including attempts to use the global information infrastructure to gain access to sensitive information via penetration of computer systems and networks. These new methods compound the already serious threat posed by traditional human, technical and signals intelligence activities.

* Failed states: We can expect that, despite international prevention efforts, some states will be unable to provide basic governance, services and opportunities for their populations, potentially generating internal conflict, humanitarian crises or regional instability. As governments lose their ability to provide for the welfare of their citizens, mass migration, civil unrest, famine, mass killings, environmental disasters and aggression against neighboring states or ethnic groups can threaten U.S. interests and citizens.

The Need for Integrated Approaches

Success in countering these varied threats requires an integrated approach that brings to bear all the capabilities and assets needed to achieve our security objectives-particularly in this era when domestic and foreign policies are increasingly blurred.

To effectively shape the international environment and respond to the full spectrum of potential threats and crises, diplomacy, military force, our other foreign policy tools and our domestic preparedness efforts must be closely coordinated. We must retain a strong foreign assistance program and an effective diplomatic corps if we are to maintain American leadership. We must maintain superior military forces at the level of readiness necessary to

effectively deter aggression, conduct a wide range of peacetime activities and smaller-scale contingencies, and, preferably in concert with regional friends and allies, win two overlapping major theater wars. The success of all our foreign policy tools is critically dependent on timely and effective intelligence collection and analysis capabilities.

International cooperation will be vital for building security in the next century because many of the threats we face cannot be addressed by a single nation. Globalization of transportation and communications has allowed international terrorists and criminals to operate without geographic constraints, while individual governments and their law enforcement agencies remain limited by national boundaries. Unlike terrorists and criminals, governments must respect the sovereignty of other nations. Accordingly, a central thrust of our strategy is to enhance relationships with key nations around the world to combat transnational threats to common interests. We seek to address these threats by increasing intelligence and law enforcement cooperation, denying terrorists safe havens, preventing arms traders from fueling regional conflicts and subverting international embargoes, and cracking down on drug trafficking, money laundering and international crime.

Building effective coalitions of like-minded nations is not enough. We are continuing to strengthen and integrate our own diplomatic, military, intelligence and law enforcement capabilities so we can act on our own when we must as well as more effectively lead the international community in responding to these threats.

Potential enemies, whether nations, terrorist groups or criminal organizations, are increasingly likely to attack U.S. territory and the American

people in unconventional ways. Adversaries will be tempted to disrupt our critical infrastructures, impede continuity of government operations, use weapons of mass destruction against civilians in our cities, attack us when we gather at special events and prey on our citizens overseas. The United States must act to deter or prevent such attacks and, if attacks occurs despite those efforts, must be prepared to limit the damage they cause and respond decisively against the perpetrators. We will spare no effort to bring attackers to justice, ever adhering to our policy toward terrorists that "You can run, but you cannot hide," and where appropriate to defend ourselves by striking at terrorist bases and states that support terrorist acts.

At home, we must have effective capabilities for thwarting and responding to terrorist acts, countering international crime and foreign intelligence collection, and protecting critical national infrastructures. Our efforts to counter these threats cannot be limited exclusively to any one agency within the U.S. Government. The threats and their consequences cross agency lines, requiring close cooperation among Federal agencies, state and local governments, the industries that own and operate critical national infrastructures, non-governmental organizations and others in the private sector.

Shaping the International Environment

The United States has a range of tools at its disposal with which to shape the international environment in ways favorable to U.S. interests and global security. Shaping activities enhance U.S. security by promoting regional security and preventing or reducing the wide range of diverse threats outlined above. These measures adapt and strengthen alliances and friendships, maintain U.S. influence in key regions and encourage adherence to international norms. When signs of potential conflict emerge, or potential threats appear, we

undertake initiatives to prevent or reduce these threats. Our shaping efforts also aim to discourage arms races, halt the proliferation of weapons of mass destruction, reduce tensions in critical regions and combat the spread of international criminal organizations.

Many of our international shaping activities, often undertaken with the cooperation of our allies and friends, also help to prevent threats from arising that place at risk American lives and property at home. Examples include countering terrorism, drug and firearms trafficking, illegal immigration, the spread of WMD and other threats. Increasingly, shaping the security environment involves a wide range of Federal agencies, some of which in the past have not been thought of as having such an international role.

Diplomacy

Diplomacy is a vital tool for countering threats to our national security. The daily business of diplomacy conducted through our missions and representatives around the world is an irreplaceable shaping activity. These efforts are essential to sustaining our alliances, forcefully articulating U.S. interests, resolving regional disputes peacefully, averting humanitarian catastrophe, deterring aggression against the United States and our friends and allies, creating trade and investment opportunities for U.S. companies, and projecting U.S. influence worldwide.

One of the lessons that has been repeatedly driven home is the importance of preventive diplomacy in dealing with conflict and complex emergencies. Helping prevent nations from failing is far more effective than rebuilding them after an internal crisis. Helping people stay in their homes is far more beneficial than feeding and housing them in refugee camps. Helping relief agencies and international organizations strengthen the institutions of conflict

resolution is far less taxing than healing ethnic and social divisions that have already exploded into bloodshed. In short, while crisis management and crisis resolution are necessary tasks for our foreign policy, preventive diplomacy is obviously far preferable.

Credible military force and the demonstrated will to use it are essential to defend our vital interests and keep America safe. But force alone cannot solve all our problems. To be most effective, force, diplomacy and our other policy tools must complement and reinforce each other-for there will be many occasions and many places where we must rely on diplomatic shaping activities to protect and advance our interests.

International Assistance

From the U.S.-led mobilization to rebuild post-war Europe to the more recent creation of export opportunities across Asia, Latin America and Africa, U.S. foreign assistance has assisted emerging democracies, helped expand free markets, slowed the growth of international crime, contained major health threats, improved protection of the environment and natural resources, slowed population growth and defused humanitarian crises. Crises are averted-and U.S. preventive diplomacy actively reinforced-through U.S. sustainable development programs that promote voluntary family planning, basic education, environmental protection, democratic governance and rule of law, and the economic empowerment of private citizens.

When combined effectively with other bilateral and multilateral activities, such as through our cooperative scientific and technological programs, U.S. initiatives reduce the need for costly military and humanitarian interventions. Where foreign aid succeeds in consolidating free market policies,

substantial growth of American exports has frequently followed. Where crises have occurred, actions such as the Greater Horn of Africa Initiative have helped stanch mass human suffering and created a path out of conflict and dislocation through targeted relief. Other foreign aid programs have worked to help restore elementary security and civic institutions.

Arms Control

Arms control efforts are an essential element of our national security strategy. Effective arms control is really defense by other means. We pursue verifiable arms control agreements that support our efforts to prevent the spread and use of weapons of mass destruction, halt the use of conventional weapons that cause unnecessary suffering, and contribute to regional stability at lower levels of armaments. By increasing transparency in the size, structure and operations of military forces, arms control agreements and confidence-building measures reduce incentives and opportunities to initiate an attack, and reduce the mutual suspicions that arise from and spur on armaments competition. They help provide the assurance of security necessary to strengthen cooperative relationships and direct resources to safer, more productive endeavors. Agreements that preserve our crisis response capability shape the global and regional security environments, and simultaneously reinforce our commitment to allies and partners. Our arms control initiatives are an essential prevention measure for enhancing U.S. and allied security.

Verifiable reductions in strategic offensive arms and the steady shift toward less destabilizing systems remain essential to our strategy. Entry into force of the START I Treaty in December 1994 charted the course for reductions in the deployed strategic nuclear forces of the United States and the Former Soviet

Union (FSU). START I has accomplished much to reduce the risk of nuclear war and strength-en international security. On the third anniversary of START I entry into force, the United States and Russia announced that both were two years ahead of schedule in meeting the treaty's mandated reductions.

Once the START II Treaty enters into force, the United States and Russia will each be limited to between 3,000-3,500 total deployed strategic nuclear warheads. START II also will eliminate destabilizing land-based multiple warhead missiles, a truly historic achievement. Russian ratification of START II will open the door to the next round of strategic arms control.

At the Helsinki Summit in March 1997, Presidents Clinton and Yeltsin agreed that once START II enters into force, our two nations would immediately begin negotiations on a START III agreement. They agreed to START III guidelines that, if adopted, will cap the number of strategic nuclear warheads deployed in each country at 2,000-2,500 by the end of 2007-reducing both our arsenals by 80 percent from Cold War heights. They also agreed that START III will, for the first time, require the U.S. and Russia to destroy nuclear warheads, not just the missiles, aircraft and submarines that carry them, and opened the door to possible reductions in non-strategic nuclear weapons. On September 26, 1997, the U.S. and Russia signed a START II Protocol codifying the agreement at Helsinki to extend the end date for reductions to 2007 and exchanged letters on early deactivation by 2003 of those strategic nuclear delivery systems to be eliminated by 2007.

At Helsinki, the two Presidents recognized the Nunn-Lugar Cooperative Threat Reduction (CTR) Program as the vehicle through which the United States would facilitate the deactivation of strategic nuclear delivery systems in the FSU

nations. The CTR Program has assisted Ukraine, Kazakhstan and Belarus in becoming non-nuclear weapons states and will continue to assist Russia in meeting its START obligations. The program has effectively supported enhanced safety, security, accounting and centralized control measures for nuclear weapons and fissile materials in the FSU. CTR is also assisting FSU nations in measures to eliminate and prevent the proliferation of chemical weapons and biological weapon-related capabilities. It has supported many ongoing military reductions and reform measures in the FSU, and has contributed to a climate conducive for further progress on non-proliferation.

