

# The Sources of American Power

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## A Foreign Policy for a Changed World

JAKE SULLIVAN

**N**othing in world politics is inevitable. The underlying elements of national power, such as demography, geography, and natural resources, matter, but history shows that these are not enough to determine which countries will shape the future. It is the strategic decisions countries make that matter most—how they organize themselves internally, what they invest in, whom they choose to align with and who wants to align with them, which wars they fight, which they deter, and which they avoid.

When President Joe Biden took office, he recognized that U.S. foreign policy is at an inflection point, where the decisions Americans make now will have an outsize impact on the future. The United States' underlying strengths are vast, both in absolute terms and relative to other countries. The United States has a growing population, abundant resources, and an open society that attracts talent and investment and spurs innovation and reinvention. Americans should be optimistic about the future.

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But U.S. foreign policy was developed in an era that is fast becoming a memory, and the question now is whether the country can adjust to the main challenge it faces: competition in an age of interdependence.

The post–Cold War era was a period of great change, but the common thread throughout the 1990s and the years after 9/11 was the absence of intense great-power competition. This was mainly the result of the United States’ military and economic preeminence, although it was widely interpreted as evidence that the world agreed on the basic

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Major public investments are an essential component of foreign policy.

direction of the international order. That post–Cold War era is now definitively over. Strategic competition has intensified and now touches almost every aspect of international politics, not just the military domain. It is complicating the global economy. It is changing how countries deal with shared problems such as climate change and pandemics. And it is posing fundamental questions about what comes next.

Old assumptions and structures must be adapted to meet the challenges the United States will face between now and 2050. In the previous era, there was reluctance to tackle clear market failures that threatened the resilience of the U.S. economy. Since the U.S. military had no peer, and as a response to 9/11, Washington focused on nonstate actors and rogue nations. It did not focus on improving its strategic position and preparing for a new era in which competitors would seek to replicate its military advantages, since that was not the world it faced at the time. Officials also largely assumed that the world would coalesce to tackle common crises, as it did in 2008 with the financial crisis, rather than fragment, as it would do in the face of a once-in-a-century pandemic. Washington too often treated international institutions as set in stone without addressing the ways in which they were exclusive and did not represent the broader international community.

The overall effect was that although the United States remained the world’s preeminent power, some of its most vital muscles atrophied. On top of this, with the election of Donald Trump, the United States had a president who believed that its alliances were a form of geopolitical welfare. The steps he took that damaged those alliances were celebrated by Beijing and Moscow, which correctly saw U.S. alliances as a source of American strength rather than as a liability. Instead of acting to shape the international order, Trump pulled back from it.

This is what President Biden was faced with when he took office. He was determined not just to repair the immediate damage to the United States' alliances and its leadership of the free world but also to pursue the long-term project of modernizing U.S. foreign policy for the challenges of today. This task was brought into stark relief by Russia's unprovoked invasion of Ukraine in February 2022, as well as by China's increasing assertiveness in the South China Sea and across the Taiwan Strait.

The essence of President Biden's foreign policy is to lay a new foundation of American strength so that the country is best positioned to shape the new era in a way that protects its interests and values and advances the common good. The country's future will be determined by two things: whether it can sustain its core advantages in geopolitical competition and whether it can rally the world to address transnational challenges from climate change and global health to food security and inclusive economic growth.

At a fundamental level, this requires changing the way the United States thinks about power. This administration came to office believing that international power depends on a strong domestic economy and that the strength of the economy is measured not just by its size or efficiency but also by the degree to which it works for all Americans and is free of dangerous dependencies. We understood that American power also rests on its alliances but that these relationships, many of which date back more than seven decades, had to be updated and energized for the challenges of today. We realized that the United States is stronger when its partners are, too, and so we are committed to delivering a better value proposition globally to help countries solve pressing problems that no one country can solve on its own. And we recognized that Washington could no longer afford an undisciplined approach to the use of military force, even as we have mobilized a massive effort to defend Ukraine and stop Russian aggression. The Biden administration understands the new realities of power. And that is why we will leave America stronger than we found it.

