



Business-Higher
Education Forum


AMERICA'S ROLE IN THE WORLD:

Challenges to American Businesses and Higher Education

Prepared for the Business-Higher Education Forum by James M. Lindsay and Ivo H. Daalder

August 2005

FOREWORD



At its Summer 2003 meeting, the Business-Higher Education Forum (BHEF) engaged the compelling questions of America's role in the post-Sept. 11, 2001 world. Following a series of panel presentations, BHEF members specifically examined the important issues of sustaining, legitimating, and using American power. Six major foreign policy challenges facing the United States were identified.

During this process, the organization learned from a number of remarkable practitioners of U.S. foreign policy, as well as from each other. Foremost in BHEF members' minds has been the question of how this work can be used by members in business and higher education, and by many others, to further public education on these issues. BHEF knows that readers of this report will have their own views on how to draw upon its themes both to communicate with their audiences and to serve their institutions' purposes, as well as those of the nation.

BHEF would like to thank James M. Lindsay, Vice President, Director of Studies, and Maurice R. Greenberg Chair, Council on Foreign Relations, and Ivo H. Daalder, Senior Fellow, Foreign Policy Studies, Brookings Institution for their roles as writers, and Avery Alpha, Special Assistant to the Vice President and Director of Studies,

Council on Foreign Relations, for her research assistance throughout the project.

The organization is especially grateful to Lawrence Eagleburger, former U.S. Secretary of State, Ambassador Thomas R. Pickering, former U.S. Under Secretary of State for Political Affairs, and to Paula J. Dobriansky, Undersecretary of State for Global Affairs, for their keynote presentations at Forum meetings, as well as to Ambassador J.D. Bindenagel, Vice President for Program, The Chicago Council on Foreign Relations, for his early perspectives on the development of the project.

BHEF would also like to thank its members Henry A. McKinnell, Jr., Chairman of the Board and CEO, Pfizer Inc., Ruth J. Simmons, President, Brown University, and James S. Turley, Chairman and CEO, Ernst and Young, for presenting their views and perspectives on the topic at Forum meetings.

Special thanks go to Gregory C. Farrington, President, Lehigh University, and Lawrence S. Bacow, President, Tufts University, for their roles as co-chairs of the initiative. For their involvement during the development phase of the project, BHEF is thankful to Dr. Sherman Teichman at Tufts University and to Dr. Kenneth Moss at the National Defense University.


Under the direction of Brian K. Fitzgerald, BHEF Executive Director, BHEF extends its appreciation to the following Forum members and staff: John J. DeGioia, President, Georgetown University, for his assistance in obtaining professional resources; David Swain, retired Chief Operating Officer of Integrated Defense Systems, The Boeing Company, for providing support in the development of the topic; William H. Swanson, Chairman and CEO, Raytheon Company, for his thoughtful comments on audiences for the paper; David Ward, President, The American Council on Education, for his interest and support of the project; Roberts T. Jones, President, Education and Workforce Policy, LLC, for his inspiration and constant encouragement; Vaughn Kailian, Vice Chairman, Millennium Pharmaceuticals and former BHEF member, for his role as former co-chair of the initiative; Jeremiah Murphy, former BHEF Director, for his commitment to the Forum's voices being heard on this topic; and Jenifer Ehrlich, Communications Manager, BHEF, for her staff assistance to the project.

This report was made possible thanks to the generous financial contributions of BHEF members Battelle, Tufts University, and Lehigh University. The Forum is grateful for their support.

AMERICA'S ROLE IN THE WORLD:

Challenges to American Businesses and Higher Education

August 2005



The United States possesses unprecedented power and an unmatched ability to influence events overseas. Yet, the world is changing rapidly—and not always in America's favor. Sept. 11, 2001 showed that threats to America's security come not just from rival powers, but from angry young men acting on deeply held grievances. In short, anti-Americanism is on the rise in virulence as well as prevalence.

On top of this trend toward violence and hatred, jobs that were once thought to be untouchable in this country now gravitate overseas, and, as a result, America's technological dominance is being challenged. As the European Union grows in size and cohesion, and China and India emerge as economic titans, many even wonder if America's current moment at the top of the hill isn't fleeting, that tomorrow will find the United States much diminished as a country and as a people.

