

Passing the Baton 2025: Securing America's Future in an Era of Strategic Competition

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Passing the Baton: Strategies for Success

featuring

The Honorable Michael Waltz

National Security Advisor-designate of the United States

The Honorable Jake Sullivan

National Security Advisor of the United States

Stephen J. Hadley, *moderator*

Former National Security Advisor

Transcript:

Ambassador George Moose: Well, good evening. I am truly delighted to welcome everyone back for the culmination of today's event, the passing of the baton from outgoing National Security Advisor Jake Sullivan to National Security Advisor-designate Representative Michael Waltz. Their conversation will be moderated by former USIP Board Chair Stephen J. Hadley. Mr. Hadley was deputy national security adviser from 2001 to 2005 and assistant to the president for national security affairs from 2005 to 2009. He currently serves on the boards of several organizations including the Atlantic Council and the Council on Foreign Affairs. May I invite Mr. Hadley, Mr. Sullivan, Mr. Waltz, to the podium, to the stage.

Stephen J. Hadley: Thank you, George. Good evening, and welcome to this timely and important event. It's my privilege to serve as moderator for this conversation, and joining us this evening are two distinguished leaders who both embody the continuity and change that define our democracy. First, we have Jake Sullivan, the national security advisor to President Biden, former national security advisor to then Vice President Biden and former director of the policy planning staff at the Department of State. Thank you, Jake, for your

service and for being with us tonight. And second, we are honored to welcome Representative Mike Waltz, the incoming national security advisor to President-elect Trump, a member of Congress representing Florida's sixth congressional district and a combat decorated U.S. Army Green Beret. Thank you for your service, Mike, and for being here as well.

There may be no more challenging time in our nation's recent history than the period in which Jake served as national security advisor, and that Mike will serve as national security advisor. And in the conversation tonight, we'll delve into the pressing national security issues that make this period in our nation's history so critical. We'll explore some of the vital process of political transition and reflect on the future of U.S. foreign policy. So let's begin. I want to ask a question of both of you. The transition from the outgoing Biden administration to the incoming Trump administration is now well underway. How's it going? And how are the two of you getting along? Jake?

Jake Sullivan: Well, first of all, every transition is obviously vital because it is a period of both opportunity, as a new team comes in and starts thinking about their agenda, and of risk, as adversaries and competitors around the world look to take advantage of a time of transition to kind of get the drop on the United States. But I would say this particular transition, it's especially important that there be deep consultation and a smooth handoff because just in the period of this transition, we've seen the fall of Assad, we've seen the declaration of martial law in Korea, we have an active, ongoing negotiation for a ceasefire and hostage deal in Gaza, we had the first deadly terrorist attack of the Biden administration on January 1 of this month. That's all during the transition. And so, Mike and I have spent a considerable amount of time together going through the issues, making sure that the incoming team is lashed up with my outgoing team, and that they're getting briefed on the immediate issues that will be on their agenda on day one, but also on the longer term trends that we see in some of the larger initiatives that I think have bipartisan support and could be carried forward.

And you know, I want to just say thank you to Mike for his professionalism and the way in which he has approached ensuring that we are sending a clear message to anyone who wishes America harm that they are not going to be able to take advantage of this time of transition, that we are going to make sure that we are serving the national interest. Even if we see things differently on a given issue or a given country, we are united in the basic proposition that the smooth transfer of power from one president to another, especially in the national security enterprise, is absolutely vital, and Mike has really been the embodiment of that. So I just wanted to say thank you for that.

Michael Waltz: Well, Steve, it's great to see you again. Thank you USIP for hosting, and I have to give a special shoutout, that many of you know her, my amazing wife Julia, Dr. Julia Nesheiwat, who was homeland security advisor in the first Trump term and has far many more degrees, speaks more languages and even more combat tours than I have. So this is the wrong seat, but thank you, honey for your support. And I think Jake said it well. You know, as a member of Congress, we tend to be a little vocal. I've been very vocal on the areas where I've disagreed with this administration's policies. At the end of the day, we're all Americans, and we're sending the message that to our adversaries, don't you dare try to take advantage of this time. And, you know, we have things that aren't slowing down just because we have a constitutional transition date or because we have an election, just ask the poor people in LA of the wildfires. I mean, we are going to literally have to pick that federal support up, and they deserve for us to not drop not even an inch of that support that they need.

