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Executive Summary

The end of the Cold War, the advent of new communications technologies, the worldwide trend toward decentralized government, and the increasing importance of trade and economic--rather than political--relations require major changes in the way Washington conducts diplomacy. Not only can the conduct of U.S. foreign policy be significantly streamlined, more of the business of international relations can and should be handled by regional or local authorities, busi nesses, and private citizens.

Washington should rethink the importance of each country to U.S. interests and adjust the U.S. diplomatic presence accordingly. Many of the functions currently performed by embassy personnel--information gathering on obscure or unimportant subjects, for example--are irrelevant, and many essential functions could be performed equally well and at much lower cost by local hires or even private organizations.

Extraneous foreign policy institutions, including the United States Information Agency, the Agency for International Development, the Commerce Department's overseas opera- tions, and U.S. membership in myriad multilateral special-interest organizations should be eliminated. The Office of the Special Trade Representative should concentrate on core missions--such as opening world markets--and stop engaging in peripheral or even harmful protectionist activities.

Washington today dominates the diplomatic world. If the United States were to take the lead in modernizing the conduct of diplomacy, other nations would probably follow suit, changing the conduct of international relations to better meet the demands of the post-Cold War era.

Introduction

Despite the huge political, technological, and economic changes of the past few years, U.S. foreign relations are conducted today much as they were in earlier decades. The United States maintains an embassy in almost every country Washington recognizes, and those embassies are bloated with functions and personnel that may have been justifiable during the Cold War but are no longer necessary. Although the United States is gradually reducing the size of its foreign policy establishment in response to congressional budget pressures, the changes are mostly quantitative, as is often the case when change is motivated primarily by budget cuts rather than by policy considerations. There is little evidence that the nature or value of the activities America's foreign policy establishment is engaged in has received serious examination.

Three key factors have dramatically altered the conditions in which the United States conducts its foreign policy: 1)

new communications technologies, 2) the end of the Cold War, and 3) lessons the United States has learned from having pursued a broad, assertive foreign policy throughout much of the 20th century. Together, those factors suggest that much leaner, more efficient, and less expensive foreign policy mechanisms are not only possible but desirable.

The opportunity to remodel U.S. foreign policy mechanisms does not often present itself. Cold War-era tensions long discouraged the United States from doing anything but building a foreign policy apparatus. Slowly but surely, Washington added functions and people, and then additional people to support those functions and people. The result is that U.S. embassies, agencies, and missions at home and overseas have swelled out of all proportion to their legitimate functions in the post-Cold War world.

The Declining Importance of Central Governments in Post-Cold War International Relations

When serious threats to national security arise, the first impulse of central governments is to consolidate and, if possible, expand government control over society. That includes asserting monopoly rights and exercising monopoly power in devising and carrying out "foreign policy." Citizens of imperiled states generally comply--because of the survival instinct, or a sense of patriotism, or the relative powerlessness of individuals and the sanctions of sedition and treason laws. Government monopoly over the conduct of foreign policy in times of national danger is understandable. The appearance of strength and determination before a country's adversaries is enhanced by the appearance of national unity, and the appearance of national unity is usually enhanced by secrecy and centralized control. Moreover, the principal instruments of foreign policy during war, military forces, are, by their very nature, government instruments, and the government generally exercises an absolute monopoly over them. Indeed, external sources of danger may well have been the root cause of the creation of nation-states in the first place.[1]

In the absence of a powerful adversary, however, the principal instruments of foreign policy are frequently not governmental but private: business investment, trade, immigration, travel, mass media, and art and other cultural contacts. The political and economic issues that fall under government control are distinctly secondary influences in international affairs during times of peace.

Shrinking of the Peacetime Community

People have a natural tendency to organize themselves into the smallest communities that are capable of meeting their needs. The smaller the community, the closer the sources of authority and control, and the individual naturally seeks to exercise the maximum amount of each.

In peacetime, community size is determined primarily by cultural and trade patterns, which for most people result in an effective community that is relatively small. When faced with serious external threats, however, the effective community becomes larger. Larger communities mean more power, especially military power. Individual control and authority are sacrificed so that the larger community can survive.

That phenomenon has been evident in 20th-century America. During the Cold War the effective community enlarged so that it could support a large military and ancillary organizations for intelligence, economic warfare, and ideological warfare. Power was centralized in the national government and shifted toward the executive branch.[2]

Since the end of the Cold War, however, the primacy of the smaller community has begun to reassert itself. Current moves in the United States to decentralize authority over education and welfare by dismantling the Department of Education and radically downsizing the Department of Health and Human Services and making block grants to the states are elements of a return to normalcy in the post-Cold War era. The urge to federalize scientific education and technology so that the United States can remain on the cutting edge is a relic of the post-Sputnik Cold War.

Even economies of scale and reduced redundancies-- benefits associated with centralization--are not compelling reasons to favor a larger community in peacetime. The contemporary national mood favors reducing the federal government and returning power to state and local authority; post-Cold War decentralization of foreign policy is a manifestation of that impulse.

Appreciation of Economies

With the huge expansion of international trade and the porosity of national borders to electronic transfers of money, the power of traders and fund managers is eclipsing that of central bankers and finance ministries. Trade across national frontiers has grown tremendously since the Bretton Woods system was established in 1944.[3] National governments, even acting in concert, can no longer effectively control currency exchange rates or otherwise effectively protect currencies.[4] The magnitude of nongovernment monetary flows, determined primarily by markets, is simply too great for the relatively feeble instruments available to governments.[5] Accordingly, in contrast to the situation at the beginning of the nation-state in the 17th century, private economic decisions are now largely controlling political choices.

Investment fund managers sometimes seem to be a new class of stateless legislators, influencing the ability of governments to tax, spend, borrow, or depreciate their debts through inflation.[6] The strength and agility of fund managers are based on the insubstantiality of their product. They ship no commodities through ports, they are usually not physically present in the countries they affect, and their resources can be exported at the speed of light. Never before has there been such a quicksilver resource.

Depreciation of Government

Initial U.S. and Canadian efforts to rescue the Mexican peso with a $10 billion cash infusion in early 1995 failed, probably because they were battling private counterflows 20 to 30 times larger. The $40 billion war chest put together from currency stabilization funds and international financial institutions in late February 1995 appears to have been big enough to help slow capital flows out of Mexico, but it is impossible to know whether the war chest was essential to the improvement of the peso or merely an accompaniment to the natural corrective action of an international currency market that finds a 60 percent depreciated peso a better investment.

