



CENTER FOR GLOBAL DEVELOPMENT

**ON THE BRINK: WEAK STATES AND U.S.
NATIONAL SECURITY**

9:30 a.m. - 12:00 noon
Tuesday, June 8, 2004

Senate Dirksen Office Building
Room SD-106
Washington, D.C.

[TRANSCRIPT PREPARED FROM A TAPE RECORDING.]

A G E N D A

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Keynote Address by:

Senator Joseph E. Biden
United States Senator (D-DE)

Policy Roundtable with:

John Edward Porter
Co-Chair, Commission on Weak States and U.S.
National Security, Partner, Hogan & Hartson, LLP

Stuart E. Eizenstat
Co-Chair, Commission on Weak States and
U.S. National Security; Partner, Covington & Burling

John J. Hamre
President, Center for Strategic and International
Studies (CSIS); Former Secretary of Defense

Mark Malloch Brown
Administrator,
United Nations Development Programme (UNDP)

Moderator:

Jeremy M. Weinstein
Research Fellow and Project Director, Center for
Global Development

PROCEEDINGS

MS. BIRDSALL: Good morning, everyone. I'm Nancy Birdsall, the President of the Center for Global Development. It is fitting that we are in this place and on this day to launch this report.

As a way of remembering President Ronald Reagan, I wanted to make the point that the report we're launching here today is infused with the same spirit of can-do, bipartisan, pragmatic pragmatism and faith and belief in American leadership, which Reagan's presidency brought to us during the Cold War. We now have a much more complicated set of wars that we're fighting against poverty, disease, political repression, terrorism, in which it is the weakness of the counterpart that is the greatest threat to us, not their strength.

The Center for Global Development has a mission. It is to reduce poverty and inequality in the world, and to do that, in large part, by focusing on the policies of the United States and the other industrialized countries and trying to ensure that they are as good as possible with respect to improving lives in the developing world. We were founded just two months after 9/11, and it was natural that we would begin thinking about the connection between the fight against global terrorism and the fight against global poverty. And that is how this report was borne.

Let me say that we were incredibly fortunate to have an outstanding set of Co-Chairs to lead this report--you will be hearing from them today, former Senator John Edward Porter and Stuart Eizenstat--and to have the incredible leadership of the Project Director, Jeremy Weinstein. You will also hear from him today.

We have many of the Commission members in the room. And I want to tell you that this was not your normal Washington Commission. This is a group of people who fought together, who sat together, who conversed, who debated and, in the end, who truly came to a consensus on the recommendations that are included in this report.

The Commissioners are here in the front row. We do have press here. You are welcome to come and find them and come and talk to them after the session. This whole session is, by the way, on the record.

We're also fortunate to have today with us Mark Malloch Brown, the Administrator of the United Nations Development Programme, and John Hamre, the President of the Center for Strategic and International Studies. You will hear from all of them in a few minutes.

First, and now I have the pleasure and the honor of introducing to you Senator Joseph Biden, who was first elected to the Senate--I was even surprised--in 1972. I won't tell you how hold he was then. You all know he's a key player on issues of foreign policy and national security and civil liberties. It was logical for us to ask him to be with us. He has already shown or he has again shown leadership in recent months by sponsoring, with

Senator Lugar, the bill that would enhance U.S. post-conflict reconstruction capabilities--one of the issues that obviously arises in this report.

In the end, let me say why it's not only fitting to be here today, on this day, with respect to memories of Ronald Reagan, but also in this place, because the Commission report is focused very much on what can be done to enhance U.S. leadership. We could not be in a better place, with a better speaker to start us off, than here on Capitol Hill.

Senator Biden?

[Applause.]

SENATOR BIDEN: Thank you very much, Nancy. I will tell you how old I was when I started, so you don't think I'm as old as I appear.

[Laughter.]

There are only five members of the Senate, to the younger people in the audience, who have been here longer than me at this point, but I want the record to show 56 are still older. I got here when I was 29. I know I look 75, but I am not.

[Laughter.]

Nancy, thank you for your kind introduction, and thanks to Ambassador Eizenstat, Congressman Porter. I said to the Congressman, "Are things as good as he looks now?" It's amazing, when everybody leaves the House and the Senate, they look so great, and they can afford to buy suits.

[Laughter.]

And it's great to be with you.

And all of the distinguished and accomplished members of this Commission that you've assembled, including Dr. Jeremy Weinstein, the Project Director, and welcome, Mr. Brown and Dr. Hamre, whom we have called on a great deal over the past two years on the Foreign Relations Committee.

This Commission, and the report that you bring us today, not only confirmed the stature of the Center, they demonstrate why the work of the Center will be indispensable in this extraordinary and difficult time we find ourselves in.

Let me begin by saying the weak states that are a subject of this report are cracks in the very foundation of our international system. And left untended, they can, and I believe they will, threaten the entire edifice of political and economic stability in the war. I know that everyone in this room, and everyone on the Commission, already recognizes this fact. And this report will make it clear to a much wider audience.

It makes clear the new kinds of security threats that weak and failed states present. That alone is a point that must be driven home to our fellow Americans. The new threats have radically changed the world that we now live in.

Just as importantly, the report provides a blueprint to fashion an effective response to these threats. It makes clear specific recommendations to refocus our attention, allocate our resources and reform our institutions. The threats to our security from weak and failed states are very different from states that we're used to, and very different from the threats, quite frankly, we're prepared to face.

It is not new that they are poor countries. It is not new that there are poor countries on our planet nor is it new that these same countries often suffer under corrupt, incompetent and misguided governments. What is new in today's world is the effect on our lives, the threat to our security that can come from these age-old sources of human misery, poverty and ineffective governments, incompetent and misguided governments.

Now, the very symbols of the technological superiority of our age, from the cell phone, to the Internet, to jetliners, have been transformed into records in the hands of those who are the declared enemies of our way of life. They allow stateless actors to reach out from shadows from weak and failed states to attack us here in our own country and in other countries around the world. And these states can destabilize their neighbors and the whole region, creating humanitarian crises as severe as any natural disaster.

With the proliferation of chemical, biological and even, over time, nuclear weapons, weak and failed states represent more profound and frightening threats whether those weapons are in the hands of rogue governments or in the hands of people beyond the control of any government.

Failed states are fertile ground for drug production and trafficking, feeding on our own drug problems here. With the scourge of AIDS and other diseases that know no borders, we cannot afford the existence of more states that cannot feed, house, educate or inoculate their own citizens.

For all of these reasons, we ignore failed states at our own peril. We have both a humanitarian obligation, which many in the Commission have been preaching for some time and not often listened to, but we also now have a national security mandate to pay attention beyond the humanitarian obligation we have. That clear message and report, in my view, makes it required reading for all.

What can we do? The Commission, has challenged us with a clear list of specific proposals that will demand, as I said, that we refocus our attention, reallocate our resources, and the most difficult piece, in my view, reform our institutions. I think that's going to be the single most difficult piece.

You will hear a lot more about these recommendations from Ambassador Eizenstat, and Congressman Porter, along with Mr. Brown and Dr. Hamre as they discuss this report in a few minutes, but I want to highlight a few of them.

First, the severity and urgency of the threats from weak and failed states demand that we take seriously, for our own safety's sake, the task of economic development. For my own part, I was encouraged to see broader and deeper debt relief among the very specific first steps that need to be taken to get the poorest of the poorer countries on their feet. I know, parenthetically, that while we are working very hard, and the administration is attempting to recoup some of the failed opportunities that existed in Iraq, we still have not settled on the issue of debt relief for Iraq, which is something that hadn't even been in the press, but is going to, if we're lucky and things start to get a little better, it's going to rear its ugly head very, very, very rapidly.

Reforms now in law from HIPC program that I introduced with Senator Santorum that seek to find a more flexible, sustainable and effective approach to debt relief, to what Secretary Snow has put in that new formula, allegedly, is going to be, as we speak today, this new formula is going to be put on the table at the G8 Summit that is taking place in Sea Island, Georgia, right now.

As we seek ways to reduce the debt burden that Iraq has inherited from Saddam's regime, we should remember that same approach can help other countries that are now on the brink. The President's new Millennium Challenge Account offers, in my view, an important new approach to economic development assistance, rewarding those countries that have shown progress in the basic reforms that are necessary to create stable growth.

But there is a risk that the Millennium Challenge Corporation will do the cooking, and it will fall to others to do the dishes. We must make sure that any countries whose instability can threaten us receives the attention that it needs.

Next, more attention and resources directed towards stabilizing countries on the brink must be backed up by better organization of our own institutions. We need to be smarter. To do that, we need to have a better coordination and more flexible institutional structure here in this country.

In December of last year, Chairman Lugar and I began discussions with experts, some of whom are on this Commission, from in and outside of government, including those who are at State and Defense now, whether the United States is adequately organized and equipped and its personnel trained to deal with post-conflict reconstruction. The answer is clearly we are not, but there is an effort underway, led by Senator Lugar, to try to rationalize the institutions that are at our disposal and to make recommendations to this and the next administration as to how we can, and must, proceed. For, unfortunately, there will be other crises. There will be other Milosevics. There will be other Saddam Husseins. There will be a need for this reorganization.

We must make sure that we are faster on our feet and that we don't let artificial lines on bureaucratic charts deny us the people and the resources we need.