There's been reporting of President Trump's Middle East envoy, Steve Witkoff, out in regular contact and out there right now with Brett McGurk, and they're both reporting back to both of us and back to the president-elect and the President as we have a shared mission to get our people out and to get the Middle East, I think, back on track towards stability and towards the next round of the Abraham Accords, or normalization, or whatever moniker you want to give it. So there are a number of things that are ongoing that aren't going to slow down, cyber being another. And then there are areas where we're having, you know, conversations about, where do we maybe need to change azimuth and go in a different direction? And we've had very candid conversations, you know, on points like, we've tried this, this works, that doesn't work, if you want to try that you go right ahead, and we probably will. And the American people can then judge. But it's just such a unique moment in our history. President Trump is not a year-one president. He's not even a year-five president. He's a year-nine. He's been thinking about all of these issues the last four years. And so my team, you know, we're trying to get our feet underneath us, and he's already foot on the gas, and for a man who stays in tenth gear, I think. So that's our internal challenge. We'll get our team in place, we'll have a smooth handover and we'll continue the march.

Stephen J. Hadley: Thank you. I must say these press reports of having Brett McGurk and President Trump's envoy for the Middle East together in meetings with foreign countries talking about the Gaza disengagement, it's really unprecedented. I haven't heard of that before. It speaks well for this transition. I'm going to ask you, each of you, the same question, see what kind of, how the answers compare. Jake, let me start with you. As current national security advisor, what do you think are the most pressing national security challenges the Trump administration will face and what should they be most worried about in the first six months?

Jake Sullivan: You know, it's like a very strange, slightly awkward version of the dating game. You know, the old game where you wrote down your answer and then the other person wrote down the answer and you see how much they match up. So going first is funny, because I'll give an answer and then Mike will say, that's not right at all, it's this totally other thing. But I'll do my best.

Michael Waltz: I'll go first next time.

Jake Sullivan: So, yeah, right. Look, there are obviously the immediate crises, and Mike mentioned the wildfires in California. That is something that's going to demand an all hands on deck effort. It has from our team, and it will from the incoming team. There's closing out the ceasefire and hostage deal, which hopefully we will do this week, but then there's the actual implementation and execution of that. But for me, the critical thing is, in the midst of dealing with immediate crises, we can't take our eye off the ball of the long-term strategic competition with the People's Republic of China, because China is the one country with both the ambition and the potential capacity to really compete with us across all dimensions. We have not faced a challenge like that in a very long time, perhaps ever, because the Soviet Union didn't have some of the economic and other engines that China has. And we have to stay focused on making sure we're investing at home, rallying our allies and pushing back against Chinese unfair economic practices and aggressive tactics in places like the South China Sea or the Taiwan Strait. So for me, making sure that you have a balance between dealing with the urgent and the immediate while also making the investments in the long term, that's probably the single most important thing for, in this current era, a national security advisor to really be focused on.

And then even, you know, so it's urgent, immediate, the long-term challenge of China, and then there is the just epochal challenge of artificial intelligence, and the way in which, just in the time that Mike will sit in this seat, it's going to transform societies, economies and national security. We've taken some steps to try to make sure that AI works for us rather than against us, to preserve and extend our lead in AI against our competitors. But that is going to be an issue that is going to touch virtually every dimension, including, Mike mentioned, cyber, of America's national security. And so at every one of these levels, Mike will be walking into an extremely full plate where ensuring that we are on top of every aspect of each of these levels is the difference between really succeeding and falling short.

Stephen J. Hadley: Mike, as the incoming national security advisor, what do you think of the principal national security challenges and what are you most worried about in the upcoming six months?

