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PASSING THE BATON

FOREIGN POLICY CHALLENGES AND
OPPORTUNITIES FACING THE NEW ADMINISTRATION

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THURSDAY
JANUARY 8, 2009

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PLENARY SESSION: 9:25-10:10 A.M.
QUESTIONS AND ANSWERS ON COUNTERING
PROLIFERATION

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Ballroom A
Walter E. Washington Convention Center

801 Mount Vernon Place, N.W.
Washington, D.C. 20001

LED BY:

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ROBERT G. JOSEPH
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MODERATED BY CHESTER A. CROCKER

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by the United States Institute of Peace.

1 P-R-O-C-E-E-D-I-N-G-S

2 MR. CROCKER: Bill, we thank you
3 very much for those inspiring and uplifting
4 words. My job here is to introduce very
5 briefly a panel of younger security
6 specialists, perhaps. Are we all younger?
7 Yes, we are all younger, to make a few
8 comments on some of the proliferation
9 challenges that you have outlined and,
10 perhaps, some additional ones, and to address
11 some of the diplomatic initiatives and tools
12 for trying to cope with the challenges that
13 you have so eloquently discussed and put
14 before us.

15 My other job is to have a hook and
16 to make certain that we stay more or less on
17 time, so I will do my best to do that, and I'm
18 going to introduce the panelists and ask them
19 to speak in alphabetical order.

20 So, we start with Eric Edelman,
21 who is winding up his tour most recently as
22 Undersecretary of Defense for Policy at the

1 Defense Department.

2 He will be followed by Bob Joseph,
3 who served as Undersecretary of State for Arms
4 Control and International Security in the
5 State Department, and is still a special envoy
6 for nuclear proliferation.

7 Bob will be followed by Dan
8 Poneman, who is a Senior Fellow at the Forum
9 for International Policy, and served as
10 Special Assistant and Senior Director on the
11 NSC staff during the Clinton Administration.

12 And playing clean up is Wendy
13 Sherman, who is a principal at the Albright
14 Group, a former Counsel and Coordinator for
15 North Korea policy at the State Department.
16 Wendy, of course, is also involved in the
17 Obama transition, so she will tell us what the
18 Obama Administration, in fact, is going to do.

19 Over to you, Eric.

20 MR. EDELMAN: Chet, thank you very
21 much, and I'm delighted to be here today, and,
22 particularly, to be able to be on a panel with

1 so many of my former colleagues from
2 government and administrations in both parties
3 who have devoted so much time to this
4 incredibly important problem, and to be on the
5 dais with one of my many former bosses, Bill
6 Perry.

7 I've been feeling increasingly
8 superfluous over the last few days as I wind
9 down. I think I now have seven more days left
10 in the office, and I feel even more
11 superfluous on this panel after hearing Bill's
12 excellent remarks. But, I thought I would
13 talk a little bit about what I think is
14 becoming a bipartisan consensus and a basis
15 that the new Administration can build on to
16 deal with some of the problems Bill discussed,
17 and I quite agree with his description of many
18 of the problems.

19 And, a lot of that bipartisan
20 basis has been articulated in the reports of
21 several recent commissions.

22 Now, I have to confess that I've

1 had a somewhat, during the course of my 30-
2 year government career, cynical view of
3 commissions by former government officials,
4 instructing those of us in still in office
5 about what we ought to be doing, but as I
6 approach the end of my 30-year career I've
7 begun to appreciate more the wisdom, utility
8 and incite that former officials might be able
9 to offer incumbents. And so, I've taken these
10 three recent commission reports, actually,
11 very seriously.

12 One of them is one that Wendy
13 Sherman served on with distinction, the
14 Graham-Talent Commission report, "World At
15 Risk: On Combating Proliferation and WMD
16 Terrorism." The other is the Coates-Robb
17 report, "Meeting the Challenge on the Iranian
18 Nuclear Program." And then finally, there is
19 the USIP-supported and congressionally-
20 mandated Strategic Posture Commission that
21 Secretary Perry chairs, that he referred to,
22 whose interim report has been released to the

1 Congress, and which he described, which has
2 former Secretary Jim Scheslinger as the Vice
3 Chair. And, I think there is a consensus in
4 all of these reports, as well as in the speech
5 that the National Security Advisor, Steve
6 Hadley, made yesterday at, I think it was,
7 CSIS, and also in the deliberations of the
8 Defense Policy Board, which both Bob Joseph
9 and Bill Perry sit on, that two of the most
10 urgent problems that the new Administration
11 will face will be the nuclear weapons programs
12 of North Korea and Iran, what can be done to
13 stop them, and the prospect, as Bill
14 suggested, that we are at a tipping point and
15 that there could be a cascade of new nuclear
16 powers.