Crafting a foreign policy appropriate for this changing world is the most significant strategic challenge facing the United States. Americans recognize that they cannot disengage from the world because their prosperity is tied to the health of the international economy. More than one in 10 American jobs depend on exports, and American firms generate nearly one quarter of their total profits abroad. The age of globalization is producing transnational problems ranging from terrorism to infectious

disease to climate change that spill across borders and frustrate the best efforts of governments to control. As the 9/11 Commission has concluded, Americans now live in a world in which "the American homeland is the planet."

Because Americans disagree over how best to engage a world that is growing in complexity, devising a new foreign policy that advances America's interests and its values will not be easy. However, the national debate will be most productive if these three key questions are asked:

- How will American power be sustained?
- How will it be legitimized?
- How should it be used?

SUSTAINING AMERICAN POWER

Is America's moment of primacy lasting or fleeting? The answer is critical because devising the right foreign policy for the United States depends on understanding the future of American power. By necessity, an America that will soon be eclipsed by new rivals must make different choices than one that remains an unquestioned superpower.

Washington's failure to bring stability to Iraq has spurred warnings that the era of American primacy will soon end. Such pronouncements should be treated with caution, if only because they have been offered many times before. Paul Kennedy famously predicted in his 1987 bestseller, *The Rise and Fall of Great Powers*, that America's imperial overstretch would soon enable Japan and Germany to surpass the United States. A decade later, he recanted and marveled that America had found a way to be a superpower on the cheap.

Kennedy was wrong because he ignored the profound challenges that his potential rivals to American global leadership faced. The same is true today:

- Europe's population is aging rapidly, and its generous retirement programs are draining its budgets.
- China's free-market economy is fundamentally mismatched with its communist political system, while its regional and social inequities grow.
- India has developed pockets of world-class technology, but much of its population continues to languish in abject poverty.
- Russia's life expectancy is falling and its lone remaining claim to great power status is a rusting nuclear arsenal.
- Japan has fallen behind China as an economic power in East Asia as it struggles to emerge from a decade-long recession.

Kennedy was also wrong because he underestimated America's resiliency. Imperial overstretch sounded like a plausible idea in the 1980s because the federal budget deficit stood at record levels and the American economy seemed to be falling behind Europe and Japan. The 1990s, however, saw record economic growth. While economists debate how to apportion the exact credit for the boom, few doubt that it owed, in part, to the brilliance of American technological innovation and Washington's willingness to put its fiscal house in order.

The fact that the United States is not fated to decline is significant. As a matter of self-interest, all countries want to preserve and expand their power. That, after all, enables them to maximize their control over their destiny. But in America's case, the rest of the world also has a profound stake in what happens to its power. In the more than half

century since the end of World War II, the United States has used its power, not only to advance its own interests, but also to build a better world. A peaceful, democratic, and free Europe, an open international economy, and a network of multilateral institutions all owe their existence to American power. History suggests that without American leadership, or something very much like it, the consequence for the international community will not be cooperation and consensus, but discord and disarray.

For its own sake as well as the world's, then, a primary objective for American foreign policy should be to nurture and sustain the wellsprings of American power. This entails, among other things, reining in the government's red ink. A federal budget that boasted a surplus of \$236 billion in 2000 ran a deficit of \$413 billion in 2004. This deficit could explode by the end of the decade as the first Baby Boomers begin to retire.

The government borrowing needed to cover this deficit is troubling on two counts. One is that it will go primarily to finance consumption—namely retirement incomes—rather than into investments that could stimulate economic growth down the road. The other is that government borrowing drives up interest rates and discourages private sector growth.

Washington must also rein in the country's hemorrhaging current account deficit—which is often referred to colloquially as the trade deficit and which measures the net flow of capital out of the country. It reached a historic high of 5.7 percent of gross domestic product (GDP) in 2004. Add the portion of the national debt now held in foreign hands, and America owes the world almost \$3 trillion—or about a quarter of its GDP.

All of this is fine as long as foreigners continue to buy dollars. After all, it allows the United States to suspend ordinary economic laws and consume and invest at the same time. However, should foreigners decide they no longer want to trade goods for dollars, the result could devastate both the American economy and the international economy as well.

Efforts to sustain American power will also entail curbing the country's appetite for oil. Today, the United States imports more than 60 percent of its oil needs, up from one-third 20 years ago. The U.S. Energy Department projects that imports will account for 75 percent of total

oil consumption by 2025 as domestic demand increases and known domestic reserves are tapped.

