



CHANGING THE WAY WE DO BUSINESS IN INTERNATIONAL RELATIONS

by Charles A. Schmitz

Charles A. Schmitz, a retired U.S. Foreign Service officer who served in Morocco, Japan, Panama, and Germany, is an international business consultant and is President of the Global Access Institute in Washington, D.C.

Executive Summary

Changes of huge significance to diplomacy have taken place in the past decade; yet mechanisms of traditional diplomacy have barely begun to adjust to them. The Cold War has gone out of diplomacy, but the shape and style of our institutions (e.g., NATO, large U.S. embassies in every country, communication by secure "cables") remain loyal to it. Crisis management (e.g., Bosnia, Albania, Haiti, Uganda) and commerce-facilitation have become the most significant functions of diplomacy, yet the response of at least the U.S. foreign policy establishment to the change in nature of its important functions has been, to put it mildly, flaccid. The State Department has not so far examined the basic missions of U.S. diplomacy nor asked how we can best carry them out in modern conditions. Other agencies involved in international relations (primarily DOD and CIA, but including almost all the others) have not reacted much better.

The end of the Cold War, the advent of new communications technologies, the worldwide trend toward less centralized government, and the increasing importance of trade and economic--rather than political--relations require major changes in the way most of the world conducts diplomacy. Not only can the conduct of U.S. foreign policy be significantly streamlined, more of the substance of international relations needs to be handled by regional or local authorities, non-governmental organizations, and even private citizens.

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- Not having acknowledged that the mission, or perhaps, "business," of diplomacy is information (its collection, evaluation, transmission, and dissemination), the U.S. Government is focused on American diplomacy as cost center and symbol ("we *need* \$1 billion more in foreign assistance to maintain our *leadership*; and "we have to keep an American embassy in every foreign capital to honor the principle of *universality*.")
- We continue to act as though most of diplomatic business is about National Security and therefore must be classified, guarded, encrypted, and closely held inside the U.S. Government (with all of the apparatus that requires), while ignoring the businesses, universities, associations, non-profit organizations, state and local governments, and port authorities, which would benefit

from unclassified information about conditions overseas that our diplomatic establishments can easily provide.

- For an establishment in the information and marketing and sales business, U.S. official diplomacy is painfully slow to react to the computer-mediated communication revolution that is occurring everywhere around it.

We need to make thoughtful and informed changes in the mechanisms of our diplomacy before it becomes merely quaint. We need to act as though we know that the collapse of Communism and the dismemberment of the Soviet Union were important events, with implications for our own posture. We need to gear our diplomacy for future, not past, influences on our national well-being. We need to embrace and exploit new information resources. What America does will set a model for diplomacy around the world. Why don't we do it?

Introduction

Despite the huge political, technological, and economic changes of the past few years, U.S. foreign relations are conducted today much as they were in earlier decades. The United States maintains an embassy in almost every country it recognizes, and those embassies are bloated with functions and personnel (800 in the U.S. Embassy in Paris) that may have been justifiable during the Cold War but are no longer necessary. There is little evidence that the nature or value of the activities in which America's foreign policy establishment is engaged has received serious examination.

Three key factors have dramatically altered the conditions in which the United States conducts its foreign policy: 1) new communications technologies, 2) the end of the Cold War, and 3) lessons the United States has learned from having pursued a broad, assertive foreign policy throughout much of the 20th century. Together, those factors suggest that much leaner, more efficient, and less expensive foreign policy mechanisms are not only possible but desirable.

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

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

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

nature, government instruments, and the government generally exercises an absolute monopoly over them. Indeed, external sources of danger may well have been the root cause of the creation of nation-states in the first place.(1)

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

Shrinking of the Peacetime Community

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

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

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

Since the end of the Cold War, however, the primacy of the smaller community has begun to reassert itself. Current moves in the United States to decentralize authority over education and welfare are elements of a return to normalcy in the post-Cold War era.

Increased Significance of Economics

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

Investment fund managers sometimes seem to be a new class of stateless legislators, influencing the ability of governments to tax, spend, borrow, or depreciate their debts through inflation.(6) The strength and agility of fund managers are based on the insubstantiality of their product.

They ship no commodities through ports, they are usually not physically present in the countries they affect, and their resources can be exported at the speed of light. Never before has there been such a quicksilver resource.

