In three days, I will end my tenure as National Security Advisor, grateful for the opportunity President Clinton and the American people have given me to serve at this extraordinary moment in our history. I appreciate this forum to look back on these past eight years and, just as important, to look forward to the challenges ahead.

Let me begin with the extraordinary year just ended. There was China's agreement to join the WTO, the victory of an opposition party in Mexico, the downfall of Milosevic, the peace we helped broker between Ethiopia and Eritrea, the President's historic visits to India and Vietnam, our success in funding debt relief and reforming the UN dues structure so we could finally repair our relationship with that institution.

Of course, the year past had its share of tragedies and disappointments. Sitting at the Norfolk Naval Base with survivors from the USS Cole only reinforced the reality that America is in a deadly struggle with a new breed of anti-Western jihadists. And despite all the progress we have made in the Middle East, it will be sad if the promise of this moment in history slips into the abyss of violence. But I know this: sooner or later, hopefully before too much more bloodshed and tears, Israelis and Palestinians will return to the same questions they confront today, and, the same inescapable choices. They can postpone the moment of truth, but they cannot escape the reality that they must find a way to live side by side.

The scope of events over this past year reflects the range of challenges and opportunities for America that sometimes appears overwhelming. It is tempting to step back from robust engagement, to simplify our presence in a complex world, to limit our definition of what is important to America to what seems most easily achievable. That would be a profound mistake. For the threats to America's interests only will grow more dangerous if neglected. More important, this is a time of unprecedented opportunity for us, as we stand at the height of our power and prosperity.

Any honest assessment of how we've used that strength must begin with an acknowledgment of what has changed since Bill Clinton was first elected. Consider the conventional wisdom about America in the fall of 1992: Time

Magazine -- reflecting the widespread view -- asked: Is the U.S. in an irreversible decline as the world's premier power?
Today, as President Clinton leaves office, America is by any measure the world's unchallenged military, economic and political power. The world counts on us to be a catalyst of coalitions, a broker of peace, a guarantor of global financial stability. We are widely seen as the country best placed to benefit from globalization.

President Clinton understood before most the challenges globalization posed to how we think about the world. Let me describe just two. First, for a half century of Cold War struggle, we viewed the world largely through a zero-sum prism. We advance, they retreat. We retreat, they advance. Today, zero-sum increasingly must give way to win-win. A stronger Europe does not necessarily mean a weaker U.S. Indeed, a stronger Russia and a stronger China -- if they develop in the right way -- could be a lesser threat than if they unravel from internal strains.

Second, while globalization is an inexorable fact, it is not an elixir for all the world's problems. What is important is that we can harness the desire of most nations to benefit from globalization in a way that advances our objectives of democracy, shared prosperity and peace.

Some of the most hopeful recent developments in the world have come about because of how we sought to do that, not because globalization preordained them. For example, if China has begun to dismantle its command and control economy despite the huge risk, is it simply meeting the demands of global markets? In part, yes. But it also has decided to fulfill the terms we negotiated for its entry into the WTO. If people from Croatia to Macedonia are rejecting hard line nationalists and embracing democracy, is it because they've reached the end of history? No -- but they have concluded that this is the best way to join NATO and the EU -- an opportunity made possible by our expansion of NATO and more attractive by NATO's victory in Kosovo.

If the dividing line of the Cold War was the Berlin Wall, the dividing line of the global age is between those who seek to live within the international community of nations -- respecting its rules and norms -- and those who live outside of it, either by choice or circumstance. We must ensure those international systems are open to all who adhere to accepted standards. We must defend those standards when they are threatened. And we must isolate those who choose to live outside the system and disrupt it.

The foundations of a foreign policy for the global age are reflected in the principles that have guided us there and hopefully will serve as a touchstone as our next president takes office. The first principle is that our alliances with Europe and Asia are still the cornerstone of our national security, but they must be constantly adapted to meet emerging challenges.

Eight years ago in Asia, it was far from certain that we would maintain our military presence at the end of the Cold War, or that allies there would continue to see its legitimacy. In Europe, NATO's continued relevance was seriously questioned, ironically at the very same time that the security and the values it defends were threatened by an out-of-control war in Bosnia.

So in Asia, we formally updated our strategic alliance with Japan. We stood with South Korea to meet nuclear and missile threats while we moved together to test new opportunities with North Korea. We dispatched naval forces to ease tensions in the Taiwan Strait, and helped our allies deploy an unprecedented coalition to East Timor.

In Europe, we revitalized NATO with new partners, new members and new missions. After agonizing differences with our allies over Bosnia, we came together to end a ghastly war and later acted decisively
to end the carnage in Kosovo. Today, we are closer than ever to building a Europe that is peaceful, democratic, and undivided for the first time in history.