This dependence on foreign oil makes the United States hostage to events in the volatile Middle East, where nearly two-thirds of all proven oil reserves are located. A coup in Saudi Arabia or a war between Iran and Iraq could plunge the U.S. economy into deep recession. Even failing that, the developing world's increased appetite for oil, led by China's booming economy, will raise the cost of America's oil addiction and thereby slow economic growth.

The federal government will also need to continue to encourage technological innovation. America's prosperity has always rested on its ability to develop and exploit new technologies. The challenge of remaining on the forefront of technology is even greater today in a globalizing world as new centers of technological excellence emerge in China and India.

Sustaining an environment that encourages innovation will require many different steps. The U.S. government will need to invest wisely in promising technologies. Tax and regulatory policy will need to encourage private firms to invest in research and development. Increased education spending will be needed to encourage America's best and brightest students to pursue careers in the sciences while helping America's colleges and universities to maintain their capacity for cutting-edge technological work.

In addition, homeland security and immigration policy will need to find ways to keep out terrorists without turning away talented foreign students and experts who historically have been a major source of technological innovation, entrepreneurial spirit, and job creation. Failure in these efforts will likely fuel a long-term downward spiral in America's economic vitality.

LEGITIMIZING AMERICAN POWER

Finding ways to make American power acceptable to others is as important as finding ways to sustain that power. Americans take great pride in the contributions the United States has made to the world, and they see it as a force for peace.

Many people overseas, however, doubt America's motives and its virtue. The problem is most acute in Muslim nations, where large majorities view the United States unfavorably. But anti-Americanism is also prevalent in countries that traditionally have counted themselves as American allies. Among key European countries, only in Britain does a majority view America favorably. In Germany and France, most citizens view America unfavorably.

Some of America's image problems are inevitable. Its great wealth and power breed envy and resentment. Many governments fan the flames of anti-Americanism to divert attention from their own failings. Criticize Hosni Mubarak in Egypt and get thrown in jail; criticize George W. Bush and earn applause. Resentment of America also reflects legitimate differences with others on key policy issues, including how to deal with terrorists and how to promote peace between Israelis and Palestinians.

Some of the resentment of America, though, reflects how the United States conducts itself abroad. In recent years, the federal government has grown impatient with the multilateral institutions it created after World War II, seeing them more as a hindrance than a help. Much of the rest of the world, and especially America's major allies in Europe, continues to put great stock in organizations such as the United Nations (U.N.) and great hope in new agreements such as the International Criminal Court (ICC). They see these institutions as central to determining what constitutes legitimate action in world affairs.

So when the U.S. government launches a preventive war without the explicit blessing of the U.N. or refuses to join the ICC, the world sees an America thumbing its nose at the very idea of the rule of law. Pictures of American soldiers abusing Iraqi prisoners and revelations about the contorted legal reasoning on why some prisoner abuse was acceptable only reinforce the perception abroad that the United States considers itself above the law.

The fact that so many of America's allies question its power, purpose, and motives creates a danger for the United States. The danger is not, as is sometimes supposed, that other major powers will rally together to form an anti-American counterweight. The divergent interests and values of China and the European Union, for example, make such a prospect remote. The real danger is that America's allies will refuse to come to its aid when their help is most wanted or needed. The United States has experienced this in Iraq, where every major European power other than Britain has

declined to send troops or make major contributions to the reconstruction effort—even though they recognize that a stable Iraq is vital for, not only for regional stability, but also for European security.

In a world in which pressing global challenges require the effective and willing cooperation of others to succeed, this is a recipe for declining influence. If others sit on the sidelines, the United States will need to exert more effort to reach the same desired end—assuming it can reach its objective at all. The ultimate risk is that the American public, always wary of being played for a sucker, might balk at carrying the burden alone. The result would be a disengagement from world affairs that would serve neither the interests of the United States nor the international community.