#### THE HOME FRONT

After the Cold War, the United States underweighted the importance of investing in economic vibrancy at home. In the decades following World War II, the country had pursued a policy of bold public investment, including in R & D and in strategic sectors. That strategy underpinned its economic success, but over time, the United States

moved away from it. The U.S. government designed trade policies and a tax code that placed insufficient focus on both American workers and the planet. In the exuberance at “the end of history,” many observers asserted that geopolitical rivalries would give way to economic integration, and most believed that new countries brought into the international economic system would adjust their policies to play by the rules. As a result, the U.S. economy developed worrying vulnerabilities. While at an aggregate level it thrived, under the surface, whole communities were hollowed out. The United States ceded the lead in critical manufacturing sectors. It failed to make the necessary investments in its infrastructure. And the middle class took a hit.

President Biden has prioritized investing in innovation and industrial strength at home—what has become known as “Bidenomics.” These public investments are not about picking winners and losers or bringing globalization to an end. They enable rather than replace private investment. And they enhance the United States’ capacity to deliver inclusive growth, build resilience, and protect national security.

The Biden administration has enacted the most far-reaching new investments in decades, including the bipartisan Infrastructure Investment and Jobs Act, the CHIPS and Science Act, and the Inflation Reduction Act. We are promoting new breakthroughs in artificial intelligence, quantum computing, biotechnology, clean energy, and semiconductors while protecting the United States’ advantages and security through new export controls and investment rules, in partnership with allies. These policies have made a difference. Large-scale investments in semiconductor and clean energy production are up 20-fold since 2019. We now estimate that public and private investment in these sectors will total \$3.5 trillion over the next decade. And construction spending on manufacturing has doubled since the end of 2021.

In recent decades, the United States’ supply chains for critical minerals had become heavily dependent on unpredictable overseas markets, many of which are dominated by China. This is why the administration is working to build resilient, durable supply chains with partners and allies in vital sectors—including semiconductors, medicine and biotechnology, critical minerals, and batteries—so that the United States is not vulnerable to price or supply disruptions. Our approach encompasses minerals that are important to all aspects of national security, understanding that the communications, energy, and computing sectors are as essential as the traditional defense sector. All this has put the



United States in a position to better absorb attempts by external powers to limit American access to critical inputs.

When this administration took office, we found that although the U.S. military is the strongest in the world, its industrial base suffered from a series of unaddressed vulnerabilities. After years of underinvestment, an aging workforce, and supply chain disruptions, important defense sectors had become weaker and less dynamic. The Biden administration is rebuilding those sectors, doing everything from investing in the submarine industrial base to producing more critical munitions so that the United States can make what is necessary to sustain deterrence in competitive regions. We are investing in the U.S. nuclear deterrent to ensure its continued effectiveness as competitors build up their arsenals while signaling openness to future arms control negotiations if competitors are interested. We are also partnering with the most innovative labs and companies to ensure that the United States' superior conventional capabilities take advantage of the latest technologies.

Future administrations may differ from ours on the details of how to harness the domestic sources of national strength. That is a legitimate topic for debate. But in a more competitive world, there can be no doubt that Washington needs to break down the barrier between domestic and foreign policy and that major public investments are an essential component of foreign policy. President Dwight Eisenhower did this in the 1950s. We are doing it again today, but in partnership with the private sector, in coordination with allies, and with a focus on today's cutting-edge technologies.

#### ALL TOGETHER NOW

The United States' alliances and partnerships with other democracies have been its greatest international advantage. They helped create a freer and more stable world. They helped deter aggression or reverse it. And they meant that Washington never had to go it alone. But these alliances were built for a different era. In recent years, the United States was underutilizing or even undermining them.