To that end, Chairman Lugar and I have introduced the Stabilization and Reconstruction Civilian Management Act. That's a long, long title with a hell of a mouthful. But this legislation, among other things, would create a Rapid Response Corps that is able to respond to both emerging threats and emerging opportunities. I was gratified to see that our proposal fits, as I see it, neatly within the thinking of the Commission.

I am also encouraged that the administration appears to be moving in the direction of creating better mechanisms to coordinate civilian activities within the State Department. This is a first step toward addressing the serious voids in the ability of our agencies to effectively respond to complex stabilization emergencies.

We also need to do more to give individuals the ability to use their skills, ability, and initiative to contribute to post-conflict reconstruction efforts. I would note, parenthetically, that this is one of the most prestigious commissions, in terms of the personnel that make it up, that I have had the honor of being involved with in any way. Think of the resources they all have to bring to bear. That should be institutionalized in a way not just with them, but the thousands of other people who do not hold governmental positions at all, but who are able to contribute in an extraordinary way to reconstruction and stabilization, and we have to figure out how to tap that.

Again, I'd note parenthetically that we made an effort at that immediately after the Berlin Wall came down, and we started a thing called the SEED Program with regard to the former Soviet Union, where we took advantage of former chief executives of major companies in the world who were in the United States prepared to participate, academics, constitutional scholars. There has got to be a better way, a better way to institutionalize and take advantage of these incredible resources that are available to us.

And, to that end, I've introduced legislation to create the return of Talent Visa Program, which would allow legal immigrants in the United States to return to their countries of origin to help with reconstruction of their countries without their time out of the United States affecting their ability to meet the requirements of obtaining U.S. citizenship which, for them, is their number one goal. I am pleased that this proposal is also supported by the Commission.

And, finally, we are not in this alone. Virtually, all of the civilized world faces the same threats from terrorism, violence, disease and instability that can breed in weak and failed states. Without allies, without friends, without added resources, meaning resources beyond those of the United States of America, I don't believe our efforts can succeed.

As the Commission put it in the report, "We must leverage our resources with these or those nations who have the same interest as we do." The same logic that compels us to act applies to them. It should compel them to act, but we have to engage them. We have

to speak with them. We have to remind them, and we have to be prepared to cooperate with them.

Together, we can do more to meet this common thread. Over the years, the Bretton Woods Institutions, the United Nations and other multilateral entities have been created to meet evolving challenges. I hope this report marks the beginning of the end of, as the kids used to say, the "dissing" of international institutions. Most of them were created by my father, and mother, and grandfather and grandmother's generation to enable us to meet our obligations more clearly and with less effort, with less effort. This notion of unilaterally concluding how we are going to preserve our place in the world, I hope, I hope is one of the casualties of our recent encounters in the Middle East.

The new threats we face demand we reform these institutions to meet the very different task of stabilizing and supporting weak and failed states. I know nation building has been a dirty word in some corners, but we better get about the business of learning how to do it. I don't know where in the hell everyone was the previous 50 years. I thought that's what we did. Everybody tells us we cannot do that. We did that in Germany. We did that in Western Europe. We did that in Japan, and consequently we're able to begin to do that in what was formerly known as "behind the Iron Curtain." It's something that our parents were relatively good at. I'm not sure why it's viewed as being beyond our capacity, our interests or our obligation.

My brief remarks cannot do justice to the work that this Commission has done or the work that they have put into this report. You'll have a chance this morning to hear from the Chairman much more of their analysis and their prescriptions. But I want to close with a warning. Based upon, as pointed out by Nancy, my many years--32 years--in the United States Senate, the only thing it entitles me to say, I used to always wonder how folks would say, "in my experience," but in my experience of 32 years in the United States Senate, which is what my wife regards as a misspent adulthood--

[Laughter.]

All kidding aside. In my experience here in Washington, I don't have to tell anyone on the Commission, and probably not many of you here, that those of you who have been working in international economic development, that there are strong built-in biases in our system against the project outlined in this report. I mean, that is a big, big deal.

If this were easy, we would have already moved against the threat posed by poverty, instability and disease in the poorest countries in the world. Although up to now, my first 26 years in the United States Senate, those of us, and I remember when Stu was a domestic policy adviser in the former administration, he would talk about the need for us to deal with foreign assistance in domestic policy advising, he'd talk about the need for us to deal with the economic and failed states, politically failed states, the need to be involved, but it was always captured in humanitarian terms, which it was.

But I think the one reason why we may have a chance to break through is it is no longer very much in vogue, as a Congressman or a Senator, to run out talking about being against "foreign aid." Remember how we used to be run against--you and I--you as a Republican, me as a Democrat, by each in our own parties, as well as other parties, because we were giving away taxpayers' money.

There actually used to be polls, at the time I ran three times ago, where the Senate literally had 40 percent of Americans thinking that 30 percent of our budget went to foreign aid, when it was actually less than 1 percent. But it became part of the mandate. It was a way to run against Washington.

As the former Chairman will tell you, in '94 and '95, it became bragging rights for members of the House to say, "I do not have a passport," literally, not a joke--"I do not have a passport." At one point over 60 percent of the people in the House do not have a passport. And I thought, "God save us."

[Laughter.]

Seriously. But the point I'm trying to make here, and I'm sorry, I shouldn't divert from my comments because I'm making it longer than it need be, is I think everyone--left, right and center--understands, to put it in Tom Friedman's words, "If you don't visit the bad neighborhood, it will visit you." If you don't visit the bad neighborhood, it will visit you.

And so we have a chance, like we have never had before, as my mom would say, to do good and to do something that benefits us. This is a double hit. You should do this even if there were no security threat. You should do this even if there were no security threat. The fact of the matter is, and hopefully it's a uniting factor that will unite the left, right and the center, but it will not--it will not--chasten the attitudes of an institutional bureaucracy which we're still going to have to deal with.

Even for the richest nation in the world, additional resources directed--and need I add--to countries who, if they are known at all, are known for their failures, would be hard to come by, especially given the reckless budget policy that has saddled us with record deficits.

The institutional reform we need, and we'll run up against bureaucratic inertia and entrenched stakeholders, and we have a lot of work to do to restore the trust and secure the cooperation of other nations that we must have, in my view if we are going to succeed in dealing with these new threats.

Nevertheless, with this report, I think we can say we have already taken the first step. We have a clear view of the challenges before us, and the Commission has provided us with concrete proposals for engaging them, and it is bipartisan, and these are some of the best minds in the United States of America, and it has been brought to bear their intellect and their experience on these recommendations.

So, Nancy, I think--and I mean this sincerely, that the Senate--excuse me--the Center--you can tell how long I've been here--the Center, not the Senate--the Center deserves all of our thanks for putting together this Commission, and the Commission deserves our gratitude for putting together this report.

And to the Co-Chairs, Ambassador Eizenstat and Congressman Porter, congratulations on your achievement. And with your report the problem of countries on the brink is now clearly before us, and it is our responsibility who now hold public office to make sure that this report does not end up on the shelf, that this report does not end up on a shelf.

So I know you're all very experienced. You know this. We're going to need you. We're going to need you to help sell internally this document. We're going to need you to help sell it in the State Department, in the Defense Department, in the United States Congress, in the United States Senate because you cross party lines, you are universally respected, and I think this is the opportune moment to be able to make headway.

But, again, I thank you for what I consider an honor to be able to, in a sense, introduce the report. I will be in and out. Attorney General Ashcroft, as I said, is coming to our committee meeting this morning. It's nice to see him, only the third time in three years, almost four years, we'll get to see him. So I don't want to miss the opportunity to be there and question him.

[Laughter.]

As Stuart can tell you, and other members of other administrations can tell you, when I was Chairman of the Judiciary Committee, we literally had the Attorney General probably 15 times a year. So I just want to go see if he still looks the same and get to ask my questions about some things. But I'll be in and out, with your permission.

And, again, Nancy, thank you, and I mean sincerely, you have put together a first-rate report, first-rate people. This is the first step. Let's just make sure it doesn't end up on a shelf.

Thank you very much.

[Applause.]

MS. BIRDSALL: Senator Biden, thank you for that rousing call to arms. We will try to meet it.

Now, while our panelists come up to the table, I want to make sure that, since it is not the first time the Center has been on the Hill--we have been here before--but this is certainly the largest event we have been able to hold on the Hill, I want to make sure that you all know that I know that John Edward Porter is a man of the people. He comes from the people's House. He's a former congressman.

[Laughter.]

Let me turn it over now to our moderator, Jeremy Weinstein.

MR. WEINSTEIN: Thank you, Nancy. I want to offer our thanks, again, to Senator Biden for taking the time to be with us this morning.

Senator Biden has shown tremendous leadership on a number of issues raised in this report, and we hope that we can count on his continued interest and support as we push to implement many of the recommendations that we've advanced in the coming months.

Let me join Nancy also in welcoming you on behalf of the Commission on Weak states and U.S. National Security and the Center for Global Development for this launch event. My name is Jeremy Weinstein, and I've had the pleasure, over the course of the last 9 months, of serving as the Project Director of this Commission and of working with the truly extraordinary cast of characters to bring this report to you today.

We have a very exciting panel planned for you this morning. Two Commission Co-Chairs, Congressman John Edward Porter and Ambassador Stuart Eizenstat, will open the session by laying out the main findings of the Commission report.

