

Stenographic Transcript
Before the

COMMITTEE ON
ARMED SERVICES

UNITED STATES SENATE

HEARING TO RECEIVE TESTIMONY ON
GLOBAL CHALLENGES AND
U.S. NATIONAL SECURITY STRATEGY

Thursday, January 25, 2018

Washington, D.C.

ALDERSON COURT REPORTING
1155 CONNECTICUT AVENUE, N.W.
SUITE 200
WASHINGTON, D.C. 20036
(202) 289-2260
www.aldersonreporting.com

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HEARING TO RECEIVE TESTIMONY ON
GLOBAL CHALLENGES AND
U.S. NATIONAL SECURITY STRATEGY

Thursday, January 25, 2018

U.S. Senate
Committee on Armed Services
Washington, D.C.

The committee met, pursuant to notice, at 10:00 a.m. in Room SD-G50, Dirksen Senate Office Building, Hon. James M. Inhofe, presiding.

Committee Members Present: Senators Inhofe [presiding], Wicker, Fischer, Cotton, Rounds, Ernst, Sullivan, Perdue, Sasse, Scott, Reed, Nelson, Shaheen, Gillibrand, Donnelly, Hirono, Kaine, King, Heinrich, and Warren.

1 OPENING STATEMENT OF HON. JAMES M. INHOFE, U.S.
2 SENATOR FROM OKLAHOMA

3 Senator Inhofe: Our meeting will come to order.

4 The Senate Armed Services Committee meets this morning
5 to receive testimony on global challenges and the United
6 States national security strategy to meet those threats.

7 It is my honor to welcome our distinguished witnesses,
8 former Secretaries of State, Henry Kissinger and George
9 Shultz, and the former Deputy Secretary of State, Richard
10 Armitage. Your careers of service have been just
11 unbelievable, been great, and we are so honored to have you
12 folks here.

13 I want to begin by reading a brief welcome from our
14 Chairman McCain, who regrets that he is unable to be here
15 for today's hearing, and I am quoting him now.

16 He says, With the rising global challenges of an
17 increasingly complex and competitive strategic environment,
18 America needs the leadership, wisdom, and experience that
19 only statesmen of this stature can provide. This committee
20 and this nation thank you for your service, and we are
21 grateful for your continued voices of reason during these
22 troubling times. We look to you for the lessons of history
23 as we all seek to secure a safer, freer, and more prosperous
24 world.

25 I guess one of the most enjoyable committee hearings

1 that I have experienced before was 3 years ago when we had a
2 hearing of the same. Both Secretaries Kissinger and Shultz
3 were here. And a lot of the comments that you made were
4 very prophetic. Here it is 3 years later. A lot of these
5 things have happened. So we are looking forward to this.

6 Speaking on behalf of the entire committee, we all look
7 forward to having the chairman back soon. I am sure he will
8 be.

9 Now more than ever, the challenges of today's world
10 require strategic vision. Each of you is uniquely qualified
11 to help this committee think through not only our present
12 challenges but also the strategy needed to meet them. The
13 insights and wisdom you offered then were discerning and
14 have borne out in the years since.

15 The Trump administration recently released a new
16 national security strategy and a national defense strategy,
17 which emphasizes the priority of near-peer competition, the
18 danger of rogue nations, and the enduring threat of
19 terrorism. The national defense strategy is a frank and
20 realistic view of the global strategic environment. It
21 offers a blueprint for protecting our national interests and
22 reestablishing America's position as the undisputed leader
23 of the free world, and it shows a commitment to restoring
24 our military advantage across all domains and strengthening
25 and expanding key alliances.

1 So we just ask each of you to help us think through the
2 strategy. The members of this committee are well aware that
3 the key and success of any strategy requires resources. We
4 need to cast aside partisan politics and pass an
5 appropriation bill while finding a way to fix the defense
6 spending caps that have decimated our military in terms of
7 readiness and modernization. So we thank you for your
8 service and look forward to your testimony.

9 Senator Reed?

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATEMENT OF HON. JACK REED, U.S. SENATOR FROM RHODE
2 ISLAND

3 Senator Reed: Well, thank you very much, Mr. Chairman.

4 And I would like to welcome Dr. Kissinger and Secretary
5 Shultz and Secretary Armitage. This is certainly a
6 distinguished panel, and we are grateful that you are here
7 today. Each of you have played a very important role in
8 some of the most monumental foreign policy decisions in our
9 nation's history, and on behalf of all the members of the
10 committee, we look forward to your testimony.

11 This morning's hearing on global challenges and U.S.
12 national security follows the release last week of the new
13 national defense strategy. This strategy, which supports
14 the President's recently released national security
15 strategy, states that the central challenge facing our
16 nation is the reemergence of long-term strategic competition
17 with Russia and China and that this competition replaces
18 terrorism as the primary concern in the U.S. national
19 security.

20 Without question, Russia remains determined to reassert
21 its influence around the world, most recently by using
22 malign influence and active measures and activities to
23 undermine the American people's faith in our election
24 process, as well as other Western elections.

25 Likewise, China continues to threaten the rules-based

1 order in the Asia-Pacific region by economic coercion of its
2 smaller, more vulnerable neighbors and by undermining the
3 freedom of navigation.

4 Given the experience of our panel, I would welcome
5 their assessment of the strategic threat posed by both
6 Russia and China and what recommendations they have for how
7 the United States can counter these powers both militarily
8 and by utilizing other critical elements of national power.

9 Great power competition may be the current geostrategic
10 reality, but we must not neglect other equally complicated
11 challenges: North Korea's nuclear and ballistic missile
12 efforts, our immediate and grave national security threat.
13 Likewise, Iran continues their aggressive weapons
14 development activities, including ballistic missile
15 development efforts, while pursuing other destabilizing
16 activities in the region. Finally, the United States must
17 remain focused on countering the security threat from ISIS
18 in Iraq and Syria and its spread beyond the Middle East
19 region while also building the capabilities of the Afghan
20 National Security Forces and deny any safe haven for
21 extremists.

22 In the coming weeks, this committee will hear directly
23 from Secretary Mattis and senior leaders in the Defense
24 Department on how the national defense strategy will address
25 the threats facing our nation. As we begin our review of

1 the national defense strategy, it would benefit this
2 committee to get our witnesses' assessment of the new
3 strategy and whether it strikes the appropriate balance
4 between great power competition and the ongoing threats
5 posed by rogue regimes, terrorist organizations, and other
6 non-state actors and criminal organizations.

7 Finally, the new strategy emphasizes a simple but key
8 fact: the importance of allies and partners. The esteemed
9 panel before us knows better than most that robust
10 international alliances are essential to keeping our country
11 safe. The national defense strategy unveiled last week puts
12 a premium on bolstering current alliances while pursuing new
13 partners.

14 As I have stated many times, I am deeply concerned
15 about statements from the President that have undercut
16 America's leadership position in the world, alienated our
17 longtime allies, and dismissed the global order the United
18 States helped established following World War II. These
19 actions isolate the United States and weaken our influence
20 in the world, ultimately leading to uncertainty and the risk
21 of miscalculation.

22 At the same time, the administration has proposed
23 dramatic cuts to the State Department and career Foreign
24 Service officers are leaving the government at an alarming
25 rate. I am concerned we may seek to counter the "whole of

1 nation" strategies pursued by Russia and China simply by
2 reinvesting in our own comparative military advantage at the
3 expense of necessary investments in diplomacy and
4 development as essential tools of national power. Given our
5 panel's extensive experience cultivating allies and
6 promoting diplomacy, I would welcome their assessment of our
7 current alliances, what more can be done to sustain these
8 critical relationships, and the importance of non-military
9 elements of national power to our security.

10 Once again, I want to thank the witnesses for being
11 here and, more importantly, for their lifetime of service
12 and dedication to the United States of America.

13 Thank you, Mr. Chairman.

14 Senator Inhofe: Thank you, Senator Reed.

15 Normally we ask our witnesses to confine their remarks
16 to a certain time. I would not be so presumptuous. Talk as
17 long as you want to.

18 [Laughter.]

19 Senator Inhofe: Dr. Kissinger, you are recognized.
20 Thank you so much for being here.

21

22

23

24

25

1 STATEMENT OF DR. HENRY A. KISSINGER, CHAIRMAN OF
2 KISSINGER ASSOCIATES AND FORMER SECRETARY OF STATE

3 Dr. Kissinger: It is a great honor to have this
4 opportunity, and I would like to say one word about our
5 chairman who I have known for 50 years since he returned
6 from Vietnam. At that time, I had been in Hanoi and they
7 had offered to let me take him on my plane back to the
8 United States. And I refused on the ground that nobody
9 should get special treatment. And when I met him here at
10 the White House, he came up to me and said thank you for
11 saving my honor. And Senator McCain has preserved the honor
12 of our country as a great warrior but also as someone who
13 wherever the weak were threatened and the judged were
14 persecuted, he made it clear that America was on their side
15 and that he was not simply a warrior but a defender of our
16 values all over the world. So thank you particularly for
17 this occasion.

18 You have asked me to review the international
19 situation, and I have taken the liberty of submitting a
20 statement to the committee, and I will use my time here just
21 to make a few general points and then reply to your
22 questions.

23 I would also like to say how meaningful it is to me to
24 sit next to my friend and mentor, George Shultz, from whom I
25 have learned so much, and Mr. Armitage, who has performed

1 such great national services.

2 I will deal with your query in three parts: the
3 urgent, exemplified by the North Korean nuclear challenge;
4 the intermediate, exemplified by the Middle East, especially
5 Iran; and the long term, to which the chairman referred,
6 exemplified by great power relationships and by the reentry
7 of great power politics as the key elements of international
8 affairs.

9 The international situation facing the United States is
10 unprecedented. What is occurring is more than a coincidence
11 of individual crises. Rather, it is a systemic failure of
12 world order which is gathering momentum and which has led to
13 an erosion of the international system rather than its
14 consolidation, a rejection of territorial acquisition by
15 force, expansion of mutual trade benefits without coercion,
16 which are the hallmark of the existing system are all under
17 some kind of strain. Confounding this dynamism is the pace
18 of technological development whose extraordinary progress
19 threatens to outstrip our strategic and moral imagination
20 and makes the strategic equation tenuous unless major
21 efforts are made to sustain it.

22 The most immediate challenge to international security
23 is posed by the evolution of the North Korean nuclear
24 program. Paradoxically, it is only after Pyongyang has
25 achieved nuclear and intercontinental breakthroughs,

1 accompanied by threatening assertions, that measures to deal
2 with it have begun to be applied. That has raised the
3 possibility that, as in the case of Iran, an international
4 effort intended to prevent a radical regime from developing
5 a nuclear capability will culminate at the very point that
6 that regime is perfecting its capacity. For the second time
7 in a decade, an outcome that was widely considered
8 unacceptable is now on the verge of becoming irreversible.

9 My fundamental concern about the nuclear program of
10 Korea is not the threat it poses to the territory of the
11 United States, significant as it is. My most immediate
12 concern is the following. If North Korea still possesses a
13 military nuclear capability in some finite time, the impact
14 on the proliferation of nuclear weapons might be fundamental
15 because if North Korea could maintain its capability in the
16 face of opposition by China and the United States and the
17 disapproval of the rest of the world, other countries are
18 bound to feel that this is the way for achieving
19 international prominence and the upper hand in international
20 disputes.