Relative Weakening of Government Control and Influence

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

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

Devolution of Foreign Affairs from Central to Regional Authorities

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

Even widely separated regions can develop similar attitudes (and politics). The Pacific Northwest, Indonesia, and Amazonia share strong attitudes about the desirability of logging in primeval forests; some Canadians, Alaskans, Russians, and Scandinavians are bonding together in concern for the Arctic Ocean, frost-belt cities, and the plight of the Inuit; fiscal policies of the wealthy G-7 nations are increasingly interrelated--more than those of the European Union, which is split by the huge economic and social differences between the northern Europeans and Greece and Spain. Since lakes in Maine and Norway may be similarly acidified by stack emissions in Ohio and Scotland, Mainers and Norwegians often take similar positions on industrial pollution control, without regard to the policies espoused by the United States or the EU. Issues are increasingly defined by regional economic interests rather than by national affiliation.

Because decentralization of government in general and of foreign policy in particular is affecting other countries as well, Americans, too, will often have to deal with regional or provincial, rather than national, officials overseas. The United Kingdom, France, Spain, Germany, Italy, and Canada have all

officially ceded greater authority to their respective provinces. News bulletins inform us almost daily that provinces have exercised new powers--often without authorization from the central government--in Russia, Pakistan, India, China, Japan, Mexico, Sudan, and Somalia.

In Russia, for example, Moscow may pretend to make policy (or even believe that it is making policy) for the entire Russian Federation, but in places such as Khabarovsk, Tomsk, and Kamchatka, locals increasingly call the shots on such matters as trade, investment, land titles, and visitor permits. In Japan, the Kansai area around Osaka and the Northern Kyushu region around Fukuoka have bypassed Tokyo and reasserted the right to access to the outside world. Other Japanese prefectures are struggling to do the same.(9)

Decentralization of foreign policy is a trend that will almost certainly continue. In fact, the United States may need to relax its expectation that every country will have a single central authority and instead accept various forms of regional or ethnic autonomy within countries. Such autonomous groups or regions may even have legitimate, formalized relationships with foreign countries and foreign organizations independent of their central governments.(10) The world will be more complicated, with hundreds more international actors than the 180 or so currently recognized states. There are 31 Republics and Autonomous Districts in Russia alone. At least conditional acceptance of fuzzy and shifting borders (or no borders at all, as in the case of the Kurds and dozens of other ancient tribes) will be needed. The transition will be messy, as transitions usually are, and foreigners will often be caught in central-regional power struggles, as is now happening in China. Nonetheless, it is important to deal with the modern reality and not cling to illusions, no matter how inconvenient the reality may sometimes be.

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

Devolution of Power and the Conduct of International Relations

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

The United States will be able to make many of its existing overseas establishments much smaller, but we will have to vastly increase the number of places and people we keep tabs on, by cultivating unofficial as well as official contacts. American policymakers cannot know or deal effectively with all of Russian Asia from Moscow, all of China from Beijing and a handful of consulates, all of India from Delhi

and three consulates. U.S. officials will need information on and contacts with hundreds of places and actors around the world, not just national governments.

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

De-governmentalization of Foreign Affairs

Government analyses are losing ground to non-government analyses of foreign events because government analyses are destined to officials who use the information, at best, to recommend appropriate government action. Since the end of the Cold War, there is less and less appropriate government action to take. The United States no longer needs to combat communism by, for example, supporting trade unionism, sponsoring political discussions, or giving out scholarships or VIP tours of the U.S. In contrast, as a growing number of economies open up to trade and investment, there is more and more commercial and financial (i.e., non-governmental) action to take.

Irrelevant Foreign Affairs Information

Much of what governments now typically do in international relations is increasingly unimportant. For example, one of the primary activities of foreign ministries and their overseas missions is gathering information about political competition inside foreign countries. Embassies and Consulates, therefore, go forth and gather a great deal of political information. However, in the United States, and probably in many other countries as well, there are few effective feedback mechanisms to distinguish between valuable and worthless information. Absent such mechanisms, the flow of low- and no-value information and gossip has increased over time, along with the numbers of people who create it, read it, write about it, analyze it, index it, store it, retrieve it, declassify it, and so on. Yet, despite the flurry of bureaucratic "busyness" it engenders, the information often serves no real-world purpose. Do we really need people sending cables from London analyzing whether John Major is going to be re-elected?