Southeast Europe, which has been a flashpoint for European conflict throughout the 20th Century, now has the potential to become a full partner in a peaceful Europe -- if we don't snatch defeat from the jaws of victory. Our European allies already are carrying the overwhelming share of this burden, 85 percent of the peacekeeping troops and 80 percent of the funds. But we can't cut and run, or we will forfeit our leadership of NATO.

NATO's future, and that of Europe's new democracies, also depends on the answer to another question: Will more of Europe's new democracies be invited to walk through NATO's open door at its next summit in 2002? To stop at Poland, Hungary and the Czech Republic would defeat the very purpose of NATO enlargement -- which is to erase arbitrary dividing lines and to use the magnet of NATO membership to strengthen the forces of democracy in Europe.

A second principle is that peace and security for America depends on building principled, constructive relations with our former great power adversaries, Russia and China.

With Russia, it is tempting to focus on what this troubled country has failed to do in the last decade. It has not developed a full feathered democracy, or demonstrated consistent respect for the rule of law. It has not rooted out corruption, or learned that brute force cannot hold an ethnically diverse country together. But we should not forget what it has done. The Russian people have rejected a return to communism or a turn toward fascism; in five straight elections they have voted for a democratic society that is part of the life of the modern world. And it is in large part for that reason that we have been able to work with Russia to safeguard its nuclear arsenal, to secure the exit of its troops from the Baltic States, and to cooperate in the Balkans.

What now? I believe that President Putin wants to build a modern Russia plugged into the global economy and that he realizes the only outlet lies to the West. What we don't know yet is whether he will do that while tolerating opposition, respecting the independence of his neighbors and conducting a foreign policy that does not revert to the Soviet era mentality.

What can we do? If Russia seeks to exert coercive pressure against neighboring states like Georgia or Ukraine, we must do all we can to strengthen their independence. If it continues to provide military technology to nations like Iran, we must use our leverage to change its behavior. But at the same time, when Russia seeks partnership with the international community and membership in international institutions, we should welcome it, insisting that Russia accept the rules as well as the benefits that go with integration. And when the Russian people work at home to build a free media, to start their own businesses, to protect human rights and their environment, we must continue to support that in dollars and deeds. For little else will be possible in our relationship with Russia unless it builds a pluralistic, prosperous society inexorably linked to the West.

With China, our challenge has been and will remain to steer between the extremes of uncritical engagement and untenable confrontation. That balance has helped maintain peace in the Taiwan Straits, secured China's help in maintaining stability on the Korean Peninsula.

The passage of PNTR represents the most constructive breakthrough in U.S.-China relations since normalization in 1979. For China, it is a declaration of interdependence, and a commitment to start
dismantling the command and control economy through which the communist party exercises much of its power.

Can China manage this economic transition at a time of uncertain political transition? For a country seized by a history of intermittent disintegration, will China seek stability in greater control over its people, or in giving its people greater control? Only China can decide. But we can help it make the right choice -- by holding it to the commitments it made to join the WTO, and continuing to make clear that we believe China is more likely to succeed in this information age by unleashing the creative potential of its 1.2 billion people than by trying to suppress it.

A third principle that must guide American foreign policy is that local conflicts can have global consequences. I don't believe any previous President has devoted more of his presidency to peacemaking -- whether in the Middle East, the Balkans or Northern Ireland, between Turkey and Greece, Peru and Ecuador, India and Pakistan, or Ethiopia and Eritrea.

It is more important than ever that America remain an energetic peacemaker -- not a meddler, but a force for reconciliation even, at times, where our interests are not directly involved. Why? Because the challenge of foreign policy in any age is to defuse conflicts before, not after, they escalate and harm our vital interests. Because in this global age, as we witness distant atrocities, we can choose not to act, but we can no longer choose not to know.

While we should never send troops into conflict where our national interests are not at stake, when our interests and values are challenged, the American people increasingly expect their government to do what we reasonably can. Those who ignore America's idealism are lacking in realism. What's more, the disproportionate power America enjoys today is more likely to be accepted by other nations if we use it for something more than self-protection. When our president goes the extra mile for peace -- as he has been doing in the Middle East, as he did in Belfast last month, or in Africa last August when he joined a fractious conference seeking peace in Burundi -- it defies preconceptions that an all-powerful America is a self-absorbed America. It earns us influence that raw power alone cannot purchase.

A fourth principle is that, while old threats have not all disappeared, new dangers, accentuated by technological advances and the permeability of borders, require expanded national security priorities. Indeed, I believe one of the biggest changes we have brought about in the way America relates to the world has been to expand what we consider important.