Although it is theoretically possible for a national government to impose controls on the flow of capital, doing so in the age of instantaneous and relatively open communication is suicidal. Countries that decide to opt out of the world capital market also opt out of prosperity for their people, and today people are usually aware of and can judge what their governments have done. Even in North Korea-- where the entire population is essentially incarcerated incommunicado--restricting the flow of capital is increasingly difficult. In most countries such control is, for all practical purposes, impossible; the world is too economically interdependent and information flows too freely.

Just as private flows of investment capital overwhelm official efforts to manipulate currency exchange rates, private investment in developing countries eclipses official economic development assistance. The International Institute of Finance estimates that 90 percent of the $175 billion that went to developing countries in 1994 came from private sources.[7] Official aid has a significant impact only if it stimulates or follows private leads. There is simply no point in governments' (or the government-controlled international financial institutions') pouring in $1 billion of official assistance if private investors are exporting $10 billion. A government or international financial institution that attempts to buck the trend of private investors will see its investment eroded by capital flight and have to go back to increasingly skeptical taxpayers for more capital. Governments cannot pick winners on the basis of political considerations; they have to sense or follow the market.

Devolution of Foreign Affairs from National to Regional Authorities

In peacetime there is no reason to forbid local or provincial governments, especially those with important trade relations with foreign countries or regions, to conduct their own foreign relations. In fact, in the absence of a significant military or ideological threat, many important aspects of world affairs--trade, migration, and such frontierless issues as health and the environment--are more logically handled at the local or regional than the national level. California, Arizona, New Mexico, and Texas are more deeply and immediately affected by what is going on in Mexico (or Chihuahua) than is the United States as a whole. Washington State and British Columbia have mutual concerns about salmon stocks, New York State and Quebec about power, Michigan and Ontario about auto production, and Maine and Newfoundland about cod, for example. Such issues tend to unify attitudes in separate polities.[8]

Even widely separated regions can develop similar attitudes (and politics). The Pacific Northwest, Indonesia, and Amazonia share strong attitudes about the desirability of logging in primeval forests; some Canadians, Alaskans,

Russians, and Scandinavians are bonding together in concern for the Arctic Ocean, frost-belt cities, and the plight of the Inuit; fiscal policies of the wealthy G-7 nations are increasingly interrelated--more than those of the European Union, which is split by the huge economic and social differences between the northern Europeans and Greece and Spain. Since lakes in Maine and Norway may be similarly acidified by stack emissions in Ohio and Scotland, Mainers and Norwegians often take similar positions on industrial pollution control, without regard to the policies espoused by the United States or the EU. Issues are increasingly defined by regional economic interests rather than by national affiliation.

Moreover, foreign governments and businesses are not going to ignore the devolution of power from Washington to states and localities. Increasingly, foreign organs inside the United States (such as embassies, foreign and multinational companies, and visiting ministers of foreign governments) will be able to bypass Washington and deal directly with governors and even mayors about many matters of commerce, environment, health, and public welfare. Even now, Alberta is not required to go through Ottawa and Washington to make a deal with Montana. Nissan can cut a deal directly with Tennessee. There are likely to be more such foreign-local dealings in the future.

Because decentralization of government in general and of foreign policy in particular is affecting other countries as well, Americans, too, will often have to deal with regional or provincial, rather than national, officials overseas. The United Kingdom, France, Spain, Germany, Italy, and Canada have all officially ceded greater authority to their respective provinces. News bulletins inform us almost daily that provinces have exercised new powers--often without authorization from the central government--in Russia, Pakistan, India, China, Japan, Mexico, Sudan, and Somalia. In Russia, for example, Moscow may pretend to make policy (or even believe that it is making policy) for the entire Russian Federation, but business people report that, in places such as Khabarovsk, Tomsk, and Kamchatka, locals increasingly call the shots on such matters as trade, investment, land titles, and visitor permits. In Japan the Kansai area around Osaka and the Northern Kyushu region around Fukuoka have bypassed Tokyo and reasserted the right to access to the outside world. Other Japanese prefectures are struggling to do the same.[9]

Decentralization of foreign policy is a trend that will almost certainly continue. In fact, the United States may need to relax its expectation that every country will have a single central authority and instead accept various forms of regional or ethnic autonomy within countries. Such autonomous groups or regions may even have legitimate, formalized relationships with foreign countries and foreign organizations independent of their central governments.[10] The world will be more complicated, with hundreds more international actors than the 180 or so currently recognized states. At least conditional acceptance of fuzzy and shifting borders (or no borders at all, as in the case of the Kurds and dozens of other ancient tribes) will be needed. The transition will be messy, as transitions usually are, and foreigners will often be caught in central-regional power struggles, as is now happening in China. Nonetheless, it is important to deal with the modern reality and not cling to illusions, no matter how inconvenient the reality may sometimes be.

The proliferation of multinational institutions such as the European Union, the Organization for Economic Cooperation and Development, the North American Free Trade Agreeent, the Association of Southeast Asian Nations, and the Asia Pacific Economic Council confirms that nation-states realize that they must reach beyond their own political borders if they are to stay involved in important issues (especially trade) of the day. The growth of multinational organizations may at first seem to contradict the trend toward smaller political communities. In fact, however, the recent growth in multinational organizations has been stimulated not as much by supranational aspirations as by the impulse to reduce nation-state measures such as customs barriers and tariffs. The EU, for example, is most strongly supported by Europeans when it works to reduce internal barriers to trade within Europe; it is most criticized when its efforts start to impinge on political or cultural issues. Similarly, the existence of the General Agreement on Trade and Tariffs (now the World Trade Organization) reflects, not a yearning for world government, but a desire to reduce national government interference in commerce.

Devolution of Power and the Conduct of International Relations

What implications does the devolution of power from national to regional and local authorities have for the conduct of international relations? Governments that wish to deal effectively with provinces may find that they need to resurrect and refurbish old mechanisms, such as consulates. Embassies will continue to exist, of course, but they will be increasingly insignificant for the issues that matter most.