Today a typical American embassy has officials to gather information and perform "liaisons" on political, economic, commercial, military, scientific, intelligence, financial, maritime, labor, agricultural, aviation, law enforcement, tax, educational, cartographic, geodesic, and geological matters.(11) The volume of material is huge, and the information usually accurate and deftly presented. But it is not often pertinent to government decisions that need to be made. The recipient institutions, bureaus, or desks back in the United States invariably praise the flow of information--the more, the better--in large part because information is grist for their bureaucratic mills.(12) No one privy to the information has an interest in asking if it has an end-user who values it more than the cost of producing it.(13) Perhaps a voracious appetite for specially prepared foreign information was marginally justifiable at the height of the Cold War, when official Washington and many others in America felt that the battle against communist world domination had to be fought in every precinct and school. Today, though, especially in light of the

explosion of information that is readily available from public and commercial sources, it is clear that we can do with much less officially reported information.

Information Failures

The pointlessness of huge amounts of information is probably best illustrated by the still-emerging story of the Central Intelligence Agency. Its most important mission--obtaining information on the intentions of the Soviet leadership--was crippled and contorted by double agents, moles, and treason, as the Aldrich Ames case has revealed. We now know that policymakers did not have reliable information at critical turning points of the Cold War: the Berlin blockade, the Korean conflict, the Chinese entry into the Korean conflict, Sputnik, the building of the Berlin Wall, the Soviet invasion of Czechoslovakia, the Soviet invasion of Afghanistan, the fall of the shah of Iran, the opening of the Hungarian frontier, the dismantling of the Berlin Wall, and so on. Most important, of course, U.S. intelligence agencies failed to discern or report the generally perilous state of the Soviet economy in the mid-1980s. Instead, Washington was flush with information on the geology, botany, infrastructures, political groups and movements, demographics, education systems, and so on of almost every country in the world.

The Failure of Packaged Information

Given the enormous impact of Hollywood, Motown, Levi's, hundreds of thousands of travelers, and the news media, it is hard to believe that U.S. government information and cultural programs could make anything but the most marginal impressions on the minds of foreigners. Moreover, it makes little sense to send American culture abroad for free when foreign populations are clearly willing to pay for it. There is no longer a need to "win their hearts and minds"(14) or to try to manage the news for foreign consumers.

Embassy Core Functions

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

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

Military in Embassies

The official function of U.S. military attachés is to gather information on foreign forces and their leaders. They may do a fine job, but the information usually goes to waste because we simply do not need to know much detail on most foreign military forces. What attachés wind up doing, however, by their high official status is inflating the self-importance of foreign militaries.

Every U.S. embassy also has a detachment of Marine guards. While the official purpose of that security force is to protect embassy premises and its national secrets, the Marines are called on to do so only on rare occasions--when a professional security force may be just as effective and much less expensive. Assigning an elite branch of the U.S. military to the routine chores of checking desks at night for stray papers is an astonishing extravagance, even for the sole superpower. A private guard force would be cheaper and equally effective at meeting the embassy's day-to-day security needs.

CIA in Embassies

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

The CIA is energetically searching for a peacetime role. One of the worst ideas to emerge is for the CIA to collect foreign commercial intelligence that might help American companies. Although that idea probably will fall of its own weight, its having been seriously promoted has already clouded above-board commercial relations of legitimate American companies overseas.(15)

What Americans Want from U.S. Foreign Policy

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

The ideological triumph of democracy and capitalism has, however, created a dilemma for Washington's foreign policy community, which must now rethink U.S. foreign policy. But despite the elaborate and often tortured plans of many in the foreign policy elite, the American population's views on foreign policy--to the extent that Americans think about it at all--are quite simple. Essentially, we do not wish to view most of the world's problems as either America's business or America's responsibility, but we do want to be respected and to have commercial access to the world's resources and tourism charms. Although Washington is often preoccupied with abstract notions of U.S. "leadership," most Americans are not. Americans have little enthusiasm for leading international crusades to resolve every conflict.

Americans are also skeptical of schemes that attempt to link relatively minor events in every region of the world to U.S. security. In short, Americans no longer believe--if we ever did--that a little Yankee ingenuity can let Bengalis live like Belgians, and, on the whole, we do not think it worthwhile to make the attempt.