John Edward Porter, a partner at Hogan and Hartson, served for 21 years as a Congressman from the 10th District of Illinois.

Stuart Eizenstat, now head of the international practice at Covington & Burling, held a number of key positions in the U.S. government, most recently serving as Deputy Secretary of the Treasury.

I should say that the Commission was truly blessed with the leadership of these two individuals. Both brought their extensive experience in public service, their keen intellect, and their commitment to U.S. leadership in foreign policy to this project.

Their remarks will be followed by comments from two distinguished panelists. John Hamre, President of CSIS and former Deputy Secretary of Defense, will bring his expertise from the national security vantage point and the insights he gained in leading the Commission on post-conflict reconstruction.

Mark Malloch Brown, who has joined us from New York, the Administrator of the United Nations Development Programme, will share a perspective based on an understanding of long-term development, but one sharpened by his recent experiences helping to organize and manage U.N. efforts in weak and failed states, including Haiti and Afghanistan.

Before inviting Congressman Porter to the podium, I want to say a final word about why we're launching this report on the first day of the G8 meetings in Sea Island, Georgia. This week, President Bush will ask our G8 partners to join an effort to help Middle

Eastern nations build more democratic and more functional governments, not just for democracy's sake, but as better partners in the war on terror. His vision is built on the right principles, but we believe it is too narrow to meet the true threat that America faces.

The message of this Commission is simple: A broad band of weak and failed states, not just in the Middle East, but from South and Central Asia, to Africa and the Caribbean, pose a 21st century threat that demands a comprehensive response.

As head of the G8 for the next six months, we have an opportunity to propose solutions to meet this challenge that work beyond our borders, that mobilize the energies of our partners across the developed world and new partners in the developing world. But doing so requires that we get our own house in order first by remaking the institutions that manage U.S. policy toward weak and failed states just as our predecessors did 50 years ago.

[Applause.]

MR. PORTER: Jeremy, thank you. Thank you very much for the introduction. Let me thank all of you for coming here today. I see many in the audience that I had the honor and pleasure of working with when I served in the House of Representatives on the Foreign Operations Subcommittee, and we're delighted that all of you can be here today and join us.

This past week has seen two events of historic significance. We have marked the 60th anniversary of D-Day, the U.S.-led invasion of Europe that was the beginning of the end for Nazi fascism, and we have also sadly marked the passing of our beloved 40th President, Ronald Reagan, who led us to the defeat of Soviet communism. Each reminds us that to protect our country and what we believe in as a people, we must be organized and mobilized to meet external threats.

Today, we face a new threat, and we need to do so again. That new threat is terrorism, one entirely different from fascism or communism. Those threats of the 20th century were from enemies with states, enemies with armies, enemies with return addresses, enemies whose danger lay in their strength.

Today, the danger to our country lies in the weakness of states, weakness that allows al Qaeda to train in Afghanistan, to steal weapons in Mali and to stage attacks on Somalia.

The critical challenges of terrorism, humanitarian crises, poverty, illicit trafficking, small arms and conflict flow not from strong states today, but from weak ones. And as a government, we are not prepared to respond. Weak states are the sleeping giant threat to our security.

There can be no clearer less-controversial example of this than the tragic recent history of Afghanistan. After the Soviets were expelled, the U.S. disengaged, allowing chaos and misery to take root. Factional fighting consumed Afghanistan, paving the way for the

Taliban and al Qaeda to take control of the government, and we all know what happened next.

This is not a partisan or a political debate. It is a profound dilemma of America's outsized role in the world. These weak and failed states present a security challenge that cannot be met through security means alone. The answer lies in making sure that more and more states have the tools and the motivation to control their territory, to make progress toward stable, accountable institutions that maintain order, meet citizens' needs and empower people to improve their lives through lawful, not desperate, means. That means revisiting, reimagining, and reinvigorating our policy toward developing countries. We are not talking about charity. We are talking about a smart investment in global stability and in our own security.

First, we had homeland security reform; next, intelligence reform; now, is the time to remake the institutions that manage U.S. policy toward weak and failed states.

Weak and failed states threaten us and global stability in obvious and not so obvious ways. Weak states provide havens for illicit transnational networks, such as terrorists, drug dealers and criminals. Even with the strong U.S. military presence, Afghanistan today remains the source of three-quarters of the world's heroin and continues to offer a hideout for al Qaeda and Taliban remnants.

Al Qaeda has exploited Somalia, where there is no central authority to stage terrorist attacks against terrorists in neighboring Kenya. When one government is powerless to control violence, disease or instability, it often spreads to its neighbors, creating spillover effects that put neighboring governments and people at risk.

Liberia's Charles Taylor took advantage of a power vacuum to dismantle his own economy and destabilize his neighbors. Since 1991, West Africa has seen three civil wars, millions of displaced people, horrific atrocities and economic collapse in countries that were once Africa's brightest stars.

Less than a year ago, a democratically elected president was driven from office in Bolivia. Now, Bolivia is one small country. Why should we in the United States worry? Well, Bolivia is the world's third-largest producer of coca, the raw material of cocaine. Every country in the Andes saw that the president of Bolivia was forced to step down and has seen Bolivia's coca production rise. Governments are asking themselves, "Can we afford to open our economy? Can we afford to fight the traffickers?"

Weakness doesn't just affect small states in obscure places. Where major regional powers such as Nigeria, Pakistan and the Democratic Republic of the Congo are weak, instead of promoting regional security, they may actually undermine it. Weak states can also slow global economic progress, harming our livelihoods, as well as those of their own people.

If instability in Central Asia or West Africa results in lower oil production, for example, we may see our own gas prices go up. When immense states like Nigeria or Indonesia can't fight off corruption and get their economies out of neutral, whole regions, counting on them to be engines of growth, remain poor and desperate.

Finally, weak and failed states cast a long shadow over soft power, the idea that our values and aspirations have meaning in making the world a better place for all. When governments are weak and fail, it is the local people who suffer most. In the world's weak and failed states, the United States has an important opportunity to act in accordance with its values and show that our values and our leadership do have real potential for good.

Of course, not all poor countries can be considered weak states. The countries that should concern us most are a subset of the world's poorest countries. Our report looks at all low-income countries and asks three questions: Can the government control its territory and protect its citizens from violence? Can the government deliver basic services such as health care and education? And does the government maintain institutions that are legitimate and accepted by the population?

A failure to do these things results in what the Commission calls capability gaps--the security gap, the capacity gap, and the legitimacy gap. Failed states are deficient in all three of these areas. They are very easy to recognize because often violence and chaos have already taken hold. Weak states may be deficient in only one or two of these areas and still pose significant threats to U.S. interests. These states are difficult to pinpoint often until it is too late.

Nigeria is making tremendous strides towards repairing its economy and reinstating democracy, for example. This past January, it provided 10 percent of America's oil and that continuing sectarian violence and corruption threatened its stability.

Indonesia is a vital American ally and the world's largest Muslim nation, yet insurgent forces have controlled large swatches of its territory and al Qaeda-linked terrorists have been able to stage deadly bomb attacks. It is important to realize that international peace and security and progress toward development now depend, in part, on the ability of governments in the developing world to pass these three tests of security, capability and legitimacy.

We know how to recognize states that have already failed--the Afghanistans, the Haitis, and the Somalias, where there is no longer anything we would recognize as a government, but we are not good at foreseeing what states are in danger next. We pay a terribly high price for that lack of foresight in our own overextended military and humanitarian tragedies that might have been avoided and ultimately in the loss of American lives.

The same strategic vision that leads us to hunt down terrorists before they strike must lead us to get our own house in order so that we can work with others to manage the

development challenges of weak states before they become security threats to the United States.

What would that look like? We need a fresh effort to reinvigorate our policy toward the worst reformers. The national security strategy that identifies dangerously poor performance has a priority and makes available the tools that can improve the performance or blunt its negative effects.

I want to stress that this is not about throwing money at problems. It has been tried, and it doesn't help. This is about hearing a wake-up call. Our foreign policy architecture was created for a world in which development policy was a low-level challenge, not a strategic imperative. We have allowed our development institutions to wither away. As a result, the U.S. is ill-equipped for rapid action to recognize state weakness, respond to its immediate consequences and make the long-term commitments needed to prevent it.

Let me conclude with a few final thoughts. I am not a foreign policy expert. The other 30 members of the Commission now, however, are, in my judgment, definitely foreign policy experts. Its members included two former AID administrators, several current or former Fortune 500 executives, leading academics and heads of major nonprofit organizations and three former members of Congress.

They brought to the table almost two centuries of high-level government experience, more than 100 years' leadership in U.S. and global business, and another century's experience working in poor countries which we call the developing world.

We started with 30 members, we ended with 30 members, and we agreed on almost everything. As Americans, we are good at responding to crises with innovative solutions. It's one of our strengths. Think back to the creation of the Marshall Plan and international financial institutions after World War II or the vision that ended the Cold War and put central Europe in NATO and nuclear weapons out of the former Soviet republics or more recently the determination that is reshaping our homeland security and intelligence architecture for a new century.