17 The Graham-Talent Commission said
18 that stopping these programs should be a top
19 priority for the new Administration, and urged
20 that the diplomatic engagement that will be
21 required to do that, "... should be from a
22 position of strength, emphasizing both the

1 benefits to those countries of abandoning
2 their nuclear weapons programs and enormous
3 costs of failing to do so. Such engagement
4 must be backed by the credible threat of
5 direct action in the event that diplomacy
6 fails." I quite agree with that.

7 The Coates-Robb Commission painted
8 a picture of what the consequences of the
9 nuclear-armed Iran might mean. They described
10 a nuclear-ready, and I would stress, by the
11 way, nuclear ready is almost as big a
12 challenge as nuclear armed, Islamic Republic
13 ruled by the clerical regime could threaten
14 the Persian Gulf Region and its vast energy
15 resources, spark nuclear proliferation
16 throughout the Middle East, inject additional
17 volatility into global energy markets,
18 embolden extremists in the region, and
19 destabilize states, such as Saudi Arabia and
20 others, provide nuclear technology to radical
21 regimes and terrorists, seek to make good on
22 its threats to eradicate Israel. The threat

1 posed by the Islamic Republic is not only
2 direct Iranian action, but also aggression by
3 proxy. Iran remains the world's most active
4 sponsor -- state sponsor of terrorism, looping
5 its reach from Buenos Aires to Baghdad.

6 The prospect of a highly-
7 proliferated Middle East or a highly-
8 proliferated Northeast Asia, obviously, would
9 be very troublesome and very difficult.

10 Although when I first came into government
11 from academia, there was a school of thought
12 in the academic world that more nuclear powers
13 could be a stabilizing thing. Kenneth Waltz
14 wrote a famous piece for IISS about "More Is
15 Better," and I know there was an article that
16 appeared in the American Political Science
17 Review when I was in graduate school
18 suggesting a nuclear Middle East could be more
19 stable, it would have the kind of stability
20 that the bipolar nuclear balance had provided
21 during the Cold War.

22 I can tell you now that closing

1 out 30 years in government I've never met one
2 single practitioner who ever believed that or
3 ever acted as if they believed that.

4 I think the dangers that we would
5 face would be, obviously, immense. Several
6 new incipient nuclear powers, with rudimentary
7 programs, would pose, I think, a kind of
8 problem that nuclear strategists in this
9 country first discovered in the early days of
10 nuclear weapons in the '40s and '50s, which is
11 that those programs are extremely vulnerable,
12 which would give all of the countries with
13 those weapons, whether it's Northeast Asia or
14 the Middle East, but, particularly, in the
15 Middle East, incentives to preempt.

16 And, by the way, it would give the
17 United States, I think, incentives to preempt
18 as well.

19 So, we don't understand very well
20 how a multi-player game would work. I don't
21 think all is lost. I agree with Bill that
22 diplomacy can be successful, but it will

1 require us to rivet the attention of the
2 international community more effectively than
3 we have on the challenges that Bill described
4 and that I've just tried to describe, about
5 what we might face in the future, and to use
6 more effectively economic tools that both
7 North Korea and Iran have been subject to, and
8 which have gotten their attention, which is,
9 basically, the tools that our colleagues in
10 the Treasury Department have been deploying
11 with regard to financial sanctions.

12 So, let me stop there, because I
13 want to be mindful of Chet's hook. I'm about
14 to get the hook in government, I don't want to
15 do it on this panel in public, but I will be
16 happy to address some of the other issues in
17 concert with my fellow panelists and
18 questions.

19 MR. CROCKER: Thank you, Eric, and
20 thank you very much for respecting the hook
21 and for reminding us that, occasionally,
22 theoretically, academics can be wrong, but

1 that's not in practice, just in theory.

2 Bob, over to you.

3 MR. JOSEPH: Thank you very much.

4 Dr. Perry, it's great to see you
5 again. It is an honor for me to serve on your
6 panel. Dick and Chet, thank you for the
7 opportunity to participate in this very
8 impressive gathering, and to the extent I can
9 contribute to the ongoing transition.