What kind of foreign policy are Americans willing to support? First, we are prepared to pay for the world's most powerful military, including some intervention and disaster relief capability to deal with

truly alarming developments overseas and to ensure that we have the means to protect our vital national interests. We also want to feel secure from international problems within our own borders. Events such as the Haitian refugee crisis--in which policy confusion emanating from Washington greatly exacerbated Floridians' sense of being overwhelmed by illegal immigrants--and the World Trade Center bombing--which suggested unprecedented vulnerability to foreign terrorism on U.S. soil--alarm Americans largely because they represent the encroachment of foreign crises upon the American homeland. Finally, Americans want to be able to travel abroad freely and safely for business and pleasure. We want open markets overseas, confidence in the rule of law to protect our property and our persons, and incidental help abroad if we need it. From such blunt and unfinished ideas, it is possible to make some inferences about what foreign policy mechanisms the American people and Congress might be willing to support.

What Mechanisms Do We Need?

A military capable of defending U.S. territory and undertaking occasional interventions to neutralize surprises like Saddam Hussein's Iraq need not look much like the military envisioned by the Pentagon's Two-War Strategy. We do not need, for example, forward-deployed troops in Korea, Japan, or Germany to protect those countries from any plausible adversaries they may now have, much less to protect the U.S. (There are dozens of such examples of overseas military presence that artificially burden our diplomacy and swell the size of our embassies in the host countries and, usually, neighboring countries. The military components of our foreign affairs activities can and should be changed in character and sharply reduced. We can start by stripping U.S. embassies of most military attachés, Military Assistance Advisory Groups, and the like.

Rethinking U.S. Embassies

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

Ultimately, the foreign policy community must accept that Washington need not have a significant physical presence everywhere there is some U.S. interest. Modern technology makes it possible for policymakers to comprehend and influence many events from a distance. The U.S. government could close many of its foreign missions and attend to American interests via telecommunications and occasional visits.(16) Washington could begin immediately to reduce the size of existing foreign missions (to 6 to 10 substantive officers and minimal in-house administrative support) in countries of middling importance and maintain very small embassies or simple legations (one or two officers responsible for several missions in the same region) in countries of marginal importance.(17)

Dealing with the Real New World

It is a good idea to maintain one officer in or near each commercially or politically significant capital to personalize messages from our cabinet secretaries and report the (rare) significant reactions of

government officials or industrial leaders. It is not necessary, however, to maintain highly trained diplomatic officers to convey routine démarches detailing how Washington wants the host country to instruct its delegate at the United Nations (or UNESCO, or OAS, or CSCE, or the Committee on Disarmament, or any of a dozen other international forums) to vote on the hundreds of resolutions that come up each year. When such messages were truly necessary, most of them could be delivered electronically. (One American ambassador to an important country recently mused that he wished he had a "démarche" button on his computer, to send his instruction directly to the Foreign Ministry rather than sending a political officer with car and driver to the Ministry to deliver a clean copy of the instructions and to read from them.) If face-to-face meetings or delicate negotiations were deemed important, short trips or even video-conferencing could fulfill many of the same purposes, as effectively and at much less cost, as a resident American diplomat.

Eliminating Peripheral Functions

Washington needs to maintain consuls and consular agents in sizable cities to provide U.S. citizens with services and to pre-screen (provide or withhold visas for) visitors and immigrants to the United States. Those functions can be made much more efficient through modern technology. For example, American consuls in busy places now see visa applicants only after extensive preparation by local consular assistants, and their meeting is usually conducted over microphones through bullet-proof glass. The consul might as well not be there. He could as easily judge the demeanor of the applicant from interactive television or even from a videotape made by a consular assistant. In a democracy adhering to the rule of law, there should be precious few instances in which a visa is issued or denied based on an official's "gut feeling" about someone else, especially someone from a totally different culture. Indeed, there is no apparent reason why routine visas cannot be processed electronically from regional centers or even from Washington.

The United States can also withdraw from hundreds of obscure international organizations to which we are now officially party. The Inter-American Defense Board, which is housed in Venetian splendor on 16th Street in Washington, for example, really has had nothing to do since the defeat of Nazi Germany. The United States can also stop attending many of the hundreds of overblown multilateral conferences that explore trivial issues or meretricious themes .(18) Much more of the work of organizations whose work significantly advances American interests can be based in Washington at a dramatically lower cost.