It will not be easy to find common ground with America's allies on what constitutes legitimate action. The answer is not to be found in simply re-embracing the U.N. and similar institutions. Washington's frustrations with these organizations have much to do with their limitations and inefficiencies. The U.N.'s Blue Helmets can help keep the peace when warring parties choose not to fight. But as the world saw in the Balkans, they cannot make peace where none exists. Iraq was allowed to chair the U.N. Conference on Disarmament even as it flouted the organization's demand that it dismantle its weapons of mass destruction, and Sudan is voted onto the U.N. Human Rights Commission even as it wages a genocidal war against its own people. And as the looming crisis with Iran over its nuclear weapons program attests, treaties only work if they are backed up by a credible commitment to enforcement.

No one should underestimate, then, how difficult it will be to get the United States and its allies to reach genuine agreement on the rules of the road for international politics. The ultimate bargain, if one is to be had, will trade an American willingness to participate within formal multilateral institutions for an allied commitment to overhaul existing international institutions and create new ones that are effective in meeting today's challenges. Although this agreement may be difficult to reach, the potential benefits are substantial. It would increase the legitimacy of American action overseas and increase the reach of American influence.

USING AMERICAN POWER

Efforts to sustain and legitimize American power will be for naught if that power is not directed toward the right ends. In that respect, the United States faces six major foreign policy challenges:

- defeating Islamist terrorism;
- stemming the proliferation of weapons of mass destruction;
- extending the benefits of globalization;
- adapting to a growing China;
- averting catastrophic climate change; and
- containing virulent infectious diseases.

1. Defeating Islamist Terrorism: Sept. 11, 2001 brought home to Americans that they were at war with Islamist terrorists. These terrorists do not pose an existential threat to the United States in the way that the Soviet Union did, which, after all, had the capacity to kill not thousands but tens of millions of Americans. But because terrorists have no territory to defend, they are far more likely to attack. As the 9/11 Commission concluded, defeating Islamist terrorism will likely take decades, rather than years, because it is spawned by “a clash *within* a civilization. That clash arises from particular conditions in the Muslim world, conditions that spill over into Muslim communities in non-Muslim countries.”

The strategy that can defeat Islamist terrorists is easy to identify in broad outline. It has three main elements: destroying existing terrorist cells with American military, intelligence, and law enforcement assets and those of U.S. allies; fortifying America's defenses at home so as to minimize the loss of life and economic consequences of any attacks that do occur; and de-legitimizing Islamist terrorists in the eyes of their co-religionists by addressing the economic, political, and social problems within the Muslim world that terrorists now use to portray themselves as being defenders of Islam.

The challenge, of course, is to find which policies will achieve these ends and will do so without exacerbating existing problems or creating new ones. For example, military strikes may disrupt terrorist operations today, but

fuel underlying grievances in the Muslim world that will create tomorrow's terrorists. Likewise, U.S. efforts to improve border security must be balanced against the need to avoid unnecessarily abridging civil liberties or stunting economic growth.

It will be especially difficult to find ways to defuse Islamist terrorists and isolate them within their own communities. History and heritage work against us. The United States and, more broadly, the West, has a long and not always honorable record in the Middle East, which colors how U.S. actions and motives will be interpreted, and as a predominantly non-Muslim country, the United States lacks the legitimacy to speak in intra-Islamic disputes.

The United States also has no crystal ball about which policies best promote reform. And Americans will be challenged because many leaders in predominantly Muslim countries have no desire to cooperate with economic, political, and social reform efforts that are, after all, intended to break their hold on power. They will decline to cooperate on counter-terrorism to weaken U.S. commitment to long-term reform efforts, a strategy that past American behavior in the region suggests will work.

2. Stemming the Proliferation of Weapons of Mass Destruction: A second priority of American foreign policy, and one obviously related to defeating Islamist terrorism, is stemming and ultimately reversing the proliferation of weapons of mass destruction. The spread of chemical, biological, and nuclear weapons poses grave dangers to America's security and that of its allies. It is not just that terrorist groups like al Qaeda would gladly use these weapons against the United States. It is that proliferation could make many of the world's existing conflicts even more dangerous. Should Iran, for example, complete its quest for a nuclear capability, Saudi Arabia and Egypt (among others) may feel compelled to follow suit, further heightening tensions in an already volatile region.

Unilateral American strategies provide only a partial answer to the proliferation problem. Controls on dual-use American exports will not deter proliferators if they can get the needed technology and parts from other countries. The military and political feasibility of preemption is often in doubt, especially so in the aftermath of the Iraq War. Missile defense is still in its infancy, and in any case, it provides no protection against bombs on trucks or container ships. Well-trained and equipped first respon-

ders can mitigate small attacks, but they probably will be overwhelmed by major nuclear or biological attacks.