10 I was very much involved in the
11 transition eight years ago, and am a veteran
12 of many previous ones. And, having been on
13 both sides, incoming and outgoing, I can say
14 that it is certainly better to be on the
15 incoming team.

16 However, I can also say without
17 any reservation, and based on very recent
18 experience, that there are real advantages to
19 not being on either side this time around.

20 But, I'd emphasize, on a serious
21 note, that whether you are in or out of
22 government it is important to support the new

1 President in his efforts to deal with what
2 many experts believe are historic problems and
3 challenges facing the United States, both with
4 regard to the economy and with regard to
5 threats to our national security, which are as
6 complex as they are dangerous.

7 And, it's in this spirit that I'd
8 like to offer a few thoughts.

9 I've been asked to talk about the
10 U.S./Russian relationship, particularly, as
11 that relationship affects areas of nuclear
12 policy and proliferation. And, given the time
13 limit I can only touch on a few points, so I
14 will be selective and probably risk over-
15 simplification, but will try to give a flavor
16 of where I see the relationship today and the
17 alternative paths that that relationship might
18 take.

19 To some extent, what we do will
20 shape Russia's perceptions and policy choices.
21 However, Russia's future course lies clearly
22 with the decisions that Moscow will take, and

1 these decisions may be driven by internal
2 dynamics that we neither recognize, nor
3 influence.

4 Let me begin with what I see as
5 the fundamentals. I believe that there
6 clearly are both challenges and opportunities
7 for cooperation in our bilateral relationship
8 in these areas, but the starting point is
9 Russia's view of the world and of the United
10 States.

11 The current leaders in Moscow,
12 with substantial popular support, and at least
13 until recently with very expensive oil paying
14 the bills, are seeking to reestablish Russia
15 as a great power, not in my view to recreate
16 the Soviet Empire, but to exercise national
17 power and prestige across the globe.

18 This is not, in itself, a bad
19 thing or a threat to U.S. interests. Russia
20 is a great power, with a great culture, with
21 a great people, and it has global interests.
22 It deserves to be treated with respect as a

1 country, with a great past and a potential for
2 a great future. The problem lies elsewhere,
3 in growing authoritarianism at home and
4 increasingly aggressive behavior abroad.

5 Specifically, Russian leaders say
6 publicly that the United States is the number
7 one threat, seeing us as the principal source
8 of their national humiliation in the 1990s,
9 and, perhaps, the greatest impediment to their
10 goals. They seem to view interactions with
11 the United States from a zero sum perspective.
12 If we win, they lose. If they win, we lose.
13 And, I don't believe that this calculus will
14 change with a change in the White House.

15 With this as background, let me
16 just then turn to several of the more
17 prominent challenges and opportunities. First,
18 the challenges. Many believe that Moscow
19 already has begun to test the incoming
20 Administration, its resolve and its medal.
21 The timing of the Kremlin statements on
22 rejecting the 3rd missile defense site in

1 Europe is not an accident. Coming on the
2 heels of the invasion of Georgia, threatening
3 U.S. allies who have agreed to host the radar
4 and the interceptors, is a direct challenge to
5 the United States.

6 On missile defense, the issue for
7 Moscow, at least I believe, is more about
8 moving even a small number of U.S. forces
9 east, than about undermining Russia's
10 strategic deterrent. It is also going back to
11 the zero sum analogy, how Moscow sees its
12 opportunity to win at U.S. expense.

13 For us, this is about a real
14 emerging missile threat from Iran, something
15 that few dispute. For Russia, it is about
16 having the U.S. abandon a capability that is
17 intended to serve the purpose of ensuring the
18 indivisibility of our security commitments to
19 friends and allies. Pressuring U.S. friends
20 and allies is part of it, something that has
21 happened repeatedly, and if the U.S. gives in
22 Russia will pocket the concession and move on,

1 I believe taking away the wrong lesson.

2 My sense is that we must resist
3 the temptation of a grand gesture to Moscow,
4 perhaps, in the context of an offensive arms
5 control treaty that Moscow very much wants,
6 independent of the missile defense issue.

7 To abandon missile defense in the
8 face of Russian pressure would only wet the
9 appetite for other concessions, and raise
10 questions about the credibility of the U.S.
11 extended deterrent.