U.S. foreign policy agencies could learn much from the downsizing of American companies--the value of contracting out rather than maintaining expensive full-time staff for many tasks, for example. Much of the work that is currently performed by U.S. government officials overseas could be performed just as well and much less expensively by local hires.

Only a fraction of diplomatic information is in any way sensitive. Most of it is local political gossip and simple reporting of events, which do not require the reporter to have undergone a background check, have security clearance, or even be a U.S. citizen. Indeed, a low-cost clutch of local "stringers" or contract reporters might be able to obtain better information than do costly diplomats. For consular work, too, many countries (and, in the past, the United States) have found foreign nationals, usually called "consular agents," as effective as their own expatriates.(19)

Exploiting Private Sources of Information

To supplement the efforts of fewer officials on the ground, governments should subscribe to news wire services for general information and hire local stringers to provide additional information on matters of special importance to Washington.(20) Most of that information can be sent on unclassified networks. Take, for example, a typical "marginal" country, Niger and try to imagine what might go on there of legitimate interest (i.e., not merely a matter of intellectual or academic curiosity) to the U.S. government.

Niger is landlocked in the middle of the Sahara. There are, perhaps, several hundred American tourists a year and the same number of American traders. There are few natural resources of commercial interest and only minimal agriculture. Its 9 million people account for a gross domestic product of \$300 per capita per year by producing peanuts, cotton, livestock, millet, sorghum, cassava, and rice. Its principal exports are uranium, cowpeas, live-stock, hides, and skins.(21)

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

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

The Traditionalist Objection to Updating the Machinery of Diplomacy

Many diplomatic professionals have disagreed with major points set out in this paper. They argue that the U.S. always needs to have its own people on the ground in every country because 1) only our own people can be trusted to tell us accurately what we really need to know, 2) we can not tell ahead of time in what countries, even obscure ones, we will suddenly require analytical or operational capabilities, 3) people need time in a place to develop good judgment so they can interpret factual events, and 4) the only truly effective communication is that produced face-to-face between people well known to each other. The principal thrust of these arguments is that modern communications simply cannot do as good a job as the perceptive and experienced diplomat on the scene. The secondary thrust is that the U.S. needs to keep tabs on the activities of every country's capital city.

It is clear that face-to-face communications are more complete than, say, e-mail messages, which do not convey stern-eyed intensity or betray nervous squirming; and such body-language clues may be

important in high-stakes negotiations. For that reason, a few flesh and blood diplomats in key places will always have an important function.

The question is whether we need whole embassies full of people in most national capitals just to be ready for such a requirement. Was Richard Holbrooke less effective at the Dayton negotiations because he had not lived for a long time in Bosnia, Serbia, and Croatia and was not a long-time confidant with his adversaries in that negotiation? Can we never negotiate effectively with the North Koreans or the Republic of Moldova because we have not had our own people on the ground in those countries? Clearly, important negotiations can be carried out by *ad hoc* negotiators: they quickly obtain information from others, and not just from other diplomats.

Equally clearly, some locations are so important that the U.S. will want to keep flesh and blood diplomats on the scene to handle many kinds of delicate or difficult jobs. Paris is a good example; but do we need 800 people permanently in our Embassy there just to get ready for such tasks? On the other side, Niamey may be an example of a place in which American interests could be well enough served by occasional visits by an ambassador who spends time looking after other places as well.

In its efforts to contend with cost-cutting and still maintain its embassies in nearly every country capital in the world, the State Department has closed 29 "lesser posts" since 1990. Unfortunately, some of those lesser posts included some important economic centers, such as Antwerp, Lyon, Oporto, Alexandria, Genoa, Izmir, Kaduna, Palermo, Bilbao, Bordeaux, Medan, Stuttgart, and Zurich. If having our own trained observers and analysts on the scene is important, it is in precisely such places that the increasingly economic focus of U.S. foreign policy would seem most to need them. It seems that in deciding where to put our trained diplomats on the ground, we are making some strange decisions.

