

SOLUTIONS

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**CIVIL
SOCIETY**

Updated: January, 2024



Critical Race Theory

Summary and Key Talking Points

Policy Proposals

1. Limit federal overreach in education, which is rightly within the purview of state and local governments.
2. Oppose implementation of the harmful Equality Act in schools.
3. Require that public schools make their curricular resources available to the public.
4. Promote civics knowledge, not critical race theory inspired diversity training.

Quick Facts

1. School districts that employ chief diversity officers (CDOs) have larger achievement gaps between students from different ethnicities.
2. The average university has 3.4 staff members promoting diversity, equity, and inclusion (DEI) for every 100 tenured or tenure-track faculty members, and many of these have more DEI staff than history professors.
3. Fifty percent of all parents and 70 percent of school board members say that they do not want schools to use instructional material based on the idea that slavery is the “center of our national narrative.”

Power Phrases

Require Transparency

- Parents should know what is being taught in their children’s K–12 schools. Parents and taxpayers should have access to the material that teachers are using in the classroom.

Protect Teachers

- District and school officials must not be allowed to mandate that public school teachers affirm claims of moral guilt or innocence based on their racial identity in order to remain employed in a public school.

Include Families in Decision Making

- If a child’s school is using materials rooted in critical race theory, parents should object to the school’s principal and school board and, at a minimum, be allowed to opt out.

Expand Parental Choice

- Lawmakers should lift the caps on scholarship programs, increase school choice, and ease the provisions that limit additional public learning options through charter schools.

The Issue

Americans should defend civil rights and work actively to eliminate racism in the U.S.—and these noble aims are *not* the stated intentions of those who devised critical race theory (CRT). Harvard academic Derrick A. Bell, recognized godfather of CRT, does not mince words in laying out the theory’s radical aims. In “Who’s Afraid of Critical Race Theory?” he writes: “As I see it, critical race theory recognizes that revolutionizing a culture begins with the radical assessment of it.”

CRT has its intellectual origin in critical theory, a Marxist approach that evaluates every area of life through the prism of the oppressed and oppressors—counter to America’s promise of freedom and equality under the law. CRT’s adherents see the same power dynamics that proponents of critical theory see while considering these dynamics through the prism of race. Critical race theorists claim that America is systemically racist, and that this racism produced an alliance between working-class whites and the oppressor capitalist class that prevents working-class solidarity.

CRT teaches a toxic message to students of all backgrounds. Whether disguised as “diversity, equity, and inclusion” (DEI) programs, as “affinity groups,” or characterized in other euphemistic terms, CRT lessons and efforts are spreading in public and private schools. By its very nature, CRT is both a pseudo-academic discipline and a call to action that is designed to compel students to act on the idea that the world is divided between people who are victimizers and people who are victims based on their race or ethnicity.

Policymakers have a duty to prevent educators from applying CRT to K–12 public school activities since, by so doing, they possibly violate the Equal Protection Clause of the Fourteenth Amendment and federal laws known as Title VI and Title IX, which protect Americans from discrimination based on race, sex, or national origin in educational institutions that receive federal funds.

Recommendations

Policy Proposals (Federal)

In order to prevent divisive ideological indoctrination in America’s public schools, Congress should:

Limit federal overreach in education, which is rightly within the purview of state and local governments. Congress should allow states to opt out of existing federal education programs, eliminate duplicative and ineffective programs operated by the U.S. Department of Education, and equip parents with more control over how existing education dollars are spent through funding portability so that families can better avoid CRT indoctrination.

Oppose implementation of the harmful Equality Act in schools. Around the country, 10 states have explicitly prohibited sexual orientation and gender identity (SOGI) curricula. Under the Equality Act, if adopted, federal courts could mandate SOGI ideology in schools by prohibiting traditional teachings on sexual morality as “discriminatory.” States should also enact policies that protect single-sex private facilities and athletics. Congress should respect states’ authority in setting curricula, parental rights to the upbringing of their children, and the safety and privacy concerns of all students.

Policy Proposals (State)

In order to prevent divisive ideological indoctrination in America's public schools, state legislators should:

Reject, alongside school board officials, the teaching of ethnic prejudice through CRT in academic subjects in their local schools. School board members should adopt civics and history standards that inform students correctly about how the establishment during periods of American history, such as slavery, Reconstruction, and the Jim Crow era, contradicted the principles in the Declaration of Independence and the U.S. Constitution. These documents contain the national ideals of freedom and opportunity for all, regardless of race or any other immutable characteristic. The current generation—and every generation—must “let the proud fabric of freedom rest” upon the ideas of liberty, “a reverence for the constitution and laws,” and the pursuit of a civil society that offers freedom and opportunity to all Americans, regardless of the color of their skin.

Prohibit compelled speech and reinforce the Civil Rights Act of 1964. No public education employee shall compel a teacher or student to adopt, affirm, adhere to, or profess ideas that are in violation of Title VI and Title IX of the Civil Rights Act of 1964. Such ideas include the notions that individuals should be adversely or advantageously treated on the basis of their race, ethnicity, color, or national origin or that individuals, by virtue of race, ethnicity, color, or national origin, bear collective guilt and are inherently responsible for actions committed in the past by others of the same race, ethnicity, color, or national origin.

Require that public schools make their curricular resources available to the public. Parents should know what is being taught in their children's K–12 schools. Parents and taxpayers should have access to the material that teachers are using in the classroom. Some charter schools provide models and already make these resources available.

Promote civics knowledge, not diversity training. K–12 and postsecondary school officials are spending significant amounts of taxpayer money on so-called anti-bias training. No public school employee or student should be required to engage in training programs that affirm the idea that individuals bear guilt for actions committed in the past by people of the same race or ethnicity.

Offer alternative procedures for entry into the teaching profession that do not include the ideology of critical pedagogy. Nowhere has CRT permeated curricula and instruction more than in university-based schools of education. Colleges of education have a tremendous reach when it comes to training teachers who populate public and private schools across the country. State lawmakers should end requirements that teachers graduate or receive training from a university school of education, which significantly reduces enrollment in schools of education, and states should allow alternative teacher certification outside colleges of education.

Prohibit education officials from requiring public school teachers to participate in diversity training programs as a condition of employment. District and school officials must not be allowed to mandate that public school teachers affirm claims of moral guilt or innocence based on their racial identity in order to remain employed in a public school.

Give families access to school board decision-making processes with respect to the adoption of curricula. More than 14,000 school boards and nearly 100,000 school board members, who constitute the largest body of elected officials in the country, influence everything from districts' budgets and construction projects to school textbook adoption and collective bargaining processes. School boards oversee much of the policies and practices in the public schools in their districts. Information about the curricula and textbooks used in those schools is opaque. Parents should engage with their local school boards by (1) identifying school board meetings to attend throughout the year; (2) staying up to date on school board activities by reading posted meeting minutes; (3) submitting questions about spending, curricula, and staffing at school board

meetings; and (4) reading the school board’s mission statement. If a child’s school is using materials rooted in critical theory, parents should complain to the school’s principal and school board and, at a minimum, be allowed to opt out.

Expand parental choice in education. One of the most important tools for combatting CRT in the classroom is giving families control of where and what their children learn. More than half of all U.S. states offer some form of private school scholarship option for K–12 students; lawmakers in 44 states and Washington, DC, allow the creation of public charter schools; and every state allows parents to homeschool their children. State officials in every state should give students access to private schools, especially when in-person learning is not available at assigned schools because of teacher union strikes or other disruptions. Many states, however, have limits on student participation or the creation of public charter schools. Lawmakers should lift the caps on scholarship programs, increase school choice, and ease the provisions that limit additional public learning options through charter schools.

Facts + Figures

FACT: Critical race theory is taught in K–12 public schools.

- In April 2021, the Portland, Oregon, public school district hosted a “Critical Race Theory Coalition Summit.”
- The Loudon County, Virginia, public school district contracted with an organization called The Equity Collaborative to provide professional development to district teachers. The Equity Collaborative prioritizes CRT in its training.
- The California Department of Education created a model ethnic studies curriculum that is replete with CRT’s racially discriminatory ideas, including “intersectionality.”
- Kimberlé Crenshaw, one of CRT’s originators, designed the concept of intersectionality, which claims that all ethnic minorities are oppressed in American society and that they are oppressed in multiple ways—based on their gender, class, race, and other combinations of racial and personal characteristics.

FACT: School districts that employ chief diversity officers (CDOs) have larger achievement gaps between students from different ethnicities.

- In districts without a CDO, the average black student is 1.9 grade levels behind the average white student on standardized test results. In districts with CDOs, the achievement gap is half a grade level larger with the average black student being 2.4 grade levels behind the average white student.
- This pattern repeats itself for the white vs. Hispanic achievement gaps. The gap between the average white and Hispanic student on standardized tests is 0.44 grade levels larger in districts with a CDO than it is in districts without a CDO.
- And again, the disparity continues in the non-poor vs. poor achievement gaps. In this case, the gap between the average non-poor and poor student is 0.37 grade levels larger in districts with CDOs than it is in those without them.
- According to a nationally representative survey of parents and a subsample of school board members conducted by The Heritage Foundation in 2020, nearly two-thirds of school board members believe that schools do not provide enough instruction in civics.
- Fifty percent of all parents and 70 percent of school board members said that they *do not* want schools to use instructional material based on the idea that slavery is the “center of our national narrative.”

- Parents (57 percent) and school board members (65 percent) do *not* believe that schools should reframe American history to teach children that the United States is tainted by slavery and racism. Seventy percent of parents and 74 percent of school board members believe that students should be taught that slavery was a tragedy that harmed the nation but that freedom and prosperity, not slavery, represent who Americans are as a nation, offering a beacon to those who want to immigrate here.
- Nearly 79 percent of districts with 100,000 or more students employ CDOs—individuals typically advancing a leftist agenda focused on students’ racial identifications, not student achievement.
- On average, among postsecondary institutions in the Power 5 athletic conferences, universities employ 45 individuals exclusively for DEI programs—outside of academic instruction and for the purposes of advancing racially focused school initiatives.

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Education

Summary and Key Talking Points

Policy Proposals

1. Reduce the size and scope of the U.S. Department of Education dramatically.
2. Reject critical race theory in schools with federal funding.
3. Empower military families and children in DC with education savings accounts and equip Native American children on tribal lands with school choice.
4. Decouple federal financing from higher education accreditation, enabling students to pay for individual classes and courses of study that are more applicable to the job market, and eliminate the federal PLUS Loan program.

Quick Facts

1. Critical race theory (CRT) often leads to segregating students by race or other forms of racial discrimination that violate the Civil Rights Act of 1964.
2. Individuals with a bachelor's degree earn, on average, \$1 million more over the course of their careers than those with only a high school diploma. "Forgiving" student debt shifts the cost of their education to those who can least afford it.
3. On average, graduate students borrow \$24,000 per year, while undergraduates borrow approximately \$7,000. The wealthiest 40 percent of borrowers hold more than half—60 percent—of all loan debt.

Power Phrases

Equip Families with Choice

- Individuals and families—not government—make the best decisions about their families' health, education, jobs, and welfare.

Root Out Critical Race Theory and Gender Ideology

- Parents, not "diversity, equity, and inclusion" (DEI) bureaucrats, must be at the center of intimate questions about their children's identity and mental and physical health.

Break the Federal Education Monopoly

- Currently, large-scale federal intervention, coupled with the education monopoly in the states, drives up costs and holds back the growth of school choice in the states.

Reject Unfair Student Loan Forgiveness

- Far from helping Americans afford higher education, canceling student loan debt would enable colleges to increase tuition at the cost of taxpayers, many of whom didn't go to college and can't afford that cost.

The Issue

In March 2020, the COVID-19 pandemic brought traditional public education to a standstill, and families across the country became accidental homeschoolers. Nearly 50 million children in public schools were deprived of in-person instruction. The pandemic highlighted how badly families needed options so that their children would not be trapped in government schools that were still closed long after authorities knew it was safe to reopen. It also underscored the importance of education choice in enabling families to select learning environments that align with their values.

School choice has grown rapidly over the past two decades, with 32 states and the District of Columbia now offering private school choice to at least some children, and more than 10 million students of approximately 50 million are eligible for private school choice. States should follow the lead of Arizona, Arkansas, Florida, Iowa, North Carolina, Ohio, Oklahoma, Utah, and West Virginia, which recently established *universal* education choice programs, the majority of which are universal education savings accounts (ESAs). State lawmakers across the country—even in states with school choice programs—should follow this model.

The widespread use of online learning during the pandemic also gave families a front-row look at what their children are being taught in public schools. Many parents were greatly concerned to learn that their children's schools were putting into practice ideas drawn from critical race theory (CRT), sorting their children by race into "affinity groups" and doing "privilege walks," and hiring highly paid CRT consultants to conduct teacher training. Putting CRT's discriminatory ideology into action in schools violates the Civil Rights Act of 1964. Schools that compel student speech by requiring students to affirm the tenets of CRT are also violating the First Amendment.

Parents should have the protection of parental bills of rights now being adopted in states across the country, including the protections found in the Given Name Act, which prohibits schools from using names or pronouns different than what is on a child's birth certificate, absent written parental consent. Schools should also be maximally transparent about the curricula and training they are using. Curricula should be posted online, and parents should be able to find the materials being taught in their children's schools with a few clicks on the schools' websites.

Some public schools have become steeped in an ideologically driven LGBTQ+ agenda. Some guidance counselors are building "gender support plans" for students, which can lead to "gender"-confused students "socially transitioning"—such as dressing like the opposite sex and using opposite-sex pronouns—without their parents' knowledge or consent. School faculty are also instructed to enforce transgender pronoun usage strictly. It is critical that parents are reaffirmed as children's primary caregivers and that schools receive permission from parents before administering health services to students. Parents must be returned to the center of intimate questions about their children's mental and physical health.

Higher education badly needs reform as well. To limit taxpayer exposure to student loan debt and better position higher education to meet future economic needs, Congress should eliminate the PLUS Loan program, pursue long-overdue accreditation reform to focus on quality assurance, decouple federal financing (student loans and grants) from accreditation to allow students more flexibility in pursuing career-oriented education options, and cap indirect cost payments to universities for research grants. Congress should withstand pressure to cancel student loan debt, which would be regressive, fuel further increases in college costs, and shift a massive debt burden onto American taxpayers.

Recommendations

Policy Proposals (Federal)

In order to return to a sane education system, federal lawmakers should:

Reject critical race theory in DC public schools by prohibiting District of Columbia public school and charter school employees from compelling any teacher or student to adopt, affirm, adhere to, or profess ideas that promote race or sex stereotyping or scapegoating or that violate the Civil Rights Act of 1964.

Establish education savings accounts for children in DC and children of military families, two populations whose education is funded by federal taxpayers and under the jurisdiction of the U.S. Congress.

Decouple federal financing from higher education accreditation, enabling students to pay for individual classes and courses of study that are more applicable to the job market and eliminate the federal PLUS Loan program.

Situate decision-making about existing federal funding closer to the families who are affected by those decisions. The policies contained in the Academic Partnerships Lead Us to Success (APLUS) Act would accomplish this goal by allowing states to opt out of the programs authorized under the Elementary and Secondary Education Act (ESEA) and put those existing dollars toward any lawful education purpose under state law.

Dramatically reduce the size and scope of the U.S. Department of Education by eliminating programs that are duplicative, ineffective, or unconstitutional. The Department of Education should no longer have Cabinet-level agency status—a policy goal that can be achieved by eliminating more than 80 existing programs and moving 40 remaining programs to other federal agencies.

Cap indirect costs to universities. Currently, the federal government overpays universities for grant-funded research, requiring taxpayers to shell out more than the minimum indirect rate paid for research by the private sector to universities. Not only is this unfair to taxpayers, but it results in taxpayers subsidizing other agendas at universities, such as an ever-growing DEI staff. Congress should cap the indirect rate the federal government pays universities so that it matches or is closer to the rate that the private sector pays for research.

Policy Proposals (State)

In order to return to parents the right to direct their children's education and to protect them from ideological agendas, state lawmakers should:

Pursue universal education savings accounts in the states. States should follow the lead of Arizona, Arkansas, Florida, Iowa, North Carolina, Ohio, Oklahoma, Utah, and West Virginia and adopt universal education choice. ESAs enable families to take at least 90 percent of their child's share of state per-pupil funding to a private school or education provider of choice. ESAs allow families to pay for private school tuition, online learning, special education services and therapies, private tutors, and a host of other education-related services, products, and providers. Unused funds can be rolled over from year to year and should be eligible for deposit into a college savings account.

Protect children and families with parental bills of rights. States should respond to the radical ideologies that insert gender ideology as a replacement for biological sex into K–12 health instruction and adopt parental bills of rights. A parental bill of rights should affirm that parents are their children's primary caregivers, require that schools receive permission from parents before administering health services to students, and allow parents—and taxpayers—to view the material that educators are teaching students.

Reject critical race theory and its discriminatory application in schools. States should prohibit schools from applying CRT and violating the Civil Rights Act of 1964 by compelling students to affirm racially discriminatory ideas. Parents should have a private right of action against public schools that violate these prohibitions.

Facts + Figures

FACT: Critical race theory transmits a toxic message to students of all backgrounds, and its application in schools may violate the Civil Rights Act of 1964.

- CRT can be disguised as “diversity, equity, and inclusion,” “affinity groups,” and “privilege walks,” among other activities that segregate children by race. CRT includes a call to action against the U.S. constitutional system.
- Education officials are obligated to uphold the Fourteenth Amendment’s Equal Protection Clause as well as Title VI of the Civil Rights Act of 1964, which protects Americans from discrimination based on race, sex, or national origin in education institutions that receive federal funds.
- Students should learn about all American history, including slavery, Jim Crow laws, and segregation, as well as the remarkable progress that the country has made, the rule of law, and content that creates a shared sense of national identity, showing that America belongs to all Americans and that this nation and its progress are worth celebrating.

FACT: Individuals with a bachelor’s degree earn, on average, \$1 million more over the course of their careers than those with only a high school diploma. This makes student loan forgiveness an unfair and regressive policy that shifts that payment obligation onto the two-thirds of Americans who do not hold bachelor’s degrees.

- Cumulatively, Americans owe more than \$1.8 trillion in outstanding student loan debt—a sum that exceeds cumulative credit card debt. Although the number is large in the aggregate, it is manageable at the individual level for most borrowers. Median monthly loan payments are \$222.
- Student loan amnesty is not the solution. It will likely encourage colleges to raise tuition, particularly if graduates expect student loans to be forgiven again in the future. New cohorts of students would understandably expect their loans to be forgiven, and that expectation could lead to increases in borrowing.
- At the individual level, student loan debt is tough for some, but on average (and despite how it is often portrayed), it is not a crushing burden. The average student loan debt for members of the class of 2018 was \$29,200. Median student loan debt stands at \$17,000 per borrower, and median monthly payments stand at \$222.
- On average, graduate students borrow \$24,000 per year, while undergraduates borrow approximately \$7,000. The wealthiest 40 percent of borrowers hold more than half—60 percent—of all loan debt. Student loan forgiveness would result in lower-income borrowers receiving the least benefits.
- If Congress wants to help, it should pursue policies like reducing federal subsidies that would drive down the cost of tuition rather than shifting debt payments onto the taxpayers. Congress should begin by eliminating the federal PLUS Loan program.

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Health Care

Summary and Key Talking Points

Policy Proposals

1. Roll back the expansion of government involvement in health care.
2. Overhaul the public health bureaucracy.
3. Offer patients the ability to use their health care dollars as they deem appropriate.
4. Require more transparency in health care pricing.

Quick Facts

1. Three hundred insurers offered coverage in the Obamacare exchange in 2023— down from 395 in the individual market in 2013, before Obamacare was in full effect. Government intervention has led to consolidation and the limitation of options in the health insurance industry.
2. Premiums in the individual market increased from \$244 per member per month in 2013 to \$558 per member per month in 2019, a 129 percent increase.
3. By 2040, Medicare's current system of price controls will result in one-third of hospitals, and roughly half of nursing homes and home health agencies, operating in the red, threatening seniors' access to quality care.
4. Transparency initiatives, if accompanied by a robust set of policies to allow patients to compare and act on price differences, could save as much as \$80.7 billion annually (7 percent) in medical spending for Americans.

Power Phrases

Empower Patients

- Empowering individuals to control their health care dollars and decisions is a far better approach to health care reform than government control.
- Americans should have the freedom to choose the plan and doctors that best suit their needs, not a one-size-fits-all plan that the government creates.

Stop Government Overreach

- During the worst public health crisis of the century, centralized, top-down, government-run health care utterly failed Americans.
- Government policies have led to market consolidation among hospitals, insurers, and health care providers, leaving patients with fewer choices and higher costs while the government health care industrial complex continues to grow.

The Issue

America has some of the world's best medical care. However, excessive and ill-conceived government interventions in health care financing and delivery have fueled a health care system that is overly costly, complex, confusing, and inefficient.

Nearly every American, regardless of income or medical condition, has access to health insurance coverage, but too many Americans lack access to affordable, high-quality, patient-centered care. Due in part to government policies, market consolidation among hospitals, insurers, and health care providers has left patients with fewer choices and higher costs while the government and the health care industrial complex continues to grow.

The Biden Administration's policies are failing Americans. Despite the promises, middle-class families face higher premiums and fewer choices than when Obamacare was enacted, low-income Americans are trapped in a ballooning safety-net program that rations care and access, and seniors on Medicare face an uncertain future with access and care at risk without needed reforms.

Aimed at expanding government control over health care dollars and decisions, the Biden Administration's policies disregard the root causes of higher costs and are making matters worse, not better. Action by liberals in Congress have led to more government subsidies and more government price controls that exacerbate the underlying problems in health care and only further government involvement in personal health care decisions.

Federal government overreach and the failures of federal planning and faulty interventions became acute and most visible in the flawed responses to the COVID-19 pandemic. Notably, officials overreacted with comprehensive lockdowns, resulting in catastrophic social and economic damage; officials recommended unnecessary closure of schools in the face of the mounting evidence that children were not at severe risk from the coronavirus and were not a source of community transmission; officials created mass social conflict over their mixed messaging on the effectiveness or the ineffectiveness of masks and mask mandates; officials overreached their authority by imposing vaccine mandates on millions of Americans without the statutory authority to do so; officials ignored or downplayed the reality of natural immunity from viral infection; officials ignored or overlooked the frontline clinical experience of physicians who were combatting the virus on the ground and suppressed legitimate scientific dissent seeking to marginalize experts with differing views; and, finally, officials at the U.S. Department of Health and Human Services (HHS) and other agencies, to this day, have continued to block the full disclosure of information to Congress about the origins of the coronavirus in Wuhan, China.

During the worst public health crisis of the century, centralized, top-down, government-run health care failed Americans. The solution is to reverse course on this broken system and give patients direct control of their health care dollars and decisions. Americans should be able to choose the care and coverage that is best for them, have access to more affordable coverage options, and receive the tools and incentive to make those choices; low-income families must be able to receive the private care they need; seniors must have a sound Medicare program; and Americans should be able to hold public health officials accountable for the failed federal response to the COVID-19 pandemic by reforming public health agencies, especially the Centers for Disease Control and Prevention (CDC), and ensuring that funding is primarily focused on the control of infectious disease. Giving Americans greater control over their own health care is the most powerful guarantor of higher-quality care at lower costs.

Recommendations

In order to give all Americans access to the health care they deserve, Congress should:

Roll back the expansion of government involvement in health care. Since the major provisions of the misnamed 2010 Patient Protection and Affordable Care Act (ACA), known as Obamacare, were implemented in 2014, liberals have continued their mission to have the government take over America's health care. During the pandemic, millions of Americans were added to the government health care rolls due in part to congressional actions. Congress must reverse course and remove ineligible people from Medicaid, scale back ACA subsidy expansions, and stop harmful administrative actions that stifle innovation, increase costs, and reduce choices for patients, including the imposition of government price controls.

Give states the flexibility to make coverage more affordable. States are better suited and equipped to oversee health insurance markets than the federal government. Rather than centralizing decisions at the federal level, Congress should give states greater flexibility to offer a broader menu of affordable health plans both in and outside federal exchanges to help to bring down costs and expand coverage options for their residents.

Offer patients the ability to use their health care dollars as they want. Patients want greater flexibility in choosing the health care coverage and services that best fit their needs and save for future health needs. To do that, Congress should expand access to patient-owned and patient-directed account-based coverage options, such as health savings accounts, as well as other non-government coverage and care arrangements, such as association health plans, health care-sharing ministries, and individual reimbursement accounts.

Require more transparency in health care pricing. Americans spend more on health care than any other people in the world. Yet, most have no idea of the actual cost even of the most common medical treatments or procedures. Lack of transparency partially explains the rising costs of health care, and price transparency can help to resolve this problem. Congress should require consumer-friendly information about hospital, insurance, and prescription-drug pricing and allow patients to share in savings from choosing lower-cost options. Furthermore, Congress should reform the way in which it supports health care providers that provide indigent care so that it is more transparent and accountable.

Offer low-income individuals and families private coverage options. Medicaid, the health care safety-net program for low-income individuals and families, locks them into an overstretched, rationed government-run health care program. Instead, Congress should give Medicaid enrollees the option of applying the Medicaid funds to the private health plan of their choice, including employer-based coverage.

Eliminate all taxpayer subsidies for, or funding of, abortion. Abortion is not health care. And post-*Roe*, it is, in fact, illegal in many states. The federal government has no business using taxpayer money to fund abortion. Aborted-fetal-tissue research organizations that perform or advocate abortions, like Planned Parenthood, should not receive any federal funding. Nor should the IRS allow tax breaks for abortion-related expenses.

Reform and expand private coverage options in Medicare. Medicare Advantage, the program that gives seniors access to private coverage options, is the fastest growing part of Medicare, because it is superior to traditional Medicare. To stabilize the Medicare program as a whole, Congress should reform the Medicare Advantage payment system to make it more market-based, expand the benefits that health care plans are allowed to offer seniors, allow seniors to share in savings for making less expensive choices, and make the Medicare Advantage program the default option for seniors in the future.

Overhaul the public health bureaucracy. The federal public health bureaucracy failed the American people during the coronavirus pandemic. Congress must use its oversight powers to hold these agencies accountable and make meaningful policy changes to ensure that such failures are never repeated. This entails separating

the CDC's research and policymaking functions and restoring it to its core mission of responding to infectious diseases; reforming the grant-making process at the National Institutes of Health based on merit; and realigning the Food and Drug Administration toward more efficient and effective review and oversight.

Facts + Figures

FACT: Government coverage is squeezing out private coverage options.

- During the [eight-year period from 2014 through 2021](#), individual-market enrollment (mainly subsidized coverage through the government exchange) was, on average, about 30 percent higher than before the implementation of the ACA, and the average Medicaid enrollment was about 20 percent higher.
- Average enrollment in employer-based group coverage is 2 percent lower than before the ACA.

FACT: Americans have fewer health care options and face higher premiums than before Obamacare.

- According to Heritage Foundation analysis, 300 insurers offered coverage in the Obamacare exchange in 2023, compared to 395 in the individual market in 2013, before Obamacare was in full effect.
- Premiums in the individual market increased from \$244 per member per month in 2013 to \$558 per member per month in 2019, a 129 percent increase.

FACT: Medicaid enrollment and spending is exploding.

- According to the Centers for Medicare and Medicaid Services, since the COVID-19 pandemic began, Medicaid (and Children's Health Insurance Program) enrollment increased by 23 million, making total enrollment in these programs 95 million in March 2023.
- Combined, federal and state Medicaid spending reached [an estimated](#) \$824 billion in fiscal year 2022.

FACT: Medicare faces short-term and long-term challenges that put the future of the program at risk.

- According to the Medicare Board of Trustees, enrollment in Medicare will jump from 65 million in 2022 to 83.4 million in 2040 while spending is projected to jump from roughly \$1 trillion in 2023 to nearly \$2 trillion in 2033.
- By 2031, the hospital insurance (HI) trust fund is projected to become insolvent, and the total Medicare program faces \$53.1 trillion in long-term unfunded obligations.
- By 2040, Medicare's current system of price controls will result in one-third of hospitals, and roughly half of nursing homes and home health agencies, operating in the red, threatening seniors' access to quality care.

FACT: Overall health care spending continues to grow at excessive rates.

- According to the Centers for Medicare and Medicaid Services, in 2022, national health care expenditures grew to \$4.5 trillion and are expected to reach \$6.8 trillion by 2030.
- Transparency initiatives, if accompanied by a robust set of policies to allow patients to compare and act on price differences, could [save as much as \\$80.7 billion annually](#). This would translate into a 6.9 percent reduction in medical spending for all Americans in private coverage and 7.4 percent for those with incomes below 100 percent of the federal poverty level.

FACT: The botched government response to the COVID-19 pandemic cost millions of lives and millions of livelihoods.

- More than 1.1 million deaths in the U.S. are associated with COVID-19.
- The economic costs related to the pandemic are estimated to reach [\\$14 trillion](#) by the end of 2023.

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Life

Summary and Key Talking Points

Policy Proposals

1. Eliminate taxpayer funding for elective abortion here and abroad and redirect federal funding of Planned Parenthood to health centers not involved in abortion.
2. Protect conscience rights of doctors, nurses, and other medical practitioners.
3. Protect unborn children, women, and girls from dangerous chemical abortion drugs.
4. Resist the push for physician-assisted suicide (PAS).

Quick Facts

1. Seven in 10 Americans believe that abortion should be limited to, at most, the first trimester.
2. Pro-life pregnancy resource centers served nearly 2 million people in 2019, providing an estimated nearly \$270 million in services such as ultrasounds, parenting and prenatal classes, diapers, clothing, and other supplies.
3. Today, roughly 1 million abortions are performed in the U.S. every year.
4. During the 2020–2021 reporting year, Planned Parenthood received \$633.4 million in taxpayer funding, up from \$618 million the previous year.

Power Phrases

Establish Equal Rights

- All human beings, from the moment of conception, are persons with intrinsic worth and have the fundamental right to life.

Redirect Planned Parenthood Funding

- The abortion industry is well-funded, organized, and committed to expanding unlimited abortion at the expense of other essential medical services.

Protect the Vulnerable

- Legalizing physician-assisted suicide is a grave mistake that endangers the weak and vulnerable, corrupts the practice of medicine and the doctor–patient relationship, compromises family commitments, and betrays human dignity and equality before the law.

The Issue

In June 2022, the Supreme Court righted a legal and moral wrong when it overturned *Roe v. Wade* and opened the door for policymakers to pass more pro-life measures at the state and federal levels. This opportunity should not be squandered.

Many states have passed laws to protect women and unborn children since *Roe*'s reversal. Meanwhile, pro-abortion states are doing the opposite. Some have even enshrined abortion on demand until birth in state constitutions. At the federal level, the Biden Administration will continue to use the administrative state to achieve what it cannot accomplish through the democratic process.

Abortion-pill pushers, especially in pro-abortion states, undermine pro-life efforts by promoting and trafficking chemical abortion drugs across state lines to pro-life states. As a result, abortion pills are the next pro-life battlefield.

In the *Dobbs* decision, the Supreme Court made clear that the people can protect unborn life at any stage through “their elected representatives...in the States or Congress.” From gestational limits on abortion to protecting life and conscience in funding measures to government oversight and accountability, federal policymakers have an opportunity—and a constitutional duty—to legislate robust pro-life policies.

Policymakers and the American people should keep this fundamental principle in mind: From the moment of conception, every human being has inherent dignity and worth. American law should protect innocent human life, including in the womb.

Recommendations

In order to protect unborn children, U.S. policymakers should:

Enact robust gestational limits. Congress should protect unborn children with beating hearts through the Heartbeat Protection Act. While several states have already done so with similar or more robust laws, many others have not. Some states have no gestational limits at all. This status quo—where Texas protects unborn children fully, but California treats them as medical waste—is unacceptable. Congress should use its constitutional authority to protect the youngest and most vulnerable in every state.

Limit the interstate flow of chemical abortion drugs. Congress can, and should protect unborn children, women, and girls from dangerous chemical abortion drugs. Congress should also stop the Food and Drug Administration (FDA) from prioritizing the abortion industry over Americans' health and safety. In the spring of 2021, under the cover of containing COVID-19 and contrary to long-standing safety protocol, the FDA ended the requirement that chemical abortion drugs be dispensed in person in limited health care settings. In 2023, the FDA formally sanctioned telemedicine abortion where a woman can be prescribed abortion pills via video call without a single in-person doctor visit. She can then receive the pills through the mail or in a pharmacy instead of in person from a physician, which was required by previous chemical abortion regulations. In the post-*Dobbs* landscape, many states have passed new pro-life laws. But abortion-pill pushers, especially in pro-abortion states, undermine these efforts by promoting and trafficking chemical abortion drugs across state lines to pro-life states. As a result, abortion pills are the next pro-life battlefield. Congress should step in. The Support and Value Expectant (SAVE) Moms and Babies Act is a start. The bill bars the FDA from approving any new abortion drugs. For abortion drugs currently approved, the bill reinstates the in-person dispensing requirement, once again disallowing mail-order and telemedicine abortions. The bill also improves post-marketing safety surveillance to better track health complications and adverse events. In practice, the bill would put a stop to the Biden Administration's reckless disregard for women's health and safety—just a start

on the way to banning these dangerous drugs. Congress should use every tool at its disposal to limit the threats these pills pose to women, girls, and unborn children.

End taxpayer funding of elective abortion and the abortion industry. Congress should stop tax dollars from funding elective abortions and supporting the abortion industry once and for all. Rather than relying on a patchwork of “riders” that must be applied to appropriation bills every year, the No Taxpayer Funding for Abortion and Abortion Insurance Full Disclosure Act would permanently end federal funding for elective abortion or health insurance coverage of abortions. Congress should also end federal funding for the abortion industry and direct funding to centers that provide real health care for women. The Protecting Life and Taxpayers Act would require that groups seeking federal funding certify that they will not perform abortions or fund other entities that do. This would in effect defund abortion providers, such as Planned Parenthood, the International Planned Parenthood Federation, and Marie Stopes International. Federal resources should instead go to pregnancy resource centers and entities that provide high-quality, comprehensive care that is not entangled with the abortion industry.

Protect the lives of abortion survivors. Congress should protect babies who survive abortion attempts. Federal law recognizes that infants born at any stage of development, regardless of the context of the birth, are “persons.” But this law does not specify duty of care for these babies. The Born-Alive Abortion Survivors Protection Act would require that an infant born alive after an abortion attempt receive proper medical care. It would punish health care providers who do not provide such care, and it would criminalize infanticide. It is known from government sources in the United States and across the world that babies can and do survive abortion attempts. Allowing these babies to suffer death by neglect is utterly unacceptable. Fixing this problem should not be controversial.

End “lethal discrimination” against Down syndrome babies. Congress should also protect babies from lethal discrimination in the womb. One way is through the Protecting Individuals with Down Syndrome Act, which would protect a child from abortion because a test result or diagnosis indicates the child has Down syndrome. The bill also prohibits forcing or coercing a woman to abort a child who has or may have Down syndrome. A 2022 Joint Economic Committee report finds that between 60 percent and 90 percent of baby boys and girls diagnosed with Down syndrome are aborted. It estimates that without these selective abortions, “the Down syndrome population would be 217,000 people greater in 50 years, an increase which is greater than the current Down syndrome population.” A dozen states protect unborn children from such lethal discrimination in the womb. The federal government should follow their lead.

Protect conscience rights. Many Americans cannot in good conscience provide, pay for, or refer women for, abortions. Congress protects American citizens and entities from being forced to do so through policies such as the Church Amendments, the Coats–Snowe Amendment, and the Weldon Amendment. (The latter is an annual rider in appropriations bills, not a permanent statute.) If someone believes that his conscience rights have been violated, he can file a complaint with the Office for Civil Rights at the Department of Health and Human Services (HHS). But the current Administration has failed to enforce conscience laws. The Conscience Protection Act would codify the Weldon Amendment and provide Americans with a private right of action for conscience violations. Such a right does not guarantee a certain outcome, but it would allow Americans to have their day in court rather than rely on potentially hostile government bureaucrats for relief.

Resist the push for physician-assisted suicide (PAS). Nearly a dozen states allow physician-assisted suicide, and proposals are filed in additional state legislatures each year. Legalizing PAS endangers the weak and vulnerable, corrupts the practice of medicine and the doctor–patient relationship, compromises the family and intergenerational commitments, and betrays human dignity and equality before the law. The experience of countries with PAS and euthanasia suggests that safeguards intended to limit PAS eligibility to the terminally ill or to certify autonomous consent often fail to ensure effective control. Instead of embracing PAS, policymakers should focus on the benefits of palliative care to improve a patient’s quality of life by alleviating pain and other distressing symptoms of serious illness.

Facts + Figures

FACT: Legalized abortion on demand has had a devastating impact on mothers, fathers, their unborn babies, and civil society.

- Since the 1973 *Roe v. Wade* and *Doe v. Bolton* decisions legalizing abortion on demand, more than 62 million humans have lost their lives to abortion in America. Today, roughly 1 million abortions occur in the U.S. every year.

FACT: The majority of Americans believe that abortion should be significantly restricted.

- Seven in 10 Americans believe that abortion should be limited to, at most, the first trimester, or available only under rare circumstances.

FACT: Despite its claims to the contrary, the abortion industry is well-funded, organized, and committed to expanding unlimited abortion at the expense of other services.

- Planned Parenthood's annual report for 2020–2021 reveals that the organization performed 383,460 abortions in a single year, an all-time high.
- Since 2010, cancer screening and prevention services have decreased by 74 percent, prenatal services have decreased by 72 percent, and the number of unique patients has decreased by 28 percent.
- During the 2020–2021 reporting year, Planned Parenthood received \$633.4 million in taxpayer funding, up from \$618 million the previous year.
- During that time, Planned Parenthood performed nearly 200 abortions for every adoption referral.

FACT: The rate of pill-induced abortion increased by 120 percent in the past decade, and the abortion industry is agitating to remove existing safety standards to make dangerous chemical abortions even more common.

- Chemical abortion allows women to have abortions at home without medical supervision. Today, roughly half of abortions in the U.S. are chemical rather than surgical. Currently, abortion pills are approved for up to 70 days of gestation.
- Since their approval by the FDA in 2000, abortion pills have been subject to heightened safety restrictions. For example, only certain providers may prescribe the pills, and until recently, they were required to dispense them directly. But now thanks to the Biden Administration, abortion pills are available via telemedicine, mail, and retail pharmacies.
- Abortion pills have been associated with 28 deaths of women and thousands of adverse events, such as incomplete abortions, blood clots, and hemorrhaging. The complication rate for chemical abortion is four times the rate for a first-trimester surgical abortion.
- Policymakers in more than a dozen states (and counting) have taken action against abortion pills through policies such as prohibitions on telemedicine abortion, heightened informed-consent requirements, and reporting requirements to improve the tracking of complications. These policies prioritize the health and safety of both women and unborn children.

FACT: America's abortion laws in many states are permissive in the extreme compared to those of most other countries.

- The United States is one of only seven countries in the entire world to permit elective abortion after 20 weeks (five months) of gestation.
- Forty-seven of 50 European countries limit elective abortion to 15 weeks of gestation.

FACT: Pro-life pregnancy resource centers provide millions of mothers, babies, and families with life-affirming resources every year across America.

- One study found that pregnancy resource centers served nearly 2 million people in 2019, providing an estimated nearly \$270 million in services such as ultrasounds, parenting and prenatal classes, diapers, clothing, and other supplies.
- Eight in 10 of those who work in pregnancy centers do so on a voluntary basis.

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Sexual Orientation and Gender Identity Policies

Summary and Key Talking Points

Policy Proposals

1. Protect the freedom of all Americans to think, speak, work, and act according to their beliefs about marriage, the innate sexual differences between men and women, and biological reality.
2. Protect minors from harmful “gender-transition” procedures and “therapies.”
3. Oppose any federal bill and regulation that would enshrine gender ideology in law.

Quick Facts

1. Religious institutions contribute \$1.2 trillion to the economy every year. An estimated 350,000 religious congregations operate countless local services.
2. Among minors who struggle with gender dysphoria, up to 88 percent of girls and 98 percent of boys who are not prevented from going through puberty reconcile with their biological sex.
3. Three in four (73 percent) Americans say that parents should not lose custody of their child because they refuse to allow their child to use puberty-blocking drugs or cross-sex hormones.

Power Phrases

Protect Civil Liberties

- The United States must recognize and protect the beliefs of all Americans, not just those who agree with progressive orthodoxy.
- Sexual orientation and gender identity (SOGI) laws are not about tolerance and have spawned lawsuits against countless businesses that affirm natural marriage or recognize that the two sexes are a biological reality.
- A sweeping, federal SOGI law like the proposed Equality Act would hobble the services of religious organizations including pregnancy resource centers, soup kitchens, schools, drug addiction programs, and adoption agencies.

Inform Americans of the Real-world Consequences of SOGI

- “Gender-affirming” medical interventions put minors on a pathway to sterilization and lifelong medicalization of psychological distress.

- Policies that allow boys to “identify as” female to compete in girls’ sports teams are fundamentally unfair and prevent girls from reaching their full potential.
- Parents should not lose custody of their children because they refuse to allow their children to use puberty-blocking drugs or cross-sex hormones.

The Issue

Americans face growing pressure in education, culture, and the marketplace to embrace radical ideologies that deny the truth of natural marriage and the reality of biological sex.

From social media and Hollywood to cereal boxes and children’s books, a relentless flood of propaganda denounces those who do not affirm gender ideology and sexual radicalism. Mega corporations and tech giants threaten boycotts of cities and states that fail to toe the new party line. Boys and men who “identify as” female compete in female sports and use women’s private spaces with impunity and elite approval. And 22 states and hundreds of localities have enacted laws enshrining sexual orientation and gender identity (SOGI) in civil rights code to punish those who dissent from this state-sanctioned orthodoxy.

This is no accident. Tim Gill, whom *Rolling Stone* dubbed “the megadonor behind the LGBTQ rights movement,” has said that the goal of SOGI laws is “to punish the wicked.” That is, SOGI laws are designed to disparage those who affirm natural marriage or recognize that the two sexes are a biological reality.

SOGI laws are not about tolerance. Where passed, these laws have spawned lawsuits against countless businesses. They also cleared the way for dangerous and experimental medical procedures on minors, jeopardize the safety and privacy of women and girls, undermine parents’ rights and the conscience rights of medical providers, and violate freedom of religion and speech.

SOGI laws contradict what U.S. Supreme Court Justice Anthony Kennedy wrote in the 2015 *Obergefell* case. In the majority opinion, Justice Kennedy, even while overturning state laws defining marriage as the union of one man and one woman, said that those beliefs and the people who hold them are worthy of respect. He noted that the natural view of marriage “has been held—and continues to be held—in good faith by reasonable and sincere people here and throughout the world.” Moreover, the Court ruled that many “reach that conclusion based on decent and honorable religious or philosophical premises, and neither they nor their beliefs are disparaged here.”

But the Court’s redefinition of marriage had consequences. Almost as soon as *Obergefell* overturned laws that recognized that marriage was grounded in nature rather than mere romantic preference, the floodgates opened, and gender ideologues stormed through. The tragic story of the Martinez family highlights the danger of SOGI laws. At her high school, Yaeli Martinez began to identify as a boy. The school, by policy, supported the “transition” but did not inform Yaeli’s mom, Abby. When she found out, Abby declined to put her daughter on cross-sex hormones and, for this, lost custody of her daughter to the Los Angeles County Department of Children and Family Services.

For three years, Yaeli lived with a gender activist and took cross-sex hormones, and Abby could not intervene. Then the worst happened. Despite the department’s claim that “transitioning” Yaeli and removing her from her mother would keep her from committing suicide, Yaeli took her own life.

Cases like this have become far more common as schoolteachers, psychologists, social workers, and other activists are subverting parents’ rights by targeting minors with gender propaganda.

Holding perennial views on the nature of marriage and the reality of sex is not discrimination. Such views do not justify state infringement on parental rights. Policymakers should uphold Americans' rights to think, speak, and act according to their moral, medical, and scientific views on these subjects. Protecting these rights will foster true tolerance and social peace. Pushing SOGI laws does just the opposite.

Recommendations

To protect children, parents, businesses, and all Americans from being forced to comply with radical sexual ideology, state and federal policymakers should:

Protect the freedom of all Americans to think, speak, work, and act according to their beliefs about marriage, the innate sexual differences between men and women, and biological reality itself. Americans should be free at school, in the workplace, and in the public square to live according to their moral, religious, and scientific beliefs on these matters. But sweeping bills like the misnamed Equality Act would impose gender ideology as state-sanctioned orthodoxy in all 50 states. In states where similar bills have been enacted, those who disagree with the new orthodoxy may face discrimination charges. "Compromise" solutions, such as the Fairness for All Act and the Respect for Marriage Act, also fail to protect Americans' freedoms and restrict freedom of expression on marriage and sex to private spaces.

In contrast, conservatives should push for legislation that recognizes and protects the "decent and honorable" beliefs of *all* Americans, not just those who agree with government-enforced orthodoxy. Bills like the First Amendment Defense Act or the Civil Rights Uniformity Act would do just that. The first prohibits the federal government from punishing any entity with which it contracts or which it accredits or licenses for affirming that marriage is exclusively between a man and a woman. The second would prevent any executive branch agency from defining "sex" in civil rights code to include "gender identity." Such laws will ensure that medical professionals, school faculty, religious institutions, and parents can live and act freely without fear of punishment.