Also at Helsinki, the Presidents reaffirmed their commitment to the Anti-Ballistic Missile (ABM) Treaty and recognized the need for effective theater missile defenses in an agreement in principle on demarcation between systems to counter strategic ballistic missiles and those to counter theater ballistic

missiles. On September 26, 1997, the U.S. Secretary of State and Russian Foreign Minister, along with their counterparts from Belarus, Kazakhstan and Ukraine, signed or initialed five agreements relating to the ABM Treaty. The agreements on demarcation and succession will be provided to the Senate for its advice and consent following Russian ratification of START II.

By banning all nuclear test explosions for all time, the Comprehensive Test Ban Treaty (CTBT) constrains the development of dangerous nuclear weapons, contributes to preventing nuclear proliferation and to the process of nuclear disarmament, and enhances the ability of the United States to monitor suspicious nuclear activities in other countries through a worldwide sensor network and on-site inspections. Nuclear tests in India and Pakistan in May 1998 make it more important than ever to move quickly to bring the CTBT into force and continue establishment of the substantial verification mechanisms

called for in the treaty. The President has submitted the treaty, which 150 nations have signed, to the Senate and has urged the Senate to provide its advice and consent this year. Prompt U.S. ratification will encourage other states to ratify,

enable the United States to lead the international effort to gain CTBT entry into force and strengthen international norms against nuclear testing. Multilateral and regional arms control efforts also increase U.S. and global security. We seek to strengthen the Biological Weapons Convention (BWC) with a new international regime to ensure compliance. At present, we are negotiating with other BWC member states in an effort to reach consensus on a protocol to the BWC that would implement an inspection system to deter and detect cheating. We are also working hard to implement and enforce the Chemical Weapons Convention (CWC). The United States Senate underscored the importance of these efforts with its April 24, 1997 decision, by a vote of 74-26, to give its advice and consent to ratification of the CWC. The next key step is legislation to implement full compliance with the commercial declarations and inspections that are required by the CWC.

In Europe, we are pursuing the adaptation of the 1990 Conventional Armed Forces in Europe (CFE) Treaty, consistent with the Decision on Certain Basic Elements adopted in Vienna on July 23, 1997 by all 30 CFE states. Success in this negotiation will ensure that this landmark agreement remains a cornerstone of European security into the 21st century and beyond. We continue to seek Russian, Ukrainian and Belarusian ratification of the 1992 Open Skies Treaty to increase transparency of military forces in Eurasia and North America. We also promote, through international organizations such as the Organization for Security and Cooperation in Europe (OSCE), implementation of confidence and

security-building measures, including the 1994 Vienna Document, throughout Europe and in specific regions of tension and instability-even where we are not formal parties to such agreements. The agreements mandated by the Dayton Accords demonstrate how innovative regional efforts can strengthen stability and reduce conflicts that could adversely affect U.S. interests abroad.

President Clinton is committed to ending the tragic damage to innocent civilians due to anti-personnel landmines (APLs). The United States has already taken major steps in the spirit that motivated the Ottawa Convention, while ensuring our ability to meet international obligations and provide for the safety and security of our men and women in uniform. On June 30, 1998, we met-one year ahead of schedule-the President's May 1996 commitment to destroy all of our non-self-destructing APLs by 1999, except those we need for Korea and demining training. To expand and strengthen the Administration policy on APLs that he announced on September 17, 1997, President Clinton signed Presidential Decision Directive 64 in June 1998. It directs the Defense Department to end the use of all APLs, even of self-destructing APLs, outside Korea by 2003 and to pursue aggressively the objective of having APL alternatives ready for Korea by 2006. We will also aggressively pursue alternatives to our mixed anti-tank systems that contain anti-personnel submunitions. We have made clear that the United States will sign the Ottawa Convention by 2006 if we succeed in identifying and fielding suitable alternatives to our self-destructing APLs and mixed anti-tank systems by then. Furthermore, in 1997 the Administration submitted for Senate advice and consent the Amended Landmine Protocol to the Convention on Conventional Weapons, which bans the unmarked, long-duration APLs that caused the worldwide humanitarian problem. We have established a permanent ban on APL

exports and are seeking to universalize an export ban through the Conference on Disarmament in Geneva. In 1998 we are spending \$80 million on humanitarian demining programs, more than double that of the previous year, and through our "Demining 2010" initiative have challenged the world to increase the effectiveness and efficiency of removing landmines that threaten civilians.

Nonproliferation Initiatives

Nonproliferation initiatives enhance global security by preventing the spread of WMD, materials for producing them and means of delivering them. That is why the Administration is promoting universal adherence to the international treaty regimes that prohibit the acquisition of weapons of mass destruction, including the Nuclear Non-Proliferation Treaty (NPT), the CWC and the BWC. The NPT was an indispensable precondition for the denuclearization of Ukraine, Kazakhstan, Belarus and South Africa. We also seek to strengthen the International Atomic Energy Agency (IAEA) safeguards system and achieve a Fissile Material Cutoff Treaty to cap the nuclear materials available for weapons. A coordinated effort by the intelligence community and law enforcement agencies to detect, prevent and deter illegal trafficking in fissile materials is also essential to our counter-proliferation efforts. The Administration also seeks to prevent destabilizing buildups of conventional arms and limit access to sensitive technical information, equipment and technologies by strengthening multilateral regimes, including the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies, the Australia Group (for chemical and biological weapons), the Missile Technology Control Regime (MTCR) and the Nuclear Suppliers Group. We are working to harmonize national export control policies, increase information sharing, refine control lists and expand cooperation against illicit

transfers.

Regional nonproliferation efforts are particularly important in three critical proliferation zones. On the Korean Peninsula, we are implementing the 1994 Agreed Framework, which requires full compliance by North Korea with nonproliferation obligations. In the Middle East and Southwest Asia, we encourage regional arms control agreements that address the legitimate security concerns of all parties and continue efforts to thwart and roll back Iran's development of weapons of mass destruction and Iraq's efforts to reconstitute its programs. In South Asia, we seek to persuade India and Pakistan to bring their nuclear and missile programs into conformity with international nonproliferation standards and to sign and ratify the CTBT.

Through programs such as the Nunn-Lugar Cooperative Threat Reduction Program and other initiatives, we aim to strengthen controls over weapons-usable fissile material and prevent the theft or diversion of WMD and related material and technology. We are working to strengthen the Convention on the Physical Protection of Nuclear Material to increase accountability and protection, which complements our effort to enhance IAEA safeguards. We are purchasing tons of highly enriched uranium from dismantled Russian nuclear weapons for conversion into commercial reactor fuel, and working with Russia to redirect former Soviet facilities and scientists from military to peaceful purposes.

To expand and improve U.S. efforts aimed at deterring proliferation of WMD by organized crime groups and individuals in the NIS and Eastern Europe, the Defense Department and FBI are

implementing a joint counter proliferation assistance program that provides appropriate training, material and services to law enforcement agencies in these

areas. The program's objectives are to assist in establishing a professional cadre of law enforcement personnel in these nations trained to prevent, deter and investigate crimes related to the proliferation and diversion of WMD or their delivery systems; to assist these countries in developing laws and regulations designed to prevent the illicit acquisition or trafficking of WMD, and in establishing appropriate enforcement mechanisms; and to build a solid legal and organization framework that will enable these governments to attack the proliferation problem at home and participate effectively in international efforts.

Military Activities

The U.S. military plays an essential role in building coalitions and shaping the international environment in ways that protect and promote U.S. interests. Through overseas presence and peacetime engagement activities such as defense cooperation, security assistance, and training and exercises with allies and friends, our armed forces help to deter aggression and coercion, promote regional stability, prevent and reduce conflicts and threats, and serve as role models for militaries in emerging democracies. These important efforts engage every component of the Total Force: Active, Reserve, National Guard and civilian.

Deterrence of aggression and coercion on a daily basis is crucial. Our ability to deter potential adversaries in peacetime rests on several factors, particularly on our demonstrated will and ability to uphold our security commitments when they are challenged. We have earned this reputation through both our declaratory policy, which clearly communicates costs to potential adversaries, and our credible warfighting capability. This capability is embodied in ready forces and equipment strategically stationed or deployed forward, in forces in the United States at the appropriate level of

readiness to
deploy and go into action when needed, in our ability to gain timely
access to
critical regions and infrastructure overseas, and in our demonstrated
ability to
form and lead effective military coalitions.

Our nuclear deterrent posture is one of the most visible and important
examples
of how U.S. military capabilities can be used effectively to deter
aggression and
coercion, as reaffirmed in a Presidential Decision Directive signed by
President
Clinton in November 1997. Nuclear weapons serve as a hedge against
an uncertain
future, a guarantee of our security commitments to allies and a
disincentive to
those who would contemplate developing or otherwise acquiring their
own nuclear
weapons. Our military planning for the possible employment of U.S.
nuclear
weapons is focused on deterring a nuclear war rather than attempting
to fight and
win a protracted nuclear exchange. We continue to emphasize the
survivability of
the nuclear systems and infrastructure necessary to endure a
preemptive attack
and still respond at overwhelming levels. The United States must
continue to
maintain a robust triad of strategic forces sufficient to deter any
hostile
foreign leadership with access to nuclear forces and to convince it that
seeking
a nuclear advantage would be futile. We must also ensure the
continued viability
of the infrastructure that supports U.S. nuclear forces and weapons.
The
Stockpile Stewardship Program will guarantee the safety and
reliability of our
nuclear weapons under the Comprehensive Test Ban Treaty.