President Biden was clear from the moment he took office about the importance he attached to U.S. alliances, especially given his predecessor's skepticism of them. But he understood that even those who supported these alliances over the past three decades often overlooked the need to modernize them for competition in an age of interdependence. Accordingly, we have strengthened these alliances and partnerships in material



ways that improve the United States' strategic position and its ability to deal with shared challenges. For example, we have mobilized a global coalition of countries to support Ukraine as it defends itself against an unprovoked war of aggression and to impose costs on Russia. NATO has expanded to include Finland, soon to be followed by Sweden—two historically nonaligned nations. NATO has also adjusted its posture on its eastern flank, deployed a capability to respond to cyberattacks against its members, and invested in its air and missile defenses. And the United States and the EU have dramatically deepened cooperation on economics, energy, technology, and national security.

We are doing something similar in Asia. In August, we held a historic summit at Camp David that cemented a new era of trilateral cooperation among the United States, Japan, and South Korea while bringing the United States' bilateral alliances with those countries to new heights. In the face of North Korea's dangerous and illicit nuclear and missile programs, we are working to ensure that the United States' extended deterrence is stronger than ever so that the region remains peaceful and stable. That is why we concluded the Washington Declaration with South Korea and why we're advancing extended trilateral deterrence discussions with Japan, as well.

Through AUKUS—the trilateral security partnership among the United States, Australia, and the United Kingdom—we have integrated the three countries' defense industrial bases to produce conventionally armed, nuclear-powered submarines and increase cooperation on advanced capabilities such as artificial intelligence, autonomous platforms, and electronic warfare. Access to new sites through a defense cooperation agreement with the Philippines strengthens the United States' strategic posture in the Indo-Pacific. In September, President Biden traveled to Hanoi to announce that the United States and Vietnam were elevating their relations to a comprehensive strategic partnership. The Quad, which brings together the United States, Australia, India, and Japan, has unleashed new forms of regional cooperation on technology, climate, health, and maritime security. We are also investing in a twenty-first-century partnership between the United States and India—for example, with the U.S.-India Initiative on Critical and Emerging Technology. And through the Indo-Pacific Economic Framework for Prosperity, we are deepening trade relationships and negotiating first-of-their-kind agreements on supply chain resilience, the clean energy economy, and anticorruption and tax cooperation with 13 diverse partners in the region.



The administration is strengthening U.S. partnerships outside Asia and across traditional regional seams. Last December, at the first U.S.-Africa Leaders Summit since 2014, the United States made a series of historic commitments, including supporting the African Union's membership in the G-20 and signing a memorandum of understanding with the African Continental Free Trade Area Secretariat, an effort that would create a combined continent-wide market of 1.3 billion people and \$3.4 trillion. Earlier in 2022, we galvanized hemispheric action on migration through the Los Angeles Declaration on Migration and Protection and launched the Americas Partnership for Economic Prosperity, an initiative to drive the Western Hemisphere's economic recovery. We also stood up a new coalition with India, Israel, the United States, and the United Arab Emirates, known as I2U2. It brings together South Asia, the Middle East, and the United States through joint initiatives on water, energy, transportation, space, health, and food security. This September, the United States joined with 31 other countries across North America, South America, Africa, and Europe to create the Partnership for Atlantic Cooperation to invest in science and technology, promote the sustainable use of the ocean, and stop climate change. We have formed a new global cyber-partnership, bringing together 47 countries and international organizations to counter the scourge of ransomware.

These are not isolated efforts. They are part of a self-reinforcing latticework of cooperation. The United States' closest partners are fellow democracies, and we will work vigorously to defend democracy across the globe. The Summit for Democracy, which the president first convened in 2021, has created an institutional basis for deepening democracy and advancing governance, anticorruption, and human rights—and getting fellow democracies to own the agenda alongside Washington. But the range of countries supporting Washington's vision of a free, open, prosperous, and secure world is broad and powerful, and it includes those with diverse political systems. We will work with any country prepared to stand up for the principles of the UN Charter even as we shore up transparent and accountable governance and support democratic reformers and human rights defenders.