The United States will be able to make many of its existing overseas establishments much smaller, but Washington will have to vastly increase the number of places and people it keeps tabs on, by cultivating unofficial as well as official contacts. American policymakers cannot know or deal effectively with all of Russian Asia from Moscow, all of China from Beijing and a handful of consulates, all of India from Delhi and three consulates. U.S. officials will need information on and contacts with hundreds of places and actors around the world, not just national governments.

Indeed, the United States already has tacitly acknowledged the declining significance of its embassies by allowing them to be headed by persons whose principal qualification is their political value to the party in power. The selling of ambassadorships is, of course, an old story in the United States. What is relatively new is the practice of franchising whole areas of foreign affairs to special- interest groups. African-Americans strongly influence U.S. policies towards Haiti and Africa; Florida's Cuban exiles exercise tremendous influence over U.S. policy toward Cuba; and Jewish Americans support a formidable lobbying establishment to influence U.S. policy toward Israel and the Middle East. The trivialization of official U.S. policy that sometimes results suggests that Americans do not regard U.S. embassy operations as important enough to merit objective and professional management.

The State Department and large foreign ministries will continue to be organized largely along country lines, but the "country desks" will gradually lose ground to the elements of the ministries that are concerned primarily with economic matters, most of which are either sub- or trans- national in nature. Capital cities are becoming less important than financial centers, political information less important than economic information, and dispatches from embassies less pertinent than media reports on commercial or social developments. Foreign ministries have already begun to adapt, relying more on open news sources (like CNN) and less on their own proprietary information. Budgetary pressures will most likely require ministries to adapt further.

Degovernmentalization of Foreign Affairs

The value of foreign-policy-related information is influenced by its source, by its consumer, and by the purpose for which it is likely to be used. Government analyses are generally less valuable than business analyses of foreign events because government analyses go to officials who use the information to recommend appropriate government action. Since the end of the Cold War, there is less and less appropriate government action to take. The United States no longer needs to combat communism by, for example, supporting trade unionism, cranking out propaganda, or giving out more scholarships to foreign students. In contrast, as a growing number of economies open up to trade and investment, there is more and more commercial and financial (i.e., nongovernmental) action to take.

Bureaucratic "Reforms"

Governments are adept at making bureaucratic changes to give one agency or another more personnel and a bigger budget; bureaucratic changes are, after all, the changes that governments make best. The Agency for International Development, the Arms Control and Disarmament Agency, and the United States Information Agency can easily be swept back under the State Department umbrella, for instance--as many congressional Republicans have proposed. Governments have considerably more difficulty dealing with substantive changes, particularly when those changes diminish, rather than enhance, the importance of bureaucrats. Post-Cold War degovernmentalization of foreign policy promises to be extremely challenging--if not downright threatening--to central governments.

Irrelevant Foreign Affairs Work

Much of what governments typically do in international relations is increasingly unimportant or completely pass'. For example, one of the primary activities of foreign ministries and their overseas missions is gathering information about political competition inside foreign countries. However, in the United States, and probably in many other countries as well, there are few effective feedback mechanisms to distinguish between valuable and worthless information. Absent such mechanisms, the flow of low- and no-value information and gossip has increased over time, along with the numbers of people who create it, read it, write about it, analyze it, index it, store it, retrieve it, declassify it, and so on. Yet, despite the flurry of bureaucratic "busyness" it engenders, the information usually serves no real-world purpose.

Today a typical American embassy has officials to gather information and perform "liaison" on political, economic,

commercial, military, scientific, intelligence, financial, maritime, labor, agricultural, aviation, law enforcement, tax, educational, cartographic, geodesic, and geological matters.[11] Since the people producing the information are usually quite competent, the volume of material is huge and the information usually accurate and deftly presented. But it is not often pertinent to government decisions that need to be made. The recipient institutions, bureaus, or desks back in the United States invariably praise the flow of information--the more, the better--in large part because information is grist for their bureaucratic mills.[12] No one privy to the information has an interest in asking if it has an end-user who values it more than the cost of producing it.[13] Perhaps a voracious appetite for specially prepared foreign information was marginally justifiable at the height of the Cold War, when official Washington and many others in America felt that the battle against communist world domination had to be fought in every precinct and school. Today, though, especially in light of the explosion of information that is readily available from public and commercial sources, that is not generally the case. Reams of embassy-produced information are increasingly unimportant and, in the case of countries of only marginal importance to the United States, worthless.

Information Failures

The pointlessness of huge amounts of information is probably best illustrated by the still-emerging story of the Central Intelligence Agency. Its most important mission-- obtaining information on the intentions of the Soviet leadership--was crippled and contorted by double agents, moles, and treason, as the Aldrich Ames case has revealed. We now know that policymakers did not have reliable information at critical turning points of the Cold War: the Berlin blockade, the Korean conflict, the Chinese entry into the Korean conflict, Sputnik, the building of the Berlin Wall, the Soviet invasion of Czechoslovakia, the Soviet invasion of Afghanistan, the fall of the shah of Iran, the opening of the Hungarian frontier, the dismantling of the Berlin Wall, and so on. Most important, of course, the CIA failed to discern or report the generally perilous state of the Soviet economy in the mid-1980s. Instead, Washington was flush with information on the geology, botany, infrastructures, political groups and movements, demographics, education systems, and so on of almost every country in the world. Why? Because a closed-loop, positive feedback system that deals with any kind of information--whether accurate and worthwhile or inaccurate and superfluous--soon justifies itself and asks for more. Yet the relationship of most of the information to decisions that the U.S. government must make is slight or nonexistent.

Bureaucratic Resistance to Reform

The dramatic changes in the international political and economic environment during the past five years are obvious. Less clear is why Americans have not seized the opportunity to redesign the way the only remaining superpower carries out its foreign affairs. Why are the intelligent, informed, and well-meaning people who make up the American foreign policy elite (and their counterparts in other countries) not more innovative when it comes to streamlining and modernizing diplomacy? Most foreign policy establishments are grotesquely overgrown and fusty. Where are the visionaries, the thoughtful media commentators, the congressional committees charged with overseeing foreign policy, the internal whistle blowers, the think tanks?