While our overall deterrence posture-nuclear and conventional-has
been effective
against most potential adversaries, a range of terrorist and criminal
organizations may not be deterred by traditional deterrent threats. For
these
actors to be deterred, they must believe that any type of attack against
the
United States or its citizens will be attributed to them and that we will
respond

effectively and decisively to protect our national interests and ensure that justice is done.

Our military promotes regional stability in numerous ways. In Europe, East Asia and Southwest Asia, where the U.S. has clear, vital interests, the American military helps assure the security of our allies and friends. The reinforcement of U.S. forces in the Gulf from Fall 1997 to Spring 1998 clearly illustrates the importance of military power in achieving U.S. national security objectives and stabilizing a potentially volatile situation. The U.S. buildup made it clear to Saddam Hussein that he must comply with UN sanctions and cease hindering UNSCOM inspections or face dire consequences. It

also denied him the option of moving to threaten his neighbors, as he had done in past confrontations with the international community. Saddam's agreement to open the so-called "presidential sites" to UN inspection was a significant step toward ensuring that Iraq's WMD have been eradicated. It would not have been achieved without American diplomacy backed by force. Our decision maintain a higher continuous force level in the Gulf than we had before this most recent confrontation with Iraq will help deter Saddam from making further provocations and strengthen the resolve of our coalition partners in the Gulf.

We are continuing to adapt and strengthen our alliances and coalitions to meet the challenges of an evolving security environment. U.S. military forces prevent and reduce a wide range of potential conflicts in key regions. An example of such an activity is our deployment to the Former Yugoslav Republic of Macedonia to help prevent the spread of violence to that country. We assist other countries in improving their pertinent military capabilities, including peacekeeping and humanitarian response. With countries that are neither staunch friends nor known foes, military cooperation often serves as a positive means of engagement, building security relationships today that will contribute

to
improved relations tomorrow.

Our armed forces also serve as a role model for militaries in emerging democracies around the world. Our 200-year history of strong civilian control of the military serves as an example to those countries with histories of non-democratic governments. Through military-to-military activities and increasing links between the U.S. military and the military establishments of Partnership for Peace nations, for instance, we are helping to transform military institutions in Central and Eastern Europe, as well as in the Newly Independent States of the former Soviet Union.

International Law Enforcement Cooperation

As threats to our national security from drug trafficking, terrorism and international crime increase, development of working relations U.S. and foreign law enforcement and judicial agencies will play a vital role in shaping law enforcement priorities in those countries. Law enforcement agencies must continue to find innovative ways to develop a concerted, global attack on the spread of international crime.

Overseas law enforcement presence leverages resources and fosters the establishment of effective working relationships with foreign law enforcement agencies. U.S. investigators and prosecutors draw upon their experience and background to enlist the cooperation of foreign law enforcement officials, keeping crime away from American shores, enabling the arrest of many U.S. fugitives and solving serious U.S. crimes. This presence develops substantive international links by creating personal networks of law enforcement professionals dedicated to bringing international criminals to justice.

In addition, training foreign law enforcement officers is critical to combating international crime. Such training helps create professional law enforcement

organizations and builds citizen confidence in law enforcement officers, who understand and operate under the rule of law. Training also builds a common perspective and understanding of investigative techniques that helps shape international law enforcement priorities. The FBI and other federal law enforcement agencies have provided extensive law enforcement training at the International Law Enforcement Academy in Budapest, Hungary and elsewhere around the world. This training has proved to be enormously effective in developing professional law enforcement and security services in emerging democracies.

Environmental Initiatives

Decisions today regarding the environment and natural resources can affect our security for generations. Environmental threats do not heed national borders and can pose long-term dangers to our security and well-being. Natural resource scarcities can trigger and exacerbate conflict. Environmental threats such as climate change, ozone depletion and the transnational movement of hazardous chemicals and waste directly threaten the health of U.S. citizens. We have a full diplomatic agenda, working bilaterally and multilaterally to respond aggressively to environmental threats. The Global Environmental Facility (GEF) is an important instrument for this cooperation. With 161 member nations, the GEF is specifically focused on reducing cross-border environmental damage. Our Environmental Security Initiative joins U.S. agencies with foreign partners to address regional environmental concerns and thereby reduce the risk to U.S. interests abroad. We have also undertaken development of an environmental forecasting system to provide U.S. policymakers advance warning of environmental stress situations which have the potential for significant impact on U.S. interests.

At Kyoto in December 1997, the industrialized nations of the world agreed for the first time to binding limits on greenhouse gases. The agreement is strong and comprehensive, covering the six greenhouse gases whose concentrations are increasing due to human activity. It reflects the commitment of the United States to use the tools of the free market to tackle this problem. It will enhance growth and create new incentives for the rapid development of technologies through a system of joint implementation and emissions trading. The Kyoto agreement was a vital turning point, but we still have a lot of hard work ahead. We must press for meaningful participation by key developing nations. Multilateral negotiations are underway and we will pursue bilateral talks with key developing nations. We will not submit the Kyoto agreement for ratification until key developing nations have agreed to participate meaningfully in efforts to address global warming.

Additionally, we seek to accomplish the following:

- * achieve increased compliance with the Montreal Protocol through domestic and multilateral efforts aimed at curbing illegal trade in ozone depleting substances;
- * ratify the Law of the Sea Convention, implement the UN Straddling Stocks Agreement and help to promote sustainable management of fisheries worldwide;
- * implement the Program of Action on population growth developed at the 1994 Cairo Conference, lead a renewed global effort to address population problems and promote international consensus for stabilizing world population growth;
- * expand bilateral forest assistance programs and promote sustainable management of tropical forests;
- * achieve Senate ratification of the Convention to Combat Desertification;

- * negotiate an international agreement to ban twelve persistent organic pollutants, including such hazardous chemicals as DDT;
- * promote environment-related scientific research in other countries so they can better identify environmental problems and develop indigenous solutions for them;
- * increase international cooperation in fighting transboundary environmental crime, including trafficking in protected flora and fauna, hazardous waste and ozone-depleting chemicals;
- * ratify the Biodiversity Convention and take steps to prevent biodiversity loss, including support for agricultural research to relieve pressures on forests, working with multilateral development banks and others to prevent biodiversity loss in key regions, and use of the Convention on International Trade in Endangered Species to protect threatened species; and
- * continue to work with the Nordic countries and Russia to mitigate nuclear and non-nuclear pollution in the Arctic, and continue to encourage Russia to develop sound management practices for nuclear materials and radioactive waste.

Responding to Threats and Crises

Because our shaping efforts alone cannot guarantee the international security environment we seek, the United States must be able to respond at home and abroad to the full spectrum of threats and crises that may arise. Our resources are finite, so we must be selective in our responses, focusing on challenges that most directly affect our interests and engaging where we can make the most difference. Our response might be diplomatic, economic, law enforcement, or military in nature-or, more likely, some combination of the above. We must use the most appropriate tool or combination of tools-acting in alliance or partnership when our

interests are shared by others, but unilaterally when compelling national interests so demand. At home, we must forge an effective partnership of Federal, state and local government agencies, industry and other private sector organizations.

When efforts to deter an adversary-be it a rogue nation, terrorist group or criminal organization-occur in the context of a crisis, they become the leading edge of crisis response. In this sense, deterrence straddles the line between shaping the international environment and responding to crises. Deterrence in crisis generally involves signaling the United States' commitment to a particular country or interest by enhancing our warfighting capability in the theater. Forces in or near the theater may be moved closer to the crisis and other forces rapidly deployed to the area. The U.S. may also choose to make additional statements to communicate the costs of aggression or coercion to an adversary, and in some cases may choose to employ U.S. forces to underline the message and deter further adventurism.

The American people rightfully play a central role in how the United States wields its power abroad. The United States cannot long sustain a commitment without the support of the public, and close consultations with Congress are important in this effort. When it is judged in America's interest to intervene, we must remain clear in purpose and resolute in execution.

Transnational Threats

Today, American diplomats, law enforcement officials, military personnel, members of the intelligence community and others are increasingly called upon to respond to growing transnational threats, particularly terrorism, drug trafficking and international organized crime.

Terrorism

To meet the growing challenge of terrorism, President Clinton signed Presidential Decision Directive 62 in May 1998. This Directive creates a new and more systematic approach to fighting the terrorist threat of the next century. It reinforces the mission of the many U.S. agencies charged with roles in defeating terrorism; it also codifies and clarifies their activities in the wide range of U.S. counter-terrorism programs, including apprehension and prosecution of terrorists, increasing transportation security, and enhancing incident response capabilities. The Directive will help achieve the President's goal of ensuring that we meet the threat of terrorism in the 21st century.

Our policy to counter international terrorists rests on the following principles:

- (1) make no concessions to terrorists;
- (2) bring all pressure to bear on all state sponsors of terrorism;
- (3) fully exploit all available legal mechanisms to punish international terrorists; and
- (4) help other governments improve their capabilities to combat terrorism.