21 So, therefore, I think the denuclearization of North
22 Korea must be a fundamental objective. And if it is not
23 reached, we have to prepare ourselves for the proliferation
24 of weapons to other countries which will create a new
25 pattern of international politics which will affect our

1 concept of deterrence and a possibility of deterrence and
2 which will have to be carefully examined and which this
3 committee will want to address.

4 In the Middle East, we face the disintegration of the
5 international system as it has existed at the end of the
6 First World War and at the end of the Second World War. And
7 every country in the region is either a combatant or a
8 theater of conflict. And to me, the overriding concerns at
9 the moment are these.

10 We have successfully defeated ISIS, but the question
11 now is the succession, what happens next. And I am
12 concerned that in the occupied territory once occupied by
13 ISIS, Iranian and Russian forces will become dominant and
14 that we will see a belt emerging that goes from Tehran to
15 Beirut and therefore undermines the structure of the region
16 and creates a long-term challenge.

17 And finally, I want to refer to what has been
18 identified by the administration as the dominant element
19 now, the great power relationship between the United States
20 and China and Russia. There is no doubt that the military
21 capacity of China, as well as its economic capacity, is
22 growing, and there have been challenges from Russia, which
23 have to be met, especially in Ukraine, Crimea, and Syria.
24 And this raises these fundamental questions. What is the
25 strategic relationship between these countries vis-a-vis the

1 prospect of peace? Is their strength comparable enough to
2 induce restraint? Are their values compatible enough to
3 encourage an agreed legitimacy? These are the challenges
4 that we face. The balance of power must be maintained, but
5 it is also necessary to attempt a strategic dialogue that
6 prevents the balance of power from having to be tested.
7 This is the key issue in our relationship.

8 Let me conclude by stressing that I think that the
9 fundamental situation of the United States is strong, that
10 we have the capacity to meet these challenges. China has to
11 deal with significant domestic adjustments and it is
12 possible that it will balance those against the pressures
13 that it can exert outside. Russia is domestically also in
14 considerable difficulty. And my basic point is that we can
15 maintain a favorable balance of power, but we must couple it
16 with a political structure in which the issue of war and
17 peace as a diplomatic as well as a military expression
18 because the evolution of the weapons is so great and the
19 challenges of technology are multiplying that both elements
20 of our national strategy must be stretched. And I am
21 confident that we can achieve these objectives in that
22 spirit.

23 Thank you.

24 [The prepared statement of Dr. Kissinger follows:]

25

1 Senator Inhofe: Thank you very much, Dr. Kissinger.

2 We pause for a moment here. We have a quorum, and so I
3 ask the committee to consider a list of 1,056 pending
4 military nominations. All of these nominations have been
5 before the committee the required length of time.

6 Is there a motion to favorably report this list of
7 1,056 pending military nominations to the Senate?

8 Senator Reed: So moved.

9 Senator Inhofe: There is a motion.

10 Is there a second?

11 Senator Wicker: Second.

12 Senator Inhofe: All those in favor, say aye.

13 [Chorus of ayes.]

14 Senator Inhofe: Opposed, no.

15 [No response.]

16 Senator Inhofe: The ayes have it.

17 Secretary Shultz, thank you so much for being here.

18

19

20

21

22

23

24

25

1 STATEMENT OF DR. GEORGE P. SHULTZ, THOMAS W. AND SUSAN
2 B. FORD DISTINGUISHED FELLOW, HOOVER INSTITUTION, STANFORD
3 UNIVERSITY, AND FORMER SECRETARY OF STATE

4 Dr. Shultz: Thank you, Mr. Chairman.

5 First, I would like to pay tribute to Senator McCain.
6 Like Henry, I have known him a great, long time. He fought
7 for his country in combat. He endured terrible suffering
8 and privation as a prisoner of war, and he managed to handle
9 himself with dignity and pride.

10 Then he has served either as Senator and presidential
11 candidate. I remember those days and the slogan "country
12 first." That is John McCain. "Country first," always.

13 So, Senator, I am sorry you are not here, but I want
14 you to know how much I admire how you have served our
15 country.

16 I would like to express my appreciation to be
17 testifying alongside my two friends here, Henry Kissinger
18 and Rich Armitage.

19 And I take the occasion to particularly underline one
20 of the things that Henry brought out in his testimony, that
21 is, the concern we must have about nuclear proliferation.
22 As you remember in the Reagan period, we worked hard.
23 President Reagan thought nuclear weapons were immoral, and
24 we worked hard to get them reduced. And we had quite a lot
25 of success. And in those days, people seemed to have an

1 appreciation of what would be the result of a nuclear weapon
2 if it were ever used. I fear people have lost that sense of
3 dread. And now we see everything going in the other
4 direction, nuclear proliferation. The more countries have
5 nuclear weapons, the more likely it is one is going to go
6 off somewhere and the more fissile materials lying around --
7 anybody who gets fissile material can make a weapon fairly
8 easily. So this is a major problem. It can blow up the
9 world. So I think we have to get at it.

10 And the right way to start is what Henry said, is
11 somehow to be able to have a different kind of relationship
12 with Russia -- after all, Russia and the United States have
13 the bulk of all the weapons -- and then start something. I
14 will have some comments to make about Russia in a minute.

15 I distributed two things. Number one is a little
16 demographic outline, and I want to speak about that. And I
17 also distributed a pre-publication book, and I am going to
18 talk particularly about two of the articles in the book.
19 One is by T.J. Hammis, a retired Marine Corps colonel. He
20 is at the National Defense University. Another is by Lucy
21 Shapiro and her husband. Lucy is a biologist. Her husband
22 is a physicist at Stanford. Lucy is the smartest person in
23 any room she is in and she is also fun. So sometime if you
24 were looking for something really good, get Lucy to come and
25 testify and you would have a ball but you would also learn

1 something. But anyway, I am going to draw on these two
2 papers. So you have that book.

3 But I think my main point is that there are four major
4 forces acting in the world that are going to disrupt it
5 greatly and rapidly. And anything we do has to be aware of
6 these disruptions.

7 The first is demography. And this little chart is one
8 of the things that just shows you briefly what is happening.
9 You can see the blue lines are 2015 to 2035, and then 2035
10 on out are the golden lines. And you can see how things are
11 shrinking rapidly. Birthrates are falling. Longevity is
12 rising. In a sense we used to think of populations as being
13 a lot of young people and a few older people. Now it is
14 totally reversed with huge implications.

15 I think it is worth also noting the big declines coming
16 in the population of China and Russia. I might say on
17 Russia, Russia's economy is not as big as Italy's and it has
18 twice the number of people. It shows you how poorly they
19 are running their economy, and their population is
20 shrinking. And I think in a sense we have Russia playing a
21 weak hand aggressively, and we need what I think of as a
22 Pershing moment to put a stop sign on that and then get on
23 to talking.

24 So I think the first thing to notice is the world
25 population is changing. It is getting older. For the most

1 part, the places in the world that are seeing big increases
2 in population are mostly in Africa and some parts of Asia.
3 And these are places where there are the big explosions of
4 populations. These are also places where the economies are
5 not good and where probably adverse conditions are most
6 likely to arise. So I think it is almost certain that there
7 is going to be a big effort for people to migrate away from
8 those places, and how the world is going to handle this
9 large migration -- we got to start thinking about it. You
10 cannot ignore it. So that is point one.

11 Point two has to do with governance. We are surrounded
12 by information and communications. Information is
13 everywhere. Some of it is right. Some of it is wrong.
14 Some of it is put out for a purpose. Some of it is just
15 neutral. It is hard to sort it out. And diversity is
16 everywhere. People can look at this information. They can
17 communicate. They can organize and they do. So you have
18 got a lot of government by protest of one kind or another.
19 So we have to learn all over again how we govern over
20 diversity. And just as government is having a hard time,
21 things like nuclear proliferation come along that can only
22 be dealt with by intergovernmental cooperation. So this
23 crisis in government I think is a very important thing to
24 address and try to think through.

25 The third and fourth big changes have to do with

1 technology. The first is artificial intelligence, and the
2 second is what is called 3-D printing. It really should be
3 called additive manufacturing. But it is a big deal really
4 coming hard. So I am going to focus on what is happening
5 with this.

6 First, let me talk about the economy. What is
7 happening as a result of these forces is deglobalization.
8 This is already happening. This is not something for the
9 future. The reason is that it is becoming more and more
10 possible to produce the things you want close to where you
11 are. So the advantages of low labor costs are disappearing.
12 And the more you produce things near where you are, the less
13 you need shipping and it has a big impact on energy and it
14 has a huge impact on the countries that are providing low-
15 cost labor and a huge impact on places like ourselves which
16 will wind up being able to produce these things near where
17 we are. It is a revolution. And a revolution in the
18 economy has all sorts of security implications that need to
19 be thought about. But this is a very big deal.

20 Here is just a sample in terms of information. Over
21 \$700 billion in capital left developing economies, greatly
22 exceeding the \$125 billion net outflows during the great
23 recession. In contrast, foreign direct investment into the
24 United States is growing rapidly. In 2016 FDI flows into
25 the United States reached \$391 billion, more than double the

1 \$171 billion inflow in 2014. Outflows in 2016 were only
2 \$299 billion. Thus in 2016, the United States saw a net
3 inflow of investment capital of \$192 billion. In 2015, the
4 latest statistics available from the Department of Commerce,
5 nearly 70 percent of the FDI was invested in the
6 manufacturing sector. This is just by way of putting an
7 underline on the point that I was making.

8 Robotics, 3-D printing, and artificial intelligence are
9 driving manufacturers to reconsider not only how and what
10 they make but where they make it. The world is on the very
11 front end of a big shift from labor to automation. Robot
12 sales are expected to reach \$400,000 annually in 2018. This
13 estimate does not account for the newly developed cobots,
14 that is, collaborative robots. They assist human workers
15 and thus dramatically increase human productivity.

16 There are other things about all this that I will go
17 into which underline it.

18 But the new technologies are bringing manufacturing
19 back to the United States. The United States has lost
20 manufacturing jobs every year from 1998 to 2009, a total of
21 8 million jobs. Over the last 6 years, it regained about a
22 million of them. With the cost of living no longer a
23 significant advantage, it makes little sense to manufacture
24 components in Southeast Asia, assemble them in China, and
25 then ship them to the rest of the world when the same item

1 can either be manufactured by robots or printed where it
2 will be used. So this is a huge revolution taking place.
3 It also underlines the enhanced ability to protect your
4 intellectual property because you do not have to ship it
5 around.

6 So that is the economic side.

7 Now, fourth the industrial revolution -- I am reading
8 now from Hammis' text -- will drive massive changes in the
9 economic, political, and social spheres and will inevitably
10 change warfare too.

11 So you want to look at the dramatic improvements in
12 nano-energetics, artificial intelligence, drones, and 3-D
13 printing. They are producing a revolution of small, smart,
14 and cheap weapons that will redefine the battlefield.

15 Open source literature says nano-aluminum created ultra
16 high burn rates which give nano-explosives four to ten times
17 the power of TNT. The obvious result, small platforms will
18 carry a very destructive power. Then you can put these
19 small platforms on drones. And drones can be manufactured
20 easily and you can have a great many of them inexpensively.
21 So then you can have a swarm armed with lethal equipment.
22 Any fixed target is a real target. So an airfield where our
23 Air Force stores planes is very vulnerable target. A ship
24 at anchor is a vulnerable target. So you have got to think
25 about that in terms of how you deploy.