As a result, success in combating proliferation requires concerted multilateral efforts. The list of initiatives the United States could pursue is long. Some of them, such as working with others to expand the successful Nunn-Lugar Comprehensive Threat Reduction program beyond Russia to secure stockpiles of fissile and radioactive material elsewhere around the world, may not require the creation of formal international agreements and institutions. But the price of allied cooperation on other efforts is likely to be American acceptance of agreements such as the Comprehensive Test Ban Treaty that the United States has so far rejected.

Treaties alone, however, are not enough. They must be backed by the willingness of the international community to force compliance. This is where power, including the threat or use of force, becomes important. Violations that go unpunished breed further violations and the collapse of the regime. Here American primacy will be pivotal. Many countries will want to turn a blind eye to noncompliance, calculating either that someone else will take care of the problem or the problem will never touch them. U.S. leadership is essential to preventing countries from shirking their obligations. And it is America's willingness to participate in, and work through, multilateral regimes that will provide important legitimacy for its efforts to enforce compliance.

3. Extending the Benefits of Globalization: The United States has a profound interest in seeing the economic, political, and social benefits of globalization extended to as many people as possible. America's prosperity, and hence its power, is intimately bound up with the health of the international economy. Efforts to lower trade barriers, to reduce the international financial system's volatility, and to help developing countries become successful market economies benefit the U.S. economy in the long term, as Americans learned when they helped rebuild Europe and Japan after World War II. Conversely, economic failure and dashed aspirations in poor countries breed resentment of the United States, which is often portrayed as causing and benefiting from their misery.

What can the United States do to make sure that more people benefit from the process of globalization? Part of the answer, for sure, is a much greater U.S. commitment to foreign assistance. The United States still only spends

half a penny of every federal dollar on foreign aid, which is why it ranks dead last among all Western countries in foreign assistance spending as a percentage of GDP.

President Bush's proposal to increase U.S. aid spending by 50 percent will help—but that is still a paltry sum given the requirements that exist around the world. But in offering increased aid, the United States should ask for something in return, namely, a commitment on the part of recipient countries to adopt the economic and legal reforms needed to make aid pay off. This is the idea behind the new Millennium Challenge Account, which provides aid to countries that have made progress in putting their own houses in order.

Trade policy will be equally, if not more, important than aid policy in extending the benefits of globalization. The American economy is most protectionist in areas such as agriculture and textiles where developing countries actually have products to sell. In recent years, Washington has raised the barriers on imported textiles and steel and granted huge agricultural subsidies to American farmers. Although these protectionist measures help domestic producers, they hurt U.S. consumers and foreign producers—many of them in the poorest countries.

However, the United States is not the lone culprit here. The rest of the industrialized world, most notably the European Union, goes to similar lengths to protect its domestic producers. (The average cow in the European Union nations receives \$2.20 a day in government support. At the same time, 3 billion people live on less than \$2 a day.) That is why coordinated multilateral action at the Doha Round of trade talks will be critical to ensuring the world's poorest countries are not shut out of the benefits of globalization.

To succeed politically, any effort to expand the circle of winners in globalization must target not only workers overseas, but workers at home too. Many Americans fear globalization. They worry that it will cost them their jobs and their standard of living. If Washington fails to adopt the training, wage-insurance, and educational policies that are needed to help American workers adapt to globalization, the pressure to adopt protectionist measures will mount. That would ultimately be disastrous for the long-term health of the American economy and the world economy as well.

4. Adapting to a Growing China: In the 20th century, other great powers had to adapt to the emergence of the United States first as a regional power and then as a global one. In the 21st century, the United States will have to adapt as China covers a similar trajectory. With a population of 1.3 billion, it is home to one out of every five people in the world. Measured on a purchasing power parity basis, China stands as the second-largest economy in the world after the United States. At current growth rates, it is expected to surpass the U.S. economy in size in three decades, although in per capita terms it will lag far behind.

And while today China's military is no match for the U.S. military—no more than 20 percent of Chinese troops are mobile and most of the Chinese military budget goes only to pay its poorly trained troops—no one doubts that prosperous China could build a military capable of challenging the U.S. position in East Asia.