We are also growing the connective tissue between U.S. alliances in the Indo-Pacific and in Europe. The United States is stronger in each region because of its alliances in the other. Allies in the Indo-Pacific are staunch supporters of Ukraine, while allies in Europe are helping the United States support peace and stability across the Taiwan Strait.

The president's efforts to strengthen alliances are also contributing to the greatest amount of burden sharing in decades. The United States is asking its allies to step up while also offering more itself. Roughly 20 NATO countries are on track to meet the target of spending two percent of their GDPs on defense in 2024, up from just seven countries in 2022. Japan has promised to double its defense budget and is purchasing U.S.-made Tomahawk missiles, which will enhance its deterrence of nuclear-armed competitors in the region. As part of AUKUS, Australia is making the biggest single investment in defense capability in its history while also investing in the U.S. defense industrial base. Germany has become the third-largest supplier of weapons to Ukraine and is weaning itself off Russian energy.

#### A BETTER DEAL

The first year of the COVID-19 pandemic showed that if the United States is unwilling to lead efforts to solve global problems, no one else will step into the breach. In 2020, many world leaders were barely on speaking terms. The G-7 struggled to coalesce when COVID-19 struck. Instead of coordinating closely, countries undertook disparate efforts that made the pandemic more severe than it might otherwise have been. President Biden and his team have always believed that the United States has a crucial role to play in spurring international cooperation, whether on the global economy, health, development, or the environment. But the shocking experience of a global crisis without global leadership seared this into the president's worldview. As we looked at the daunting array of global challenges, we realized that we would not just have to restore U.S. leadership; we would also need to up our game and offer the world, especially the global South, a better value proposition.

Much of the world is not preoccupied with geopolitical contests; most countries want to know that they have partners that can help them address the problems they confront, some of which feel existential. For these countries, the complaint is not that there is too much America but too little. Yes, they say, we see the pitfalls of getting closer to major authoritarian powers, but where is your alternative? President Biden understands this. Where the United States was absent, it is now competitive. Where it was competitive, it is now leading with urgency and purpose. And it is doing that in partnership with other countries, figuring out how to solve pressing problems together.

The United States has maintained its long-standing leadership on global development, sustained its vital investments in health and food security, and remained the leading provider of humanitarian assistance and emergency food aid at a time of unprecedented global need. President Biden is now leading a global effort to raise ambitions even higher. The United States is placing priority on driving progress toward the UN's Sustainable Development Goals. It is scaling up multilateral development banks, mobilizing the private sector, and helping countries unlock domestic capital. As a cornerstone of this effort, the administration is modernizing the World Bank so it can address today's challenges with sufficient speed and scale, and we are working with partners to significantly increase the bank's financing, including to low- and middle-income countries. We are also pressing for solutions to help vulnerable countries quickly and transparently address unsustainable debt, freeing up resources for them to invest in their futures rather than make backbreaking debt payments.

In recent years, China's Belt and Road Initiative was dominant, and the United States lagged behind in large-scale infrastructure investment in developing countries. Now, the United States is mobilizing hundreds of billions of dollars in capital through the G-7 Partnership for Global Infrastructure and Investment to support physical, digital, clean-energy, and health infrastructure across developing countries.

The United States has led the way on global health. It is investing more than ever to end epidemics such as HIV/AIDS, tuberculosis, and malaria as public health threats by 2030. It donated almost 700 million COVID-19 vaccine doses to more than 115 countries and nearly half of all global pandemic response funds, and it remains vigilant about emerging threats. It is helping 50 countries prepare, prevent, and respond to the next health emergency. Most people likely have not heard about the recent outbreaks of Marburg virus disease or Ebola, because we learned the lessons of the 2014 West African Ebola epidemic and responded before outbreaks in East, Central, and West Africa went global.