1 And in terms of drones, while such a system cannot be
2 jammed, it would only serve to get a drone -- we are talking
3 about getting a drone to the area of where its target is,
4 but you would be sure it can hit a specific target. At that
5 point, the optical systems guided by artificial intelligence
6 could use on-board, multi-spectral imaging to find the
7 target and guide the weapons. It is exactly that autonomy
8 that makes the technologic convergence of threat today.
9 Because such drones will require no external input other
10 than the signature of the designed target, they will not be
11 vulnerable to jamming. Not requiring human intervention,
12 the autonomous platforms will also be able to operate in
13 very large numbers. So that is a revolution in the way
14 warfare will be conducted.

15 You have all sorts of ways of enhancing the impact of
16 the weapon by explosively formed penetrators and by what
17 they call bringing the detonator, that is, learning how to
18 hit something that has a lot of explosives in it and blowing
19 them up.

20 Now, the Chinese are very much on to this. The Chinese
21 can transport, erect, and fire these fairly large drones,
22 9-foot wing span, with a two-person crew. A similar size
23 truck can be configured to carry hundreds of Israeli hero
24 size drones. Thus the single battery of 10 trucks could
25 launch thousands of autonomous active hunters over a

1 battlefield. So the Chinese know how they can -- we have
2 bases in Japan, airfields. They can take them out. We have
3 got to learn how to disperse and change the way you deploy.

4 So this makes domain denial much easier than domain
5 usage. I think there is a great lesson here for what we do
6 in NATO to contain Russia because you can deploy these
7 things in boxes so you do not even know what they are and on
8 trucks and train people to unload quickly and fire. So it
9 is a huge deterrent capability that is available and it is
10 inexpensive enough so that we can expect our allies to pitch
11 in and get them for themselves.

12 I might say on cyber -- there was some mention of that
13 earlier. There is a big problem, but it is important to
14 remember that all networks have nodes in the real world.
15 Some of them are quite exposed. And so we combine that fact
16 with the possibility of autonomous drones and maybe you can
17 do something about those nodes.

18 The creative use of swarms of autonomous drones to
19 augment current forces would strongly and relatively cheaply
20 reinforce NATO, as I said, that deterrence. If NATO assists
21 frontline states in fielding large numbers of inexpensive
22 autonomous drones that are pre-packaged in standard 20-foot
23 containers, the weapons can be stored in sites across the
24 countries under the control of reserve forces. If the
25 weapons are pre-packaged and stored, the national forces can

1 quickly deploy the weapons to delay a Russian advance.

2 So what is happening is you have small, cheap, and
3 highly lethal replacing large, expensive platforms. And
4 this change is coming about with great rapidity, and it is
5 massively important to take it into account in anything that
6 you are thinking about doing.

7 Now, let me turn to a completely different aspect of
8 the change that is going on. Excuse me for rattling around
9 in my papers.

10 Now I turn to Lucy's paper. She says breakthrough
11 advances in the sequencing, decoding, and manipulation of
12 genomes of all organisms are occurring at the same time as
13 destructive changes in the world's ecosystem. We are in the
14 midst of the sixth grade extension which is predicted to
15 culminate in the elimination of about 30 percent of all
16 ocean corals -- that is going on now -- sharks and rays, 30
17 percent of all freshwater mollusks, 25 percent of all
18 mammals, 20 percent of all reptiles, and about 15 percent of
19 all birds currently alive. There is a gigantic change
20 taking place.

21 And tropical diseases are everywhere, and we are not
22 getting up to scale on our diagnostics of them and our
23 treatment capabilities.

24 We also, as Lucy brings out, know how to manipulate
25 genes in a way we never have before. So why are we not

1 getting some of these mosquitoes that do such much damage
2 and fixing them so they do not do so much damage. That can
3 be done. This is all, of course, happening as a result of
4 the warming climate.

5 As Lucy says, climate change is the cause of the global
6 redistribution of infectious diseases. So that is
7 happening.

8 So she gives an example here. She refers to the worst
9 animal disease pandemic in U.S. history. That was back in
10 1914-1915 when 50 million domestic poultry in 21 States were
11 slaughtered. How does this happen?

12 Global warming has shifted migratory bird flight paths
13 leading to an overlap of the south to north Asia-Pacific
14 flyway, the North American Pacific flyway to the Bering
15 Straits. The Arctic waters are warming faster than other
16 regions on earth so that the Bering Straits has become a
17 meeting and mingling spot for flocks following flyways that
18 formerly rarely mixed. DNA sequencing enable identification
19 of specific avian flu strains that were hitching a ride in
20 these mingling flocks as well as their sites of origin and
21 their mutation rates. So out of all this, we get big
22 trouble.

23 Well, so my point -- and I will not keep belaboring
24 these points, but I think it is quite apparent that what we
25 are seeing as a result of technological change in the

1 biological area is a new world, a very different world. It
2 is going to be de-globalized, and at the same time, there
3 are weapons available that will change the battlefield
4 landscape.

5 We are on top of these things. So are the Chinese. I
6 think the Russians are probably a little less able, but
7 nevertheless can get these.

8 But going back to the nuclear problem that Henry
9 mentioned, somehow we have to get our arms around the
10 nuclear proliferation, and the way to do it is to put a stop
11 sign in front of Russia and have them come to their senses,
12 then start working with them on the nuclear matters, as well
13 as other things. And from that, we can try to create a kind
14 of joint enterprise to work on this issue because it
15 threatens mankind.

16 Thank you, Mr. Chairman.

17 [The prepared statement of Dr. Shultz follows:]

18 [COMMITTEE INSERT]

19

20

21

22

23

24

25

1 Senator Inhofe: Thank you, Secretary Shultz.
2 Secretary Armitage, nice to have you back.
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 STATEMENT OF RICHARD L. ARMITAGE, PRESIDENT, ARMITAGE
2 INTERNATIONAL AND FORMER DEPUTY SECRETARY OF STATE

3 Mr. Armitage: Thank you, sir. Acting Chairman Inhofe,
4 Ranking Member Reed, ladies and gentlemen.

5 Now I get it. I know what my job is here today. I am
6 a little like that fellow who followed Noah to the podium to
7 talk about my experiences in a recent rain shower.

8 [Laughter.]

9 Mr. Armitage: And I do realize that your patience is
10 in inverse proportion to the length of my opening statement.
11 I have been here before. So if you would allow me to make
12 only three points.

13 The first, to join my distinguished colleagues to send
14 all best wishes and prayers to John McCain. I miss him and
15 I miss his voice, and I think it is important that he knows
16 that.

17 Second, much to my amazement, the national security
18 strategy and the national defense strategy actually
19 comported with each other to a very high degree. And this
20 is no small chore, no small feat. Having participated in
21 many of those historically, they do not often comport. This
22 does.

23 But I particularly want to call to note the national
24 defense strategy because I think it is a very clear-eyed,
25 well written, succinct document that accomplishes things.

1 First of all, it accomplishes a direction for the political
2 appointees in the Pentagon. They know what the President
3 and the Secretary of Defense want. They get it.

4 Second, it is a clear guidepost to our uniformed
5 military and our bureaucrats -- and I mean that term in a
6 positive sense -- who populate our Pentagon and beyond.
7 They know what the President's priorities are. And it is
8 also very clear to you as authorizers what the President's
9 priorities are. Set curbs, if you will, barriers along the
10 street to show you what is important and what is not as far
11 as the President and the Pentagon are concerned.

12 And finally, equally important is what that document
13 does not say. It does not say that we face an existential
14 threat today. It talks about peer competitors. I am all
15 for competition. And if we do our job as a military and
16 diplomats, peer competitors will not become adversaries and
17 then enemies.

18 To be an existential threat, it seems to me you have to
19 have the capability to annihilate the United States and the
20 desire. China has the capability. It does not have the
21 desire. She has too much skin in the game. Russia has the
22 capability. It does not have the desire. She prefers to
23 use other methods to undermine the United States in Eastern
24 Europe and Ukraine, et cetera. North Korea, Iran, they do
25 not yet have the capability and their intention, at least to

1 me, is still unknown. Now, ISIS and terrorist groups, they
2 have got the intention to destroy us but they do not have
3 the capability. So we have got to keep our eye on the ball,
4 and the ball is to keep our peer competitors from becoming
5 enemies and adversaries.

6 Thank you.

7 [The prepared statement of Mr. Armitage follows:]

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 Senator Inhofe: Thank you, Mr. Secretary.

2 We have a full house here and so I am going to be very
3 brief. But one of the things that came across very clear
4 from all of you, comparing our problems today with the
5 problems of the past. We have threats that we have not had
6 before. All of you have served with Director Clapper, the
7 former Director of National Intelligence. The quote that he
8 has given us -- and I am sure you are aware of that --
9 looking back over my now more than a half century in
10 intelligence, I have not experienced a time when we have
11 been beset by more crises and threats around the globe. And
12 then we have our Chairman of the Joint Chiefs of Staff who
13 even suggests that we are losing our qualitative and
14 quantitative advantage. So it is very frightening.

15 So I would just like to ask each one of you. Secretary
16 Armitage, you were very specific on the national defense
17 strategy that came out from the President and specifically
18 the two-three strategy. Would anyone like to elaborate any
19 more on their support or non-support of that strategy that
20 just came out?

21 Dr. Shultz: Like Rich, I am very impressed with what
22 they laid out, but I think it does not adequately address
23 the fact of the huge change that is taking place in de-
24 globalization and a new kind of weaponry that is coming
25 about and what the implications of that are. Those things

1 need to get factored in. I am sure they will.

2 We had the privilege of having Jim Mattis at Stanford's
3 Hoover Institution for about 3 years. His office was around
4 the corner from mine. So whenever I would see his light on,
5 I would go, sit down, and start talking. And he is one
6 wonderful man. He is smart. He is into everything. He
7 knows what is going on. And if you ask him his opinion, he
8 tells you what it is right between the eyes. There is no
9 ambiguity about it.

10 Senator Inhofe: I think you both do that.

11 Dr. Shultz: He is a jewel and I am sure he is into all
12 this.

13 Senator Inhofe: Any other comments on the two-three?
14 Yes, Secretary Armitage.

15 Mr. Armitage: Yes, sir. Two comments.

16 First of all, on the qualitative and quantitative edge
17 that we are losing, well, is it no wonder? We are marching
18 and countermarching all up and down Europe, Afghanistan,
19 Iraq for a long time. We really run these folks ragged in
20 my view. Africa now. So it is no question that we are
21 losing our training edge, our qualitative edge. The
22 equipment is being run into the ground. So I think the
23 military leadership of the United States, the Secretary of
24 Defense, and you all ought to think through this problem to
25 make sure that we are deploying people that we really need

1 to deploy and we are keeping people at home that we need to
2 keep at home.

3 Second, I want to dispute to a tiny degree the fact
4 that this is the messiest and most disorderly world we have
5 ever seen. I think with 40 million refugees after World War
6 II and 40 million dead, someone might say no, it was pretty
7 bad. Here is a man who participated in the Pacific in that
8 conflict, and he can tell you personally. So it is messy
9 and it is disorderly, but is it the worst it has ever been?
10 I am not sure. Maybe it seems worse because there are
11 questions in the international community about whether the
12 United States is going to take our traditional lead as we
13 have for the past 70 years.