12 Working with Russia and Iran is
13 another major challenge, and has been for the
14 past five years. I'm convinced that Moscow
15 does not want a nuclear-armed Iran. At the
16 same time, it sees itself as having important
17 strategic and commercial interests with Iran.
18 These interests, and to some extent the desire
19 to deny the United States a diplomatic
20 victory, have motivated Moscow to use its
21 position in the P5+1 dialogue and in the U.N.
22 Security Council, to block any truly effective

1 sanctions on the regime in Tehran.

2 While the Bush Administration has
3 sought through very creative means, such as in
4 the field of international finances, to work
5 with other willing countries to impose costs
6 on Iran, consistent with, but outside of, U.N.
7 Security Council resolutions, these measures
8 have not been effective in imposing the type
9 of costs that compel or convince Tehran to
10 change course on its nuclear program.

11 My assessment is that without
12 direct and intrusive sanctions imposed through
13 the Security Council Iran will continue to
14 expand its enrichment program, and this, of
15 course, takes Russian agreement.

16 I hope the new team will find a
17 way to achieve this outcome before Iran
18 acquires the nuclear weapons capability it
19 seeks. Today we are losing that race, and if
20 we fail on Iran we fail big time on our
21 broader non-proliferation policies and
22 posture.

1 Let me move quickly to areas of
2 cooperation, of which two stand out as vitally
3 important. First, working together on
4 combating nuclear terrorism, and second,
5 working to ensure that the expansion of
6 nuclear energy is done in a way that best
7 reduces the risks of proliferation.

8 Although we have a very long way
9 to go, I think progress in the area of
10 combating nuclear terrorism has been
11 substantial. It is reflected in years of
12 joint work in the context of Nunn Lugar and
13 other DOE and State prevention programs. More
14 directly and more recently, it has resulted
15 from the joint leadership of the U.S. and
16 Russian global initiative to combat nuclear
17 terrorism, first announced by Presidents Bush
18 and Putin in 2006. This effort, built on the
19 PSI model, now has the involvement of over 70
20 countries around the world, and encompasses a
21 broad spectrum of actions from prevention, to
22 protection, to response, including in the

1 areas of detection and consequence management,
2 and Russia has been a very good partner. And,
3 I know that it wants to continue this work.

4 I'm also confident the new
5 Administration will do likewise, as both
6 President Elect Obama, like President Bush,
7 has indicated that nuclear terrorism is the
8 preeminent threat that we face as a Nation.

9 I know Dan will talk about nuclear
10 energy, so I will just say that in 2007 the
11 U.S. and Russia announced a second joint
12 initiative, an initiative that is designed to
13 discourage the spread of enrichment and
14 reprocessing technologies, while allowing for
15 the expansion and facilitating the expansion
16 of nuclear energy.

17 The withdrawal of the 123
18 Agreement, as a consequence of Russia's
19 actions in Georgia, does present a setback,
20 but I still believe that this is an area that
21 could be very productive for U.S./Russian
22 cooperation. And, you will note that both of

1 these initiatives, both in the nuclear
2 terrorism area and the nuclear energy area,
3 provide for cooperation where our interests
4 intersect, where we both believe that our
5 national interests are critically involved,
6 and it's on this basis that I think we can
7 build confidence over time across other areas,
8 and produce something that I know is all of
9 our goal, and that is a better, normal and
10 lasting relationship with Russia that serves
11 the interests of both of our countries.

12 Let me stop there.

13 Thank you, Chet.

14 MR. CROCKER: Thank you, Bob.

15 Dan.

16 MR. PONEMAN: Thank you. Thank
17 you, Chet, thank you Secretary Perry and Dick
18 Solomon, and the Institute of Peace. It's a
19 terrific opportunity to emphasize the
20 continuity in the interest of promoting
21 nuclear stability around the world, and I'm
22 delighted to participate.

1 Secretary Perry and Bob and Eric
2 were very eloquent in talking about a nuclear
3 tipping point. This is, I think we all agree,
4 a real threat even now, and I want to drill
5 down on that issue, but I'd like to talk for
6 a moment about a different tipping point.
7 This is not often done in Washington where
8 climate issues tend to be stovepiped from
9 nuclear weapons issues, but as we say, we are
10 no longer calling them stovepipes, they are
11 really cylinders of excellence.

12 A report by NASA last month
13 indicated that 2 trillion tons of land ice in
14 Greenland, the Arctic, Antarctic and Alaska,
15 have melted since 2003, and NASA scientists
16 concluded that the earth is edging extremely
17 close to the tipping point of climate change,
18 at which point the ocean will rise, jungles
19 will become deserts, deserts will become
20 jungles, and life as we know it will be
21 unalterably potentially catastrophically
22 changed.