Following these principles, we seek to uncover and eliminate foreign terrorists and their support networks in our country; eliminate terrorist sanctuaries; and counter state-supported terrorism and subversion of moderate regimes through a comprehensive program of diplomatic, law enforcement, economic, military and intelligence activities. We are working to improve aviation security at airports in the United States and worldwide, to ensure better security for all U.S. transportation systems, and to improve protection for our personnel assigned overseas.

Countering terrorism effectively requires day-to-day coordination within the U.S. Government and close cooperation with other governments and international organizations. Foreign terrorists will not be allowed to enter the United States, and the full force of legal authorities will be used to remove

foreign terrorists from the United States and prevent fundraising within the United States to support foreign terrorist activity. We have seen positive results from the increasing integration of intelligence, diplomatic, military and law enforcement activities among the Departments of State, Justice, Defense, Treasury, Energy, Transportation, the CIA and other intelligence agencies. The Administration is working with Congress to increase the ability of these agencies to combat terrorism through augmented funding and manpower.

The United States has made concerted efforts to deter and punish terrorists and remains determined to apprehend and bring to justice those who terrorize American citizens. In January 1998, the United States signed the International Convention for the Suppression of Terrorist Bombings. The Convention fills an important gap in international law by expanding the legal framework for international cooperation in the investigation, prosecution and extradition of persons who engage in such bombings. Whenever possible, we use law enforcement and diplomatic tools to wage the fight against terrorism. But there have been, and will be, times when law enforcement and diplomatic tools are simply not enough, when our very national security is challenged, and when we must take

extraordinary steps to protect the safety of our citizens. As long as terrorists continue to target American citizens, we reserve the right to act in self defense by striking at their bases and those who sponsor, assist or actively support them. We exercised that right in 1993 with the attack against Iraqi intelligence headquarters in response to Baghdad's assassination attempt against former President Bush. We exercised that right again in August 1998.

On August 7, 1998, 12 Americans and nearly 300 Kenyans and Tanzanians lost their lives, and another 5,000 were wounded when our embassies in Nairobi and Dar es

Salaam were bombed. Soon afterward, our intelligence community acquired convincing information from a variety of reliable sources that the network of radical groups affiliated with Osama bin Laden, perhaps the preeminent organizer and financier of international terrorism in the world today, planned, financed and carried out the bombings. The groups associated with bin Laden come from diverse places, but share a hatred for democracy, a fanatical glorification of violence and a horrible distortion of their religion to justify the murder of innocents. They have made the United States their adversary precisely because of what we stand for and what we stand against.

On August 20, 1998, our Armed Forces carried out strikes against terrorist facilities and infrastructure in Afghanistan. Our forces targeted one of the most active terrorist bases in the world. It contained key elements of the bin Laden network's infrastructure and has served as a training camp for literally thousands of terrorists from around the globe. Our forces also attacked a factory in Sudan associated with the bin Laden network that was involved in the production of materials for chemical weapons. The strikes were a necessary and proportionate response to the imminent threat of further terrorist attacks against U.S. personnel and facilities. Afghanistan and Sudan had been warned for years to stop harboring and supporting these terrorist groups. Countries that persistently host terrorists have no right to be safe havens.

Placing terrorism at the top of the diplomatic agenda has increased international information sharing and law enforcement efforts. At the June 1997 Denver Summit of the Eight, the leaders of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States reaffirmed their determination to combat terrorism in all forms, their opposition to concessions to terrorist demands and

their determination to deny hostage-takers any benefits from their acts. They agreed to intensify diplomatic efforts to ensure that by the year 2000 all States have joined the international counterterrorism conventions specified in the 1996 UN resolution on measures to counter terrorism. The eight leaders also agreed to strengthen the capability of hostage negotiation experts and counterterrorism response units, to exchange information on technologies to detect and deter the use of weapons of mass destruction in terrorist attacks, to develop means to deter terrorist attacks on electronic and computer infrastructure, to strengthen maritime security, to exchange information on security practices for international special events, and to strengthen and expand international cooperation and consultation on terrorism.

International Crime

International crime is a serious and potent threat to the American people at home and abroad. Drug trafficking, illegal trade in firearms, financial crimes-such as money laundering, counterfeiting, advanced fee and credit card fraud, and income tax evasion-illegal alien smuggling, trafficking in women and children, economic espionage, intellectual property theft, computer hacking and public corruption are all linked to international criminal activity and all have a direct impact on the security and prosperity of the American people.

Efforts to combat international crime can have a much broader impact than simply halting individual criminal acts. The efficiency of the market place depends on transparency and effective law enforcement, which limit distorting factors such as extortion and corruption. A free and efficient market implies not only the absence of state control but also limits on unlawful activities that impede rational business decisions and fair competition. Additionally, the integrity and reliability of the international financial system will be improved

by
standardizing laws and regulations governing financial institutions
and improving
international law enforcement cooperation in the financial sector.

To address the increasing threat from these diverse criminal activities,
we have
formulated an International Crime Control Strategy that provides a
framework for
integrating the federal government response to international crime.
The
strategy's major goals and initiatives are to:

- * Extend our crime control efforts beyond U.S. borders by
intensifying activities
of law enforcement and diplomatic personnel abroad to prevent
criminal acts and
prosecute select criminal acts committed abroad.

- * Protect U.S. borders by enhancing our inspection, detection,
monitoring and
interdiction efforts, seeking stiffer criminal penalties for smuggling,
and
targeting law enforcement resources more effectively against
smugglers.

- * Deny safe haven to international criminals by negotiating new
international
agreements for evidence sharing and prompt arrest and extradition of
fugitives
(including nationals of the requested country), implementing
strengthened
immigration laws to prevent criminals from entering the United States
and provide
for their prompt expulsion when appropriate, and promoting increased
cooperation
with foreign law enforcement authorities.

- * Counter international financial crime by combating money
laundering and
reducing movement of criminal proceeds, seizing the assets of
international
criminals, enhancing bilateral and multilateral cooperation against
financial
crime, and targeting offshore sources of international fraud,
counterfeiting,
electronic access device schemes, income tax evasion and other
financial crimes.

* Prevent criminal exploitation of international trade by interdicting illegal technology exports, preventing unfair and predatory trade practices, protecting intellectual property rights, countering industrial theft and economic espionage, and enforcing import restrictions on harmful substances, dangerous organisms and protected species. In fiscal year 1997, the Customs Service seized \$59 million in goods and \$55 million in currency being taken out of the country illegally.

* Respond to emerging international crime threats by disrupting new activities of international organized crime groups, enhancing intelligence efforts, reducing trafficking in human beings (involuntary servitude, alien smuggling, document fraud and denial of human rights), crimes against children, and increasing enforcement efforts against high technology and computer-related crime.

* Foster international cooperation and the rule of law by establishing international standards, goals and objectives to combat international crime and by actively encouraging compliance, improving bilateral cooperation with foreign governments and law enforcement authorities, expanding U.S. training and assistance programs in law enforcement and administration of justice, and strengthening the rule of law as the foundation for democratic government and free markets.

The growing threat to our security from transnational crime makes international law enforcement cooperation vital. We are negotiating and implementing up-dated extradition and mutual legal assistance treaties that reflect the changing nature of international crime and prevent terrorists and criminals from exploiting national borders to escape prosecution. Moreover, since the primary motivation of most international criminals is greed, powerful asset seizure, forfeiture and money laundering laws are key tools for taking action against the

financial underpinnings of international crime. Increasing our enforcement powers through bilateral and multilateral agreements and efforts makes it harder for criminals to enjoy their ill-gotten gains. At the Birmingham Summit in May 1998, the leaders of the G-8 adopted a wide range of measures to strengthen the cooperative efforts against international crime that they launched at their summit in Lyon two years ago. They agreed to increase cooperation on transnational high technology crime, money laundering and financial crime, corruption, environmental crimes, and trafficking in drugs, firearms and women and children. They also agreed to fully support negotiations on a UN Convention on Transnational Organized Crime, which will broaden many of the efforts underway among the G-8 to the rest of the international community.

No area of criminal activity has greater international implications than high technology crime because of the global nature of information networks. Computer hackers and other cyber-criminals are not hampered by international boundaries, since information and transactions involving funds or property can be transmitted quickly and covertly via telephone and information systems. Law enforcement faces difficult challenges in this area, many of which are impossible to address without international consensus and cooperation. We seek to develop and implement new agreements with other nations to address high technology crime, particularly cyber-crime.

We are making a concerted effort at home and abroad to shut down the illicit trade in firearms, ammunition and explosives that fuels the violence associated with terrorism, drug trafficking and international crime. The President has signed legislation amending the Arms Export Control Act to expand our authority to monitor and regulate the activities of arms brokers and we have

intensified reviews of applications for licenses to export firearms from the United States to ensure that they are not diverted to illicit purposes. The Bureau of Alcohol, Tobacco and Firearms (ATF) has tightened up proof of residency requirements for aliens purchasing firearms from dealers in the United States, and ATF and the Customs Service have intensified their interdiction and investigative efforts at U.S. borders.

In the international arena, the United States is working with its partners in the G-8 and through the UN Crime Commission to expand cooperation on combating illicit arms trafficking. In November 1997, the United States and its partners in the Organization of American States (OAS) signed the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms-the first international agreement designed to prevent, combat and eradicate illegal trafficking in firearms, ammunition and explosives. We are now negotiating an international agreement that would globalize the OAS convention. Additionally, the ATF and Customs Service have provided training and assistance to other nations on tracing firearms, combating internal smuggling and related law enforcement topics.