14 Senator Inhofe: And while you have the floor, just one
15 brief answer to this on the nuclear strategy. We have had a
16 hearing recently and it has been obvious to everyone -- and
17 you all three remember this -- that China and Russia have
18 been modernizing their nuclear arsenals while we have been
19 sitting around not doing anything on ours. And if you look
20 at our nuclear triad, all three legs are aging. Do you have
21 any comments to make on your recommendation as to what we
22 should be doing right now? Any one of you.

23 Dr. Shultz: I am a great believer in the tremendous
24 importance of getting rid of nuclear weapons, but I think
25 the way to do that is, as long as there are nuclear weapons,

1 the United States must have a robust, secure, and safe
2 arsenal to use for deterrence and for a basis from which to
3 negotiate down.

4 Senator Inhofe: And we really have not been doing any
5 modernization since you guys were at the helm. So that is
6 the only point I wanted to make. Do you agree with that?

7 Dr. Shultz: Well, I read what I guess was an early
8 version -- somehow it was sent to me -- of the national
9 security strategy. And I liked the beginning of it because
10 it talked about our commitment to getting rid of nuclear
11 weapons. But as you read on, it almost sounded a little bit
12 as though there might be this or that occasion where we
13 would use nuclear weapons. And this notion of using them
14 that is spreading around is deeply disturbing to me because
15 of the consequences.

16 You remember the Chernobyl nuclear power plant accident
17 was vast damage. I remember the first meeting I had with
18 Gorbachev after that. I found that he had asked the same
19 question I had. What is the distinction between what
20 happened at Chernobyl and what would have happened if a
21 nuclear weapon had been dropped there? Answer: nuclear
22 weapon much more devastating. So you could into your gut
23 the sense of the utter destructiveness of these things.

24 Senator Inhofe: Senator Reed?

25 Senator Reed: Thank you all, gentlemen, for the

1 extraordinary testimony and again for your service to the
2 nation. All have reflected the importance of diplomacy and
3 also the multifaceted challenges we face. They are not
4 simply in the military dimension. There are environmental
5 issues. There are demographic issues. Secretary Shultz has
6 made that very clear.

7 Can you comment -- and you might begin, Secretary
8 Shultz, and then I will ask Secretary Kissinger and
9 Secretary Armitage. Our whole-of-government approach to
10 these problems -- is it adequate at the moment?

11 Dr. Shultz: Well, it has been over a quarter of a
12 century since I have been here. I come occasionally to
13 testify or something. But what is going on -- I know having
14 run four departments, that if you are not there, you really
15 do not have a good idea of what is going on.

16 But I think the challenge is really tremendous to
17 coordinate efforts and they need to certainly be
18 coordinated. And my impression is -- it is an impression --
19 that since the Defense Department people can actually go and
20 do something, there is a tendency to rely on them probably
21 more than we should and we should hook up other people to do
22 more of their share. But that is just an impression.

23 Senator Reed: Thank you.

24 Dr. Kissinger, do you have any comments about the
25 whole-of-government approach in terms of how well we are

1 doing?

2 Dr. Kissinger: The challenge we face at this moment is
3 that is to determine what our national objectives are and
4 how to reach them in a strategic manner. The Defense
5 Department statement about our objectives seems to me very
6 adequate and expresses the necessity. But I would like to
7 point out as a student of history that if one relies
8 entirely on abstract military planning without having
9 thought through the political consequences, one may find
10 oneself in an irreversible position. None of the leaders
11 who started World War I would have done so if they had known
12 what the end result would be like. So when weapons are
13 being procured, which in principle I favor strongly, one
14 should also relate them to a military strategy that one is
15 prepared to implement and a diplomacy that looks for the
16 creation of a system of world order by which you can
17 determine the nature of the challenges and the extent to
18 which they can be opposed.

19 On the diplomatic side, I think we need a more
20 systematic approach to what we are attempting to do. On the
21 military side, I support what the Defense Department is
22 trying to do. And I agree with the objectives that have
23 been stated with respect to North Korea and with the Middle
24 East, but they have been, up to now, conducted in a
25 fragmentary rather than a coherent manner.

1 Senator Reed: Thank you, Dr. Kissinger.

2 Secretary Armitage, please.

3 Mr. Armitage: Just briefly, sir. The whole-of-
4 government sounds great, but in order to have a whole-of-
5 government approach, you have to have buy-in by all the
6 leadership and you have to have an inventory of what your
7 arrows are to put in your quiver. I do not think we have
8 got that.

9 Second, you have to have resources, and it does not
10 seem to me you can have a whole-of-government approach if
11 you resource the State Department in an insufficient way.
12 If it was not for the Congress, we would be down 30 percent
13 in the State Department instead of the 10 percent that the
14 State Department is down now.

15 And finally, the whole-of-government approach has to
16 embrace friends and allies. For us to do everything alone
17 is wrong in my view. And so it has to be seen that a whole-
18 of-government is also diplomacy, is also getting coalitions
19 together of allies, likeminded people, et cetera.

20 Senator Reed: Thank you very much.

21 Dr. Shultz: I think that was a very important point
22 that Rich made. It is not only us but our allies that we
23 have to work with.

24 Senator Reed: Thank you all very much.

25 Just a point. You have all signaled the proliferation

1 issue is absolutely critical, and Korea, if it continues on
2 its projection, raises huge proliferation problems. That
3 may be a way in which we can get the Chinese and the
4 Russians and us to work together because my sense they too
5 fear a proliferation problem. But I will leave that to the
6 next round, if there is a next round.

7 Thank you.

8 Senator Inhofe: Senator Wicker?

9 Senator Wicker: Thank you, gentlemen. This has really
10 been wonderful, very, very valuable to members like me.

11 Dr. Kissinger, let me ask about NATO in a statement
12 that you made. After you follow up, I will ask our other
13 two witnesses to comment. You say NATO needs to be clear
14 about its strategic purposes. What outcomes other than
15 violations of territorial integrity does NATO seek to
16 prevent? What do you suggest should be the answer to that
17 question among NATO members?

18 Dr. Kissinger: The challenge that NATO faces now seems
19 to me to be this. For 300 years, Europe was the designer of
20 the international system and provided the leadership in the
21 structure of the world, the United States in those periods
22 standing apart. At the end of World War II, Europe was
23 devastated, and the United States undertook the leadership
24 of bringing together these various nations and guaranteeing
25 their territorial integrity. The challenge was primarily

1 conceived to be from the Soviet Union as a military attack
2 on Europe.

3 Europe under the Marshall Plan recovered economically
4 its capacity to act as a civil society. But it has not
5 regained its leadership in international politics.
6 Therefore, at the same time, the challenges have altered
7 from the attack from the Soviet Union to a series of crises
8 around the world that have potential dangers but not
9 immediately overwhelming dangers. So it requires a higher
10 degree of assessment.

11 So NATO has constantly been faced with a series of what
12 are called out-of-the-area problems which are central in
13 many ways to the overall equation but not central to how
14 they conceive it domestically. So it is important, and I
15 support strongly the administration in that effort that
16 Europe play a more active role in some of the issues that I
17 outlined with my colleagues.

18 Senator Wicker: Is Ukraine one of those out-of-the-
19 area or in-the-area problems? And what is the definition of
20 success there, sir?

21 Dr. Kissinger: That is exactly the issue. For Russia
22 historically, Ukraine has been part of their territory at
23 least for 400 years. On the other hand, it is tied in many
24 respects to Europe. So I personally, which is a minority
25 view -- I have thought it was unwise to try to include

1 Ukraine in NATO, but it is also impossible to let it exist
2 as a satellite of the Russia.

3 So the way I express that issue is this. If the
4 security border of Europe is the eastern border of Ukraine,
5 it is within 300 miles of Moscow and will create tensions
6 with Russia. If it is on the western border of the Ukraine,
7 it is at the border of Poland, Hungary, Romania, the Baltic
8 States, that is unacceptable for Europe and it is
9 unacceptable for us. So, therefore, is it possible to have
10 a Ukraine solution in which Ukraine is free in the political
11 and economic field to relate itself to its preferences,
12 something like Finland, without the NATO participation?

13 In any event, Russia has to adhere to the Minsk
14 Agreement because it cannot claim Ukrainian territory by
15 force. But Ukraine is sort of at the borderline of this
16 conception. It should be politically and economically where
17 it wants to be. The question is can one think of a military
18 arrangement there that is not directly confrontational.

19 Senator Wicker: The chair has told me that I can ask
20 one of you to follow up. So, Mr. Armitage, would you care
21 to follow up on that?

22 Mr. Armitage: From my point of view, Senator, the most
23 important thing that we can do for NATO, first of all, is
24 make sure they have a full understanding of the ironclad
25 nature of our article 5, the affection that we have for

1 article 5. And we have to be credible in that. And in
2 return, it seems to me NATO has got to do something. It is
3 not just 2 percent of GDP. I read recently that the British
4 have no warships right now, that they are outside of their
5 ports. They are in post. I think I am correct to say the
6 German submarine fleet is either inoperable or nearly so.
7 This is not acceptable. So in exchange for an article 5
8 commitment by the United States, I think we have got to get
9 a commitment that they will stand up their capabilities.

10 Senator Inhofe: Senator Shaheen?

11 Senator Shaheen: Thank you, Mr. Chairman.

12 And thank you all very much for being here and for your
13 years of service to the country.

14 Dr. Shultz, I could not agree more with the discussion
15 about the impact of technology and artificial intelligence
16 and how that will affect warfare.

17 The concern that I have got, as we look at the
18 potential for change in that area, how do we engage with the
19 defense industrial base, which has been I think sometimes
20 reluctant to acknowledge the need to move. And when we have
21 got weapon systems that are very expensive and we have
22 started down the road to development, how do we make that
23 switch in a way that allows us to keep up with this evolving
24 technology?

25 Dr. Shultz: Well, I suppose we have to start taking

1 action and creating our banks of 3-D printers and start
2 using them. And the obvious fact that small, cheap, and
3 many is better than a few very expensive and vulnerable --
4 just that logic has to pervade and we have to change.

5 Senator Shaheen: I share the concern about nuclear
6 proliferation and where we are now and what appears to be
7 moving closer to a nuclear war in some way, not just in how
8 we respond to what is happening in North Korea but as we
9 look at modernization of our nuclear weapons, the move to
10 smaller nukes and this whole Russian idea that has been put
11 forward that we can escalate to deescalate by the use of
12 small nuclear weapons. How should we think about responding
13 to that? Because that does seem to be gaining some
14 credibility in military circles.

15 Dr. Shultz: Well, a nuclear weapon is a nuclear
16 weapon. You use a small one. Then you go to a bigger one.
17 I think nuclear weapons are nuclear weapons, and we need to
18 draw the line there. And one of the alarming things to me
19 is this notion that we can have something called a small
20 nuclear weapon, which I understand the Russians are doing,
21 and that somehow that is usable. Your mind goes to the idea
22 that, yes, nuclear weapons become usable, and then we are
23 really in trouble because a big nuclear exchange can wipe
24 out the world.

25 I have a great friend in San Francisco named Bill

1 Swing. He is the retired Episcopal bishop of California.
2 And he started something really terrific called the United
3 Religions Initiative. And he made a statement about a year
4 ago. I tried to get him to publish it, but he would not do
5 it.