1 Now, an MIT study in 2003 said
2 that if we wish to make a dent in greenhouse
3 gas emissions that could possibly avert this
4 catastrophe we would need a substantial
5 expansion of nuclear energy on the order of a
6 tripling of the existing fleet of about 400
7 reactors, in other words about a thousand
8 gigawatts of nuclear power by mid century,
9 simply to keep nuclear as 16 percent of global
10 electricity supplies.

11 Regardless of what the United
12 States decides, and I don't think it's clear
13 what we will do on nuclear energy, the world
14 is proceeding on that premise. Today, 36
15 reactors are being built in 12 countries.

16 Each of these reactors needs fuel.
17 The processes to produce the fuel for nuclear
18 reactors, as I think everyone here knows, can
19 also be used to create nuclear weapons. The
20 spent fuel that comes out of the reactors can
21 also be used to create nuclear weapons from
22 plutonium.

1 If the expansion of nuclear power
2 is accompanied in a linear fashion by an
3 expansion of plants that will produce enriched
4 uranium and plutonium, we will exponentially
5 increase the risk of nuclear terrorism, that
6 I agree with Secretary Perry, is the gravest
7 risk we all face.

8 In other words, in an effort to
9 avoid the catastrophic tipping point on the
10 climate we may, actually, inadvertently,
11 precipitate the nuclear tipping point in
12 weapons proliferation.

13 So, what is to be done? We need a
14 system in place to prevent, in my judgment,
15 the untrammled expansion of enrichment and
16 reprocessing facilities. This is not easy.
17 In today's environment, it will not happen at
18 the point of a gun. It will not be compelled.
19 Unfortunately, if you ask people to give up
20 their right to enriching the process they will
21 say no, and they have done so in large
22 numbers.

1 What's the alternative? Well,
2 here's the other stovepipe, don't talk to the
3 arms controllers, talk to the electrical
4 utilities, talk to the people who need to
5 bring fresh water to populations, say to all
6 those countries, the utilities and energy
7 ministers, who want nuclear power, they can
8 get the cradle to grave services for all those
9 fuel requirements by signing up to a regime
10 that will provide exactly that, effectively,
11 a leasing regime that would give them nuclear
12 fuel they would burn in their reactors and
13 would be taken away when it's done.

14 This will not be easy either. You
15 are going to have to satisfy a number of
16 concerns. Will these provisions of supplies
17 be reliable? You are going to have to have
18 multiple guarantees, commercial guarantees,
19 national guarantees, international guarantees
20 backed by the International Atomic Energy
21 Agency. It's going to have to be economical,
22 and I think it's perfectly defensible for

1 something that could save us from world
2 catastrophe in two dimensions to have
3 something that says, you'll get a carbon
4 credit if you do this, or something of that
5 character. We can talk more about it.

6 You have to avoid the third rail
7 of political discrimination, and in that
8 respect I would say, keep your self-held
9 rights under the Non-Proliferation Treaty, to
10 build civil nuclear technology, but just sign
11 a non-compete clause, for ten years you won't
12 need enrichment and reprocessing.
13 Proliferation is all about time, as Joe and I
14 have said this time and again, we could work
15 in that direction.

16 We have to persuade people they
17 are not giving up scientific benefits, so you
18 have an international collaboration, it's
19 already started under the Bush Administration
20 called the Global Nuclear Energy Partnership.
21 There are ways to deal with that problem.

22 Now, I want to be clear, and I'll

1 wrap up here in a minute, this is not a
2 panacea. This is based on the premise that
3 most of the entities that want nuclear energy
4 want it for production of electricity, that
5 it's not merely a stocking horse for nuclear
6 power.

7 This will not solve the Iran
8 problem or the North Korea problem. However,
9 it may isolate those problems, because if the
10 whole world goes for a regime which is
11 consensual in avoiding a cataclysmic
12 development of enrichment and reprocessing it
13 will put a sharp light of scrutiny and
14 international pressure on the outliers, and I
15 think that's what we need.

16 My final point, not only for me
17 and the panel, but for us collectively, time
18 is of the essence. If we don't fix this
19 problem soon, the facilities will get built
20 and it will be too late.

21 So, I would close in citing the
22 eloquent words that Bill Perry cited of one of

1 his predecessors, "We do have a choice between
2 catastrophe and cooperation," and I hope we
3 choose the latter.