Preserve and protect the right of parents to approve what their children are taught and exposed to and to oversee their children's medical treatment. The Supreme Court has long recognized that parents have the primary right and duty to care for and guide their children. As the Court affirmed in *Pierce* (1925), "The child is not the mere creature of the State; those who nurture him and direct his destiny have the right, coupled with the high duty, to recognize and prepare him for additional obligations." Increasingly, however, educators and medical professionals are undermining these rights. In schools, children are *secretly* taught radical ideology and are bombarded with inappropriate sexual content without parental permission and even contrary to parents' stated wishes. In some cases, schools have withheld vital information from parents about their children's mental and physical health. In some states, minors can receive "sensitive" health care, including "gender transition," without parental consent. All this can profoundly harm minors' health and development. State and federal policies must protect children by ensuring that parental rights are treated with the strictest respect. Legislators should support bills that require opt ins (rather than opt outs) for sensitive curricula and protect parental consent when it comes to medical and mental health care for minors.

Protect minors from harmful "gender-transition" procedures and "therapies." Contrary to activists' claims, the best medical research does *not* show that "gender transition" improves mental health for minors. The longest-term study found that even adults who fully transition are 19 times more likely than the average person to commit suicide. Moreover, those who transition chemically or surgically experience irreversible damage, such as sterilization, sexual dysfunction, atrophy, loss of bone density, or heart disease. This damage is especially tragic, as among minors who struggle with gender dysphoria, up to [88 percent of girls and 98 percent of boys](#) who are not prevented from going through puberty reconcile with their biological sex. Internationally, the U.K. has closed its only pediatric gender clinic. And the U.K., as well as Denmark, Finland, and

Sweden, have now put strict limits on these procedures. In the U.S., as of July 2023, 23 states have passed laws protecting children from experimental “gender transition” procedures. The other states and the federal government should do the same.

Anchor the definitions of *sex*, *male*, and *female* firmly in biological reality. Through administrative rulemaking, the Biden Administration is attempting to legally redefine “sex” to include “gender identity” and “sexual orientation.” To protect their citizens from the threat of these ideological constructs, states should anchor the legal definitions of *sex*, *male*, *female*, *man*, and *woman* in biology and oppose the adoption of the “LGBTQIA+” lexicon.

Oppose any federal bill and regulation that would enshrine gender ideology in law. Activists have been trying to expand the “discrimination” prohibitions on the basis of sex to include sexual orientation and gender identity. A federal SOGI law like the Equality Act would have a devastating effect on Americans. Tying SOGI language to federal funding or tax-exempt status would curtail religious freedom. Disqualifying all groups that object to the new sexual orthodoxy would cost the federal government some of its best partners in serving the public.

In addition, bills like the Fairness for All Act and the Respect for Marriage Act are not enough to protect the common good. They wrongly elevate sexual orientation and gender identity to protected categories of civil rights law and contain only narrow religious exemptions for limiting the harms. Indeed, new regulations from the Department of Education and the Equal Employment Opportunity Commission would compel millions of Americans to affirm falsehoods or risk losing their jobs and reputations. Short of stand-alone bills, gender activists push for laws and regulations that accomplish the same goal—one word or phrase at a time. Legislators must learn to spot buzzwords that disguise such efforts. These include the use of “gender” to refer to “gender identity,” terms such as “gender minorities,” “sexual minorities,” and “gender equity,” and offensive euphemisms, such as “menstruating individual” or “birthing person” rather than “woman” or “mother.”

At the United Nations and other international organizations, the U.S. should:

Strengthen the protection of individual human rights and oppose creation of new rights based on gender ideology. Gender activists view the U.N. as a beachhead to advance their social policies in ways that influence American law and policy. The U.S. should promote reform of the U.N. human rights bureaucracy and hold it to its mandate to promote and protect basic freedoms. The U.N. should not be imposing an extreme ideology that is contrary not only to the Western tradition but to the views of every other traditional culture. The U.S. should respect the sovereignty of other U.N. member states in these matters and reject any insertion of SOGI language into negotiated U.N. texts.

Facts + Figures

FACT: Contrary to activists’ claims, medical “transition” procedures that modify sex traits are harmful and should be prohibited, especially for minors.

- A major [long-term study](#) on gender transition found that adults who medically “transitioned” were more than 19 times more likely to commit suicide than the average person.
- According to the American Psychiatric Association’s [Diagnostic and Statistical Manual](#), up to 88 percent of girls and 98 percent of boys experiencing gender dysphoria will reconcile with their biological sex if allowed to go through puberty.
- A [Heritage Foundation study](#) found that U.S. states where minors have access to puberty-blocking drugs without parental consent had higher teen suicide rates than states that require parental consent.

FACT: SOGI laws harm Americans in countless ways.

- “Gender-affirming” medical interventions put minors on a pathway to sterilization and lifelong medicalization of psychological distress.
- Despite a Supreme Court ruling protecting his freedom of speech, Jack Philips, owner of Masterpiece Cakeshop, is being sued by activists a third time for refusing to violate his conscience by affirming same-sex marriage and gender ideology.
- In 2018, the City of Philadelphia passed an ordinance that shut down Catholic Social Services for its view of marriage.
- In 2018, a man who identifies as a woman sued a women-only shelter in Anchorage for refusing to let him in.
- Policies that allow boys to “identify as” female to compete in girls’ sports teams harm girls. In Connecticut, high school track and field athlete Chelsea Mitchell lost four state championship titles to a boy who identifies as a girl. This cost Chelsea her well-deserved athletic and scholarship opportunities.

FACT: Most Americans believe that those who support natural marriage and recognize biological sex should be free to express their beliefs.

- Three in four Americans ([73 percent](#)) say that parents should not lose custody of their children because they refuse to allow their children to use puberty-blocking drugs or cross-sex hormones.
- About six of every 10 Americans believe that employers and insurers (66 percent) and doctors and medical professionals (59 percent) should not be forced to pay for or perform “gender-affirming” (which are in effect sex-erasing) surgeries.
- At least two-thirds of Americans oppose letting boys and men compete in girls’ and women’s sports.
- Most Americans support laws restricting minors’ access to puberty blockers, cross-sex hormones, or surgeries for purposes of gender transition.
- Sixty-five percent of Americans agree that nonprofits should be free to follow their convictions rather than affirm same-sex marriage and gender transition.
- Eighty-nine percent of Americans agree: The best way to help foster kids and orphans is to draw from a wide range of adoptive families and agencies—including those that affirm the natural truths of sex and marriage.

FACT: A sweeping, federal SOGI law like the Equality Act would hobble the services of some 350,000 religious organizations. These include pregnancy resource centers, soup kitchens, schools, drug addiction programs, and adoption agencies.

- Religious institutions contribute \$1.2 trillion to the economy every year.
- These organizations serve 70 million Americans a year, and their services are valued at more than \$44.3 billion annually. Such private services are often [better at meeting human needs](#) than are government programs.

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Welfare

Summary and Key Talking Points

Policy Proposals

1. Strengthen and enforce work requirements in welfare programs. Replace existing means-tested welfare spending programs with a more effective and efficient system to reduce poverty.
2. Promote marriage as America's greatest weapon against child poverty by reducing or eliminating the penalties for marriage in the welfare system.
3. Promote the success sequence: finishing high school, entering the workforce or attending college, getting married, and having children.

Quick Facts

1. In 2018, more than 90 government means-tested welfare programs provided more than \$1.16 trillion in cash, food, housing, medical care, and social services to poor and lower-income Americans.
2. After welfare reform, the non-marital pregnancy rate fell from 89.3 per 1,000 in 1992 to 59.6 per 1,000 in 2020. This contributed to a sharp reduction in the non-marital abortion rate, which was cut in half falling from 44 abortions per 1,000 non-married women to 21 per 1,000 non-married women.
3. Welfare reform cut the rate of dependence on traditional, work-free cash aid by nearly 80 percent. Before reform, 9 million children were receiving cash benefits from the government. By 2019, only 2.2 million received these traditional cash benefits, and many had working parents.

Power Phrases

Winning the War on Poverty

- The War on Poverty produced a rapid decline in married, two-parent families, a steady growth in non-marital birth rates, a rise in abortions, and the spread of long-term government dependence.
- The principles of successful reform have been abandoned and forgotten. For two decades, there have been no serious efforts to strengthen marriage or work requirements within the remaining vast welfare state. Conservatives have remained largely silent on welfare.

Encourage Marriage and Empower the Poor

- It is time for welfare to truly improve the well-being of the poor, encourage work, and remove barriers to marriage.
- The welfare system should not penalize parents when they get married.

- Able-bodied adults who receive cash, food, housing, and medical assistance should be required to work or prepare for work as a condition of receiving those government benefits.
- To help the poor, the government should pay for outcomes like ensuring people get off drugs or find a job—not just for providing services.

The Issue

When President Lyndon Johnson launched the War on Poverty in 1965, he said that its purpose was to strike “at the causes, not just the consequences of poverty.” He added, “Our aim is not only to relieve the symptom of poverty, but to cure it and, above all, to prevent it.”

In fact, the actual War on Poverty policies had the opposite effect, with devastating consequences for lower-income families. Dramatically increasing government spending and creating an ever-growing number of new welfare programs, the War on Poverty produced a rapid decline in married, two-parent families, a steady growth in non-marital birth rates, a rise in abortions, and the spread of long-term government dependence.

Congress took crucial steps to reverse these negative trends with the enactment of welfare reform in 1996. Welfare reform replaced the primary, failed welfare program called Aid to Families with Dependent Children (AFDC) with a new program: Temporary Assistance to Needy Families (TANF). In contrast to other welfare programs, the new TANF program established work requirements and time limits on benefits for recipients. In addition, state governments that wished to expand dependence and welfare spending would be required to finance that expansion with state, rather than federal, funds. Even blue states were reluctant to spend their own funds in that manner.

Around 90 percent of recipients in the AFDC and TANF programs were single parents. The welfare reform law had the explicit goal of reducing out-of-wedlock births and promoting marriage. The new work requirements and time limits were implicitly aimed at strengthening marriage by reducing the economic utility of single parenthood and non-marital births.

Marriage. For more than two decades before welfare reform, the percentage of children residing in married two-parent families fell steadily. In 1970, 85 percent of children lived in two-parent homes; by 1996, the number had fallen to 68 percent. Welfare reform was intended to stop this steady collapse of marriage by limiting the utility of government subsidies to single parenthood relative to marriage. The reform was remarkably successful: The decline in two-parent families halted abruptly. The married family rate has remained stable for nearly three decades. If the pre-reform trend in family disintegration had continued, an additional 9 million children would live in single-parent rather than married two-parent homes today.

Abortion. Some 86 percent of abortions are performed on non-married women. Non-marital births and non-marital abortions are often seen as the opposite ends of a seesaw. In this view, a rise in non-marital births will cause a fall in non-marital abortions. Conversely, a rise in non-marital abortions should cause non-marital births to fall. This view is inaccurate because both abortions and births are driven by a key background factor: the non-marital pregnancy rate (births per 1,000 non-married women). The non-marital pregnancy rate can be viewed like the pivot at the center of the seesaw. When the pivot rises, both non-marital abortions and births will rise together; when the pivot falls, both non-marital abortions and births will fall together.

The combination of *Roe v. Wade* and War on Poverty welfare programs led to an explosive growth in the non-marital pregnancy rate. This was a disaster. Before welfare reform, nearly one in 10 non-married women became pregnant each year; this obviously led to high simultaneous levels of non-marital abortions and non-marital births. But with welfare reform, the non-marital pregnancy rate fell for the first time. The

shrinkage in non-marital pregnancy reduced both non-marital births and abortions together, resulting in at least 400,000 fewer abortions each year. Altogether, the behavioral and social changes initiated and promoted by welfare reform have led to 9.8 million fewer abortions.

Teen Births. Between the launch of the War on Poverty in the early 1960s and the onset of welfare reform in the mid-1990s, birth rates for unmarried teenage girls skyrocketed. By the early 1990s nearly one in 10 births in the U.S. was to an unmarried teenager. With the onset of welfare reform, this mind-numbing upward trend promptly and sharply reversed; birth rates for unmarried teens plummeted back to levels from the early 1960s. Teen pregnancies and abortions fell at the same precipitate rates.

Poverty and Dependence. Before welfare reform, the poverty rate among single parents was relatively flat. Immediately after reform, poverty among single parents began to decline sharply, falling from 33 percent in 1996 to 11 percent in 2020, due in part to work requirements and time limits on benefits. Furthermore, before welfare reform, nearly one in seven children was receiving monthly cash welfare benefits. More than 90 percent of these recipient children were in single-parent homes, and, on average, these families remained on the program for 13 years. After reform, caseloads plummeted. By 2019, only 3 percent of children were receiving traditional cash benefits, cutting the rate of traditional dependence by nearly 80 percent.

But welfare reform affected only a small part of the welfare system. While reform did dramatically overhaul the main welfare program for families with children, it left the remaining 90 programs in the welfare state largely intact. Although long-term spending was cut sharply, spending in the rest of the welfare state has grown rapidly.

Even worse, rather than building on and expanding the highly successful and popular reform of the 1990s, conservatives simply walked away from the issue. The principles of successful reform have been abandoned and forgotten. For two decades, there have been no serious efforts to strengthen marriage or work requirements within the remaining vast welfare state. Conservatives have remained largely silent on welfare.

The Left has taken advantage of this conservative silence. For two decades, it has steadily pushed to overturn welfare reform and dramatically expand the anti-marriage, anti-work welfare state. For example, in 2021, the Biden Administration sought to completely overturn welfare reform.

The Biden anti-work and anti-marriage plan sought to vastly expand the welfare state with a focus on pumping new cash benefits to non-working single parents. The plan would have provided the largest single-year increase in means-tested welfare spending in U.S. history, adding some \$836 billion in new means-tested spending over five years. Having ignored welfare for decades, conservatives were caught off balance and President Joe Biden's welfare spendathon came two votes short of final passage in the Senate.

Although welfare reform in the 1990s dramatically slowed the decline in marriage, the American family remains in a precarious state. Today, some 40 percent of children are born outside marriage. Aside from the TANF program, welfare spending has continued to rise.

Conservatives should no longer ignore the issues of work, marriage, and welfare. They should, instead, build on and expand the successes of welfare reform. Congress should inject the time-tested principles of reform into the rest of the vast welfare state.

Recommendations

In order to reverse the harmful decline in marriage and reform the welfare state, federal policymakers should:

Remove marriage penalties in welfare programs. If a single mother marries today, her family welfare benefits are substantially reduced. Traditional welfare benefits—by design—create this financial disincentive for low-income parents to marry. Eliminating these penalties across the nearly 90 means-tested programs would reverse this perverse incentive structure and thereby increase marriage among low-income families, create financial and emotional stability for parents and their children, and reduce long-term dependence on government welfare programs. Welfare marriage penalties can be reduced without added costs to taxpayers by eliminating widespread fraud, waste, and excess benefits within the existing welfare system.

Strengthen and enforce work requirements in welfare programs. The majority of Americans believe that able-bodied people should work in exchange for receiving benefits. Yet, most means-tested welfare programs enroll millions of adults who are able to work and choose not to. Congress should strengthen work requirements for non-elderly, able-bodied adults receiving TANF benefits. Congress should establish similar requirements for public housing and food stamps. Loopholes in the Earned Income Tax Credit, which enable recipients to evade work obligations, should be eliminated. Effective work policies should protect families with at least one working parent from poverty.

Replace existing means-tested welfare spending programs with a more effective and efficient system to reduce poverty. Federal and state governments spend more than \$1.2 trillion on means-tested welfare programs. This spending, however, is fragmented, opaque, and nearly impossible to calculate and track accurately. The amount received by the typical recipient family is nearly unknowable and deliberately underreported. To create greater transparency and expose the true size and cost of the welfare state, the key welfare programs should be integrated into a single new program. The opportunity for individuals to receive duplicative benefits from many programs simultaneously should be reduced. The new integrated program should be designed to promote marriage and work, and to reduce fraud and waste. In addition, the deliberately flawed and inaccurate system by which government measures and reports poverty and economic inequality should be replaced with a modern system that, for the first time, counts income and benefits accurately at the macro and family level.

Promote the success sequence. Among young adults who follow the success sequence—finishing high school, entering the workforce or attending college, and then getting married before having children—97 percent are not in poverty. States should adopt laws adding the success sequence to their family life education standards, showcasing data illuminating the value of graduation, work, and marriage for young adults and their families.

Facts + Figures

FACT: Welfare reform reduced government dependence, halted the decline in married, two-parent families, stopped the rise in non-marital childbearing, and sharply reduced child poverty.

- Welfare reform cut the rate of dependence on traditional, work-free cash aid by nearly 80 percent. Before reform, 9 million children were receiving cash benefits from the government. By 2019, only 2.2 million received these traditional cash benefits and many had working parents.
- In 1970, 85 percent of children resided in married, two-parent families. By 1996, the year of welfare reform, the number of children in married, two-parent families had fallen to 68 percent. Since reform, this decline has halted and the number has remained largely steady.
- The non-marital birth rate more than doubled in the three decades before welfare reform, rising from around 20 per 1,000 women in 1960 to 45 births per 1,000 in 1990. Since reform, the non-marital birth rate has remained largely stable.

- Because of welfare reform, today, an additional 9 million children live in married two-parent homes.
- Child poverty in single-parent families has fallen by two-thirds.

FACT: Welfare reform dramatically reduced abortion.

- Some 86 percent of abortions in the U.S. occur among unmarried women. Non-marital abortions are driven by non-marital pregnancy. Welfare reform reduced the non-marital pregnancy rate for the first time.
- After welfare reform, the non-marital pregnancy rate fell from 89.3 per 1,000 in 1992 to 59.6 per 1,000 in 2020. This contributed to a sharp reduction in the non-marital abortion rate, which was cut in half falling from 44 abortions per 1,000 non-married women to 21 per 1,000 non-married women.
- Altogether, changes initiated and promoted by welfare reform have led to 9.8 million fewer abortions.

FACT: Marriage is one of the top factors in promoting human happiness and reducing poverty among children.

- Children raised in single-parent homes have higher crime rates, lower educational attainment, aimlessness, and despair and are five times as likely to be poor as are their peers in married-parent homes.
- Family structure is the most important factor in predicting the upward social mobility of children; children with married parents do best economically, educationally, socially, and emotionally.
- Nearly all means-tested welfare programs have significant marriage penalties. More than 80 percent of the public believe that “the welfare state should not penalize parents when they get married.”

FACT: Requiring work or work-related training for able-bodied individuals as a condition of receiving welfare benefits enjoys broad public support and has positive benefits.

- In 1996, before welfare reform, nearly nine of 10 families on welfare were jobless and dependent on government benefits for more than 13 years.
- [More than 90 percent of the public believe](#) that “able bodied adults who receive cash, food, housing and medical assistance should be required to work or prepare for work as a condition of receiving those government benefits.”
- When mothers who were formerly on welfare find employment, they experience increased physical, emotional, and psychological well-being, and the health and behavioral outcomes for their children are even better.
- Work requirements in welfare also strengthen marriage, encouraging mothers to bond with husbands in marriage rather than seeking open-ended support from the taxpayers through innumerable government welfare programs.

FACT: Total spending on means-tested welfare programs at all levels of government is more than \$1.2 trillion annually.

- In 2018, more than [90 government means-tested welfare programs](#) provided more than \$1.16 trillion in cash, food, housing, medical care, and social services to poor and lower-income Americans.
- In 2018, the [average poor family with children](#) identified as “poor” by the government had around \$18,000 per year in earnings; \$21,000 in government cash, food, and housing benefits; and \$17,000 in free government medical care. Total resources came to \$56,000 per year.

- A major cause of apparent poverty in the U.S. is that the government ignores or undercounts roughly three-quarters of the actual resources received by the families it defines as “poor.” Of the \$56,000 in total resources received by the average poor family in 2018, the government ignored roughly \$41,000.

FACT: The Biden Administration’s rejected American Families Plan would have been the largest welfare increase in U.S. history.

- As stated, the average poor family with children currently receives at least \$56,000 in earnings and government cash, food, housing, and medical care each year. The Biden Administration’s plan would have added another \$11,300 in government welfare support for these families.
- The Biden plan would also have reversed the successful 1990s welfare reforms by resurrecting the failed policy of rewarding families for not working and exacerbating the existing marriage penalties in the welfare system.
- These efforts would have laid the foundation for universal basic income or guaranteed-basic-income schemes. Controlled, random assignment experiments show that such policies [reduce recipient earnings by \\$660 for each \\$1,000 in aid given](#).

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ECONOMIC FREEDOM



Agriculture

Summary and Key Talking Points

Policy Proposals

1. Eliminate the federal sugar program, which falsely inflates sugar prices, hurting consumers and manufacturing jobs.
2. Oppose tariffs and non-tariff trade barriers that prevent farmers from reaching new customers through exports and keep Americans from having access to agricultural imports.
3. Separate food stamps from agricultural programs.

Quick Facts

1. The federal sugar program costs consumers about \$3.7 billion a year, with a disproportionate impact on the poor because they must spend a greater share of their income on food than higher-income households.
2. From 2014 to 2016, just six commodities (corn, wheat, soybeans, cotton, rice, and peanuts) received 94 percent of the farm program support, while accounting for only 28 percent of farm income.
3. According to the Economic Research Service, agricultural exports created an additional \$162.9 billion in economic activity and more than 1 million full-time jobs in 2018.

Power Phrases

Fight Inflation

- Excessive regulations can hinder food production, reduce farm revenue, and cause food price inflation for Americans.
- Taxpayer assistance should only be given when a disaster occurs; it should provide a true safety net, not create a corporate welfare system.
- The interests of taxpayers and consumers should not be ignored, as they often are, when providing assistance to farmers.

Respect Americans' Choices

- Americans should have the freedom to make their own decisions about what they eat. Federal intervention to influence or restrict personal dietary decisions holds Americans back from making the best choices for their own health and lifestyle.
- Excessive environmental regulations trample property rights and discourage farmers from using their land even for ordinary farming activities. A federal one-size-fits-all approach to regulation ignores both the role of states and farmers' natural incentive to be good stewards of their land.

The Issue

Agricultural policy does not merely affect farmers. It is a broad, sweeping issue that affects Americans who have to buy food for their families and the businesses that produce and distribute that food to consumers. Federal government intervention in the food and agricultural sector is far too prevalent, thereby limiting competition, raising prices, stifling innovation, and creating waste.

One of the primary issues in agricultural policy is federal farm subsidies. There is a misconception that these subsidies exist primarily to help farmers when they experience crop losses—a “safety net” for major losses connected to natural disasters. In fact, these subsidies are an out-of-control corporate welfare system that primarily insulates a small number of large agricultural producers from competing in the marketplace. It is easy to see that agricultural producers can flourish without such harmful government intervention: Most U.S. agricultural producers, just like other businesses, do not receive special taxpayer handouts to help them to compete.

Excessive federal intervention in agriculture and food production does not end with farm subsidies. Recent trade disputes, such as those with China, have led to significant retaliatory tariffs on agricultural goods. This makes it more difficult for farmers to export their goods and reduces the range of high-quality and low-cost food options available to consumers. In addition, major environmental regulations trample on the property rights of farmers and ranchers and continue to hamper their ability to produce food. (For more on these regulations, see the “Environment” section.) These regulations often reflect federal agency overreach that can block ordinary farming activities or discourage farmers from even trying to engage in such activities out of fear of civil and criminal penalties.

Increasing federal control of the food that people eat (even to the extent of hindering food innovation that would better meet consumer demand) is an alarming trend. Federal policymakers have unduly influenced or restricted personal dietary decisions, imposing overly stringent and often arbitrary standards on how food can be produced and labeled, failing to respect the basic individual freedom of choosing which foods to eat. This intervention reflects an arrogant assumption that federal bureaucrats know what other people should eat, without regard for rising food prices, the complexity of individual diets, and respect for individual choices.

Too many policymakers simply defer agricultural policy to legislators serving on agriculture committees or to those with large farming constituencies. If the country is going to reduce this federal intervention, which distorts markets, wastes taxpayer dollars, and limits freedom, then *all* policymakers should take a proactive stand to promote the principles of free enterprise and limited government in agriculture.

Recommendations

In order to allow Americans—consumers, farmers, and business owners—to purchase and grow the food that is right for them, Congress should:

Stop paying farmers twice for revenue shortfalls *and* for price losses in the same year. Agricultural producers can receive support from the Agricultural Risk Coverage (ARC) program or the Price Loss Coverage (PLC) program *and* the federal crop insurance program to cover price declines and revenue shortfalls in the same year. In years during which farmers receive a crop insurance indemnity to help with revenue, the U.S. Department of Agriculture should not also provide an ARC or PLC payment. It is duplicative, unnecessary, and wasteful to force taxpayers to provide those same producers with more than one federal revenue-related payment in the same year.

Reduce the premium subsidy rate for crop insurance from an average of 62 percent to 47 percent or lower. Taxpayers should not pay more for the cost of premiums than the farmers who benefit from crop

insurance policies are required to pay. The Trump Administration, the Obama Administration, and the Government Accountability Office have recommended reducing the premium subsidy. The Congressional Budget Office (CBO) has identified reducing the premium subsidy to as low as 40 percent as an option for reducing the federal deficit. When analyzing a 47 percent premium subsidy, the CBO found that it would save taxpayers \$8.1 billion over 10 years. It would also have very little impact on crop insurance participation—a reduction in insured acres of just 0.5 percent, and only 1.5 percent of acres with lower coverage levels.

Shutter the Commodity Credit Corporation (CCC). A relic of the New Deal era, the CCC's statutory authority is deliberately broad and vague, allowing it to function as a de facto agricultural slush fund. This leads to a lack of transparency for the public, a lack of proper control for Congress, and allows abuse by the executive branch. An excellent example is the Biden Administration's Partnerships for Climate-Smart Commodities program, which is poised to deliver billions of dollars in corporate welfare benefits based on dubious environmental claims. There is no direct statutory authority for any program along these lines, let alone a program of such size, yet the CCC's authorizing language is so poorly crafted that the Biden Administration is abusing the program. Congress should end the CCC and only retain programs that Members are willing to reauthorize directly.

Eliminate the sugar program. The federal sugar program intentionally drives up food prices by limiting the sugar supply. As would be expected, American sugar prices are consistently higher than world prices, which negatively affects American consumers and workers in industries that use sugar to manufacture goods. The program costs consumers about \$3.7 billion a year, and there is a disproportionate impact on the poor because a greater share of their income goes to meeting food needs than in higher-income households. Sugar producers and processors should compete in a free market as other businesses do without price guarantees, supply restrictions, import quotas, and other government interventions.

Separate food stamps from agricultural programs. For decades, Congress has passed farm bills by combining food stamps with agricultural programs. This unholy alliance has existed entirely for political purposes to promote the enactment of legislation, with rural legislators presumably pushing for farm subsidies, and with urban legislators presumably pushing for food stamps. Real reform requires that these categories be separated because, like food stamps, agricultural policy needs to be addressed on its own merits. Congress should therefore consider food stamps and agricultural programs in two separate bills, and these programs should be authorized on staggered schedules so that there is no potential for overlap in the future.

Free agricultural trade from government intervention. Trade is often discussed in connection with how it affects countries, but trade as a general matter is about the freedom of individuals and businesses to exchange goods and services voluntarily. American farmers and ranchers, like those in other businesses, should generally be free to sell to customers all over the world. Likewise, consumers should generally be free to purchase goods and services that best meet their needs, regardless of national origin. Government-imposed barriers, such as tariffs, undermine these freedoms. To address unfair practices, the United States should rely on the World Trade Organization's (WTO's) dispute-settlement system instead of relying on tariffs. One of the most important benefits of membership in the WTO is having a legal venue through which to challenge foreign trade barriers.

Stop federal efforts to control or change individual dietary choices. Federal government intrusion into the dietary choices of Americans is growing. Underlying these mandates is the arrogant presumption that the government must guide or even compel the public to make the "right" choices. Congress should respect the most basic and private aspect of Americans' lives: food choices. This should include stopping the Food and Drug Administration's (FDA's) overreach in implementing Obamacare's menu-labeling law. Even though the law applies to "restaurants and similar retail food establishments," the FDA is using it to regulate grocery stores, convenience stores, movie theaters, and other businesses that no reasonable person would think are the same as restaurants. Congress should also clarify that the FDA's role in food safety does not include micro-managing nutritional information.

Refrain from blocking food and agricultural innovation. Congress ignored science when it mandated the adoption of misleading food labels suggesting that foods using genetically engineered crops are somehow less safe than their non-genetically engineered counterparts. Efforts at the state and federal levels (including at the FDA) are making it difficult for producers of new products, such as plant-based dairy alternatives and plant-based and cell-based meat alternatives, to convey the nature of their products accurately to consumers. For example, almond milk producers, who have long included the term “milk” in their product name, might no longer be able to use the dairy-related term due to FDA concern over non-existent consumer confusion. Congress needs to repeal the genetically engineered food labeling law and ensure that the government is not creating protectionist schemes, such as name restrictions, to hinder the sale and development of food products that appeal to consumers.

Facts + Figures

FACT: While agricultural special interests try to perpetuate the myth of the struggling small farmer to help to justify government intervention, farm households in general are much better off than non-farm households. According to the Economic Research Service, in 2020:

- The median household income for all family farms was \$80,060, which is 19 percent greater than the median income for all U.S. households (\$67,521).
- The median farm household wealth for all family farms was \$1,048,208, which is 8.5 times greater than the median household wealth for all U.S. households (\$123,358).
- Commercial family farms (a classification that includes midsize, large, and very large family farms), which received 70 percent of commodity-linked program payments and 76 percent of crop insurance indemnities, had a median household income of \$167,000 or more.
- Large family farms, which received 36 percent of commodity-linked program payments and 41 percent of crop insurance indemnities, had a median household income of \$375,000—almost six times the median income for all U.S. households.

FACT: Most farmers and most commodities receive very little or no subsidies, and if they do receive assistance, it is generally to help to offset actual crop losses.

- A small number of farmers growing a small number of commodities receive almost all the farm handouts, generally for revenue and price protection, not for actual crop losses.
- Entire sectors of the farm economy, such as livestock and specialty crops (fruits, vegetables, and nuts), receive few if any subsidies, especially when it comes to revenue-protecting subsidies, and they thrive without them.
- According to the Congressional Research Service, from 2014 to 2016, just six commodities (corn, wheat, soybeans, cotton, rice, and peanuts) received 94 percent of the farm program support while accounting for only 28 percent of farm receipts.

FACT: For many American farmers and ranchers, agricultural trade is a necessity because they produce more than they can sell domestically.

- According to the U.S. Department of Agriculture, 95 percent of the world’s food consumers live outside the United States.
- From an economy-wide perspective, according to the Economic Research Service, agricultural exports created an additional \$162.9 billion in economic activity and over one million full-time jobs in 2018.

- The Economic Research Service has stated that “U.S. consumers benefit from imports because imports expand food variety, stabilize year-round supplies of fresh fruits and vegetables, and temper increases in food prices.”

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Big Tech

Summary and Key Talking Points

Policy Proposals

1. Ensure enforcement of antitrust law and reform or modernize antitrust laws where necessary. Prohibit the government from using social media platforms as its agents to censor speech.
2. Ban TikTok from operating in the U.S. market and set standards for foreign-owned digital platforms that want to operate in the United States.
3. Establish a federal data protection framework with appropriate standards and oversight for how the federal government and commercial entities collect, store, and share U.S. user data.
4. Protect children from the predations of technology companies through legislation like the Kids Online Safety Act (KOSA).

Quick Facts

1. Habitual social media use is rewiring the brains of children in ways that diminish impulse control, which is vital to life success.
2. Ten percent of the collective artificial intelligence (AI) research labs of Facebook, Google, IBM, and Microsoft were based in China at the end of 2020.
3. China is Apple's second-largest consumer market, with sales there comprising nearly a fifth of the company's annual revenue.

Power Phrases

Expose and Respond to Big Tech's Abuses

- Big Tech erodes individual liberties, divides Americans, and stunts human flourishing and self-governance.
- Big Tech companies censor the speech of Americans and manipulate access to information at the behest of the government.
- Big Tech's practices result in concrete negative effects on the development and well-being of young Americans.

Recognize China's Role in Big Tech

- Apple's dependence on Chinese engineering, manufacturing, and consumers leaves the company at the mercy of Communist Chinese demands. Technology transfers and intellectual property theft from American companies empower China.

The Issue

Big Tech is damaging the fabric of the country. A multipronged effort is required to combat its specific harms on children, the digital public square, the free market, and America’s national security. A layered approach at redressing Big Tech’s abuses should expose its negative influence on civil society, promote the principles of federalism through state legislative action, and build platforms that protect freedom of expression. Absent campaigns on every one of these fronts, Big Tech will continue to erode individual liberties, segment the American citizenry, and stunt human flourishing and self-governance.

Big Tech’s practices result in measurable, deleterious effects on young citizens. Researchers are now able to reify a causal link between social media and negative effects on children and teenagers in the Western world. A January 2023 study conducted by neuroscientists at the University of North Carolina found that social media use, particularly “social media checking behaviors,” could be associated with changes in sensitivity to social rewards and punishments in children’s brains. In other words, habitual social media use is *rewiring the brains of kids as young as 12* in ways that diminish impulse control, which is vital to life success.

Another study published by Cambridge University researchers in March 2022 found a direct relationship between social media use and life satisfaction in younger adolescence. The researchers discovered that “higher estimated social media use predicts a decrease in life satisfaction ratings” and that “lower estimated social media use predicts an increase in life satisfaction ratings” during these critical developmental stages. Companies like Facebook are aware of these effects yet continue to double down and expand efforts targeted at children. As Representative Bill Johnson (R–OH) said at a congressional hearing in March 2021: “Big Tech is essentially giving our kids a lit cigarette and hoping they stay addicted for life.”

In the information environment, Big Tech is leveraging its market dominance to shut off Americans’ direct access to digital information and engage in public information manipulation—often hand in glove with the government—and squelching America’s culture of free speech. As a practical matter, Big Tech companies can now control Americans’ ability to access information. Censorship conducted at the cloud-hosting level or Internet service provider (ISP) level severely curtails direct access to viewpoints and people who run afoul of these providers. By controlling these lower levels of the technical stack on which many other layers (such as digital platforms and applications) depend, a small group of unelected and unaccountable tech executives can pull the plug on entire companies, nonprofits, or even state and local governments—and with very limited recourse.

Big Tech companies have successfully policed the speech of Americans at the behest of the government and manipulated their access to information due in part to anticompetitive practices. Big Tech firms seek to entrench their monopolies by erecting high barriers to entry, engaging in rampant self-preferencing and other anticompetitive practices, and buying and killing innovative young companies. Common behavior includes Apple’s penchant for “Sherlocking” (stealing the core functions of the third-party applications it hosts) and demanding 30 percent commissions on in-app purchases from smaller companies. Amazon effectively requires smaller companies to give it the right to buy massive stakes in those companies for extremely deep discounts rather than at market value. Tech companies also hoard talent by hiring programmers to “work on next to nothing,” in the words of venture capitalist Chamath Palihapitiya, solely to prevent them from being hired by other companies where their skillsets could disrupt the incumbent’s business. Similarly, Big Tech companies are no strangers to the practice of “killer acquisitions” (buying out innovative young businesses just to kill them so they cannot compete with the acquirer in the future). As part of this strategy, Big Tech companies specifically target and terminate the smaller company’s innovation initiatives in order to strangle the future competitor and its incipient ideas in the crib.

On the national security front, Silicon Valley companies that were built in part through partnerships with the Chinese Communist Party (CCP) are reticent to disassociate themselves from the CCP. Apple, for instance,

assembles nearly every iPhone, iPad, and Mac computer it produces in China. The country is Apple's second-largest consumer market, with sales there comprising [nearly a fifth of the company's](#) annual revenue. Apple's dependence on Chinese engineering, manufacturing, and consumers leaves the company at the mercy of CCP demands. In addition to Apple, most Big Tech companies have few qualms about helping the CCP to preserve their access to the Chinese market. Amazon Web Services, for instance, operates at least five joint operations centers in China. Ten percent of the collective artificial intelligence (AI) research labs of Facebook, Google, IBM, and Microsoft [were based in China](#) at the end of 2020. Microsoft has also announced a collaborative AI initiative with ByteDance, the Chinese parent company of TikTok.

Recommendations

In order to protect Americans from Big Tech, Congress should:

Protect children from the predations of technology companies by enacting the Kids Online Safety Act (KOSA), for example. KOSA would create platform accountability and transparency, provide recourse for children and parents against companies that have become more aggressive in targeting children to maximize growth, and require public reports on breaches of parental tools and technical safeguards that include privacy by design, age verification, opt-in features, and stringent default settings.

Prohibit the government from using social media platforms as its agents to chill speech. Officials should not pressure social media platforms to take down content or remove a user for legitimate speech protected by the First Amendment.

Reform Section 230 of the 1996 Communications Decency Act. Lawmakers should strip Section 230 immunity if tech companies censor content based on political and other views protected by the Constitution (with clearly outlined exceptions for specific content, such as legitimate forms of political speech). Lawmakers should also clarify that a platform's choice to algorithmically moderate content does not provide them with immunity for improper moderation decisions. Big Tech companies should not receive liability protection against lawsuits when they act as publishers and alter or restrict content based on political opinion, association, or viewpoint in such instances.

Institute additional reporting requirements. Congress or the Federal Election Commission (FEC), or both, should clarify that tech company equivalents of public accommodations, such as those that benefit from Section 230, that permit access to one political candidate or party but not to other candidates or parties to their platform will be deemed an in-kind and reportable campaign contribution to that candidate or party. Similarly, tech companies should be required to report suppression of political candidates' voices as in-kind contributions for campaigns directly to Congress or the FEC with a public availability component.

Institute data privacy legislation. Establish a federal data protection framework with appropriate standards and oversight for how the federal government and commercial entities collect, store, and share U.S. user data. Consumers must affirmatively opt in to any system that allows their data to be shared with any third party (with possible exceptions for law enforcement and national security authorities), and they must be allowed access to platforms and core software functions if they choose not to opt in.

Ensure enforcement of antitrust law and reform or modernize antitrust laws where necessary. Lawmakers should set the stage for amendments to antitrust laws through scrutiny of Big Tech mergers—past, present, and future—and anti-competitive behavior oversight. Lawmakers should also launch aggressive investigations of relevant federal agencies, such as the Department of Justice and the Federal Trade Commission, to ensure that Big Tech companies are not using legitimate oligopoly power in one market to gain an unfair advantage in another market. At a broader level, these investigations should also verify that Big

Tech companies are not engaging in other illegal antitrust actions, such as colluding to erect barriers for competitors.

Prohibit joint ventures and R&D partnerships with Chinese state-owned entities. Congress should pass legislation which prohibits joint ventures and R&D partnerships with Chinese state-owned entities. This will limit the risk of technology transfer or intellectual property theft from American companies that could empower China's global competitiveness and strategic initiatives.

Ban TikTok from operating in the U.S. market and institute a risk-based framework that triggers specific policies for foreign-owned digital platforms that want to operate in the United States.

Congress should pass a country-neutral risk framework. If a particular criterion or set of criteria is met by a foreign-owned application, a particular policy would then go into action, such as sanctions or a ban on American assets.

Facts + Figures

FACT: Big Tech companies are aware of the impact of their products on children and teens yet continue to redouble their efforts to ensnare the next generation.

- According to a 2021 report in *The Wall Street Journal*, 32 percent of teenage girls who use Instagram said that “when they felt bad about their bodies, Instagram made them feel worse.”
- According to the same report, 6 percent of teenage Instagram users who reported suicidal thoughts traced their thoughts directly to Instagram.
- According to a 2022 Bloomberg report, TikTok’s “blackout challenge,” where players attempt to choke themselves with various items until they faint, was linked to the deaths of approximately 15 children ages 12 or younger in the course of 18 months between 2021 and 2022.
- In 2023, multiple Western media outlets found that TikTok provided registered 14-year-old users with self-harm and suicidal content [within five minutes](#) of creating the account, as well as depression and mental illness posts within similar time frames.
- A [2019 study found](#) a “consistent and substantial association between poor mental health and social media use,” especially among girls.

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Climate Change

Summary and Key Talking Points

Policy Proposals

1. Reject carbon taxes and stop regulation of greenhouse gases.
2. Withdraw from the United Nations Framework Convention on Climate Change (UNFCCC).
3. Withdraw the Environmental Protection Agency's endangerment finding on greenhouse gas emissions and address the uncertainties in climate science.

Quick Facts

1. If the entire industrialized world eliminated all carbon-dioxide emissions, only 0.5°C of warming would be averted by the end of the century.
2. Low-income families would be hardest hit by climate-change policies. Americans with after-tax incomes of less than \$30,000 spend 23 percent of their budgets on energy, compared to just 7 percent for those earning more than \$50,000.
3. Eighty percent of the world's energy needs are met through natural resources like coal, oil, and natural gas.

Power Phrases

Promote a Clean Environment and Affordable Energy

- A clean environment and affordable energy fuel our economy and improve our lives.
- Supporting a clean environment, however, does not mean giving in to climate alarmism that has consistently produced false predictions of catastrophe.
- Many climate-change policies and proposals would be economically disastrous for American families and businesses, with no meaningful climate benefit.
- The U.S. should implement energy policy that improves the well-being of Americans, not harsh policies that would make everything from groceries to gas more expensive for Americans, with little impact on climate-change.

The Issue

No one knows the extent to which human activity plays a role in a changing climate, as do several naturally occurring factors, but global warming is neither a planetary emergency nor justification for any massive, costly government programs to curtail energy use. The Intergovernmental Panel on Climate Change (IPCC), for example, does not conclude that the world has until 2030 to avoid catastrophic global warming. One must distinguish between what climatologists know and what they do not know or *might* know, so that objective, transparent science can inform public policy choices.

Mainstream climate science does not comport with climate change alarmism or catastrophe. The IPCC's most recent report estimates that warming since 1850 amounts to 1.1°C. It found increasing trends in heat waves, heavy precipitation, and some kinds of drought, and it found downward or no trends for hurricanes, winter storms, and extreme cold, floods, tornadoes, or thunderstorms. The most extreme projections for warming—those deemed “most likely” in the IPCC's 2014 Fifth Assessment Report—were downgraded to “low likelihood.”

Objective, transparent science should be an important tool in the formation of public policy. This is especially important because there are still significant areas of disagreement in the scientific community about the nature and pace of warming. Independent efforts to determine the severity of climate change more accurately would help policymakers to take any necessary cost-effective, verifiable, and effectual actions.

No matter how urgent the need to combat climate change, proposed federal policies like cap and trade, carbon taxes, or regulations on vehicles and power plants would be ineffective tools. The U.S. could eliminate all of its greenhouse gas emissions, and there would still not be any significant effect on warming overall. Even assuming that the alarmist projections are correct, because the United States represents only a portion of global greenhouse gas emissions, the entire world would have to change how it consumes energy to have any significant effect on global temperatures. It is pure fantasy to expect that developing countries—technically still including China—would be willing to forego inexpensive and abundant carbon dioxide-emitting energy in favor of more expensive, intermittent sources to provide energy for energy-poor families and their growing economies.

The costs of such aggressive policies are significant and would leave Americans with fewer resources to combat current and future environmental challenges, whether climate-related or otherwise. The direct effect of higher energy costs is just a small part of the story. Energy is a necessary input for nearly all goods and services. Consequently, Americans would pay more for food, health care, education, clothes, and every other good or service that requires energy to make and transport.

Far too often, so-called climate solutions seek to re-engineer America's system of limited, representative government and free enterprise. For instance, the Biden Administration's proposed regulations on power plants and vehicles would impose monumental changes on America's electricity, transportation, manufacturing, and agricultural sectors to reduce greenhouse gas emissions. If enacted, these proposals would fundamentally change how people produce and consume energy, harvest crops, raise livestock, build homes, drive cars, and manufacture goods. Washington would make decisions on behalf of consumers and producers, and every American would bear the costs, with the poor suffering the most. These policies, in addition to being costly, would have no discernible effect on the climate and would strip freedoms and prosperity from the American people.

Recommendations

In order to preserve affordable and reliable energy for Americans, the U.S. government should:

Stop the regulation of greenhouse gases. The Biden Administration has implemented a suite of greenhouse gas emissions regulations and executive orders that have unnecessarily driven up energy prices and eliminated choices while having no meaningful climate impact. Worse are its regulatory efforts to regulate vehicle tailpipe and power plant emissions, that would essentially ban internal combustion vehicles and completely wipe out America's current energy-producing infrastructure. Future Administrations should direct agencies to reconsider and withdraw most of these rules. However, lasting leadership and change must come from Congress. Congress should prohibit the federal government from regulating greenhouse gas emissions and clarify that the Clean Air Act was never intended to regulate greenhouse gases, such as carbon dioxide.

Make targeted spending decisions to build resilient infrastructure. Whether carbon-dioxide levels rise, fall, or stay the same, the United States and the rest of the world will experience extreme weather events. Climate and land will continue to change for a wide variety of reasons. Without question, extreme weather and long-term climate changes can adversely affect communities and infrastructure. The federal government (when applicable), state and local governments, and the private sector should address climate-related infrastructure vulnerabilities through site-specific and situation-specific analysis and spending. Federal, state, and local policymakers should use the best available science to prepare more effectively—*before* storms inflict damage—to maximize resilience and preparedness.