One thing on which the left and right seem to agree is that the challenge of weak states and state building will be one of the crucial national security challenges of our times. But there are important questions. How can we do it better? How can we do it affordably? And how can we do it in ways that put fewer, not more, American lives at risk? These are hard questions, but I believe this Commission, through the outstanding work of its members, has provided an important first draft of all of the answers.

For me, it has been a great pleasure to work with Stu Eizenstat as Co-Chairman of the Commission. We have both been blessed by the hard work of the Center for Global Development, of Nancy, of Jeremy, of Milan and all of its fine staff.

The Commission made a number of recommendations for architecture, for strategies and for tools to address state weakness. Each was debated thoroughly and refined over the

past year by the 30 wonderful members of this Commission. Stuart will present the recommendations for action.

Thank you for listening to me.

[Applause.]

AMBASSADOR EIZENSTAT: Thank you very much, John. It's been a pleasure to work with you and with all of the fellow Commissioners. This was genuinely a working Commission over 9 months, and I am delighted to be with so many of them who have come today to witness their hard work and to share the stage as well with Mark Malloch Brown and John Hamre. Nancy, Jeremy, Milan and the entire Center did a fantastic job of providing us support, and it's much appreciated.

Let me emphasize two key messages in addition to those that John has so well presented:

The first is that the underlying premise of our report is that we have to act now to address the threats posed by weak and failed states in order to avoid the need most certainly to act later in a more costly intervention, often taking the form of military intervention, and post-conflict nation building.

Second, is that state building has to become a strategic imperative for our country, by which we mean that we need to help low-income countries set in place the machinery of government that is honest and representative and can deliver basic services to its people and to partner with the U.S. and our allies in fighting instability and insecurity.

This is not beyond our means, as Senator Biden indicated. It is the kind of state building that is being done in Mali, Kenya and Mozambique, building democracies where, for decades, there was corruption, violence or both. These are tools the U.N. has used some 20 years ago in countries like El Salvador and Guatemala and is using successfully in East Timor today, and it is the tools that have helped the countries of Central Europe move from the Warsaw Pact to the European Union in a decade and a half.

As the leaders of the G8 meet, with Iraq dominating their agenda, a word about how our report speaks to that crisis. Clearly, given its relative wealth and strategic importance, Iraq does not fit the category of poor and often forgotten countries that we're discussing today, and yet the challenges we face in post-war Iraq underline just how much we need to improve the tool kit that we're proposing the creation of here--a tool kit to help us revamp institutions, provide stronger intelligence and better organization.

Congressman Porter focused on the three capability gaps that plague weak states: the security, capacity and legitimacy gaps. But we have gaps of our own: intelligence gaps, organizational gaps and funding gaps. And they threaten a hole in our own security.

We have proposed a four-part agenda not only to fill those gaps, but to create a coherent strategic direction to help strengthen weak states which affect our own national security

in order to share the burden with other nations more effectively and to vent our own security. Those four are as follows:

One, to invest in prevention. The best way to avoid state failure is to prevent it from occurring at the beginning. The best way to do that is to propose and support broad-based economic growth that helps developing countries and their dependence on aid and grow their way out of poverty and despondency.

Second, is to seize opportunities, what we call creating a surge capacity I'll talk about more in a minute. We know we can't identify and prevent every crisis before it occurs. We need new tools to respond when security and humanitarian crises occur to remove the strain on our military, to have more robust civilian options.

Third, is to organize success. We have 20th century institutions designed for the Cold War struggling to respond to 21st century challenges, and that has to change.

And, fourth, leverage globally. We know we can't deliver on this challenge alone. We need our G8 and ultimately G20 partners to help. Permit me to go into each of these with a little more detail.

First, investing in prevention. We have to make long-term investments to prevent state collapse by improving our own assistance programs, enhancing our ability to help developing country governments build institutions, including military and police forces, that can protect regional stability, our security and deliver goods and services to their own people.

We suggest the following specific suggestion:

First, in terms of supporting broad-based economic growth, we should revitalize the Doha Round, WTO negotiations to increase market access for developing countries and set a time table for lifting all tariffs on agriculture.

We also need in this category to extend and expand trade preferences, like the African Growth and Opportunity Act, which represent a key opportunity to make investments in preventing weak states from occurring. Congress has an opportunity to show leadership now in the pending AGOA III legislation, but we're suggesting extending duty-free and quota-free access to all imports from a broad range of countries, including Heavily Indebted Poor Countries, sub-Saharan African countries and national security priority states like Pakistan and those in Central Asia.

We also have a key role to play in supporting deeper debt relief and extending HIPC debt relief to states most threatened by weakness and to create a formal mechanism so that we provide temporary moratoria on interest and penalties in the Paris Club and in international financial institutions, for countries emerging from conflict or in transition from democracy. I saw the absence of this in Nigeria after the transformation of Nigeria to a democracy.

We need to reform the Overseas Private Investment Corporation, OPIC, so that it provides more support for foreign direct investment in the countries and end the restriction in investing in sensitive sectors like those in labor-intensive manufacturing and assembly industries because it's in those industries that weak states can most add a value.

And our Treasury Department should work with the World Bank and the IMF to offer new financial insurance-like facilities to help developing economies that are often heavily dependent on raw materials to create a financial floor through insurance-like facilities to allow them to insure themselves against shocks in crop prices and energy prices as well.

Also, in terms of investing in prevention, we need to fight corruption, which is the enemy of development. We need to help countries improve their governance through greater transparency. Many weak states depend heavily on income from commodities and extracted industries, which are often magnets for corruption by public officials.

The Commission urges the administration to show leadership by making U.S. financing for extractive industry products and projects conditional on standards of transparency and accountability, and by more clearly supporting the very creative U.K. Extractive Industries Transparency Initiative to stamp out corruption in the sector.

We need to support the creation of special oil funds, internationally monitored with international accounting firms like those in Chad, Cameroon and Azerbaijan to be sure that the revenues from these extractive industries go to the people and not to corrupt individuals.

The other major proposal under this first category of investing in prevention is to build police and military forces in weak and failed states that can control their own borders. Capable governments must be able to maintain security with effective policies and military forces, forces accountable to civilian leadership and consistent with human rights.

We believe that there are too many restrictions on this occurring, and we recommend that Congress allow the U.S. government more flexibility to interact with police and military forces in developing countries. Of course, this must be done fully consistent with human rights, which is fundamental to long-term stability and to our credibility as a country, but at the same time helping weak governments develop the ability to secure their borders and track criminal and terrorist activity is vital.

Quite frankly, the current regulatory framework for these assistance programs is too rigid. The U.S. government is often unable to supply and support for demobilization, disarmament and reintegration because funds may be used for former noncombatants. USAID, for example, gives an overly narrowly reading of Section 541 of the Foreign Assistance Act. In Sierra Leone, the U.S. government found itself unable to provide even food assistance for ex-combatants and disarmament camps, surely the best place for them because of these restrictions.

So, first, again, is investing in prevention.

Second is seizing opportunities, creating what we call in our Commission "surge capacity." While investing in long-term prevention is vital, at the same time, our country must address the quality and flexibility of the tools our policymakers have, in the short term, to respond to crises and opportunities in weak states.

First, in this regard, we need to create a Rapid Response Corps of expert civilians, people who are ready to go train a cohesive interagency force. We have no rapidly deployable technical capacity now, and we have seen how much this hurts in countries like Afghanistan and Iraq.

Second, we need to give the President, as he has when there is a domestic crisis under FEMA, the capacity to commit funds quickly. And in that regard, we propose the creation of a \$1-billion Country In Transition Fund that Congress would create to give the President discretion with only prior notice to use when he believes it's necessary; for example, to reward a democracy, to reward a newly elected President, to help a country in transition.

We support strongly Senator Biden and Senator Lugar's Transfer of Talent Act.

Third, in this regard of seizing opportunity, is to enhance regional peace-keeping capacity so the burden of military intervention does not fall so heavily on the U.S. not just in Africa, but in Latin America and South and East Asia as well. Regional powers now such as Nigeria and West Africa, Brazil, Chile, and Argentina and Haiti, as well as organizations like the African Union and ASEAN have shown increasing willingness to be involved. We believe this requires a major investment of U.S. capital to support regional peace-keeping so they can move quickly when a crisis occurs, avoid genocides like in Rwanda, and Burundi, and intervene quickly.

We urge a quantum increase in programs designed to support regional peace-keeping. We welcome the initial details released by the Bush administration's \$660-million Global Peace Operations Initiative, and we hope Congress will not only work with the administration on this, but broaden and expand it, as we propose, so that it's not limited to Africa alone.

Third is organizing for success. This is the third major broad recommendation. We have proposed a set of responses that we believe will address the fundamental deficits of institutional power and coherence that plague U.S. foreign policy toward weak and failed states--states that, as Congressman Porter said, will be havens for drug traffickers, transnational criminal gangs and terrorist organizations that will directly threaten our security.

As things now stand, our development programs are scattered and dispersed among a dozen agencies, each relatively weak, lacking coherence, with too many earmarks and too limited political and financial capital.

Our information in intelligence on weak states is inadequate and poorly shared when it exists, and any policy, no matter how good, if managed by inappropriate and not appropriately strengthened institutions will not be able to succeed.