4 Thank you.

5 MR. CROCKER: Thank you, Dan.

6 Wendy, the floor is yours.

7 MS. SHERMAN: Thank you. First,
8 thank you to USIP, I join everyone up here,
9 and I'm sure the audience as well, in
10 celebrating 25 years of peace building, and
11 thank you, Dick, for including me this
12 morning.

13 I also want to thank Bill Perry.
14 One of the great honors in my life was when
15 then Secretary of State Madeline Albright
16 asked me as Counselor to work with Bill Perry
17 on North Korea, and it was a very tough, and
18 remains a very tough, problem, but it was a
19 singular joy to get to know Dr. Perry, and he
20 is definitely one of my heroes.

21 Third, I'm really here in my own
22 capacity today. The substantive work of the

1 transition is complete. I am no longer a
2 transition official, otherwise I wouldn't be
3 here this morning, and if anything I'm here
4 this morning speaking as a Commissioner of the
5 study that Eric mentioned, "World At Risk,"
6 which was chaired by former Senator Bob Graham
7 and former Senator Jim Talent, and is about
8 the prevention of weapons of mass destruction,
9 proliferation and terrorism.

10 As part of that review, we
11 traveled to Moscow, to Vienna, to London. We
12 were also on our way to Islamabad. We stopped
13 down in Kuwait City about to take the plane on
14 to Islamabad, only to have our Blackberrys
15 buzz endlessly, to look up at the television
16 screen, which is ubiquitous in every airport,
17 and to see the hotel that we were about to
18 stay in, in about eight hours, in flames,
19 because we were on our way to the Marriott
20 Hotel, and had we been eight hours earlier we
21 would have been standing in the lobby at the
22 time of that explosion.

1 If there is ever a way to remind
2 you, as Bill described his own experiences, of
3 reminding you of the risks and the terror that
4 we all might face, that was a reminder to all
5 of us. That said, I actually
6 believe we have an enormous opportunity, and
7 the fact that a bipartisan commission came to
8 such strong recommendations, many in support
9 of the words that Dr. Perry laid out this
10 morning, is a testament to the great
11 opportunity that we do have here today.

12 I think we have heard directly
13 from the President Elect during the campaign,
14 and I know we will hear from him in the days
15 ahead, about the importance of this issue, and
16 as Eric mentioned, as Bob mentioned, this is
17 shared across party lines, that the greatest
18 threat is the hands of a nuclear weapon -- of
19 a nuclear weapon in the hands of a terrorist.

20 And, although that is probably not
21 an enormous risk statistically, the results
22 would be truly catastrophic.

1 So, what do we have ahead of us,
2 and what is this great opportunity? In 2009,
3 the STAR treaty expires with Russia, and the
4 Bush Administration has begun that
5 renegotiation, the Obama Administration needs
6 to carry it on, and to use that as an
7 opportunity to continue the tremendous
8 cooperation we have had with Moscow in the
9 past for cooperative threat reduction, for the
10 reduction of nuclear weapons in the world.
11 Although there are many stresses and strains
12 in that relationship, this is an area of
13 strong partnership and opportunity.

14 Second, in 2010 we have the NPT,
15 the Nuclear Non-Proliferation Treaty Review
16 Conference. This will be a very tough go, a
17 multilateral effort, if there ever was one, a
18 need for enormous leadership from the White
19 House, from the Department of State, from the
20 Department of Defense, and everybody else we
21 can think of, Track 1 and Track 2, and 3 and
22 4, to really accomplish a number of

1 recommendations that are made by the
2 Commission.

3 One, that we look at imposing a
4 range of penalties for NPT violations, and
5 withdrawal from the NPT that shifts to the
6 burden on the state, as opposed to the other
7 way around.

8 That we create access to a nuclear
9 fuel cycle for everyone, for those who agree
10 not to develop their own capabilities and they
11 are in full compliance with the NPT, which
12 would help in the area that Dan spoke of.

13 Third, that we strengthen the
14 International Atomic Energy Agency, which is
15 really struggling to do the job it has, and it
16 has a much greater job to do in the future.

17 That we continue to strengthen
18 counter-proliferation initiatives, both those
19 that are party of treaties and regimes, and
20 those like PSI, the Proliferation Security
21 Initiative, and the Global Initiative to
22 Combat Nuclear Terrorism that Bob mentioned.

1 That we all commit to no new
2 states, including Iran and North Korea, that
3 must eliminate their nuclear weapons
4 ambitions.