End the use of “social cost of carbon” in government cost-benefit analyses. Federal agencies perform cost-benefit analyses for a wide range of regulatory and permitting decisions. Under the Obama Administration, agencies began to incorporate a “social cost of carbon” in these analyses to assess the alleged social costs of an activity emitting carbon dioxide. The statistical models upon which the federal government relies offer significantly different results when using a variety of justifiable inputs; as a consequence, values are essentially arbitrary and are not credible tools for policymaking. Congress should prevent any agency from using regulatory analysis metrics with the “social cost of carbon” and the “social cost” of other greenhouse gas emissions in any cost-benefit analysis or environmental review. If federal courts force regulators to estimate the costs of climate change, they should assess climate effects in terms of global temperature change as a result of the proposed project, using a tool like the Model for the Assessment of Greenhouse-Gas Induced Climate Change.

Withdraw the endangerment finding and address the uncertainties in climate science. The Environmental Protection Agency should reconsider its endangerment finding on greenhouse gas emissions, recognizing that greenhouse gas emissions are affecting the climate but that no credible evidence suggests that the Earth is heading toward catastrophic warming. Physicist Steven Koonin, former Undersecretary of Energy for Science in the Obama Administration, proposed a climate “Red Team/Blue Team.” Inspired by the national security community’s Red Team exercise to challenge assumptions, reduce risks and uncertainties, and correct for biases, a Red Team/Blue Team would provide a public, transparent exchange on major issues surrounding climate science.

Withdraw from the United Nations Framework Convention on Climate Change (UNFCCC). The most effective way to withdraw from the Paris climate agreement is to withdraw from the entire UNFCCC, the treaty underlying the Paris agreement. The Paris agreement specifies that any government withdrawing from the UNFCCC “shall be considered as also having withdrawn from this Agreement.” The process for withdrawing from the UNFCCC requires one year, which accelerates the process considerably. Moreover, departure from the UNFCCC would prevent future Administrations from using that framework to avoid obtaining the Senate’s advice and consent in the treaty process. Congress should urge the Administration to withdraw from the UNFCCC.

Reject carbon taxes and carbon tariffs. Carbon-based resources account for 80 percent of the energy resources used by Americans. A carbon tax is a tax on energy and, in effect, on the entire economy. Levying a price on carbon dioxide would directly raise the cost of food, electricity, transportation, manufacturing, and nearly every good and service that Americans need and consequently would be regressive, hurting poor Americans—who spend a larger share of their incomes on energy—the most. Similarly, a carbon tariff would impose a carbon tax on imported goods, which would increase prices throughout the economy. Even if Congress implemented a plan to return the revenue to the people and avoid carving out revenue for special interests, Americans would still face higher costs overall and would therefore lose much more than they would gain. Like every other regulatory or subsidy scheme to reduce carbon-dioxide emissions, a carbon tax is by no means a free-market solution, nor would it have any meaningful impact on global temperatures.

Facts + Figures

FACT: Big-government policies to slow down global warming would have no meaningful impact on climate.

- Using the Model for the Assessment of Greenhouse-Gas Induced Climate Change, the United States could eliminate all greenhouse gas emissions immediately and expect only 0.2°C of averted warming by 2100. If the entire industrialized world eliminated all carbon-dioxide emissions, only 0.5°C of warming would be averted by the end of the century.
- Carbon dioxide-emitting natural resources like coal, oil, and natural gas meet 80 percent of the world's energy needs. Coal remains a dominant source of energy globally. Since 2000, global coal-fired power capacity has doubled, and roughly 6,700 coal plants are in operation around the world providing heat and electricity. Even as some Western countries try to phase out coal production and use, new coal plants are being built in Asia, the Middle East, and Africa where access to electricity is desperately needed.

FACT: Climate policies would be costly and would disproportionately harm the poor, farmers, and small business.

- The Green New Deal and other extreme climate policies aim to achieve net zero greenhouse gas emissions by 2050. Because 80 percent of America's energy needs are met by coal, oil, and natural gas, reaching that target would be incredibly costly.
- Using a derivative of the U.S. Energy Information Administration's National Energy Model, Heritage analysts employed a \$300-per-ton carbon tax on the economy that achieved a reduction of 50 percent to 52 percent below 2005 levels by 2030.
- The average employment shortfall would be more than 1.2 million jobs with a peak shortfall of more than 7.8 million jobs. The cost to the overall economy would be \$7.7 trillion through 2030, and the loss of income for a family of four would be more than \$87,000.
- Gasoline prices would increase by more than \$2 per gallon beginning in 2024.
- Low-income families would be hit the hardest by climate policies. Americans with after-tax incomes of less than \$30,000 spend 23 percent of their budgets on energy, but those who earn more than \$50,000 spend just 7 percent of their budgets on energy, according to the American Coalition for Clean Coal Electricity.
- Small businesses would be affected because they rely on vehicle transportation, often pickup trucks, for their businesses.

FACT: "The science is settled" and "97 percent of climatologists agree" talking points are wrong.

- The 97 percent figure comes from a 2013 *Environmental Research Letters* study by John Cook and eight colleagues that examines the abstracts of nearly 12,000 academic papers on climate change and global warming between 1991 and 2011. Of those papers, 66 percent expressed no opinion on anthropogenic warming, 34 percent "endorsed" anthropogenic warming, 0.7 percent

rejected anthropogenic warming, and 0.3 percent were unsure of the cause. Of the 34 percent expressing an opinion on man-made global warming, “97.1 percent endorsed the consensus position that humans are causing global warming.” The claim says nothing about the urgency or danger of climate change.

- David Legates, former director of the University of Delaware’s Center for Climatic Research, and three other researchers analyzed the same set of papers analyzed in the Cook study. They found that a mere 0.3 percent of all papers, or 1 percent of the 4,014 papers expressing an opinion on the matter, claim that the majority of warming since 1950 is man-made.
- There are major areas of uncertainty in climate science. They include the accuracy of climate models (exaggerating warming), how a doubling of carbon-dioxide emissions impacts global temperatures, and which trajectory of greenhouse gas concentrations most accurately reflects the future. There is no consensus on imminent climate catastrophe.

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Debt and Annual Spending

Summary and Key Talking Points

Policy Proposals

1. Eliminate federal central planning programs that pick winners and losers.
2. Reform major entitlement programs to make them fiscally sustainable.
3. Adopt an accountable, responsible, and transparent budget process.
4. Reject tax increases.

Quick Facts

1. The federal debt is currently more than \$257,000 per household—almost the cost of a house. Left unchecked, it will grow by more than 189 percent per person by 2053. Adjusted for inflation, federal spending per capita soared by more than 416 percent, from \$3,782 in 1965 to \$19,515 in 2021.
2. Major health care programs, Social Security, and net interest accounted for 64 percent of federal spending in FY 2022.

Power Phrases

Unleash America's Wealth

- America's families, workers, businesses, and innovators—not the government — produce and own the wealth of this society. They—not government bureaucrats—should decide how to spend it.

Support American Taxpayers

- Current debt and spending levels are unprecedented and unsustainable and threaten economic opportunity and future prosperity for all Americans.

Prevent Inflation from Crushing Purchasing Power

- Every dollar spent by the government is taken from present and future taxpayers, and deficit spending makes inflation worse.
- Out-of-control government spending wastes the money of hard-working Americans that they could have used to expand their businesses, support their families, and invest in our communities.

The Issue

In 2000, the federal budget was balanced, and the national debt stood at \$5.6 trillion. In just over 20 years, the annual deficit has climbed to \$1.7 trillion for fiscal year (FY) 2023, and the gross debt now exceeds \$257,000 per household at \$33.7 trillion. Moreover, this mounting debt and deficit are only two of the many symptoms of the dramatically expanding size and scope of the federal government—a government that consumes more and more of the resources produced by the American people.

Driven in part by response to the pandemic, the federal government spent \$13.4 trillion in FY 2020 and FY 2021—an unprecedented amount by any metric, especially during peacetime. Federal deficits since the start of the pandemic have increased the federal debt by \$10.3 trillion. For perspective, the total debt only reached \$10.3 trillion in October 2008. The massive pandemic-era deficit spending spree was a driving force behind the crushing wave of inflation that began in 2021, followed by punishing interest rate hikes as the Federal Reserve seeks to minimize the damage.

To clarify: Every dollar spent by the government must first be taken from the economy. This money represents real goods and services that are produced by American workers and businesses and then redirected by the government based on the whims of politicians and bureaucrats. Though this growing issue has been exacerbated by the COVID-19 pandemic and the related expansion of the federal government, it also is deeply rooted in the largest and oldest federal programs. As the government consumes and redistributes more and more of the economy, it also inevitably stifles growth and destroys opportunities.

It is equally important to understand the sources of this runaway trajectory. This unsustainable path is the result of exponentially growing entitlement programs, runaway interest costs on the already mountainous federal debt, and Congress's recent binge spending on new non-defense programs. When federal programs grow at a faster rate than the economy—as they have for decades—the share of all resources consumed by the government increases. That is the definition of an unsustainable budget, as the government cannot extract more in tax revenues to pay for this spending than the economy can produce.

Federal spending represents the volume of goods and services produced by Americans that is either redirected to federal government operations and projects or redistributed among Americans. The federal government had already grown to more than one-fifth of the economy before the COVID-19 pandemic and is now projected to grow to almost one-third of the economy in just over another generation. The Left's attempt to frame fiscal policy as a matter of dollars in and out of the government intentionally masks this reality. Ultimately, fiscal policy is a determination of the size of the check signed by the taxpayer.

It is of paramount importance that policymakers remember that the private sector—America's families, workers, businesses, and innovators—produces the wealth of this society. Government, at best, guarantees law and order to facilitate economic activity, but it is not the source—the American people are. Federal spending beyond its original limited mandate is simply the mechanism by which a government redirects resources and redistributes that wealth.

The process through which governments raise revenue and then spend it unavoidably destroys productive arrangements in the private sector and then repurposes what real goods and services remain. Taxation directly hurts productivity by disincentivizing activities such as investment, savings, and work, while deficit spending does so indirectly by crowding out private investment. The immediate stifling of economic activity causes ripples into the future in the same way that planting fewer seeds today means smaller harvests tomorrow. Compounding this stagnation, runaway deficits today mean that far higher rates of taxation will be required in the future simply to manage the debt.

The Congressional Budget Office (CBO) projects that the current fiscal trajectory will bring the debt to one-and-a-half times the size of the economy over the next two decades. Net interest on the debt alone will be the largest federal program, eclipsing the entire national defense budget and the Social Security and Medicare programs. This projected future—in which the largest federal program could be paying interest on money borrowed (in some cases from foreign entities) long ago—is perhaps the starkest reminder of how far the fiscal reality is from what the Founders laid out in the Constitution.

Recommendations

In order to rein in spending and reduce the debt, Congress should:

Limit federal programs to responsibilities enumerated in the Constitution. For at least the past 100 years, the federal government's reach has expanded well beyond its constitutional limits, pushing federal spending to unsustainable heights and stifling the freedom and creativity of the American people. All federal spending comes at the expense of some productive private-sector activity, which must be justified by some compensating benefit. It is therefore vital to limit this harm by restricting the federal government's consumption of resources to what the government requires to fulfill its constitutional role.

Reform major entitlement programs to make them fiscally sustainable. Spending on Social Security and major health care programs is driving the unsustainability of the federal budget. The CBO projects that spending for these programs and net interest on the debt will swell to more than total federal revenues in 2046. Left unaltered, these programs—intended to protect Americans from poverty—would increasingly crowd out economic growth and sap the retirement savings of all Americans. On their present trajectory, Social Security and Medicare are expected to deplete their trust funds in 2034 and 2026, respectively. Policymakers cannot resolve this problem of budget unsustainability without also addressing entitlement spending. Fortunately, reasonable policy options are available that would modernize Social Security and health care programs, return control to Americans, and expand their choices of health care and retirement decisions while at the same time saving money. Lawmakers should make entitlement programs more affordable and fiscally sustainable by returning control of health and retirement decisions to the people.

Eliminate federal central planning programs that pick winners and losers. Mission creep and the overly expansive scope of federal activity undermine congressional and executive focus on performing core federal functions. This tendency has led to the creation of numerous federal programs that micromanage both private activity and the activity of state and local governments. When Washington creates these programs, it acts as a pass-through, absorbing monies, adding layers of bureaucracy, and redistributing wealth to well-connected and politically favored businesses and other entities. Congress should work toward reducing or ending most spending on welfare, health, infrastructure, education, energy, and other domestic programs. Private entities and state and local governments are best able to manage such activities effectively and efficiently.

Reduce the growth of federal spending to less than the growth of the economy. Whenever government spending is set to grow faster than the economy—as it has been for decades—the government is consuming and redistributing an ever-larger share of the goods and services produced by Americans, stifling both innovation and job creation and limiting the freedom of all Americans. Furthermore, government cannot sustainably increase spending faster than economic growth increases over the long run. The only way to ensure the freedom and prosperity of the American people and allow greater innovative investment in the future is to reduce the growth rate of federal spending to less than the rate at which the economy grows.

Implement fiscal controls to ensure responsible long-term balance. The best way to achieve a balanced budget is by reducing spending, not by raising taxes. Caps on federal revenues, paired with controls that keep government spending from increasing faster than economic growth, would ensure that the ratio of debt to

gross domestic product decreases to sustainable levels. Left unchecked, the current uncapped nature of federal taxation and deficits could well lead to economy-wrecking levels of taxation and the exponentially increased crowding out of private investment. Congress must focus both on its spending and on how that spending is financed. It is imperative that Congress reduce the footprint and long-term burden of the means by which the federal government raises revenue. The longer Congress waits, the closer the nation gets to a debt crisis, and the harder it will be to implement the needed reforms.

Eliminate budget gimmicks and unhelpful accounting practices. Budget gimmicks promote wasteful spending and thrive on a lack of transparency. Congress should eliminate them from the budget process. These gimmicks include creating temporary programs that are designed to force future Congresses to take hard votes to make them permanent, using scoring methods that undercut the true cost of programs rather than dynamic scoring or fair-value estimates, using scoring conventions that create false pay-fors, relying on baselines that assume continuous spending growth, or using shell budgets to ram large spending and tax bills through Congress. These practices and many more obscure the true cost of federal action and the incomprehensible mountain of federal programs: Even Washington lacks a firm accounting of how many federal programs exist. Supporters will claim that these practices bring order to the budget process, but they only help the federal bureaucracy to find new ways to expand itself and the burden borne by the American people.

Adopt an accountable, responsible, and transparent budget process. The 1974 Budget Act provides a timeline to guide completion of the congressional budget process and lays out clear deadlines to ensure that Congress enacts appropriations bills before October 1 of each fiscal year. The budget process allows Congress to evaluate priorities carefully and perform critical oversight of how agencies are spending taxpayer dollars. However, Congress has no will and little incentive to follow the budget process. The last time Congress completed each required step on time was in 1996. The rules intended to keep the process running smoothly are weak and largely ignored by both parties. This has led to a cycle of continuing resolutions, massive omnibus spending bills, and periodic lapses in appropriations. The budget and appropriations process has morphed from what was intended to be an orderly exercise into a continuing series of funding fights as Congress lurches from one crisis to the next. Amid this chaos, any semblance of fiscal restraint has been lost. Returning to the transparent budget process as laid out in law is a crucial step toward the restoration of a federal government that respects the American people.

Reject tax increases. While some on the Left look to tax hikes to reduce the deficit, this is an illusion that would simply trade one economic burden for another. Every dollar spent by the government must first be taken from the economy. Whether that dollar is taken through direct taxation, borrowing, or monetization of the debt (printing money just to finance the federal deficit), it is removed in a way that stifles investment and saps the purchasing power of all Americans. Tax cuts and pro-growth reforms, such as those implemented by the Tax Cuts and Jobs Act of 2017, improve the economic outcomes of all Americans by removing disincentives for private investment. These reforms led to the lowest unemployment and fastest real wage growth in 50 years. Tax increases, on the other hand, serve only to destroy productive economic endeavor. Instead of offsetting the true cost of federal spending, they mask the burden while destroying the foundations of the economy. The problem is not that taxes are too low, but that the government spends too much of what Americans earn and produce.

Facts + Figures

FACT: If the country is to avoid a fiscal crisis, Congress must reform entitlements.

- Major health care programs, Social Security, and net interest accounted for 64 percent of federal spending in FY 2022.
- Major health care programs, Social Security, and net interest will account for 79 percent of federal spending growth over the next decade.

FACT: The growth rate of federal spending—and the government’s consumption of the economy—is unsustainable.

- The growth of non-defense spending has driven the increase in the size and scope of the federal government.
- The problem with the federal budget is the rate of spending growth. While tax revenues will grow above the historical norm under current law, federal spending is projected to surge every year moving forward, which means that the federal government will consume and redirect almost one of every three dollars’ worth of the work done by all Americans within a generation.
- Adjusted for inflation, federal spending per capita soared [by more than 416 percent](#), from \$3,782 in 1965 to \$19,515 in 2021.

FACT: The current federal debt trajectory and the Left’s plans for more spending would lead to a catastrophic debt crisis.

- The federal debt is projected to nearly double as a percentage of the economy in just over one generation.
- The federal debt is currently more than \$257,000 per household—almost the cost of a house—and, left unchecked, [will grow by more than 189 percent per person](#) by 2053.

Resources

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David Ditch, [As National Debt Hits \\$32 Trillion, 4 Examples of Absurd “Only in Washington” Budget Logic](#), Heritage Foundation *Commentary*, June 26, 2023.

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Deregulation

Summary and Key Talking Points

Policy Proposals

1. Require congressional approval of new major regulations issued by agencies.
2. Congress should set sunset dates for all major regulations.
3. Subject independent agencies to executive branch regulatory review.
4. Require regulatory standards to be based on factual data, and ensure that public access to all such data be provided.

Quick Facts

1. Private sector regulatory costs increased by \$122 billion annually during the Obama Administration.
2. Based on fiscal year 2017 budget figures, administering red tape will cost taxpayers nearly \$70 billion, an increase of 97 percent since 2000.
3. Excessive regulation stunted average GDP growth by 0.8 percent annually since 1980.
4. Total regulatory costs are commonly estimated to exceed \$2 trillion annually from an estimated 3,500 regulations imposed each year.

Power Phrases

A Focus on Savings

- A typical American household could save thousands of dollars each year on everything from housing and gas to food and clothes with better regulation.

Cost of Regulation

- Not all regulations are unwarranted, but volumes of outdated and unscientific regulations cost hundreds of billions of dollars per year, hitting low-income families and fixed-income seniors the hardest.

Congressional Approval

- It is time for a serious national discussion about the federal government's extensive role in regulating activities that can be overseen more effectively by those closer to the activity.
- No regulation should be adopted if the American people and their representatives in Congress do not agree that it is legally authorized, necessary, and properly designed.

The Issue

Thousands of federal regulations have been eased as a result of the COVID-19 crisis to speed production of protective gear and development of treatment tools. This deregulatory sweep represents explicit acknowledgement that unnecessary regulation undermines public health and well-being. Economic recovery post-COVID-19 likewise requires Congress and the White House to lighten the regulatory burden on employers and investors.

President Donald Trump's executive order of May 19, 2020, directs federal agencies to exercise regulatory restraint. But it will require action by Congress as well to ensure that meaningful reform outlasts the current Administration. Conventional wisdom has long held that government regulation is the only way to protect the public interest. We now know better: Forty years of command-and-control regulatory schemes have led to massive, ineffective, and unaccountable bureaucracies and a raft of costly unintended consequences.

Most regulatory intervention embodies the Progressive conceit that government knows what is best for us all. But even well-intentioned central planners cannot possibly possess the vast and ever-shifting knowledge necessary to determine the optimal course of action—especially when global markets are involved.

The self-interest of entrepreneurs and investors increases the likelihood of success. Consumers and competitors impose penalties for errors in judgment swiftly and stringently. In contrast, political imperatives trigger government action, which is largely insulated from consumer demand, competition, and financial discipline.

Government remedies are inherently weak because political concessions are necessary for them to gain acceptance. As economist Richard Stroup noted, “A political solution cannot be purchased—only rented.” Regulatory schemes are also unreliable because neither Congress nor the White House is bound by the actions of its predecessors, except in the granting or sale of private rights.

Regulations also shift labor and capital away from productive activities, such as innovation and job creation, to compliance activities. The burden falls heaviest on new businesses, which inhibits job creation, undermines competition, and secures the dominance of incumbent firms. Unsupportable compliance costs also drive mergers, further consolidating markets.

Regulatory costs are not a problem just for business. Low-income families and fixed-income seniors are also hit hard by government edicts. The costs of compliance increase the prices of products and services across the economy, including soaring energy bills from renewable energy dictates, increased food bills from excessive production standards, restricted access to credit due to some 400 Dodd-Frank regulations, and higher medical costs as a result of the inaptly named Affordable Care Act—to name a few.

Conservatives rarely shape the debate on environmental policy, too often focusing on regulatory costs rather than on an alternative agenda. But green eyeshades cannot compete for public support against the seemingly selfless agenda of green activists. Americans care deeply about the environment and expect public officials to act. Conservatives must avoid merely opposing the green lobby's agenda and must put forth a platform for responsible stewardship. As noted in a previous Heritage report, *Protecting the Environment: A Free Market Strategy*, “While the conservative critique is well known, the conservative agenda is not.”

Reform is hindered by the immensity, complexity, and lethargy of the federal regulatory apparatus. A simple repeal requires adherence to a ream of administrative procedures, such as analyzing alternatives and presenting justification for public notice and comment. Litigation is rampant and protracted.

The need for reform has never been greater. Regulation acts as a stealth tax on the American people and the U.S. economy, and exacts an incalculable toll on individual liberty.

It is not enough to repeal individual rules or tweak the rulemaking process. A more substantive national debate must address the extent to which it is appropriate for the federal government (or any level of government) to intervene in matters that can be managed by the states and, in many instances, by the private sector, more effectively.

Recommendations

Permanently eliminate regulations that were waived as unnecessary during the COVID-19 crisis.

There is no need to maintain red tape that interferes with the delivery of medical care and the health of the economy. The Administration and Congress should prioritize the repeal of rules deemed unnecessary in combating COVID-19.

Require congressional approval of new major regulations issued by agencies. Congress, not regulators, should make the laws and be accountable to the American people for the results. No major regulation should be allowed to take effect unless and until Congress explicitly approves it. In addition, legislators should include requirements for congressional approval of rules in every bill that expands or reauthorizes regulation.

Congress should set sunset dates for all major regulations. Rules should expire automatically if not explicitly reaffirmed by the relevant agency through the formal rulemaking process. As with any such regulatory decision, this reaffirmation would be subject to review by the courts.

Codify regulatory impact analysis requirements. All executive branch agencies are currently required to conduct regulatory impact analyses (including cost-benefit calculations) when proposing any new major rules. Codifying these requirements would ensure that they cannot be rolled back without congressional action, and provide the basis for judicial review of agency compliance.

Subject independent agencies to executive branch regulatory review. Rulemaking is increasingly being conducted by independent agencies outside the direct control of the White House. Regulations issued by agencies such as the Federal Communications Commission, the Security and Exchange Commission, and the Consumer Financial Protection Bureau are not subject to review by the Office of Information and Regulatory Affairs (OIRA) or even required to undergo a cost-benefit analysis. This is a gaping loophole in the rulemaking process. These agencies should be fully subject to the same regulatory review requirements as those to which executive branch agencies are subject.

Increase professional staff levels within OIRA. OIRA is one of the only government entities in Washington that is charged with limiting, rather than producing, red tape. More resources should be focused on OIRA's regulatory review function. This should be done at no additional cost to taxpayers: The necessary funding should come from cuts in the budgets of regulatory agencies.

Require agencies to base decisions on factual data, and to disclose any such data for public review.

Federal agencies routinely mask politically driven regulations as scientifically based imperatives. The supposed science underlying these rules is often hidden from the public and unavailable for vetting by experts. Credible science and transparency are necessary elements of sound policy.

Facts and Figures

FACT: Total regulatory costs are commonly estimated to exceed \$2 trillion annually (although there is no official tracking).

- There is no accurate accounting of the hundreds of departments, agencies, sub-agencies, and commissions from which an estimated 3,500 regulations materialize each year.

FACT: Private sector regulatory costs increased by an astonishing \$122 billion annually during the Obama Administration, according to analyses by Heritage experts.

- That was nearly double the \$68 billion in private sector costs imposed under the Administration of President George W. Bush.

FACT: Regulatory costs have increased by 97 percent since the year 2000.

- Based on fiscal year 2017 budget figures, administering red tape will cost taxpayers nearly \$70 billion, an increase of 97 percent since 2000.
- A big part of the increase is the growing legions of regulators—who now number an all-time high of 279,000.

FACT: The United States is currently ranked as only “Mostly Free” in The Heritage Foundation’s Index of Economic Freedom.

- Francis Scott Key’s characterization of America as the “land of the free” is no longer accurate. The United States ranked only “mostly free” in The Heritage Foundation’s *2019 Index of Economic Freedom*, trailing Hong Kong, Singapore, New Zealand, Switzerland, Australia, Ireland, the United Kingdom, Canada, the United Arab Emirates, Taiwan, and Iceland.

FACT: Excessive regulation stunted average GDP growth by 0.8 percent annually since 1980, according to a 2017 report by the White House Council of Economic Advisors.

FACT: Five of the six richest counties in the United States ring Washington, D.C., which may demonstrate that the greater government interference grows, the more essential political influence becomes.

Additional Resources

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Energy

Summary and Key Talking Points

Policy Proposals

1. End ineffective regulations that increase the cost of energy while doing little to improve air quality or reduce pollution.
2. Eliminate government subsidies for all energy resources and technologies.
3. Curb government energy efficiency mandates that override consumer preferences.
4. Make it easier to introduce alternative energy sources such as nuclear energy, a proven source of safe and clean energy.

Quick Facts

1. The U.S. is the world's number one producer of petroleum and natural gas.
2. Federal energy subsidies cost American taxpayers \$15 billion in FY 2016, with over \$6.5 billion going to renewable energy.
3. The U.S. generates almost 20 percent of its electricity from 97 nuclear power plants, representing over 55 percent of America's emissions-free electricity.

Power Phrases

Fueling Our Lives

- Energy is essential to every product and service Americans use and every activity we engage in, from heating our homes and running our schools and hospitals to fueling our vehicles and producing the goods we buy.

Empowering Americans, not Bureaucrats

- It is not the government's role to promote one energy source over another or force people to use a particular type of fuel. Energy policy should be consumer-centric, not Washington-centric.
- Allowing energy choice empowers American families and businesses, rather than bureaucrats, lobbyists, and politicians, to make decisions.

The Issue

Energy is essential to nearly every product and service Americans use and to every activity in which they engage. Whether with electricity, energy technologies, or fuels, energy heats homes and meals, runs schools and hospitals, powers businesses that create jobs, and fuels vehicles that connect people with products that use energy resources as basic feedstock—products as wide-ranging as cosmetics, athletic equipment, pharmaceuticals, paints, and pipelines. Affordable, reliable energy is worth continuing to strive for and should be enjoyed unapologetically.

Perhaps because energy is so intertwined with the economy, politicians routinely meddle in energy markets to micromanage for preferred outcomes. Big government approaches to energy policy aim to centrally plan, actively manage, and pre-condition energy choices in order to serve political agendas. Unnecessarily burdensome laws and regulations have driven up energy costs, reduced those choices, and opened the door to cronyism.

Subsidies through the tax code, grants, guaranteed market share, loans and loan guarantees, and government-funded research and development have become popular ways to implement energy policy. This has wasted billions of taxpayer dollars and distorted private sector investments. Politicians, bureaucrats, and companies with effective lobbying arms not infrequently also use the regulatory process to block access to some resources and technologies or hedge out competitors.

While subsidies may appear to benefit the recipients, advantages are short term at best. When government insulates technologies or certain companies from the prospect of failure or competition, it removes healthy forces that drive creativity and solutions in the long term. Government subsidies also create barriers to entry for innovative, unsubsidized energy companies that must compete for customers against companies backed by the government and U.S. taxpayers. Further, although government experts might appear to know how best to plan energy resources and use for the future, they are often wrong, slow to adapt, and incapable of complete knowledge of a dynamic global sector. Indeed, almost no one anticipated the oil and gas boom in America created by hydraulic fracking, which has fundamentally transformed global energy markets.

Relying on free enterprise and the private sector's ability to innovate to meet America's diverse energy needs is a far better approach. Fuel and technology-neutral competitive markets allow prices to communicate accurate information to producers and customers about the value and cost of energy. This allows the endless creativity of people to anticipate and meet customer energy needs and preferences. Ultimately, competition to meet consumer preference in energy services empowers American families and businesses, rather than bureaucrats, lobbyists, and politicians, to make decisions. Congress should focus on reducing ineffective and economically harmful regulations, opening access to resource development, and eliminating subsidies for all energy resources.

Recommendations

Stop the regulation of greenhouse gases. The Obama Administration implemented a suite of greenhouse gas emissions executive orders and regulations under the Clean Air Act¹ that have unnecessarily driven up energy prices and eliminated choices, while having no meaningful climate impact. President Trump rightly directed agencies to reconsider and withdraw some of these rules. However, lasting leadership and change must come from Congress. Congress should prohibit the federal government from regulating greenhouse gas emissions and clarify that the Clean Air Act never intended to regulate greenhouse gases.

End use of social cost of carbon in government cost-benefit analyses. Federal agencies perform cost-benefit analyses for a wide range of regulatory and permitting decisions. Under the Obama Administration,

agencies began to incorporate a “social cost of carbon” in these analyses to assess the alleged social costs of an activity emitting carbon dioxide. The statistical models upon which the federal government relies offer significantly different results using other reasonable inputs, such that values are essentially arbitrary and are not credible tools for policymaking. Congress should prevent any agency from using regulatory analysis metrics with the “social cost of carbon” and the “social cost” of other greenhouse gas emissions in any cost–benefit analysis or environmental review. If federal courts force regulators into estimating the costs of climate change, they should assess climate impacts in terms of global temperature change as a result of the proposed project using a tool like the Model for the Assessment of Greenhouse-gas Induced Climate Change rather than using the social cost of carbon.

Eliminate subsidies for all energy resources and technologies. In 2015, Republicans and Democrats reached a compromise to extend wind and solar tax credits one more time and put them on a schedule to sunset. Congress should hold to that promise and wind down tax credits for *all* energy technologies. It should also reform the tax code to allow for immediate expensing for all capital investments. Relatedly, Congress should eliminate Department of Energy (DOE) subsidized research and development for commercial energy technologies. It is neither appropriate for taxpayers nor a necessary role of the federal government to fund or conduct such research. Furthermore, Congress should prohibit any further taxpayer-backed loans to private companies and eliminate the DOE’s loan-guarantee program.

Reform offshore energy leasing. America keeps the vast majority of its territorial waters off-limits to energy production, but that has not always been the case. Congress should open America’s coasts for offshore oil, gas, wind, and other energy resource exploration and development. It should eliminate the Department of Interior’s five-year leasing plans and authorize the Department of the Interior (DOI) to conduct lease sales, if interest for development exists, while considering the interests of states that would be most impacted by that development. Such a reform would allow the safe development of energy off America’s coasts and replace the lengthy and unnecessary planning process for a system that is more responsive both to price changes and to the needs and interests of states. Bidding on the leases would not be exclusive to energy companies but open to all parties, including those interested in environmental preservation rather than resource development. Reform should also include transferring environmental review and permitting process to the states, along with at least 50 percent of the revenues generated by onshore oil and natural gas production on federal lands.

Eliminate government energy efficiency mandates. Federal efficiency mandates, rebate programs, and spending initiatives too often assume either that all Americans use energy the same way, or that the government knows better how Americans should use energy. Congress should affirm the ability and freedom of Americans and businesses to make decisions that best meet their needs by eliminating all mandatory efficiency regulations and subsidies for vehicles, appliances, and buildings. At a minimum, mandates should be restructured as voluntary standards under which businesses and consumers can choose their level of participation.

Overhaul nuclear energy regulation. The regulatory system that licenses and permits nuclear reactors failed to keep up with technological innovations and overregulates existing nuclear technologies. Instead of addressing underlying government-imposed problems, policymakers have focused on mitigating the cost of those policies through subsidies, leading to a predictable path of failure: While such an approach may spur some commercial activity, that commercial activity is limited only to what is subsidized. Nuclear plants in America today continue to exhibit superior safety performance. Policy and regulations should reflect that track record. Congress should instill regulatory discipline at the Nuclear Regulatory Commission (NRC), direct the Environmental Protection Agency to right-size radiation-exposure standards, review foreign ownership caps, reform the NRC’s cost-recovery structure, and address the convoluted export regulatory regime.

Complete the review of Yucca Mountain, and introduce market forces into nuclear waste management. Congress has failed either to change current law or appropriate the funds necessary for the NRC to review the DOE’s permit for a nuclear waste repository at Yucca Mountain. This unnecessary limbo has been

costly to taxpayers and has created problematic uncertainty for the current and future nuclear industry. Congress should provide enough funding to complete the license review to allow contentions to be adjudicated, and all of the information should be brought together for Congress, the State of Nevada, and the nuclear industry to make prudent decisions about next steps. Ultimately, Congress must introduce market forces in nuclear waste management for it to be a successful, dynamic part of the fuel cycle and nuclear industry. Nuclear waste management should be primarily a business activity, not an inherently governmental activity.

Encourage choice in electricity markets. Competitive electricity markets have served customers well. Some states have accomplished the transition from monopolies to competition more successfully than others, and additional free-market reforms are necessary to spur more entrepreneurial activity in electricity markets. However, when the underlying structure of competition is sound, the benefits to energy consumers are unambiguously positive. Competition in electricity services allows greater customer choice through the power of the consumers' own dollars rather than through the disconnected votes of a small panel of public utility commissioners. Consumer choice comes not only in the form of resource choice (renewables, conventional fuels, or a mix) but also in the form of financial choices (e.g., fixed rates, risk preferences, indexed rates, or short-term or long-term contracts).

In the end, because electricity providers have to work for their customers, prices are competitive and quality improves. States should fix anti-competitive energy policies like renewable energy mandates, which have wreaked havoc in the electricity sector by putting politics and special interests over customers. Similarly, the Federal Energy Regulatory Commission should work vigorously to uphold fuel and technology neutral competition in electricity markets.

Repeal the Renewable Fuel Standard (RFS). There is near universal agreement among energy, agriculture, food industry, and environmental groups that the RFS is bad policy and that it has had negative unintended consequences. Despite nearing the goal of the mandate to use 36 billion gallons of ethanol by 2022, this policy has proved unworkable. Tinkering around the edges will not rescue it. Moreover, the federal government should not mandate what type of fuel drivers use in the first place. Instead of attempting to reform the RFS, or continually calling on the EPA to waive or negotiate annual mandates, Congress should repeal the RFS to protect Americans from artificially higher food and energy prices, and eliminate unfair subsidies that go to a small set of special interests that benefit from the mandate.

Facts and Figures

FACT: Energy subsidies waste taxpayer money and actively prevent innovative energy technologies from thriving in the market.

- Federal energy subsidies cost American taxpayers \$15 billion in fiscal year 2016. Renewable energy activities received 45 percent of this, more than any other sector. While this is a decrease from the record high from the Obama Administration's Recovery Act, the Energy Information Administration found that hundreds of energy subsidy programs still exist.
- Energy companies do not need government incentives. With the enormous value of the energy market (over \$6 trillion for electricity and transportation fuels), any innovative technology or company that could capture even a tiny sliver of this market would be enormously successful.
- There is no such thing as a perfect energy resource or technology. All have tradeoffs and benefits that should be weighed by investors and customers rather than politicians and bureaucrats. Subsidies muddle this rational decision-making process.

FACT: 80 percent of energy consumed by American families and businesses came from coal, oil, and natural gas.

- Three decades ago, proven world oil reserves were 645 billion barrels; at the end of 2018, it was more than 1.73 trillion barrels. Despite constant cries that the world is running out of oil, innovative technologies have allowed increased discoveries around the world. There is no shortage of energy resources, and attempts to limit access to energy only hurt Americans.
- The U.S. has an abundance of natural resources and is the world's number one producer of petroleum and natural gas. Since 2010, U.S. exports of crude oil and petroleum products have more than doubled. America also has nearly 500 years' worth of coal underneath its soil at current consumption rates.

FACT: Competition has been good for the nuclear industry; however, the industry is over-regulated and faces significant government-induced risk.

- The U.S. generates almost 20 percent of its electricity from 97 nuclear power plants. In 2018, nuclear reactors generated over 801 million megawatt-hours of electricity—more than ever before. This power is reliable, safe, and free of air pollutants. Though many states do recognize nuclear energy in greenhouse gas emission mandates, nuclear energy also produces over 55 percent of America's emissions-free electricity.
- Since 2013, seven reactors have closed, in most cases before their operating licenses expired. This is due to a variety of reasons, some legitimate (like competing low natural gas prices) and others a result of government interference (unnecessarily high regulatory costs on the nuclear industry and subsidies for competitors).
- However, market pressure also has been good for the nuclear industry. A Nuclear Energy Institute initiative to find industry-wide operating efficiencies reduced costs by 19 percent, resulting in \$1.6 billion in savings.
- The federal government's inability to collect nuclear waste as stipulated by the law has cost taxpayers \$7.4 billion in legal damages to nuclear power plants. Today, the federal government remains liable for over 81,000 tons of commercial nuclear waste. The DOE projects future liability to be \$28.1 billion, but this is misleading because it assumes work on Yucca Mountain will restart in 2021. The nuclear industry estimates at least \$50 billion in liabilities.

FACT: Renewable energy technologies supply a growing share of electricity; however, government intervention hides costs and harms competitiveness.

- Renewable energy technologies supplied 17 percent of American's electricity in 2018, with 7 percent coming from hydropower, 6.5 percent from wind, 1.5 percent from solar, and the rest from biomass and geothermal. Costs continue to fall; however, subsidies prevent true costs and demand from being known.
- Policies like the wind production tax credit and solar investment tax credit create harmful dependency on taxpayers and boom and bust cycles based on political calendars rather than actual customer demand. Other government interventions like monopoly-run electricity markets and federal tariffs have rewarded failing companies at the expense of others, blocked access to customers, and prevented American companies from using competitive components in order to provide the best, most affordable service.
- Wind and solar energy impose hidden costs on other power plants, especially in states that mandate renewable energy use. Consistently reliable plants—usually coal, natural gas, or nuclear—must be available as backup power and consequently must run inefficiently to accommodate wind and solar. According to a study by the Institute for Energy Research, this imposes hidden costs of at least \$21 extra per megawatt-hour for solar, and \$24 per megawatt-hour for wind.

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Entitlements

Summary and Key Talking Points

Policy Proposals

1. Make entitlements more targeted and sustainable by giving Americans greater control of their health and financial well-being.
2. Preserve Social Security for the most vulnerable, modernize the program's structure, restore to workers more control of their own money, and improve Social Security's Disability Insurance program so that it can serve individuals with disabilities more effectively while ensuring efficiency for taxpayers.
3. Modernize Medicare to adapt to changing demographics, restore Medicaid to a true safety net, and replace Obamacare with a patient-centered approach that expands choices, improves access, and lowers costs.

Quick Facts

1. America has four major entitlement programs—Social Security, Medicare, Medicaid, and Obamacare—and nearly 90 other means tested programs. Congress recently attempted to establish but has not yet passed two new entitlement programs for government-provided paid family and medical leave and childcare.
2. The Social Security payroll tax has grown from 2 percent in 1935 to 12.4 percent today and would have to increase to 16.53 percent in 2035 for the program to remain solvent.
3. Medicare enrollment is expected to increase from 60 million in 2018 to over 77 million by 2030, at which point it will cost \$1.67 trillion annually.
4. Medicaid enrollment is expected to increase from 74 million to 82 million by 2027 at a cost of over \$1 trillion annually to federal and state taxpayers, and Obamacare subsidies are expected to reach 8 million by 2030 at a cost of \$87 billion.

Power Phrases

High-Cost, Low-Control Entitlement Programs

- Each of our country's major entitlement programs has proven to be inefficient, costly, and restrictive.
- These programs take money and personal health and financial decisions away from Americans and put it into one-size-fits-all benefit programs that are controlled by politicians.
- Entitlement programs also strip Americans of opportunity and autonomy, cost more and provide less than options that offer personal control and ownership, and unfairly burden younger generations and future workers with crippling costs.

Refocus and Reform

- America's entitlement programs have grown far beyond their purpose, and their financial instability threatens their ability to protect even the most vulnerable.
- Entitlement programs should refocus on protecting the most vulnerable while giving the people they serve greater control and ownership of their health care and financial well-being.

The Issue

America's major entitlement programs—Social Security, Medicare, Medicaid, and Obamacare—provide income and health care benefits to older Americans as well as health care benefits to lower-income and middle-income individuals and families. But those benefits come at an extreme cost to current and future Americans and their families because these programs strip people of opportunity and autonomy, cost more than is necessary or prudent, and shift current costs onto younger and future workers.

Entitlements take money from taxpayers—money that they could otherwise use or save according to what works best for them and their families—and use that money to support programs that provide restricted, government-prescribed benefits. On average, for example, Social Security's Disability Insurance program requires workers to spend more than a year navigating a burdensome application process before receiving final approval or denial of benefits. Because of the heavy regulation and top-down government mandates in Medicaid and Obamacare, Americans now have fewer choices and less access. Meanwhile, because the number of workers who support each Medicare beneficiary is declining, those workers will have to pay more and more in taxes to pay for seniors' health care. And Social Security's taxes prevent workers from maximizing their savings over their lifetimes for purposes like buying a home, saving for a child's college education, or paying for living expenses during a period of unemployment.

In addition to limiting choices, entitlement programs drive up costs. Pay-as-you-go entitlement programs like Social Security that use current workers' payroll taxes to fund retirees' benefits strip workers of the opportunity to earn a positive return on their savings. Consequently, average retirees could receive two to three times as much by saving on their own as they can by having their money go into Social Security. And Obamacare rewards insurance companies for raising prices—matching their increases dollar for dollar, which incentivizes higher health care costs for everyone.

Social Security and Medicare are so popular partly because recipients receive far more from them than they pay in—about 2.5 times as much on average. If workers had to pay the true cost of the benefits they receive, few would be willing to sacrifice nearly 40 cents—roughly 2.5 times as much as they pay in current payroll taxes—of every dollar they earn. Instead, all of those extra costs have been piling up, creating a \$422,000 debt (including just Social Security and Medicare) to be unloaded on every worker when America's day of debt reckoning comes.

America's entitlement programs have value as social safety nets, but they have grown far beyond that purpose and discourage some individuals who are able to provide for their own health care and retirement needs from doing so. America's entitlement systems should return to their original intent of protecting America's most vulnerable while giving individuals greater control and ownership of their health care and financial well-being.

Recommendations

Preserve Social Security for the most vulnerable while restoring to workers more control of their own money. Social Security started out as an old-age social insurance program intended to protect a relatively

small number of elderly individuals from living in poverty. Over the decades, however, it has expanded massively in size, scope, and cost to the point that two out of every three Americans pay more in Social Security taxes than they do in income taxes and 42 percent of Americans rely on Social Security for at least half of their retirement income. Social Security's more than fivefold increase in taxes and its dominant role in Americans' plans for retirement income leave workers with less control and lower incomes than they otherwise would have. Moreover, the program's insolvency—which will result in benefit cuts of approximately 25 percent beginning in 2033—threatens workers' retirement security.

To ensure that Social Security is there for workers who need it and to increase workers' incomes both before and during retirement, the program's eligibility age should reflect rising life expectancies and increased work capabilities. Benefits should better target workers' needs by shifting to a predictable, poverty-prevention, and modernized benefit structure. Social Security should apply a more accurate inflation measure to annual benefit increases, and workers should have an option to save for retirement outside of Social Security. These changes would make the program solvent over the long run and would allow for a significant reduction in workers' payroll taxes, enabling workers to spend, save, and invest more of their own money.

Improve Social Security's Disability Insurance (SSDI) program so that it better serves individuals with disabilities while ensuring efficiency and integrity for taxpayers. The SSDI program has served as a lifeline for certain individuals with disabilities, but its more than tenfold expansion in size and scope since 1970 has produced inefficiencies and inadequacies that prevent it from meeting workers' basic needs on a timely basis. Because of inefficient and flawed government policies, individuals who receive SSDI benefits must wait an average of well over a year to learn whether they qualify to receive SSDI benefits and during that time receive no support to help them remain at work or get back to work. Those who do receive SSDI benefits face a lifetime of inactivity and government dependence that leads to lower physical, mental, and financial well-being than if they had pursued meaningful work, and nearly a third of SSDI beneficiaries receive benefits that are lower than the poverty level.

A rehabilitated and modernized SSDI system would promote independence and physical and mental well-being by helping individuals with disabilities to receive the assistance they need when they need it and with less stigma and cynicism than are currently associated with the receipt of SSDI benefits. Such a system could be achieved by implementing a predictable, poverty-prevention benefit; providing a needs-based benefit period; eliminating non-medical vocational grid factors; providing an optional private disability insurance component; ending direct payment of SSDI representatives; correcting unintended payments; and improving program integrity and efficiency. These changes would improve the SSDI program for individuals with disabilities and would save taxpayer costs by significantly reducing the payroll tax rate, enabling workers to buy more generous private insurance to meet their needs and to spend, save, and invest more of their own earnings.