6 But he said when you put your hand on the Bible and
7 swear to be President of the United States, that is the
8 least of it. When you put your hand on the nuclear button
9 and you can start something that might kill a million
10 people, you are not President anymore. You are God. And
11 who are we to say we are God?

12 The weapons are immoral, as President Reagan said many
13 times. And we need to get rid of them.

14 Personally I think the way to get rid of them is, on
15 the one hand, maintain our strength of our arsenal, but then
16 we need to somehow get rearranged with Russia.

17 Personally I am very interested on Henry's comments on
18 the Ukraine, but Russia signed an agreement when Ukraine got
19 rid of its nuclear weapons that it would respect Ukraine's
20 borders. They signed that. They totally ignored it. They
21 do not even refer to it. We should not accept that. And it
22 seems to me with these new kind of weaponry, we can change
23 the situation in Ukraine and maybe that is the place where
24 we could have what I call a Pershing moment.

25 A Pershing moment for me is in the Cold War, the

1 Soviets had intermediate range weapons that could hit
2 Europe, Japan, and China but not us. Their diplomatic ploy
3 was would we use our intercontinental missiles to defend our
4 allies risking using their intercontinental missile on us.

5 So we had a deal with NATO that we would negotiate, and
6 if we could not agree, we would deploy intermediate range
7 weapons in Europe. And we knew we were negotiating just as
8 much with Europeans as we were with the Soviets because
9 putting a nuclear weapon on your territory is not very
10 comfortable.

11 At any rate, the negotiation was conducted. President
12 Reagan did a very good job on it. When we came to the end,
13 we deployed cruise missiles in Britain with Margaret's help
14 and in Italy with Andreotti's help.

15 But then came the big deal. Ballistics missiles were
16 called Pershings in Germany. And here is where the alliance
17 came in. Everybody supported the Germans. It was very
18 controversial. The Russians pulled out of negotiations.
19 They did everything to fan war talk, but the Pershings got
20 deployed. That was the turning point in the Cold War, and
21 it showed the Russians something special.

22 There was a little side story if I could just take a
23 minute. Nancy Reagan was my pal, and she was to fix me up
24 with a Hollywood starlet at a White House dinner. So I got
25 to dance with Ginger Rogers and stuff like that.

1 But anyway, after the deployment of the Pershings,
2 gradually things softened. And I could go to the President
3 and say, Mr. President, four different capitals in Europe, a
4 Soviet diplomat has come up to one of ours and said
5 virtually the same thing, which we think boils down to --
6 Gromyko was invited to Washington. When he comes to the
7 general assembly in September, he will accept. In other
8 words, the Soviets blinked.

9 I said maybe you want to think this over because Jimmy
10 Carter canceled these when they went into Afghanistan and
11 they are still there. He said I do not have to think it
12 over. Let us get them here. So it was a huge event.

13 And I went to Nancy and I said, Nancy, what is going to
14 happen is Gromyko is going to come to the Oval Office. We
15 will have a meeting, probably a fairly long one, and we will
16 all walk down the colonnade to the mansion that is your
17 home. And there is some stand-around time in their working
18 lunch. So it would be a nice touch if you were there for
19 the stand-around time. You are the hostess. It would be
20 warm. So she agreed.

21 So Gromyko, as soon as he sees Nancy, he knows she is
22 influential. So he makes a beeline for her. And before
23 long, he says does your husband want peace. And Nancy said,
24 of course, my husband wants peace. Then she said, well,
25 then every night before he goes to sleep, whisper in his

1 ear, peace. He was a little taller than she was. So she
2 put her hands on his shoulder and pulled him down so he had
3 to bend his knees. She said I will whisper it in your ear,
4 peace. I said, Nancy, we just won the Cold War.

5 But that was a Pershing moment, and I think we need
6 another Pershing moment to get the Soviets to see there is a
7 stop sign here and there is another path. After all, they
8 are staggering. Their economy is a mess. Their demography
9 is a mess. They have really tough troubles in the Caucasus.
10 So a different arrangement would benefit them greatly. And
11 then we could start once again down the road talking about
12 nuclear weapons, and then this time maybe be more inclusive,
13 have a joint enterprise of some kind to really get after
14 this subject.

15 Senator Shaheen: Thank you.

16 Senator Inhofe: Senator Cotton?

17 Senator Cotton: Thank you, gentlemen, for your
18 appearance today and your service to our country, not least
19 in your youth in the armed forces of the United States.

20 Dr. Kissinger, I want to return to a point that you
21 raised in your opening statement as well as your written
22 testimony. I will just repeat it. You point out a paradox,
23 a possibility that in North Korea, as in Iran, an
24 international effort intended to prevent a radical regime
25 from developing a destabilizing capability will coincide

1 diplomatically with the regime perfecting that very capacity
2 for the second time in a decade. An outcome that was widely
3 considered unacceptable is now on the verge of becoming
4 irreversible.

5 Would you elaborate on why you think that is the case
6 and what we could learn from the situation?

7 Dr. Kissinger: With respect to North Korea, it is the
8 idea that there might be a negotiation based on a freeze for
9 freeze. The concern I had with the Iranian agreement was
10 that in a way it legitimized the eventual emergence of Iran
11 as a nuclear power. It only delayed it by some years. The
12 situation with North Korea is even more acute because Iran
13 did not yet have a nuclear weapon, but if one negotiates a
14 freeze of the existing situation, one has thereby
15 legitimized a Korean military capability. And if that is
16 established, other countries in the region, confronting
17 their own security problems, are likely to come to the
18 conclusion that it is safe to proceed with their nuclear
19 program and that then we would face a totally new situation
20 where in a region in which there are considerable tensions,
21 there is also an accumulation of nuclear weapons. And once
22 that line is crossed, as George Shultz pointed out, you are
23 then in a world in which we have no experience about
24 escalation, where it is difficult to establish the
25 principles. And this would then start, in my opinion, a

1 sequence of events in which some countries would resist this
2 and other countries would insist on it.

3 So, therefore, I think the denuclearization of North
4 Korea, which is not a direct, overwhelming threat to us, is
5 important for the evolution of the international strategy
6 with respect to nonproliferation. Therefore, we need to
7 make a distinction between measures that might relieve the
8 immediate tension but make an ultimate crisis all the more
9 severe and measures that need to be taken or could be taken
10 to face the issue of the denuclearization of Korea. All the
11 more so, the problem of Iran is just down the road under the
12 existing deals. That is my basic point.

13 Senator Cotton: Thank you.

14 Dr. Shultz, in your conversation about four disruptive
15 forces, the first one you mentioned was demography and
16 migration. Another eminent historian, Walter Russell Mead,
17 who has testified in front of this panel before, published
18 an op-ed in the "Wall Street Journal" a couple of days ago
19 stressing that even though has been a source of controversy
20 in United States, on which we understandably focus as
21 Americans -- we just had a 3-day government shutdown about
22 immigration. The issue was a very contentious one in our
23 campaign. It also is very contentious in Europe. In the
24 elections in Germany last year, the SPD and the CDU had
25 their lowest performance since World War II. Alternative

1 for Germany, one seat in the Bundestag for the first time.
2 And we have seen the rise of similar parties and politicians
3 in Sweden and Austria and Czechia, Slovakia, Poland,
4 Hungary, and so forth.

5 What ought Western leaders be doing to better manage
6 the challenges posed by demographic change in migration
7 patterns?

8 Dr. Shultz: I should think the first effort should be
9 to do everything we can to see that the places that people
10 are coming from are made more habitable so they do not
11 leave. And we have lots of things that we could do that
12 would accomplish that I think.

13 But then we have to reflect in our own case how
14 beneficial immigration has been for this country. I went to
15 a session in San Francisco the other night where we were
16 celebrating our old mint there, and it was Alexander
17 Hamilton's birthday. And we were all talking about how
18 wonderful Alexander Hamilton was as the first Secretary of
19 the Treasury. He was an immigrant. Henry Kissinger is an
20 immigrant. Einstein was an immigrant. So we have benefited
21 greatly. I dare say everybody in this room is was either an
22 immigrant or descended from one.

23 So we need to be looking carefully at our borders and
24 having a sensible immigration policy. And people in these
25 places -- there may be people that are perfectly okay for

1 us. But I think the first thing is to do everything
2 possible to help them have places where they want to stay.

3 Senator Cotton: Thank you all, gentlemen.

4 Senator Inhofe: Senator Heinrich?

5 Senator Heinrich: Thank you, Chairman.

6 Secretary Shultz, you mentioned the coming changes from
7 artificial intelligence, from additive manufacturing. And
8 another rapidly changing part of our world, as you know, is
9 the energy field. And you have been a strong voice for
10 American leadership, a conservative voice for addressing
11 climate and energy. But at the moment, we find ourselves in
12 position where the White House has obviously pulled back
13 from the Paris Accord. They are implementing protectionist
14 policies with regard to clean energy deployment in our
15 country.

16 So I am curious as to your thoughts on what you believe
17 America's posture with regard to climate leadership in the
18 world and implementation of a clean energy strategy should
19 look like.

20 Dr. Shultz: Well, just as we have a threat throughout
21 the world from nuclear weapons, we have a threat that is
22 global from the warming climate. The paper by Lucy Shapiro
23 that I read from shows on the biological side some of those
24 threats, but there are many others.

25 I think there are two things that should be done that

1 will help a lot.

2 Number one, a lot of people object to all these
3 regulations, the government telling you to do this, do not
4 do that, and so forth. All right, let us get rid of all
5 that. Let us put in place a revenue neutral carbon tax.
6 Put a price out there and let the market decide. So in the
7 program that I have been working on with Tom Stevenson, who
8 is here, we would start with a \$40 a ton tax and make it
9 revenue neutral. So you would pass the money back to, let
10 us say, everybody who has a Social Security number. So they
11 would make it a progressive tax and it would not have any
12 fiscal drag. And it would sort out people, get them to pay
13 incentives they need to go for things that are low in
14 carbon.

15 The other thing that I think is very important is to
16 maintain a respectful government program supporting energy
17 R&D. And it does not have to be huge. I am the chairman of
18 MIT's Energy Advisory Board. They have a big program at
19 MIT, and I have more or less the same role at Stanford. So
20 I listen to what these guys are doing. And the R&D is
21 dramatic. As a result of their R&D, our solar costs are way
22 down. Fracking was a result of R&D. And this can be very
23 productive. So we want to keep that going.

24 At these two universities, a while ago we had an
25 exchange. We brought a bunch of 12 MIT scientists to

1 Stanford, and we had about the same number. We had 2 days
2 of talk about what we called game-changers. And at MIT, we
3 did the same thing.

4 Then we came to Washington and John Boehner, who was
5 then Speaker, set us up with the Republicans on the House
6 Energy Committee. These are supposed to be the bad guys.
7 It turned out that selling them energy R&D was a piece of
8 cake. And somebody said, here is a great idea. Let us have
9 the government go into business and exploit it. You lost
10 everybody, including me. So let us have the government stay
11 out of the business but support the energy R&D. And I think
12 that has broad support.

13 And there are things that are on the cusp right now
14 that are very important. Of course, the holy grail is to
15 get to a large scale storage of electricity. If we can do
16 that, not only would you have an impact on solar and wind in
17 the intermittency problem, but you also have some security
18 because our grid is so vulnerable to attack. If we have
19 some storage, to rely on that, that would be good.