Drug Trafficking

We have shown that with determined and relentless efforts, we can make significant progress against the scourge of drug abuse and drug trafficking. In the United States, drug use has dropped 49 percent since 1979. Recent studies show that drug use by our young people is stabilizing, and in some categories, declining. Overall, cocaine use has dropped 70 percent since 1985 and the crack epidemic has begun to recede. Today, Americans spend 37 percent less on drugs than a decade ago. That means over \$34 billion reinvested in our

society, rather than squandered on drugs.

The aim of the U.S. National Drug Control Strategy is to cut drug availability in the United States by half over the next 10 years-and reduce the consequences of drug use and trafficking by 25 percent over the same period-through expanded prevention efforts, improved treatment programs, strengthened law enforcement and tougher interdiction. Our strategy recognizes that, at home and abroad,

prevention, treatment and economic alternatives must be integrated with intelligence collection, law enforcement and interdiction. Its ultimate success will require concerted efforts by the public, all levels of government and the private sector together with other governments, private groups and international organizations.

Domestically, we seek to educate and enable America's youth to reject illegal drugs, increase the safety of America's citizens by substantially reducing drug-related crime and violence, reduce health and social costs to the public of illegal drug use, and shield America's air, land and sea frontiers from the drug threat. Working with Congress and the private sector, the Administration has launched a major antidrug youth media campaign and will seek to extend this program through 2002. With congressional support and matching dollars from the private sector, we will commit to a five-year, \$2 billion public-private partnership to educate our children to reject drugs.

In concert with our allies abroad, we seek to stop drug trafficking by reducing cultivation of drug-producing crops, interdicting the flow of drugs at the source and in transit (particularly in Central and South America, the Caribbean, Mexico and Southeast Asia), and stopping drugs from entering our country. The Strategy includes efforts to strengthen democratic institutions and root out corruption in

source nations, prosecute major international drug traffickers and destroy trafficking organizations, prevent money laundering and use of commercial air and maritime transportation for drug smuggling, and eradicate illegal drug crops and encourage alternate crop development or alternative employment in source nations. We seek to achieve a counterdrug alliance in this hemisphere, one that could serve as a model for enhanced cooperation in other regions.

The United States is aggressively engaging international organizations, financial institutions and non-governmental organizations in counternarcotics cooperation. At the Birmingham Summit in May 1998, the leaders of the G-8 endorsed the principle of shared responsibility for combating drugs, including cooperative efforts focused on both eradication and demand reduction. They agreed to reinforce cooperation on reducing demand and curbing trafficking in drugs and chemical precursors. They also agreed on the need for a global strategy to eradicate illicit drugs. The United States supports the UN International Drug Control Program's goal of dramatically reducing coca and opium poppy cultivation by 2008 and the program's efforts to combat drug production, trafficking and abuse in some of the most remote regions of the world. At the UN General Assembly Special Session on drug trafficking and abuse in June 1998, President Clinton and other world leaders strengthened existing international counterdrug institutions, reconfirmed the global partnership against drug abuse and stressed the need for a coordinated international approach to combating drug trafficking.

Emerging Threats at Home

Due to our military superiority, potential enemies, whether nations or terrorist groups, may be more likely in the future to resort to terrorist acts or other attacks against vulnerable civilian targets in the United States instead

of conventional military operations. At the same time, easier access to sophisticated technology means that the destructive power available to terrorists is greater than ever. Adversaries may thus be tempted to use unconventional tools, such as WMD or information attacks, to threaten our citizens, and critical national infrastructures.

Managing the Consequences of WMD Incidents

Presidential Decision Directive 62, signed in May 1998, established an overarching policy and assignment of responsibilities for responding to terrorist acts involving WMD. The Federal Government will respond rapidly and decisively to any terrorist incident in the United States, working with state and local governments to restore order and deliver emergency assistance. The Department of Justice, acting through the FBI, has the overall lead in operational response to a WMD incident. The Federal Emergency Management Agency (FEMA) supports the FBI in preparing for and responding to the consequences of a WMD incident.

The Domestic Terrorism Program is integrating the capabilities and assets of a number of Federal agencies to support the FBI, FEMA and state and local governments in consequence management. The program's goal is to build a capability in 120 major U.S. cities for first responders to be able to deal with WMD incidents by 2002. In fiscal year 1997, the Defense Department provided training to nearly 1,500 metropolitan emergency responders—firefighters, law enforcement officials and medical personnel—in four cities. In fiscal year 1998, the program will reach 31 cities. Eventually, this training will reach all cities via the Internet, video and CD ROM.

Under the Domestic Terrorism Program, the Defense Department will maintain military units to serve as augmentation forces for weapons of mass

destruction
consequence management and to help maintain proficiency of local
emergency
responders through periodic training and exercises. The National
Guard, with its
mission and long tradition of responding to national emergencies, has
an
important role to play in this effort. The President announced in May
1998 that
the Defense Department will train Army National Guard and reserve
elements to
assist state and local authorities to manage the consequences of a
WMD attack.
This training will be given to units in Massachusetts, New York,
Pennsylvania,
Georgia, Illinois, Texas, Missouri, Colorado, California and
Washington.

The Domestic Terrorism Program enlists the support of other agencies
as well.
The Department of Energy plans for and provides emergency
responder training for
nuclear and radiological incidents. The Environmental Protection
Agency plans
for and provides emergency responder training for hazardous
materials and
environmental incidents. The Department of Health and Human
Services, through
the Public Health Service and with the support of the Department of
Veterans
Affairs and other Federal agencies, plans and prepares for a national
response to
medical emergencies arising from the terrorist use of weapons of mass
destruction.

The threat of biological weapons is particularly troubling. In his May
1998
commencement speech at Annapolis, the President announced a
comprehensive
strategy to protect our civilian population from the scourge of
biological
weapons. There are four critical areas of focus:

* First, if a hostile nation or terrorists release bacteria or viruses to
harm
Americans, we must be able to identify the pathogens with speed and
certainty.
We will upgrade our public health and medical surveillance systems.
These

improvements will benefit not only our preparedness for a biological weapons attack—they will enhance our ability to respond quickly and effectively to outbreaks of emerging infectious diseases.

* Second, our emergency response personnel must have the training and equipment to do their jobs right. As described above, we will help ensure that federal, state and local authorities have the resources and knowledge they need to deal with a crisis.

* Third, we must have the medicines and vaccines needed to treat those who fall sick or prevent those at risk from falling ill because of a biological weapons attack. The President will propose the creation of a civilian stockpile of medicines and vaccines to counter the pathogens most likely to be in the hands of terrorists or hostile powers.

* Fourth, the revolution in biotechnology offers enormous possibilities for combating biological weapons. We will coordinate research and development efforts to use the advances in genetic engineering and biotechnology to create the next generation of medicines, vaccines and diagnostic tools for use against these weapons. At the same time, we must continue our efforts to prevent biotechnology innovations from being applied to development of ever more difficult to counter biological weapons.

Protecting Critical Infrastructures

Our military power and national economy are increasingly reliant upon interdependent critical infrastructures—the physical and information systems essential to the operations of the economy and government. They include telecommunications, energy, banking and finance, transportation, water systems and emergency services. It has long been the policy of the United States to

assure the continuity and viability of these critical infrastructures. But advances in information technology and competitive pressure to improve efficiency and productivity have created new vulnerabilities to both physical and

information attacks as these infrastructures have become increasingly automated and interlinked. If we do not implement adequate protective measures, attacks on our critical infrastructures and information systems by nations, groups or individuals might be capable of significantly harming our military power and economy.

To enhance our ability to protect these critical infrastructures, the President signed Presidential Decision Directive 63 in May 1998. This directive makes it U.S. policy to take all necessary measures to swiftly eliminate any significant vulnerability to physical or information attacks on our critical infrastructures, especially our information systems. We will achieve and maintain the ability to protect them from intentional acts that would significantly diminish the abilities of the Federal Government to perform essential national security missions and to ensure the general public health and safety. We will protect the ability of state and local governments to maintain order and to deliver minimum essential public services. And we will work with the private sector to ensure the orderly functioning of the economy and the delivery of essential telecommunications, energy, financial and transportation services. Any interruption or manipulation of these critical functions must be brief, infrequent, manageable, isolated and minimally detrimental to the welfare of the United States.

The National Infrastructure Protection Center (NIPC) integrates relevant federal, state, and local government entities as well as the private sector, and provides the national focal point for gathering information on threats to the infrastructures. It serves as a national resource for identifying and assessing

threats, warning about vulnerabilities, and conducting criminal investigations.

The NIPC will also coordinate the federal government's response to an incident, including mitigation, investigation and monitoring reconstruction efforts.

Smaller-Scale Contingencies

Smaller-scale contingency operations encompass the full range of military operations short of major theater warfare, including humanitarian assistance, peace operations, enforcing embargoes and no-fly zones, evacuating U.S. citizens, reinforcing key allies, and limited strikes and intervention. These operations will likely pose the most frequent challenge for U.S. forces and cumulatively require significant commitments over time. These operations will also put a premium on the ability of the U.S. military to work closely and effectively with other U.S. Government agencies, non-governmental organizations, regional and international security organizations and coalition partners.