Whether to treat Beijing as friend or foe is a central challenge for the United States. The two countries have outstanding political differences, most notably on the question of Taiwan's future. Yet, their destinies are also deeply intertwined. China looks to America as the market of choice for its export-led economy. Its \$125 billion annual trade surplus with the United States essentially offsets its trade deficit with the rest of the world. The United States, in turn, increasingly depends on China to fund its fiscal and current accounts deficits. Beijing's holdings of U.S. Treasury securities nearly doubled between 2001 and 2003, and it is America's largest foreign creditor after Japan.

Meanwhile, Sept. 11 showed both countries that they had much to gain by cooperating with each other in fighting terrorism and on other issues. The resulting cooperation was so pronounced that it prompted President Bush to argue that “the international community has the best chance since the rise of the nation-state in the 17th century to build a world where great powers compete in peace instead of perpetually prepare for war.”

Making the most of this opportunity will require deft diplomacy. The United States needs to be firm enough on issues like Taiwan to deter Chinese adventurism, but not so tough as to feed Chinese fear of an American attack or to alarm America's allies in the region. Domestic pressures in both countries will make it difficult to strike the right balance between accommodation and resistance.

Chinese nationalism is a powerful force, and the immense size of China's trade surplus with the United States makes it a natural target for politicians sensitive to the American public's fears that trade is costing them their jobs. Further complicating matters is that the United States has as much, if not more, to fear from China's economic failure than it does from China's success. A faltering Chinese economy could easily hurtle China into a political crisis as the Communist Party's last claim to legitimacy collapses. Nor, if the 1998 East Asian financial crisis is any guide, would the consequences of a Chinese recession necessarily remain limited to China.

5. Averting Catastrophic Climate Change: Scientists agree that the Earth has warmed during the past century and that human activity is at least partly responsible. The possibility that human beings are irrevocably changing the global environment merits attention because as President Bush has noted, "climate change respects no border. Its effects cannot be reined in by an army nor advanced by any ideology. Climate change, with its potential to impact every corner of the world, is an issue that must be addressed by the world."

The rub is that no one knows how rapidly the climate might change or with what consequences. It could change slowly and mildly, giving the world ample time to adapt. It could also change rapidly and catastrophically. Even if the United States can adapt to a new climate, much of the rest of the world—and many of its plants and wildlife—may not. That could trigger an environmental disaster of unimaginable proportions. It also would almost surely threaten American security and prosperity. Stable countries could collapse, either because their people migrate in massive numbers in search of jobs and food or because they are overwhelmed with migrants. Markets for American goods could disappear as entire economies crumble. That makes it critical, if only as a matter of insurance, that the United States act sensibly to limit the extent and consequences of climate change.

As a first step, the United States will need to invest more in the science of climate change, so that the country can better understand the interaction of human activity and the environment and can better identify cost-effective policy responses. Yet, even as America works to reduce existing scientific uncertainties, it can begin to address the factors that contribute to climate change. Some of those steps could be taken unilaterally.

Washington could raise fuel economy standards for cars and trucks—which produce roughly one-third of U.S. carbon dioxide emissions. It could require firms to reduce emissions of methane and rare industrial gases that are far more potent than carbon dioxide in absorbing heat. And it could invest heavily in technology that promises to reduce emissions—such as bioreactors and fuel cells—and trap them—such as carbon capture, storage, and sequestration technologies. All these steps would have the added benefit of reducing the vulnerability of the U.S. economy to price shocks in the international oil markets—thus helping to sustain American primacy.

But unilateral action will never be enough to combat climate change. The emissions of heat-trapping gases from developing countries will soon exceed those from industrialized countries, negating the benefits of any reduction in U.S. emissions. The key point of contention is which multilateral strategies make the most sense. Europe has aligned firmly behind the Kyoto Protocol, which is almost certainly a dead letter in the United States. These differences will be difficult to bridge, at least in the short term.

However, progress in curtailing emissions need not depend on transatlantic unity. It is conceivable that each side could pursue different approaches that could be harmonized over time. What is crucial is that any multilateral actions eventually lead to global participation and create arrangements that are cost-effective, verifiable, and enforceable. It should encourage the transfer of clean energy technology to developing countries to minimize the emissions produced by their economic growth. And it will inevitably need to help developing countries adapt to climate change.