Improve Medicare's quality of care for a rapidly aging senior population while retargeting taxpayer subsidies to those who are most in need. Medicare, created in 1965, provides a guaranteed health care benefit to seniors and some people with disabilities. Over the past 50 years, although it has delivered hospital and physician services and some financial security, Medicare spending routinely has outpaced inflation, growth in the general economy, and growth in the federal budget. Meanwhile, the addition of new benefits and services has been accompanied by progressively tougher price controls and increasingly detailed conditions of reimbursement that have led to more intrusive bureaucracy and costly red tape for doctors, hospitals, and other medical professionals. These changing dynamics leave seniors, health care providers, and taxpayers at risk.

Reforms to improve the delivery of care in Medicare should both ensure that seniors have access to quality care and protect taxpayers from bankrupting costs. Such reforms include simplifying the traditional Medicare program, harmonizing eligibility with Social Security, updating premiums and cost-sharing arrangements, building on the success of the competitive and integrated Medicare Advantage plans, and transitioning to a defined-contribution, premium-support model for long-term sustainability.

Restore Medicaid’s strong health care safety net to the most vulnerable while ensuring financial sustainability. Enacted alongside Medicare in 1965, the Medicaid program began as a safety net to provide health care to certain vulnerable low-income populations. Like Medicare, the program has expanded beyond its original core functions, providing additional benefits to larger populations at a significant cost to federal and state taxpayers. The program’s joint federal–state design further complicates administration and oversight, creating new and disparate sets of incentives and outcomes. Changing demographic, structural, and fiscal challenges undermine this critical safety net program.

Restoring Medicaid to its original purpose as a functioning safety net would require a major overhaul of its financing structure to realign and reset priorities and incentives for those who need the program the most. Specifically, the financing of Medicaid should be sustainable and realistic, and it should be aligned with the needs of the most vulnerable, which can be accomplished by giving states greater flexibility in managing the delivery of care to those who are in need.

Rein in Obamacare to expand health care choices and access while lowering costs. The 2010 Affordable Care Act put in place two new federal health care entitlements and a massive federal regulatory infrastructure, all financed by an unrealistic set of new taxes and cuts in payments to providers in other health care programs. Since its enactment, premiums have climbed, coverage options have dropped, provider networks have narrowed, and many people are left with higher costs, less access, and fewer choices. Moreover, the open-ended ACA subsidies scheme and the ACA Medicaid expansion encourage more spending instead of delivering higher-quality care at lower costs. Fundamental changes are needed to restore choice, improve access, and lower costs. The way to begin is by reining in Obamacare federal spending and mandates, restoring state authority over health care, and making available a wider range of private coverage options that best meet individual needs.

Facts + Figures

FACT: Social Security is a bad deal.

- The Social Security payroll tax has grown from 2 percent in 1935 to 12.4 percent today (including the 1.8 percent disability insurance tax) and would have to increase by one-third to 16.5 percent in 2035 for the program to remain solvent.
- For every \$1 spent on the core constitutional function of defense, the federal government spends \$1.34 on Social Security’s retirement benefits.
- Life expectancy is 17 years higher today than when Social Security began (up from 61 to 78), yet Social Security’s normal retirement age has risen by only two years from the original 65 to 67 (and an early retirement age of 62 has been added).
- In 1960, the average retired worker received \$758 per month (in 2021 dollars) compared to more than twice that at \$1,560 per month today; the highest-income earners receive \$3,240 per month.
- Every dollar that workers pay in Social Security taxes goes directly to pay current retirees’ benefits. A worker who is 26 today and has average earnings throughout his lifetime can expect to receive \$29,100 in Social Security benefits per year. If he instead were able to invest his payroll taxes, he would receive three times as much—an estimated \$83,900 per year—by purchasing an annuity with his accumulated savings.
- Social Security is on track to become insolvent around 2033, at which point incoming revenues will only be enough to pay about 75 percent of scheduled benefits, thereby threatening automatic benefit reductions or sudden, steep tax increases.

FACT: Disability insurance fails individuals and taxpayers because of its inefficiencies, lack of integrity, and poorly targeted benefit structure.

- At a minimum, individuals who become disabled wait at least eight months before receiving benefits, and many wait for two to three years as they go through three different determination stages.
- Private disability insurance provides higher benefits at roughly half the cost of SSDI.
- Recently, up to half of all SSDI beneficiaries qualified for benefits based at least in part on the non-medical grid factors of age, education, and experience, which neither cause nor exacerbate disability but nevertheless facilitate entry into the program for those with marginal conditions that would not otherwise qualify them for benefits.
- Fewer than 3 percent of SSDI beneficiaries ever exit the program to return to work.

FACT: A rapidly aging senior population and growing costs threaten Medicare's future.

- Medicare enrollment is expected to increase from 60 million in 2018 to over 77 million by 2030 as the baby boomer generation moves fully into retirement.
- Total Medicare spending is expected to double over the next 10 years from \$862.1 billion (the equivalent of a \$5,300 annual tax on every worker) in 2021 to \$1.673 trillion (the equivalent of a \$10,400 annual tax on every worker) in 2030.
- Medicare's 75-year unfunded obligation (long-term debt) is \$48.3 trillion— over \$147,000 for every man, woman, and child in America.
- Medicare Part A, the Hospital Trust Fund, will be insolvent in 2026, leaving the program without the authority to pay all of its scheduled hospital benefits.
- Medicare Part B, part of the Supplemental Medical Insurance program, will require a dramatic increase in general fund revenue transfers, rising from 1.8 percent of gross domestic product (GDP) in 2020 to a projected 3.3 percent of GDP in 2040.

FACT: Medicaid faces demographic, structural, and fiscal challenges that threaten its future sustainability.

- It is estimated that one in four Americans (77 million) were enrolled in Medicaid in 2020, a significant increase from the one in 15 Americans (14 million) who were enrolled in 1970.
- By 2027, total spending on Medicaid is expected to reach more than \$1 trillion (including \$624.8 billion in federal costs and \$383 billion in state costs).
- In 2017, people with disabilities and the aged accounted for 23 percent of enrollment but 53 percent of program costs, while children and adults accounted for 78 percent of enrollment and 46 percent of spending.
- Less than half (47.4 percent) of Medicaid benefit spending was for mandatory populations receiving mandatory services, 21.1 percent was for mandatory populations receiving optional services, and 31.5 percent was for optional populations receiving mandatory or optional services.
- Despite spending increases, Medicaid recipients continue to have difficulty finding doctors who will accept Medicaid.

FACT: Obamacare has led to higher health care costs and fewer health care choices.

- Obamacare subsidies and associated Medicaid expansions will cost federal taxpayers approximately \$1.8 trillion from 2021 to 2030.

- By 2030, 8 million Americans are expected to receive a subsidy for the purchase of coverage through the Obamacare exchanges at a cost of \$87 billion—the equivalent of \$8,710 per person.
- By 2030, 14 million able-bodied adults are expected to be enrolled in Medicaid because of Obamacare, adding \$144 billion to the program's federal costs.
- After Obamacare's enactment, premiums in the individual market more than doubled (an increase of 129 percent) between 2013 and 2019.
- In 2021, more than half (53 percent) of all counties in the country had two or fewer insurers selling coverage through the Obamacare exchanges.

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Environment

Summary and Key Talking Points

Policy Proposals

1. Turn responsibility for environmental regulation and land management back to the states and the private sector.
2. Properly define the waters covered under the Clean Water Act to provide clarity and protection for property owners.
3. Improve the Endangered Species Act (ESA).
4. Require congressional approval for more stringent National Ambient Air Quality Standards.

Quick Facts

1. The federal government owns and manages 640 million acres of America's land—an area larger than California and Mexico combined.
2. The federal government has recovered and delisted less than 3 percent of the listed domestic species—an average of less than one per year—since 1973 when the ESA was enacted.
3. From 1980 to 2020, several air pollutants showed dramatic declines, including a 94 percent decline in sulfur dioxide and a 98 percent decrease in lead.

Power Phrases

A Clean Environment

- We all want a clean environment for ourselves and for future generations.

Local Stewardship

- Our land and resources are best cared for by the people closest to them—not by the federal government.
- The state of our air and water has improved dramatically over the past several decades through innovation and investment in new technologies.
- Meanwhile, federal management of national sites often leads to bureaucratic mismanagement and stagnation. Catastrophic wildfires and species overpopulation devastate national parks, while nuclear cleanup efforts go unaddressed.

The Issue

Americans, regardless of ideology, want a clean environment, but the path to achieving environmental objectives leads to disagreement. Some look to the federal government to promote command and control policies, but the best approach to environmental policy is to recognize the importance of private property rights, state and local innovation, and free markets.

Advocates of command and control invariably point to federal laws like the Clean Air Act as examples of success. The Clean Air Act has certainly played an important role in the notable improvements in air quality that have been realized over the past 40 years, but these improvements could have been accomplished at far less cost—both economic and social—had lawmakers foregone centralized government control in favor of the transformative power of market incentives and private property rights.

Touting the Clean Air Act as an example of the success of command and control also ignores other foundational environmental statutes from the 1970s that have failed miserably, including the Endangered Species Act. Innovation and investment in new technologies have caused the state of our air and water to improve by leaps and bounds over the past several decades. For policymakers, the question should not be what laws have done in the past, but whether these laws are sound policy for the future.

Federal environmental law is comprised of environmental statutes that are overly broad, unclear, or woefully outdated, failing to reflect current conditions. In addition, almost 50 years of agency implementation of these laws has led to government overreach that is inconsistent with the statutes themselves. The size and scope of the federal role in environmental management are now well beyond what was envisioned with these statutes even as the federal government has become increasingly unaccountable to the people and their representatives in Congress. Congress has delegated much of its power to set environmental policy to executive agencies, which exercise this power through standards, regulations, permitting requirements, and multi-decade management plans. Moreover, while Congress envisioned a cooperative role for states in many of these laws, that role has been eroded over time. Consequently, federal bureaucrats often function as economic planners and local zoning boards.

The result is sweeping decisions on nuanced issues and increasingly stringent standards that achieve marginal benefits at great cost. Often, these decisions are defended by scientific analyses that present an incomplete picture, are biased toward regulatory action, ignore evidence that contradicts regulatory agendas, and are inaccessible to the public. Regulators argue that they are merely “following the science,” but they are really making policy decisions that reflect their own value judgments.

Even in areas where most Americans would support some measure of continued federal management, current policies are problematic when divorced from principles of limited government, individual freedom, and free-market incentives. National parks are discouraged from employing innovative solutions to raise park revenue, address catastrophic wildfires, and manage invasive species and overpopulation of native species. Laws like the Endangered Species Act *disincentivize* solutions and partnerships with private property owners. And because of bureaucratic and legislative mismanagement, government nuclear weapons research and development sites that helped the U.S. win World War II and the Cold War remain what may well be America’s greatest unaddressed environmental liability.

The need to reform the nation’s environmental laws has never been greater. The foundational federal environmental statutes should be changed to apply the lessons learned over the past half-century. They should be modernized to reflect the current environment and to rein in the agency overreach that has expanded beyond the plain language of the statutes and the will of Congress. In general, to the extent that there is a federal role, it should be to ensure that environmental gains achieved over the years are not lost. The responsibilities *and* the rewards of environmental stewardship belong with property owners and the states, which are more knowledgeable about local conditions than are federal bureaucrats.

A true commitment to the environment means advancing policies that achieve measurable, positive outcomes. The best way to achieve these outcomes is by respecting American values of federalism, the rule of law, and economic freedom. Ultimately, policymakers should never lose sight of the fact that America's most important, unique, and precious natural resource is its people.

Recommendations

Devolve more responsibility for environmental regulation and federal lands management to the states and the private sector. Congress should allow state programs to function in place of federal leasing, permitting, management, and regulatory programs both to benefit from local knowledge and to free federal resources for issues that are more federal in nature. America benefits from experimentation and innovation that could be cultivated with a more decentralized approach. Some states would doubtless make mistakes in their management by being too restrictive or too lax, but such mistakes would provide lessons to guide future policy decisions and would have far less adverse impact on the nation than would be the case if the same mistakes were made by the federal government.

Prohibit the Environmental Protection Agency from abusing cost-benefit analysis to justify costly air regulations (ancillary or secondary benefits abuse). When the Environmental Protection Agency (EPA) issues a rule to reduce emissions of a certain air pollutant, the direct benefits of reducing those emissions should exceed the costs. However, for years, the EPA has made an end run around this common-sense requirement. Even when a rule's stated objective has massive costs and few to no benefits, the EPA points to the ancillary benefits (most often from reducing particulate matter) as justification for the rule. This overreliance on ancillary benefits allows the EPA to regulate an air pollutant without making the case that reducing emissions of that pollutant is warranted. This abuse has become so egregious that the EPA has issued major rules without quantifying whether there are benefits associated with their regulatory objectives, instead relying solely or primarily on ancillary benefits from reducing particulate matter.

Clean up facilities that are used to manufacture and test nuclear weapons. The facilities remaining from World War II and the Cold War that were used to manufacture and test nuclear weapons may be America's greatest remaining environmental liability. The U.S. Department of Energy is chiefly responsible for cleaning up these sites at an expected cost to the taxpayers of \$406 billion. Cleanup of these sites should not be treated as an everlasting jobs program. The federal government has a legal and moral obligation to clean up these sites, and this mission should receive the commensurate level of attention from Congress.

Define which waters are covered under the Clean Water Act. Congress should clarify in statute the regulatory reach of the Clean Water Act. The statute currently prohibits the discharge of pollutants into "navigable waters" without a federal permit. It further clarifies that "navigable waters" include "the waters of the United States, including the territorial seas." However, the EPA and the Army Corps of Engineers have failed to follow the plain language of the law and have tried to expand their regulatory reach by broadly defining "waters of the United States." They have also adopted subjective and vague definitions while inconsistently enforcing the law. Congress should define which waters are covered under the Clean Water Act, recognizing the important role that states play in regulating lakes, rivers, and streams. This definition should be narrow in scope and generally consistent with Justice Antonin Scalia's plurality opinion in *Rapanos v. United States* (2006).

Eliminate the Land and Water Conservation Fund. The Land and Water Conservation Fund (LWCF), established by Congress in 1965 and administered by the U.S. Department of the Interior, allows the federal government to use royalties from offshore energy development to buy private land and turn it into public parks and other public recreation areas. It is the primary vehicle for land purchases by the four major federal land-management agencies: the Forest Service, Bureau of Land Management, Fish and Wildlife Service, and National Park Service. Congress also uses the fund for a matching state grant program. The federal government cannot effectively manage the lands it already owns, and Congress should not enable further land acquisition.

Improve the Endangered Species Act. The Endangered Species Act (ESA) is failing to achieve its fundamental purpose—to protect endangered or threatened species—and this failure is exacerbated by the blocking of important projects and trampling of property rights. To improve the conservation of species under the ESA, Congress should codify the regulatory clarification (consistent with the statute) that threatened and endangered species are to be treated differently when it comes to Section 9’s take prohibition. The listing process should be a distinct process that is separate from whether any regulatory requirements should be triggered. States should be allowed to play a greater role in protecting species, in large part because they are closer than the federal government to any situation that needs to be addressed. Improvements in the ESA should ensure that its costs are borne by society, not by individual property owners.

Require that Congress make any changes in the National Ambient Air Quality Standards. The EPA regularly sets standards for six principal air pollutants: carbon monoxide, lead, nitrogen dioxide, ground-level ozone, particulate matter, and sulfur dioxide. Under the Clean Air Act, the EPA is required to review the standards every five years and make changes, if necessary, disregarding costs in the development of the standards. The EPA continues to develop stricter standards even as states and metropolitan areas have yet to meet older standards (for example, in the case of ground-level ozone). New standards are also becoming extremely expensive to meet while yielding smaller margins of tangible benefits; in fact, some standards are close to or at background levels. Congress should reconsider the mandatory review process. Congress, not the EPA, should make any decision to tighten standards, given the scope of their impact and the magnitude of success that has already been achieved in improving air quality.

Repeal or limit the scope of the National Environmental Policy Act. The National Environmental Policy Act (NEPA) is a 50-year-old procedural law that requires federal agencies to assess the potential environmental impacts of their actions, including permitting for infrastructure projects. NEPA has evolved to serve more as a tool by which to delay and obstruct projects that are unpopular with special-interest groups or politicians than as a way to assure the proper consideration of environmental impacts. Major problems contributing to NEPA delays include differing interpretations of NEPA requirements, nuisance litigation, failed interagency coordination, administrative bottlenecks, and outdated requirements that fail to take into account a dynamic environment.

Far from compromising environmental stewardship, repealing NEPA would provide an opportunity to remove duplication of state and federal environmental requirements. NEPA was America’s first major federal environmental law and was passed before the other numerous federal environmental statutes that now exist. It seems unlikely that NEPA would even be enacted today given that environmental issues are constantly being considered independently of NEPA through other federal environmental laws.

Short of NEPA’s full repeal, reforms should include narrowing the scope of review to include only major environmental issues, mandating time limits and requiring a lead agency on projects, eliminating analysis of greenhouse gas emissions from the review process, and allowing agencies to consider environmental impact analyses conducted under other federal statutes as the functional equivalent of a NEPA analyses.

Compensate property owners for regulatory takings. When the government seizes private property for a public use, it must provide just compensation to property owners. However, there is little to no protection for property owners when the government imposes regulations that restrict the use and enjoyment of property even if most of the property’s value has been lost. These restrictions on property use, while not a physical seizure of property, are still a taking of a specific use of the property. Compensation mechanisms should be created, either within individual federal environmental statutes or in broad-based legislation, to offset the costs borne by property owners because of federal environmental regulation. In addition to improving the protection of private property rights, this change would require agencies to be transparent with respect to the true costs of their regulations and to take those costs into account when establishing agency priorities.

Facts + Figures

FACT: The U.S. has made dramatic improvements in air quality, but the EPA has continued to use an ever-expanding authority to implement stringent regulations with increasingly high compliance costs and diminishing marginal environmental returns. The aggregate emissions of six common pollutants decreased by 73 percent from 1980 to 2020. During that same period:

- Gross domestic product increased by 173 percent,
- Vehicle miles traveled increased by 85 percent,
- Energy consumption increased by 19 percent, and
- The U.S. population increased by 46 percent.

From 1980 to 2020, the following decreases in pollutants were observed:

- Carbon monoxide (CO) decreased by 75 percent;
- Lead (Pb) decreased by 99 percent;
- Nitrogen dioxide (NO₂) decreased by 70 percent;
- Ozone (O₃) decreased by 33 percent;
- Fine particulate matter (PM_{2.5}) decreased by 44 percent (from 2000 to 2020); and
- Sulfur dioxide (SO₂) decreased by 93 percent.

FACT: The Endangered Species Act (ESA) was enacted in 1973 to promote the conservation of species. Unfortunately, the law has failed to achieve this goal.

- The federal government has recovered and delisted only about 3 percent of the species on the endangered species list in the nearly 50 years since the ESA became law.

FACT: Reducing the massive federal estate through privatization and by shifting ownership to states and counties would yield better economic and environmental results.

- The federal government owns and manages 640 million acres (28 percent) of the land in the United States—an area larger than California and Mexico combined.
- The federal government owns approximately 80 percent of Nevada, 63 percent of Utah, 61 percent of Alaska, 62 percent of Idaho, and 53 percent of Oregon.
- States earn more revenue per dollar spent than does the federal government on a wide range of economic activities such as timber, grazing, minerals, and recreation. According to a Property and Environmental Research Center report, the Forest Service and Bureau of Land Management lost \$4.38 per acre from 2009 to 2013 while trust lands in four western states earned \$34.60 per acre. Similarly, Idaho and Montana averaged \$6.86 per dollar spent on recreation on state trust lands, but federal lands realized a net loss.

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Financial Services and Monetary Policy

Summary and Key Talking Points

Policy Proposals

1. Repeal the Dodd-Frank Act.
2. Eliminate federal credit subsidies, guarantees, and insurance.
3. Eliminate Fannie Mae and Freddie Mac and shrink the role of the Federal Housing Administration.
4. Reform the U.S. Securities and Exchange Commission.
5. Reduce regulatory impediments to capital formation.

Quick Facts

1. Due to Dodd-Frank, regulators added more than 16,000 pages of financial regulations in six years.
2. Americans currently shoulder approximately \$20 trillion in debt exposure from loans, loan guarantees, and subsidized insurance provided by roughly 150 federal programs.
3. Deregulation did not cause the 2008 financial crisis; poorly designed government policies did. Between 1999 and 2008, the government implemented more than 800 separate rules and regulations.

Power Phrases

Debunking a False Narrative

- Contrary to popular belief, the financial regulations existing prior to Dodd-Frank contributed significantly to the 2008 crash.

Centralized Solutions Have Not Worked

- Monetary policy from the Federal Reserve has been increasingly relied on to fix an expansive list of economic problems.
- However, the evidence shows that the Fed has not been as effective as expected in stabilizing the economy.
- Meanwhile, the long-term purchasing power of the dollar has dramatically declined under the Federal Reserve's watch.

Reform and Restrain

- It is time to reform and consolidate financial regulations while reexamining the Federal Reserve's track record and its role in our economy.

The Issue

The dominant narrative regarding the cause of the 2008 financial crisis is that deregulation in the 1990s was responsible, but that story is dead wrong. In fact, even if Congress were to repeal the entire Dodd–Frank Act, which it should, a highly flawed regulatory structure would still remain. There has never been a substantial reduction in the scale or scope of financial regulations in the U.S., especially not in the 1990s, and the pre-Dodd–Frank system contributed mightily to the 2008 crash. For nearly all of U.S. history, financial regulations—not simply banking regulations—have increasingly focused on risk management conducted by regulatory agencies rather than on disclosure and fraud prevention. Simultaneously, monetary policy has been increasingly relied upon to fix an expansive list of economics problems, well beyond the scope of the original stated purpose of creating a central bank (to provide an elastic currency), and well beyond what can reasonably be expected of monetary policy.

Preventing problems at financial firms from turning into system-wide banking crises has been a main justification for this approach, but it has failed miserably. The U.S. has had 15 banking crises since 1837, one of the highest totals among developed countries. Of the severe economic contractions that occurred in six developed nations between 1870 and 1933, *banking* crises occurred only in the U.S., and the U.S. is one of only three developed countries to have had two or more banking crises between 1970 and 2010. Furthermore, the evidence shows that the Federal Reserve has not been as effective as was once thought in accomplishing its stabilization goals. The long-term purchasing power of the dollar has dramatically declined under the Federal Reserve’s watch, and the benign deflation that arises from improved productivity has all but disappeared in the U.S.

In addition to these shortcomings, the U.S. regulatory and monetary framework, for at least a century, has protected incumbent firms from new competition—the very market force that drives innovation, reduces prices, and prevents excessive risk-taking. As a result, entrepreneurs have suffered from fewer opportunities, and consumers have suffered from fewer choices, higher prices, and less knowledge regarding financial risks. Thus, the U.S.’s approach to regulating and stabilizing financial markets has made it more difficult to create and maintain jobs and businesses that benefit Americans.

Recommendations

Repeal the Dodd–Frank Act. The Dodd–Frank Act became law during the Obama presidency when Nancy Pelosi (D–CA) led the House of Representatives and Harry Reid (D–NV) presided over a near filibuster-proof Senate majority. It was a partisan bill that garnered no Republican votes in the House and just three in the Senate. Dodd–Frank was largely a progressive wish list of policies that failed to address, much less fix, what caused the 2008 financial crisis. The more than 800-page boondoggle expanded the failed regulatory approach that helped create the 2008 crisis in the first place, and increased the federal government’s involvement in planning for, protecting, and propping up the financial system, thus enshrining “too-big-to-fail” policy into law. Repealing Dodd–Frank would be a good first step—but only a first step—toward protecting taxpayers and allowing private firms to easily provide the financial services that consumers need. In June 2017, the House passed the Financial CHOICE Act, a comprehensive financial regulatory reform bill that would have replaced the core of Dodd–Frank. Key provisions in the Financial CHOICE Act would have helped to restore market discipline and reduce regulatory burdens, thus moving the nation’s financial markets in the right direction. The Senate, however, passed the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155), a tremendously watered-down (compared to the CHOICE Act) bill that failed to repeal a single title of Dodd–Frank. (The bill did not even include those reforms that passed the House with strong bipartisan support.)

Rather than negotiate a compromise between the two approaches, the Senate forced the House to accept the Senate’s bill, and the President signed S. 2155 into law. The bill left all of Dodd–Frank in place, but provided special exemptions to various Dodd–Frank requirements for (mainly) smaller banks. While those banks were

surely happy to have any regulatory relief, even the new exemptions came with the type of regulations that the CHOICE Act would have eliminated.

Provide an off-ramp style federal financial charter. Although banks are more heavily regulated than other financial firms, virtually all financial companies are subject to extensive restrictions on their activities, capital, and asset composition. Simultaneously, U.S. taxpayers have been forced to absorb more of these institutions' financial losses in the name of ensuring stability. The result has been a massive substitution of government regulation for market competition, which culminated in the 2008 financial crisis. Fixing this framework requires rolling back both government regulation and taxpayer backing of financial losses, making it possible for private citizens to build a stronger financial system that efficiently directs capital to its most valued uses. Creating a new federal charter for financial institutions that relieves the regulatory burden for those who absorb more of their own financial risks and forgo government assistance would help achieve these goals.

Eliminate federal credit subsidies, guarantees, and insurance. Americans collectively shoulder approximately \$20 trillion in debt exposure from loans, loan guarantees, and subsidized insurance provided by roughly 150 federal programs. This scheme erodes the nation's entrepreneurial spirit, increases financial risk, and fosters cronyism and corruption. The programs and subsidies have given rise to powerful constituencies of beneficiaries because any losses are dispersed among millions of taxpayers. The government's credit portfolio consists of direct loans and loan guarantees for housing, agriculture, energy, education, transportation, infrastructure, exporting, small businesses, and other purposes; federal insurance programs cover bank and credit union deposits, pensions, flood damage, declines in crop prices, and acts of terrorism. Capital for mortgage lending by banks (and non-banks) is provided by government-sponsored enterprises (GSEs) such as Fannie Mae and Freddie Mac, while federally-backed deposit insurance creates distortions and risks. Congress should immediately reduce federal deposit insurance coverage and ensure that coverage is provided on a per individual basis. Congress should also phase out government-backed deposit insurance along with all other credit subsidies, guarantees, and insurance.

Eliminate Fannie Mae and Freddie Mac, and shrink the role of the Federal Housing Administration (FHA). Fannie Mae and Freddie Mac, the government-sponsored mortgage giants, should be shut down for good. Both enterprises remain wards of the federal government, and they distort the market by issuing mortgage-backed securities with subsidized government guarantees. If such guarantees are necessary, the private sector can issue them and price them appropriately. Congress should take steps to liquidate Fannie and Freddie's mortgage portfolios, as well as the companies themselves, and to ensure that they are not simply replaced by a new government-sponsored agency. Federal policies implemented through these government-sponsored enterprises have made housing more expensive and increased Americans' risky debt. To begin winding them down, the GSEs should be prohibited from purchasing mortgages for homes that are not owner-occupied homes or for "cash out" refinances. Congress should also ensure that the GSEs only purchase smaller loans and charge higher fees, and that bank capital requirements no longer favor the GSEs' mortgage-backed securities. For decades, the Federal Housing Administration (FHA) has competed with the GSEs for the riskiest mortgage loans, and the scope of the FHA's mortgage insurance program must be addressed at the same time the GSEs are eliminated. Otherwise, all the risky loans financed by the GSEs will simply be insured by the FHA. The solution is simple: Restrict the FHA to insuring only a fraction of each mortgage (instead of 100 percent coverage), and do so for creditworthy low-income, first-time home buyers only.

Reform and consolidate financial regulators. Financial regulators' budgets should be entirely composed of money appropriated by Congress. A commission governing structure for all financial regulators should be considered. Congress should also consolidate related powers in one regulator; remove authorities from agencies ill-equipped to use them; and revamp processes to ensure appropriate accountability for, and public input in, rule-making. Ideally, Congress would merge existing agencies and create only one federal banking regulator and one capital markets regulator. In the process, Congress should remove the Federal Reserve entirely from regulation and supervision. Congress should also eliminate the (Dodd-Frank created) Consumer Financial

Protection Bureau (CFPB). Most of the Bureau's authority could easily be handled by the Federal Trade Commission (FTC), an agency whose mission is to protect consumers. These policy reforms would produce more effective financial regulation by making financial market participants, including regulators, more directly accountable for their actions.

Restrain the Federal Reserve with rules-based monetary policy and emergency lending restrictions.

Congress can greatly improve monetary policy by replacing the Federal Reserve's current legislative mandate to promote stable prices and maximum employment. In its place, Congress should give the Federal Reserve a mandate with the single goal of achieving monetary neutrality (supplying only the amount of money the economy needs to keep moving, no more and no less) by stabilizing overall spending in the economy. Maintaining a reasonable growth path for total spending—often referred to as nominal gross domestic product (NGDP) targeting—is the best way for the Federal Reserve to maintain monetary neutrality. Among other benefits, this new framework would allow the price level (overall prices) to decline as productivity improves, thus making it easier for people to enjoy the benefits of more goods for sale at lower prices. Congress should also limit the Federal Reserve so that it can only provide system-wide liquidity on an ongoing basis, rather than allocating credit to specific firms on an ad hoc basis. Emergency lending authority is unnecessary for conducting monetary policy, and Congress should replace the Federal Reserve's existing primary dealer system with a single standing facility to meet extraordinary as well as ordinary liquidity needs. This change would make Fed lending to insolvent institutions—even during a crisis—unnecessary.

Reduce regulatory impediments to capital formation. Congress should remove regulatory impediments that limit entrepreneurs' access to the capital necessary to launch and grow new businesses. Congress should preserve the existing thresholds for private offerings and expand the ability of sophisticated investors to invest in private offerings (usually Regulation D offerings). Current law allows large public companies to raise capital without having to deal with 50 different expensive and time-consuming state registration and qualification requirements (known as blue sky laws). Congress should allow smaller public companies and other smaller companies with extensive federal disclosure requirements to also be free of this burden. Congress should replace the 14-plus categories of securities-issuing firms (as described by the existing rules) with three disclosure regimes: public, quasi-public, and private. Just as important, Congress should replace the current complex and arbitrary federal disclosure system with a reasonable, coherent, and scaled disclosure system that imposes increasing requirements as companies grow and have more shareholders with more capital at risk. Congress, or the Securities and Exchange Commission (SEC), should clarify that entrepreneurs may use finders and private placement brokers to assist them in raising capital. Finally, it is time to create a micro-offering exemption allowing very small private companies to raise capital without having to comply with complex SEC rules.

Design an efficient securities-fraud deterrence regime. For capital markets to function well, investors need accurate information about securities. If investors do not trust firms' disclosures, they will discount what they are willing to pay for securities. This increases the cost of capital and makes it more difficult, even for honest firms, to cost-effectively raise capital. Deterring fraud in the capital markets should be a government priority, but the current U.S. approach to securities-fraud deterrence falls far short of the ideal. Congress and the SEC should implement a system that: (1) places more emphasis on culpable individual and manager liability, (2) reduces the reliance on corporate criminal penalties borne by shareholders, and (3) limits private enforcement to traditional common law remedies or other compensatory remedies possessing similar safeguards against over-deterrence.

Reform the SEC. The U.S. Securities and Exchange Commission is the most important regulator of U.S. capital markets. Although its budget has increased by 82 percent over 10 years, its effectiveness remains in doubt. Resources have flowed into unnecessary management, "support," and ancillary functions, while core functions have been neglected. Its organizational structure is unwieldy. The Commission needs to be better managed—it does not need (as has been proposed) more managers. The number of direct reports to the Chairman needs

to be reduced. Its information technology programs appear to be poorly managed and are unnecessarily costly. The SEC bases its decisions on inadequate data. It does much less than most agencies to provide data to Commissioners, other policymakers, and the public. Its enforcement efforts directed at fraud and other malfeasance by managers of large financial institutions are inadequate. The Commission does little to remove unnecessary regulatory impediments to entrepreneurial capital formation. Reforms are necessary so that the SEC can better support well-functioning capital markets.

Reform FINRA. FINRA is the primary regulator of broker-dealers and their employees. It is neither a true self-regulatory organization nor a government agency. It is largely unaccountable to the industry and to the public. Due process, transparency, and regulatory-review protections normally associated with regulators are not present, and its arbitration process is flawed. Reforms are necessary. FINRA itself, the SEC, and Congress should reform FINRA to improve its rule-making and arbitration process.

Do not impose beneficial ownership reporting requirements. Congress is seriously considering imposing a beneficial ownership reporting regime on American businesses and other entities, including charities and churches. The most recent legislation, the Corporate Transparency Act (CTA) and the ILLICIT Cash Act, would create a large compliance burden on businesses with 20 or fewer employees (the only non-exempt category) and would create as many as one million inadvertent felons. Under the CTA, religious organizations, charities, and other exempt entities and their employees would be subject to fines and imprisonment unless they file the proper certification of exemption with the Financial Crimes Enforcement Network. The rules are easily and lawfully avoided by the sophisticated—and would do virtually nothing to achieve their stated aim of protecting society from terrorism or other forms of illicit finance. Furthermore, the vast majority of the information that the proposed reporting regime would obtain is already provided to the Internal Revenue Service (IRS). Allowing the IRS to share this information with the Treasury Department's Financial Crimes Enforcement Network would better meet the needs of law enforcement by providing more comprehensive information and better enforcement than would the proposed reporting regime.

Facts and Figures

FACT: Deregulation did not cause the 2008 financial crisis.

- In the time period between the supposed deregulation in 1999 and the Lehman Brothers' failure in 2008, financial regulators issued 7,100 pages of regulations.
- These regulations implemented more than 800 separate rules.

FACT: Extensive regulation is supposed to prevent problems at financial firms from turning into system-wide banking crises, but the approach has failed.

- The U.S. has had 14 major banking crises in the past 180 years, one of the worst track records in the developed world.
- The U.S. is one of only three developed countries with two or more banking crises between 1970 and 2010.

FACT: Dodd–Frank doubled down on the failed approach of the past.

- From the enactment of Dodd–Frank in 2010 to July 2016, regulators added more than 16,000 pages of financial regulations to the Federal Register.
- Dodd–Frank required regulators to implement approximately 400 separate rules.

FACT: The regulatory relief bill signed into law in 2017 merely provides special exemptions to certain Dodd–Frank regulations.

- This bill—S. 2155—did not repeal one single title of the Dodd–Frank Act.

FACT: Poorly designed government policies led to the 2008 financial crisis.

- Special bankruptcy safe harbors induced firms to rely more heavily on derivatives and repurchase agreements (repos) than they would have in the absence of the special protections. Data show that the portion of total investment bank assets financed by repos doubled between 2000 and 2007. The market would not have supported such high increases in leverage without the special protections.

FACT: The Federal Reserve’s track record deserves a closer look.

- Research with updated data shows that the pre–Federal Reserve era economy was about half as volatile as previously thought in terms of both unemployment and overall output.
- Overall, inflation volatility has barely declined relative to the pre–Fed era, but average inflation has gone from approximately 0 percent to more than 3 percent.

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Infrastructure

Summary and Key Talking Points

Policy Proposals

1. Limit spending by the Highway Trust Fund to highways and focus on programs that are truly national in nature.
2. Reduce federal spending on highways and lower the federal gasoline tax.
3. Unburden infrastructure from mandates and regulations.
4. Reform the environmental review process.
5. Privatize federal transportation services.

Quick Facts

1. Roughly \$10 billion per year is diverted to mass transit from gasoline taxes paid into the Highway Trust Fund even though many transit riders have never paid into the fund, and even though transit accounts for just 1 percent to 5 percent of total travel.
2. The number of the nation's National Highway System bridges that the Federal Highway Administration deems in poor condition (requiring maintenance) decreased from 5 percent in 2000 to 3 percent in 2023.
3. Overspending on mass transit projects has led to more than \$200 billion in spending diversions from the Highway Trust Fund as of 2022.

Power Phrases

Recognize Ownership and Jurisdiction

- The vast majority of transportation infrastructure assets are owned, operated, and maintained by state and local governments, businesses, and individuals.
- Excessive federal involvement has led to inefficiencies, delays, and waste, rather than superior infrastructure for the nation.

Reestablish Local Decision Making and Control

- Infrastructure decisions should be made at a local or state level or by the private sector, all of which are more accountable to the public and knows their community's transportation needs better than Washington.

Ensure That Those Who Pay Benefit

- Specific transportation infrastructure funds should not be diverted to other unrelated programs. Highway motorists should not have to subsidize urban transit or bike paths.

The Issue

Transportation infrastructure is vital to the nation's economic health. Ease of movement in the air and on highways, roads, rails, bridges, and waterways contributes to the productivity of workers, manufacturers, and other businesses. Yet the current Washington-centric approach hampers transportation investment through bureaucracy, mismanagement, and record resource misallocation in spending of more than \$100 billion per year. The inefficacy of federal management undermines the basis of federal transportation policy: maintaining nationally significant infrastructure to improve mobility in a cost-effective manner. Instead, workers have received longer commutes, growing congestion, and lackluster benefits for the federal taxes they pay.

Politicians often justify increased infrastructure spending with hollow promises of job creation, economic growth, and idyllic dreams that are incompatible with the day-to-day lives of most Americans. They invoke the nation's allegedly "crumbling" infrastructure to justify wasteful special-interest spending. As a result, spending from the Highway Trust Fund is diverted to low-value programs that are unrelated to highways, thereby diluting the fundamental "users pay, users benefit" model by shortchanging the motorists and truckers who pay gasoline taxes.

The question is not whether America should be investing in transportation infrastructure, but how much the federal government should be responsible for this investment and how Americans can improve their infrastructure most effectively. To achieve maximum efficiency and accountability, as many infrastructure decisions as possible should be made by the appropriate entity where most of the benefits reside. In most instances, this means at the local and state levels or by the private sector.

Moreover, these decisions should be made free from federal mandates and burdensome regulations. Local and state governments, along with businesses, are more accountable to those who rely on their infrastructure and know their transportation needs better than Washington ever could. In fact, they already enact policies independently to generate their own transportation funding. Congress and the Administration should seek to empower states and the private sector by limiting the role of the federal government to concerns that are truly national in scope.

Recommendations

In order to improve the public value of transportation infrastructure programs, Congress should:

Reform the Highway Trust Fund to reflect 21st-century realities. Reducing Highway Trust Fund spending and taxes can produce tens of billions of dollars' worth of gains in efficiency per year and empower state and local governments in the process. Reforming the Highway Trust Fund would involve:

- **Eliminating non-highway diversions**, such as mass transit, the Transportation Alternatives Program (which funds bike and foot paths), ferry boats, and more. These diversionary programs account for approximately 30 percent of trust fund spending, support modes of transportation that do not pay into the fund, are littered with pork projects, and are the root cause of trust fund insolvency.

- **Reducing federal spending on highways and lowering the federal gasoline tax.** When the Highway Trust Fund was created in 1956, many Western states did not have the resources to build or maintain their portions of the budding interstate highway system. Today, the interstate system is complete from a national perspective, and states have the capacity to maintain highways. As a result, continued federal involvement only adds a layer of bureaucratic cost and delays and makes it easier to fund marginal projects. In addition, the current leftward trend of the U.S. Department of Transportation means that decision-making must take account of “social justice” priorities. Substantially reducing the federal role and the federal gasoline tax over a period of five to 10 years would provide more room for states to manage highways with less red tape and encourage responsible highway spending.

Remove barriers to non-federal infrastructure investments. Such regulations affect a variety of sectors that can be liberated by:

- **Providing parity between municipal and private infrastructure bonds.** The federal government subsidizes state and local infrastructure projects with the tax-free treatment of an unlimited amount of municipal bonds. In contrast, the Private Activity Bond program has a cap of \$30 billion in active bond value, which is miniscule compared to the scope of infrastructure needs. As a result, public financing is the default for infrastructure. Either increasing the private bond cap or placing a cap on municipal bonds would level the playing field. Eliminating preferential tax treatment altogether would be ideal.
- **Eliminating airline ticket taxes, ending airport subsidies from taxpayers, and allowing airports to fund their own infrastructure.** The aviation industry is hobbled by federal micromanagement that reduces investments at high-demand airports and massively subsidizes low-demand airports. The \$4.50 limit on the Passenger Facility Charge, which was set in 2000, makes it needlessly difficult for airports to finance improvements and expansion. The federal ticket tax funds the Airport and Airways Trust Fund, which disproportionately benefits low-use airports as does the Essential Air Service program. Clearing away these rules and programs would enable more competition among airports and airlines while incentivizing investment across the aviation industry, benefiting both the sector and consumers.
- **Reforming the prohibition on interstate highway tolling.** The tolling ban, which affects highways created since the start of the Highway Trust Fund, causes overreliance on gasoline taxes and overreliance on the federal government. It also gives preferential treatment to states that were more developed during the Eisenhower Administration. Allowing all state governments to make use of highway tolls, perhaps with rules to ensure that toll revenue is used for highways, would bolster the user-pays, user-benefits principle and provide more stable revenue as the vehicle fleet shifts toward low-gasoline and no-gasoline vehicles. This would also provide an opportunity to reduce or eliminate the federal gas tax as states take more responsibility for highways.

Reform the environmental review process to increase the speed and efficiency of federally funded projects without endangering the environment. The Trump Administration made long-overdue headway on this issue, and Congress should follow suit by:

- **Establishing time limits on reviews,** which currently take several years to complete on average.
- **Requiring agencies to produce public data** on the duration and length of submitted environmental reviews. This would enable better oversight of the issue.

- **Streamlining the National Environmental Policy Act** by limiting it to major environmental issues, excluding greenhouse gases from the review process, and requiring agencies to incorporate previous analyses into similar projects.

Eliminate federal subsidies for mass transit, which encourages inefficient operations and unnecessary expansions, produces negligible public benefit, and acts as a transfer of wealth from rural and suburban areas to cities.

- **Mass transit is suited to high-density metropolitan areas.** The U.S. has only one truly high-density metropolitan area—New York City—and much lower overall population density than Western Europe, Japan, and China, which the Left cites as examples to emulate. Decades of federal transit subsidies have not changed this reality, and more subsidies will yield the same result.
- **U.S. metropolitan areas with the highest transit usage also have income levels above the national average** and should be responsible for operating and maintaining their own transit systems.
- **The increase in remote work since 2020 has caused a permanent reduction in transit usage**, further reducing the value of transit subsidies and expansions.
- **Special handouts for electric buses are a boondoggle.** Due to the extra weight of batteries, such buses cause tremendous damage to roads. The added expense of purchasing new fleets of buses and spending more on road maintenance for the sake of trivial environmental effects is profoundly wasteful.

Eliminate regulations that needlessly increase the cost of federal infrastructure projects. The Davis–Bacon Act and project labor agreements increase labor costs. The Foreign Dredge Act makes it more expensive to improve overburdened ports. Buy American rules, a blunt instrument that hit allies and China equally hard, increase the cost of materials. These types of red tape are equivalent to lighting billions of taxpayer dollars on fire every year for the sake of political special interests.

Privatize federal transportation services. The federal government is responsible for the operation of many important transportation assets. The importance of these assets makes privatization more important, not less, because it would yield better management through efficiency and market incentives. Privatization opportunities include:

- **Amtrak.** The federal government has a de facto monopoly on intercity rail service, yet it loses money every year due to a combination of poor service and excessive operational area. Proposals to expand the Amtrak network have the problem exactly backwards. Aviation is a much better method of long-distance travel in terms of time and cost, which is why rail service has such low demand across most of the country. Privatization would enable viable lines, such as the Northeast Corridor, to continue with better service and eliminate subsidies for routes with low demand.
- **Air Traffic Control.** The Federal Aviation Administration’s Air Traffic Organization (ATO) is responsible for providing air traffic control services. Worldwide, it is one of the last air navigation service providers housed within an aviation safety regulatory agency. There is bipartisan agreement that air traffic control is not inherently a government function. Government bureaucracy has led to an ATO that should be run like an advanced business but instead is slow to react, mired in red tape, and managed by an often-inattentive Congress. The ATO struggles with such basic functions as hiring employees and investing in capital projects. Privatization would

bring private-sector flexibility and efficiency to the essential service and allow it to innovate outside the confines of federal bureaucracy.

- **Waterways.** The federal government controls both a majority of inland waterways (managed by the Army Corps of Engineers) and the St. Lawrence Seaway (managed by the St. Lawrence Seaway Development Corporation). Federal mismanagement results in poor infrastructure quality, unnecessary taxpayer subsidies at the expense of freight competitors, and funding for pork projects that narrowly benefit areas with political connections. Privatization would ensure investments in high-demand areas, better operational efficiency, and an end to hidden cross-subsidies.

Facts + Figures

FACT: Mass transit is subsidized far beyond its use, and this excessive subsidization leads to perverse outcomes.

- Roughly \$10 billion per year is diverted to mass transit from gasoline taxes paid into the Highway Trust Fund even though many transit riders have never paid into the fund, and even though transit accounts for just 1 percent to 5 percent of total travel. This transit diversion is an artifact from the 1980s, when urban House Members held highway funding hostage and demanded a set-aside for transit.
- Major transit agencies receive over two-thirds of their funding from subsidies rather than self-generated revenue. As a result, there is little incentive to focus on the needs of the public and every incentive to focus on unnecessary expansions and lavish salaries.
- Compensation costs for transit workers average over \$150,000 per year in cities such as New York, Washington, DC, and San Francisco.