If the cost of maintaining overseas missions were no consideration, we probably would want to have them, and on-the-scene diplomats, in every important foreign location. In reality, we have to make cost-benefit decisions. The cost of an assigned diplomat is high: salary, benefits, retirement, housing, dependent schooling, shipment of household effects, office rental, security, and clerical and administrative support - perhaps \$200,000 per year (a conservative guess). Such an amount probably could buy all the information about Niger that the U.S. would ever need and leave some left over for personal visits to Niamey by experts stationed elsewhere.

Those making the traditional arguments of diplomacy usually assume, if not assert, that diplomatic information needs to be exclusive to particular countries and that the foreign ministry of each country needs its own information agent abroad. Thus, the U.S., Canada, UK, Germany, France, and Japan all have their own diplomatic establishments in most countries around the world. The result is a huge amount of information duplication, with virtually identical reports and judgments being sent nearly simultaneously to numerous foreign ministries.

Opportunities for sharing sources, information, and analyses are apparent. What is wrong with some division of labor among mutually respecting countries? Would it not make sense for, say, the G7 governments to share Latin American non-sensitive information with each other? Indeed, they already do so. What they are not doing is realizing the savings possible by better coordination in the field to eliminate one or two of the 7 different reporting officers. With modern communications, the UK embassy in La Paz can send reports simultaneously to other foreign ministries as it reports to the Foreign Office in London. Advances in language translation software now allow even Americans to make

good use of reports that might be sent by the German Embassy (or French, or Japanese, or Italian) in Santiago.

If governments could take the big step of accepting diplomatic reports from embassies of friendly and trusted countries, it would be a small step for governments to accept information from shared agents that are not embassies. They do so already to a small degree: every G7 foreign ministry watches CNN and reads "The Economist". Since they already use some shared information, there is no obvious reason why they cannot take advantage of shared diplomatic reporting missions, perhaps for rapid-breaking situations. At this writing, for example, European and African governments would like information about the progress of the rebellion in Zaire; but few of them have their own missions in Kisangani. They might agree that one of them would go to the expense and effort of sending in a diplomatic reporting team and would share the information with the others. They might also contract with a diplomatic services company to provide information from Kisangani or even to make representations there or in Kinshasha or Kigali, at a fraction of the cost of sending one of their own diplomats.

Setting an Example and Creating Incentives

If Washington were to take the lead in making U.S. diplomatic missions overseas more businesslike and put information and minor representation services, in effect, out for bid, other countries would follow. The demand would encourage dramatic growth in private "diplomatic" services, which would then compete to provide reliable information and services at a fraction of the cost that taxpayers around the world currently shoulder. As a bonus, the greater flow of information, together with that already contained in Internet computer databases, would enable diplomats to save on gathering information and to concentrate more on their higher callings of informed analyses and policy recommendations.

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

The Benefits of Citizens as Clients of Diplomacy

Diplomatic information and analyses should be distributed much more widely inside the United States. As it is no longer just the central government that needs to understand the rest of the world, state and local governments, businesses and non-governmental organizations will be prime consumers of foreign affairs information. The State Department complains about not having a strong domestic constituency for its services. Were it to provide useful information to the public, it would begin to produce a constituency. Consumers should, of course, pay something for the information. In fact, the information could be sold to private companies, so that the market could determine what kind of information is truly valuable and bring much-needed feedback discipline to its overseas collection.

Conclusion

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

Much of the rest of the world will follow the American lead in new ways to conduct diplomacy, especially if the new ways save public treasure. If the United States leads by rationalizing the size of its diplomatic establishments and making more use of modern communications technology and non-diplomat local agents, other countries will do likewise. Such modernization would produce a much-needed and overdue change in the profile of world diplomacy to meet the demands and opportunities of the post-Cold War era.

Notes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(16) Jim Anderson, "Will 'Virtual' Embassies Replace Traditional Ones on Road of Technology?" *Foreign Service Journal*, March 1995, p. 32.

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

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

(19) "Consuls began appointing foreigners to be their consular agents from the very beginning. At an early point, Washington itself began appointing foreigners to serve as consular agents in cities where it did not wish to station an American consul recruited in the United States or, more likely, where it could not induce a consul to establish himself because the prospects of remuneration were too limited." Walter B. Smith II, America's Diplomats and Consuls of 1776-1865 (Washington: U.S. Department of State, Center for the Study of Foreign Affairs, 1986), p. 6.

(20) Such matters might include the development, or disparagement, of human rights or gross environmental degradation.

(21) Information Please Almanac, America Online, 1994.

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