6. Containing Virulent Infectious Diseases: Infectious diseases killed more Americans in 2003 than terrorists did in the preceding two decades, and with globalization, America's risk for exposure is greatly increased. The HIV virus originated in Africa before spreading to the United States and elsewhere. It kills an estimated 14,000 Americans each year, or nearly five times as many people as perished on Sept. 11. Within six months of the first reported SARS case in China in November 2002, quarantines had been imposed half a world away and travelers to the United States were being screened for signs of infection.

Recent evidence of possible human-to-human transmission of the avian flu raises the prospect that the world may soon face an influenza epidemic along the lines of the

Spanish Flu of 1918-19, which remains the worst pandemic in recorded history, killing more than 40 million people worldwide, with nearly one million dead in the United States alone. The combination of modern transportation and the flu's rapid transmission means that an infected traveler could catch a plane in Hong Kong and inadvertently spread the virus around the world in 48 hours—before public health authorities could identify the illness let alone warn people to have a flu shot or institute quarantines.

Infectious diseases also threaten American agriculture. In December 2003, a cow born in Canada and raised in Washington State was diagnosed with bovine spongiform encephalopathy. This discovery of a single case of mad cow disease prompted more than 70 nations, including Japan, Mexico, Taiwan, and South Korea to ban the import of U.S. beef, cattle, sheep, and goats. Before the ban, international sales constituted roughly 10 percent of the \$30 billion-a-year beef industry. With the ban, exporters lost 90 percent of their foreign customers.

Two months after the mad cow case, avian flu was diagnosed in chickens in Delaware, New Jersey, Pennsylvania, and Texas. China, Russia, the European Union, South Korea, Mexico, and 30 other countries immediately banned the import of chicken and turkey products from the United States. The ban cost U.S. poultry processors (for example, Tyson Food and Perdue Farms) millions in lost sales. The American beef industry worries about an outbreak of hoof-and-mouth disease. The United States hasn't experienced an outbreak since 1929. However, an outbreak devastated the British beef industry in the 1990s.

As with other foreign policy challenges, the United States can take unilateral steps to protect itself from infectious disease. The most obvious is to strengthen a public health system that has decayed in recent years. Such a step would also benefit Americans in the event terrorists succeeded in attacking the United States with biological weapons. But the most effective step that can be taken to diminish the threat of virulent infectious diseases is to strengthen the international institutions and protocols dealing with health issues. As is the case in military affairs, advance warning is crucial in staving off epidemics. A World Health Organization that had the capacity to monitor disease outbreaks around the world and agreements that required governments to disclose suspicious health events would go a long way to saving lives.

LOOKING AHEAD

America has confronted many challenges during its history. It has always risen to the occasion. It is time to do so again. The country needs a thorough and searching national debate that sees the world as it is, not as it was. Americans must acknowledge the potential in American power as well its limits. The United States must understand that accomplishing its goals will often require the cooperation of others. And above all, the country must acknowledge that there are no simple answers to the problems it faces.



MEMBERSHIP

CORPORATE

Herbert M. Allison, Jr.
Chairman, President and CEO, TIAA
President and CEO, CREF

Peter G. Angelos, Esq.
President
Law Offices of Peter G. Angelos, PC

William C. Archer, III
Executive Vice President, External Affairs
Georgia Power Company

Ralph E. Christoffersen
Partner
Morgenthaler Ventures

Winston J. Churchill
General Partner
SCP Private Equity Management, L.P.

W. Don Cornwell
Chairman & CEO
Granite Broadcasting Corporation

Trevor Fetter
President & CEO
Tenet Healthcare Corporation

Donald Fletcher
President
Hallmark North America and International
Hallmark Cards Incorporated

Dennis Gillings
Chairman
Quintiles Transnational Corporation

William H. Graves
Senior Vice President for Academic Strategy
SunGard Collegis

Rajat Gupta
Senior Partner
McKinsey & Company

Robert A. Ingram
Vice Chairman, Pharmaceuticals
GlaxoSmithKline

David A. Jones, Jr.
Chairman and Managing Director
Chrysalis Ventures, LLC

Kim Jones
Vice President
Global Education and Research
Sun Microsystems, Inc.