FACT: The state of America's major infrastructure assets has improved over time.

- Members of Congress often use language like “crumbling roads and bridges” to justify increases in federal spending. However, the number of the nation's National Highway System bridges that the Federal Highway Administration deems in poor condition (necessitating maintenance) decreased from 5 percent in 2000 to 3 percent in 2023.
- Similarly, the portion of airport runways rated in poor condition decreased from 10 percent in 1990 to 2 percent in 2020.

FACT: The Highway Trust Fund fulfilled its original purpose 30 years ago and needs to be reformed.

- The trust fund was started to facilitate a full nationwide highway system. The work of building these vital arterial highways was finished in 1992.
- Rather than declaring victory and reducing the federal role, Congress has increased spending, both in dollar amounts and in the number of things supported by the trust fund. This now includes decidedly non-federal projects, such as bike paths, sidewalks, and streetcars. Such non-highway diversions account for approximately 30 percent of trust fund spending.
- Overspending has led to more than \$250 billion of deficit-funded bailouts of the highway fund. For perspective, mass transit has received roughly \$200 billion in spending diversions from the fund as of 2022.

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Taxes

Summary and Key Talking Points

Policy Proposals

1. Make the Tax Cuts and Jobs Act permanent and expand expensing.
2. Enact universal savings accounts (USAs) to encourage saving.
3. Cut tax subsidies; eliminate all individual and corporate deductions, credits, exclusions, and exemptions that are not economically justified; and lower tax rates.
4. Ensure permanent tax relief by pairing further tax reductions with spending cuts that are as large as or larger than any tax cuts.

Quick Facts

1. The federal government collected \$3.4 trillion in revenues in 2020. Combined with \$1.6 trillion in state and local taxes, the payment of taxes consumes about one-quarter of U.S. economic production.
2. Americans spend over 6.2 billion hours a year complying with the tax code and other Treasury Department information collection requirements.
3. In 2018, because of the Tax Cuts and Jobs Act, households saved an average of \$1,400 in taxes, and married couples with two children saved an average of \$2,900.

Power Phrases

A Necessary Evil

- Our tax system should be simple, transparent, and fair. Even after the historic 2017 tax cuts—which benefited all Americans—the tax code is still complex, unjust, and a threat to growth and prosperity.
- Taxes that are too high or poorly designed can destroy wealth, discourage investment, and stifle economic opportunity.

The Tax Cuts and Jobs Act of 2017

- The Tax Cuts and Jobs Act of 2017 (TCJA) simplified tax paying for many Americans, reduced taxes on individuals and businesses, and updated the business tax code.

Opportunity for Permanent Relief

- Tax reform gives American families much-needed relief, with larger paychecks and more jobs.

- Tax reform makes the U.S. more competitive, encouraging companies to move jobs and investment to the U.S.
- In 2025, most of the individual tax cuts will expire. Congress should take this opportunity to revisit the tax code and make many of the cuts permanent.

The Issue

As the federal government has expanded, taxes have assumed an oversized role in American life. Taxes influence how much Americans work, what they produce, what they buy, how much they save, and when they retire. It is therefore critical that policymakers design a tax system that minimizes the negative impact of taxes on the economy and people's lives.

Federal taxes in America are largely paid in three ways. The individual income tax, including taxes paid on investments (capital gains and dividends) and taxes on business profits paid directly by the owners on their individual tax return, raises 49.6 percent of federal revenue; payroll taxes account for 35.9 percent; and the corporate income tax accounts for 6.6 percent. Investors, workers, and consumers pay business taxes like the corporate income tax. Workers shoulder the largest burden through lower wages.

Taxes often determine winners and losers in the economy. Under a well-designed revenue system, taxes would be neutral. If taxes are applied consistently and evenly, they are less likely to be the driving factor in economic decisions. All too often, America's tax system favors certain industries over others, incentivizes consumption over saving, and discourages work and entrepreneurship. Different tax treatment of different activities acts like a wedge that drives individuals and businesses away from the most economically beneficial activities.

Federal taxes should be low. When taxes are low, they cause less harm and smaller distortions in the economy. However, taxes are directly tied to how much the government spends, and the federal government has a spending problem. Partly in response to the coronavirus outbreak, the federal government spent \$13.4 trillion in 2020 and 2021 and racked up over \$5.9 trillion of new debt. Since the United States is obligated to pay its debts, Congress must dramatically reduce spending to avoid painful future tax increases.

Taxes should be simple and transparent. The Tax Cuts and Jobs Act of 2017 (TCJA) simplified taxpaying for individual Americans and lowered taxes, but the U.S. tax code is still far too complex. A vast array of subsidies and carve-outs for the politically connected add to complexity and economic distortions. Based on government estimates, Americans dedicate over 6.2 billion hours a year to complying with the tax code and other Treasury Department information collection requirements. Business taxpayers especially must dedicate vast amounts of time and money to comply with the tax code, IRS regulations, and official guidance. Small businesses often lack the resources to devote to this time-consuming process. Under a simpler tax system, most of these resources could be put to better use.

The biggest distortion in the tax code is caused by the hidden double tax on savers, who face a tax on wages and a second tax on any earnings if the wages are saved and invested. The lower tax rate on capital gains and dividends (with a top rate of 20 percent on long-term capital gains versus a 37 percent top marginal rate on income) helps to move the income tax toward a more neutral treatment of saving but is still an example of double taxation.

Americans benefitted from many pro-growth provisions in the TCJA. In 2019 and early 2020, the unemployment rate was at a 50-year low, wage growth was at a 10-year high, labor force participation had reversed a 20-year downward trend, inflation was low, and the poorest Americans were benefitting the most from the thriving economy. (State-mandated economic shutdowns erased these gains in many parts of the country in 2020 and 2021.) Most of the TCJA's individual tax cuts are set to expire in 2025. This deadline gives Congress

an opportunity to revisit the tax code, prevent tax increases by making much of the TCJA permanent, and address many remaining issues not included in the 2017 tax bill.

Ultimately, the tax system should use the least economically destructive forms of taxation to raise the revenue necessary to fund a limited government that carries out its constitutionally delegated powers. To this end, Congress needs to make pro-growth features of the TCJA permanent and lower taxes on saving while simultaneously eliminating tax subsidies and cutting spending.

Recommendations

Make expensing permanent and extend it to long-lived assets. The U.S. tax code generally imposes years of delay between the moment businesses pay for an investment and the point at which they can deduct the full cost of that investment on their taxes. This raises the cost of the investment, which in turn slows gains to future worker productivity and shrinks incomes. The TCJA temporarily fixed this problem for some short-lived investments through “expensing,” allowing businesses to write off some new investments immediately. Congress should prioritize making these pro-growth provisions permanent.

While the TCJA reduced the tax code’s bias against investing in short-lived assets, this provision was too limited. Buildings, such as new manufacturing floor space and storefronts, still must use the costly and complicated pre-TCJA system, characterized by arbitrary depreciation schedules concocted by federal bureaucrats who often have little or no business experience. The budgetary impact of expanding expensing to all investments would be high in the first few years because of transition costs, but the economic benefits would be huge. Alternatively, an intermediate approach with a smaller upfront budget impact would allow neutral cost recovery for buildings. Inflation makes delayed expensing especially harmful, because by the time taxpayers can fully claim deductions, the value of the dollar has fallen, reducing the value of the deduction compared to the real cost of the investment. A neutral cost recovery system allows taxpayers to adjust deductions to account for inflation and a real rate of return, providing an economic benefit that is similar to expensing.

Prevent tax increases and make the Tax Cuts and Jobs Act permanent. The 2017 tax cuts reduced federal income tax rates, increased the standard deduction, doubled the child tax credit, repealed the personal and dependent exemptions, and capped the state and local tax (SALT) deduction, among many other reforms. Most of the law’s individual tax provisions expire at the end of 2025, and taxes are scheduled to increase beginning in 2026.

Although most media attention surrounding the TCJA centered on lower tax rates for individuals and businesses, the TCJA’s adjustments to investment rules, such as expensing, had important benefits for American workers, supporting higher wages and more jobs. A permanent version of the 2017 tax cuts could increase the size of the economy and further boost Americans’ paychecks, and permanent tax cuts and expanded expensing could boost the size of the economy by 4.3 percent over the pre-tax cuts baseline. That would more than double the economic benefits that are expected to result from the temporary provisions under current law.

Congress should resist proposals to increase Americans’ tax burden or to create new taxes. Americans already pay federal individual income taxes (including capital gains), corporate income taxes, payroll taxes, estate taxes, tariffs, and excise taxes like those on gasoline, tobacco, alcohol, firearms, and sporting goods. There is no need to add a new revenue source, whether it is a value added tax, a border adjustment tax, or a tax on carbon, wealth, unrealized capital gains, or financial transactions. Adding yet another federal revenue source would add needless complexity and make it easier for elected officials to collect more revenue to fund an already bloated federal government. Rather than thinking of new sources of revenue, policymakers should consider eliminating or consolidating revenue sources.

Pair tax reductions with spending cuts. The federal government needs to get spending under control. By allowing deficits to rise, Congress makes future tax increases inevitable. Moreover, any increase in the debt will create an imbalance between tax rates now and tax rates in the future, which in turn can create harmful economic distortions by causing people to avoid activities that might lead to future taxes on, for example, entrepreneurship and saving. Therefore, any further tax reductions should be offset by spending cuts that are as large as or larger than any tax cuts. In addition, there are many tax subsidies that could be removed from the tax code to pay for pro-growth reforms that make the code simpler and fairer.

Enact universal savings accounts. The current tax code discourages most forms of savings compared to consumption. People's paychecks are subject to individual income tax (and payroll tax), but no further tax is due on the portion of one's paycheck that is spent. However, if an individual puts a portion of the paycheck into savings or investments (except tax-preferred forms), the individual will face additional tax on any interest or capital gains earned. This is an additional layer of tax. Individual retirement accounts (IRAs), Roth IRAs, 401(k)s, and defined contribution plans allow investors to save limited amounts while avoiding this double taxation. Such plans, however, restrict the use of funds and penalize early withdrawal. This lack of flexibility especially discourages less wealthy Americans from using tax-preferred savings.

Universal savings accounts (USAs) would reduce taxes on savings for all Americans and help families build their own financial security through a single, simple, and flexible account. Unlike holders of existing retirement savings accounts, USA holders would not be bound by limits on when savings can be withdrawn or for what purpose people may use their personal savings. Individuals would contribute post-tax earnings, and all withdrawals from a USA would be excluded from taxable income; any gains accrued would thus be tax-free. USAs would allow Americans at all income levels to save more of their earnings with fewer restrictions on where and when they can spend their own money.

Index capital gains for inflation. For purposes of capital gains taxes, the tax base is the difference between the value of the asset upon sale (or other taxable event) compared to the basis of the asset (usually its value when purchased). Part of the increase in asset values over time is offset by general economy-wide inflation, but the full increase in asset prices is subject to capital gains tax, so investors are subject to tax both on real gains and on inflation. This inflation tax is higher and more distortionary the longer capital assets are held and, of course, the higher inflation rises.

This defect in the tax code is especially harmful because taxes on investments already represent a second layer of taxation. Taxpayers can avoid the tax on real capital gains and inflation by simply spending wage income rather than investing, but this perverse incentive reduces Americans' savings and deprives businesses of the capital funding they need to grow and innovate. Congress can stimulate economic growth and create a more neutral tax system by indexing the tax basis of capital gains for inflation.

Cut tax subsidies. Each year, the tax code is used to hand out billions of dollars in subsidies to politically connected interests, thereby picking winners and losers and distorting market outcomes. Future tax reform should eliminate all individual and corporate deductions, credits, exclusions, and exemptions that are not economically justified. Some of the most egregious tax subsidies are the wide range of tax breaks for the production and consumption of politically favored types of energy and energy-efficient products that distort energy markets, making them less efficient and more dependent on government subsidies. Other examples include tax credits for college expenses that contribute to the inflated cost of college for every American student, the research and development tax credit that is an inefficient subsidy for an activity in which most companies would engage anyway, and the low-income housing tax credit that creates incentives for local government corruption and primarily subsidizes developers, not renters.

The 2017 tax reform introduced new tax preferences that should be rolled back, like the temporary tax credit for paid family leave, the new 20 percent deduction for pass-through businesses, and place-based opportunity

zone credits. The bill also did not fully eliminate existing subsidies like the newly capped state and local tax (SALT) deduction, which should be zeroed out as it is harmful for individuals and businesses. Each of these tax preferences and many others add unnecessary complexity to the tax code and reduce economic growth because they cause individuals and businesses to rely on government subsidies rather than market signals when making decisions about where to live or what to produce. The TCJA's provisions that eliminate double taxation on savings and investments are sound tax policies and should not be viewed as "tax expenditures."

Limit the power of the Internal Revenue Service. The U.S. Constitution delegates the power to lay and collect taxes to Congress, but Congress has ceded much of this power to the IRS and, more broadly, the Department of the Treasury and the executive branch. When Congress writes tax laws, those laws are typically riddled with instructions for the Secretary of the Treasury to issue new regulations covering various aspects of the law. If these occurrences were limited to mere administrative issues, this would not be especially problematic, but the tens of thousands of pages of IRS regulations and other official guidance meaningfully shape tax law and add significantly to the burden imposed on taxpayers. Businesses often must wait a year or more for IRS regulations to be published before they can really understand how a new tax law affects them. Congress should avoid relying on the IRS to issue highly consequential tax regulations.

The IRS's power in setting tax policy is also problematic at a time when global taxation is in vogue. As the Organisation for Economic Co-operation and Development (OECD) develops proposals to institute a more globalized tax system, Americans should be wary of too much power resting in the executive branch. Under the Constitution, the President can sign international treaties but cannot circumvent Congress in making laws. Limiting the IRS's regulatory power will help to ensure that constitutional checks remain in place.

Facts + Figures

FACT: High-income taxpayers already pay the lion's share of federal income taxes, and the 2017 tax cuts made the tax code more progressive.

- Households in the bottom half of income earners paid 3 percent of the federal income taxes and earned 12 percent of the income in 2018 (the most recent year for which tax data are available).
- The top 1 percent of income earners paid 40 percent of federal income taxes and earned 21 percent of the income.
- The 2017 tax cuts made the tax code more progressive by reducing taxes paid by the lowest-income taxpayers more than it reduced taxes paid by high-income taxpayers as a percentage of the income taxes they would otherwise have owed.
- It is mathematically impossible for the rich to pay for all of the government spending proposed by progressives.
- In 2018, an income tax of 100 percent on all individuals earning more than \$1 million would have increased tax collections by \$1.3 trillion. In 2020, Medicare for All would have required \$2.8 trillion of new federal funding.

FACT: Uncontrolled government spending, not tax cuts, drives U.S. deficits.

- Federal revenues as a percentage of GDP have been near the historical average since 1968 and are projected to rise.
- The Congressional Budget Office projects that by 2050, federal spending will be 80 percent higher as a percentage of GDP than it was in 2000.
- A tax environment that rewards hard work and innovation is critical to the long-term growth of the economy, which is necessary if America is to pay down its debts.

FACT: The complexity of the tax code drains the economy of productive resources.

- The Internal Revenue Code was 6,859 pages long as of November 2021.
- The IRS has 14,312 pages of regulations and since 2000 has issued at least 48,895 pages of official guidance with which individuals and business must comply. Together, this amounts to 70,066 pages of rules—roughly the size of 58 King James Bibles.
- Government estimates show that Americans dedicate more than 6.2 billion hours a year to complying with the tax code and other Treasury Department information collection requirements.
- Despite improvements in accounting software, employment of accountants and auditors is projected to grow by 7 percent per year from 2020 to 2030. The population, by contrast, grows less than 1 percent per year.

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CONSTITUTIONAL GOVERNMENT



Election Integrity

Summary and Key Talking Points

Policy Proposals

1. Require all voters to present photo identification issued by the federal, state, local, or tribal government when voting.
2. Require all individuals who register to vote to provide proof of U.S. citizenship.
3. Prohibit private funding of any election officials and election offices and agencies.

Quick Facts

1. A 2012 Pew Study showed that 24 million voter registrations were inaccurate, out of date, or duplicates.
2. In 2020, the Public Interest Legal Foundation found more than 144,000 potential cases of fraud by individuals registering and voting more than once in the 2016 and 2018 elections.

Power Phrases

Uphold Our Constitutional Republic

- The right to vote in a free and fair election is the most basic civil right and one on which many other rights of the American people depend.

Establish Trust

- The electoral system cannot inspire public confidence if no safeguards exist to deter or detect fraud or to confirm the identity of voters. The security of the ballot box cannot be left to the honor system.

Defend Against Fraud

- The automatic mailing of absentee ballot request forms and absentee ballots to all registered voters presents serious threats to election security.
- Congress and the states must ensure that all eligible Americans are able to vote and that their votes are not stolen or diluted by fraud or administrative errors.

The Issue

As important as elections are—giving citizens rightful input into government spending, who receives benefits, and how the government exercises its power—some people will attempt to cheat. Examples abound throughout U.S. history, from the 135 percent of eligible voters who turned out for an 1844 election in New York to the infamous ballot Box 13 in Lyndon Johnson’s fraudulent 1948 Senate election. The 1997 Miami mayor’s race was overturned because of more than 5,000 fraudulent absentee ballots. A mayoral election in East Chicago, Indiana, in 2003 and a state senate race in Tennessee in 2005 were also overturned due to voter fraud.

In 2013, four people in Indiana were convicted of forging signatures on the ballot petitions that qualified Barack Obama for the state’s May 2008 primary election. In 2015, a city council race in the New Jersey town of Perth Amboy was decided by a mere 10 votes. A judge overturned the election and ordered a new one after it was revealed that at least 13 illegal absentee ballots had been cast. More recently, the 2018 election for the Ninth Congressional District in North Carolina was overturned after the State Board of Elections found organized absentee-ballot fraud that altered the outcome.

As the Supreme Court of the United States recognized when it [upheld the constitutionality](#) of Indiana’s voter identification law in 2008, flagrant examples of voter fraud “have been documented throughout this Nation’s history by respected historians and journalists...” Those examples “demonstrate that not only is the risk of voter fraud real but that it could affect the outcome of a close election.” The Heritage Foundation’s [Election Fraud Database](#) has documented almost 1,500 instances of voter fraud from across the country, and the number continues to grow.

Many partisan activists, liberal academics, and members of the media elite deny that election fraud exists or that any action is needed to protect the integrity of the election process. The nonpartisan Commission on Federal Election Reform, however, chaired by former President Jimmy Carter and former Secretary of State James A. Baker III, [found that the](#) “electoral system cannot inspire public confidence if no safeguards exist to deter or detect fraud or to confirm the identity of voters.”

The right to vote in a free and fair election is a citizen’s most basic civil right, the one on which many of the other rights of Americans depend. Congress and the states can and should guarantee that every eligible citizen is able to vote—and that no one’s vote is stolen. The Heritage Foundation has [published](#) a detailed and extensive list of best-practice recommendations for state legislatures, which have primary responsibility for administering elections, but there are actions that the federal government can take as well. Additionally, The Heritage Foundation’s [Election Integrity Scorecard](#), which analyzes the election laws of all 50 states and the District of Columbia and grades each state on how well it protects the security and integrity of the election process, gives states a clear picture of where their laws and regulations meet the best practices and where vulnerabilities exist and how to fix them.

Recommendations

Policy Proposals (Federal)

In order to protect free and fair elections in the United States, Congress should:

Require all voters in federal elections to present photographic identification, issued by the federal, state, local, or tribal government, when they vote at their polling place and to send copies of such identification (or their driver’s license or non-driver’s identification card number) when submitting an absentee ballot. Such a photo ID should be provided free of charge to those who request it for voting purposes.

Allow state election officials to verify the U.S. citizenship of registered voters by making the Social Security Administration and Department of Homeland Security (DHS) databases available to those officials.

Require all federal courts to notify state election officials when individuals whose names are drawn from their voter registration rolls are excused from jury duty because they are not U.S. citizens and require all federal courts to notify the U.S. Department of Justice (DOJ) for purposes of investigation and possible prosecution of such cases.

Amend the National Voter Registration Act of 1993 to allow states to strike individuals who have not voted in two consecutive federal elections from the voter rolls. These individuals must be informed in writing that they will be removed unless they contact election officials by a certain time.

Amend the National Voter Registration Act of 1993 to clarify that states may require proof of citizenship from those who are registering to vote.

Require the DHS to provide the DOJ with all the information it has on non-citizens who have registered for, or voted in, federal, state, or local elections. Not only should the DHS revoke the visas and reject the citizenship applications of aliens who have registered or voted illegally, the DOJ must also investigate and prosecute non-citizens who have violated federal law.

Sunset the U.S. Election Assistance Commission, a federal agency created in 2002 to administer a one-time grant of federal funds to the states. Having this superfluous federal agency in place will tempt Congress to expand its authority to impose federal mandates through federal regulations, which could lead eventually to the complete takeover of the election process by the federal government.

Direct the Department of Defense to create voter registration offices on all military installations to provide voting assistance to military personnel and their families and allow nonpartisan veterans groups to hold voter registration drives at commissaries or other public locations on military posts and bases.

Policy Proposals (State)

In order to protect free and fair elections in the United States, state legislatures should:

Require all voters in federal, state, and local elections to present photographic identification, issued by the federal, state, local or tribal government when they vote at their polling place, and to send copies of such identification or their driver's license or non-driver's identification card number when submitting an absentee ballot. Anyone who does not have an ID should receive it free of charge from state authorities. Academic studies and election results both show that ID requirements do not depress voter turnout, including among minority voters. A vast majority of voters of all parties, races, and ethnic backgrounds support such a requirement, which increases public confidence in the integrity of elections.

Require all individuals who register to vote to provide proof of U.S. citizenship. States have an interest in preventing dilution of the votes of their citizens at the state level and must maintain citizen-only voting rolls for federal elections. When a state issues a driver's license to a non-citizen, whether he is in the country legally or illegally, the license should indicate clearly that the holder is not a U.S. citizen.

Require state and local election officials to verify the accuracy of new voter registration information against other available state and federal databases. Section 303 of the Help America Vote Act (HAVA) of 2001 requires states to coordinate their voter registration lists with "other agency databases" and to "verify the accuracy of the information provided on applications for voter registration." Some election officials are not complying with this law and are not verifying new voter registration information against other available

databases, such as Department of Motor Vehicles driver's license records and Social Security Administration death records. Legislators should implement this requirement as a state law to ensure that their state election officials follow this commonsense requirement.

Require individuals who register by mail to vote in person the first time they vote. Section 6 of the National Voter Registration Act allows states to implement such a requirement, although it cannot apply to anyone entitled to vote by absentee ballot under the Uniformed and Overseas Citizens Absentee Voting Act or the Voting Accessibility of the Elderly and Handicapped Act.

Require all individuals who register to vote by mail-in forms, whether mailed back to election officials or hand-delivered by the individual or third-party organizations, to comply with the applicable HAVA provision. HAVA requires persons who register to vote by mail and who have not previously voted in a federal election to provide a copy of certain identification documents when they register or the first time they vote, but some states have interpreted this to apply only to voter registration forms received through the mail and not when they are delivered through other means.

Require all third-party organizations that conduct voter registration drives to write the name of their organization, as well as the name of the volunteer or employee handling each registration, on the voter registration form, and that all completed forms be returned to election officials within 10 days of the date on which the forms are signed by the person registering. This would allow election officials to identify which organization and individual handled voter registration forms that are found to be incomplete or fraudulent and to ensure that completed registration forms are provided to election officials on a timely basis for proper processing before the state's pre-election registration deadline.

Require all state courts to notify election officials when individuals whose names are drawn from the registration rolls are excused from jury duty because they are not U.S. citizens or no longer live in the jurisdiction. This measure would allow local election officials to remove ineligible voters and refer them for possible prosecution. Running data comparisons between voter registration addresses and property tax rolls is also recommended for detecting individuals who are registering illegally at commercial addresses or vacant lots.

Require that each state enter into agreements with other states to compare voter registration lists to find people who are registered in more than one state. Because there is no national voter registration list, it is relatively easy for individuals to register in more than one state without detection. Such agreements are critical to detecting and deterring double registration and possible double voting.

Reject any effort to eliminate the electoral college. Any state compact to manipulate or alter the electoral college requires congressional assent. Congress should reject such a compact, as well as any constitutional amendment to scrap the electoral college.

Reject same-day and automatic voter registration, the automatic mailing of absentee-ballot-request forms and absentee ballots to all registered voters, and permanent absentee-ballot lists.

Prohibit private funding of any election officials and election offices and agencies.

Ban ranked-choice voting. Ranked-choice voting is an opaque, confusing system that overly complicates the voting and election process, making it harder for individuals to vote and election officials to tabulate the results.

Facts + Figures

FACT: States have the right and responsibility to ensure the integrity of their elections and to ensure that the votes of eligible voters are not stolen or diluted by fraud.

- The U.S. Constitution reserves to the states the exclusive authority for most election decisions, including voter qualifications.
- A 2012 Pew study showed that 24 million voter registrations are inaccurate, out of date, or duplicates with 2.8 million people registered in two or more states and 1.8 million dead people still registered.
- In 2017, the Public Interest Legal Foundation found that more than 5,500 non-citizens had registered to vote in Virginia. Of these illegal registrants, 1,852 cast nearly 7,500 ballots in a state in which two state-wide attorney general races have been decided by fewer than a thousand votes.
- In 2020, the Public Interest Legal Foundation found more than 144,000 potential cases of fraud by individuals registering and voting more than once in the 2016 and 2018 elections, as well as individuals determined by state authorities to have votes cast in their name after their deaths, and individuals voting from nonresidential addresses, such as post offices, gas stations, parks, and vacant lots.
- The evidence of voter fraud from specific cases shows which types of laws and regulations are most effective in preventing and deterring fraud. The Heritage Foundation maintains [a growing database](#) with a sampling of fraud cases from across the country.

FACT: Election fraud is a reality that has been documented repeatedly through the prosecution and conviction of criminal cases.

- A 1984 New York grand jury report detailed extensive voter registration fraud and impersonation fraud at the polls that had been carried out for 14 years in state and federal elections.
- A Chicago grand jury report described an extensive system of voter registration fraud and vote theft that resulted in 100,000 fraudulent votes being cast in the 1982 election. The U.S. Attorney in Chicago [estimated](#) that at least 80,000 illegal aliens were registered to vote in Chicago at the time. Many other states have had similar problems.
- An extensive North Carolina State Board of Elections investigation of the 2018 Ninth Congressional District election found a “coordinated, unlawful, and substantially resourced absentee ballot scheme” that “corrupted” the election through fraud. The election was overturned.

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Legal Immigration

Summary and Key Talking Points

Policy Proposals

1. Establish a merit-based immigration system under which America selects the majority of future immigrants based on skills as opposed to the current majority family-based system under which immigrants select future immigrants based on their relations.
2. End chain migration.
3. End universal birthright citizenship.

Quick Facts

1. Many countries around the world such as Canada, Australia, and the United Kingdom use merit-based immigration systems successfully.
2. In Canada, 56 percent of immigrants are admitted based on merit; in Australia, 62 percent of immigrant admissions are merit-based; in the United States, however, fewer than 15 percent of immigrant admissions are based on merit.
3. In 2017, the Congressional Budget Office estimated that about 4.5 million U.S. citizens under the age of 18 have at least one inadmissible or deportable parent.

Power Phrases

Safe, Prosperous, and Free

- U.S. immigration policy should keep the American people safe, prosperous, and free.

A System for the 21st Century

- Our current legal immigration system is outdated and fails both immigrants and Americans.
- Prioritizing “merit”—the ways immigrants can contribute to the country—over distant family connections, like many other countries do, helps ensure immigrants can thrive in our country while maximizing the benefits of immigration for Americans.

Step-by-Step Reforms

- Congress must consider the full range of necessary reforms to legal immigration, border security, and enforcement, using a step-by-step approach to address each on its own merits rather than a comprehensive approach that often leads to amnesty.

The Issue

The Biden Administration has caused considerable damage to America by opening our southern border, and among those who have been most severely victimized by such poor policies are those who have sought to immigrate to the U.S. lawfully. By seeking to erase the line between legal and illegal immigration, the Administration's policies force those who have followed the rules to wait longer for their immigration applications to be adjudicated. Additionally, efforts to effect needed reforms in our legal immigration system will be further delayed because those who care about border security will need to restore a secure border before tackling the legal side of the immigration equation. When legal immigration is addressed, reform must be designed for the 21st century to maximize the benefits of legal immigration for America and minimize its costs.

Under the current system, the U.S. provides lawful permanent residence—a green card—to around one million foreigners each year. In fiscal year 2019, for example, the U.S. granted 1.032 million green cards. Green cards are allotted according to decades-old statutes. As a result, the largest category of green card distribution is to family members of U.S. citizens and lawful permanent residents. In 2019, the U.S. granted 709,904 green cards—more than two-thirds of the total granted—based on a recipient's status as a family member or an immediate relative. Of this subtotal, more than 500,000 were given to spouses, children, and parents—"immediate relatives" under U.S. law—who can receive an unlimited number of green cards each year. By contrast, only 139,458 green cards were awarded based on employment. The Diversity Visa Program lottery issued approximately 43,000 visas, and approximately 139,000 green cards were issued to refugees, asylees, and individuals in other categories.

By comparison, countries like Canada and Australia grant the majority of their permanent visas for economic reasons. Other nations also define "immediate relatives" more narrowly to include only spouses and minor children. These policies make sense because these countries are using immigration to maximize national interests. By focusing on merit-based immigration, countries can ensure that immigrants contribute to the economy and will not consume government benefits at the expense of existing taxpayers. The U.S. system, however, minimizes American fiscal considerations and fails to maximize our national interests.

The COVID-19 pandemic has made the need for an economy-based immigration system even clearer. The premise behind such a system is not simply to bring in more employment-based immigrants and fewer family-based immigrants. Rather, the idea is to have an overall immigration system that is attuned to America's needs. With unemployment at historic highs because of paid unemployment and other factors, the employment priority is to get Americans back to work. Accordingly, the federal government needs to exercise great care in crafting and revising immigration policies so that they benefit both individual Americans and the American economy.

Beyond issues of money and economic growth, immigration is also about assimilating people with certain values and principles. Historically, governments and institutions at all levels have played an active role in the Americanization process. The Founders knew that the new country would attract even more immigrants, so they believed in assimilating and educating them, as well as the native-born, to inculcate the nation's philosophy into a new population, giving American democracy its "demos." Over the past few decades, however, America has drifted away from assimilating immigrants: Elites in government, the culture, and academia have led a push toward multiculturalism, which emphasizes group differences. Instead of *E pluribus unum*—out of many, one—assimilation is seen as a humiliating demand that the purportedly marginalized conform to the identities of their supposed oppressors. This view must not be allowed to control U.S. policies.

Recommendations

Establish a merit-based immigration system. Congress should modify the family preference system and move to a new merit-based system of visas. A shift from family-based immigration to merit-based immigration would prioritize economically and fiscally beneficial immigration and better serve our national interest. Such a system should be designed in a way that recognizes that the market is the best and most objective way to identify those who will benefit the economy. This starts with requiring immigrants to have an offer of employment (an objective market signal) or financial means of self-support before entering the country. The government would not be picking winners and losers among industries, job categories, or immigrants.

If there are more requests than available green cards, Congress could consider a limited points system or an auction that again would emphasize the market. For example, the compensation offered to an immigrant by a company would have significant priority, as compensation provides objective evidence of market demand. Other heavily weighted factors could include financial resources and assets, educational achievement, professional credentials, job experience, and fluency in English. These factors, while not perfect or completely objective measures, would focus on reasonable measures of economic and fiscal impact, avoiding both government micromanagement and the need to burden American taxpayers with higher levels of government welfare assistance.

One way to ensure that merit-based green card candidates are indeed working or otherwise providing significant benefit to the U.S. would be to make their legal permanent residence conditional for the first several years. To transition from a conditional lawful permanent resident (LPR) status to full LPR status, immigrants should be required to maintain employment for most of the conditional period, although they would be allowed to switch jobs. The total time required to hold a green card before becoming a citizen—five years—would remain unchanged, but a requirement that the holder not be a public charge before becoming a U.S. citizen could be added.

Focus on the nuclear family and end chain migration. Congress should allow the number of immediate relatives who are granted residency to remain uncapped while restricting the definition of immediate relatives to spouses and minor children. Congress should cut all or almost all of the current family preferences for extended family, thereby ending chain migration. U.S. citizens could continue to sponsor their parents, but only for a renewable temporary visa that would not make them eligible for welfare benefits and would require the citizens to provide proof of health insurance and financial support of their parents. It is also worth noting that extended family members may have other legal avenues for immigrating to the U.S.

End the Diversity Immigrant Visa (Lottery) Program. Congress should eliminate the Diversity Immigrant Visa Program, which provides 50,000 immigrant visas annually to random individuals from countries with low rates of immigration to the United States. The United States should evaluate potential citizens individually. Rather than leave to chance the question of who gets an immigrant visa, Congress should decide based on the qualifications of potential citizens, taking into consideration experience, professional credentials, and education. The Diversity lottery treats people not as individuals, but as the means to artificially create representation from various countries. Congress should end this system because it does not serve the national interest and discriminates based on national origin.

End universal birthright citizenship. The granting of birthright citizenship to all children born in the United States regardless of the parents' immigration status is both the result of a misinterpretation of the Fourteenth Amendment and inconsistent with the intent of the amendment's framers. The legislative history of the amendment makes clear that its purpose was to bestow citizenship only on those who owed their permanent, undivided allegiance to the United States and were subject to the fullest extent of its jurisdiction. In particular, this meant the newly freed slaves, who were lawful and permanent U.S. residents and not subject to any foreign power. Congress should clarify the federal definition of "citizenship" in a manner that conveys its

consistency with the original understanding of the Fourteenth Amendment by explicitly stating that only the U.S.-born children of individuals subject to the complete jurisdiction of the United States are citizens by virtue of birth on U.S. soil. This would include the children of lawful permanent resident aliens referred to in *United States v. Wong Kim Ark* but would exclude the U.S.-born children of illegal or temporarily present aliens.

Promote patriotic assimilation. Policymakers should overhaul policies that do not blend well with immigration. Concepts such as victimhood, oppressor–oppressed, compensatory justice, racial preferences, and coercive diversity are harmful and should not govern policy. Congress must put an end to measures that coerce immigrants and their American children and grandchildren into pan-ethnic identity traps. We must stop categorizing people as victims with protected status and start mandating that they participate in all aspects of society. Immigrants come to the United States to be American, not to join synthetic nations within the nation.

The executive branch should stop dividing society into groups. Specifically, it should rescind the 1977 Office of Management and Budget (OMB) directive and its 1997 revision that divides the population into “Hispanics,” “Asians,” and other such categories. In addition, the courts should finally declare racial preferences in admissions and government contracts to be unconstitutional.

Candidates for citizenship should demonstrate a strong understanding of America’s language, history, and civic life. The patriotic rituals surrounding the naturalization ceremony should be augmented to reinforce the event’s transformational character. Once immigrants go through naturalization, they are expected to have no other national loyalty, whether to the lands of their birth or to a “nation within a nation.” The government should return to the guiding principle that once an immigrant is naturalized, he or she should be encouraged, in George Washington’s words, to “get assimilated to our customs.”

Public schools should reinforce these values and should not use “culturally responsive” teaching methods (used to teach even mathematics) that divide children into different ethnic boxes. Rigorous studies indicate statistically significant positive effects of school choice or private schooling on the teaching of civic values while the civics education provided by public schools is falling short. Government schools must do a better job of instilling civic values, and policymakers at the state level should provide more charter schools and private school choice options for families.

Facts + Figures

FACT: Many countries around the world successfully use a merit-based immigration system to advance their national interests.

- Countries that use a merit-based system include Canada, Australia, New Zealand, and the United Kingdom, among others.
- Fifty-six percent of those who immigrate to Canada are admitted based on merit, and 62 percent of those who immigrate to Australia are admitted based on merit, compared with fewer than 15 percent in the U.S.

FACT: Unlimited birthright citizenship is not required by the Constitution and is harmful to an effective immigration system.

- The current implementation of the Fourteenth Amendment grants citizenship to nearly all children born in the United States, but this contradicts both the history and the original meaning of the amendment.
- Few advanced global economies use unlimited birthright citizenship, as it attracts illegal immigration and birth tourism. For example, no country in Europe provides unrestricted birthright citizenship.

FACT: Assimilation and Americanization are essential correlates of immigration.

- George Washington stated that immigration succeeds when “by an intermixture with our people, they, or their descendants, get assimilated to our customs, manners and laws: in a word, soon become one people.”
- Abraham Lincoln pointed out that the Founding ideas present in the Declaration of Independence can be grasped by immigrants. He said that they act as “the electric cord in that Declaration that links the hearts of Patriotic and liberty-loving men together.”
- In a 1919 letter to the American Defense Society, Theodore Roosevelt emphasized the importance of assimilation into American society, saying that “we should insist that if the immigrant who comes here in good faith becomes an American and assimilates himself to us, he shall be treated on an exact equality with everyone else.”

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The Role of the Courts

Summary and Key Talking Points

Policy Proposals

1. Policymakers should pledge to promote the appointment of constitutionalist judges.
2. Senators should prioritize determining whether judicial nominees will be committed to the judiciary's role as designed.
3. Senators should not abuse their role of "Advice and Consent."

Quick Facts

1. Courts with judges who serve unlimited terms have a total of 860 seats around the country.
2. The lower courts have the last word on most federal cases because the Supreme Court of the United States decides only about 80 cases per year.
3. Judicial vacancies continue to compromise the judiciary's ability to serve its proper purpose.

Power Phrases

Constitutional

- Judges are required to swear an oath to uphold the Constitution, and the Senate should ensure that nominees have a record of interpreting the law as written.

Unbiased

- A judge's responsibility is to interpret the written law, not to create laws that align with his or her personal policy preferences.
- Judges should not have the power to redefine laws and traditions that Americans have known for more than two hundred years.

Unpoliticized

- Judicial nominees at all levels should not be considered political pawns to be captured by one party or another. They are servants of the American people with a duty to uphold the Constitution.

The Issue

America's Founders believed that the purpose of government is to secure such inalienable rights as life, liberty, and the pursuit of happiness, and they designed a system of government to further that purpose. This system limits government in several ways, such as separating the federal government into three branches, with checks and balances between them, and further dividing power between the federal and state levels of government.

The design of this system of government helps to define the role of each of its components, and those roles must be maintained for the system to achieve its purpose. To this end, not only is power separated into the three branches and divided between the federal and state levels, but the Constitution gives separate and distinct powers to each branch. Alexander Hamilton wrote that the exercise of these powers would involve will (the legislative branch); force (the executive); and judgment (the judiciary). Since the judicial branch is limited to using judgment in interpreting and applying the law to decide individual cases, Hamilton explained, it would be the "weakest" and "least dangerous" branch. This separation of powers, in both theory and fact, is so important, he wrote, that liberty itself depends on it.

As the Supreme Court explained in 1795, the Constitution contains "the permanent will of the people, and is the supreme law of the land; it is paramount to the power of the Legislature." Some cases therefore require that the Court evaluate whether laws enacted by the legislative branch are consistent with the Constitution—a process often referred to as "judicial review."

While the *Marbury v. Madison* (1803) decision established the practice of judicial review, it did not relieve the legislative and executive branches of their independent responsibility to evaluate the constitutionality of their own actions. For example, when Congress decides which laws to enact, it is interpreting the Constitution. When Members of Congress reject legislation that would violate the Constitution, they are acting in accordance with their oath.

Similarly, the President carries out this oath by determining which bills to sign into law. The President may sign or veto legislation for political or policy reasons, but faithfully discharging his oath may also require vetoing legislation he believes would violate the Constitution. He (or she) may also choose not to enforce a law signed by one of his predecessors if he concludes that it is unconstitutional. The responsibility of each branch to ensure that its actions are consistent with the Constitution is always a present duty.

America's Founders designed a system of government in which the judiciary must exercise its judicial power, especially judicial review, in a particular way and not as the sole actor. With the Supreme Court taking the lead, however, the judicial branch has recently been pushing past those limits and has expanded its power beyond the design intended for it. In *Cooper v. Aaron* (1958), for example, the Court asserted that "the federal judiciary is supreme in the exposition of the law of the Constitution." This trend has had several effects that undermine the liberty our system of government was designed to provide. For one thing, it has invited the other branches to ignore their independent duty to abide by the Constitution and to act as though they are free to do what they choose, in whatever manner, unless or until stopped by the courts.

In addition to proclaiming its superiority to the other branches in interpreting the Constitution, the judiciary has radically changed how it conducts that interpretation. Founder James Wilson, a signer of both the Declaration of Independence and the Constitution and one of the original six Supreme Court justices, explained that in a republic, "the people are masters of the government." As a result, President George Washington said in his 1796 Farewell Address that the "basis of our political systems is the right of the people to make and to alter their constitutions of government." Moreover, returning to *Marbury*, the Supreme Court emphasized that the Constitution is written so that the limits it imposes on government "may not be mistaken nor forgotten."

If these principles are true, then they should direct how judges interpret and apply the law: A judge should use the Constitution as written and originally understood to conduct judicial review, not a constitution of the judge's own making with the meaning a judge wants it to have. Judges are limited, as the Supreme Court said in *Marbury v. Madison*, to “say[ing] what the law is,” and the Constitution is not, as Chief Justice Charles Evans Hughes would say a century later, “whatever the judges say it is.”

These principles apply as much to the judicial branch as they do to the other two branches. Judges therefore may not treat the Constitution in a way that takes control of the Constitution away from the people. For this to be a “government of laws and not of men,” as John Adams put it, the law, not judges themselves, must decide the cases and controversies that come before the courts.

In determining whether a contested law is consistent with the Constitution, judges act within their proper judicial power when they give effect to the original public meaning of the words and phrases of laws and the Constitution. A law's compliance with the Constitution is no guarantee of its soundness or wisdom. In fact, judges acting in accordance with their constitutional duties sometimes will uphold laws that may be bad policy while striking down laws that may be good policy. Judicial review requires the judge to determine not whether a law leads to good or bad results or accords with his or her personal views or priorities, but *whether that law violates the Constitution*.

Under the opposite approach, often called “judicial activism,” judges use whatever process or method is necessary to achieve their desired result. This approach might be described as the political ends justifying the judicial means. A judge who employs judicial activism might ignore the law's text or its original public meaning, relying on external sources such as foreign law, and might even fail to apply the law impartially. This is also sometimes called “living constitutionalism,” a theory in which the meaning of the Constitution itself evolves and changes not through the amendment process set out in the Constitution itself, but as a result of judicial decisions driven by the priorities and preferences of judges.

The following examples of Supreme Court activism, which involved high-profile issues, have garnered significant media attention:

- *Fisher v. University of Texas at Austin II* (2016), which, rather than requiring the university to meet the strict standards of the Constitution's guarantee of equal protection, allowed it to discriminate against prospective white and Asian American students.
- *Whole Woman's Health v. Hellerstedt* (2016), in which the Court, going beyond constitutional issues to make policy decisions and acting as “the country's ex officio medical board” as Justice Clarence Thomas wrote in his dissenting opinion, overturned reforms of substandard abortion clinics enacted by the Texas legislature.
- *King v. Burwell* (2015), in which the Court, in upholding the IRS's extension of tax credits to the federal health care exchange established pursuant to the Affordable Care Act, contorted the plain text of the statute to uphold President Barack Obama's signature legislative achievement for a second time.
- *Obergefell v. Hodges* (2015), which recognized a constitutional right to same-sex marriage with a decision that even supporters of the ruling have described as unintelligible and poorly reasoned.
- *Bostock v. Clayton County* (2020), which construed “sex” in Title VII of the 1964 Civil Rights Act to include sexual orientation and gender identity even though conceding that it meant only “biological distinctions between male and female” when Congress enacted it.

By contrast, a judiciary exercising its power as designed would decide each case in light of what the Constitution and the statutes say and what they originally meant, applying them impartially to the facts. Such judges respect the American people’s right to control the Constitution, to elect representatives who enact statutes, and to remain masters of the government.

Recommendations

Policymakers should pledge to promote the appointment of constitutionalist judges. Specifically, this means pledging to promote the appointment of judges who will follow the design for the judiciary by interpreting the law as written and applying it impartially to decide cases. It also means that the President should nominate—and Senators should confirm—only faithful constitutionalists.

Senators should prioritize determining whether judicial nominees are committed to the judiciary’s designed role in our system of government. In exercising “Advice and Consent,” which is a check on the presidential power to appoint new judges, Senators must determine whether nominees are qualified for judicial service. These qualifications include not only appropriate legal experience, but also the proper judicial philosophy. Senators should seek to determine a nominee’s understanding of the power and proper role of the courts, especially the process or method a nominee will follow to interpret and apply the law in deciding cases. Questions such as the following should inform the confirmation process:

1. Are judges limited to deciding individual cases involving specific parties and particular facts, or may they address issues and solve broad problems?
2. Should judges interpret the Constitution according to the original public meaning of its text, or may they find new meaning in other sources including foreign law?
3. May judges take into account the political interests that might be served by their decisions?