5 Third, fifth, sixth, that we
6 promote and maintain a moratorium on nuclear
7 testing, and personally, I believe move
8 towards the ratification of the CTBT, that we
9 work together for agreements that will really
10 make real Resolution 1540, that we continue to
11 work on cooperative threat reduction programs,
12 and as has been articulated very eloquently by
13 others on this panel, work with all of our
14 might to get Iran to step back from the
15 precipice that will truly be catastrophic, and
16 we get North Korea, not only to disable, but
17 to dismantle, its nuclear weapons capability,
18 and to get rid of its nuclear weapons.

19 There is an enormous agenda ahead,
20 but I believe that there is an enormous
21 opportunity that is evidenced by the agreement
22 that you hear, even though there are many

1 areas in which we disagree up here on this
2 panel.

3 I want to caution us all, though,
4 that the baton that is being passed today will
5 not, with the Obama Administration, instantly
6 become a magic wand. Change is really coming,
7 and it needs to, but it will take very, very
8 hard work from everyone in the world to make
9 real this opportunity.

10 There are miles to go until we all
11 sleep, and we don't want that sleep to come
12 because of a nuclear nightmare.

13 Thank you.

14 (Applause.)

15 MR. CROCKER: Thank you very much,
16 Wendy. Thanks to all the panel for being as
17 respectful of the hook as you have been, and
18 it leaves me, as Chair, the opportunity to put
19 one question before the panel, which I will do
20 before our time expires.

21 And, that question is this. Can
22 the U.S. modernize its nuclear forces without

1 adding fuel to the fire of nuclear
2 proliferation? And, if so, how? How do we
3 respond to countries that rely on us for
4 extended deterrents on the one hand, but also
5 want to see us take a leadership role on non-
6 proliferation issues? This is an issue which
7 I think, Bill, your Commission has wrestled
8 with, and I just would like to put it before
9 any member of our panel who would like to
10 address it, starting with Bill, if you'd like
11 to, or others who might, among the younger
12 generation of security specialists to my left.

13 SECRETARY PERRY: Why don't we
14 start to the left.

15 MR. CROCKER: Okay, we'll start to
16 the left, anybody who would like to step up on
17 that one.

18 MS. SHERMAN: We're starting with
19 me. I defer to Dr. Perry.

20 I think that the study that Bill
21 is chairing is quite crucial, to figure out
22 this balance. I know that there is a lot of

1 debate and discussion, for instance, about
2 whether the CTBT should go forward without a
3 resolution of the reliable replacement
4 warhead, and that it is quite crucial that we
5 maintain our deterrents as the President Elect
6 has said, while we move toward a goal of a
7 world that is not threatened in the way we are
8 by nuclear proliferation.

9 And, I think achieving that
10 balance is tough, which is why I'm very glad
11 that Dr. Perry is chairing a study that may
12 help us find that very delicate and difficult
13 balance.

14 But, I note that even with that
15 study, Bill spoke today about the importance
16 of moving forward with CTBT, in conjunction
17 with resolving this issue, and I think it is
18 very important that, many people argue that
19 CTBT should not go forward because it may not
20 go into force, not enough countries have
21 ratified it, in fact, I think it is incumbent
22 upon the United States to provide the

1 leadership that moves us in that direction,
2 that creates the norms that are so crucial for
3 the vision that Bill outlined at the beginning
4 of this panel.

5 MR. EDELMAN: Chet, just briefly,
6 I would recall when we struggled in the
7 earlier Clinton Administration to extend the
8 nuclear non-proliferation treaty, which would
9 have expired, would have been lost, had we not
10 succeeded in that effort.

11 A bipartisan report of the Council
12 on Foreign Relations, chaired by Steve Hadley
13 at the time, concluded that one of our most
14 effective non-proliferation instruments was
15 the reassurance that the United States
16 extended to its treaty allies in Europe and
17 Japan.

18 So, I believe that reassurance
19 remains fundamental to our non-proliferation
20 strategy, and why we don't worry about
21 proliferation in dozens of countries that we
22 used to worry about in the '60s, if you read

1 your history books.

2 That having been said, I also
3 agree with Secretary Perry and Wendy Sherman
4 with respect to the positive effect the
5 Comprehensive Test Ban Treaty could have on
6 our non-proliferation efforts, and as Dr.
7 Perry discussed in his description of the four
8 horsemen editorials, the role of reducing
9 numbers of nuclear weapons as ipso facto non-
10 proliferation.