We intensified the battle against proliferation of weapons of mass destruction, from the complete denuclearization of Ukraine, Belarus and Kazakhstan, to the Agreed Framework with North Korea, which has frozen the production of plutonium for nuclear weapons there, to the effort that to this day is diverting billions of dollars in Iraqi oil revenues from the purchase of weaponry to the provision of food and medicine. We persuaded the Senate to ratify the Chemical Weapons Convention. I hope President Bush will work with the Senate to address the concerns raised in the debate over the Comprehensive Test Ban Treaty, as General Shalikashvili has suggested.

One of the most important decisions America must make is how to meet the future ballistic missile threat from hostile nations. The emerging threat is real. But National Missile Defense is a complex issue - - technically, internationally and strategically. I hope the new Administration will not be driven by artificial deadlines. And it is inconceivable to me that we would make a decision on NMD without fully
exploring the initiative with North Korea and the potential of curbing the missile program at the leading edge of the threat driving the NMD timetable today.

A fifth principle that should continue to drive our foreign policy is that economic integration advances both our interests and our values, but also increases the need to alleviate economic disparity. During the last eight years, America has led the greatest expansion in world trade in history, with the completion of the Uruguay Round, the creation of the WTO, and the approval of NAFTA and PNTR with China. Our conscious decision to keep our markets open during the Asian financial crisis in no small measure is responsible for Asia’s recovery.

In the last two decades, more people than ever before have been lifted from poverty around the world. And yet, three billion people still struggle to survive on less than $2 a day. Globalization did not create the gap between the rich and poor nations. But there is a gap in globalization.

To dismiss global poverty and disease as ‘soft’ issues is to ignore hard realities. Few nations can survive the onslaught of AIDS that already has hit southern Africa, where half of all 15 year olds are expected to die of the disease. And this epidemic has no natural boundaries – its fastest rate of growth is now in Russia.

Working to bridge the global divide is not merely a matter of national empathy; it is a matter of national interest. That is why we have lowered barriers to African and Caribbean imports, tripled funding for global AIDS prevention and care, and launched international initiatives to stimulate vaccine research and get children into school. That is why we have led the global effort to relieve the debts of poor countries that invest the savings in their people. Keeping these issues at the top of the global agenda can only be done with Presidential leadership.

These are basic principles that I believe must define the contours of America’s role in a global age, and some of the specific challenges we will continue to face. Many are daunting. But the new Administration takes the reins of a country at the zenith of its power, with the wind at its back, and clear objectives to steer toward. And there are several steps it could immediately take, both to seize the opportunities so plainly ahead, and to signal the world that there will be no fundamental shift in America’s purpose as it reviews our global role.

Let me respectfully mention just a few. You might call them 'five easy pieces' for the next Administration: Give our European allies a clear sign that there will be no change in our commitment to NATO, its missions, and its next round of expansion. Make clear to our allies in Asia that we will explore the opportunity presented by North Korea’s emergence from isolation. Tell our partners in the Hemisphere that we want to finish negotiations on a Free Trade Area of the Americans by 2003, so it can enter into force by 2005. In preparing your first budget, signal the world that our contributions to win the fight against global poverty will continue to rise. Finally, seize the chance to work with Russia to reduce nuclear arsenals without abandoning negotiated agreements. One good way would be to move with the Congress to repeal legislation that prevents us from going below the START I level of 6000 warheads while we bring START II into force and negotiate much lower levels in START III.

The overriding reality for the new team will remain that American leadership, in cooperation with our friends and allies is essential to a more secure, peaceful, and prosperous world.
Our extraordinary strength is a blessing. But it comes with a responsibility to carry our weight, instead of merely throwing it around. That means meeting our responsibilities to alliances like NATO and institutions like the UN. It means shaping treaties from the inside, as President Clinton recently did with the International Criminal Court, instead of packing up our marbles and going home. Otherwise, we will find the world resisting our power instead of respecting it.

There is a difference between power and authority. Power is the ability to compel by force and sanctions, and there are times we must use it, for there will always be interests and values worth fighting for. Authority is the ability to lead, and we depend on it for almost everything we try to achieve. Our authority is built on qualities very different from our power: on the attractiveness of our values, on the force of our example, on the credibility of our commitments, and on our willingness to listen to and stand by others.

In the last eight years, I believe President Clinton's most fundamental achievement is that he steered America into a new era of globalization in a way that enhanced not only our power but our authority in the world. I have been proud to be part of this journey. I can promise you this: as the new Administration builds on that achievement, nobody will work harder than its predecessors to turn common goals to reality.