Michael Waltz: Well, the most immediate, aside from the natural disaster that we're dealing with, I think, is our southern border and the open nature of it, though, is just unacceptable in my view, and I certainly think loud and clear in the President-elect's view. So you're going to see a lot of action to close the border, to go back to the policies that we believe were working, whether that's remain in Mexico or working with the Mexicans to fortify their southern border, but we just cannot sustain the millions of people that have come across. We were fortunate that we intercepted a plot of eight ISIS terrorists that were scouring sites in three cities. Unfortunately, we were hit with inspired attacks. We were literally talking about this today, as you know, of ISIS reinvigorating to try to inspire individuals inside the United States. So with, you know, over 100,000 Americans dying per year of fentanyl, we have to get our arms around that crisis.

And if you haven't watched the news, the President-elect is very focused on the Western Hemisphere these days. And so some of these things I think, have gone on, frankly, for quite some time across multiple administrations. I can't tell you how many hearings I've sat in with the generals in charge of Southern Command, ringing the alarm bells about Chinese influence and southern, and South America and Latin America. Well, we're going to take steps to take that on. We are all wringing our hands in Congress about supply chains and the fact that we have such dependencies on not just another country but our greatest adversary, that China produces 90% of our pharmaceuticals, responsible for over half of the critical minerals. I passed a bill years ago to push the Defense Department to create an antimony stockpile, because there's only three countries in the world now that mine and refine antimony, Tajikistan, Russia and China. Why is antimony so important? You can't make ammunition without it. And so that is going to be really a whole of government effort in terms of permitting, in terms of mining, terms of refining, but really looking at the Western Hemisphere as a source of the energy, the critical minerals, the food supply that we absolutely need. So that's, you know, as Jake knows, as you know, pulling all of that together across the interagency will be quite a challenge, and so, but it's really fortifying ourselves. The President-elect firmly believes we can avoid conflict with the Chinese Communist Party because they need our markets. And we're going to use the leverage in a way that's in line, that we have, that's in line with our national security while we still can.

Stephen J. Hadley: I want to stay on China just for a minute, because it's an area where there seem to be fair amount of continuity between the first Trump administration, the Biden administration and a fair amount of consensus across party lines in the Congress. So if you, just in sort of shorthand terms, what are the elements of a bipartisan policy on China that you think are most important as we navigate this most difficult relationship? Mike, why don't we start with you on this, and then we'll go to Jake.

Michael Waltz: Then Jake can tell everybody where I'm wrong and we disagree. Well, I think there's multiple elements. I just spoke to the supply chain aspect of that. I was also the Republican Chair of the U.S. India Caucus. So that's, you know, one, it's getting them back here to the United States where it makes sense. If it doesn't make sense here, how about the Western Hemisphere? If we're, you know, concerned with the core causes of migration, let's get that foreign direct investment and those jobs there. If not there, then to our allies with AUKUS and with the Quad, again, areas that have continued from one administration to another, and I think will continue further. So the supply chain aspect, the porcupine, Taiwan, we have over a \$20 billion backlog of things that they paid for and that we need to work hard to free up and have them get what they paid for as a deterrent measure. And then, thirdly, to really continue to reinforce those partnerships and those alliances. Where I certainly give this administration some credit is the trilateral dialogue between South Korea, the United States and Japan, and then also between the United States, Japan and the Philippines, really helping those countries and those governments overcome historic animosities with a shared vision of a free and open Indo-Pacific. So I think all of those things will continue. And then, if I didn't mention India, I will again as a critical partnership in the future.

Stephen J. Hadley: Jake?

Jake Sullivan: Actually, I was just in India last week, and they love you there as a co-chair of the India Caucus. They love the India Caucus, and they're, so they're excited to have you come on board. I told them I could be the chair of the India Spouses Caucus in Congress going forward, they were a little less... But you know, we'll do our best. So first, I think, I agree with basically everything Mike just laid out. I would say a good China strategy is a good Asia strategy, and that means building on the work that we have done with respect to our allies and partners, some of which, as Mike mentioned, was work that we inherited and built upon. So I think there is continuity in that regard. A good China strategy, though, is also a good allies strategy writ large. And I think Europe is important in this regard, making sure that the United States is deeply engaged with the Europeans, working on convergence, on pushing back against unfair Chinese economic practices on the supply chain resilience piece and so much else.