No country can offer a credible value proposition to the world if it is not serious about climate change. The Biden administration inherited a massive gap between ambition and reality when it comes to carbon mitigation. The United States is now driving the global deployment of clean energy technology at scale. For the first time, the country will meet its national commitment under the Paris agreement to reduce net

greenhouse gas emissions and the global commitment to mobilize \$100 billion a year for developing countries to deal with climate change. It has launched joint initiatives such as the Just Energy Transition Partnership with Indonesia, which will accelerate that country's power sector transition with support from public and private sources.

New fit-for-purpose partnerships are not meant to replace existing international institutions. The Biden administration is working to reinforce and reinvigorate those institutions, updating them for the world we face today. In addition to modernizing the World Bank, the president has also proposed giving developing countries a greater say at the International Monetary Fund. The administration will continue to try to reform the World Trade Organization so it can drive the clean energy transition, protect workers, and promote inclusive and sustainable growth while continuing to uphold competition, openness, transparency, and the rule of law. The president has called for far-reaching reforms to the UN Security Council to expand the number of members, both permanent and nonpermanent, and make it more effective and representative.

The president also knows that countries need to be able to cooperate on challenges that were unfathomable not that long ago. That need is particularly urgent with respect to artificial intelligence. This is why we brought together the leading U.S. businesses responsible for AI innovation to make a series of voluntary commitments to develop AI in ways that are safe, secure, and transparent. It is why the U.S. government itself has made commitments to this end, issuing in February a declaration on the responsible military use of AI. And it is why we are building on these initiatives by working with U.S. allies, partners, and other countries to develop strong rules and principles to govern AI.

Delivering a better value proposition is a work in progress, but it is a vital pillar of a new foundation of American strength. Not only is it the right thing to do; it also serves U.S. interests. Helping other countries get stronger makes America stronger and more secure. It creates new partners and better friends. We will continue to build America's affirmative offering to the world. It is absolutely necessary if the United States is to win the competition to shape the future of the international order so that it is free, open, prosperous, and secure.

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PICK YOUR BATTLES

In the 1990s, U.S. defense policy was dominated by questions about whether and how to intervene in war-torn countries to prevent mass atrocities. After 9/11, the United States shifted its focus to terrorist groups. The risk of great-power conflict appeared remote. That began to change with Russia's invasions of Georgia in 2008 and Ukraine in 2014, as well as with China's breakneck military modernization and its growing military provocations in the East China and South China Seas and the Taiwan Strait. But America's priorities had not adapted fast enough to the challenges of deterring great-power aggression and responding once it occurred.

President Biden was determined to adapt. He ended U.S. involvement in the war in Afghanistan, the longest war in American history, and freed the United States from sustaining military forces in active hostilities for the first time in two decades. This transition was unquestionably painful—especially for the people of Afghanistan and for the U.S. troops and other personnel who served there. But it was necessary for preparing the U.S. military for the challenges ahead. One of those challenges came even more quickly than we had anticipated, with Russia's brutal invasion of Ukraine on February 24, 2022. If the United States were still fighting in Afghanistan, it is highly likely that Russia would be doing everything it could right now to help the Taliban pin Washington down there, preventing it from focusing its attention on helping Ukraine.

Even as our priorities shift away from major military interventions, we remain ready to deal with the enduring threat of international terrorism. We have acted over the horizon in Afghanistan—most notably with the operation that killed the head of al Qaeda, Ayman al-Zawahiri—and we have taken other terrorist targets off the battlefield in Somalia, Syria, and elsewhere. We will continue to do so. But we will also avoid the protracted forever wars that can tie down U.S. forces and that do little to actually reduce the threats to the United States.

With respect to the Middle East more generally, the president inherited a region that was highly pressurized. The war in Yemen was escalating, and U.S. troops were under regular attack in Iraq and Syria. In September 2020, two months before the U.S. presidential election, Secretary of State Mike Pompeo threatened to shut down the U.S. embassy in Baghdad, having already shuttered the U.S. consulate in Basra. Shortly thereafter, the embassy suffered the largest rocket attack on the capital's Green Zone in over a decade. Such attacks, at least for now, have largely stopped. In October, the war in Yemen, a

driver of regional instability and immense human suffering, marked its 18th month of a truce, thanks to persistent and principled U.S. diplomacy. Indeed, although the Middle East remains beset with perennial challenges, the region is quieter than it has been for decades.