Senators should not abuse their role of “Advice and Consent.” The Senate advises as to whether the President should appoint someone he has nominated by giving or withholding consent. This does not mean, however, that the Senate has an independent, coequal power of appointment. The Senate should not use procedural tactics that effectively hijack the President’s power to appoint judges.

Facts + Figures

FACT: Courts with judges who serve unlimited terms have a total of 860 seats around the country.

- The Constitution gives Congress two categories of authority to create federal courts. Judges on courts established under Article I serve for specific terms. Those on courts established under Article III do not have specific terms, serving “during good Behaviour.”
- Article III judges are nominated by the President and must be approved by the Senate.
- Today, the U.S. District Court has 663 seats, the U.S. Court of Appeals has 179, the U.S. Supreme Court has nine, and the U.S. Court of International Trade has nine, for a total of 860 seats on Article III courts.

FACT: On average, judicial appointments do not keep pace with new judicial vacancies.

- Judges on Article III courts serve for an average of 22 years, long past the presidency during which they were appointed.

- During the past four decades, an average of 48 vacancies have occurred each year on Article III courts, more than 80 percent of them due to judges leaving their positions and the remainder due to the appointment of judges to different positions.
- Since 1981, Presidents have appointed an average of 46 judges to Article III courts per year.

FACT: The judiciary can struggle to serve its purpose when the number of vacancies increases and individual positions remain unfilled for a long time.

- The lower courts have the last word on most federal cases because the Supreme Court decides only about 75 cases per year, half as many as it decided per year two decades ago.
- Vacancies on Article III federal courts remained in triple digits for 32 straight months, from January 2017 through August 2019, the longest period in three decades.
- During the past two decades, an average of 45 percent of vacancies have been designated “emergencies” by the Administrative Office of the Courts because of their length and negative impact on caseloads.

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**NATIONAL
DEFENSE**



Border Security and Illegal Immigration

Summary and Key Talking Points

Policy Proposals

1. Implement effective border security.
2. Give immigration law judges summary judgment and contempt authority.
3. Do not grant amnesty, which undermines rule of law and encourages more unlawful migration.

Quick Facts

1. The number of illegal border crossers apprehended or individuals deemed inadmissible at ports of entry more than doubled from 2018 to 2019.
2. As of October 24, 2018, 786,303 immigration cases were pending in immigration courts, up from 186,090 in 2008.
3. It is estimated that almost half of the illegal immigrants in the U.S. came here legally and then overstayed their visas.

Power Phrases

Safe, Prosperous, and Free

- U.S. immigration policy should keep the American people safe, prosperous, and free.

Increase Border Security and Enforcement

- We have a responsibility to secure the border and enforce our existing laws.

Amnesty

- The problem with amnesty is clear: It only encourages more unlawful immigration by unfairly favoring those who came to this country illegally over those who follow our laws.
- Amnesty would overwhelm our already unaffordable and failing entitlement programs.

Step-by-Step Reforms

- Congress must consider the full range of necessary reforms to legal immigration, border security, and enforcement, using a step-by-step approach to address each reform on its own merits.

The Issue

The issue of illegal immigration has been at the forefront of significant political and policy battles for the past decade or more. To deal with this problem, three aspects of illegal immigration must be understood: illegal immigration at the border and through visa overstays, and inadequate interior enforcement to catch and remove those in the U.S. illegally.

Over the previous two decades, the U.S. experienced a declining number of illegal immigrants at the U.S. southern border. The number of border patrol agents had significantly increased, border barriers were increased, and fewer immigrants were able to sneak across the southern border. That trend changed, beginning in 2014, when smugglers and immigrants began to exploit major loopholes in U.S. immigration law, which has, at times, overwhelmed border enforcement. In recent years, anyone showing up at the border, either crossing illegally or attempting to come through a port of entry, could bring a child, and the resulting “family units” were almost immediately released into the interior of the U.S., per the *Flores* ruling loophole. Successful exploitation of the catch and release loophole encouraged tens of thousands more illegal immigrants to come to the U.S., resulting in an historic surge at our southern border. Most claimed asylum, and, although many can say the right words to pass the initial “credible fear” screening, only around 12 percent will be granted asylum in the end.

While proper border infrastructure, barriers, and resources are important to catch illegal immigrants, the *Flores* loophole, weaknesses of the well-intentioned Trafficking Victims Protection Reauthorization Act, and an easily gameable asylum system have overwhelmed the ability of U.S. Customs and Border Protection to operate and control the southern border.

A second aspect of illegal immigration is the long-standing issue of visa overstays. Before this recent surge at the border, most illegal immigrants were visa overstays, i.e., they legally entered the U.S. on a visa or other form of entry and then failed to leave when their visa or authorization expired. To counter this kind of illegal immigration, interior enforcement tools are needed.

Finally, approximately 11 million illegal immigrants currently reside in the U.S. The left argues in favor of amnesty for these immigrants who have broken the law, but amnesty would be unfair to Americans and legal immigrants, would encourage more illegal immigration by rewarding it, and would fail to solve the root causes of illegal immigration. While removing all illegal immigrants is infeasible, better immigration enforcement, both at U.S. borders and in the interior, would encourage existing illegal immigrants to return to their home countries and deter additional illegal immigration.

Recommendations

Implement effective border security. Congress must appropriate funding for cost-effective border security measures paired with robust enforcement. The U.S. must build a system that welds all of the nation’s border assets into a single, coherent security enterprise that deploys the right asset to the right place at the right time. This would require key investments in border infrastructure, organization, technology, and resources. These initiatives include such controversial but essential tools as additional border “wall,” expanded detention space, and (as required) the temporary and efficacious use of support from the Department of Defense.

Provide more funding for Coast Guard acquisitions. This would ensure that the Coast Guard can acquire the right mix of vessels, including Fast Response Cutters and Offshore Patrol Cutters, as well as appropriate unmanned aerial systems.

Align U.S. assistance funding levels to Mexico with U.S. national security interests. A safer and more prosperous Mexico would reduce the security threats to the U.S., lessen the impact of some of the drivers

behind illegal immigration, and allow both countries to focus on productive matters in their bilateral relationship. Yet U.S. assistance to Mexico in the form of the Merida Initiative has decreased from an all-time high of \$639.2 million in fiscal year (FY) 2010 to \$130.9 million in FY 2017.

Assess the efficacy of the Central American development package, the U.S. Strategy for Engagement in Central America. Following the 2014 unaccompanied-minor crisis at the U.S. southern border, the U.S., El Salvador, Guatemala, and Honduras launched this program to address the factors driving illegal migration in the region. Guatemala's northern neighbor Mexico collaborates with the U.S. in an effort to mitigate these shared challenges. The volume and frequency of illegal immigration toward the U.S. indicate a shortcoming. Congress should request impact reports from implementing agencies that gauge whether the programs are meeting their intended objectives.

Adjust the asylum claim process. Congress can improve the asylum system in many ways. Rather than applying for asylum at U.S. borders, asylum seekers travelling to the U.S. southern border should be required to have their asylum claims heard by a U.S. Citizenship and Immigration Services (USCIS) asylum officer at a U.S. consulate in Mexico or in another country in Latin America. Interviewers should also ask the asylum seeker why he or she did not assert asylum in another country. Immigration officials should consider failure to explain the refusal to pursue asylum in another country in making their decision. Congress could also consider new standards that make it harder for illegal border crossers to claim asylum, especially at U.S. borders. The Administration should also continue to pursue safe third country agreements and strengthen other agreements with countries in Latin America to promote better control of the asylum process.

Close the loopholes. Congress should reject the Ninth Circuit's recent interpretation of the Flores settlement. Flores has been interpreted to require the Department of Homeland Security (DHS) to release from its custody all children, even if they are with a parent or parents, within 20 days. Since the asylum process takes longer than 20 days, the government is left with the choice either to detain the parent and release the child, or to release both the parent and the child. Congress should legislate to allow accompanied children to remain with their parents while they are awaiting asylum adjudication or prosecution of misdemeanor violations of immigration law.

Strengthen immigration enforcement. U.S. laws must be enforced if additional illegal immigration is to be deterred. The U.S. should judiciously increase the number of Immigration and Customs Enforcement (ICE) agents; expand the 287(g) program that trains and deputizes state and local law enforcement officers to assist ICE in enforcing U.S. immigration laws; curb sanctuary cities; expedite removals of illegal immigrants caught at U.S. borders; streamline the removal process; increase resources to immigration courts; and ensure that aliens show up at court hearings by maximizing the use of detention facilities and alternatives to detention.

Give immigration law judges summary judgment and contempt authority. As of October 24, 2018, 786,303 immigration cases were pending in immigration courts, up from 186,090 in 2008. During that same 10-year period, the average wait time for the disposition of a case in immigration court went from 438 days in 2008 to 718 days in 2018. This is unacceptable and must change. One of the main reasons for the excessive backlog is the fact that immigration judges do not have the summary judgment authority that is common to federal and state court judges. Summary judgment authority allows judges to refuse to schedule cases that lack legal merit, but because immigration judges do not have that authority, meritless cases clog the dockets. Congress should amend existing statutes to give immigration judges this authority.

Do not grant amnesty. Amnesty undermines the rule of law and encourages more unlawful migration. Grants of amnesty, in whatever form, to aliens who knowingly enter or remain in the U.S. discourage respect for the law, treat lawbreaking aliens better than law-abiding aliens, and encourage future unlawful immigration into the United States. If America were to suddenly award legal status to aliens unlawfully in the United States, it would be treating them better than aliens abroad who follow America's immigration procedures and patiently

await a visa authorizing them to come to the United States. Such action—as past amnesties have proved—would also spur more aliens to enter or remain unlawfully in the United States in the confident expectation that Congress will continue to enact future amnesties that provide a shortcut to legal status. The government should pursue a measured set of approaches to a wide variety of immigration issues, but above all, it should exclude amnesty for aliens unlawfully present in the United States.

Facts and Figures

FACT: There is a crisis at the border.

- The number of illegal border crossers apprehended or individuals deemed inadmissible at ports of entry more than doubled from 2018 to 2019. In April 2018, 51,168 were apprehended or deemed inadmissible; in April 2019, 109,144 were apprehended or deemed inadmissible.
- This surge is primarily due to the increase in family units and unaccompanied minor children. In April 2018, 13,930 family units and unaccompanied children were apprehended, while 67,593 were apprehended in April 2019.
- Managing the staggering flow of family units and children is consuming so much of DHS's resources that our other security missions at the border are suffering. The U.S. Customs and Border Protection estimates that 40 percent of its agents on the southwest border have been diverted to deal with the humanitarian needs of children and families.

FACT: DHS enforcement resources have grown since 9/11 but have been undermined by bad policy.

- The U.S. Border Patrol has doubled its workforce since 9/11, with 19,555 agents in FY 2018.
- The number of immigration judges has nearly doubled from 219 immigration judges in 2000 to almost 400 in 2018.
- Despite these and other increases in resources, illegal immigration has spiked in recent years, and waiting times in immigration courts have continued to rise from 430 days in 2009 to 736 days in 2019.
- Weak laws and court settlements have created a system of catch and release for many illegal immigrants—especially for family units, unaccompanied alien children, and those claiming asylum—thus only encouraging more illegal immigration.

FACT: Interior enforcement is critical to address all aspects of illegal immigration.

- It is estimated that between 10 million and 12 million illegal immigrants currently reside in the U.S.
- While difficult to tabulate accurately, it is estimated that almost half of the illegal immigrant population in the U.S. came here legally and then overstayed their visas.
- In 2017, visa overstays surpassed illegal border crossings, with 62 percent of new illegal immigrants overstaying a visa and 38 percent illegally crossing the border.

Additional Resources

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Cybersecurity

Summary and Key Talking Points

Policy Proposals

1. Articulate a detailed, bold strategy for deterring and retaliating against cyber aggressors.
2. Continue to invest in U.S. Cyber Command (USCYBERCOM), expand collaboration on cybercrime, and prepare to operate and thrive in zero-trust networks.
3. Reexamine Cybersecurity and Infrastructure Security Agency (CISA), FBI, and USCYBERCOM authorities to ensure that they have all they need to approach our cyber challenges aggressively.
4. Clearly communicate standards that must be met for inclusion in U.S. markets and block foreign technology that creates vulnerabilities in U.S. infrastructure.

Quick Facts

1. Ransomware attacks are going to cost the world approximately \$20 billion in 2021—57 times more than the \$325 million they cost in 2015.
2. The world will have 3.5 million unfilled cybersecurity jobs by the end of 2021.
3. Health care, information technology, and manufacturing are the top three sectors targeted by hackers.

Power Phrases

Threats the U.S. Faces

- The signs are clear: Cyber warfare is the latest battleground for nations like Russia, China, and, increasingly, non-state actors such as cyber-criminal syndicates.
- The U.S. must prepare for significant cybersecurity threats that jeopardize America's critical infrastructure, business, and online freedom.

Increase Cyber Efforts

- U.S. cybersecurity will ultimately be led by the private sector, which faces the majority of cyber-attacks, and will create solutions.
- The government should support private sector efforts, while leading on issues of foreign policy.
- Cyberspace's dynamic nature must be acknowledged and addressed by policies that are equally dynamic.

The Issue

Nation-state hackers are the most serious cybersecurity challenge the U.S. faces, and Russia and China present the most sophisticated of these cyber threats. In an era of renewed great-power competition, cyber is a new battlefield on which some nation-states are seeking to exploit other nation-states' vulnerabilities. The U.S. has indicted Russians for their efforts to hack such U.S. political entities as the Democratic National Committee. Russian hackers are also believed to be behind multiple cyberattacks that took down portions of Ukraine's electric grid in 2015. Russian intelligence was behind the SolarWinds espionage campaign against U.S. computer networks, compromising the data of the U.S. Departments of Commerce, Treasury, and Homeland Security as well as several *Fortune* 500 companies in one of the largest cyberattacks ever reported.

China has used the theft of commercial intellectual property across many sectors of the economy to jump-start its own economic efforts. For example, Chinese hackers have targeted sensitive cancer research at multiple institutes in the U.S. in addition to other attacks aimed at U.S. intellectual property. Chinese actors have also been identified as being responsible for the Hafnium Microsoft Exchange cyberattacks in 2021. According to FBI Director Christopher Wray, "The greatest long-term threat to our nation's information and intellectual property, and to our economic vitality, is the counterintelligence and economic espionage threat from China."

Iran and North Korea are less sophisticated than Russia and China, but they have strong cyber warfare assets that allow them to punch above their geopolitical weight class. The 2012 so-called Shamoon virus unleashed on the Saudi Aramco oil production company, for instance, was a brute-force attack by Iran that destroyed 30,000 computers. In 2019, Iranian hackers continued to target hundreds of universities around the world, including some in the U.S., in an operation named Cobalt Dickens that was designed to steal intellectual property. In October 2021, a group with ties to Iran attempted to hack more than 250 Office 365 accounts. All the targeted accounts were U.S. and Israeli defense technology companies, had a focus on Persian Gulf ports of entry, or were maritime transportation companies with a presence in the Middle East.

North Korea has conducted high-profile cyberattacks against the U.S., the most notable being the attack launched against Sony Entertainment in 2014, allegedly over a movie depicting North Korea in a negative light. The hackers took terabytes of private data and released confidential information, including five undistributed Sony movies, to the public. In 2019, North Korean hackers were suspected of attempting to steal credential information of individuals working on North Korean issues at the United Nations and non-governmental organizations. The regime's cyber guerrilla warfare has stolen classified military secrets, engaged in cyberterrorism, absconded with billions of dollars in money and cryptocurrency, held computer systems hostage, and inflicted extensive damage on computer networks.

In addition to these nation-states, cyber criminals, hacktivists, and terrorists all seek to use cyberspace for their own ends. To address these growing threats, the U.S. should leverage the forces of the market and motivate the private sector to make the sort of continual and dynamic investment that is needed to secure the country's diverse cyber networks.

Recommendations

Create a new, bolder strategy for U.S. global efforts in cyberspace. From deterring and retaliating against cyber aggressors to working with allies to reinforce our defenses against cybercrime, the U.S. should craft a new, detailed strategy that directs whole-of-government efforts to protect U.S. interests in cyberspace. This strategy must also take account of the central role the private sector plays and make use of its expertise and skills.

Develop a robust deterrence policy that tailors a proportionate U.S. response to bad actors. Deterrence is in the mind of the adversary, who chooses to alter his behavior if he believes the costs are too high or the benefits are too small. To achieve deterrence in cyberspace, the U.S. must establish a clear pattern of policy and action that leads an actor to rethink his plans. The U.S. has a variety of tools that it can use to retaliate against any sort of cyber aggression: diplomatic naming and shaming, cutting off cooperation, visa restrictions, commercial and financial limitations, sanctions, legal action, trade enforcement tools, action on other military or foreign policy matters, support to dissidents in malicious cyber states, and others that are not considered here. These tools should be used in a way that is tailored to fit the adversary and proportionate to the scale and effects of his aggressive action.

Increase cooperation with allies and partners. Many cyberattacks and incidents cannot be punished, and we may need stronger defenses and cooperation to defeat or mitigate them. The U.S. should therefore pursue deeper technical, legal, and policy cooperation with its allies and partners.

Prepare, along with allies, to fight in the cyber domain. The U.S. and its allies need to develop the tools and capabilities needed to fight in the cyber domain. NATO has taken some steps in this direction, but far more needs to be done. Any future conflict will require offensive and defensive cyber capabilities that are well integrated into U.S. and allied warfighting strategies. Creating such capabilities requires the political will to engage in this new domain as well as the resources to develop the means of engagement.

Require mandatory notification of cyber breaches. Congress can clarify the private sector's responsibilities in the field of cybersecurity by enacting a single requirement to disclose breaches of cybersecurity to the federal government. Any legislation should provide incentives for companies to report hacks when there is still time for the government to help. A federal requirement for disclosure of cybersecurity incidents would be a first step in the improvement of cybersecurity defense.

Share threat information with industry. U.S. government concerns about Chinese technologies and related services cannot be expressed exclusively in classified or other constrained environments. If the U.S. government wants industry to operate in ways that do not provoke or worsen national security concerns, the government must share its telecommunications security concerns in a detailed and easily disseminated manner.

Determine disqualifying factors. The U.S. government should communicate clearly to industry and to America's foreign partners and allies—as well as to the Chinese—exactly which legal frameworks, activities, and business practices will result in exclusion from U.S. 5G infrastructure, services, and other emerging technology integrations. The U.S. also should encourage other nations to adopt these standards as a way to maintain pressure on countries and companies that are working against U.S. and allied interests.

Block vulnerabilities. The U.S. should block any foreign technology from U.S. markets that creates vulnerabilities in critical infrastructure or gives hostile foreign actors “backdoors” to U.S. data. This would put significant pressure on China and others to improve poor security practices. It also would encourage domestic security research in the U.S. that would incrementally improve the safety of the hardware used by the United States as well as the software supply chains into the U.S. The U.S. should encourage the remaining four Five Eyes countries—Australia, Canada, New Zealand, and the United Kingdom—to implement similar exclusionary measures.

Block untrusted companies. The Committee on Foreign Investment in the United States should block foreign companies from U.S. investments if they have a history of producing hardware or software with known vulnerabilities. This would be especially helpful in mitigating the challenge of Chinese investment in and purchase of American start-ups that might embrace poor security practices in return for rapid access to capital.

Prepare for zero-trust networks. Huawei controls approximately 30 percent of the global mobile communications market and could win as much as 50 percent of the global 5G market. Even if the U.S. manages to secure its own wireless networks from foreign spying and interference, the vast majority of networks around the world will be developed and managed by the Chinese. The U.S. defense and intelligence communities must begin to mitigate this threat and develop new networking strategies that will allow the U.S. to operate and thrive in a zero-trust environment on networks that are owned and managed by China or other hostile actors. While it is too soon to cede 5G to challengers, beginning to prepare for worst-case scenarios is only prudent.

Continue to invest in U.S. Cyber Command. Both to strengthen the ability of the U.S. to engage in cyber warfare and to protect Defense Department and critical infrastructure networks, USCYBERCOM should continue to grow and mature into a premier cyberwarfare organization to enhance U.S. offensive and defensive cyber capabilities. These capabilities are important for increasing our ability to deter adversaries.

Give USCYBERCOM additional statutory authority. Congress should clarify that U.S. Cyber Command's authority under the fiscal year (FY) 2019 National Defense Authorization Act goes beyond election interference and extend USCYBERCOM's statutory authorization to include a wide range of cyber operations that can deter or degrade the ability of adversaries to attack critical U.S. infrastructure. Although the President has constitutional authority to carry out offensive cyber operations, additional statutory authority would send a clear signal to allies and adversaries alike that there is political support for offensive cyber operations.

Continue to delegate authority to operating agencies. Instead of restoring the Obama Administration's paralysis by analysis, President Biden and his National Security Council should retain the Trump Administration's approach and drive operating agencies to establish deterrence below the threshold of armed conflict. Siloed infighting among competing agencies and discussions of intelligence-collection gains and loss analysis should not be allowed to dominate consideration of proper and necessary responses. Policymakers should be clear-eyed with respect to the time, resources, and potential loss of technical capability that are needed to plan and execute offensive cyber operations as well as the level of their impact and the time it may take for an adversary to reconstitute. This framework should rely on metrics that enable the proper evaluation of risk and reward as well as the effect of actions and their long-term impacts.

Identify additional domestic law enforcement authorities and capabilities. The Department of Justice, including the Federal Bureau of Investigation, should review additional capabilities or authorities that may be needed to target and disrupt known ransomware and, when possible, recover illicit gains from criminals' financial networks.

Consider ending the "dual-hat" relationship between the National Security Agency and USCYBERCOM. Currently, the NSA director is a four-star military officer who also serves as commander of USCYBERCOM. Initially, USCYBERCOM relied on the NSA for its capabilities, but President Trump elevated USCYBERCOM to an independent unified command in 2018, and the committee-passed Intelligence Authorization Act for Fiscal Year 2022 sets a road map for termination of the dual-hat arrangement. Congress should continue its oversight efforts while working with the Administration, NSA, and USCYBERCOM to evaluate whether this relationship should be ended. The dual-hat role is an enormous job for any one person, and separating the two organizations would help to prevent intelligence gain-loss considerations from dominating discussions of offensive cyber operations (although it might also lead to overlapping capabilities). In addition, if the dual-hat arrangement were ended, the director of the NSA—like the directors of the National Geospatial-Intelligence Agency and the National Reconnaissance Office—could be a civilian official.

Deepen collaboration on cybercrime among like-minded nations. The U.S. should look to create an acceptance for active cyber defenses that are not harmful and allow better attribution of and intelligence on cyber threats. Laws and tools from the organized crime arena, such as the Racketeer Influenced and Corrupt Organizations Act (RICO), should be expanded to cover transnational criminal organizations involved in cybercrime.

Expand cybercrime cooperation beyond current signatories of the Budapest Convention. The U.S. should create a cyber forum of the Financial Action Task Force (FATF) that combats money laundering and the financing of terrorism. While they need not abide by all terms of the Budapest Convention, non-signatory countries should still be encouraged to take reasonable actions against cybercrime. Nations that do not assist in international cybercrime investigations or that do little to stop cybercrime within their territories should be considered non-cooperative and face repercussions from members of the new cyber task force.

Encourage the private development of cybersecurity supply chain ratings and accreditation. Such a framework would contain different tiers or ratings for different levels of accreditation, ranging from minimal overview of a company's supply chain to in-depth analysis of specific products' supply chains. Consumers would find the additional information provided by these various levels of accreditation helpful when making risk-based decisions, and producers would find such accreditation valuable for sales, thus connecting security and a profit incentive. Instead of mandating cybersecurity solutions, the U.S. government should collaborate with the private sector. One way to encourage the adoption of this system would be to require government agencies that deal with large amounts of sensitive data or that have security-related duties to purchase technology only from organizations that are accredited by this ratings system.

Improve sensitive government and military cyber supply chain procedures. U.S. Government Accountability Office (GAO) reports and news accounts indicate that the government needs to improve its supply chain procedures for technology products. Such improvements should include the requirement that no technology for use in U.S. national security systems may be purchased from Chinese companies. Additionally, government agencies should be required to consider supply chain ratings when adding technology goods to their acquisition processes.

Enhance cyber resilience. Relevant agencies should consider using hardware that monitors itself for hardware attacks and other redundancies in critical government systems. Though such hardware is likely to be more expensive, this premium would help the U.S. to protect its most important systems. Agencies with systems that are less sensitive should consider expanding cloud computing to gain access to rapidly scalable and available computer resources as a way to enhance resilience and continuity of operations at low cost.

Facts + Figures

FACT: Cyberattacks and espionage are costly both for the U.S. and for the global economy.

- Estimated global losses from cybercrime were just under \$1 trillion for 2020, and the COVID pandemic provided new opportunities for cyberattacks.
- The top three targets for hackers from 2019–2020 were health care, manufacturing, and information technology.
- Multiple firms project that by 2020, 30 billion devices will be connected to the “Internet of things,” a huge growth in devices that connect more and more of our daily life to the World Wide Web.
- The cyber-insurance industry is already estimated to be worth well over \$3 billion and will provide a market mechanism for quantifying cyber risks and encouraging companies to improve their security.

FACT: China, Iran, North Korea, Russia, and hacking groups working with these countries continually attack U.S. economic interests and critical infrastructure. The United States must implement an all-tools-of-national-power approach to dealing with these bad actors.

- In March 2021, China targeted Microsoft's exchange server software, causing a massive worldwide cyber breach exposure.

- In 2020, hackers linked to Russia's Foreign Intelligence Service used a SolarWinds update to install malicious software that allowed hackers to gain access to accounts across multiple U.S. Cabinet agencies.
- The U.S. Department of Justice indicted three North Korean hackers for conspiring to steal and extort more than \$1.3 billion in cash and cryptocurrencies.
- Facebook revealed that it has tracked and at least partially disrupted a long-running Iranian hacking campaign that used Facebook accounts to pose as military recruiters, reeling in U.S. targets with convincing social engineering schemes before sending them malware-infected files or tricking them into submitting sensitive credentials to phishing sites.
- According to Verizon's most recent *Data Breach Investigations Report*, cyber espionage against government networks is up 168 percent in year-over-year data breaches; 79 percent of the external hacks are by state-affiliated hackers.

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Homeland Security

Summary and Key Talking Points

Policy Proposals

1. Privatize the Transportation Security Administration's security screeners while leaving the TSA responsible for providing oversight.
2. Authorize federal agencies to develop rules of engagement for counter-drone operations.
3. Demand a comprehensive review of the U.S. Coast Guard to identify what capabilities it will need to complete its missions.
4. Examine the Federal Emergency Management Agency's grant program to eliminate grants and significantly cut funds for programs that do not protect the homeland and should not be federally funded.

Quick Facts

1. Twenty-two airports participate in TSA's Screening Partnership Program, which enables private companies to bid on airport screening jobs and staff them more efficiently.
2. There are approximately 900,000 registered drones in the U.S., and a single Chinese drone manufacturer, DJI, accounted for 77 percent of U.S. market share as of 2019.

Power Phrases

Protecting the Homeland

- Protecting the U.S. homeland requires the Department of Homeland Security (DHS) to be prepared to respond to a wide variety of threats—from natural disasters to terrorists seeking access to our country.
- A number of its critical missions have been underfunded for years, or suffer from misused resources.
- Much-needed reforms and resource reallocations—including increased funding for the U.S. Coast Guard, shifting disaster funding and preparation toward state and local responsibility versus more FEMA responsibility, and more efficient and effective TSA privatization—can help ensure success on these critical missions for years to come.

The Issue

Protecting the U.S. homeland requires managing risk posed by a wide variety of human and natural threats. Transportation security, disaster response, vetting of immigrants and visitors, and providing security, assistance, and rescue in U.S. waters and beyond are just a few of the critical missions that the Department of Homeland Security (DHS) carries out every day. Under the Biden Administration, however, DHS has put the country at greater risk by opening our southern border, failing to vet Afghan evacuees adequately after the Administration's chaotic withdrawal from Afghanistan, prohibiting the enforcement of immigration laws and sharing of information with respect to illegal aliens, and prioritizing issues like climate change and white supremacy that are not relevant to its mission.

After 9/11, it was clear that more needed to be done to address the threat of terrorist attacks using airplanes. Today, it is also clear that the Transportation Security Administration (TSA) needs to be reformed. The TSA not only sets security rules, but also employs the workforce that carries out those rules—not a design for good governance or fiscal responsibility. Most advanced economies have a security agency that sets the rules and performs oversight while security contractors do the screening. The U.S. should privatize the TSA to increase accountability and save limited homeland security dollars. Similarly, more should be done to protect Americans from the threat posed by hostile and wayward aerial drones.

Increasing demands on the U.S. Coast Guard (USCG), especially in the Indo-Pacific and Arctic, have strained its small budget and fleet, which already needs to be modernized. The Coast Guard last updated its Program of Record (POR), the document that lays out its fleet needs, in 2004. A Coast Guard analysis from 2009 estimated that the existing POR accounts for only 61 percent of the cutters needed to fulfill the Coast Guard's needs. That analysis also showed that there were gaps in capability and capacity across the service's mission sets. The POR calls for 25 offshore patrol cutters, but the 2009 analysis suggested that the service would need 57 to meet its mission demands. To understand the risks and plan the fleet, the Coast Guard should update its POR to account for its current mission demands.

Disaster response also suffers from resource problems as well as misplaced sources for financial relief. The Federal Emergency Management Agency (FEMA) Disaster Relief Fund and National Flood Insurance Program (NFIP) have frequently run out of funds or run vast deficits requiring taxpayer bailouts. Disaster relief policies have shifted responsibility from individuals and local governments, where it should lie, to the federal government and the taxpayers. This discourages state and local governments from taking common-sense precautionary steps to mitigate the impact of natural disasters. Moreover, since the bar for qualifying as a designated disaster is very low, states rely too heavily on FEMA after a disaster occurs and are less prepared for large disasters before they strike. Similarly, the NFIP subsidizes flood insurance policies, which means that it consistently runs a deficit and encourages building and rebuilding in higher-risk, flood-prone areas.

In addition, FEMA is responsible for providing DHS grant money to states, localities, and non-governmental organizations. When DHS was created, such grants were focused on equipment and training to protect ports, major urban targets, and other designated security priorities. Like all government programs, however, the FEMA grant program has expanded to provide taxpayer funds to non-security and other issues that are not relevant to the agency's mission. For example, in 2021, DHS directed FEMA to provide grant money to house unaccompanied alien children who were crossing the border illegally. Such grant expansion has raised recipient expectations and led to taxpayer abuse.

Recommendations

Invest in the U.S. Coast Guard. The USCG fulfills many missions at home and around the world, but it does so with a fleet that badly needs to be updated. Congress should provide consistent funding to the USCG so that

it can complete its program of record. Congress should also demand a comprehensive review of the program of record to identify what capabilities the USCG needs to complete its missions.

Reform FEMA and disaster response. FEMA currently spends too much of its time on relatively small disasters, leaving it less prepared for the “big one.” Similarly, much of the funding for such disasters comes from many different federal programs. This should be reformed to encourage state and local governments to be more prepared for disasters in terms of funding, capabilities, and planning. Resilient, prepared communities are needed to help the U.S. recover from a disaster in a cost-effective manner.

Privatize the TSA. The TSA’s government-only model does not effectively or economically provide the aviation security that America needs. At the 22 airports where TSA uses the Screening Partnership Program, private companies can set their own staffing targets and hire as many screeners as they need. To increase accountability and save funding, Congress should privatize the TSA’s security screeners while leaving the TSA responsible for setting rules and providing oversight. Congress can look to the Canadian model of aviation security as a potential road map for reform.

Develop counter-drone systems and rules. The number of unmanned aerial systems (drones) is increasing rapidly, and the U.S. needs to do more to protect itself from their potentially harmful uses. The Departments of Homeland Security, Defense, and Justice should be authorized to develop rules of engagement for counter-drone operations, but it will take time to develop these rules and field capabilities to detect and take down malicious drones. Congress must encourage and support these efforts while also expanding drone protection beyond just federal authorities: State and local law enforcement should be deputized and trained by DHS in counter-drone operations to help protect more sites and facilities across the U.S.

Facts + Figures

FACT: FEMA’s National Flood Insurance Program (NFIP) currently owes \$20.525 billion to the U.S. Treasury.

- The NFIP has \$9.9 billion in borrowing authority from a \$30.425 billion limit in law.

FACT: Congress appropriated \$20 million for FEMA to use for targeted violence and terrorism prevention grants in fiscal year (FY) 2021.

- \$5 million of this \$20 million must be spent on an Alternatives to Detention (ATD) Case Management Pilot Program “to improve services for noncitizens in immigration proceedings.” The program will award funds to nonprofit organizations and local governments and will be chaired by the HHS Civil Rights and Civil Liberties Officer.

FACT: Both the use of drones and the need to protect against their malicious use have increased dramatically.

- The Federal Aviation Administration reports nearly 900,000 registered drones in the U.S.
- In 2019, a single privately owned Chinese drone manufacturer, DJI, held approximately 77 percent of the U.S. consumer drone market.
- In 2018, then-Secretary of Homeland Security Kirstjen Nielsen testified that drones are “a prime example” of “emerging threats [that] are outpacing our defenses.”
- Until recently, the FBI, DHS, and other security agencies were unable to deploy and use systems for intercepting drones. This left a dangerous legal gap in U.S. defenses. Legislation was recently passed to fix this gap, but developing these tools and rules of engagement will take time, and more policy fixes are still needed.

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Military Readiness

Summary and Key Talking Points

Policy Proposals

1. Ensure that the U.S. defense budget is commensurate with the challenges the U.S. is facing.
2. Support the transition to a posture of great-power competition.
3. Increase the size of the Navy fleet.
4. Commit to a major investment in naval shipyards.
5. Accelerate the procurement of fighters.
6. Sustain and support readiness.

Quick Facts

1. The majority of America's combat aircraft were purchased in the 1980s and 1990s and are now on average 31 years old.
2. The Navy is currently too small and too old to accomplish all of its tasks.
3. Nearly one-third of U.S. spending on defense is devoted to manpower, not to equipment or training.
4. Weighed against the demands of great-power competition in the modern age, the U.S. is not spending enough on defense.
5. America's military presence overseas has declined significantly since the end of the Cold War.

Power Phrases

A Constitutional Function

- It is the federal government's Constitutional duty to provide for the defense of the United States and its interests.
- Our military should be ready, capable, competent, and large enough to defend U.S. interests at home and abroad.
- A weak U.S. military incentivizes our enemies to act boldly and more aggressively, while a strong defense promotes peace.

The Aspects of Readiness

- Troops must be properly educated, trained, and equipped. Equipment must be on hand and in working order.
- Forces and assets must also be positioned strategically and fully practiced to be most effective.

Planning and Preparedness

- A force cannot be made ready overnight, and it is too late to get ready once a crisis has emerged.

The Issue

Americans expect the military to fulfill its constitutional obligation to defend our country and protect our national interests at home and abroad. They understand that a strong America garners respect, gains friends and allies, enjoys strong economic and trading relations with more countries, and deters bad behavior on the part of its competitors and enemies. Conversely, Americans understand that a weak military invites aggression and undermines the protection of our national interests.

A weak military incentivizes competitors to act boldly and more aggressively because they have less concern that the U.S. can impose any sort of cost or prevent them from imposing their will on others. A military that is ready, capable, competent, and large enough to defend U.S. interests globally both reflects and contributes to American confidence. It signals to the world that the U.S. prioritizes ensuring that its interests can be defended.

Military readiness can be measured in many ways and means many things: All aspects of readiness contribute to the ability of a military force to win in battle. Individuals are ready if they are properly educated, trained, and equipped. Readiness can be viewed as a measure of a unit's equipment as well: If a specific percentage of necessary equipment is on hand and in working order, the unit is ready by that measure. Readiness is also a function of how the force is postured: where it is physically located in relative to anticipated threats; whether it has operational employment concepts that are relevant to anticipated battlefields and opponents; and whether the constituent parts of the force—ground units, aviation squadrons, battle groups at sea, space and cyber units, special operations elements, supporting logistics organizations, and the network of surveillance, intelligence, reconnaissance, and headquarters units that binds everything together—are competent at working together to accomplish tactical and operational objectives. The force can be fully manned, equipped, and individually trained, but if it has not practiced together to a level that ensures effectiveness, all other aspects are meaningless.

Military readiness means all of these things, and they all require funding, time, and sufficient capacity to ensure that the overall force is able to train even while parts of it are operationally committed. A force cannot be made ready overnight, and it is too late to get ready once a crisis has emerged. Readiness is the product of sustained and intentional investment in defense. It is expensive—but much less expensive than a lost war, lost markets, and lost influence. Investing in military readiness is a long-term investment in the strength, safety, and wealth of the United States.

Recommendations

Ensure that the U.S. defense budget is commensurate with the challenges the U.S. is facing. The Department of Defense has been trying to accomplish more (or the same) with fewer resources for years. Earlier in the 2010s, the Budget Control Act artificially constrained the defense budget to a ceiling. Since its end in Fiscal Year (FY) 2022, the administration has not requested the level of resources necessary to achieve the mission given to the Department. Since 2017, there have been multiple Secretaries of Defense and a bipartisan independent commission which have called for consistent increases of between 3 and 5 percent above

inflation. This increase is necessary today in order to modernize and to expand the force as it pivots towards great power competition and away from counter-terrorism operations in the Middle East.

Support the transition to a posture of great-power competition. The 2018 National Defense Strategy (NDS) marked an important change and transition in our nation's military by moving its focus away from a two-decade emphasis on fighting terrorism. The 2018 NDS outlined the importance of great-power competition against Russia and China, prompting all military services to change their postures and investment profiles. These shifts are ongoing and will take both time and resources to materialize. A good example is the Marine Corps, which is changing its operating concept toward distributed operations in contested environments to reflect the scenarios that it would most likely encounter in the Indo-Pacific region.

Increase the size of the Navy fleet. The Navy badly needs increased funding for its shipbuilding account. Ship construction costs are increasing, and the availability of shipyards to repair the ships it has is decreasing. The fleet bottomed out at 271 ships in 2015. It is our smallest fleet since 1916 and today faces growing challenges abroad as China aggressively builds its own blue-water navy and countries like Russia and Iran modernize their ships, maritime patrol aircraft, and mobile land-based vehicles with more capable anti-ship missiles. At current and projected levels of spending, the Navy does not expect to reach the *minimum* fleet size necessary to perform its role within the Joint Force until the mid-2030s. Ship manufacturers, the yards conducting related maintenance, and the web of suppliers that provide the parts and materials needed for new ships could expand capacity if there were some assurance that future work would offset the upfront costs of expanding facilities and hiring more workers. As things stand, constrained shipbuilding budgets and volatility in funding even for current contracts have made manufacturers and suppliers risk averse. This affects all ship classes, from a desperately needed small surface combatant to logistics support vessels, destroyers, and the new ballistic missile submarine that is meant to replace the aging *Ohio* class.

Commit to a major investment in naval shipyards. Over its history, the Navy has operated 13 naval shipyards; today, it operates only four. The oldest (Norfolk) was established in 1757, and the youngest (Pearl Harbor) was established in 1908. Most of these facilities are in various stages of disrepair, lack adequate drydocks, have outdated support equipment, and have trouble employing an adequate workforce. All of these problems contribute to substantial backlogs in ship maintenance, which in turn lead to lost steaming days (fewer ships available for use) and increased costs once a ship is inducted for maintenance. Commercial shipyards are contracted to perform much of the Navy's ship maintenance, but some actions can be performed only by the Navy's yards.

Accelerate the procurement of fighters. Because the Air Force has not been replacing retiring fighters with new ones rapidly enough, it is left with an older and smaller fleet that is unable to meet current demands. The service also has been investing more in research and development than it has in procuring contemporary aircraft. As a result, programs like the F-35A that could and should be accelerated have been operating at a slow rate of production and have not yet been fielded in sufficient numbers. Additionally, the Air Force has misguidedly been purchasing F-15EX fighters that are not survivable in any modern, high-end scenario against a peer adversary.

Sustain and support readiness. America's ability to deter its adversaries is highly dependent on having a ready force that is capable of acting effectively when needed. Readiness is a consumable that requires investment and maintenance through the years. Members of a unit are ready to fight only when they train together and develop the skills they need to operate together. The same goes for a ship and for any aircraft. When called upon, the military will fall to its level of training, which is why there needs to be consistent investment in readiness levels at different level of formation.

Facts + Figures

FACT: The majority of America's combat aircraft were purchased in the 1980s and 1990s and are now on average 31 years old.

- Because of divestments and retirements in the 1990s, few aircraft were available for use as military operations ramped up in response to the terrorist attacks of September 11, 2001.
- New aircraft are not being purchased fast enough to replace those that are being retired.

FACT: The Navy is too small and too old to accomplish all of its tasks.

- At 296 total ships, the Navy is the smallest it has been since 1916.
- While each ship is better than its predecessor, a ship can only be in one place at a time.
- The Navy is not projected to grow to 350-plus ships until the mid-2030s; China already has 355 ships.

FACT: Nearly one-third of U.S. spending on defense goes just to manpower, not equipment or training.

- To compete for talent with the civilian sector, the military services must offer competitive wages and benefits.
- Of spending on manpower, the largest increases have occurred in healthcare costs, just as in the private sector.
- Of American youth ages 17–24, almost three out of four are *ineligible* to serve in the military due to obesity, health problems, criminal records, or substance abuse, among other factors.
- Consequently, the military must compete for a comparatively small pool of youth who have the willingness and the aptitude to serve, and who meet eligibility standards.

FACT: Weighed against the demands of great-power competition in the modern age, the U.S. is not spending enough on defense.

- Manpower costs, especially with respect to health care, have dramatically outpaced inflation during the past 30 years.
- The cost of platforms capable of surviving on a technologically advanced battlefield has also increased, making it more expensive to maintain a force that can win against other major powers like China and Russia.
- The U.S. military must protect America with almost half the force that it possessed during the Cold War.
- Entitlement spending and interest on the national debt (now at \$30 trillion and climbing) continue to squeeze all other spending, including defense spending.
- Measured both as a percentage of the federal budget and as a percentage of our nation's gross domestic product (GDP), spending on defense is near historic lows.

FACT: America's military presence overseas has declined significantly since the end of the Cold War.

- The U.S. presence in Europe has been cut by two-thirds, leaving no permanently based U.S. armor brigades on the continent.
- Facilities in Germany that once hosted U.S. forces and training ranges that provided opportunities to hone important combat skills have been converted to civilian use, increasing the challenges that would be involved in reintroducing U.S. forces should the need arise.

- NATO forces have shrunk to all-time lows while Russian forces have been improving in quality and experience.
- A minimal U.S. presence in Europe means that it would take much longer to deploy forces to counter Russian aggression against NATO allies, and U.S. forces could be forced to gain access through ports and airfields that were under attack.

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Nuclear Threats

Summary and Key Talking Points

Policy Proposals

1. Adequately fund U.S. nuclear weapons modernization programs and the infrastructure that supports them.
2. Restore America's strategic deterrence by building the nuclear arsenal of the 21st century.
3. Develop new means of protection for the American public and continue to assure U.S. allies.
4. Continue to support tools that make it harder for adversarial states to develop and procure nuclear weapons, and easier for the U.S. to detect such attempts.

Quick Facts

1. Russia has threatened the United States and its allies with nuclear weapons numerous times in recent years. Russia's war against Ukraine has only increased the nuclear saber-rattling out of Moscow, to include moving nuclear-capable systems into Belarus and de-ratifying the Comprehensive Nuclear Test Ban Treaty.
2. Since the end of the Cold War, the U.S. reduced its nuclear stockpile by over 90 percent.
3. Iran has built up the largest ballistic missile force in the Middle East region as well as a huge nuclear infrastructure that it does not need for civilian purposes.
4. The 44 U.S. long-range ballistic missile defense interceptors will not suffice to address the advancing ballistic missile threat to the United States.

Power Phrases

Confront New and Old Threats

- Russia is adding to its nuclear arsenal and fielding new delivery systems that include novel capabilities, such as nuclear-armed hypersonic missiles launched from the air, land, and sea.
- China is building a nuclear weapons capability aimed at holding U.S. allies in the Western Pacific hostage to potential nuclear blackmail, and it is developing novel nuclear technologies, such as nuclear-capable hypersonic weapons.
- The U.S. must also worry about non-state actors and the sale of nuclear technologies on the black market.

Invest in the American Arsenal

- America's foes have advanced their nuclear weapon systems while ours deteriorates. America needs a renewed commitment to the U.S. nuclear enterprise and the technological knowledge and infrastructure that supports it.
- U.S. nuclear laboratories have a fundamental role in improving American understanding of the design and effects of our adversaries' weapons.
- The United States must continue to pursue the development of a comprehensive, layered missile defense system that can address incoming threats in all phases of flight.

The Issue

The nuclear threat environment is more complex and dangerous to Americans than it was during the Cold War. During the Cold War, the United States had to worry primarily about one large adversary, the Soviet Union. Since the dissolution of the Soviet Union, the United States shifted its focus to smaller conventional operations and counterterrorism. As a result, U.S. policymakers have neglected nuclear issues.

Today, the United States relies on legacy Cold War–era nuclear weapons and supporting infrastructure as Russia, China, and North Korea expand their nuclear forces and Iran adds to its missile arsenal with the intent to build nuclear weapons.

In other words, the U.S. objective of deterring a large-scale attack against the homeland and America's allies is as important as it was during the Cold War, while doing so has become far more challenging. At the same time, the United States largely has divested of its theater, non-strategic nuclear arsenal, while its adversaries are building up in this area.