The State Department and foreign ministries naturally think their functions are terribly important, as do diplomats and foreign policy wonks. They are hooked on national- government-oriented foreign policy. Commentators on foreign policy and serious newspapers and TV network news divisions, too, are obsessed with the supposed significance of their subject matter. They cannot acknowledge the declining significance of national-government-centered foreign policy without reducing their own professional significance. Nor can the congressional committees that are responsible for overseeing the conduct of foreign policy. How can a thoughtful researcher in one of the foreign-policy-oriented think tanks enhance his reputation with his peers if he starts writing about the declining significance of their lifetime preoccupation? After all, it is in the interest of nearly all professionals to exaggerate, or at least to maximize, the importance of the problems they are hired to solve or to which they have dedicated much of their lives. Police need criminals, doctors need disease.[14]

Finally, for foreign affairs professionals and amateurs alike, there is the aesthetic and psychological attachment to the pomp of the traditional, European-style embassy: glittering chandeliers, opulent surroundings, fancy attire, shiny limousines, the scent of nobility. That sense of elitism would be lost if the government's business had to be conducted in a merely businesslike way.

Once institutions are established (and, more important, staffed), they are protected by their beneficiaries. Generally, the people are not lying or being devious or intentionally blind; they usually sincerely believe in the value of their institution. Institutional people are comfortable representing single-mindedly the arguments of their institutions, rationalizing that the merits of the case will be decided by others--the judge--whether that judge is Congress, the president, the National Security Council, or the Office of Management and Budget. There is no inclination, and certainly no reward, for an institutional person to view his own institution objectively. It is more than a matter of rice bowls, although rice bowls do enter into it; it is psychological loyalty.

Furthermore, institutional friction means that it is unlikely that anyone with enough stake in the institution to know it well is able to view it objectively. It is a kind of Heisenberg uncertainty principle lowered to the bureaucratic level: you either know it from the inside, or you can view it objectively, but you cannot do both at the same time. The result is that reforms proposed from within invariably propose sacrificing the peripheral and safeguarding the central.[15] In the post-Cold War era, however, the bureaucratically central must also be open to scrutiny and fundamental reevaluation.

Some Institutional Candidates for Radical Surgery

One function of the Republican offensive, led by House Speaker Newt Gingrich, in the U.S. Congress has been to encourage and validate radical questioning of all governmental structures--except the military.[16] Ordinary citizens are increasingly asking themselves and their representatives why the U.S. government continues with clearly failed or completed missions. To its credit, the 104th Congress has contemplated downsizing and even eliminating some agencies. Some examples follow.[17]

Agency for International Development

Sen. Jesse Helms (R-N.C.), chairman of the Senate Foreign Relations Committee, has proposed reducing the funds and personnel of AID and placing the agency under State Department control. The proposal is driven to a great extent by skepticism about the efficacy of government economic assistance. There is scant evidence of success. The Marshall Plan, Taiwan, and Korea usually are cited as examples of success by AID spokesmen at conferences and in the news media, but AID's contribution to the prosperity of the recipients of that aid is unclear.[18] Those success stories may very well have had more to do with preexisting industrialization, hard work, or--in the case of the East Asian countries--Confucian values. Examples of AID's failures, on the other hand, are legion.[19] Unfortunately, Congress has so far shrunk from even questioning the benefit to the United States of continuing massive block grants to Israel and Egypt and has contemplated only relatively modest cuts elsewhere in the foreign aid budget.[20]

Department of Commerce

It is not clear that U.S. foreign commercial offices significantly promote U.S. trade overseas. There is ample testimony from individual businesses of having received assistance from commercial officers overseas, but costly Department of Commerce trade data tend to be superficial and out of date. Most companies consider gathering trade information privately more efficient than using official sources, and the most critical information on individual companies or narrow market niches is simply not available to third parties such as commercial officers. Commerce Department representatives are most effective when negotiating with foreign governments to remove government-imposed obstacles to commerce. With the declining influences of governments over trade issues, however, that function will decline in significance. Encouragingly, bills already introduced in Congress would dismember the Department of Commerce, although some of its functions would be preserved, and Foreign Commercial Service personnel would be transferred to the State Department.

United States Information Agency

Given the enormous impact of Hollywood, Motown, Levi's, hundreds of thousands of travelers, and the news media, it is hard to believe that U.S. government information and cultural programs could make anything but the most marginal impressions on the minds of foreigners. Moreover, it makes little sense to send American culture abroad for free when foreign populations are clearly willing to pay for it. There is no longer a need to "win their hearts and minds."[21]

Despite some congressional interest in the supposed merits of broadcasting to Cuba and China, the days of U.S.-government-sponsored information, culture, and exchanges are numbered. Bills in Congress would reduce USIA personnel and funding and transfer residual functions to the State Department.

Embassy Personnel

American embassies' core functions are housed in their political and economic sections. The traditionally crucial job of political officers has become increasingly marginal or irrelevant. At best, they interpret political developments so that the State Department will have an idea of who is going to come out on top of a political scramble, and they describe the host country's relations with other countries. Unfortunately for political officers and their craft, there usually is not eight hours a day of knowable political scramble to report from most countries, and what there is, is unlikely to have a significant impact on U.S. interests or concerns.

State Department economic officers produce hefty macro- economic reports on every country in the world. But those reports seem to have few readers outside the U.S. government. Why such information is needed for all countries in the world and, if it is needed, why only a government official can provide that kind of information are questions that have not yet been asked seriously.

Both Congress and the administration would reduce the role of the State Department and consolidate some U.S. overseas missions to save money--a welcome step. However, the hard work of thinking about what we need our foreign affairs machinery to actually do for us has yet to be started.

Military in Embassies

The official function of U.S. military attach's is to gather information on foreign forces and their leaders. The self-esteem and ratings of attach's are directly proportional to the imputed significance of the material they handle. Midgrade military officers on embassy duty are usually both intelligent and ambitious. What they wind up doing, however, is exaggerating the significance of foreign militaries and decorating embassy social functions with their uniforms. Naturally, all three uniformed services (Army, Navy, and Air Force) have to be represented in the attach"s offices, usually without much regard to the size or significance of the host country's equivalent forces.

Every U.S. embassy also has a detachment of Marine guards. While the official purpose of that security force is to protect national secrets, the Marines are called on to do so only on rare occasions--when a professional security force may be just as effective. Usually, the principal function, although not the purpose, of uniformed Marines behind bullet-proof glass in embassy lobbies is to intimidate visitors. Secondarily, since they rummage through embassy offices looking for unsecured classified papers, the Marines encourage embassy officers to keep tidy desks.[22] Assigning an elite branch of the U.S. military to those mundane chores is an astonishing extravagance. A private guard force would be cheaper and equally effective at meeting the embassy's day-to-day security needs.