Roberts T. Jones
President
Education and Workforce Policy LLC

W. G. Jurgensen
Chief Executive Officer
Nationwide Insurance

Edmund F. Kelly
Chairman, President & CEO
Liberty Mutual Group

Carl F. Kohrt
President & CEO
Battelle

Brian J. Madocks
Executive Vice President, Field Operations
SunGard SCT

Harold McGraw III
Chairman, President & CEO
The McGraw-Hill Companies

Henry A. McKinnell, Jr.
Chairman of the Board & CEO
Pfizer Inc

Eugene D. O'Kelly
Chairman & CEO
KPMG LLP

Hideaki Otaka
President & CEO
Toyota Motor North America, Inc.

William J. Pesce
President & CEO
John Wiley & Sons, Inc.

Sean C. Rush
General Manager
Global Education Industry
IBM

Edward B. Rust, Jr.
Chairman & CEO
State Farm Insurance Companies

Edward T. Shonsey
Chief Operating Officer
Diversa Corporation

William S. Stavropoulos
Chairman
The Dow Chemical Company

Richard Stephens
Senior Vice President
The Boeing Company

Daniel L. Sullivan
Executive Vice President
QUALCOMM

William H. Swanson
Chairman & CEO
Raytheon Company

James S. Turley
Chairman & CEO
Ernst & Young

ACADEMIC

Michael F. Adams
President
The University of Georgia

Lawrence S. Bacow
President
Tufts University

Warren J. Baker
President
California Polytechnic State University

Lee C. Bollinger
President
Columbia University

Molly Corbett Broad
President
University of North Carolina

Richard H. Brodhead
President
Duke University

Charles M. Chambers
President & CEO
Lawrence Tech University

Mary Sue Coleman
President
The University of Michigan

Michael Crow
President
Arizona State University

John J. DeGioia
President
Georgetown University

Robert Dynes
President
University of California

Gregory C. Farrington
President
Lehigh University

E. Gordon Gee
Chancellor
Vanderbilt University

G. Jay Gogue
President/Chancellor
University of Houston/System

Nils Hasselmo
President
Association of American Universities

Karen Holbrook
President
The Ohio State University

Stanley O. Ikenberry
Member Emeritus

Shirley A. Jackson
President
Rensselaer Polytechnic Institute

Rev. John I. Jenkins, C.S.C.
President
University of Notre Dame

Martin C. Jischke
President
Purdue University

William E. Kirwan, II
Chancellor
University System of Maryland

C. Peter Magrath
President
National Association of State Universities
and Land-Grant Colleges

David Maxwell
President
Drake University

Michael McCall
President
Kentucky Community and
Technical College System

J.B. Milliken
President
University of Nebraska

Constantine Papadakis
President
Drexel University

Gregory S. Prince, Jr.
President
Hampshire College

Charles B. Reed
Chancellor
The California State University

Betty L. Siegel
President
Kennesaw State University

Ruth J. Simmons
President
Brown University

David J. Skorton
President
The University of Iowa

L. Dennis Smith
President Emeritus
University of Nebraska

Lee T. Todd, Jr.
President
University of Kentucky

Stephen Joel Trachtenberg
President
The George Washington University

David Ward
President
American Council on Education

Stephen L. Weber
President
San Diego State University

Mark S. Wrighton
Chancellor
Washington University in St. Louis

FOUNDATIONS

Stephanie Bell-Rose
President
The Goldman Sachs Foundation

Donald V. Budinger
Chairman & Founding Director
The Rodel Foundations

Warren Chapman
President
Bank One Foundation

Rear Adm. Jay M. Cohen
Chief of Naval Research
Office of Naval Research
United States Navy

Kathleen deLaski
President
The Sallie Mae Fund

M. Christine DeVita
President
The Wallace Foundation

Barry Munitz
President & CEO
The J. Paul Getty Trust

Carl J. Schramm
President & CEO
Ewing Marion Kauffman Foundation

COLLABORATIVE INSTITUTIONS

Richard Brown
Chief Executive Officer
The Council for Industry & Higher Education
London, England

Shuzaburo Takeda
Executive Director
Business-University Forum of Japan
Tokyo, Japan

STAFF

Brian K. Fitzgerald
Executive Director
Business-Higher Education Forum

Jack Riehl
Deputy Director
Business-Higher Education Forum

Jenifer A. Ehrlich
Communications Manager
Business-Higher Education Forum

Alice E. Donlan
Operations Manager
Business-Higher Education Forum



**Business-Higher
Education Forum**