Russia is adding to its nuclear arsenal and fielding new delivery systems that include novel capabilities, such as nuclear-armed hypersonic missiles launched from air, land, and sea. Russia continues to view nuclear weapons as central to warfighting—especially battlefield non-strategic nuclear weapons that could be used in an “escalate to de-escalate strategy.” In this scenario, Russia might use a low-yield nuclear weapon first in a conventional conflict to compel the United States or its allies to back down from further escalation. Indeed, today, Russia has roughly 2,000 such weapons, while the United States has 200.

China is engaging in a breathtaking expansion of its nuclear forces, potentially adding hundreds of new missiles to its intercontinental ballistic missile (ICBM) arsenal and putting it on track to achieve nuclear parity, if not superiority, over the United States within a decade. In addition, China is building a nuclear weapons capability aimed at holding U.S. allies in the Western Pacific hostage to potential nuclear blackmail, and novel nuclear technologies, such as nuclear-capable hypersonic weapons, are in development. With nuclear forces capable of striking both the U.S. homeland and U.S. forces and allies in the Indo–Pacific, Beijing conceivably could coerce the United States and potentially constrain U.S. response options, particularly given the lack of American theater nuclear weapons in the Western Pacific.

Since 2017, North Korea has fielded 10 new missile systems that are capable of reaching South Korea and U.S. forces stationed there in addition to successfully testing sea-launched nuclear capabilities, as well as two ICBMs capable of reaching the American homeland. Pyongyang also recently exploded a hydrogen bomb 10 times more powerful than the atomic bombs used at the end of World War II. Iran has built up the largest ballistic missile force in the Middle East and has been enriching uranium, which is required to build nuclear weapons. The United States, however, has fielded no new delivery systems in recent years and remains the only nuclear-weapons state incapable of producing new nuclear weapons in quantity, despite being in the 13th year of a decades-long nuclear modernization program.

Thus, for the first time in its history, the United States will need to contend with two large nuclear peer (or even, nuclear superior) adversaries—Russia and China—as well as a growing nuclear arsenal in North Korea.

Today, the United States must worry not only about state actors and nuclear weapon technologies, but also about non-state actors, as Pakistani scientist A. Q. Khan and his network have shown. (Khan was selling nuclear technologies on the black market to anyone willing to pay for them.) For decades, the United States has pursued nonproliferation policies that would keep the number of nuclear-armed states as small as possible by making it more difficult for state and non-state actors to obtain nuclear weapons and the means to deliver them.

America's nuclear policy should account for negative developments in the threat area as well as for deterioration of the U.S. nuclear enterprise and the intellectual and physical infrastructure that supports it. Because nuclear weapons pose the only direct existential threat to the United States, Congress and the Administration must re-energize measures to understand new developments in this area and their implications for U.S. and allied security.

Recommendations

In order to protect the U.S. and its allies from nuclear attack, Congress and the Administration should:

Restore America's strategic deterrence by building the nuclear arsenal of the 21st century. The U.S. government must understand what deters nuclear-armed states and structure its defense and nuclear postures accordingly. The changes in nuclear threats, especially China's expected vast nuclear expansion, make it essential that the United States update its nuclear posture and expand and diversify its strategic and nonstrategic nuclear arsenals to meet new threat and deterrence requirements. It should reject the naive belief that U.S. unilateral disarmament and lack of nuclear weapons modernization will incentivize other countries to give up their nuclear weapons. Indeed, it is the lack of investment in nuclear capabilities that has emboldened U.S. adversaries and upset strategic stability.

Adequately fund U.S. nuclear weapons modernization programs and their supporting infrastructure. Washington must accept that modern and flexible nuclear weapons and their supporting infrastructure are necessary for deterring nuclear attack on the United States and its allies; outdated, Cold War-era nuclear forces will lose credibility over time. Congress and the Administration must fully fund U.S. nuclear forces and infrastructure. This includes continued support for the development of a nuclear-armed sea-launched cruise missile and potentially other diverse systems as the threats evolve.

Develop means of protection for the American public and allies. Missiles remain a delivery method of choice for U.S. nuclear-armed adversaries and competitors because of their relatively short flight times and low cost. The spread of these systems to countries like North Korea that threaten the United States and allies with ballistic and cruise missile attacks increases the imperative for the United States to develop a system that is capable of protecting the U.S. homeland and allies. The United States must continue to pursue development of a comprehensive, layered missile defense system that can address incoming threats in all phases of flight.

Continue to assure allies. Just as the United States must think through new deterrence strategies and requisite capabilities for different nuclear-armed actors, it must also think carefully about how it reassures its allies. Reassurance is critical because it dissuades other countries from building their own nuclear weapons. For example, both Japan and South Korea have the technological ability and access to material with which to build their own nuclear weapons should they question U.S. commitment to their security. More nuclear-armed states would further increase the complexity of today's nuclear landscape, undermining U.S. interests and reversing decades of U.S. nonproliferation policy.

Continue U.S. nonproliferation and counterproliferation measures. The federal government should continue to support tools that make the development and procurement of nuclear weapons and the technologies that enable them more difficult and easier for the United States to detect. One way to accomplish this would be through a partnership with other countries through the global Proliferation Security Initiative launched in 2003. Another would be by developing the technological capabilities and skills that make tracking and attributing weapons-grade materials more difficult. Such interdiction efforts contribute to international security.

Restore U.S. nuclear intelligence capabilities. For almost a decade, the United States has focused most of its intelligence collection resources on ongoing low-intensity and counterterrorism operations in the Middle East. As a partial consequence, the ability of the U.S. to assess foreign adversaries' nuclear weapons programs has deteriorated. Congress and the Administration should work together to provide the resources that the U.S. intelligence community needs to be more adept at understanding the development of adversaries' nuclear weapons and capabilities. U.S. nuclear laboratories have a fundamental role in improving America's understanding of the design and effects of its adversaries' weapons.

Facts + Figures

FACT: At least three hostile countries—China, North Korea, and Russia—threaten the United States and its allies with nuclear attacks. These countries either have or are developing nuclear warheads and delivery systems to enable them to execute such attacks and add credibility to their threats.

- In 2017, North Korea successfully tested two ICBM systems that demonstrated the ability to target the United States with nuclear warheads. In October 2020, Pyongyang paraded the world's largest road-mobile ICBM. The regime subsequently announced that the missile would have multiple warheads. Combined with its recent ability to produce mobile ICBM launchers indigenously, this raises the possibility that North Korea might be able to overwhelm America's missile defenses.
- In February 2019, Russian President Vladimir Putin threatened to aim Russia's nuclear weapons at the United States and its European allies should the United States position new intermediate-range missiles in Europe. This was by no means an isolated incident. Russia has threatened the United States and its allies with nuclear weapons numerous times in recent years. Russia's war against Ukraine has only increased the nuclear saber-rattling out of Moscow, to include moving nuclear-capable systems into Belarus and de-ratifying the Comprehensive Nuclear Test Ban Treaty.
- Iran has built up the largest ballistic missile force in the Middle East region as well as a huge nuclear infrastructure that it does not need for civilian purposes. These moves make sense only if Tehran plans to arm the missiles with nuclear warheads. Since coming to power in the 1979 revolution, Iran's radical leaders have denounced the United States as the world-devouring "Great Satan," and Iran has become the largest state sponsor of terrorism.

FACT: There is no empirical evidence that U.S. nuclear weapons reductions have dissuaded other countries from developing their own nuclear weapons capabilities.

- Since the end of the Cold War, the United States has reduced its nuclear stockpile by more than 90 percent from highs during the Cold War. Yet new nuclear weapon states have emerged, including India, Pakistan, and North Korea, and both Russia and China have expanded their capabilities.
- Despite calls for future arms control treaties, Russia has violated or withdrawn from three nuclear arms control treaties in the past 10 years alone. China has rebuffed every attempt for a dialogue on its potential participation in nuclear arms treaties. All this took place as the United States reduced the role and salience of nuclear weapons within its own defense posture.

- Other countries develop their nuclear capabilities based on their perceived individual national interests and security situation. To change their calculus, U.S. policy must address the underlying conditions that influence the decision to move forward with nuclear programs and make it too costly to pursue nuclear weapons programs.

FACT: Because other countries will continue to develop and rely on nuclear weapons for decades to come, the United States must develop means to defend itself and its allies from their devastating effects.

- A safe, secure, reliable, and effective U.S. nuclear arsenal and modern and flexible supporting infrastructure are essential to deterring attacks against the United States and its allies.
- The United States currently deploys only 44 long-range ballistic missile defense interceptors in Alaska and California. These interceptors cannot address the magnitude of the Russian and Chinese nuclear threats and will need to advance in both number and capability just to outpace the North Korean nuclear threat.
- The federal government must work not only to increase U.S. abilities and those of its allies to disrupt other nations' nuclear programs, but also to manage the consequences of a potential nuclear attack.

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Radical Islamic Terrorism

Summary and Key Talking Points

Policy Proposals

1. Finish the job against ISIS while encouraging regional Arab allies to assume greater responsibility for stabilizing eastern Syria.
2. Renew U.S. commitment to preventing terrorist groups from controlling territory.
3. Bolster intelligence sharing on foreign fighters while reassessing domestic security procedures.
4. End the policy of U.S. government engagement with Muslim Brotherhood legacy groups.

Quick Facts

1. As of August 2019, there had been 114 Islamist terrorist plots targeting the U.S. since 9/11.
2. ISIS has affiliates in the Middle East, South and Southeast Asia, and Africa.
3. The Muslim Brotherhood has had offshoot groups operating and recruiting in the U.S. since the 1960s.

Power Phrases

An Ideology of Force

- Radical Islamic ideology dictates that Islamism is an all-encompassing socio-political system in which sovereignty lies with god, and Muslims are required to live in a Caliphate governed by sharia law.

The War on Terror

- After the 9/11 attacks, the U.S. took the fight to al-Qaeda in Afghanistan, Pakistan, Iraq, Syria, Yemen, and Somalia.
- After a U.S.-led coalition destroyed the ISIS Caliphate, ISIS's supporters reverted to their roots as guerilla insurgents in Iraq and Syria.

Domestic Threats

- Many of the plots that the U.S. has faced since 9/11 were the work of those radicalized right here in the U.S.
- The U.S. must renew its commitment to prevent terrorist groups from controlling territory while containing future threats at home and abroad.

The Issue

A Pew poll from 2018 found that terrorism was the number one priority for Americans—above the economy, education, and health care.¹ A separate Pew poll from a year earlier found that approximately three-quarters of Americans were concerned by the threat of Islamist extremism specifically.²

This is an understandable fear. The most devastating terrorist attack in American history occurred on 9/11, resulting in the U.S. taking the fight to al-Qaeda in Afghanistan, Pakistan, Iraq, Syria, Yemen, and Somalia. Many of al-Qaeda's top leaders were killed, with Osama bin Laden tracked down in Pakistan in May 2011. Others were captured and detained at Guantanamo Bay, where 9/11 mastermind Khalid Sheikh Mohammed remains today. The U.S. also pinned al-Qaeda back with its ongoing campaign of drone strikes.

Despite these welcome developments, the threat endures. The rise of an al-Qaeda offshoot, the Islamic State of Iraq and al-Sham (ISIS), led to a reign of terror that saw countless innocents, including Americans, killed by Islamists across the Middle East, Africa, Asia, and Europe. While the U.S.-led Global Coalition to Defeat ISIS succeeded in destroying the Islamic 'Caliphate' that ISIS created in Iraq and Syria, the war is far from over. ISIS, which pulled in tens of thousands of foreign fighters, is reverting to its insurgency roots, while al-Qaeda remains a resolute adversary. The U.S. military remains active in Syria and Afghanistan, among other countries, in either a combat or a training role, in an effort to head off the risk this poses.

The threat overseas has been accompanied by an ongoing risk to American lives domestically: There have been well over 100 Islamist terror plots directed at the U.S. since 9/11. While the vast majority have been thwarted by the diligent work of U.S. law enforcement and intelligence communities, attacks in Boston, San Bernardino, Orlando, and New York in recent years are a reminder of the ongoing risk to American lives.

Troublingly, many of the plots that the U.S. has faced were not dreamed up by foreign terrorists, but were the work of those radicalized right here in the U.S. One of the most influential Islamist ideologues in the post-9/11 era was an American citizen—Anwar al-Awlaki, a charismatic al-Qaeda cleric responsible for a wave of plots against the West until his death in a September 2011 drone strike. Unfortunately, Awlaki's online lectures continue to radicalize others.

ISIS, al-Qaeda, and their supporters are ultimately manifestations of a broader ideology: that of Islamism, an ideology that dictates that Islam is not just a religion, but an all-encompassing socio-political system in which sovereignty lies with god over man and Muslims are required to live in an expansionist Caliphate governed by sharia law.

ISIS and al-Qaeda insist that force is required to bring this about, whereas proselytizing Islamist groups like the Muslim Brotherhood believe it can be achieved by preaching, infiltration, and persuasion. While the tactics of violent Islamists may diverge from those of political Islamists, their vision for what the endgame looks like is the same. Complicating the problem, the U.S. is forced to engage Muslim Brotherhood-linked groups overseas because they are part of various governments.

Military victories on the battlefield must be backed up by victory in the battle of ideas against Islamism. The U.S. has excelled at the former. The latter has, so far, proved much trickier to achieve. As long as this remains the case, Islamist terrorism will continue to imperil the U.S. and its allies.

Recommendations

Finish the job against ISIS while encouraging regional allies to step up. The U.S. needs to crush ISIS while avoiding the temptation to nation-build in Syria. While a military presence is still required for

counter-terrorism and intelligence gathering, the U.S. should push for regional Arab allies to assume greater responsibility for stabilizing eastern Syria with troops and economic support. While this coalition would require continued U.S. support, it would lighten the burden on the military while bolstering Arab allies.

Renew the U.S. commitment to preventing terrorist groups from controlling territory. The U.S. plays a vital role in containing the terrorist threat emerging from the Middle East, Asia, and Africa. When terrorist groups control territory, it allows them space from which to plan attacks: The 9/11 attacks were planned from Afghanistan, and more recent attacks in Europe were planned from Syria. The control of territory also provides a source of revenue for terrorists, primarily through the extortion of those living under their control. The U.S. must work with its partners around the world to prevent the emergence of territory governed by Islamist groups, cutting off funding for terrorist groups while capturing and killing their fighters.

Harden defenses for the next wave of foreign fighters. Syria drew in tens of thousands of foreign fighters from across the globe. With the Caliphate broken and those fighters dispersing, the U.S. must be dynamic if it wants to stay ahead of the next foreign fighter threat. That would involve monitoring the travel patterns of terrorists and cajoling allies and partners into hardening their own security measures, while working to bolster intelligence sharing about developing threats to the U.S. and its allies. It would also involve an assessment of domestic security procedures and vulnerabilities.

Allocate resources to contain future threats from newly released terrorists—at home and abroad. There are tens of thousands of ISIS suspects being held in Kurdish-run detainee camps in Syria, including terrorists with ties to America. The next Administration should determine which of these detainees have a legal right to enter the U.S., assess whether they have committed federal crimes, and consider prosecuting them. The U.S. also has dozens of terrorists convicted of terrorism-related offences set for release from prison.³ It is possible that these convicted terrorists have not renounced Islamist ideology and could attempt to carry out attacks upon release. The U.S. must ensure it can safely monitor these newly released convicts.

Roll back the Muslim Brotherhood. A strategy is needed for political Islamists such as the Muslim Brotherhood. This strategy may involve designation of the Muslim Brotherhood as a terrorist organization if there is credible evidence of the Brotherhood committing acts of terrorism. However, with the Brotherhood tending to eschew overt acts of violence, the U.S. must also be prepared to try and weaken the movement's ideology. This strategy would take as read that the Brotherhood are adversaries—not allies—and that their worldview does not represent the majority of American Muslim opinion. Putting an end to the policy of U.S. government engagement with Muslim Brotherhood legacy groups in the U.S. should also be part of the strategy.

Facts and Figures

FACT: Islamist terrorism is an ongoing threat to the homeland and to Americans overseas.

- As of August 2019, there had been 114 Islamist plots targeting the U.S. since 9/11—approximately six a year.
- Terrorists have shown themselves willing to attack civilians, the police, and the military. They have used whatever weapon were at hand to carry out these attacks, including homemade bombs, blades, firearms, cars, and even trucks.
- The most devastating Islamist attack since 9/11 occurred in Orlando, Florida, in June 2016. Omar Mateen, an American citizen inspired by ISIS, shot and killed 49 people in a nightclub.
- American civilians are regularly targeted in terrorists attack abroad. Americans have been murdered in France, Belgium, the UK, Tajikistan, Kenya, and Sri Lanka in recent times.

- American embassies and government installations have been targeted by Islamist terrorists for decades. High-profile attacks have occurred in Kenya, Tanzania, Yemen, and Libya.

FACT: ISIS had success persuading a small number of American Muslims to travel to their ‘Caliphate.’

- Dozens of Americans successfully traveled to Syria to take part in the fighting there, most going on to join ISIS.
- ISIS recruits with close ties to America, including possible American citizens, remain detained in Kurdish-run camps in Syria.

FACT: Al-Qaeda and ISIS have terrorist affiliates around the world.

- Al-Qaeda’s senior leaders are largely based in the AfPak (Afghanistan and Pakistan) region and Iran. Yet Al-Qaeda also has formal affiliates known to be operating in the Indian Subcontinent, the Sahel, Somalia, Syria, and Yemen.
- ISIS has affiliates in the Middle East, South and Southeast Asia, and throughout Africa. Following the death of Abu Bakr al-Baghdadi, many of these affiliates then pledged allegiance to Abu Ibrahim al-Hashimi al-Qurashi, ISIS’ new leader.

FACT: The Muslim Brotherhood has a decades-old presence in the U.S.

- The Muslim Brotherhood has operated and recruited in the U.S. since the 1960s, initially focusing on university campuses.
- Mohammed Morsi, the former President of Egypt, was recruited into the Brotherhood while studying at the University of Southern California.
- Muslim Brotherhood offshoot groups based in the U.S., such as the Council on American–Islamic Relations, have been engaged with by both Democrat and Republican Administrations as well as members of Congress on both sides of the aisle.

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Strategic National Defense

Summary and Key Talking Points

Policy Proposals

1. Modernize the nuclear deterrent to ensure its reliability and effectiveness in the coming decades.
2. Develop and deploy a comprehensive, layered missile defense system.
3. Address vulnerability to an electromagnetic pulse (EMP) and increase the domestic electric grid's resilience.
4. Support the development of a space-based sensor layer to augment the data needed for missile defense systems.

Quick Facts

1. The U.S. has not tested a nuclear warhead since 1992.
2. The U.S. currently has only 44 Ground-Based Midcourse Defense interceptors to protect the homeland.
3. Over 20 countries have ballistic missiles, including such U.S. adversaries as China, Russia, and North Korea.

Power Phrases

The Duty to Defend

- Providing for the common defense is one of the primary responsibilities of the federal government.
- There is a widening gap between this responsibility and the readiness of the U.S. missile defense programs.

Nuclear Consequences

- U.S. nuclear weapons have kept peace by deterring a large-scale attack against our country and allies.

A Developing Threat

- As our adversaries build their missile arsenals, the U.S. nuclear weapons age, and our nuclear triad is overdue for modernization.

The Issue

Ever since the end of World War II, U.S. nuclear weapons have kept the peace by deterring a large-scale attack against the United States and its allies. They are the most powerful weapons the United States currently has at its disposal. Nuclear weapons are an effective deterrent because they force adversaries that might be considering whether to attack the United States or its allies to face the prospect of immediate and overwhelming retaliation. Additionally, more than 30 countries around the world depend on U.S. nuclear security guarantees in exchange either for not developing their own nuclear weapons or, in the case of France and the United Kingdom, keeping their nuclear arsenals smaller than they otherwise would be.

At the same time, however, U.S. nuclear forces are old. The nuclear triad (bombers, intercontinental-range ballistic missiles, and submarine-launched ballistic missiles) is overdue for modernization. Nuclear warheads were last tested in 1992, and unlike its adversaries, the United States is currently unable to produce new warheads except for an extremely limited number in laboratory conditions. Because of their critical importance in maintaining national security, the government must ensure that America's nuclear weapons remain safe, secure, and militarily effective. Modernizing these weapons and the infrastructure that supports them has therefore been a number one priority for U.S. defense policy since at least 2010.

Providing for the common defense is one of the federal government's primary constitutional responsibilities. Perhaps nowhere is the gap between this duty and actual U.S. conduct as apparent as it is with respect to U.S. missile defense programs. Despite adversaries building up their missile arsenals, the United States deploys only a limited number of missile defense interceptors that are capable of defending the U.S. homeland from small-scale ballistic missile threats such as those posed by North Korea or, potentially, Iran. This means that America is vulnerable to Russian and Chinese missiles.

U.S. vulnerability to a missile attack is an issue because it leaves Americans with no protection if deterrence should fail. Another threat is an electromagnetic pulse (EMP). An EMP, which would be generated by the airburst of a nuclear weapon, would disable all electronics within its line of sight of the blast, potentially sending the United States back to a pre-industrial era. Americans deserve better than the perpetuation of these vulnerabilities.

Recommendations

Modernize the U.S. nuclear deterrent. U.S. nuclear bombers, submarines, and intercontinental-range ballistic missiles badly need modernization. Since the end of the Cold War, the United States has neglected its nuclear forces because of expectations that the international environment would become more secure. These hopes have dimmed with the return of great-power competition with Russia and China.

Congress has supported the nuclear weapons modernization program initiated by President Obama and continued by President Trump on a bipartisan basis. The Trump Administration made two small adjustments to this program that the Biden Administration has thus far supported: deployment of a low-yield warhead for the submarine-launched ballistic missile and development of a sea-launched cruise missile to address what Russia and China could perceive as a gap in U.S. nuclear weapon capabilities. Russian leaders appear to think that the use of a low-yield nuclear weapon in a conventional conflict would compel the United States to back down. Moscow believes Washington would not want to escalate the conflict to a possibly uncontrollable nuclear exchange, thereby accepting any gains from Russian aggression. That misconception is dangerous. Similarly, China may use its diverse range of nuclear missiles to coerce the United States not to respond in a regional contingency such a Taiwan conflict. The United States must ensure that its nuclear deterrent remains safe, secure, reliable, and effective for decades to come.

Develop and deploy a comprehensive, layered missile defense system. Ballistic missiles launched by an adversary could reach anywhere in the United States in about 30 minutes—even less if launched from shorter range. They can deliver devastating payloads including an EMP if a nuclear warhead on the top of a missile were detonated at high altitude. The spread of ballistic missiles into the hands of dangerous actors such as North Korea increases the imperative need to develop a comprehensive, layered missile defense system. Such a system would include interceptors that can address missiles at all stages of flight including the boost phase where they are the most vulnerable to an intercept. Congress should therefore support the development and deployment of missile defense capabilities.

Increase awareness of the electromagnetic pulse issue. Americans depend on a stable and reliable supply of electricity for every aspect of life. That makes the nation uniquely vulnerable to an EMP, a perfect asymmetric choice of a weapon for less technologically advanced adversaries such as North Korea. The Administration and Congress should work jointly to address this vulnerability, including by increasing awareness of the importance of emergency preparedness among Americans and increasing the resilience of the domestic electric grid.

Increase nuclear weapon test readiness. Nuclear test readiness is a critical component of deterrence. U.S. nuclear warheads are old, and the nation might need to conduct yield-producing experiments on its nuclear warheads in the future, whether because of an issue with the current warhead stockpile that requires a significant fix or because of developments in adversaries' nuclear capabilities that require a new weapon design. Congress and the Administration should support steps that give the United States more flexibility in the event it finds itself surprised by any of these developments.

Advance new nuclear weapons designs. The United States currently conducts only very limited activities to train future generations of weapon scientists and engineers in skills that would allow them to develop new nuclear warhead designs. Currently deployed U.S. nuclear warheads are based on 1970s and 1980s designs and prioritize yield-to-weight ratios over, for example, security features. The National Nuclear Security Administration (NNSA), the government agency responsible for nuclear stockpile maintenance, should ensure that the next generation of scientists not only has access to knowledge that their predecessors developed, but also gets to exercise the skills necessary for the design, development, and deployment of a new warhead.

Develop and deploy a capable space-based sensor layer. Adversaries are developing missiles that fly on cruise or hypersonic glide trajectories that are more difficult to detect and track than are ballistic missiles. To improve these capabilities, the United States should deploy a layer of sensing satellites in space to augment data that missile defense systems need to cue an interceptor toward an incoming missile. The first step in deterring or intercepting a missile attack is to be able to see it.

Modernize the U.S. NNSA complex. The NNSA is tasked with the critical mission of maintaining a safe and effective stockpile of nuclear warheads. However, together with decades of underfunding since the end of the Cold War, the laboratories have lost critical nuclear weapon design and manufacturing skills. In addition, the facilities that host nuclear weapons activities are decades old and subject to different single points of failures. Congress should support the NNSA's efforts to address these issues and modernize the nuclear infrastructure. As current U.S. warheads continue to age and adversaries deploy more advanced nuclear capabilities, the United States will need to refurbish its own nuclear stockpile, and this requires modern design and manufacturing capabilities.

Facts + Figures

FACT: U.S. nuclear weapons have deterred large-scale attacks against the U.S. homeland and allies without fail every day since the dawn of the nuclear age. Having modernized, flexible, and agile nuclear weapons and the infrastructure to support them is the best guarantee of U.S. and allied security for the foreseeable future.

- U.S. nuclear delivery systems badly need modernization. The United States has not tested its nuclear warheads since 1992, and more than half of the buildings in the NNSA complex date from the Manhattan Project era.
- Modernization of nuclear weapons is affordable and a great deal for the value the United States would get by preventing the most devastating attacks known to mankind. Even at its peak, the planned nuclear modernization program would cost only around 6 percent of the Department of Defense's budget.
- More than 30 countries around the world depend on U.S. nuclear security guarantees. Some of these countries could develop their own nuclear weapons should U.S. commitments be perceived as unreliable.

FACT: More adversaries and potential adversaries are investing in missile technologies and threatening the safety of what the U.S. values.

- Missiles are a weapon of choice for U.S. adversaries because they are fast, are cheap, and can deliver a lethal payload against the homeland in less than 30 minutes.
- More than 20 countries around the world, including such U.S. adversaries as China, Russia, Iran, and North Korea, have ballistic missiles.
- The United States currently has only 44 ground-based midcourse defense interceptors in Alaska and California protecting the U.S. homeland. That is enough to address only a relatively small number of unsophisticated missiles like those that North Korea can field.

FACT: An electromagnetic pulse could send the United States back into the pre-industrial era at great loss of both life and economic prosperity.

- A successful EMP attack would disable—most likely permanently—all electronics within its line of sight. The United States could be sent back into a pre-industrial age in an instant.
- A 1962 atmospheric test of a U.S. nuclear weapon at Johnston Island generated an EMP that knocked out electric lights hundreds of miles away in Hawaii.
- A man-made EMP is only one part of the concern regarding the reliability of energy supplies and transmission lines. The sun can also generate solar storms with EMP-like effects on large areas of the Earth.
- An EMP is a perfect asymmetric weapon. Due to our dependence on electricity, potential adversaries like Russia, China, and North Korea talk about using EMPs in a conflict against the United States.

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FOREIGN POLICY



Africa

Summary and Key Talking Points

Policy Proposals

1. Focus on governments with which the U.S. can expect to have a mutually beneficial relationship.
2. Foster good governance by assisting African civil society organizations that hold their governments accountable.
3. Help African governments achieve greater economic freedom and encourage U.S. private sector involvement in the region.
4. Demonstrate U.S. commitment by making the U.S.–Africa Leaders Summit a biennial event.

Quick Facts

1. Africa possesses about 60 percent of the world's unused arable land, and projections indicate that Africans will make up one-third of the world's population by 2100.
2. Ernst & Young estimates that the African continent will constitute a \$3 trillion economy by 2030.
3. Africa possesses 22 of the 33 mineral commodities that the U.S. deems critical to its economy and national defense.

Power Phrases

Partnership and Engagement

- Africa's physical location, natural resources, soaring population, and growing economies make it an increasingly important and promising area for U.S. partnership.
- U.S. competitors such as China and Russia are active in the area, making a strong strategy of engagement even more pressing.
- U.S. policy should encourage democracy and economic freedom through free trade and investment, property rights, and rule of law, which encourage healthier societies, cleaner environments, and greater prosperity.

The Issue

The African continent is rapidly growing in strategic importance. Its ongoing demographic boom is producing an immense working-age population and potential consumer class. Richly endowed with natural resources, including arable land, important mineral commodities, and abundant fishing stocks, a number of its economies are among the fastest growing in the world. It has a commanding position on maritime chokepoints and abuts two continents, and its countries comprise the world's largest voting bloc in the United Nations, giving them significant diplomatic influence. Many countries, including American competitors such as China and Russia, are rapidly building influence with African countries. Al-Qaeda and ISIS-aligned terrorist organizations have proliferated on the continent in the last decade, and many are currently strengthening.

Since the end of the Cold War, U.S. policy toward Africa has focused on delivering overseas development assistance and ameliorating the security problems emanating from the continent. This approach is outdated. It does not account for the continent's many economic opportunities for American companies, or the significant influence America's geopolitical competitors have built on the continent. Chinese activity especially may threaten American strategic access to Africa, is increasingly creating anticompetitive economic norms on the continent that disadvantage U.S. companies, and is modeling illiberal governance that harms American efforts to promote democracy on the continent.

Under the Trump Administration, U.S. policy is adjusting to account for the realities of today's Africa. Its under-construction Prosper Africa initiative intends to advance the critical task of facilitating more American private sector activity. The Administration continues important pre-existing initiatives such as PEPFAR and the Millennium Challenge Corporation as well. While rightly recognizing the paramount challenge of nation-state competitors, the Administration is also continuing important counterterrorism activities on the continent.

The U.S. still lacks a strategic messaging campaign for the continent, however—a matter of increasing urgency since a significant part of the competition with China is one of ideology. In addition, the Administration has not had enough engagement with African leaders at the most senior level. Finally, while Prosper Africa has the right focus, its implementation has been too slow thus far.

The U.S. government's engagement with Africa must protect its core strategic interests in the continent, namely retaining sufficient influence and positioning on the continent to protect American interests there, facilitating regulatory and normative environments that ensure U.S. companies can compete on an even footing in Africa, encouraging the growth of African democracy, and ensuring that terrorists cannot use the continent as a staging ground for attacks against the U.S.

Recommendations

Focus on governments with which the U.S. can reasonably expect to have a mutually beneficial relationship. Countries that are good candidates for a strategic partnership should receive the full suite of U.S. engagements, such as consideration for a free-trade agreement; fully staffed U.S. embassies, including a commercial attaché; U.S. government-facilitated visits by U.S. business delegations; high-level U.S. official visits and interventions on behalf of U.S. companies; and mobilization of that country's U.S. diaspora to invest and engage in other constructive ways.

Encourage and assist U.S. private sector activity in Africa. Prosperous American companies strengthen U.S. economic might and contribute to American soft power. More U.S. business involvement in Africa would also help resist the further institutionalization of anti-competitive economic norms on the continent that benefit competitors such as China.

Help African governments achieve greater economic freedom. Doing so would bring greater and more rapid prosperity to their people, and expand investment opportunities for American companies. The U.S. could provide the rationale for and help with the technical expertise to liberalize regulatory environments, privatize state-owned industries, and improve the rule of law.

Foster good governance. The U.S.'s most valuable allies are usually those that share its core values such as democracy, rule of law, and respect for the free market. Good governance also promotes human flourishing and ameliorates instability and terrorism. The U.S. should assist African civil society organizations that hold their governments accountable, focus on helping the fight against corruption, and deepen coordination and cooperation with allies working on the same issues.

Launch a strategic messaging campaign in Africa. All government agencies that engage on Africa should have a unified message that explains the benefits of partnering with the U.S.; touts the value of democracy, individual liberty, and the free market; and highlights the decades of positive U.S. engagement in Africa. The campaign should include messaging about China in Africa that is culturally appropriate, respectful of African states' sovereign prerogatives, and realistic about some African countries' need for Chinese engagement.

Increase senior U.S. officials' engagement with African counterparts. Meetings in the Oval Office with the President are low-cost investments in a relationship that can have an outsized impact. Cabinet members and congressional delegations visiting the continent can also enhance ties with important African countries.

Make the U.S.–Africa Leaders Summit a biannual event. Many countries, including some U.S. competitors, hold regular summits with African heads of state. The U.S. has only ever held one, in 2014. A summit is a very public way to demonstrate commitment to the U.S.–Africa relationship, facilitate linkages between U.S. companies and African governments, and remind African governments of the desirability of partnering with the U.S.

Facts and Figures

FACT: Africa's physical location, natural resources, soaring population growth, and growing economies make it increasingly important to American interests.

- Africa touches three of the world's eight maritime chokepoints, abuts Europe and Asia, and has thousands of miles of Atlantic and Indian Ocean coastline.
- In 2014, Africa had the largest or second-largest known reserves of ten important mineral resources. It possesses 22 of the 33 mineral commodities that the U.S. deems critical to its economy and national defense, and for which the U.S. is more than 50 percent import reliant.
- Africa possesses about 60 percent of the world's unused arable land.
- Africa's population will likely double by 2050 and quadruple by 2100, which would mean one-third of the world's population would be African.
- Ernst and Young estimates that 19 African economies will be growing by 5 percent or more per year by 2030, and that the continent will constitute a \$3 trillion economy. The African Development Bank predicts that consumer spending in Africa will grow to \$1.4 trillion by 2020. According to ExxonMobil, about 30 percent of the world's increase in energy demand will be in Africa between 2015 and 2040. Experts forecast the continent's mobile internet connections will double between 2017 and 2022.

FACT: Other countries, including U.S. competitors, are rapidly increasing their engagements in Africa.

- According to McKinsey, China's trade with Africa has grown by about 20 percent every year since 2000. In 2017, China–Africa trade was three times greater than U.S.–Africa trade. Chinese institutions issued loans worth \$5 billion to \$6 billion every year to African governments from 2013 to 2015, constituting an estimated one-third of all new debt in sub-Saharan Africa in 2015. Two-thirds of African countries use some Chinese military equipment.
- Roughly between 2005 and 2015, trade between Russia and Africa increased by a factor of more than 10. Since Russia's 2014 Crimea annexation, it has signed 19 military cooperation agreements with sub-Saharan African countries, according to Reuters. Russian mercenaries have operated in at least five African countries, and Africa receives 17 percent of all Russian arms exports.
- Turkey has 44 embassies in Africa, up from 12 in 2009. Its largest embassy and overseas military base are in Somalia. President Erdogan has visited Africa at least 40 times as president and prime minister. The stock of Turkish FDI in Africa grew from less than \$100 million in 2003 to more than \$6 billion in 2015. Turkey had 45 signed trade and economic agreements with African countries in 2017, up from 23 in 2003.

FACT: Islamist terrorism is a potent and growing threat in parts of Africa.

- According to the 2018 Global Terrorism Index, 12 of the world's 23 countries most affected by terrorism were in Africa.
- The African Center for Strategic Studies counts 27 discrete terror groups on the continent operating primarily in 11 countries. Reported Islamist-linked violent acts and related fatalities have doubled every year since 2016 in the Sahel region. Civilian fatalities grew by more than 7,000 percent in Burkina Faso at the beginning of 2019 compared to the same period in 2018, according to the Armed Conflict Location & Event Data Project.
- The Islamic State West Africa Province conquered hundreds of square miles in Nigeria, Chad, and Niger at the beginning of 2019 alone and overwhelmed a dozen military bases; it currently has an estimated 3,500 fighters. Jama'at Nusrat al Islam wal Musli-meen, an alliance of four terror groups that formed in 2017, was responsible for about half of all the terrorist-related violence in the Sahel in 2018.

FACT: Poor governance is a critical impediment to development and security in Africa.

- Sub-Saharan Africa is the world's worst performing region in Transparency International's Corruption Perceptions Index.
- Between 1970 and 2010, an estimated \$850 billion was misappropriated in Africa.
- Four of the six worst-ranked countries in the 2018 Fund for Peace Fragile States Index were African.

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China

Summary and Key Talking Points

Policy Proposals

1. Defend American economic interests from the many threats posed by China, such as intellectual property theft and espionage.
2. Uphold the strength and credibility of our alliances in the region.
3. Work with our allies and trading partners to build collective action addressing economic challenges.
4. Support Hong Kong and Taiwan against Communist China's threats to their economic and political freedom.

Quick Facts

1. China is one of the world's worst human rights violators, persecuting and imprisoning a massive number of religious citizens and ethnic minorities.
2. China has the world's largest military, benefiting from a two-decade long modernization program and double-digit budget increases.
3. American companies have \$107 billion invested in China, while China has invested some \$40 billion in the United States.

Power Phrases

Disciplined Economic Partnership

- The fact that the U.S. and China have closely linked economies should not obscure the differences between our free economy and China's state-controlled system.
- The current economic relationship must be managed to prevent damage to U.S. security interests and the privacy of our citizens.

The Real China

- We need to honestly evaluate Chinese "cooperation." Progress in one area does not excuse China's misdeeds in others.
- The Chinese government is actively working to dominate East Asia, as well as outer space and cyber space. Beijing also engages in economic espionage and human rights abuses.

Engage and Protect

- We should be clear-sighted about when our interests coincide with those of China and when they do not. We should always be prepared to protect our rights and interests and those of our allies when they are threatened by China.

The Issue

In thinking about challenges related to China, it is essential to recognize that the American relationship with the People's Republic of China (PRC) differs greatly from the American relationship with the Soviet Union during the four decades-long Cold War, which involved a zero-sum, mainly military confrontation with a largely implacable adversary, and ideological and military efforts around the world to counter that adversary.

While the United States and the PRC have major differences—including significant points of politico-military confrontation—the two countries are closely linked economically and therefore have a level of shared interest that had no equivalent in Washington's relations with Cold War-era Moscow.

The 2020 COVID-19 crisis has brought out the potential downsides of this economic integration with China.

The two countries' supply chains are tightly intertwined and connected throughout the region. More than simply a matter of American companies being dependent on Chinese products and vice versa, both sides are mutually joined (relative, of course, to the individual industry and company). In addition, tourism, business, and education bring a significant number of visitors from each country to the other, including thousands of Chinese students who attend American universities and conduct valuable research there in partnership with American counterparts.

This integration must be managed in ways that prevent damage to U.S. security interests and the privacy of its own citizens. Since 2018, the U.S. has done that through comprehensive rewrites of export and foreign investment rules and restrictions on Chinese involvement in the buildout of the U.S. 5G network.

Neither should the advantages the U.S. enjoys for its economic connections be permitted to obscure the other fundamental points of friction between the two countries.

In East Asia, China's extravagant claims to vast swathes of the region's littoral waters put it directly at odds with the American view of freedom of the seas. In pursuing its claims, China has gone so far as to build large islands atop submerged features and claim territorial seas based on these artificial islands. These efforts not only jeopardize free transit across the world's oceans, but also reflect a Chinese effort to expand territorial claims at the expense of neighboring countries, many of which are long-standing American allies.

Additionally, there is the long-standing issue of Taiwan. China insists that it has the right to deal with the "renegade province" in its own way, including the use of force. For the United States, the decision to recognize the People's Republic of China (PRC) was matched with the Taiwan Relations Act, which continued unofficial relations with Taiwan and committed the U.S. to making defensive weapons available to Taiwan.

Similarly, in outer space and cyberspace, China is increasingly seeking to extend its sovereignty over what had previously been international common spaces. It has tested anti-satellite weapons and, with its military-dominated space program, appears to be increasingly intent upon establishing "space dominance." Concerns about cyber security have highlighted the growing centrality of information technology to the U.S.-PRC rivalry. Whereas the Soviet Union's centralized planning system utterly failed to prepare for the microchip revolution, the PRC's "socialist market" economy is much more flexible and responsive. Its global competitiveness and behavior in areas from communications and data networks to artificial intelligence and the ability to apply "big data" will have direct bearing on U.S. alliances and interests abroad.

Under Xi Jinping, human rights in China have deteriorated substantially. In February 2018, the government instituted new regulations on religious affairs that placed onerous burdens on persons of faith: Hundreds of thousands, possibly over a million, Uighur Muslims are detained in political reeducation facilities today; three

major Protestant churches were shuttered between September and December 2018 alone; and Tibetans face continuing restrictions on their freedom of movement and expression.

The direct and indirect influence that the Chinese government and the Chinese Communist party have on all of China's economic activity has increasingly become of concern. While China liberalized its economic activity significantly after joining the World Trade Organization (WTO) in the 1990s, this began to change around 2004. Economic liberalization has largely halted since the 2008 global financial crisis. The private sector in China, thanks to free market practices, has flourished to become the major source of economic growth and job creation in the PRC. However, the state's role in China's economic activity is increasing, whether through initiatives directed at developing and obtaining new technologies or state-directed investment, both domestically and abroad.

This is reinforced by apparent economic espionage conducted by the Chinese government, benefiting Chinese companies. While espionage is a fact of life, there is a difference between trying to obtain war plans versus obtaining the intellectual property (IP) behind commercial computer technology, new plastics, or pharmaceuticals. Some theft of intellectual property is conducted through cyber means (there are charges that the Chinese military has conducted such actions), while other espionage has involved physical efforts, such as the attempt by Chinese professors to smuggle seedlings from test beds in Iowa.¹

Finally, there is growing unease about the Chinese "Belt and Road Initiative" (BRI), which is a major Chinese investment effort that encompasses both a land route to Europe via Central Asia and the Caucasus, and a sea route from China's East Coast through the South China Sea and the Indian Ocean, including port construction in Sri Lanka, Pakistan, and Djibouti. The regions encompassed by this initiative desperately need more infrastructure, but there are concerns that Chinese financing for these projects will lead to debt traps permanently ensnaring these states. Just as important, the BRI effort may lead to Chinese-influenced industrial standards and technological dependencies that would effectively shut American (and other Western) businesses out of these markets. The lack of Chinese transparency only exacerbates many of these concerns.

Recommendations

Engage China economically, but defend American interests at home and abroad. Trade with China has measurably improved the lives of millions of Americans. Not only have American farmers and workers benefited from selling to China, but their ability to access inexpensive, quality goods, from clothes to consumer electronics, means that hard-earned dollars go further. This is no reason to accept Chinese violations of intellectual property and other abuses of the system, however. Chinese IP theft not only denies Americans their fair return, but it also ultimately weakens the United States, as Chinese companies profit from American research and development. The U.S. needs to make clear that it will not tolerate illegal trade practices, even as it welcomes free trade with rules-observing partners.

Uphold the credibility of our alliances. The United States has historically been intent on ensuring that no other nation dominates East Asia—a goal that dates back to the 19th century. Given Asia's importance as a market for American goods and a source of technology and innovation, as well as the fact that the region includes fellow democracies, there are both realpolitik and principled reasons for upholding American commitments to the region. Unfortunately, while the U.S. has few direct points of friction with China (e.g., there are no outstanding territorial disputes), many of China's neighbors are also American allies. Consequently, Beijing's problems with them become an American concern.

Work with our allies and trading partners. The surest way to address the economic challenges China presents to the U.S. and our allies is for the U.S. to work with the international community. Unilaterally attempting to change Chinese practices could ultimately mean American businesses lose while foreign companies benefit

from competition between the U.S. and China. The U.S. is China's largest trading partner but not its only trading partner. The U.S. should build collective action abroad to deal with concerns of intellectual property theft, state subsidies, and foreign investment.

Maintain a strong American presence in the region. Maintaining a strong American presence is not solely a matter of ensuring that the American military commitment remains credible. The U.S. should also maintain a strong diplomatic presence, both in the various countries and at international organizations. Promoting human rights is a long-standing feature of U.S. engagement in Asia. The universal values of respecting human rights should continue to be an important component of U.S. diplomacy in the region. Similarly, America's businesses are one of the most important means of demonstrating American commitment, presence, and interests to the region. A carrier battlegroup is present for a few days or a few weeks, while a factory employs hundreds or thousands and stays for years.

The COVID-19 crisis has cast U.S.–China relations in a new harsh light. It is forcing a reevaluation of American ties. This is reasonable and, in many ways, long-overdue. In conducting its now recognized global competition with China, however, the U.S. must stay focused on securing U.S. interests. More often than not, that will mean confronting China. Sometimes, it will mean cooperation.

Facts and Figures

FACT: The PRC has the world's second largest gross domestic product, at about \$12.24 trillion.

- This compares with the American GDP of approximately \$19.4 trillion.

FACT: The Chinese People's Liberation Army (PLA) is the world's largest military. It has become increasingly sophisticated because of its two decades-long modernization program, and has enjoyed double-digit budget increases for most of that time. Key capabilities include the:

- PLA Army, one of the world's largest ground forces, with over 975,000 troops. (For comparison, the entire U.S. military has about one million active duty personnel).
- PLA Navy, with three aircraft carriers (one in service, one undergoing sea trials, one under construction) and over 80 destroyers and frigates. It also has over 60 submarines.
- PLA Air Force, with over a thousand combat aircraft.
- PLA Rocket Force. Responsible for China's nuclear forces, the PLA Rocket Force has about 100 ICBMs and submarine launched ballistic missiles and several hundred nuclear-armed intermediate range missiles. It also controls several thousand short- and medium-range ballistic missiles; and
- PLA Strategic Support Force, China's information warfare force, which controls China's military space systems, electronic warfare units, and cyber warfare capabilities.