CIA in Embassies

Intelligence officers in our embassies watch the intelligence agents of other (hostile) countries and buy local political information, even though the same information may be available for free. Since the end of the Cold War, though, what someone else's foreign intelligence officer is doing in a host country is probably of little importance to the United States, and Washington should quit trying to find out, however delicious the information might be to privileged readers at CIA headquarters in Langley.[23] The end of global ideological struggle has greatly reduced, if not ended, the justification for espionage to uncover local political secrets and machinations and the purchase of confidences. It is possible to tell if a country is hostile by what it says and does; we do not need to spend huge amounts of money to read its memoranda to itself.

Because the CIA is composed of highly energetic people, the agency is frantically searching for a peacetime role. One of the worst ideas to emerge is for the CIA to collect foreign commercial intelligence that might help American companies. Although that idea probably will fall of its own weight, its having been seriously promoted has already clouded above-board commercial relations of legitimate American companies overseas.[24]

Office of the Special Trade Representative

The STR is a multiple disaster for rational foreign policy. Its establishment amounted to presidential acknowledgment in bureaucratic terms that it was impossible to get the State Department to put its heart into special-interest foreign policies (a stubborn resistance that is one of the few undisputed virtues of the State Department). The STR has given inefficient industries such as textiles, shoes, motorcycles, and automobiles (in the 1970s) expensive protection against foreign competition while simultaneously strengthening foreign dirigiste organizations like Japan's Ministry of International Trade and Industry. It also antagonizes America's trading partners by elevating hypocrisy to the policy level--calling quotas that are illegal under the General Agreement on Trade and Tariffs "voluntary restraints" and special-interest dirigiste quotas "numerically expressed goals" when, in fact, noncompliance with those quotas carries the threat of trade sanctions.

The STR's only legitimate function is to work toward opening closed or restricted markets wherever they may be--including in the United States. Everyone benefits when the STR succeeds in opening markets, as it has for rice, beef, oranges, and flat glass in Japan. That Australians, Europeans, and the Japanese may benefit as much as Americans do from such efforts should not diminish American support for the STR's role in opening markets. After all, 200 years of increasingly open markets at home have made Americans more capable than anyone of surviving open competition.

Given the strong U.S. interest in opening markets, it is obvious that the STR needs to get out, and stay out, of the business of protectionism. No major U.S. industry today--including the American auto industry--is profoundly threatened by foreign competition.[25] Thus it is an opportune time to eliminate the STR's protectionist policies and functions. Once protectionism has been purged from the STR, its functions should be folded back into the State Department. That move would not only eliminate redundancies, it would curtail the STR's ability to function as a mouthpiece for special interests, since it would then have to make its policy arguments in the context of the overall national interest.

Unfortunately, Congress seems to be heading in the opposite direction. Several members of Congress, including Rep. John Mica (R-Fla.) and Rep. Dick Chrysler (R-Mich.), have suggested strengthening the STR by transferring elements of the Department of Commerce to it.[26]

What Americans Want from U.S. Foreign Policy

For half a century Americans generally supported a foreign policy the primary objective of which was to protect America's security by containing the expansionist Soviet Union. That policy succeeded: Western policy, together with the inherent weaknesses and contradictions of communism, abraded the Soviet Empire until it fell apart. Civil society and the free-market system beat, hands down, the strange idea of a rigidly centralized, government-controlled economy.

The ideological triumph of democracy and capitalism has, however, created a dilemma for Washington's foreign policy community, which must now rethink U.S. foreign policy. But despite the elaborate and often tortured plans of many in the foreign policy elite, the American population's views on foreign policy--to the extent that Americans think about it at all--are quite simple. It is the author's observation that, essentially, we do not wish to view most of the world's problems as either America's business or America's responsibility, but we do want access to the world's resources and charms. Although Washington is often preoccupied with abstract notions of U.S. "leadership," most Americans are not. Americans have little enthusiasm for leading international crusades to resolve every conflict. Attempting to extinguish internecine conflicts in Somalia and Bosnia, for example, seems a thankless task that is not worth even a few American casualties. Americans are also skeptical of schemes that attempt to link relatively minor events in every region of the world to U.S. security. In short, Americans no longer believe--if we ever did--that a little Yankee ingenuity can let Bengalis live like Belgians, and, on the whole, we do not think it worthwhile to make the attempt.

What kind of foreign policy are Americans willing to support? First, we are prepared to pay for the world's most powerful military, including some intervention and disaster relief capability to deal with truly alarming developments overseas and to ensure that we have the means to protect our vital national interests. We also want to feel secure from international problems within our own borders. Events such as the Haitian refugee crisis--in which policy confusion emanating from Washington greatly exacerbated Floridians' sense of being overwhelmed by illegal immigrants--and

the World Trade Center bombing--which suggested unprecedented vulnerability to foreign terrorism on U.S. soil--alarm Americans largely because they represent the encroachment of foreign crises upon the American homeland. Finally, Americans want to be able to travel abroad freely and safely for business and pleasure. We want open markets overseas, confidence in the rule of law to protect our property and our persons, and incidental help abroad if we need it. From such blunt and unfinished ideas it is possible to make some inferences about what foreign policy mechanisms the American people and Congress might be willing to support.

What Mechanisms Do We Need?

A military capable of defending U.S. territory and undertaking occasional interventions to neutralize surprises like Saddam Hussein's Iraq need not look much like the military envisioned by the Pentagon's "Bottom-Up Review." We do not need, for example, forward-deployed troops in Korea, Japan, or Germany. We do not need a two-war capability. And we do not need a 10-fold capability to overkill strategic missiles.[27] (There are dozens of such examples that are outside the scope of this paper.) The military components of our foreign affairs activities can and should be changed in character and sharply reduced. Washington can start by stripping U.S. embassies of most military attachs, Military Assistance Advisory Groups, and the like.