Under certain circumstances the U.S. military may provide appropriate and necessary humanitarian assistance. Those circumstances are when a natural or manmade disaster dwarfs the ability of the normal relief agencies to respond or the need for relief is urgent, and the military has a unique ability to respond quickly with minimal risk to American lives. In these cases, the United States may intervene when the costs and risks are commensurate with the stakes involved and when there is reason to believe that our action can make a real difference. Such efforts by the United States and the international community will be limited in duration, have a clearly defined end state and be designed to give the affected country the opportunity to restore its own basic services. This policy recognizes that the U.S. military normally is not the best tool for addressing

long-term humanitarian concerns and that, ultimately, responsibility for the fate of a nation rests with its own people.

At times it will be in our national interest to proceed in partnership with others to preserve, maintain and restore peace. American participation in peace operations takes many forms, such as the NATO-led coalition in Bosnia, the American-led UN force in Haiti, the Military Observer Mission Ecuador and Peru (MOMEPE), and our participation in the multilateral coalition operation in the Sinai. The question of command and control in multinational operations is particularly critical. Under no circumstances will the President ever relinquish his constitutionally mandated command authority over U.S. forces, but there may be times when it is in our interest to place U.S. forces under the temporary operational control of a competent allied or United Nations commander.

Not only must the U.S. military be prepared to successfully conduct multiple smaller-scale contingencies worldwide, it must be prepared to do so in the face of challenges such as terrorism, information operations and the threat or use of weapons of mass destruction. U.S. forces must also remain prepared to withdraw from contingency operations if needed to deploy to a major theater war. Accordingly, appropriate U.S. forces will be kept at a high level of readiness and will be trained, equipped and organized to be multi-mission capable.

Major Theater Warfare

Fighting and winning major theater wars is the ultimate test of our Total Force—a test at which it must always succeed. For the foreseeable future, the United States, preferably in concert with allies, must remain able to deter and defeat large-scale, cross-border aggression in two distant theaters in overlapping time

frames. Maintaining such a capability deters opportunism elsewhere while we are heavily committed to deterring or defeating aggression in one theater, or while conducting multiple smaller-scale contingencies and engagement activities in other theaters. It also provides a hedge against the possibility that we might encounter threats larger or more difficult than we expected. A strategy for deterring and defeating aggression in two theaters ensures we maintain the capability and flexibility to meet unknown future threats, while continued global engagement helps preclude such threats from developing.

Fighting and winning major theater wars entails at least three particularly challenging requirements. First, we must maintain the ability to rapidly defeat initial enemy advances short of enemy objectives in two theaters, in close succession. The United States must maintain this ability to ensure that we can seize the initiative, minimize territory lost before an invasion is halted and ensure the integrity of our warfighting coalitions. To meet this challenge, the forces that would be first to respond to an act of aggression are kept at full readiness, and the forces that follow them are kept at a level that supports their being ready to deploy and go into action when called for in the operations plan for the contingency. Second, the United States must plan and prepare to fight and win under conditions where an adversary may use asymmetric means against us—unconventional approaches that avoid or undermine our strengths while exploiting our vulnerabilities. This is of particular importance and a significant challenge. Because of our dominance in the conventional military arena, adversaries who challenge the United States are likely to use asymmetric means, such as WMD, information operations or terrorism.

The WMD threat to our forces is receiving the special attention it deserves. We

are enhancing the preparedness of our Armed Forces to effectively conduct sustained operations despite the presence, threat or use of WMD. Such

preparedness requires the capability to deter, detect, protect against and respond to the use of WMD when necessary. The Administration has significantly increased funding to enhance biological and chemical defense capabilities and has begun the vaccination of military personnel against the anthrax bacteria, the most feared biological weapon threat today. These efforts reinforce our deterrent posture and complement our nonproliferation efforts by reducing the political and military value of WMD and their means of delivery.

We are enhancing our ability to defend against hostile information operations, which could in the future take the form of a full-scale, strategic information attack against our critical national infrastructures, government and economy-as well as attacks directed against our military forces. As other countries develop their capability to conduct offensive information operations, we must ensure that our national and defense information infrastructures are well protected and that we can quickly recognize, defend against and respond decisively to an information attack.

Third, our military must also be able to transition to fighting major theater wars from a posture of global engagement-from substantial levels of peacetime engagement overseas as well as multiple concurrent smaller-scale contingencies. Withdrawing from such operations would pose significant political and operational challenges. Ultimately, however, the United States must accept a degree of risk associated with withdrawing from contingency operations and engagement activities in order to reduce the greater risk incurred if we failed to respond adequately to major theater wars.

Our priority is to shape effectively the international environment so as to deter the onset of major theater wars. Should deterrence fail, however, the United States will defend itself, its allies and partners with all means necessary.

Preparing Now for an Uncertain Future

We must prepare for an uncertain future even as we address today's security problems. This requires that we keep our forces ready for shaping and responding requirements in the near term, while at the same time evolving our unparalleled capabilities to ensure we can effectively shape and respond in the future.

The 1997 Quadrennial Defense Review (QDR) struck a fine balance between near-term readiness, long-term modernization and quality of life improvements for our men and women in uniform. A key element of this balance was our decision to increase funding for modernization to protect long-term readiness. In this context we decided to make modest reductions in personnel, primarily in support positions, across the force structure. But in all these decisions we ensured that the high readiness levels of our forward-deployed and "first-to-fight" forces were maintained. While preparing for the challenges of the next century, the readiness of today's force remains one of our highest priorities. That is why the Administration, in partnership with the Congress, will continue to assure we maintain the best-trained, best-equipped and best-led military force in the world for the 21st Century.

Government-wide, we will continue to foster innovative approaches, capabilities, technologies and organizational structures to better protect American lives, property and interests at home and abroad. In our defense efforts, we will continue to explore new approaches for integrating the Active and Reserve

components into a Total Force optimum for future missions, modernize our forces, ensure the quality of military personnel, and take prudent steps to position ourselves to effectively counter unlikely but significant future threats. We will also continue our rapidly growing efforts to integrate and improve the capability of Federal, state and local agencies-and our private sector partners-to protect against and respond to transnational threats at home.

The military challenges of the 21st century, coupled with the aging of key elements of the U.S. force structure, require a fundamental transformation of our military forces. Although future threats are fluid and unpredictable, U.S. forces are likely to confront a variety of challenges across the spectrum of conflict, including efforts to deny our forces access to critical regions, urban warfare, information warfare, and attacks from chemical and biological weapons. To meet these challenges, we must transform our forces by exploiting the Revolution in Military Affairs. Improved intelligence collection and assessment coupled with modern information processing, navigation and command and control capabilities are at the heart of the transformation of our warfighting capabilities. Through a carefully planned and focused modernization program, we can maintain our technological superiority and replace Cold War-era equipment with new systems capable of taking full advantage of emerging technologies. With these advanced systems, the U.S. military will be able to respond rapidly to any contingency, dominate the battlespace and conduct day-to-day operations much more efficiently and effectively.

To support this transformation of our military forces, we will work cooperatively with the Congress to enact legislation to implement the Defense Reform Initiative, which will free up resources through a Revolution in Business Affairs. This revolution includes privatization, acquisition reform and

elimination of excess infrastructure through two additional base realignment and closure (BRAC) rounds in 2001 and 2005. The Revolution in Military Affairs and the Revolution in Business Affairs are interlocking revolutions: With both, and only with both, we will ensure that U.S. forces continue to have unchallenged superiority in the 21st century.

It is critical that we renew our commitment to America's diplomacy-to ensure we have the diplomatic representation required to support our global interests. This is central to our ability to remain an influential voice on international issues that affect our well-being. We will preserve that influence so long as we retain the diplomatic capabilities, military wherewithal and economic base to underwrite our commitments credibly.

We must continue aggressive efforts to construct appropriate twenty-first century national security programs and structures. The Defense Department, State Department and other international affairs agencies are similarly reorganizing to confront the

pressing challenges of tomorrow as well as those we face today. Federal, state and local law enforcement and emergency response agencies are enhancing their ability to deal with terrorist threats. Government and industry are exploring ways to protect critical national infrastructures. We will continue looking across our government to see if during this time of transition we are adequately preparing to meet the national security challenges of the next century.

Without preparing today to face the pressing challenges of tomorrow, our ability to exert global leadership and to create international conditions conducive to achieving our national goals would be in doubt. Thus, we must strive to strike the right balance between the near-term readiness requirements of shaping and

responding and the longer-term transformation requirements associated with preparing now for national security challenges in the twenty-first century.

Overarching Capabilities

Certain capabilities and technologies are critical to protecting the United States itself and to the worldwide application of U.S. national power for shaping the international environment and responding to the full spectrum of threats and crises.

Quality People

Quality people-military and civilian-are our most critical asset. The quality of our men and women in uniform will be the deciding factor in all future military operations. In order to fully realize the benefits of the transformation of our military forces, we must ensure that we remain the most fully prepared and best trained fighting force in the world. Our people will continue to remain the linchpin to successfully exploiting our military capabilities across the spectrum of conflict. To ensure the quality of our military personnel, we will continue to place the highest priority on initiatives and programs that support recruiting, quality of life, and the training and education of our men and women in uniform.

We must also have quality civilian personnel in the government agencies that support our national security, from our diplomatic corps, to the intelligence community and law enforcement. Effectively countering transnational threats requires personnel with a variety of highly specialized skills that either are not readily available in the private sector, or are in high demand in the private sector. Persons with advanced training in information technology are a prominent example. Recruiting and retaining quality people with requisite skills is a

significant challenge, and we are exploring innovative approaches for ensuring that government personnel needs are met.