The core of our proposal then is the establishment of a single Cabinet-level development agency to implement an integrated strategy and to take these programs from a dozen agencies and incorporate them under one roof, to give development issues a strong single voice at the Cabinet level, to better coordinate the multiple agencies and entities that deliver foreign assistance, to establish a single unified budget for development, to integrate strategies for countries and regions. This is hardly an indictment of AID. Rather, it's a recommendation to give our development professionals the tools they need to get the job done right and to have the voice they deserve in key interagency discussions.

As we talk about the creation of this new development agency--and it was, I want to admit, a contentious issue within the Commission. There are some who have doubts about this--we need strong partners at the State Department and at the White House. Therefore, we have proposed creating a new national security directorate in the NSC on weak states and a standing NSC-run Policy Coordinating Committee to ensure within the White House the capacity for early warning and early and prompt response.

And last in this category is the intelligence community. Our intelligence community is not sufficiently focused on the danger of key weak and failed states. They need the resources to have that kind of focus, to have a meaningful intelligence collection in weak states and to ensure that that intelligence gets into the right hands, both within our own government and among key allies.

Last is the, and our fourth and final recommendation, to leverage globally. We can't meet this challenge alone. We need to reach out and build a shared sense of focus and commitment on weak and failed states among our allies in the G8, in international organizations, and among key developing countries.

We suggest using the G8 as the coordinating mechanism for developed countries, to tackle the challenges that can be only handled multilaterally. We hope the 2004 G8 Declaration soon to be issued will highlight security threats posed by weak and failed states and, under the U.K.'s chairmanship next year in 2005, that the G8 Summit will create a permanent G8 mechanism--a permanent G8 mechanism--to focus on early warning and rapid response, the kind of market access, higher aid flows, deeper debt relief, new commitment to democracy promotion, and democracy promotion is crucial--crucial--and security sector reform, all that we've suggested we do, have to also become G8 imperatives.

We urge the Bush administration also to look at new partners, working through regional organizations and groupings such as the G20, to engage major developing countries in designating and implementing new strategies. And as new democracies, in many cases, they can offer a model for other countries.

Finally, we need to recognize and support the innovative work being done by international organizations, particularly the World Bank and U.N., and we are very fortunate to have the Chairman of UNDP because we specifically recommend that the U.S. actively support the UNDP's proposals to develop a greater in-house capacity and financing flexibility to respond to crises and post-conflict situations. And, Mr. Malloch Brown, we very much appreciate the leadership that you and the Secretary General have shown.

We also endorse the World Bank's efforts to develop tailored strategies for what they're now calling low-income countries under stress, very similar to our concept of weak and failing states.

I will conclude with one word. The U.S. is not free, as we've suggested, of our own serious capability gaps, as we point to the capacity gaps that John mentioned so eloquently with other countries. There are two, however, that can't be so easily filled simply by creating new programs and new legislation.

Perhaps the most fundamental is one that we're not so good at as a country, a country that is impatient for results, and that is a commitment to long-term solutions. Few of these state-building efforts are short-term propositions. We look for quick ins and quick outs, and that won't work here. We need a long time horizon, and that's imperative. We need to be honest with ourselves about the long-term costs. Frankly, if we can't sustain our engagement over a long time, if we can't and are not prepared to meet the promises we make, it would be better not to make them at all.

Second, our foreign policy institutions also have a learning gap, a failure to learn from the past. We think part of the solution to that is creating an historical memory in this Cabinet-level department which can be reliably transmitted from one administration to another. Otherwise the risk, and it's frankly a dangerous one, that the creation of repeat offenders will occur like those in Afghanistan and Haiti. The cycle of bust and aid, fatigue and then bust again is a tragedy for whole generations denied the possibility to reach their potential.

We believe, on the Commission, that if Congress, the administration and others take up our report and join this debate, as we try to put weak and failed states near the top of our foreign policy agenda and focus on specific solutions, then we will have, as a Commission, served the American people well.

Thank you, again, for the extraordinary help that the Commissioners and the staff gave and, Congressman Porter, for your remarkable leadership.

[Applause.]

MR. HAMRE: This has been really wonderful to hear both of you. I am new to this community, you know, on international relations and development, and so I learned a lot this morning from both of you. So, Congressman Porter and Secretary Eizenstat, thank you. Nancy and Jeremy, congratulations. It's been quite a success. You really deserve high praise from all of us.

I'd like to thank Patrick Cronin, who is with me at CSIS, for the work that he did with the Commission and got me interested and involved with this, this morning. By the way, if you're done with Milan, you can send him back now. Okay? I mean, we'll take him back.

[Laughter.]

I'm a defense guy, and I've been asked really to say a few words from a national security perspective, although I'd like to take a few minutes to put my remarks in context.

We've had five distinct historical epochs of national security in our history, and we're entering the sixth. And to explain the importance of this epoch, we're going to need to go back and look at the fifth. Of course, that was the Cold War starting point; it's a little hard to demark, but in '47 probably, maybe '48. It lasted until 1989. And there were two key problems that we were trying to deal with during the Cold War:

One was the rise of international communism. That sounds quaint now to say it, but it was very real.

And the other was to deal with the collapse of the old European colonial empires. World War II shattered them. And all of a sudden on the international stage, there were a large number of new nations, and we had a goal of keeping them on the side of the West, rather than falling under the control of the Communist bloc.

And so we adopted a strategy--it was a brilliant strategy--to deal with that twin problem by creating a set of international institutions-- the U.N., the World Bank, the IMF--and then some multilateral treaty-based institutions, like NATO, to deal with the problem. That worked. It worked brilliantly.

Now, we're on the front end of a new epoch. And where the two problems that shaped the fifth period, we have, in this period, we have four problems that come together in combination:

The first is the terrible residue of the Cold War, the large arsenals of chemical, biological and nuclear weapons and the knowledge to make them. It's all over the world. You can get it on the Internet now.

Second is the rise of transnational terrorist organizations, and God help us if they got their hands on a nuke.

Third is the persistence or emergence of a collection of weak or irresponsible nation states that give harbor or commit the presence of these transnational terrorist institutions.

And fourth it's a nation of modern commerce and society that the barriers to transportation and tourism have fallen so low that now the ease of movement is remarkable. So then a SARS virus breaks out in one hotel in Hong Kong and within 3 days it's in 14 countries, and that's typical of the age because of this pattern.

So these four factors together, large stocks of terrible things, irresponsible nation states or weak nation states, transnational terrorist organizations, and modern patterns of tourism and transportation, they, in combination, create the challenge of this security epoch.

Now, what do we do about it? We have to create a grand strategy like we did in 1945 and '46 to deal with the problems back then at the start of the Cold War. I think there are four elements for that strategy.

The first is that we have to really put far more attention to nonproliferation. It's been neglected here in the last several years, and we have got to bring that back as a central premise of our foreign security policy.

Two, we've got to deal with counterterrorism. By the way, that should be counterproliferation and counterterrorism. And that means we've got to reach out and, with our intelligence, find out where these terrorist organizations are and stop them. That's kind of a euphemism for kill them, but we've got to stop them.

This is where preemption is very valid. Preemption is not particularly helpful, as a generalized concept of state relations, but it is a very valid tactic, and it needs to be preserved for use when we have actionable intelligence, and we do need to stop people.

The first is we have to strengthen our nonproliferation efforts.

Second, we have to really stop terrorists, and this means international collaboration in active terrorist interdiction.

Third, we've got to strengthen the international institutions and the U.N. We need the United Nations, but we need a stronger United Nations than we've got. I don't say this in any disrespect.

You know, former Speaker of the House Sam Rayburn once said that any jackass can kick down a barn door, but it takes a carpenter to build one. And we've been kicking down the U.N. for quite a few years here in Washington.

It's about time we spent comparable energy building up the institution rather than just tearing it down. And I mean some serious reform. But it is in our national self-interests to do that. This isn't just liberal platitudes. From a hard-headed military standpoint, we need a stronger mechanism to coordinate.

We've drifted, in the sixth epoch, into a different form of internationalism. The internationalism of the Cold War was a treaty-based internationalism. We tied ourselves into structures and instruments that were grounded in treaties. We've kind of become disaffected with that, and we now have a preference for consensus-based internationalism. The popular term is the "Coalition of the Willing." We prefer to just round up a bunch of people that think like we do and go off and do something. It's more efficient. You know, you can get things done faster, but it's not normative. It doesn't create the conditions that create better world order over time. So we need to rediscover this in this third part of the strategy.

And the fourth part of the strategy, you've just heard the outlines of it. We have to actively deal with the weak and incompetent or irresponsible nation states around the world. These places are dangerous to us. And probably the least-efficient way to do it is to send in the military, shadow the government and try to build a new one.

You may have to do that, and we clearly had to do that in Afghanistan, but that is not the best way to deal with the problem. It is far better to try to find ways to deal with that problem with a richer array of tools available to the government, and we need to strengthen them. And I think that both Secretary Eizenstat and Congressman Porter have outlined some of the work of this Commission on what it takes to do that.

If we do all of this, we may survive the sixth epoch. It's going to be a very dangerous time, a very, very dangerous time, but we're going to have to do every bit of this thing if we're going to survive it.

Thank you very much.

[Applause.]

MR. BROWN: Well, three tough speakers to follow, and I think I'm glad to come in on the sixth epoch because what is striking about this is to see so many friends who have been involved in this Commission and to realize that there is now a failing state industry in Washington.

[Laughter.]