And then there's the question of technology. And here, we need to both promote and protect. We need to make the investments domestically in keeping our lead in the key technologies that will define the future. Here, the science part of the CHIPS and Science Act has never been fully funded. And America, at its best over the decades, has been an America that spends the dollars on basic research and development to power the innovations that shape the future. And then there's the "protect" side. We've taken a

number of steps to ensure that our high technologies that have national security applications can't be used against us or our friends by China. And I think seeing that work continue in the new administration is very important.

The last point I would make is that the PRC is facing some stiff economic headwinds, and it seems to me that a big part of their solution to those headwinds is to try to overproduce in key sectors, to flood the market with cheap goods that undercut American workers and undercut our supply chain resilience by maintaining a chokehold in key supply chains, and we need to continue the work to ensure that we are standing up to that and bring a bunch of other countries on board with us. It's interesting to me that just in the last couple of years, not only the EU and Mexico, but countries like Brazil and Turkey have taken steps to fortify their markets against Chinese overcapacity. And this is, I think, going to have to be an ongoing effort as we look out to the coming years, because when we are flanked by strong allies and partners in contending with China, we're much better off at being able to push back against their excesses.

Final thing, I would say, there are areas where it is in our mutual interest to work together with China, and one of those is to stop the flow of precursor chemicals from the, with respect to fentanyl that have come from China. In the Trump administration, the first Trump administration, they stopped finished fentanyl. In the Biden administration, we've stopped, or substantially reduced the precursors, and it's had a big impact on overdose deaths, which have come down quite considerably in the last year. We've got to keep doing that work.

And then, intense competition does require intense diplomacy. I spent a huge number of hours with my counterpart, Wang Yi, you know, it's not my place to necessarily give advice, but I have found it very valuable as national security advisor to have that strategic channel so that China understands what we're up to, and so we understand what they're up to. It's not about making compromises on our national security, our interests or values, but it's about having an open channel of communication to manage the competition so it doesn't tip over into conflict. Same goes for military-to-military communication. Same goes for leader-to-leader communication, which I think is going to be absolutely vital in the period ahead, even as we continue to compete fiercely with the PRC.

Stephen J. Hadley: Let's go to the Middle East quickly. And I'm going to start with Jake this time, and really ask you, where is the Biden administration leaving the situation in the Middle East with Hamas and the Hezbollah and the Houthis and the situation with Iran? Where, what does the table look like that Mike is going to inherit?

Jake Sullivan: Well, first, Iran is at its weakest point since the Iranian Revolution. It's lost its, the deterrent power of its main proxy, Hezbollah. It's lost its main state client, Assad. Frankly, it's lost its air defense capability, and its economy is reeling. So Iran is in a weak position. And that creates real opportunities, but it also brings risks, because Iran, you hear voices inside their system saying, given how much deterrent capability has been degraded and eroded over the past year and a half, maybe we need to think more seriously about changing our policy with respect to nuclear weapons. That is a matter of considerable concern. I think there is an opportunity now with Iran and the position it's in to conduct diplomacy, to try to get a negotiated outcome that puts Iran's nuclear program fully in a box and also deals with some of their other excesses. But you know, that will be up to the incoming team to decide whether they want to take that opportunity.

Hamas, in terms of its military formations, its leadership, its capacity to hold Israel at risk, has been basically decimated, and hopefully we will get a ceasefire and hostage deal in place that can be built on. The Houthis remain a clear and present danger, day in, day out, and Mike and I have had now a couple of conversations about the steps that we are taking and what we will be handing off, including the military operations, the intelligence work, the work with allies and partners in the region to try to deal with this clear and present danger, but that is a serious ongoing threat that the new team will be picking up.