Intelligence, Surveillance and Reconnaissance

Our intelligence, surveillance, and reconnaissance (ISR) capabilities are critical instruments for implementing our national security strategy. The U.S. intelligence community provides critical support to the full range of our activities abroad—diplomatic, military, law enforcement, and environmental. Comprehensive collection and analytic capabilities are needed to provide warning of threats to U.S. national security, give analytical support to the policy and military communities, provide near-real time intelligence in times of crisis while retaining global perspective, identify opportunities for advancing our national interests, and maintain our information advantage in the international arena.

ISR operations must cover a wider range of threats and policy needs than ever before. We place the highest priority on preserving and enhancing intelligence capabilities that provide information on states and groups that pose the most serious threats to U.S. security. Current intelligence priorities include states whose policies and actions are hostile to the United States; countries or other entities that possess strategic nuclear forces or control nuclear weapons, other WMD or nuclear fissile materials; transnational threats, including terrorism, international crime and drug trafficking; potential regional conflicts that might affect U.S. national security interests; intensified counterintelligence against foreign intelligence collection inimical to U.S. interests, including economic and industrial espionage; information warfare threats; and threats to U.S. forces and citizens abroad. Intelligence support is also required to develop and implement U.S. policies to promote democracy abroad, identify

threats to our information and space systems, monitor arms control agreements, support humanitarian efforts and protect the environment.

Our ISR capabilities include world-wide collection of news and media broadcasts, reporting from informants close to important events abroad, space-based and airborne collection of imagery and signals intelligence, and integrated, in-depth analysis of all these sources by highly skilled analysts. Exploiting our tremendous advantage in continuous, non-intrusive, space-based imaging and information processing, the ISR system provides the ability to monitor treaty compliance, military movements and the development, testing and deployment of weapons of mass destruction. Using ISR products to support diplomatic and military action contributes to global security by demonstrating that the United States is an invaluable ally, or would be a formidable foe.

U.S. intelligence capabilities were reviewed twice by independent panels in 1998. In the wake of the May 1998 Indian nuclear tests, retired Admiral David E. Jeremiah led a panel that examined the Intelligence Community's ability to detect and monitor foreign nuclear weapons programs. In July 1998, the Commission to Assess the Ballistic Missile Threat to the United States issued a report on the challenges we face in attempting to monitor the progress of foreign ballistic missile programs. Both reviews identified specific areas of intelligence collection and analysis that need improvement. The Intelligence Community is taking aggressive action to improve its capabilities in those areas and we will work closely with the Congress to address the recommendations in the two reports.

While our ISR capabilities are increasingly enhanced by and dependent upon advanced technologies, there remains no substitute for informed, subjective human judgment. We must continue to attract and retain enough highly

qualified people
to provide human intelligence collection, translation and analysis in
those many
emerging areas where there simply is no technological substitute, and
we must
forge strong links to the private enterprises and public institutions
whose
expertise is especially critical. Increased cooperation among the
agencies in
the Intelligence Community and the fusion of all intelligence
disciplines provide
the most effective collection and analysis of data on high priority
intelligence
issues.

We must also be mindful of the continuing need for effective security
and
counterintelligence programs. To protect sensitive national security
information, we must be able to effectively counter the collection
efforts of
foreign intelligence services through vigorous counterintelligence
efforts,
comprehensive security programs and constant evaluation of the
intentions and
targets of foreign intelligence services. Counterintelligence remains
integral
to and underlies the entire intelligence mission, whether the threat
comes from
traditional espionage or the theft of our vital economic information.
Countering
foreign efforts to gather technological, industrial and commercial
information
requires close cooperation between government and the private sector.
Awareness
of the threat and adherence to prescribed personnel, information and
physical
security standards and procedures, based on risk management
principles, are
critical.

Space

We are committed to maintaining our leadership in space. Unimpeded
access to and
use of space is essential for protecting U.S. national security,
promoting our
prosperity and ensuring our well-being in countless ways.

Space has emerged in this decade as a new global information utility
with

extensive political, diplomatic, military and economic implications for the United States. We are experiencing an ever-increasing migration of capabilities to space as the world seeks to exploit the explosion in information technology. Telecommunications, telemedicine, international financial transactions and global entertainment, news, education, weather and navigation all contribute directly to the strength of our economy-and all are dependent upon space capabilities. Over 500 US companies are directly involved in the space industry, with 1996 revenues of \$77 billion projected to reach \$122 billion by 2000.

Our policy is to promote development of the full range of space-based capabilities in a manner that protects our vital security interests. We will deter

threats to our interests in space and, if deterrence fails, defeat hostile efforts against U.S. access to and use of space. We will also maintain the ability to counter space systems and services that could be used for hostile purposes against our ground, air and naval forces, our command and control system, or other capabilities critical to our national security. We are carefully regulating U.S. commercial space-based remote sensing to ensure that space imagery is not used to the detriment of U.S. security interests. At the same time, we will continue efforts to prevent the spread of weapons of mass destruction to space, and continue to form global partnerships with other space-faring nations across the spectrum of economic, political, environmental and security issues. These efforts require a balanced approach across all types of U.S. space assets-national security, military, and commercial. We will remain vigilant to ensure that we do not compromise our technological superiority while promoting partnerships in space.

Missile Defense

We have robust missile defense development and deployment programs focused on systems to protect deployed U.S. forces and our friends and allies against theater ballistic missiles armed with conventional weapons or WMD. These systems will complement and strengthen our deterrence and nonproliferation efforts by reducing incentives to develop or use WMD. Significantly, Presidents Clinton and Yeltsin agreed at the Helsinki Summit to maintain the ABM Treaty as a cornerstone of strategic stability, yet adapt it to meet the threat posed by shorter-range missiles—a threat we seek to counter with U.S. theater missile defense (TMD) systems. The ABM-TMD demarcation agreement signed in New York on September 26, 1997 helps clarify the distinction between ABM systems, which the ABM Treaty limits, and TMD systems, which the ABM Treaty does not limit. The demarcation agreement does not limit any current U.S. core TMD programs, all of which have been certified by the United States as compliant with the ABM Treaty.

Although it remains the view of the intelligence community that it is unlikely that countries other than Russia, China and perhaps North Korea will deploy an ICBM capable of reaching any part of the U.S. before 2010, we are developing, consistent with our obligations under the ABM Treaty, a limited national missile defense capability that would position the U.S. to make a decision as early as the year 2000 to deploy within three years a credible national missile defense system.

National Security Emergency Preparedness

We will do all we can to deter and prevent destructive and threatening forces such as terrorism, WMD use, disruption of our critical infrastructures, natural disasters and regional or state-centered threats from endangering our citizens. But if an emergency occurs, we must also be prepared to respond

effectively at home and abroad to protect lives and property, mobilize the personnel, resources and capabilities necessary to effectively handle the emergency, and ensure the survival of our institutions and national infrastructures. National security emergency preparedness is imperative, and comprehensive, all-hazard emergency planning by Federal departments, agencies and the military continues to be a crucial national security requirement.

Overseas Presence and Power Projection

Due to our alliance commitments and other vital interests overseas, we must have a force structure and deployment posture that enable us to successfully conduct military operations across the spectrum of conflict, often in theaters distant from the United States. Maintaining a substantial overseas presence promotes regional stability by giving form and substance to our bilateral and multilateral security commitments and helps prevent the development of power vacuums and instability. It contributes to deterrence by demonstrating our determination to defend U.S., allied, and friendly interests in critical regions and better positions the United States to respond rapidly to crises. Equally essential is effective and efficient global power projection, which is the key to the

flexibility demanded of our forces and ultimately provides our national leaders with more options in responding to potential crises and conflicts. Being able to project power allows us to shape, deter, and respond even when we have no permanent presence or a limited infrastructure in the region.

Extensive transportation, logistics and command, control, communications and intelligence (C3I) capabilities are unique U.S. strengths that enhance our conventional deterrent and helps to shape the international environment. Strategic mobility allows the United States to be first on the scene with

assistance in many national or international crises and is a key to successful American leadership and engagement. The deployment of US and multinational forces requires maintaining and ensuring access to sufficient fleets of aircraft, ships, vehicles and trains, as well as bases, ports, prepositioned equipment and other infrastructure. The United States must have a robust Defense Transportation System, including both military assets and U.S. flag commercial sealift and airlift, to remain actively engaged in world affairs.

Our need for strategic mobility to deploy our forces overseas is one of the primary reasons we are committed to gaining Senate advice and consent to ratification of the Law of the Sea Convention. Need for this treaty arose from the breakdown of customary international law as more and more nations unilaterally declared ever larger territorial seas and other claims over the oceans that threatened the global access and freedom of navigation that the United States must have to protect its vital national interests. In addition to lending the certainty of the rule of law to an area critical to our national security, the treaty protects our economic interests and preserves our leadership in global ocean policy. The Law of the Sea Convention thus buttresses the strategic advantages that the United States gains from being a global power.

Promoting Prosperity

The second core objective of our national security strategy is to promote America's prosperity through efforts at home and abroad. Our economic and security interests are inextricably linked. Prosperity at home depends on stability in key regions with which we trade or from which we import critical commodities, such as oil and natural gas. Prosperity also demands our leadership in international development, financial and trade institutions. In turn, the

strength of our diplomacy, our ability to maintain an unrivaled military and the attractiveness of our values abroad depend in large part on the strength of our economy.