And that is usually a fairly good tracer of the problems that lie ahead. So I had, intuitively, just looking around this audience, arrived at a sixth epoch, but now I have a strategic framework into which to put it because, clearly, something is changing. The level of interest in this issue, the group of people assembled who work on this Commission, the fact that that most opportunistic of think-tank heads in Washington,

Nancy Birdsall, should focus on this subject. All I think shows the seriousness with which we take it.

I have one other sort of commendation; the fact that the disciplines of those involved in this didn't just cover the, if you like, traditional humanitarian area, the original hard core of failing state work, but also obviously it's covered security, economics and trade, as well as democracy and development. And I think that is enormously important because, listening to the two Co-Chairmen, and particularly to Stu's account of the recommendations, so much of the difficulty in the past has been trying to deal with these segments of a response separately.

We still don't, as Senator Biden mentioned, actually have a solution to Iraq yet. Believe it or not, oil supplies--and this may or may not stop with today's Security Council resolution. On Friday, the Secretary General, myself and some others were scrambling to try and make sure it didn't.

But, at the moment, current oil sales are protected under U.N. diplomatic immunities from any lien on them by Iraq's creditors. If that was removed, potentially commercial hell could break loose because there are an awful lot of people who believe that they're owed money by Iraq, both the neighboring states who still have unpaid reparations, old creditors, not just Paris Club creditors, but others as well.

And so an awful lot of the sort of hard economic work of how do you take a country like Iraq and put it back on its feet has not been done. And it's not easy because there's all kinds of comparability arguments to other countries who had lousy governments that ran up debts with Western countries and governments and are a lot poorer and feel that if this principle is established of debt write-offs because of the kind of government you have, that they should benefit too. If you like, the due diligence and prudence should be shifted to the lenders and away from the borrowers in terms of responsibility.

What happens, that's a complicated issue for which I don't want to put an answer here, but the point is you can't just deal with new construction, with a narrow project approach of getting the security right, getting some buildings and schools going. You have to have a broad economic vision of how you're tackling it, and I think that is one of the real strengths of this Commission to have taken that holistic look.

Let me build also a little bit on I think what's been implied. We have to draw the right lessons from Iraq.

The first is we "ain't" going to have many more failed states like Iraq, in the sense of invasion. Ten times the number of wars in recent years have been a consequence of internal civil wars rather than interstate conflicts, and that's really got to remain the focus of our thinking, again.

Of course, Iraq drops another pall on some of this debate. I had a similar discussion some weeks ago at the American Enterprise Institute, and a questioner said, "But why do

we bother with this discussion? After Iraq, the Vietnam syndrome is going to be back, and there is going to be no American role in overseas nation state rebuilding."

And yet the fact of Iraq is that, even as Iraq went sour, the U.S. remained very committed to Afghanistan and is still a leader of the efforts there, got drawn into Haiti, got drawn into Liberia, is getting drawn into the Sudan and the Democratic Republic of the Congo, is arguably drawn into Colombia.

So the point is these crises don't wait. They really do, as each speaker has said, impinge on the security and well-being of the United States in the way that the post-Vietnam option of some sort of 20th century Monroe Doctrine of disengagement and retreat is just not an option. The U.S. is going to be amidst of these crises as we go forward, and an awful lot of it was in the report: the surge capacity, the effort to build regional peace-keeping forces, which the U.S. is giving a lot of leadership to at this week's G8. A lot of the changes recommended, I think, actually, rather unlike Senator Biden, I think a lot of them will get adopted because I think they go with the grain of thinking and just take it further and put it into an overall concept.

And let me risk, but let me make it clear I do it in a personal capacity, but, God, I'd love to see a Secretary of Development in this country.

[Laughter.]

I've lived with both systems. In Britain, we've had one and we haven't had one. In many European countries, we go backwards and forwards on it because obviously aid, in some ways, is better protected if it's tied to the Finance Ministry or it's tied to a strong Secretary of State or Secretary of Foreign Affairs. But I can tell you, as a client of this town, trying to understand what the U.S. wants of me, trying to understand this current myriad of weak policy-setting agencies is not easy. And I am gung ho for a strengthened USAID role in development of policy-setting. But, as well, frankly, at times we are friendly competitors on issues. The fact is AID thinks the way we do. It thinks about development first.

So, while I'm not suggesting it be promoted to that role, it's become vital, and the further creation of new programs, Millennium Challenge Account, et cetera, has just made this all the more important to get coordination and coherence in policy. And I think the debate that it can't be done is the same debate that prefigured the creation of the Homeland Security Department and is characterizing the debate about the reorganization of intelligence now.

Well, in Epoch Six, what you're going to need is effective internal and external security, effective intelligence, and effective development. Those are going to be the three principle tools of addressing this new world, and each merits consolidation, Cabinet-level treatment, et cetera. So I would really support that.

But let me, again, just take one word on multilateralism, and I'll stop on John's point that it's got to start with the strengthening of the U.N. and, for that matter, I would say the international financial institutions as well. And that reform is vital.

But the real lesson of Iraq, a lesson being played out in the Security Council in New York today, is you cannot do most of this bilaterally. It's actually a lesson the French are learning in Cote d'Ivoire today as well, that a bilateral intervention in trying to build trusted mutual political institutions at the local population consider legitimate and to reflect their desires, and wishes, and political priorities in very few situations can be built by a bilateral partner.

You need a strong bilateral partner to make these post-conflicts work. Whether it is the U.S. in Iraq or Afghanistan, the British in Sierra Leone, the French in Cote d'Ivoire, that kind of anchor partner who goes around and forces the rest of the club to put up their money and put up support is vital.

But so many of the tasks have to be managed through strong multilateral mechanisms. And we're very grateful for the support to us in the report, but we'd go a big step further and say a lot of this should really, centrally, first and foremost, be about strengthening these international institutions as the vehicle for handling a lot of this.

A couple of very final points. I know we're very tight on time here.

One is if I go back to the point about economic dimensions of these crises, you know, it's not just that we're uncoordinated in Washington, we're uncoordinated internationally. Where is the locus of decisionmaking on economic reconstruction? At the IMF, there is normally a very understandable caution about inflationary budgets. In the U.N., there's a demand for them in order to fund this disarmament, demobilization and early peace dividend. In the IMF and the World Bank, there is a difficulty in getting engaged early on because of the lack of a strong internationally recognized financial infrastructure that can borrow in a country either as a sovereign borrowing, let alone commercial borrowings.

But somewhere between the Security Council, the World Bank, the IMF, the Paris Club, and I should say, when I say those two institutions, their two intergovernmental committees--the Development Committee and the Interim Committee--a coherent decisionmaking on the economic dimensions of failed state management get absolutely lost.

And I think we've seen it, that you need long-term development strategies. You've got to stick with this. You can't have a Haiti phenomenon, as was said of dropping out too quickly. You've got to make a vast new defense commitment in this area, not charged against ODA or someone else suggesting, but very much out of the \$800-billion worldwide defense budget, for which the costs of peacekeeping are very small, but very interestingly, very few of those defense forces are organized to deal with projecting power overseas to manage these kinds of threats. The heavy lump in defense

communities are still organized to protect the home borders not to deal with these new categories of challenges. So there is a huge reform need in defense thinking, and funding, and priorities.

And let me also just offer one observation. Let's be careful not to create a new silo or even ghetto called failing states. Failing states need very different support to successful states. You have an MCA-type approach correctly for successful states, and failing states need a different set of interventions and support. But please don't lose sight of the fact that one dimension of this new world is pockets of failure within strong states.

Brazil, tremendous urban crime problems now in Sao Paulo and Rio. Nigeria and India, high levels of ethnic violence and violence, generally, which, on many scores, if you didn't know about their democracy, put them into the failing state category. Indonesia, the potential for the same.

So we've got to use these tools not just within a self-defined category of failed states, but to understand that failure is all around us, even in the midst of success.

So, again, thank you very much for bringing this all together, Nancy and her team. Congratulations on a great report.

[Applause.]

MR. WEINSTEIN: I'd like to thank our Co-Chairs and our two distinguished panelists for their terrific remarks about the report. I think we've given you a lot to think about, and we want to give you an opportunity in this last half an hour to ask some questions of our Commission Co-Chairs and our panelists. Of course, there will be some availability afterwards for the press, in particular, but anyone who would like to approach our Commissioners or the Co-Chairs to talk about some of the issues raised in the report.

There's a microphone in the center of the aisle, so I'd encourage people to stand up and line up behind the microphone. I just want to take a moment, though, to thank and recognize by name some of our Commissioners who were in attendance today. You have the full list of Commissioners at the back of the Commission report. But Gayle Smith, George Ingram, Chet Crocker, Ruth Morgenthau, Helene Gayle, Steve Radelet, Sonal Shah, Patrick Cronin, as was mentioned, Nancy Birdsall, and Jennifer Windsor were all able to join us from their respective locations today for the launch of this report.

And I know our Commissioners are as anxious as our Chairs to be out there talking about this issue. So, if you think about ways to further elevate the profile of weak and failed states through your own organizations up on the Hill, outside Washington, D.C., please let us know how we can connect you to our Commissioners.

I'll hand it over to the first questioner. Again, please keep your questions short. We're not looking for comments. We want to give the opportunity to our Chairs here to respond. So please limit yourself to one question.