20 But anyway, the R&D is very important. And you pair
21 R&D with a revenue-neutral carbon tax and I think you have
22 the kind of program that will work.

23 Senator Heinrich: Thank you for your thoughts on that.

24 My next question is for any of you to address. I am
25 just really concerned about some of the statistics we are

1 seeing out of the State Department right now in terms of
2 being able to attract talent and losing folks from that pool
3 at rates we just have not seen before. You know, just
4 attracting people for entry level positions -- we are at
5 about a quarter of what we were a couple of years ago.
6 There are problems with the seasoned pool as well.

7 What should we be doing to address that?

8 Mr. Armitage: I will give it a go, Senator.

9 The A-100 class or the entry classes that we have in
10 the State Department, and yes, they are down. People read
11 the papers. They hear the news. They think they are not
12 particularly welcome.

13 But the real impact of this of what is going on now
14 will really be felt in about 15 years. As Deputy Secretary,
15 I had a chair of the D Committee. The D Committee makes the
16 decisions on who we are going to put forward as ambassadors
17 to different posts. And I was having trouble toward the end
18 of my tenure as Deputy Secretary because of a previous
19 slowdown in the accession to the State Department, the A-100
20 class. We just did not have a sufficient number of head and
21 shoulders diplomats that I felt comfortable putting into
22 leadership positions.

23 So we have got to turn around the attitude. I think
24 that attitude needs to start with our President and stop
25 talking about deep state and taking ownership of everything.

1 Anyone who served in the military -- Senator Reed will tell
2 you this -- we learned everything we ever needed to know in
3 the first general order, which cautions young sentries to
4 take charge of all -- this post and all government property
5 in sight, and stay on this post. That is all you need to
6 know. And that is the position I think our President has to
7 take and our Secretary of State has to take.

8 Dr. Shultz: I would like to say a word not only on
9 behalf of the Foreign Service, but the career people
10 generally. In 1969, I became Secretary of Labor, and I was
11 told that it was an impossible job for a Republican because
12 the Labor Department staff was a wholly owned subsidiary of
13 the AF of L-CIO. We brought in a really top notch bunch of
14 people and the bureaucracy knocked themselves out for us.
15 We made friends with George Meany, but still they were there
16 to serve.

17 I found the same thing when I was Director of OMB, same
18 thing in the Treasury, the same thing in the State
19 Department. The Foreign Service people are able, they are
20 trained, they are experienced. They have been worked with,
21 particularly by the Director of Foreign Service to move them
22 around to get the right kind of experience. And they are
23 invaluable.

24 And I agree particularly with Rich's point. The future
25 is the new people, and it takes time to bring them in, to

1 train them, to give them experiences. You cannot learn from
2 just reading something. You have got to have experience,
3 move around and learn things from that. So it is essential.

4 Dr. Kissinger: I would like to make a point here.

5 I agree what George Shultz has said about the quality
6 of the Foreign Service and also what my other colleague had
7 said about the impact of current decisions 10 years down the
8 road.

9 But I do think the State Department needs a combination
10 of reorganization and rethinking in one respect. The
11 military are used to dealing with strategy because they have
12 to have an ultimate objective. And so the Pentagon is
13 organized to make decisions in a conceptual framework. The
14 State Department is more organized to have conversations.
15 Various officials and Foreign Service officers in their
16 experience abroad much of the time have to deal with
17 immediate, current problems, and so they have a tendency to
18 look for the immediate solution and not so much for the
19 strategic outcome. Of course, there are great exceptions.

20 So I would think a reorganization of the State
21 Department that leads more systematically to strategic
22 thinking and less preoccupation with the very immediate
23 problems would be highly desirable. And it is no reflection
24 on the people that are there now. That has to do with the
25 nature of foreign policy as it has evolved.

1 Dr. Shultz: Would that not mean, Henry, to do
2 everything you can to improve the stature of the policy and
3 planning staff? That is, they are supposed to be people
4 thinking strategically with the Secretary. And through the
5 years, there have been some outstanding times of that, some
6 not so good, but that is a key ingredient.

7 Dr. Kissinger: Well, I tried to solve the problem to
8 some extent by making sure that every action decision also
9 went through the policy and planning staff, that the
10 Department understood this. But I think also in the
11 training of the Foreign Service officers and in the issues
12 which they are asked to address, there is some more
13 systematic opportunity to deal with grand strategy in
14 addition to what they already do well, which is the day-to-
15 day management.

16 Senator Heinrich: I am afraid, Mr. Chair, we could use
17 some lessons in short-term versus long-term strategy as
18 well.

19 Senator Inhofe: Senator Rounds?

20 Senator Rounds: Thank you, Mr. Chairman.

21 Gentlemen, thank you all for your very distinguished
22 service to our country.

23 I am just curious. And I would like to begin with
24 Secretary Shultz and then if either of you other gentlemen
25 have a thought on it, I would appreciate it.

1 With regard to nuclear deterrence and the approach that
2 we have taken specifically with regard to Russia, there
3 appears to be a thought within the Russian military that
4 there is an interest in being able to escalate in order to
5 deescalate and the use of low-yield nuclear weapons in some
6 cases, particularly in their region. And my question is in
7 your analysis, which is the greater deterrent force that
8 should be brought to bear. Should we have the overwhelming
9 force of a high-yield capability only, or should we have
10 both the high-yield capability as well as the ability to
11 respond in like kind? And would the Russians take the
12 threat of an immediate retaliation to be greater if we had
13 both options available to us?

14 Dr. Shultz: Well, as I said earlier, it seems to me
15 the idea of a low-yield nuclear weapon is kind of a mirage.
16 It is a nuclear weapon. It has all kinds of aspects to it.
17 Even a low-yield weapon would have huge damage immediately
18 and radiation and so on. It invites escalation. So my own
19 opinion is I hate to see people start figuring out how they
20 can use nuclear weapons -- that is what it amounts to --
21 because their use is so potentially devastating. You get an
22 escalation going and a nuclear exchange going, and it can be
23 ruinous to the world very easily.

24 Senator Rounds: Would you disagree with an analysis
25 that concludes that Russia would actually use a low-yield

1 nuclear weapon as a response to a conventional conflict?

2 Dr. Shultz: What the Russians will do I do not know.
3 I read that they are developing what they call a low-yield
4 weapon. I think it is a mirage. But if they wind up using
5 one, it is going to lead to an escalation, and maybe the
6 best deterrent is for them to know that.

7 But I think the better way to go about it with Russia
8 is to put a stop sign to the kind of thing they have been
9 doing and say, now let us get back to where we can talk
10 together in a sensible way. And we were able to do that
11 before and we had very fruitful exchanges with the Soviets,
12 not just with Gorbachev but across the board and we got a
13 lot accomplished as a result. And I think if we were able
14 to get back to that kind of thing, then this time we could
15 reach out to others and try to really move the ball ahead on
16 getting rid of these weapons.

17 Senator Rounds: Thank you.

18 Mr. Armitage?

19 Mr. Armitage: Just a historical tidbit, sir. We
20 actually manned portable nuclear weapons at one time in our
21 inventory, but we came to the conclusion that a nuclear
22 weapon is a nuclear weapon. We also had a great deal of
23 success, Secretary Shultz particularly, in the INF
24 discussions in 1983 with the Germans when we wanted INF
25 weapons, tactical nukes to blunt a Soviet thrust through the

1 Fulda Gap. So this has been up and down the flagpole
2 several different times, and I think the Russians and the
3 Americans come to the same conclusion. A nuclear weapon is
4 a nuclear weapon. You cannot control it.

5 Senator Rounds: Thank you.

6 I am just curious. Today we have talked about a number
7 of different locations that are hotspots today. We have
8 talked about Europe. We have talked about the South Pacific
9 with China, the Middle East. And yet, during this entire
10 discussion, there has been no discussion about the continent
11 of Africa, the continent of South America. I am just
12 curious in regard to our diplomatic efforts and so forth and
13 the opportunities that are there. I think about it because
14 I know that Senator Inhofe has been one of those individuals
15 who has been very active in Africa, having made 156
16 different country visits to Africa that I am aware of. And
17 the emphasis that is there -- it seems to me that we are
18 wide open for the opportunity for not only goodwill but for
19 the creation of cooperative partnerships there in both South
20 America and in Africa. And I would just like your thoughts
21 in terms of the importance of those two continents and why
22 it is, in the middle of a strategic discussion, we have not
23 mentioned either one of them so far.

24 Dr. Shultz: I think your point is right on. As I said
25 earlier, I think in the African countries, that is where the

1 explosion of population is likely to come from, and I think,
2 for various reasons, that is where the migration is likely
3 to come from. And if we have constructive relationships
4 there, maybe we can help create the conditions where people
5 are less anxious to leave, and that is, I think, probably
6 the best way of dealing with the migration issue. So I
7 agree with you.

8 As far as South America and Central America and Mexico
9 are concerned, I remember when I took office, President
10 Reagan said, foreign policy starts in our neighborhood. If
11 you buy a house, you look at the house, but you also say
12 what is the neighborhood. And if it is a good neighborhood,
13 you will buy the house. If it is not, you will not.

14 So we worked very hard to bring Mexico into North
15 America, and finally with NAFTA, Mexico became part of North
16 America. And that worked wonderfully not only in economic
17 terms but it gave you the basis for talking about many, many
18 other things, terrorism problems, environmental problems,
19 all kinds of little issues that come along. You develop a
20 friendly, easy-handed relationship. The three amigos comes
21 to mind.

22 So all of this is very positive about our neighborhood,
23 and it has been a very hard thing for me to see us
24 denouncing Mexico and trying to break it up because this is
25 our neighborhood. This is where we live and we are working

1 well. And we worry about -- we say, oh, their drug gangs
2 are coming over here. Where do the drug gangs come from?
3 They come from the war on drugs in the United States. That
4 is where the money comes from. That is where the guns come
5 from. That is where the incentive comes from. So I think
6 we ought to look at the war on drugs ourselves, what we are
7 doing. And at the same time, obviously, our neighborhood
8 deserves attention and not just Mexico but Central America
9 and on south. There are some good things happening, some
10 bad things happening down south, but this is where we live.

11 Senator Rounds: Thank you. My time has --

12 Dr. Kissinger: Could I make a point on the nuclear
13 weapons issue?

14 Senator Rounds: Yes.

15 Dr. Kissinger: I have been part of this discussion
16 since 1950, and my original reaction to the problems of
17 massive retaliation was to see whether tactical nuclear
18 weapons might provide a substitute or an alternative. And
19 at that time, I came to the conclusion that has been
20 presented here that the distinction could not be drawn in
21 any manner that was workable at the time.

22 Now we are moving into an area in which apparently
23 relatively smaller tactical weapons are being considered by
24 opponents. It is not a course I would recommend as our
25 preferred solution. But the issue will arise if this

1 happens, if this becomes the technology, and if our only
2 response then is an all-out nuclear war, that we will face
3 again the same dilemmas we had with the massive retaliation
4 concept.

5 And so while I would like to maintain a dividing line
6 between nuclear and non-nuclear weapons and while it would
7 be highly desirable if some agreements could be made that
8 would enforce this, if the technology develops in such a way
9 that other major countries possess them, we should think
10 carefully before we put ourselves into a position where our
11 only response is an all-out nuclear strike.