The progress is fragile, to be sure. But it is also not an accident. At a meeting in Jeddah, Saudi Arabia, last year, the president set forth his policy for the Middle East in an address to the leaders of members of the Gulf Cooperation Council, Egypt, Iraq, and Jordan. His approach returns discipline to U.S. policy. It emphasizes deterring aggression, de-escalating conflicts, and integrating the region through joint infrastructure projects and new partnerships, including between Israel and its Arab neighbors. And it is bearing fruit. At the G-20 summit in September, for example, the president announced a groundbreaking effort to create a new economic corridor that connects India to Europe through the United Arab Emirates, Saudi Arabia, Jordan, and Israel. New partnerships such as this can help make the region a place of connection rather than chaos.

This disciplined approach frees up resources for other global priorities, reduces the risk of new Middle Eastern conflicts, and ensures that U.S. interests are protected on a far more sustainable basis. Challenges remain. The Israeli-Palestinian situation is tense, particularly in the West Bank, but in the face of serious frictions, we have de-escalated crises in Gaza and restored direct diplomacy between the parties after years of its absence. Iran remains a threat, and its nuclear program a global challenge. We have acted militarily to protect U.S. personnel, and we have enhanced deterrence, combined with diplomacy, to discourage further aggression. We are committed to ensuring that Iran never obtains a nuclear weapon. And while military force must never be a tool of first resort, we stand ready and prepared to use it when necessary to protect U.S. personnel and interests in this important region.

As one era ends, the United States needs to prepare for the next—in particular, by deterring and responding to great-power aggression. When we found out that Russian President Vladimir Putin was preparing to invade Ukraine, we were confronted with a challenge: the United States was not committed by treaty to Ukraine's defense, but if Russia's aggression went unanswered, a sovereign state would be extinguished, and a message would be sent to autocrats around the world that might makes right. We sought to avert the crisis by making it clear to Russia that the United States would respond by supporting Ukraine and by displaying a

willingness to engage in talks on European security, even though Russia was not serious about doing so. We also used the deliberate and authorized public release of intelligence to warn Ukraine, rally U.S. partners, and deprive Russia of the ability to create false pretexts for its invasion.

When Putin invaded, we implemented a policy to help Ukraine defend itself without sending U.S. troops to war. The United States dispatched massive quantities of defensive weapons to the Ukrainians and rallied allies and partners to do the same. It coordinated the immense logistical undertaking to deliver those capabilities to the battlefield. This assistance has been divided into 47 different packages of military assistance to date, which were structured to respond to Ukraine's needs as they evolved over the course of the conflict. We cooperated closely with the Ukrainian government on its requirements and worked through technical and logistical details to make sure its forces had what they needed. We also increased U.S. intelligence cooperation with Ukraine, as well as training efforts. And we imposed far-reaching sanctions on Russia to reduce its ability to wage war.

President Biden also made it abundantly clear that if Russia attacked a NATO ally, the United States would defend every inch of allied territory, backing that up with new force deployments. We started a process with U.S. allies and partners to help Ukraine build a military that could defend itself on land, at sea, and in the air—and deter future aggression. Our approach in Ukraine is sustainable, and, contrary to those who say otherwise, it enhances the United States' capacity to meet every contingency in the Indo-Pacific. The American people know a bully when they see one. They understand that if they were to pull U.S. support from Ukraine, it would not just put Ukrainians at a severe disadvantage as they defend themselves but also set a terrible precedent, encouraging aggression in Europe and beyond. American support for Ukraine is broad and deep, and it will endure.