Thanks.

Identify yourself.

MR. ZINNES: Thanks, Jeremy. Thank you, Commission. Cliff Zinnes, the IRIS Center, University of Maryland. I obviously am very happy to see that this is on the agenda of so many now.

We all know the proof of any approach is in the implementation. So a couple of things I didn't hear directly and I wondered whether you might respond to.

First of all, I didn't hear anything directly about the externality, if you will, of winning the hearts and minds of the rest of the world, in particular, those that might be seeds for terrorists. And so the Arab-Israeli conflict has not been mentioned, and I wondered how the approach might say anything toward that situation.

Also, there is more focus on failed states than failing states, which I believe to be much more difficult. So I'd like to know what the Commission would think about, for example, the appropriate response to Zimbabwe.

Finally, I heard about institutional reform, but I didn't hear particularly about the notion of greater innovation in approach. We hear some changes, but it's from one system to another. So, for example, how does the Commission view the issue of the sancticity of sovereignty which could come up in many, many ways, especially in Afghanistan, with a potential in Central Africa, with a potential for creating maybe micro states that are not long-term sustainable that might be able to eventually accede [audio break].

MR. LUND: Hi. I'm Michael Lund from Management Systems International. I, too, am very happy to see that this issue, this set of problems is being raised to a high level, although there have been several other previous attempts, so the Carnegie Commission and the U.S. Commission on National Security, and so on. So there is a big challenge here.

I'd like to pick up on several comments Malloch Brown and other people have made about the organizational process, this restructuring of American agencies as well as international agencies, and particularly at the country level.

I think the Commission, analytically, has made some great progress in the kind of sorting out this hodgepodge of problems of crime, disease, poverty, conflict, different levels of conflict, different kinds of conflict, weak services, government services and so on and boiling them down into the three headings of security, of capacity and legitimacy.

But the question of how you operationalize this at the country level is extremely crucial. It's not just a matter of restructuring Washington and relations between Washington, and New York, and Brussels and so on, but how does this get started at a country level? It's

actually the fact that everybody is doing, everybody in their own way is already addressing these problems in particular failing states, whatever the list may be. USAID is requiring doing conflict assessments, World Bank is doing that. UNDP has its process, the CCA process, the UNDP process. Everybody is doing that.

I am coming, personally, in contact with all of this because I've been doing some of this stuff, but the reports that we do aren't shared. People don't talk to each other at the country level. So we're really, in some ways, in a good position because everybody is now on to the failed state theme or conflict or whatever the rubric is, and they've actually gotten procedures in place to mainstream this stuff at the level of the country, the developing integrated country strategies, such as what is advocated on Page 30.

But how does this get started? Does the U.N. Res Rep be given a position of taking the lead? Does each country sort of start and then sort of edge out to talk to other missions? Business they're all talking about this, and they're all doing these kinds of assessments. They've all got their units devoted to this, for example, the Bureau of Crisis Prevention and Recovery and USAID unit.

So, I don't know, this is a rather nitty-gritty question, and maybe the Commission didn't get into it, but I think it's a useful kind of frontier that deserves some attention.

MR. BARBER: Good morning. I'm Ed Barber from Good Works International. I'd just like to endorse a statement that Secretary Eizenstat made about the need to press forward with the Doha Round and the extension of the AGOA III legislation, in effect, putting our markets behind this effort, which otherwise is being addressed with aid resources, in a security context, and so on. But if jobs and growth and development don't occur, the entire effort is unlikely to succeed.

Without them many of these weak states are candidates for full-scale failed statehood, yet the support for the legislation in the administration and in the Senate is pretty tepid. So I would basically ask whether this isn't an issue that the Commission might move on its agenda. If there is not action taken before Congress adjourns this summer, many of the provisions of this legislation will lapse, and a lot of the progress that's been achieved will be undone. So I would basically suggest the urgency of the project.

MR. WEINSTEIN: Thank you.

Let me give the Commissioners an opportunity to respond to some of these questions.

Who would like to start?

MR. PORTER: First of all, let me apologize for my voice. My allergies get to me this time of year, and they apparently have hung on. Milan, thanks for the water, but the water doesn't do any good when it gets that way. I apologize for that.

It seems to me that the first questions on the hearts and minds is a very, very important question. And one of the problems is that we don't have the engagement with the developing world that we ought to have as a government. We have programs, yes, but we have never put in a high priority, as we said earlier, making it a strategic imperative the development in countries, and helping them achieve stability and helping them achieve better lives. It's always been something that's there, but not a priority.

It seems to me that if we can get the concept adopted, if we can reorganize ourselves to put it in a very high level, part of the debate about Cabinet-level position was not so much focused on organization of the government, but on the importance that this has to take to our country. Then, it seems to me, that we will be sending a very strong message that we do care, and maybe the reasons won't be the reasons that many of us, including the humanitarian reasons in the first place, but they will certainly resonate, it seems to me, in terms of our working with people, our working to see that they become more stable, that they achieve some economic growth, that they are not plagued by transnational gangs of terrorists and the like. It seems to me that that very issue will be addressed in a very positive and strong way, with America reaching out to the rest of the developed world.

MR. EIZENSTAT: Let me take just a couple of points.

First, we're not here to solve the Arab-Israeli conflict. But even though very few of the Middle Eastern countries would fall into our definition of failed or weak states, and may I say this is the first time, if you'll look at the report and the charts, that there has been any effort to actually not only define them, but to name them.

If you look at the Greater Middle East Initiative, which hopefully the G8 will endorse this week, it's a combination of a call for greater democracy, greater transparency and greater economic development in Arab countries, which will both I think reduce the risk for the United States and Western and Developed countries from that region, but also will create a better context for solution of the Arab-Israeli conflict.

In terms of sovereignty, I think we've learned that not only after the Holocaust, but after the genocides, whether it's in Cambodia or Rwanda, that sovereignty has a somewhat different definition today when human rights violations take such a massive quantum leap forward as to actually be defined as genocides.

At the same time, we still are organized by nation states and, at the end of the day, to make this policy work, there does need to be cooperation by the governments of failed states.

With respect to international organizations and what gets operationalized at a national level, I would like to think that if the U.S. engages both the G8 partners, the G20 partners, and the UNDP, and the World Bank and IMF, and we take the lead, we certainly

can't do it alone, but we can catalyze these other institutions to help us operationalize things at the national level.

Last, on the Doha Round and AGOA, one of the things that I asked Nancy and Jeremy is, will this wonderful Commission have any ongoing life to try to see that our recommendations are followed? And I hope that we can find some way to do that so that, in Senator Biden's words, these recommendations don't simply get put on a shelf, but we continue with the quality of Commissioners we have to call attention to them, and nothing is more near term and more important than getting the Doha Round back on track and getting AGOA passed by the end of this session.

MR. BROWN: Just on the organizing at the country level, I've always felt that there's a sort of sequence which is not strictly chronological, but that the UNDP resident coordinator is the logical individual to pull together the initial planning and implementation plan, but that the World Bank and the IMF must be extremely involved in that.

And within a year or so of transitioning from immediate post-conflict status, those two will become the biggest actors, with the need for intensive capital investment, major economic stabilization, and the baton needs to move to them at that stage. But I do think we need to be much clearer about responsibility and accountability of the different phases of this. I think that would really help things enormously.

MR. WEINSTEIN: Thank you.

Let's take three more questions.

MR. JOHNSON: Gordon Johnson. I'm retired from the Center for Privatization. I came to Washington in 1950, as you know, to work on the Marshall Plan, and I am struck by the fact that a lot of what you're saying today could have been said 50 years ago. And we followed the economic route, worked very hard on it for 50 years, and didn't make very much progress because we had to work through governments.

I would ask that, kind of following up on the very first question, there seems to be very little emphasis on the war for minds. And if you think of the world war that we are in, it is not a war for geography, it is a war for minds, and some of those mind-changing needs exist in relatively wealthy countries. So you passed over what you call extracted industries, which are really oil industries, and said, "Well, that's part of corruption." But perhaps this is far more than corruption because it's that money that is feeding, isn't it that money that's feeding so much of what's going on?

So I'm asking can't there be more emphasis on mind-changing, and I'm not talking propaganda, and I'm not talking disinformation, but resources to creative uses, bring our minds into play at this new department. The mind-changing part of it should almost be more important than the, it would seem to me, than the economic parts of it because, if we don't change the minds, debt relief, foreign aid, and trade aid isn't going to work if we

don't have better governments. And where we don't have money to give them, how do we bring about better governments where we have no leverage?

MS. BREMER: I'm Jennifer Bremer of the Keenan Institute at UNC.

I guess I have two questions, and I'll keep them really brief. One is I really want to commend you for emphasizing the role of the G20 countries. I feel that the middle-income countries, that the emergence of these countries is a third change beside the end of the world war and the appearance of terrorism or the reappearance of it since the end of the 19th century of terrorism. But I think that the role of these countries is something that deserves considerably more attention as to how they can play a positive role, and exactly what their role is and how their leadership emerges.

My other question is a little bit more of a question. The part that I really didn't hear, and indeed I haven't read the report, but just in the summary, what didn't really come across to me was how you recruit local elites, how you reach out to the leadership in the countries itself. It is one thing to talk about coordination of aid, which is certainly an important factor, but what I don't hear is how you really get local leadership to come forward.