11 So, how do you reconcile these
12 two?

13 MR. PONEMAN: Just because Russia
14 and China, and even our friends, the U.K. and
15 France, are modernizing, but we need to
16 modernize because nuclear weapons continue to
17 play an important role in our defense and
18 deterrent posture, both our own deterrent, in
19 a very uncertain world, involving new threats
20 like North Korea and Iran, as well as
21 guaranteeing or providing a hedge against a
22 future in other situations, but also, and I

1 think very critically so, as others have
2 mentioned, in terms of the assurance, the
3 assurance that's provided by extended
4 deterrents.

5 And, if we don't maintain an
6 effective, and reliable, and credible, and
7 safe nuclear posture over time, we will lose
8 the confidence of our friends and allies.
9 And, if we do lose the confidence of our
10 friends and allies in our nuclear deterrent
11 umbrella, then they will be tempted, and I
12 believe they will begin to pursue their own
13 nuclear capabilities, and result, perhaps, in
14 that cascade that others have spoken about.

15 Thank you.

16 MR. JOSEPH: I guess it's left for
17 me to be on the very far right, so, first, I
18 agree with most of what our colleagues on the
19 panel have said.

20 I would, actually, rephrase the
21 question, Chet. I don't think it's a question
22 of can we modernize and also do what we have

1 to do to move forward with the difficult task
2 that Wendy described at the NPT RevCon. I
3 don't think it's a question of can we, it's we
4 have to. I don't think we have any
5 alternative.

6 In particular, because, as I
7 mentioned, the near nuclear Iran is almost as
8 big a challenge for us as one that has
9 actually tested a nuclear weapon,
10 particularly, with the rapid development of
11 their ballistic missile program.

12 The ability that that program will
13 play as a stand in for a tested nuclear
14 weapon, and their ability to coerce or compel
15 allies in the region and beyond to do things,
16 will be a huge challenge for the next
17 Administration.

18 So, I think we absolutely need to
19 have, as the Perry Commission has said, a
20 safe, secure, credible nuclear stockpile in
21 order to underpin our deterrent. Whether you
22 believe in zero or not, everybody, I think,

1 agrees that you must have a capable nuclear
2 deterrent to get to zero, and so there's no
3 real dispute, I don't think, about that.

4 I would also just add one other
5 point, which is I think we have to, in the
6 extended deterrents realm, think not only of
7 the nuclear weapons, which will be a part of
8 that equation, and there will a tension
9 between the desire to go down in numbers, and
10 I think, I don't want to speak for other
11 members of the panel, I would say probably
12 most of us believe we can go down from the
13 1,700 to 2,200 range in the Moscow Treaty, but
14 I think there will be a tension between how
15 far you go down and you ability to make the
16 nuclear umbrella credible to allies in
17 Northeast Asia and in the Middle East, and we
18 need to be thinking about conventional
19 capabilities as well, in particular, regional
20 ballistic missile defense, which our
21 colleagues at CENTCOM have been engaged in, in
22 a very serious way, and which we've been

1 engaged in with our allies in Japan in a very
2 serious way over the last few years. That
3 will also be an incredibly important part of
4 this equation.

5 MR. CROCKER: Thank you.

6 Bill, how did the younger
7 generation do?

8 SECRETARY PERRY: As I said in my
9 talk, I believe that we will be -- have to
10 maintain deterrents for the foreseeable
11 future, and that means we'll have to have some
12 form of modernization of this force.

13 The question is, can we effect
14 that modernization without damaging our goals
15 of heading towards a world free of nuclear
16 weapons without damaging our non-proliferation
17 goals. I think the answer is yes. There's
18 both a technical and a political answer. The
19 technical answer is, because of the great
20 success we've had in the stockpile stewardship
21 program, I believe we can have successful life
22 extension programs for many decades to come.

1 That's the technical answer. The political
2 answer is that if the United States assumes a
3 leadership in this role again, in particular,
4 by taking action like ratifying the
5 Comprehensive Test Ban Treaty, just telling
6 the world that we are back on a track of
7 actually providing leadership and leading the
8 world towards a reduction of emphasis on
9 nuclear weapons, that will go a long way as
10 well.

11 Thank you.

12 MR. CROCKER: Please join me in
13 thanking Secretary Perry and all members of
14 our panel.

15 (Applause.)

16 (Whereupon, the above-entitled
17 matter was concluded.)

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