#### THE COMPETITION TO COME

It is clear that the world is becoming more competitive, that technology will be a disruptive force, and that shared problems will become more acute over time. But it is not clear precisely how these forces will manifest themselves. The United States has been surprised in the past (with the Cuban missile crisis in 1962 and Iraq's invasion of Kuwait in 1990), and it will likely be surprised in the future, no matter how hard the government works to anticipate what is coming (and U.S. intelligence agencies



have gotten a lot right, including accurately warning of Russia's invasion of Ukraine in February 2022). Our strategy is designed to work in a wide variety of scenarios. By investing in the sources of domestic strength, deepening alliances and partnerships, delivering results on global challenges, and staying disciplined in the exercise of power, the United States will be prepared to advance its vision of a free, open, prosperous, and secure world no matter what surprises are in store. We have created, in Secretary of State Dean Acheson's words, "situations of strength."

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The coming era of competition will be unlike anything experienced before. European security competition in the nineteenth and early twentieth centuries was largely a regional contest between midsize and proximate powers that ultimately ended in calamity. The Cold War that followed the most

destructive war in human history was waged between two superpowers that had very low levels of interdependence. That ended decisively and in America's favor. Today's competition is fundamentally different. The United States and China are economically interdependent. The contest is truly global, but not zero-sum. The shared challenges the two sides face are unprecedented.

We are often asked about the end state of U.S. competition with China. We expect China to remain a major player on the world stage for the foreseeable future. We seek a free, open, prosperous, and secure international order, one that protects the interests of the United States and its friends and delivers global public goods. But we do not expect a transformative end state like the one that resulted from the collapse of the Soviet Union. There will be an ebb and flow to the competition—the United States will make gains, but China will, too. Washington must balance a sense of urgency with patience, understanding that what matters is the sum of its actions, not winning a single news cycle. And we need a sustained sense of confidence in our capacity to outcompete any country. The past two and a half years have upended assumptions on the relative trajectories of the United States and China.

The United States continues to enjoy a substantial trade and investment relationship with China. But the economic relationship with China is complicated because the country is a competitor. We will make no apology in pushing back on unfair trade practices that harm American workers. And we are concerned that China can take advantage of America's

openness to use U.S. technologies against the United States and its allies. Against this backdrop, we seek to “de-risk” and diversify, not decouple. We want to protect a targeted number of sensitive technologies with focused restrictions, creating what some have called “a small yard and a high fence.” We have faced criticism from various quarters that these steps are mercantilist or protectionist. This is untrue. These are steps taken in partnership with others and focused on a narrow set of technologies, steps that the United States needs to take in a more contested world to protect its national security while supporting an interconnected global economy.

At the same time, we are deepening technological cooperation with like-minded partners and allies, including with India and through the U.S.-EU Trade and Technology Council, a forum created in 2021. We will keep investing in the United States’ own capacities and in secure, resilient supply chains. And we will keep advancing an agenda that promotes workers’ rights in pursuit of decent, safe, and healthy work at home and abroad to create a level playing field for American workers and companies.

At times, the competition will be intense. We are prepared for that. We are pushing back hard on aggression, coercion, and intimidation and standing up for the basic rules of the road, such as freedom of navigation in the sea. As Secretary of State Antony Blinken put it in a speech in September, “America’s enlightened self-interest in preserving and strengthening this order has never been greater.” We also understand that the United States’ competitors, particularly China, have a fundamentally different vision.

But Washington and Beijing need to figure out how to manage competition to reduce tensions and find a way forward on shared challenges. That is why the Biden administration is intensifying U.S. diplomacy with China, preserving existing channels of communication and creating new ones. Americans have internalized some of the lessons of the crises of decades past, especially the potential to stumble into conflict. High-level and repeated interaction is crucial to clear up misperception, avoid miscommunication, send unambiguous signals, and arrest downward spirals that could erupt into a major crisis. Unfortunately, Beijing has often appeared to have drawn different lessons about managing tensions, concluding that guardrails can fuel competition in the same way that seat belts encourage reckless driving. (It is a mistaken belief. Just as the use of seat belts cuts traffic fatalities in half, so do communication and basic safety measures reduce the risk of geopolitical accidents.) Recently, however, there have been encouraging

signs that Beijing may recognize the value of stabilization. The real test will be if the channels can endure when tensions inevitably spike.