Rethinking U.S. Embassies

Second, policymakers need access to accurate information about, and sometimes the ability to influence, internationally significant events and plans beyond U.S. borders. That will require an official presence on the ground in strategically and economically important countries. But even in those areas the United States does not necessarily need a full embassy complement (with highly classified storage and communications facilities, Marine guards, motor pools, personnel and payroll officers, nurses, and so on) in every U.S. diplomatic mission. Nor does the United States need to maintain an embassy in every foreign capital.

Ultimately, the foreign policy community must accept that Washington need not have a significant physical presence everywhere there is some U.S. interest. Modern technology makes it possible for policymakers to comprehend and influence many events from a distance. It is conceivable that the U.S. government could close many of its foreign missions and attend to American interests via telecommunications and occasional visits.[28] Washington could begin immediately to reduce the size of existing foreign missions (to 6 to 10 substantive officers and minimal in-house administrative support) in countries of middling importance and maintain very small embassies or simple legations (one or two officers responsible for several missions in the same region) in countries of marginal importance.[29]

Decisions about the opening of new U.S. embassies and staffing of existing embassies are generally policy driven. During the last two years, for example, the United States has opened embassies in the 14 former Soviet republics and greatly expanded staff in our embassies throughout Eastern Europe. Such moves were rational and supported by the American public, largely because of the powerful symbolism involved. An American embassy signifies "arrival" on the international scene and validates the independence of a new country, which is extraordinarily important for countries recently emerged from colonialism or subjugation to Moscow.

Tepid State Department Reactions

Budgetary pressures prompted Secretary of State Warren Christopher to announce in May 1995 that he had ordered the closing of 20 to 25 posts. However, he did not disclose what methodology would guide the decisions about which posts should be closed. As long as a country continues to exist, Washington seems to feel that the United States must maintain an American embassy there, regardless of the infrequency of real business. Secretary Christopher spoke of a "principle of universality" that requires an embassy, "with only rare exceptions."[30] Such a principle seems newly invented. At the very least, it cries out for elaboration.

Universality of what? Conferred by whom? For what purpose? At the moment, it seems that the "principle" means that the United States must have an embassy in every independent country for the purpose of signifying the political maturity of the people of the host country. Now that the Cold War is over, it may be useful to question whether conferring a kind of honorary degree of political maturity by maintaining an extensive diplomatic establishment year after year is the best way to spend U.S. tax dollars.

Dealing with the Real New World

It is probably a good idea to maintain one officer in or near each commercially or politically significant capital to personalize messages from our cabinet secretaries and report the (rare) significant reactions of government officials or industrial leaders.[31] It is not necessary, however, to maintain highly trained diplomatic officers to convey routine d'marches detailing how Washington wants the host country to instruct its delegate at the United Nations (or UNESCO, or OAS, or SCE, or the Committee on Disarmament, or any of a dozen other international forums) to vote on the hundreds of resolutions that come up each year. When such messages were truly necessary, most of them could be delivered electronically. If face-to-face meetings or delicate negotiations were deemed important, short trips or even videoconferencing could fulfill many of the same purposes as a resident American diplomat.

Eliminating Peripheral Functions

Washington needs to maintain consuls and consular agents in sizable cities to provide U.S. citizens with services and to prescreen (provide or withhold visas for) visitors and immigrants to the United States. Those functions are onerous, but even they can be made much more efficient. For example, American consuls now see visa applicants only after extensive preparation by local consular assistants, and their meeting is usually conducted over microphones through bullet-proof glass. The consul might as well not be there. He could as easily judge the demeanor of the applicant from interactive television or even from a videotape made by a consular assistant. Indeed, there is no reason why all visas cannot be processed electronically from regional centers or even from Washington.

The United States can also withdraw from hundreds of obscure international organizations to which we are officially party. The Inter-American Defense Board, which is housed in Venetian splendor on 16th Street in Washington, for example, really has had nothing to do since the defeat of Nazi Germany. The United States can also stop attending many of the hundreds of overblown multilateral conferences that explore trivial issues or meretricious themes but whose primary function is to provide employment for thousands of public servants.[32] Much more of the work of organizations whose work significantly advances American interests can be based in Washington, at a dramatically lower cost. There is no reason, for example, that the United States needs to maintain a special office in Rome just to deal with the UN Food and Agriculture Organization.

U.S. foreign policy agencies could learn much from the downsizing of American companies--the value of contracting out rather than maintaining expensive full-time staff for many tasks, for example. Much of the work that is currently performed by U.S. government officials overseas could be performed just as well and much less expensively by local hires. Only a fraction of diplomatic information is in any way sensitive. Most of it is local gossip and simple reporting of events, which do not require the reporter to have undergone a background check, have security clearance, or even be a U.S. citizen. Indeed, a low-cost clutch of local "stringers" might be able to obtain better information than do costly diplomats. For consular work, too, many countries (and, in the past, the United States) have found foreign nationals, usually called "consular agents," as effective as expatriates.[33]

Exploiting Private Sources of Information

To supplement the efforts of the smaller number of officials on the ground, the U.S. government should subscribe to a large selection of news wire services for general information and hire local stringers to provide additional information on matters of special importance to Washington.[34] Most of that information can be sent on unclassified networks. Take, for example, a typical "marginal" country, Niger, and try to imagine what might go on there of legitimate interest (i.e., not merely a matter of intellectual or academic curiosity) to the U.S. government.

Niger is landlocked in the middle of the Sahara. Perhaps there are several hundred American tourists a year and the same number of American traders. There are few natural resources of commercial interest and only minimal agriculture. Its 9 million people account for a gross domestic product of $300 per capita per year by producing peanuts, cotton, livestock, millet, sorghum, cassava, and rice. Its principal exports are uranium, cowpeas, livestock, hides, and skins. The United States is its fourth largest trading partner after France, Nigeria, and Algeria.[35]

Perhaps the United States would like to know the names and backgrounds of current power figures; any indications of

incipient unrest in the urban centers; any threats to the security of the country; and anything particularly unusual, such as the appearance of new diseases, military build-ups, smuggling, or natural disasters. Access to such information, however, does not require an expensive U.S. diplomatic establishment. The U.S. government (or any foreign government) is probably capable of obtaining 95 percent of what it needs to know about countries such as Niger from readily available public sources. For specialized information, Washington could commission reports from local people. To better ensure accurate and unbiased information, such reports could be commissioned from two or more sources. Whether the reporters were Americans, local citizens, or third-country nationals would not be particularly important. Anyone with sources and resourcefulness could be considered.