And then finally, Mike mentioned the Abraham Accords. We have put a lot of investment and effort into a vision of an integrated Middle East, building on the work of the first Trump administration, and in particular, focused on a long-term normalization track between Israel and Saudi Arabia, tied to steps forward towards a Palestinian state. We think there is a formula there that could really lock in a foundation for greater stability, prosperity and integration in the Middle East that we've done tremendous work on and I would love to see get done in the years ahead. And that would vindicate, from my perspective, the kind of vision that could have bipartisan support, that will enhance the stability and security of our partners and really marginalize and weaken our adversaries in the region. So that's what we see.

I should mention, you know, because there's so much happening in such a short time on Syria. Assad going, a brutal dictator responsible for the massacre of so many of his citizens, that is a good thing, and it brings an opportunity for a better future for the people of Syria. It also brings risks, and the most consequential of those risks is the possible resurgence of ISIS. We have in this transition period really intensified the military tempo of our campaign against ISIS, so that they cannot reconstitute in a serious way. That is going to be ongoing work, and that, too, is something the incoming administration is going to have to pick up.

Stephen J. Hadley: So Mike, what do you think are the opportunities, that menu that Jake has laid out, for the Trump administration in terms of the Middle East, and what do you think your priorities will be?

Michael Waltz: Well, we have a number of opportunities now. I think there's been some incredibly bold leadership on the part of the Israelis and Prime Minister Netanyahu. The movie is going to be made about the pager and walkie talkie operation, which I think is one of the most bold and incredible covert operations in modern history. I mean, if you just think just a short time ago, the thought, I mean, this has been going on for quite some time, the thought of taking out Nasrallah was seen as provocative, was escalatory, can't be done. You know, that'll kick off that sword of Damocles that was hanging over Israel's head, and it's gone. With, between the pager and walkie talkie operation, between the decapitation of Nasrallah, the taking out of their finances in Beirut, the incursion into southern Lebanon, and now the cease fire to pull back out, the destruction of, I mean miles and miles of tunnels and rocket systems, which, by the way, were within earshot of the UN peacekeeping force that was there, and I think we need to have a very real conversation about the future and the efficacy of that force.

It is an incredible, it's an incredible opportunity for Lebanon. It's a moment, and I give a lot of credit to the effort that went behind the election of President Aoun, working with our Gulf partners and working with the Saudis in particular. So that is, it's a moment to translate that into some political headwinds, now that we've seen that tremendous military victory. Hamas, as a result, is incredibly isolated now. They always thought the cavalry was coming from the north, and frankly, every time I think they got the news of these antisemitic protests on our college campuses, and the fact that Hezbollah could be coming in and seeing the calls for regime change against the Israeli government, democratically elected, I'll remind everyone, then they thought they were winning. They thought they could continue to sacrifice their own people to turn world opinion against the Israelis. That dynamic is, it has very much shifted. And why I think we are so close, knock on everything we can, to getting some type of agreement in the short term,

In the longer term, then, how do we translate that? And as Jake said, get that back to talking about things like rail and infrastructure and fiber. And I think the more we're talking about those big deals and those big projects and integrating the Middle East with South Asia and then on to Europe, the more we're talking about those big projects, the less and less we're talking about those old animosities. And so the conversations with Mohammed bin Salman, with MbS and the Saudis, with MbZ and the Emiratis, with Bahrain with the potential future in Lebanon, and hopefully getting to a post-Gaza. Well, we have to get to a post-Gaza and a finally reformed, I've been hearing that for, I think, since we worked

together, Steve, Palestinian Authority. Then there are tremendous opportunities, but it has taken some real bold leadership. And as someone who has sat across the table from true evil, evil does exist. Evil, I've sat across the table from someone who said, well, as long as I live, I would try to kill you. An al-Qaeda terrorist. We have to recognize that evil exists and it only respects strength. Hopefully you can reform the next generation, but sometimes you just have to put bombs on foreheads.

Stephen J. Hadley: This has been a rich conversation. Unfortunately, we're out of time. I would like to invite the two of you to join me for the ceremonial passing of the baton, and I'd like to invite Ambassador Sullivan and Ambassador Moose to come to the stage and join us as well.