Whether it's from the business sector or progressive elements in the military, where does the local leadership come from? Because I think, in development, we've all had the experience that no matter how brilliant the recommendations and how hardworking the advisers, if the local leadership does not respond, you do not get change.

QUESTION: I'm the former Ambassador of Somalia to the United Nations and also the former Assistant Secretary General of the Organization of African Unity, which is now called the African Union. I am now a diplomat in residence at the Institute of Conflict Analysis and Resolution of George Mason University.

I wanted to pose two questions. One is, of course, on Somalia, and the other one is on UNDP operational activities in the field.

On Somalia, I think everybody is aware of the fact that Somalia has been without a functioning government for almost 14 years now, and every time a conference is held, reconciliation meetings are convened under the auspices of either the United Nations or other regional organizations, then resolutions are adopted and no action is taken. The problem that is really facing Somalia is not the lack of conferences and the lack of resolutions, but it is merely because of the lack of enforcement actions to implement the content of these resolutions.

I'm posing a question now to the members of the Commission as to whether they would think that the time has come for the international community to intervene militarily, as they have done in the case of Iraq and in the case also of Haiti, in order to restore and create an environment of peace and stability in Somalia so that a functioning government is restored in that country. So that is the question that I want to pose on Somalia.

Regarding the UNDP, I have been on a number of missions lately, consultancy reviews and consultancy work for the UNDP. And let me say that I'm really impressed by the leadership of UNDP under the administrator, Mr. Brown.

But the question that I'm posing is a question that, in fact, needs special attention. That concerns really the coordination of the UNDP and other U.N. bodies and other organizations, and I'm posing this question to the administrator because of the fact that I feel that there is a need for coordination and cooperation among the various organizations in the field to be strengthened because, really, the programs and the projects that are operating in the field cannot be practically feasible unless there is such a cooperation or coordination.

These are the questions that I want to pose. I'm sorry to pose these questions, but in the interest of time, I don't want to say any more.

Thank you.

MR. WEINSTEIN: Thank you.

Given that we have 5 minutes left, and we're very conscious of ending on time, given that we've had you for a number of hours this morning, I'm going to invite our panelists to make some closing comments with respect to these questions and anything else they want to put on the table.

And I hope others who have questions remaining will feel free to approach people afterwards.

So let me offer it to Congressman Porter, first.

MR. PORTER: Well, first of all, there's been a number of questions that are country specific and others on specific actions that need to be taken or the like. And it seems to me that we cannot lose sight of what we're trying to accomplish here. These are the kinds of questions that can be solved if we have in place the organization and the tools to address each one of them. So I don't want to take time to address those. I want to take time to address the issue of how do we get where we want to go.

One of the important things that was said, though, is the hearts and minds question. It's been raised now twice. Let me say that when 9/11 occurred, I thought to myself, we have to do three things. We have to hunt down the terrorists and destroy their cells, we have to protect the American people from further terrorist acts, and we have to address something that I think shocked all of the American people, and that is the degree of the hatred that the United States is--is aimed at the United States today across this world because we think of ourselves as very forthcoming, caring people, and apparently the rest of the world doesn't see it quite that way.

We're always going to have the problem of being the last superpower on earth. That is a given. You're always going to have that problem. And it seems to me the United States has to take some initiatives to try to reach out to people. And one of the areas I suggested immediately--this is a long time ago now--was that I would love to have seen the President to have gone to Johannesburg, which he didn't, and to say down there we are going to address the problem that plagues all the world, and that is the problem of healthy people. How do we get people healthy? The United States is the best in the world, in terms of our health technology and our ability to improve the lives of people.

And if I were President, I would have said healthy and productive people make growing economies, and we want to assure that the world has healthy and productive people, and we want to partner with you, in terms of bringing the resources, not to do it for you, but to show you how to do it, to build the health infrastructure and to provide the expertise, and the training, and the like and research to make this happen.

That, of course, did not happen. But we did have something happen, and that was the Gates Foundation decided that they would put forward a Global Health Initiative and fund it, and that is at least some outreach, in terms of what we can do in an area where we are experts and that does not carry a lot of political baggage. Health is universal. It carries a little baggage, but health is universal. It's something we are expert in, and it's something where we can really help the rest of the world, it seems to me. So I think that this has to be put in a very high place in our deliberations.

Finally, let me say--and I know we're going to run a minute or two over time--I hope that the Commission, I know that the Commission will remain engaged in this, but all of you have to remain engaged in this. When we pull out of Iraq, and I believe we will, in probably late this year maybe, just before the election, it seems to me that the American people are having, and will have, a kind of reaction where we pull back and stop engaging in the world at the very time we ought to be doing the opposite.

And it also seems to me that it is probably inevitable--I hope certainly not--but that we will have terrorist acts after the election no matter whether the Bush administration is reelected or the Kerry administration comes in. It will be a time when terrorists will say this is the time to strike. That, I think, will reverse that trend and get us back on target as to what we have to do with the rest of these problems.

And I think from between now and the election is the time to raise this issue in every form which you can reach, and I hope this Commission will reach out to the Bush campaign, to the Kerry campaign, bringing home the report, educate their people about it, get it into the candidate's mind, raise the questions, get the press to raise the questions and the debates that will incur in the fall and simply bring this issue home to the American people as to what we have to do to make this thing happen and how it will help American security and America's place in the world. I think that's what we've got to do, all of this work.

I don't like academic exercises. I don't want this thing to sit on the shelf either, as Joe Biden said. We want to get this thing done.

AMBASSADOR EIZENSTAT: I would just add a couple of points on some of the other questions and then one word of summary.

On the question about involving local elites, the fact is that we put a good deal of emphasis, Ruth Morgenthau and others, on--one of the Commissioners--on the issue of civic and civil society, a recognition that this is crucial to any functioning society, and we would hope that the new development agency would focus on that and that we would have the kind of outreach that is necessary to build democracies and functioning governments from the ground up, and oftentimes that means working with civil society.

With respect to Somalia and the issue of military intervention, one of the key recommendations we made is not only strengthening militaries and police forces within countries, consistent with human rights and, as I mentioned, removing some of the restrictions on U.S. assistance there, but strengthening regional peacekeeping operations. There simply are going to be a very limited number of instances, particularly with the Iraq experience, as the Congressman was suggesting, in which the U.S. is going to militarily intervene. These interventions are going to have to in some cases be NATO, if it's more of a European focus, but in many other instances, we'll have more legitimacy if they are regional, whether it is the African Union, whether it is ASEAN, whether it's other regional peacekeeping operations.

I would guess this is certainly not part of the recommendation we put forth, but I would guess within 10 years that there will be some kind of standing military force, under the U.N. umbrella, that could be deployed quickly, with Security Council approval. But at least until that day comes, it is important to strengthen regional organizations.

Just by way of summary, without in any way trying to restate what John, and I, and the Commissioners have said, I just would like to leave one thought, and that is I think well said by John, and I'll just put it in a slightly different context.

I think that these kinds of recommendations would have fallen completely on deaf ears before 9/11 and before Iraq. I think that there is now a much greater recognition that weak and failed states pose a real threat to U.S. national security for all of the reasons that have been said, havens for transnational gangs, for drug traffickers, for terrorist groups and that we will end up spending a lot less if we intervene on the front end than if we wait for these crises to occur.

So I think that the current environment does provide us an opportunity to make the recommendations, some of which are very bold and quite dramatic, have a real chance of being implemented.

MR. BROWN: Just a very quick word. I think an awful lot in development is going right. And when I look at UNDP, we're doing I think really good work on democratic governments, the private sector and some other things. But I have three years left in my second term, and I have two goals for myself. It's, one, to get the world, in policy and financing terms, to put the plan in place, to get the Millennium Development Goals achieved by 2015. I think there is no single biggest contribution to global security and prosperity than that.

I have a second task, which is at least the odds of achieving are probably about the same, and that is U.N. reform. It shouldn't be that they're in the same order of odds, but I feel very strongly that UNDP is an okay organization. Now, it can always get along better. But this issue of getting the U.N. to work at the country level, in an integrated way, and that leadership of the UNDP Resident Coordinator is a huge unfinished piece of business.

If we get greater global aid with development resources, faster growth in developing countries, it will still all come undone if we don't get that bit right. So I think it's very important.

On Somalia, one of the ironies of Somalia, as you know well, is, on some factors, it's doing rather better than other failed states. Why? Because of a strong, vibrant civil society and local leadership which is making bits of the country work quite well. That is, however, obviously not the permanent solution, and we have to go on using all the means at our disposal to rebuild a state because otherwise there are worrying signs it could be the next Afghanistan, in terms of some of the activities now getting located there.

MR. WEINSTEIN: Let me make one final announcement, which is that we apologize for running out of reports, although we take that as a very good sign. These were reports that we copied just for this meeting. There is a final bound version that will be produced within the next couple of weeks. We will be sure that those of you that have RSVP'd or those who we don't have on record, but who get in touch with us, will get a final bound copy of the report when it's produced. But up until then, you can find it on our website: cgdev.org.

I hope you'll join me in thanking our two Commission Co-Chairs and our panelists, and we appreciate you coming.

Thank you.

[Applause.]

[Whereupon, the proceedings were adjourned.]