We should also remember that not everything competitors do is incompatible with U.S. interests. The deal that China brokered this year between Iran and Saudi Arabia partially reduced tensions between those two countries, a development that the United States also wants to see. Washington could not have tried to broker that deal, given the lack of U.S. diplomatic relations with Iran, and it should not try to undermine it. To take another example, the United States and China are engaged in a rapid and high-stakes technological competition, but the two sides need to be able to work together on the risks that arise from artificial intelligence. Doing so is not a sign of going wobbly. It reflects a clear-eyed assessment that AI could pose unique challenges to humanity and that great powers have a collective responsibility to deal with them.

It is only natural that countries aligned with neither the United States nor China will engage with both, seeking to benefit from the competition while endeavoring to protect their own interests from any spillover effects. Many of these countries see themselves as part of the global South, a grouping that has a logic of its own and a distinct critique of the West that dates back to the Cold War and the founding of the Non-Aligned Movement. Unlike during the Cold War, however, the United States will avoid the temptation to see the world solely through the prism of geopolitical competition or treat these countries as places for proxy contests. It will instead continue to engage with them on their own terms. Washington should be realistic about its expectations when dealing with these countries, respecting their sovereignty and their right to make decisions that advance their own interests. But it also needs to be clear about what is most important to the United States. That is how we will seek to shape relations with them: so that on balance they have incentives to act in ways consistent with U.S. interests.

In the decade ahead, U.S. officials will spend more time than they did the past 30 years talking with countries that they disagree with, often on fundamental issues. The world is becoming more contested, and the United States cannot talk only with those who share its vision or values. We will keep working to shape the overall diplomatic landscape in ways that advance both U.S. and shared interests. For instance, when China, Brazil, and a group of seven African countries announced that they would pursue peace efforts to end Russia's war in Ukraine, we did not reject these initiatives on principle; we called on these countries to talk

with Ukrainian officials and offer assurances that their proposals for a settlement would be consistent with the UN Charter.

Some of the seeds we are planting now—investments in advanced technology, for instance, or the AUKUS submarines—will take many years to bear fruit. But there are also some issues on which we can and will act now, what we call our “unfinished business.” We have to ensure a Ukraine that is sovereign, democratic, and free. We have to strengthen peace and stability in the Taiwan Strait. We have to advance regional integration in the Middle East while continuing to check Iran. We have to modernize the United States’ military and defense industrial base. And we have to deliver on infrastructure, development, and climate commitments to the global South.

#### UP TO US

The United States has reached the third phase of the global role it assumed following World War II. In the first phase, the Truman administration laid the foundation of American power to accomplish two objectives: strengthening democracies and democratic cooperation and containing the Soviet Union. This strategy, carried on by subsequent presidents, included a comprehensive effort to invest in American industry, especially in new technologies, from the 1950s to the 1970s. This commitment to national strength through industrial investment began to erode in the 1980s, and there was little perceived need for it after the Cold War. In the second phase, with the United States having no peer competitor, successive administrations sought to enlarge the U.S.-led rules-based order and establish patterns of cooperation on critical issues. This era transformed the world for the better in a variety of ways—many countries became more free, prosperous, and secure; global poverty was slashed; and the world responded effectively to the 2008 financial crisis—but it was also a period of geopolitical change.

The United States now finds itself at the start of the third era: one in which it is adjusting for a new period of competition in an age of interdependence and transnational challenges. This does not mean breaking with the past or giving up the gains that have been made, but it does mean laying a new foundation of American strength. That requires revisiting long-held assumptions if we are to leave America stronger than we found it and better prepared for what lies ahead. The outcome of this phase will not be determined solely by outside forces. It will also, to a large extent, be decided by the United States’ own choices. 🌐