12 Senator Rounds: Thank you, gentlemen.

13 Senator Inhofe: Senator King?

14 Senator King: Thank you, Mr. Chairman.

15 Dr. Kissinger, it is an honor to have you here and
16 thank you for your service and providing the wisdom today.

17 Mr. Armitage talked about China having the means but
18 not the desire to attack us. My question is to you, based
19 upon your long years of study of China, the book you wrote
20 on China, what does China want?

21 Dr. Kissinger: Of course, this develops out of a long
22 culture. This is my assessment based on my observations.

23 We in the Western tradition think that for a country to
24 be dominant, it has to conquer regions and occupy them. I
25 think the Chinese historical view is that the Chinese, while

1 they will use force, are thinking that their impact is
2 through the magnitude of their culture, the signs of their
3 achievements, and that they will attempt to impose respect
4 rather than do it through a series of military
5 confrontations. But it will also be backed by a force with
6 which they can demonstrate the penalty of opposition.

7 So if you look at their conflicts in the communist
8 period with India, with Vietnam, and to some extent with us,
9 they have always been aimed at some dramatic demonstrations,
10 followed by some negotiation that then benefits.

11 So I think the Chinese at this moment are proceeding by
12 their cultural pattern. The Belt and Road concept is an
13 attempt to restructure Eurasia but not entirely or largely
14 by military conquest but through a performance that will
15 lead these countries to look at China as the central
16 kingdom. For us, the problem is hegemony by any one country
17 over Eurasia is a potential threat to our security.

18 So the issue in my mind is, is it possible to have such
19 a competition by political means with the backing of the
20 military force that may be needed? But for that, we first
21 have to know what we consider threats to our security, how
22 we convey that to China.

23 In China, in my opinion now, there are probably two
24 schools of thought: one that believes that a general
25 conflict would risk everything that they have achieved and

1 would even, in the long run, be very difficult to manage;
2 and another one that thinks that America is basically on the
3 decline. And that therefore, no attention needs to be paid
4 to our strategic concerns and that they can simply plow
5 ahead not in a military way primarily but in a way that
6 challenges the their system. That seems to me to be the key
7 issue in our relationship with China.

8 And I think it is of great importance that we attempt a
9 conversation, a permanent relationship in which we decide we
10 will not settle our conflicts by military means, that we
11 will take account of the other's point of view, but where we
12 also make clear that if our central interests are touched,
13 in the end a conflict will happen.

14 So this is partly a philosophical problem, and it
15 depends how we conduct our dialogue in this period when both
16 countries are evolving in a new direction. China, after
17 several hundred years, reentering the international system,
18 but America dealing not only with what we have discussed
19 here, but I have been very much concerned with the impact of
20 artificial intelligence and the whole evolution of science
21 in which the scientists are running way ahead of what the
22 political world has been able to absorb. And so how to
23 master those trends seems to me the key issue in the China
24 relationship, and I cannot conceive of a war between China
25 and the United States. It will not do to the world what

1 World War I did to Europe. And so that should be in the
2 minds of both leaders, but it may not be. And if it is not,
3 then we will have to look to our interests and we must
4 always have the capability to prevail in such a conflict.

5 Senator King: I now understand why generations of
6 United States Presidents have sought your counsel. That was
7 brilliant and I appreciate it. Thank you.

8 Thank you, Mr. Chairman.

9 Senator Inhofe: Thank you, Senator King.

10 Senator Scott?

11 Senator Scott: Thank you, Mr. Chairman, and thank you
12 to the panel for being here this morning.

13 Dr. Shultz, thank you for your service to our country.
14 I was very interested in your comments about threats that we
15 have not seen before. I think specifically about your
16 comments new threats would be small, smart, cheap, and very
17 lethal. I combined together your comments about drones with
18 new technology and then new gene editing advancements
19 carrying unique and specific biological weapons.

20 How do we create a national defense strategy around
21 these new emerging threats the world has never seen before?

22 Dr. Shultz: I think it is a very hard question, and in
23 our own little work at Stanford's Hoover Institution, we are
24 trying to address it. We are trying to say to ourselves
25 what is going to be the impact of this on us. What is going

1 to be the impact on Russia and China, on Iran, and so on,
2 and South America, around the world? And after we try to
3 think our way through those things, then how we position
4 ourselves in this new kind of world to be effective, to be
5 effective in advancing our interests and taking care of our
6 own population.

7 But the threat of pandemics coming from climate change,
8 as Lucy Shapiro brings out in her paper -- read that paper.
9 I read that paper and I called her up. And I said, Lucy, I
10 just read your paper. I am shivering. It is very
11 compelling stuff. But there are also things that you can do
12 with this new technology that she talks about that will help
13 us. And so I think we ought to be pursuing these things
14 very aggressively.

15 Senator Scott: Thank you, sir. I certainly would
16 allude to the chairman Dr. Shultz's comments about perhaps
17 having Lucy Shapiro come talk to us about the importance of
18 the new gene editing opportunities whether it is CRISPR or
19 CAS-9 and other new avenues that we will have to explore in
20 the future.

21 Dr. Kissinger, I would love to ask you a question.

22 Dr. Shultz: I want to underline, Mr. Chairman, that
23 you ought to get Lucy to come here and talk. She is so
24 smart, but she is so much fun. She will just light up the
25 place, but you also are going to learn a lot from her.

1 Senator Scott: You guys have been very engaging and
2 also very intelligent. So thank you for being here.

3 Dr. Kissinger, this morning I had the privilege of
4 having breakfast with one of your high schoolmates, Chairman
5 Alan Greenspan, who said hello.

6 My question for you, sir, is would you talk a little
7 bit about the utility of economic sanctions against Russia
8 specifically energy sanctions as a way of impacting their
9 aggressive behavior.

10 Dr. Kissinger: Russia is in my view not a strong
11 country. Russia is a weak country with a large military
12 establishment and a very determined leader. And Russia has
13 presented historically a dual challenge to itself and to the
14 world. It covers 11 time zones. It is involved in every
15 region of the world. It has no natural borders. So it has
16 always attempted to expand to extend its security belt.

17 On the other hand, at crucial moments in human history,
18 it stood up to the Mongols, to the Swedes, to the French,
19 and to the Germans and preserved the equilibrium of the
20 world by the willingness of its people to suffer for their
21 independence.

22 So when I talk about Russia, I try to recognize both of
23 these aspects. We need a cooperative Russia for the peace
24 of the world because of its reach. But we want to put an
25 end to an aggressive Russia that seeks to impose its

1 domination on neighboring countries. So one always faces
2 this dual concern.

3 Russia being weak, sanctions are, of course, a normal
4 weapon. One cannot accept the notion that Russia has a
5 right to alter the shape of the Ukraine by its own
6 unilateral position. But one's effort should be not to
7 break up Russia, but to retain Russia in the system in some
8 fashion.

9 So I would have agreed with the concept of sanctions,
10 but I would also think now how to bring Russia back into a
11 community of nations concept or even a cooperative
12 relationship with the United States.

13 I met Putin 15 years ago, and at that time, the issue
14 was the abrogation of the missile defense agreement in which
15 I had been involved. And at that time, this was a month
16 before 9/11. Putin said I am not so interested in the
17 missile defense agreement. I am interested in radical
18 Islam, and I want to know whether it is possible to have a
19 strategic partnership with America going to Tehran to
20 Macedonia. So that sort of thing is always in the back of
21 their mind, but there is also in the front of their mind the
22 environment.

23 So my answer to your question, I would reluctantly have
24 agreed to sanctions. I would now look for a way to see
25 whether we can restore a meaningful dialogue in the context

1 that I mentioned, even keeping in mind some of the
2 absolutely unacceptable things they did during our election
3 campaign which have to be precluded. But I would now think
4 in the restructuring of the world that I tried to indicate,
5 we should make an effort to have a dialogue with Russia.

6 Senator Scott: Thank you, sir. Thank you, Mr.
7 Chairman.

8 Senator Inhofe: Senator Warren?

9 Senator Warren: Thank you, Mr. Chairman, and thank you
10 to our witnesses for being here today and for your history
11 of service.

12 Secretary Shultz, Secretary Kissinger, you, along with
13 former Secretary of Defense Bill Perry and former Senate
14 Armed Services Committee chairman Sam Nunn, have formed a
15 group of former senior national security officials who have
16 warned about the risk of nuclear proliferation. Together
17 you have called for a global effort to reliance on nuclear
18 weapons. In 2007, the four of you wrote we endorse setting
19 the goal of a world free of nuclear weapons and working
20 energetically on the actions required to achieve that goal.

21 Now, today in this hearing, we have talked about Russia
22 and Russia's nuclear policy, but I want to ask about
23 America's nuclear policy. In the coming weeks, the Trump
24 administration will release its nuclear policy review, which
25 is rumored to call for new nuclear weapons capability, more

1 usable nukes, and expanded conditions under which the United
2 States would contemplate using a nuclear weapon.

3 Secretary Shultz, do you continue to believe that the
4 United States should reduce its reliance on nuclear weapons,
5 and if so, why do you believe that would be in our national
6 security interests?

7 Dr. Shultz: I think the use of nuclear weapons would
8 promote an exchange and would be devastating to our planet.
9 So I continue to believe that we should be trying to
10 eliminate them. We were getting there for a while, and now
11 that has all stopped. And now our problem is proliferation.
12 So this is a new problem. We have to work at it and work at
13 it hard.

14 Senator Warren: Thank you.

15 And specifically, you have recommended that we change
16 the posture of our deployed weapons to increase warning time
17 and that we eliminate the class of short-range nuclear
18 weapons that are designed to be forward deployed. How would
19 taking steps like that reduce the risk of miscalculation
20 that could lead to a nuclear exchange?

21 Dr. Shultz: Well, actually the intermediate range
22 nuclear weapons we did deploy in the Reagan period and
23 particularly the ones we deployed in Germany, the Pershings,
24 I think was the turning point in the Cold War. But we
25 agreed with the then-Soviets to eliminate them. So that

1 whole class of weapons was eliminated.

2 I read now that the Russians are in the process of
3 violating that agreement. I have no knowledge, just what I
4 read in the papers about it. And I think that is an ominous
5 development.

6 But I agree very much with what Henry was saying
7 earlier, that we need to somehow put a stop sign to the
8 aggressive behavior of Russia and try to include them in a
9 constructive dialogue which then we could expand to other
10 countries and try to get a joint enterprise going that would
11 have the objective of getting nuclear weapons out of the
12 world.

13 Senator Warren: Thank you. That is very helpful. I
14 appreciate your answer.

15 There is one other topic I would like to ask you about.
16 Last year, the Trump administration sought a significant cut
17 to the funding for the Department of State, and many of us
18 are concerned about reports of turmoil at the State
19 Department, low morale, ambassadorships that have been left
20 unfilled, senior career diplomats who are resigning in large
21 numbers. And I know that Senator Reed asked about morale at
22 the State Department, but I want to ask the question from a
23 different point of view.

24 The world still looks to the United States for
25 leadership, and I am concerned that we are increasingly not

1 there to answer the call. So let me ask, Secretary
2 Kissinger and Secretary Shultz, what impact does the Trump
3 administration's apparent downsizing of the State Department
4 have on our national security and on advancing our interests
5 around the world? Would you like to start, Dr. Kissinger?