In addition to gathering information, American diplomats represent U.S. interests. Again taking the example of Niger, what messages does the U.S. government have to give to the government of Niger that can be delivered only by high-cost U.S. diplomats residing in the capital city? The typical representation message is an explanation of how the United States intends to cast its vote on some issue in one of the UN forums and suggesting that the recipient country do likewise. Such a message could be sent by telegram, fax, or e-mail directly from Washington. If discussion were required, the one or two diplomatic agents in place or even ad hoc representatives could handle it.

Setting an Example and Creating Incentives

If Washington were to take the lead in radically down- sizing U.S. diplomatic missions overseas and put information services out for bid, other countries would most likely follow. That would encourage dramatic growth in private information services, which would then compete to provide reliable information at a fraction of the cost that taxpayers around the world currently shoulder. The great flow of information, together with that already contained in computerized databases, would enable the staff officers who support policymakers to perform more thoroughly and more efficiently as sophisticated information specialists.

Foreign information and intelligent analyses should also be distributed much more widely inside the United States. As it is no longer just the central government that needs to understand the rest of the world, many state and local governments will be prime consumers of foreign-affairs-related information. Consumers should, of course, pay for the information. In fact, the information could be sold to private companies, so that the market could determine what kind of information is truly valuable and bring much- needed feedback discipline to its overseas collection.

In the most important capitals of the world, private "diplomatic agencies"--providing such services as embassy administration (motor pools, maintenance, cleaning, handling of visitors, and the like) and public information, doing consular work, and even conveying to the local government the views and wishes of its client government (i.e, much of the work now performed by diplomats sent overseas by their own governments)--would spring up, offering a wide selection of services at low prices. The use of such agencies would not "privatize" diplomacy, but it would free diplomats from low-level information gathering and petty chores so that they could spend more time on the activities that demand their intelligence and training.

Conclusion

The United States today plays the role played by the French in 18th- and 19th-century European-oriented diplomacy. The language and style of diplomacy were then French, and the French were among its most subtle and effective practitioners. The language and style of diplomacy at the end of the 20th century are decidedly American, and the United States can be highly effective in diplomacy when it wishes to be, in part because of the energetic, coordinated approach it adopts when important issues are at stake.

The rest of the world will probably follow the American lead in new ways to conduct diplomacy, especially if the new ways save public treasure. If the United States leads by reducing the size of its diplomatic establishments and making more use of modern communications technology and nondiplomat local agents, other countries will probably do likewise. That would be a much-needed change in the profile of world diplomacy to meet the demands of the post-Cold War era.

Notes

[1] "Countering Spain's threat became the motivation and avowed aim of the inventor of the nationalstate, the French lawyerpolitician Jean Bodin, in his book Six Livres de la Rpublique (1576)." Peter F. Drucker, Post-Capitalist Society (New York: HarperCollins, 1994), p. 115.

[2] See Robert Higgs, Crisis and Leviathan: Critical Episodes in the Growth of American Government (New York: Oxford University Press, 1987). Higgs notes that great national emergencies such as wars and depressions increase the size and power of government. After the crisis is over, government does not return to its original size, in part because of public acclimatization to extraordinary inconveniences and because the laws and institutions created to confront the crisis tend to persist.

[3] Roughly $1 trillion a day goes racing around the world in search of profit, according to John Greenwald, "That Sinking Feeling," Time, March 17, 1995. See also Richard B. McKenzie and Dwight R. Lee, Quicksilver Capital: How the Rapid Movement of Wealth Has Changed the World (New York: Free Press, 1991).

[4] "In a world where international investment money can cross borders with a few taps on a computer keyboard, a thunder of key taps arose from the offices of stunned in vestment-fund managers in New York City and other financial centers. As they swiftly dumped Mexican securities, the peso went into a tailspin, at the worst point losing 40% of its value." Richard La Cayo, "The Plunger: The Peso Heads South," Time, January 6, 1995.

[5] George Shultz, an economist and former secretary of state, makes the same point in his usual, understated way: "Unfortunately, as a global society, we've yet to learn something crucial: don't interfere in exchange markets or try to impose artificial order on them. Why? Because the market will win in the end anyway and the cost of intervention can be high. . . . Such order comes from sensible and sustained economic policies by individual nations." George Shultz, "Bright Prospects, Hard Problems," Bechtel Briefs 50, no. 1 (March 1995): 19.

[6] To attract needed foreign capital for large-scale government privatizations, companies like Deutsche Telekom must compete with other companies around the world for return on equity. That means providing evidence of profit projections by opening books, slashing staff, and producing other forms of corporate transparency, heretofore required primarily by national legislation. See, for example, William Glasgall, "Who's Afraid of Global Markets? Not U.S. Investors," Business Week, September 4, 1995.

[7] "Changes in Capital Flows to Emerging Economies," Institute of International Finance, Washington, April 19, 1995.

[8] Joel Garreau makes those points engagingly and at length in The Nine Nations of North America (Boston: Houghton Mifflin, 1981). He argues that the U.S. state boundaries and the international boundaries of the United States with Canada and Mexico are misleading as predictors of attitudes and are becoming meaningless. Instead, the people of North America are beginning to act like citizens of nine separate nations: Quebec, New England (including Labrador and Nova Scotia), the Foundry, Dixie, the Islands (including Miami), Mexamerica, the Breadbasket, Ecotopia, and the Empty Quarter (most of Canada and the Inland Empire).

[9] For some of these examples and others, see Kenichi Ohmae, The End of the Nation State: The Rise of Regional Economies (New York: Free Press, 1995).

[10] The Republika Srpska, the Serb Republic within Bosnia-Herzegovina that is expected to have a "special relationship" with Serbia, is one such example.

[11] Typically, each American officer is assisted by one or two local employees and a shared secretary and is supported centrally by both American and local personnel who tend to motor pools, travel and transportation, finances, personnel, security, building maintenance, communications, medical matters, and housing.

[12] The author once received a commendation from the State Department's Bureau of Intelligence and Research for a lengthy and comprehensive report on Moroccan primary and secondary school education that required several weeks to prepare. The justification: education is basic to economic development, and Morocco's economic development was (in 1965) critical to blunting the appeal of communism.