Strengthening Macroeconomic Coordination

As national economies become more integrated internationally, the United States cannot thrive in isolation from developments abroad. Our economic health is vulnerable to disturbances that originate outside our borders. As such, cooperation with other states and international organizations is vital to protecting the health of the global economic system and responding to financial crises.

The recent financial troubles in Asia have demonstrated that global financial markets dominated by private capital flows provide both immense opportunities and great challenges. Developing ways to strengthen the international financial architecture is an urgent and compelling challenge. At the November 1997 Asia Pacific Economic Cooperation Forum (APEC) meeting, President Clinton and the other APEC leaders agreed to hold a series of meetings of finance ministers and central bank governors to address the Asian financial crisis and international financial reform. The meetings began in February 1998 with representatives from 22 countries and observers from the major international financial institutions. The on-going efforts of this group, commonly referred to as the Willard Group or G-22, has helped to identify measures to prevent and better manage financial crises and reform the international financial system.

The ultimate objective of our reform efforts is a stable, resilient global financial system that promotes strong global economic growth providing benefits broadly to workers and investors in all countries. International financial institutions, particularly the International Monetary Fund (IMF), have

a critical role to play in this effort by promoting greater openness and transparency, by building strong national financial systems, and by creating mechanisms so that the private sector shares more fully in the responsibility for preventing and resolving crises.

Openness and Transparency: For capital to flow freely and safely to where it can be used most efficiently to promote growth, high quality information about each economy and investment opportunity must also be freely available. The IMF introduced the Special Data Dissemination Standard (SDDS) in 1996 to improve the information collection and publication practices of countries accessing international capital markets. At present, 45 countries subscribe to the SDDS, but we need to encourage those IMF members who do not subscribe but seek access to international capital markets-particularly emerging market economies-to participate in the SDDS. International financial institutions also have a responsibility to make their activities open and transparent as a means of enhancing their credibility and accountability. The IMF recently has shown leadership in promoting openness and transparency; however, more needs be done in this area.

Financial Sector Reform: The IMF's recent review of the Asian crisis experience highlighted the key role played by the domestic financial sector as the flash point and transmission mechanism for the crisis and contagion. Rapid growth and expanding access to international capital had run ahead of the development in countries in trouble of a genuine credit culture to assess risk and channel investment efficiently and of an effective financial sector regulatory and supervisory mechanism. The situation was further exacerbated by inconsistent macroeconomic policies, generous explicit and implicit government

guarantees,
significant injections of public funds to provide liquidity support to
weak
institutions, and to some extent capital controls that distorted the
composition
of capital flows.

Crisis Resolution: Our efforts to reduce the risks of crises caused by
poor
policy or investor decisions need to be complemented by measures to
equip
investors, governments and the international financial system with the
means to
deal with those crises that do occur. The IMF plays the central role in
the
system by providing conditional international assistance to give
countries the
breathing room to stabilize their economies and restore market
confidence. Two
U.S.-inspired initiatives have enhanced the IMF's role: the Emergency
Financing
Mechanism, which provides for rapid agreement to extraordinary
financing requests
in return for more intense regular scrutiny, and the Supplemental
Reserve
Facility, which enables the IMF to lend at premium rates in short-term
liquidity
crises and improve borrower incentives. To fulfill its crisis resolution
responsibility, the IMF must have adequate resources. We are
concerned that IMF
liquidity has fallen to dangerously low levels that could impair the
Fund's
capacity to respond to renewed pressures and meet normal demands.
The
Administration is making an intensive effort to obtain the necessary
Congressional approval to meet our obligations to the IMF.

Recent crises have brought home that in a global financial market we
need to find
more effective mechanisms for sharing with the private sector the
burden of
managing such problems. In a world in which trillions of dollars flow
through
international markets every day, there is simply not going to be
enough official
financing to meet the crises that could take place. Moreover, official
financing
should not absolve private investors from the consequences of
excessive
risk-taking and thus create the "moral hazard" that could plant the

seeds of
future crises.

Broadening the Financial Reform Agenda: In recent years, the IMF has broadened its perspective to take account of a wider range of issues necessary for economic growth and financial stability. It is seeking to create a more level playing field in which private sector competition can thrive; reduce unproductive government spending, including excessive military expenditures and subsidies and guarantees to favored sectors and firms; protect the most vulnerable segments of society from bearing the brunt of the burden of adjustment; and encourage more effective participation by labor and the rest of civil society in the formulation and implementation of economic policies, including protection of labor rights.

The United States and the other leading industrialized nations are also promoting a range of World Bank and regional development bank reforms that the United States has been urging for a number of years. Key elements include substantially increasing the share of resources devoted to basic social programs that reduce poverty; safeguarding the environment; supporting development of the private sector and open markets; promotion of good governance, including measures to fight corruption and improve the administration of justice; and internal reforms of the multilateral development banks (MDBs) to make them more efficient. Furthermore, international financial institutions such as the IMF and MDBs have played a strong role in recent years in countries and regions of key interest to the United States, such as Russia, the Middle East, Haiti and Bosnia.

Enhancing American Competitiveness

We seek to ensure a business environment in which the innovative and competitive efforts of the private sector can flourish. To this end, we will continue to

encourage the development, commercialization and use of civilian technology. We will invest in a world-class infrastructure for the twenty-first century, including the national information and space infrastructure essential for our knowledge-based economy. We will invest in education and training to develop a workforce capable of participating in our rapidly changing economy. And we will continue our efforts to open foreign markets to U.S. goods and services.

Enhancing Access to Foreign Markets

In a world where over 95 percent of the world's consumers live outside the United States, we must expand our international trade to sustain economic growth at home. Our prosperity as a nation in the twenty-first century will depend upon our ability to compete effectively in international markets. The rapidly

expanding global economy presents enormous opportunities for American companies and workers. Over the next decade the global economy is expected to grow at three times the rate of the U.S. economy. Growth will be particularly powerful in many emerging markets. If we do not seize these opportunities, our competitors surely will. We must continue working hard to secure and enforce agreements that protect intellectual property rights and enable Americans to compete fairly in foreign markets. Trade agreement implementing authority is essential for advancing our nation's economic interests. Congress has consistently recognized that the President must have the authority to break down foreign trade barriers and create good jobs. Accordingly, the Administration will work with Congress to fashion an appropriate grant of fast track authority.

The Administration will continue to press our trading partners-multilaterally, regionally and bilaterally-to expand export opportunities for U.S. workers, farmers and companies. We will position ourselves at the center of a constellation of trade relationships-such as the World Trade

Organization, APEC, the Transatlantic Marketplace and the Free Trade Area of the Americas (FTAA). We will seek to negotiate agreements, especially in sectors where the U.S. is most competitive-as we did in the Information Technology Agreement and the World Trade Organization (WTO) Financial Services and Telecommunications Services Agreements. As we look ahead to the next WTO Ministerial meeting, to be held in the United States in late 1999, we will aggressively pursue an agenda that addresses U.S. trade objectives. We will also remain vigilant in enforcing the trade agreements reached with our trading partners. That is why the U.S. Trade Representative and the Department of Commerce created offices in 1996 dedicated to ensuring foreign governments are fully implementing their commitments under these agreements.

Promoting an Open Trading System

The successful conclusion of the Uruguay Round of negotiations under the General Agreement on Tariffs and Trade significantly strengthened the world trading system. The U.S. economy is expected to gain over \$100 billion per year in GDP once the Uruguay Round is fully implemented. The Administration remains committed to carrying forward the success of the Uruguay Round and to the success of the WTO as a forum for openly resolving disputes.

We have completed the Information Technology Agreement (ITA) which goes far toward eliminating tariffs on high technology products and amounts to a

global annual tax cut of \$5 billion. We look to complete the first agreement expanding products covered by the ITA in 1998. We also concluded a landmark WTO agreement that will dramatically liberalize world trade in telecommunications services. Under this agreement, covering over 99 percent of WTO member telecommunications revenues, a decades old tradition of

telecommunications
monopolies and closed markets will give way to market opening
deregulation and
competition-principles championed by the United States.

The WTO agenda includes further negotiations to reform agricultural
trade,
liberalize service sector markets, and strengthen protection for
intellectual
property rights. At the May 1998 WTO Ministerial, members agreed
to initiate
preparations for these negotiations and to consider other possible
negotiating
topics, including issues not currently covered by WTO rules. These
preparatory
talks will continue over the course of the next year so that the next
round of
negotiations can be launched at the 1999 WTO ministerial meeting in
the United
States.

We also have a full agenda of accession negotiations with countries
seeking to
join the WTO. As always, the United States is setting high standards
for
accession in terms of adherence to the rules and market access.
Accessions offer
an opportunity to help ground new economies in the rules-based
trading system and
reinforce their own reform programs. This is why we will take an
active role in
the accession process dealing with the 32 applicants currently seeking
WTO
membership.

Through Organization for Economic Cooperation and Development
(OECD) negotiations
of a Multilateral Agreement on Investment, we are seeking to
establish clear
legal standards on expropriation, access to binding international
arbitration for
disputes and unrestricted investment-related transfers across borders.
Also in
the OECD, the United States is taking on issues such as corruption
and labor
practices that can distort trade and inhibit U.S. competitiveness. We
seeking to
have OECD members outlaw bribery of foreign officials, eliminate
the tax
deductibility of foreign bribes, and promote greater transparency in