6 Dr. Kissinger: I do not look at the State Department
7 primarily in terms of its size. I would look at it in terms
8 of its missions. And, of course, its missions should be to
9 supply us with a correct analysis of where we are
10 functioning, of developing a group of people that can think
11 strategically side by side with the Pentagon. So this must
12 have a minimum size, and I would not make downsizing in the
13 abstract a principle objective.

14 When one looks at the organization chart of the State
15 Department, there are a lot of special assistants and sort
16 of technical assignments that can probably be dispensed
17 with. I have not thought that the size of the State
18 Department as the principal obstacle to foreign policy.

19 Senator Warren: Dr. Shultz? I am sorry.

20 Dr. Kissinger: I think we should staff it to the level
21 that we think is needed for our general foreign policy. I
22 think this year it is too dramatic.

23 Senator Warren: Thank you.

24 Secretary Shultz?

25 Dr. Shultz: You told me, Rich, earlier when we

1 discussed this that the cuts that were proposed have not
2 been gone through and that the Congress has limited them
3 greatly, which I welcome. But I think it is essential that
4 we have a strong Foreign Service to do the kind of
5 analytical work that Henry was talking about and have the
6 capacity in the field to execute. Execution is key. A
7 strong analytical group.

8 I added, when I was Secretary, a lot of work on the
9 security side. And in an odd way, as an economist, I had a
10 little council of economic advisors added because it seemed
11 to me I was getting from people who knew a lot about
12 subjects, something that did not have economic analysis in
13 it. So we had a little CEA in the State Department. But
14 that is just small organizational rearrangements.

15 But I think we need a strong State Department. And as
16 Rich was saying earlier, it is particularly important to
17 have a strong inflow of talent because these are the people
18 10, 15 years from now that you will be looking to. We have
19 got to bring them in, train them, give them experiences.
20 They are not going to learn from books. They have got to
21 have experience out in the field, and that is what they get.
22 So that is essential to keep going.

23 Senator Warren: Thank you.

24 Senator Inhofe: Thank you, Senator Warren.

25 Senator Warren: Thank you.

1 Senator Inhofe: Senator Sullivan?

2 Senator Sullivan: Thank you, Mr. Chairman.

3 And gentlemen, thank you for your decades of service
4 and being here. I apologize. The only thing that was going
5 to keep me away from this hearing was my presiding duties
6 over the Senate. So I just had to go preside for the last
7 hour, but I am glad I made it back in time to ask a few
8 questions. So it is great to see all of you again.

9 For really the whole panel maybe, our two former
10 Secretaries of State, you know, there has been a lot of
11 focus, Dr. Kissinger, as you mentioned in your testimony, on
12 the immediate challenge of North Korea. The Trump
13 administration has pretty much put out a red line. I think
14 they have called it that. Maybe they have not called it
15 that, but that they are not going to allow North Korea to
16 have the capability of an intercontinental ballistic missile
17 with the nuclear weapon on top. And yet, that red line has
18 either already been crossed in terms of some intel analysts
19 or is going to be crossed soon. And so it has led to a
20 discussion among many policy officials and military experts
21 on what is really in some people's view a coming fork in the
22 road, that if that is the policy of the administration, that
23 they are not going to allow that. And yet, North Korea
24 either has it or is going to have it very soon. The fork in
25 the road is either some kind of preemptive military option

1 to prevent that capability with all its inherent risks or in
2 increasingly tight sanctions regime perhaps with a naval
3 blockade that would address clamping down on North Korea
4 even more with China's help, hopefully, and addressing the
5 issue that you mentioned, Dr. Kissinger, of proliferation.

6 Could you just in your expertise, for all the witnesses
7 today, give us your sense on that fork in the road. Is that
8 a false choice? How would you be thinking about that issue
9 particularly given that this administration has said we are
10 not going to allow this? And yet, it looks like it is going
11 to happen soon.

12 Dr. Kissinger: In terms of the analysis, we will hit
13 that fork in the road. And the temptation to deal with it
14 with a preemptive attack is strong, and the argument is
15 rational. But I have seen no public statement by any
16 leading official. But in any event, my own thinking, I
17 would be very concerned by a unilateral American war at the
18 borders of China and Russia in which we are not supported by
19 a significant part of the world, or at least of the Asian
20 world. If China took an unqualified opposition to the
21 nuclear program and they joined the program with us, I think
22 it should be possible to develop the sort of sanctions and
23 pressures that are irresistible. And that would be my
24 preferred course.

25 On the other hand, if it turns out that neither is

1 available, then we better get used to the fact that South
2 Korea, in my opinion, will not accept being the only Korea
3 that has no nuclear weapons, that that will lead to similar
4 trends in Japan, and then we are living in a new world in
5 which technically competent countries with adequate command
6 structures are possessing nuclear weapons in an area in
7 which there are considerable national disagreements. That
8 is a new world, which will require new thinking by us. And
9 it will require also a rethinking, I believe, of our whole
10 deterrent posture because right now our deterrent posture
11 basically assumes one major enemy. But when you deal with a
12 world in which there will be multiple possibilities of
13 conflicts in which we are engaged so that we cannot hold
14 back our strategic weapons for one decisive thing and we
15 will have to rethink it. I do not know yet in which way.
16 And this is why I think this little country that by itself
17 cannot present an overwhelming threat to us in a way
18 presents a key issue right now.

19 I support the administration objective, but when we get
20 to your question, we have to do some prayerful thinking
21 because that will be to fight a war at the border of China
22 and Russia without some agreement with them alone, that is a
23 big decision. And I am telling you my doubts and my
24 thinking. I agree with bringing pressure on North Korea,
25 and I agree with the statements the administration has made

1 up to now. And I have not stated this publicly before, but
2 if you ask me directly what do I think of a war with Korea,
3 this is what I think.

4 Senator Sullivan: Secretary Shultz, Secretary
5 Armitage, do you have thoughts on that very important
6 question?

7 Dr. Shultz: Henry has given a very thoughtful
8 statement.

9 I would say be careful with red lines. I remember at
10 the start of World War II, I am a boot in the Marine Corps.
11 And I remember the day the sergeant handed me my rifle. He
12 said take good care of this rifle. This is your best
13 friend. And remember one thing. Never point this rifle at
14 anybody unless you are willing to pull the trigger. No
15 empty threats. Empty threats destroy you. So I would be
16 very careful in drawing red lines that imply that if
17 somebody messes with them, there is going to be a nuclear
18 war.

19 I agree entirely with Henry here that we should be
20 working with China and perhaps Russia but particularly
21 China. And as it dawns on everybody that what is
22 potentially happening here is exactly what Henry said that
23 there is going to be a proliferation of nuclear weapons all
24 through Asia, that is not very comfortable for China. And I
25 think if we could work constructively with China on this, we

1 just might get something done.

2 I know it has been a while, but my own experience with
3 China, like Henry's, has been that you can work
4 constructively with the Chinese. After all, they are losing
5 population. They have plenty of problems. Their GDP per
6 capita is not high, and they want to raise it. And they are
7 not going to raise it by turning their back on the rest of
8 the world. They are going to raise it by interacting and
9 being part of it.

10 Senator Sullivan: Mr. Secretary?

11 Mr. Armitage: Senator Sullivan, I am in the position
12 of a guy who says that everything that can be said has been
13 said, just not by me. So I am going to forgo the
14 temptation.

15 Senator Sullivan: Mr. Chairman, may I seek the
16 indulgence of you and the witnesses for one final question?

17 Senator Inhofe: Yes.

18 Senator Sullivan: Thank you.

19 Dr. Kissinger, you mentioned with regard to China, you
20 know, the rise of China. And the insights in your testimony
21 when you mentioned that China in its centuries-long history
22 has never conceived of a foreign nation as more than a
23 tributary to the centrality of its power and culture.

24 I was wondering in that regard -- there is an issue
25 that a number of us have been focused on. It is the basic

1 principle of reciprocity. And it seems that increasingly in
2 our relationship with China, us and other countries, that
3 there seems to be a lack of reciprocity in how they operate
4 and how we operate, meaning that there are many things that
5 China does here in our country that if you were an American
6 citizen, an American diplomat, an American journalist, an
7 American company, you could not do the same thing in China.
8 You know, that goes across a broad spectrum of foreign
9 direct investment. They come here. They buy American
10 companies in all kinds of sectors. We could not do that
11 over there. They have thousands of so-called journalists in
12 our country. We could not do that over there.

13 Could you comment just on this issue, given your
14 decades-long experience with China, and how this issue of
15 reciprocity, which a number of us are starting to focus on
16 as a key principle in our relationship, should be something
17 that we could do, but it does not seem something that they
18 currently seem interested in? And does that reflect your
19 comments in your testimony about them never really
20 perceiving a foreign nation as an equal in the long history
21 of that country.

22 Dr. Kissinger: The history of a country sort of forms
23 its character to some extent. China did not have a foreign
24 ministry until 1911. Before 1911, foreign policy was
25 conducted by something called the Ministry of Rituals, which

1 placed the foreign country in a hierarchy vis-a-vis China.
2 So it is part of their thinking, of their experience.

3 On the other hand, we have seen that President Xi at
4 Davos last year presented a sort of global view, and I
5 believe China has understood that in this world the
6 principles of sovereignty and equality will be the governing
7 ones. But in the natural analysis, to some extent, it is in
8 the back of their mind. In my experience, I think the
9 Chinese are compulsive students and they analyze each
10 problem with enormous care.

11 So to your question, our approach is usually pragmatic.
12 We want a solution to a problem. The Chinese approach is
13 usually no problem gets finally solved. Every solution is
14 an admissions ticket to another problem. So the issue
15 between us when we talk is how do you marry the conceptual
16 approach of the Chinese with the pragmatic approach. I
17 think that the Chinese are very confident now of their
18 achievements. At the same time, I believe it likely that
19 the leadership realizes that it is very difficult, if not
20 impossible, for them to carry out the domestic changes in an
21 atmosphere of Cold War with the United States. And
22 therefore, I have believed that at least an attempt should
23 be made to see whether we could come to some understanding
24 of the limits of our conduct towards each other and, where
25 possible, where we can operate cooperatively.

1 But if you look at the Road and Belt thing, if it
2 progresses, it goes across many great civilizations, and not
3 all of them are going to adhere to that automatically. So
4 there should be an occasion for the United States to develop
5 its concept, the Chinese theirs with a lot of flexibility
6 given the scope. But when there is no flexibility and a
7 contest occurs, we have to be aware of the fact that it
8 would have catastrophic consequences for the world and that
9 it is hard to see who can win with modern weapons, with new
10 weapons that one has no experience with, with weapons like
11 George has described.

12 This is what drives my thinking on China. I recognize
13 that by their scope and their history, they are a powerful
14 force in the world. We cannot abolish that. We have to be
15 sure that we understand what our role is in the world and
16 develop a long-range dialogue that does not change every 4
17 years and capacity to deal with it. And a part of that, of
18 course, is that any lasting structure must have reciprocity,
19 maybe not in every individual field, but the perception of
20 the chief actors has to be that the relationship is
21 reciprocal.

22 Senator Sullivan: Thank you.

23 Thank you, Mr. Chairman.

24 Senator Inhofe: Thank you, Senator Sullivan.

25 This has been just overwhelming to us to be able to

1 hear from you. This was actually better than it was back in
2 2015. So I thank you very much for your patience and for
3 your wisdom. You have done a great service to America.
4 Thank you so much.

5 We are adjourned.

6 [Whereupon, at 12:22 p.m., the hearing was adjourned.]

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25