[13] The cost of collecting and processing information could be reduced dramatically and rationalized by charging official consumers the real costs for information they ask for and by inviting nongovernment sources to compete to provide the information that is required. That kind of internal accounting and competition has been a key measure for U.S. corporations in rationalizing their operations. It is perhaps overdue for trial in the U.S. government.

[14] This is not a criticism of others; the author, during 25 years of active duty in the State Department, considered it a tactical, justifiable duty to assert credibly the awesome importance of his own work in international affairs.

[15] In the face of the most powerful congressional pressures for restructuring in 50 years, the State Department in May 1995 offered to close some 20 to 25 posts around the world, but it apparently gave no consideration to other ways of doing its business overseas. See "Remarks by Secretary of State Christopher on the Strategic Management Initiative," May 8, 1995, U.S. Department of State, Office of the Spokesman.

[16] The Republican Contract with America's National Security Restoration Act mandates, "No U.S. troops under U.N. command and restoration of the essential parts of our national security funding to strengthen our national defense and maintain our credibility around the world." Shortly after returning from summer recess, both houses of Congress passed defense money bills providing more than the administration had requested for defense, particularly in industry-intense areas such as missile defense. The Senate bill was for $6.35 billion more than the president's request. David Rogers, "Senate Passes $242.7 Billion Defense Bill," Wall Street Journal, September 6, 1995, p. A2; and Helen Dewar, "Senate Backs Missile Plan, Adds Funding for Weapons," Washington Post, September 7, 1995, p. A2.

[17] AID, Commerce, and USIA would be either abolished or folded into the State Department by a bill now working its way through Congress, but most of their activities would be only reduced, not eliminated.

[18] The "post hoc ergo propter hoc" fallacy emerges frequently in discussions of the efficacy of foreign economic assistance. Political officers in the State Department have occasionally retorted, "Yes, and my diplomatic achievements have so far prevented World War III."

[19] See, for example, Doug Bandow, "A New Aid Policy for a New World," Cato Institute Policy Analysis no. 226, May 15, 1994.

[20] See House Committee on Appropriations, "Foreign Operations, Export Financing, and Related Programs Appropriations Bill," 1996 House Report 104-143, 104th Cong., 1st sess., June 15, 1995, pp. 5, 27, 42, for fulsome praise of Israel as a "key friend and ally" and "its unremitting resolve to achieve peaceful agreements with the Palestinians and its Arab neighbors." The committee recommends the full amount of the administration request and directs that not less than $1.2 billion be paid to Israel as a cash grant within thirty days of the signing of the act.

[21] "Cold War Institutional Relics," in The Cato Handbook for Congress (Washington: Cato Institute, 1995), pp. 307-12.

[22] Embassy personnel dread receiving "security violations" for leaving classified materials out of safes at night. No known damage to U.S. security as a result of "violations" has ever come to light, but avoiding them is the principal security preoccupation of U.S. embassy officers.

[23] NonCIA people, regardless of how highly cleared, are almost never permitted peeks at "sources and methods," a veil for waste and error.

[24] See, for example, Stanley Kober, "The CIA as Economic Spy: The Misuse of U.S. Intelligence after the Cold War," Cato Institute Policy Analysis no. 185, December 8, 1992.

[25] Although many Americans believe that the U.S. auto industry is threatened by Japanese imports, the facts suggest otherwise. Since 1990 total sales of Ford, General Motors, and Chrysler have been increasing, while those of Toyota and Nissan have been declining. At the same time, Ford and Chrysler have increased their shares of the U.S. market, largely at the expense of GM, while the shares of Honda, Nissan, and Toyota have declined. Alex Taylor, "Ford's

Really Big Leap at the Future," Fortune, September 18, 1995, p. 136.

[26] The STR's recent success in pitting the United States against Japan in nonobservance, if not violation, of a global trade regime sponsored by the United States, in the interests of U.S. auto manufacturers who have made no serious attempts to breach the Japanese market, should help us understand the pitfalls of specialinterest foreign policy.

[27] See, for example, David Isenberg, "The Pentagon's Fraudulent Bottom-Up Review," Cato Institute Policy Analysis no. 206, April 21, 1994; and Lawrence Korb, "Shock Therapy for the Pentagon," New York Times, February 15, 1994, p. A21.

[28] Jim Anderson, "Will 'Virtual' Embassies Replace Traditional Ones on Road of Technology?" Foreign Service Journal, March 1995, p. 32.

[29] Countries of middling importance might include Albania, Algeria, Bulgaria, Croatia, Ecuador, Estonia, Ethiopia, Iceland, Kenya, Latvia, Liberia, Lithuania, Mauritania, Mongolia, Paraguay, Sudan, Uruguay, Yemen, and Zaire. Marginal countries might include Antigua and Barbuda, the Bahamas, Barbados, Burkina Faso, Burundi, Eritrea, Grenada, GuineaBissau, the Holy See, Jamaica, Rwanda, and Trinidad and Tobago.

[30] "Remarks by Secretary of State Christopher," May 5, 1995, U.S. Department of State, Bureau of Public Affairs, p. 3.

[31] No one lower than a cabinet secretary should be empowered to send substantive instructions to embassies, so that huge amounts of lowlevel, makework communications could be avoided.

[32] The December 1994 Summit of the Americas (a big and expensive meeting held in Miami) issued a "Plan of Action" demonstrating how governments confuse action with meetings. The plan included such actions as "Urge the March 1995 World Summit for Social Development and the September 1995 Fourth World Conference on Women to address the issue of universal access to education, and hold a workinglevel conference, to be followed by a ministerial conference, to study and agree on a coordinated hemispheric response, including consideration of an interAmerican convention, to combat money laundering." "Declaration of Principles," Summit of the Americas, Miami, Florida, December 9-11, 1994.

[33] "Consuls began appointing foreigners to be their consular agents from the very beginning. At an early point, Washington itself began appointing foreigners to serve as consular agents in cities where it did not wish to station an American consul recruited in the United Statesor, more likely, where it could not induce a consul to establish himself because the prospects of remuneration were too limited." Walter B. Smith II, America's Diplomats and Consuls of 17761865 (Washington: U.S. Department of State, Center for the Study of Foreign Affairs, 1986), p. 6.

[34] Such matters might include the development, or disparagement, of human rights or gross environmental degradation.

[35] Information Please Almanac, America Online, 1994.