FACT: The PRC is America's second biggest trading partner in goods, making up more than 16 percent of all its foreign trade.

- It is also the third largest market for U.S. goods exports,² and services.³
- As for investment, American companies have \$107 billion invested in China, while Chinese investors have invested some \$40 billion in the United States.⁴

FACT: The PRC is the second-largest foreign owner of U.S. government debt—with debt holdings as of 2020 slightly less than those held by Japan.

- Japan surpassed China as the largest foreign holder of debt in 2019 with approximately \$1.12 trillion.

FACT: Chinese government-connected companies are a growing, major presence in the international market

- Huawei is not a state-owned enterprise, nor is it run by the Chinese PLA, although its founder did serve in the PLA. In fact, it has a relatively complicated ownership structure involving its trade union.⁵ It is the world's largest telecommunications equipment supplier.⁶
- Huawei is the world's second-largest producer of cell phones (as of July 2018), after Samsung and ahead of Apple.⁷ Huawei is the only company, as of May 2019, that is capable of producing all the elements associated with a 5G network, including handsets and cell phones, servers, routers, repeaters, and base stations.
- ZTE is another major Chinese telecommunications company. While not a state-owned enterprise, over half its shares are owned by entities that in turn are owned by the Chinese government. It is one of the world's largest manufacturers of communications equipment.

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Europe

Summary and Key Talking Points

Policy Proposals

1. Ensure that the North Atlantic Treaty Organization (NATO) remains focused on its core mission—mutual defense with the capabilities needed to deter Russian aggression against a member state.
2. Advance the U.S.–U.K. Special Relationship by negotiating a U.S.–U.K. free trade agreement.
3. Develop strong bilateral relationships with individual European countries instead of reflexively supporting the European Union.
4. Keep the U.S. pledge of \$1 billion for the Three Seas Investment Fund.

Quick Facts

1. In 2014, only three NATO members—Greece, the United Kingdom, and the United States—spent 2 percent of GDP on defense; in 2021, that number had grown to 11 countries.
2. Non-U.S. members of NATO added a cumulative total of \$350 billion to their defense budgets from 2014 to 2022.
3. The United States and the member states of the European Union account for approximately half of the global economy.

Power Phrases

Move Europe Away from Reliance on China and Russia

- For too long, European countries have depended on Russia for energy and looked to China economically, turning a blind eye to the repercussions of dependence. U.S. exports of liquified natural gas (LNG) are an important way to limit European dependence on Russia for energy.

Foster Strong European Relations

- The U.S. and the U.K. have long championed economic freedom and have the world's largest and fifth-largest economies, respectively. Their economies are closely intertwined, and each partner is the other's top foreign direct investor.
- U.S. military bases in Europe provide flexibility, resilience, and options for America in a dangerous world.
- The U.S. and Europe are by far each other's biggest source of foreign direct investment, which strengthens the U.S. economy and the American worker.

The Issue

Europe is vitally important to the United States economically, diplomatically, militarily, and politically. The continent has geographical proximity to some of the world's most dangerous and contested regions, bordering, or in close proximity to, Russia, the Arctic, Iran, Asia Minor, the Caspian Sea, and North Africa. China would clearly like to drive a wedge into the transatlantic relationship, thus weakening the U.S. while continuing to access Europe's market and technology in service of the aims of the Chinese Communist Party. Russia's ongoing brutal and unprovoked full-scale war against Ukraine directly affects the security interests of Europe as well as those of the United States. Europe and the U.S. face similar challenges moving forward: an aggressive Russia, the rise of an assertive and bellicose China, Islamist terrorism, and economic and social challenges compounded by decades of reckless spending and divisive social policies pursued by the left.

The U.S. and Europe share a strong commitment to the rule of law, human rights, free markets, and democracy. During the 20th century, millions of Americans fought for a free and secure Europe, and hundreds of thousands died for it. America's economic ties to the region are likewise important. A stable, secure, and economically viable Europe is in America's economic interest. For more than 70 years, the U.S. military presence has contributed to regional security and stability, and both Europeans and Americans have benefited economically. The United States and the member states of the European Union account for approximately half of the global economy, and the U.S. and EU member countries are generally each other's principal trading partners and primary sources of foreign direct investment, all of which benefits both the U.S. economy and, by extension, the American worker.

On January 31, 2020, the United Kingdom left the EU. Brexit has given rise to a host of opportunities for enhancing the U.S.–U.K. Special Relationship, one of which is negotiating and signing a free trade agreement. The U.S. and the U.K. have long championed economic freedom and have the world's largest and fifth-largest economies, respectively. Their economies are closely intertwined, and each partner is the other's top foreign direct investor. While an agreement that lowers tariffs would generate some gains, tariffs between the nations are already low; therefore, any agreement must also address non-tariff barriers to trade. Such an agreement would have the important added benefit of renewing the close cooperation between the two nations and reaffirming their shared commitment to economic freedom and national sovereignty. Trade negotiations advanced under the Trump Administration, but have stalled under President Joe Biden purportedly because of U.S. concerns over the fate of the Northern Ireland Protocol and the European Union's reaction to a potential U.S.–U.K. trade agreement.

The North Atlantic Treaty Organization (NATO) has been the foundation of European security for more than 70 years. Its founding mission was to protect the territorial integrity of its members and, if required, to defeat the Soviet Union. NATO members are no longer worried about the spread of communism, but many—especially given Russia's unprovoked second invasion of Ukraine—are worried about protecting their territory from Russian expansion. This makes NATO just as crucial to the maintenance of transatlantic security today as it was at the end of the Cold War. The United States benefits from a NATO that can deter aggression and defend the territorial integrity of its members.

As an intergovernmental security alliance, however, NATO is only as strong as its member states. After the end of the Cold War, many European nations cut defense spending, and the inevitable result has been a significant loss of capability. In 2006, NATO set a target for member states to spend 2 percent of gross domestic product (GDP) on defense. At the 2014 Wales Summit, member states recommitted to spending 2 percent of GDP on defense and 20 percent of their defense budgets on “major equipment” purchases, a commitment reaffirmed at the Vilnius Summit in 2023. NATO defense spending continues to trend upward with non-U.S. members adding a total of \$350 billion to their defense budgets from 2014 to 2022. Since Russia's February 2022 invasion of Ukraine, additional members have pledged and taken action to attain the NATO benchmarks. The three

largest economies in the EU—Germany, France, and Italy—however, continue to miss their 2 percent pledge, even during the Ukraine war, which raises questions about their commitment to the Alliance.

In addition to investing in necessary capabilities, NATO should establish a robust permanent force structure in its Eastern European member states to deter potential future Russian aggression against an Alliance member. Members across the Alliance should contribute to this force structure, and U.S. troops are a vital component. A permanent U.S. presence in Europe shows that the United States is willing and able to live up to its NATO treaty obligations, thus making it less likely that Russia will make a miscalculation. In addition, this proximity to global hot spots in the Middle East gives U.S. policymakers more options for responding to incidents in the region.

The ongoing war in Ukraine underscores the need for Europe to move away from its reliance on Russia and China (via, for instance, production of solar panels and wind turbines) for its energy needs. Europe has begun to re-evaluate such long-standing policies as the phaseout of nuclear power and the curtailed use of important sources of domestic fossil fuels due to the need for secure substitute energy supplies. U.S. exports of liquified natural gas (LNG) are an important component of future European energy security. The U.S. should expand its domestic production of LNG and its capacity to export it, just as Europe should expand its ability to import LNG, as rapidly as possible.

It is essential that the U.S. and Europe work together on addressing the challenge of China. The degree to which Europe is aligned with the U.S. on responding to China will go a long way toward determining the success of U.S. efforts. American policymakers would do well to shift Europe's views of China from an economic lens to one with a clear focus on the security repercussions of dependence. The U.S. will find little success in seeking to browbeat Europe into alignment. Rather, U.S. officials should consistently and resolutely argue that getting closer to China is not in Europe's long-term self-interest, and that dependence on China would be even more dangerous than dependence on Russia.

The Three Seas Initiative (3SI) launched in 2016 is useful in strengthening trade, infrastructure, energy, and political cooperation among countries bordering the Adriatic Sea, the Baltic Sea, and the Black Sea. It is a force multiplier that bolsters security in Europe and strengthens transatlantic trade ties by marrying private capital with some of Europe's most dynamic and growing economies while also helping to block Chinese and Russian efforts to make inroads in the region.

Recommendations

In order to help to maintain a secure European theater, the U.S. should:

Negotiate a Free Trade Agreement with the United Kingdom. An agreement creating a free trade area would be good for the economies of both the U.S. and the U.K. while serving as an example of the trade liberalization that both nations have long championed.

Remain Committed to America's NATO Treaty Obligations. NATO has served as the bedrock of transatlantic security for more than 70 years. If the European members meet their stated 2014 and 2023 pledges to invest in collective defense, it should be clear that the United States remains committed to NATO, including Article V of the North Atlantic Treaty, which states that an attack on one NATO member is considered an attack on all.

Ensure that NATO Remains Focused on Its Core Mission: Mutual Defense with the Capabilities Needed to Deter Russian Aggression Against a Member State. NATO does not have to be everywhere doing everything, but it does have to be capable of defending its members' territorial integrity. Everything else it does is secondary.

Push for NATO to Enable Deterrence by Denial in the Region. Russian atrocities in Ukraine underscore the necessity of moving NATO from a posture of deterrence by punishment to one of deterrence by denial. This change would mean that the Alliance has the capabilities, logistics, and plans in place to stop Russia from seizing territory in any NATO member state, thus deterring Russia from any future attempts to do so.

Focus on Developing Strong Bilateral Relationships with Individual European Countries Instead of Reflexively Supporting the European Union. The EU is a supranational, undemocratic organization that infringes on the national sovereignty of its members, wastes taxpayer money, distorts European immigration policies, and champions a radical leftist energy and social agenda. The U.S. should re-examine its unthinking support for the EU and focus instead on building and sustaining closer relations with individual European governments.

Refuse to Back Further European Union Defense Integration. Nothing would strain the transatlantic bond more—and undermine NATO faster—than EU defense integration. EU strategic autonomy in defense is a chimera, not a panacea. A robust U.S.-led NATO remains the only guarantor of transatlantic security. The U.S. should continue to focus on advancing a “NATO first” agenda that ensures American engagement and influence in European defense issues. NATO has been the cornerstone of transatlantic security for almost seven decades. It affords the U.S. a level of influence in the region that is commensurate with the number of troops, equipment, and funding the U.S. commits to Europe.

Keep the U.S. Pledge of \$1 Billion for the Three Seas Investment Fund. The U.S. under President Donald Trump pledged to match contributions to the Three Seas Investment Fund up to \$1 billion. The Biden Administration has slow-walked the initial U.S. contribution of \$300 million, with the U.S. International Development Finance Corporation and the fund only announcing a terms sheet in June 2022. The fund, which operates on a commercial basis, is a worthwhile investment for U.S. taxpayers as well as a positive, concrete example of U.S. determination to build linkages to the region, while simultaneously sending clear signals to private investors that the 3SI is worth considering.

Speak with a United Voice on Chinese and Russian Abuses. The U.S. and Europe must be clear, consistent, and timely in highlighting Chinese and Russian violations of human rights, including Russia’s indiscriminate brutality and targeting of civilians in Ukraine. The West’s moral standing rests on maintaining this unequivocal consistency rather than, for example, making exceptions to or watering down criticism to ease business dealings or—in the case of China—securing never-to-be-realized promises of climate change mitigation.

Enhance Investment Screening Mechanisms in Europe. Acquisitions by adversarial powers in European nations will affect the U.S. Examples abound, such as the acquisition of ports or airfields that are needed to reinforce European defense in the event of a major conflict; acquisitions of companies working on advanced technologies that would allow China to acquire valuable intellectual property instantly (leapfrogging) rather than producing it from scratch domestically; or simply the accumulation of acquisitions that give China greater political clout in a European country. The U.S. should encourage allies to adopt more stringent national investment screening mechanisms.

Encourage Allies to Leave China’s 14+1. While largely defunct, some European allies remain part of China’s 14+1 engagement format. The [14+1 initiative](#) is an attempt by China to expand its business and investment opportunities in Eastern and Central European nations. For economic, political, and security reasons, some countries, such as the Baltic states, have already withdrawn, and most others have downgraded their participation. Remaining participants should follow suit and abandon the initiative, thus signaling to China that its predatory lending practices and pernicious political influence are not welcome in their nations.

Facts + Figures

FACT: U.S. troops are in Europe first and foremost to protect U.S. national interests.

- U.S. forces are not based in Europe to allow Europeans to create an elaborate welfare state on the backs of American taxpayers.
- U.S. bases in Europe provide flexibility, resilience, and options for America's leaders in a dangerous world.
- The huge garrisons of American service personnel in Europe are no longer the fortresses of the Cold War; they are the forward operating bases of the 21st century.

FACT: European NATO allies do not spend enough on defense. While there have been some increases in recent years, more is needed from the EU's largest economies.

- In 2014, only three NATO members—Greece, the United Kingdom, and the United States—spent 2 percent of GDP on defense; in 2021, that number had grown to [11 countries](#).
- Non-U.S. members of NATO added a cumulative total of \$350 billion to their defense budgets from 2014 to 2022.

FACT: The U.S. and Europe are each other's principal trading partners and sources of foreign direct investment.

- Europe is by far the largest source of foreign direct investment in the U.S., with Europe's direct investment position in the U.S. totaling nearly \$3.4 trillion in 2022.
- More than 60 percent of total U.S. global investment is in Europe.
- European companies operating in the U.S. are directly responsible for 5 million American jobs, and U.S. companies operating in Europe are directly responsible for 4.8 million European jobs.

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Foreign Aid

Summary and Key Talking Points

Policy Proposals

1. Reorganize and streamline the health and humanitarian components of the U.S. Agency for International Development (USAID), and relocate them directly within the U.S. Department of State.
2. Improve coordination of military and security assistance under the joint authority of the Departments of Defense and State.
3. Consolidate and reduce the over 25 U.S. government foreign aid agencies and programs, and eliminate redundant and antiquated programs that no longer serve their purpose.
4. Transfer USAID's Development Assistance account to an expanded and reorganized U.S. Millennium Challenge Corporation.

Quick Facts

1. Since 1946, U.S. foreign assistance spending has averaged about \$35 billion per year, and in total exceeds \$2.5 trillion.
2. Israel, Egypt, Pakistan, and Afghanistan have been the top recipients of U.S. aid for decades.
3. Overseas Development Assistance donations were less than \$150 billion in 2017, while global private money transfers exceed \$700 billion annually.

Power Phrases

Lasting Change

- Despite the best intentions, the aid we give to developing countries often has little long-term effect, and is focused more on treating symptoms than on encouraging lasting change and meaningful impact.

More Effective Assistance

- One of the best ways to help developing countries is with free and open trade that gives their businesses access to new markets and opportunities.
- U.S. aid should encourage free trade and investment, property rights, and rule of law, which encourage healthier societies, cleaner environments, stronger democracy, and greater prosperity.

The Issue

“Foreign Aid” is a catch-all moniker that encompasses a wide variety of projects and programs that are funded and implemented by U.S. government agencies in countries around the world. The total spent every year for U.S. foreign aid and international diplomatic operations (e.g., American embassies) has traditionally been a little less than 1 percent of the federal budget.

Often, but not always, foreign aid is tied to the achievement of a foreign policy objective. U.S. security and foreign policy interests motivate assistance to nations deemed vital to advancing or defending those interests, such as U.S. aid to Israel and Egypt under the Camp David Accords. Aid to these countries, which are often in unstable areas of the world, requires cooperation with less than ideal governmental partners.

Development assistance is intended to reduce poverty and encourage economic growth in recipient countries by funding programs dedicated to improving agriculture, education, health, and democracy and advancing other initiatives. Higher standards of living in poor nations support U.S. interests: Wealthier nations are more stable, more democratic, and more likely to become economic partners with America. Unfortunately, the record of development assistance in promoting economic growth and improved living standards is not robust.

Although aid has had some success (notably health programs and natural disaster response efforts), the trillions of dollars of official development assistance (ODA) given by the United States (and other Western donors) since 1960 have largely failed to produce the results promised. Specifically, foreign aid has not reliably improved living standards through economic growth and integration into the global economy, which in turn would allow developing countries to “graduate” from the need for further aid. Worse, aid can reinforce the same problems that contribute to a lack of development because it involves government-to-government transfers that tend to promote statist approaches, and encourage dependency, creating opportunities for corruption.

Some of this substandard impact can be attributed to the dramatic differences today from the time when many U.S. foreign aid programs were established. America’s foreign and security challenges today are vastly different from what they were during the Cold War, but many assistance programs remain bound by the structures, instructions, and restrictions adopted in that era. In addition, private capital, which flows from all sources, now dwarfs ODA by a factor of about 20 to one. That means that developing countries have far greater access to investment capital and global markets than they did 60 years ago. As a result of these very positive global economic developments, U.S. assistance does not have the market share and influence it once did. The need to support America’s goals and policies, however, remains undiminished.

To take advantage of the opportunity to attract private capital, developing countries must implement policies that open their markets. Various trade and investment-friendly policies are examined each year in The Heritage Foundation’s *Index of Economic Freedom*. To get ahead based on sheer merit and hard work, citizens of any country need their government to remove obstacles to the free flow of capital, goods, services, and ideas and to strengthen those institutions of the state that will maintain non-discriminatory markets, allocate resources impartially, maintain the rule of law, protect property rights, and reward individual effort and success. That is the proven recipe for economic freedom and real human progress.

The trend towards ever-greater reliance on private capital for development justifies the Trump Administration’s proposals since taking office to reform foreign aid. The Administration understands that developing countries’ problems cannot be solved simply by increasing ODA and other forms of foreign aid. The solution is to use U.S. foreign aid more effectively to promote U.S. interests and provide support to developing countries until they reach the point at which they can be helped by private capital.

America’s current aid programs are too numerous, fragmented, and micromanaged to support U.S. foreign policy objectives efficiently. It is no longer feasible merely to propose patches and workarounds to the 1961

Foreign Assistance Act, which was itself a restructuring of awkward, haphazard, and ineffective post-war programs from the 1950s that had become increasingly bogged down by bureaucratic fragmentation and infighting. As stewards of American taxpayer dollars, Congress and the Administration have a responsibility to ensure that foreign aid dollars are used effectively to advance the nation's interests. The next Administration and Congress should work together to reform America's foreign assistance agencies and bureaucracies with the goal of eliminating duplication, improving coordination, and freeing foreign assistance programs from unnecessary legislative instructions.

Recommendations

Properly designed and directed, U.S. foreign aid can support U.S. national interests. It can address humanitarian crises, promote policy changes necessary for private sector-led economic growth (the most reliable and sustainable path to development), and advance our diplomatic and security priorities through targeted support. Although some reforms have been enacted in recent years, the underlying problems remain. Fundamental reform does not lie solely within the authority of the executive branch: Legislation to amend or replace existing laws is required. The next Administration should consult with Congress to take congressional concerns and priorities into account and work jointly to reform, consolidate, and refocus U.S. foreign assistance programs to maximize their effectiveness for the future.

To that end, USAID should be replaced with a new agency, the United States Health and Humanitarian Assistance Agency (USHHAA), to manage all health and humanitarian assistance programs. The United States Agency for International Development (USAID) was established in 1961 by the Kennedy Administration. As discussed above, the global environment for foreign aid and development assistance in 2020 bears little resemblance to the situation 60 years ago, when the world was still recovering from World War II, the process of decolonization was underway, and the American economy was much more dominant globally than it is today. Over the past six decades, USAID has lost much of its effectiveness due to its expanding remit and ongoing funding of many programs that are no longer fit for the purpose but are defended by special interests. More often than not, this inefficient management model has resulted in USAID establishing far too many low-budget programs in too many countries that are far too small to make a sustainable long-term difference. The first step in addressing this problem is eliminating current U.S. assistance programs and consolidating U.S. assistance by focus and purpose.

Humanitarian assistance addresses sudden major natural disasters, tragedies, or ongoing suffering. Although annual appropriations are made for humanitarian assistance, distribution can be irregular, unpredictable, and of relatively short duration. Humanitarian assistance is not intended to advance other foreign policy objectives, but it can serve to bolster America's reputation and increase international goodwill. Consolidating humanitarian and health assistance under one umbrella institution, including U.S. food and disaster assistance, would streamline operations and focus it on a clear, consistent mission. The USHHAA should be placed within the U.S. State Department and USAID's Foreign Service Officers (FSOs) tasked with overseeing this assistance should be placed into a new "Assistance Cone" at the State Department.

The amount appropriated to the State Department's Economic Support Fund (ESF) should be increased, and the account should be renamed the "Policy Goal Implementation Fund" with the express purpose of generating goodwill and supporting U.S. foreign policy and security objectives (bilaterally and at the United Nations). Other developed countries—such as Sweden, Norway, Denmark, and Canada—are way ahead of the U.S. in updating their foreign assistance strategies and have already merged their foreign aid and diplomatic agencies. The result is a more coherent process for linking assistance to foreign policy. By the same logic, ambassadors appointed by the President should have greater authority over foreign aid expenditures in the country to which he or she is accredited. Using the savings from cuts elsewhere in the foreign aid budget, increasing the State Department's Economic Support Fund account would encourage more resilient, democratic, prosperous, and secure societies around the world.

Improve the coordination of military and security assistance under the joint authority of the Departments of Defense and State. The purpose of the military and security assistance account should be made explicit: to support U.S. allies with training and equipment to bolster their military capabilities and address emerging, current, receding crises or conflicts that represent a threat to the U.S., its allies, or international or regional peace and security. Military and security assistance programs, regardless of whether appropriated through the International Affairs budget or in the Defense budget, should be the joint responsibility of the Departments of Defense and State. Programs under this category include International Military Education and Training (IMET); Foreign Military Financing (FMF); International Narcotics Control and Law Enforcement (INCLE); Non-Proliferation, Anti-Terrorism, Demining, and Related Programs (NADR); and Peacekeeping Operations (PKO). In addition, funding aimed at assisting and stabilizing fragile and post-conflict states as well as crisis prevention should be appropriated within this category. Congress should reverse the proliferation of assistance programs by consolidating these accounts where appropriate.

Eliminate duplicative foreign aid programs, improve coordination of remaining programs, end congressional “earmarks,” and terminate programs that do not work. Tracking and assessing the vast array of U.S. foreign aid programs (through more than 25 federal agencies and programs) is no simple task. Since many of these programs are antiquated or are no longer fit for the purpose, efforts have been made over the years to improve the transparency and accountability of U.S. foreign assistance programs. Two of the larger programs and agencies that should be eliminated are the Export–Import Bank of the United States (EXIM Bank) and the United States Trade and Development Agency (USTDA). There is no shortage of private capital to finance exports, but governments have increased the practice of subsidizing financing in an effort to increase exports. This practice is a harmful distortion of domestic and international economies. The U.S. should set an example for developed and developing countries alike, showing that such practices are anti-market and anti-development, by eliminating the EXIM Bank. The USTDA and similar work by the U.S. Commercial Service—the trade promotion arm of the Department of Commerce—might have been of value when they were established decades ago, but, in a world awash with hundreds of billions of dollars circulating in highly developed global capital markets, they are simply no longer necessary. The U.S. International Development Finance Corporation (DFC), established in 2018 to replace the Overseas Private Investment Corporation (OPIC), should lend only to the relatively few unstable states or least-developed countries that truly lack access to private capital markets, or to counter threats to U.S. interests posed by foreign financial influence, such as China’s Belt and Road Initiative. Even in these cases, however, the goal should be to promote policies and development through the MCC to the point where private options are available. Congress should also minimize the “earmarking” of foreign aid. The level of micromanagement of foreign assistance undermines its effectiveness by spreading it too thinly among recipients and purposes. Congress and the Administration should consult and agree on the broad instructions and goals of America’s foreign assistance within overarching priorities. Earmarks and more directed instructions should be applied only in extraordinary circumstances and should always have an explicit expiration to ensure that they continue only as circumstances merit.

Move all development assistance to an expanded and re-organized U.S. Millennium Challenge Corporation (MCC), an independent agency that stresses the primary importance of the rule of law, effective governance, and recipient country accountability. Transfer USAID’s Development Assistance account to the MCC and add the Under Secretary of State for Foreign Assistance to the MCC Board of Directors to better coordinate all U.S. foreign assistance.

Facts and Figures

FACT: U.S. foreign assistance spending (including security assistance) has averaged about \$35 billion a year since 1946 (in 2018 Dollars), and in total exceeds \$2.5 trillion.

FACT: Although there have been American foreign aid programs in well over 100 countries around the world, four of the top five recipients of U.S. aid in recent years have been in the top five for decades.

- Israel, Egypt, Pakistan, and Afghanistan have remained in the top five recipients of U.S. aid for decades.

FACT: Today ODA is dwarfed by private financial flows—from charities, foundations, corporations, churches, and individuals—along with increased trade and investment generated by the growth of the private sector, greater domestic resources, substantial flows of remittances, and increased capital flows to developing countries.

- According to a recent estimate in *Forbes*, global remittances alone exceed \$700 billion annually, and those remittances go directly to private family members and usually do not end up passing through the hands of corrupt government officials.
- These remittances are on top of global foreign direct investment (FDI) inflows (comprised of equity capital, reinvested earnings, and intracompany loans), which the United Nations Conference on Trade and Development estimates to have been about \$1.2 trillion in 2018 (including investment in developed and developing nations).
- On top of remittances and FDI, the figures for which are probably greatly understated, there are private philanthropy flows, which the Hudson Institute estimated to be nearly \$65 billion globally in 2014 (the latest year available).
- Generous Americans accounted for about two-thirds of that global total, at nearly \$45 billion in 2014.
- ODA donations to developing countries by OECD member countries were less than \$150 billion in 2017, a small fraction of total global flows.

FACT: Although the U.S. government has made some efforts over the years to consolidate and improve the transparency and accountability of U.S. foreign assistance programs, tracking and assessing the vast array of U.S. foreign aid programs remains too opaque.

- As of late 2017, the U.S. government had at least 36 separate government departments and independent agencies financing foreign assistance programs.
- The major foreign aid agencies include: the U.S. Agency for International Development (USAID), the Department of State, the Millennium Challenge Corporation, the Department of the Treasury, the Department of Agriculture, the Department of Health and Human Services, the Department of Defense (the Department of the Army, Department of the Navy, Department of the Air Force, and the U.S. Army Corps of Engineers), the Department of the Interior, the Department of Justice, the Department of Labor, the Department of Commerce, the Department of Energy, the Department of Homeland Security, and the Department of Transportation.
- Smaller U.S. agencies with foreign aid programs include: the Peace Corps, the Trade and Development Agency, the Inter-American Foundation, the African Development Foundation, the Federal Trade Commission, the Nuclear Regulatory Commission, the National Science Foundation, the Overseas Private Investment Corporation (renamed the U.S. International Development Finance Corporation), the Export-Import Bank of the United States, and the United States Institute of Peace.

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International Trade

Summary and Key Talking Points

Policy Proposals

1. Expand and improve the existing network of trade agreements.
2. Reassert congressional authority over trade and amend trade laws to ensure appropriate oversight.
3. Eliminate tariffs on intermediate goods because such tariffs inflate costs for U.S. manufacturers and undermine the competitiveness of final goods made in the U.S.

Quick Facts

1. More than half of U.S. imports consist of capital goods, such as machinery, and intermediate goods, such as chemicals that are used to make plastics.
2. Nearly 39 million Americans—one in every five—owe their jobs to trade.
3. During the past 10 years, real manufacturing output has increased by more than \$220 billion, and real wages have increased by 10 percent.

Power Phrases

Economic Freedom Promotes Prosperity

- Free and open trade puts American businesses, families, and workers first.
- The freedom to buy and sell throughout the world without government intervention is an essential component of a free society.
- Societies with greater trade freedom also have greater levels of prosperity.

Free Trade Benefits Americans

- Policies that eliminate tariffs and other barriers to trade help American families and businesses to make decisions based on their individual needs.
- Americans also achieve greater purchasing power through free trade so that each dollar buys more than it otherwise would.
- Imports and exports are of great benefit to the U.S. economy, and investment by foreign companies supports hundreds of thousands of American jobs.

The Issue

The freedom to buy and sell throughout the world without government intervention is an essential component of a free society. The Heritage Foundation's annual *Index of Economic Freedom* has found year after year that increases in trade freedom around the world correlate strongly with greater levels of prosperity. Here at home, policies that eliminate tariffs and other barriers to trade help American families and businesses to make decisions based on their individual needs. Access to imported products allows American businesses to specialize in what they do best, thereby using resources more effectively, increasing competition, and encouraging innovation. Americans also achieve greater purchasing power through free trade so that each dollar buys more than it otherwise would. The freedom to export goods around the world helps American business to grow and reach new customers and is made easier when foreign barriers to trade are lower. The U.S. economy derives significant benefit from imports and exports, and the ability of Americans to invest freely abroad and for foreign companies to invest in the U.S. also supports hundreds of thousands of American jobs.

For decades, America has been committed to promoting free trade at home and around the world, recognizing its overall benefits. The U.S. was a principal architect of the World Trade Organization and established one of the world's most prosperous free trade areas with the North American Free Trade Agreement. In recent years, however, commitment to advancing free trade has waned, and some have begun to doubt its benefits. Citing trade deficits, national security, and negotiating tactics, the U.S. has imposed tariffs on hundreds of billions of dollars' worth of imports from nearly every country in recent years. Imposing or threatening new tariffs may have been seen as a useful negotiating tactic, but these policies have also led to severe economic costs for Americans. Although there may be some justification for restricting trade to support defense programs, any moves to restrict the freedom of Americans to trade should be targeted and implemented in consultation with Congress. The Biden Administration has largely left these tariffs in place or traded them in for other managed trade schemes when removing tariffs could help to reduce the pressure of rising prices on Americans.

Unfortunately, this approach misdiagnoses the negative issues that are sometimes assigned to free trade. The American economy does not suffer because of its exposure to global competition; it is unable to optimize the benefits of global commerce because of excessive regulation and stifling taxation. Instead of denying American families and businesses access to foreign markets, policymakers should work to make the American economy more competitive.

The direction of trade policy today largely reflects decades of action by Congress, which has delegated significant unchecked authority to the executive branch. The power to regulate trade is a congressional power under Article 1, Section 8 of the U.S. Constitution, but Congress today has only a small role in setting trade policy. Given the increased use of tariff and non-tariff barriers that restrict Americans' economic freedom, it is time for trade authority to be rebalanced and for Congress to exercise greater influence in the trade policy process. Americans should have the freedom to buy and sell as they wish, but that freedom is in peril if taxes, through trade restrictions, continue to be levied on imports.

Recommendations

Reform trade laws to rebalance trade authority. A host of trade laws have put too much power in the hands of bureaucrats to raise taxes on Americans through new tariffs. These include Sections 201 and 301 of the Trade Act of 1974, Section 232 of the Trade Expansion Act, and U.S. antidumping and countervailing duty laws. Another law, Trade Promotion Authority, that helps to implement trade agreements is not structured to ensure that these agreements lower barriers to Americans' freedom to buy and sell. The use of these laws to apply tariffs on goods from U.S. allies and diminish the freedom to trade for Americans has highlighted their

severe weaknesses in the areas of process and oversight. Congress should reform trade laws that delegate tariff powers to ensure that they are narrower in scope and that Congress has proper oversight when these laws are used.

Permanently eliminate tariffs on all intermediate goods. More than two-thirds of all U.S. imports are intermediate goods, such as parts for automobile manufacturers, specialized steel pipe for pipeline manufacturers, and sugar for candymakers. Access to competitively priced parts and machinery from around the world allows U.S. industries to produce high-quality goods at affordable prices. Specifically, a Heritage Foundation trade model has estimated that eliminating tariffs on manufactured goods (which are 1.1 percent on average) would increase U.S. exports in all sectors, reduce prices paid by consumers, increase U.S. gross domestic product, and create more and better-paying jobs.

Reverse all “Buy American” product mandates. Buy American (domestic content) laws limit competition in government procurement, and this can increase costs for taxpayers. Except in cases of legitimate national defense concerns, the government should purchase the best-quality product at the most competitive price, no matter where it is produced. Congress and the Administration should expand competition in government procurement by eliminating these costly mandates.

Facts + Figures

FACT: American businesses, especially small businesses, benefit from international trade and investment.

- Small and medium-sized U.S. businesses engage the most in trade, and free trade agreements make the process easier by eliminating tariffs, excess paperwork, and red tape.
- More than half of U.S. imports consist of capital goods such as machinery and intermediate goods like car parts and chemicals that are used to make plastics.
- Free trade agreements help the United States to produce competitive and innovative manufactured goods. Exports of manufactured goods represent more than half of all exports annually.

FACT: American workers benefit from free trade, and there has been no net job loss in America because of trade with China, Mexico, or any other country.

- Nearly 39 million Americans—one in every five—owe their jobs to the freedom of businesses and individuals to buy and sell goods and services throughout the world.
- Real manufacturing and wages are at an all-time high. In the past 10 years, real manufacturing output has increased by more than \$220 billion, and real wages have increased by 10 percent.
- Between 1999 and 2017, private-sector employment in the U.S. increased by 14 percent. While employment in manufacturing decreased over this period, Americans gained jobs in other sectors of the economy.

FACT: The trade deficit is not a budget deficit and does not mean that America is losing money to foreign countries.

- The trade deficit represents the difference between exported and imported goods and services, and the number is not an indicator of the health of the U.S. economy.
- The last time America had a significant decrease in its trade deficit was in 2009 during the Great Recession.

- The U.S. imports more than it exports, but it is increasing the number of exports while also increasing the number of imports, which is a positive sign for the U.S. economy.
- The trade deficit leaves out an important component of trade: investment. America has a capital surplus as scores of companies around the world invest more money in the U.S. than U.S. companies invest abroad.

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Iran

Summary and Key Talking Points

Policy Proposals

1. Rather than return to the flawed 2015 nuclear deal, intensify sanctions on Iran until the regime agrees to a stronger and longer agreement that would force Iran to give up its nuclear weapons ambitions permanently.
2. Stop turning a blind eye to China's imports of Iranian oil and sanction the Chinese and other companies involved in that trade.
3. Deploy strong U.S. military forces in the region to bolster deterrence against terrorism and an Iranian nuclear breakout.
4. Work with allies like Israel, Saudi Arabia, the United Arab Emirates, and other members of the Gulf Cooperation Council to roll back Iranian influence.
5. Hold congressional hearings to publicize and condemn Tehran's human rights violations.

Quick Facts

1. The 2015 nuclear deal did a better job of dismantling U.S. sanctions than it did of dismantling Iran's nuclear program. This was underscored by the ease and speed with which Iran exceeded the limits set by the Joint Comprehensive Plan of Action (JCPOA) after the U.S. withdrew in 2018.
2. Iranian Revolutionary Guards provided funding, weapons, and training to militia groups that killed more than 600 U.S. troops in Iraq.
3. Since leaving the nuclear deal in May 2018, the U.S. has applied sanctions to more than 1,000 Iranian individuals and entities.

Power Phrases

A Regional and International Threat

- Iran's radical Islamist regime poses the greatest long-term Middle Eastern threat to the U.S. and its allies.
- Iran has developed a network of terrorist proxy groups to attack U.S. military forces and allies in the Middle East.

Nuclear Ambitions

- Iran has built up the largest ballistic missile force in the region and a huge nuclear infrastructure that it does not need for civilian purposes, which makes sense only if Tehran plans to arm the missiles with nuclear warheads.

- The 2015 nuclear deal slowed but did not halt Iran's nuclear progress. It was a diplomatic speed bump but not a stop sign against Iran's nuclear ambitions.

A Free Iran, a Stable Region

- A free Iran is the best hope for peace and security in the volatile Middle East. U.S. policy should clearly reflect that the U.S. stands with the Iranian people, not with the repressive regime in Tehran.

The Issue

Iran's radical Islamist regime poses the greatest long-term Middle Eastern threat to the United States and its allies. Although Iran's conventional military forces pose only a limited military threat, the regime has compensated for this by developing a network of terrorist proxy groups to attack U.S. military forces and allies in the Middle East. Iran also has built up the region's largest ballistic missile force, an investment that ultimately makes sense only if Tehran plans to arm the missiles with nuclear warheads.

The Obama Administration's 2015 nuclear agreement with Iran, the Joint Comprehensive Plan of Action (JCPOA), made a bad situation worse by giving Iran sanctions relief that seriously outweighed its limited and easily reversible nuclear concessions. The JCPOA legitimized Iran's covertly built uranium enrichment facilities at Natanz and Fordow, allowing them to remain with operating limitations that eventually would expire. In addition to weakening the long-standing U.S. non-proliferation goal of restricting access to sensitive nuclear technologies, the JCPOA did too little for too short a period to curb Iran's nuclear program. Key restrictions on uranium enrichment would expire after 10 to 15 years, leaving Tehran free to increase enrichment to an industrial scale and position itself for a nuclear breakout. The JCPOA also ignored such other threatening activities as Iran's support for terrorism, regional interventions, and ballistic missile development.

President Donald Trump, who had criticized the nuclear deal during his 2016 election campaign, pushed for renegotiation of the flawed and risky agreement. After Iran and other signatories balked, President Trump withdrew from the JCPOA on May 8, 2018, restored nuclear sanctions lifted by the deal, and imposed new sanctions. His Administration launched a "maximum pressure" strategy to force Iran to return to the negotiating table and agree to a more restrictive deal. In his May 8, 2018, remarks on the JCPOA, President Trump acknowledged that Tehran opposed new negotiations but added that "they are going to want to make a new and lasting deal...that benefits all of Iran and the Iranian people. When they do, I am ready, willing, and able."

Rather than focusing narrowly on the nuclear issue as the Obama Administration did, the Trump Administration laid down markers on the entire range of Tehran's activities to deter and penalize the regime's aggressive regional interventions in Iraq, Syria, and Yemen, as well as to hold the regime accountable for its export of subversion and terrorism. For its part, Tehran, adopting a policy of "strategic patience," never officially withdrew from the deal. Understanding that the agreement only delays Iran's nuclear ambitions until the regime opts to discard its nuclear commitments as it has done repeatedly in the past, Tehran sought to outlast the Trump Administration in the hope that a new President would be open to unconditional renewal of the 2015 deal.

On May 8, 2019, the first anniversary of the U.S. withdrawal from the JCPOA, Iran's President Hassan Rouhani warned that Iran would also abandon the agreement unless the other parties to the deal—China, Russia, Britain, France, and Germany—are able to protect Iran from U.S. sanctions. Rouhani threatened to resume enriching uranium to higher levels prohibited by the accord if a 60-day deadline to receive much greater sanctions relief was not met. He also announced that Iran would stop exporting excess enriched uranium and heavy water from its nuclear program, as stipulated by the nuclear deal, and threatened to expand Iran's violations of the JCPOA incrementally every 60 days unless the remaining parties to the deal—especially Britain, France, and Germany—found a way to protect Iran from U.S. oil and bank sanctions.

In July 2019, Iran began to enrich its uranium to 4.5 percent, exceeding the 3.67 percent limit set by the JCPOA. In September, it violated restrictions on research and development and began to install prohibited advanced centrifuges. In November, it began uranium enrichment operations at the Fordow enrichment facility, a fortified underground site designed to produce enough enriched uranium for one to two nuclear weapons annually according to Iranian nuclear documents stolen by Israel and revealed in 2018. On January 5, 2020, Tehran announced that it would no longer be bound by any restrictions on its nuclear program. This should have been the last straw for Britain, France, and Germany, which had remained in the deal despite Iran's escalating violations. On January 14, they announced that they would hold Iran accountable for its violations of the deal and initiated a dispute mechanism built into the agreement that could lead to U.N. sanctions against Iran after a process that could last for as long as 65 days. However, they failed to press the matter and announced in early February 2020 that they would "continuously postpone" referring Iran's JCPOA violations to the U.N. Security Council as long as Iran allowed international inspectors to monitor its nuclear program.

Iran's dictatorship also mounted a veiled campaign of intimidation to raise the costs of the Trump Administration's campaign of maximum pressure. Iran was behind mine attacks on tankers transporting Arab oil on May 12 and June 13, 2019, and the shooting down of a U.S. Navy drone on June 20. After a pause, Tehran launched a bold attack on September 14, 2019, targeting Saudi Arabia's oil infrastructure in Abqaiq and Khurais with seven cruise missiles and 18 drones. Although almost half of their oil exports were temporarily disrupted, the Saudis quickly repaired the damage and declined to retaliate.

The United States deployed additional warships, bombers, stealth fighters, missile defense units, and more than 14,000 troops to deter and defend against Iranian aggression between May and December 2019. Iran, however, continued to orchestrate rocket attacks by Iraqi militias on U.S. troops stationed at Iraqi military bases in a direct challenge to President Trump's red line against killing Americans. After 11 rocket attacks in two months failed to spill American blood, the Iran-backed Kataib Hezbollah militia launched a rocket attack on December 27 that killed an American citizen. On December 29, the U.S. retaliated with air strikes against five Kataib Hezbollah bases and weapon storage sites in Iraq and Syria. Kataib Hezbollah and other Iran-backed militias responded on December 30–31 by mobilizing a mob that besieged the U.S. embassy in Baghdad and tried to set it on fire.

As the crisis escalated, President Trump ordered a drone strike that killed the leader of Kataib Hezbollah and Iranian General Qassem Soleimani, commander of the Quds (Jerusalem) Force—the elite special operations branch of Iran's Islamic Revolutionary Guard Corps. Under Soleimani, the Quds Force had founded surrogate militias and terrorist groups such as Kataib Hezbollah and the original Lebanon-based Hezbollah and had directed them to attack Iran's enemies as part of Tehran's shadow war. When Soleimani arrived at Baghdad's airport on January 3, 2020, undoubtedly planning to orchestrate more attacks on U.S. personnel in Iraq and elsewhere in the region, President Trump ordered the preventive strike that stopped Soleimani from killing more Americans and enhanced deterrence of Iran's aggressive regime by driving up the perceived costs and risks of further proxy attacks on Americans.

Iran responded with a January 8, 2020, ballistic missile attack on two Iraqi bases where U.S. troops were stationed, but it failed to kill any Americans. Later that day, however, Iranian missiles accidentally downed a Ukrainian airliner, killing 176 people, most of whom were Iranians. That tragedy boosted anti-government protests inside Iran that had been percolating since 2017 because of Iran's growing economic problems, international isolation, abuses of human rights, and repressive policies.

Iran temporarily deescalated its confrontation with the United States, perhaps fearing that the Trump Administration would launch another devastating retaliatory attack. Following the November 2020 election of Joe Biden as President of the United States, however, Tehran resumed its nuclear brinkmanship by escalating its uranium enrichment to 20 percent and curbing international inspectors' access to its nuclear facilities. In April 2021, Iran began to enrich its uranium to 60 percent and deployed advanced IR-9 centrifuges that were prohibited until 2025 under the JCPOA.

President Biden entered office committed to reviving the JCPOA and addressing its weaknesses in a follow-on agreement. His Administration conducted seven rounds of negotiations with Iran in Vienna, Austria, that were hosted by the European Union, but so far, the two sides have failed to reach an agreement. Tehran demanded that Washington lift all sanctions imposed by the Trump Administration, not just nuclear sanctions, and insisted that sanctions must be lifted before Iran resumed compliance with the JCPOA. Iran also demanded that Washington must guarantee not to withdraw from the agreement again—something that no President could do.

After the June 2021 election of ultra-hardliner Ebrahim Raisi as Iran’s president, negotiations were suspended, and Iran further escalated its violations of the JCPOA. By mid-September, Iran had accumulated enough enriched uranium to produce one nuclear weapon in one month in a worst-case scenario—and two more weapons within five months, according to the Institute for Science and International Security. After dragging its feet for many months, Iran agreed to resume negotiations in late November, and by late March, negotiations appeared to be close to the finish line. The final obstacles to reviving the 2015 nuclear agreement appear to be Iran’s insistence that it be given a guarantee that a future Administration would not withdraw from an agreement and that Washington should remove its designation of Iran’s Revolutionary Guards as a Foreign Terrorist Organization. That demand, if granted, would give Tehran even more benefits than it received under the original nuclear deal, which only lifted nuclear sanctions.

Meanwhile, Iran has directed its proxy militias in Iraq and Syria to continue their attacks on U.S. troops who are deployed there to support continued operations against ISIS terrorists. Iran-backed Iraqi militias launched a drone strike on November 7, 2021, in a failed effort to assassinate Iraqi Prime Minister Mustafa al-Kadhimi. Iran also launched a missile strike against a Kurdish businessman’s house near the U.S. consulate in northern Iraq on March 20, 2022. Tehran asserted that the businessman had ties to Israeli intelligence and claimed that the attack was a retaliation for previous Israeli attacks. Iran’s shadow war against Israel and the U.S. could explode into open warfare in a future crisis.

Recommendations

Intensify sanctions on Iran until the regime agrees to give up its nuclear weapons ambitions permanently. Rather than return to the flawed JCPOA, Washington should seek a new nuclear agreement that permanently bars Iran from acquiring nuclear weapons. At a minimum, this would require banning Iran from uranium enrichment activities; dismantling substantial portions of Iran’s nuclear infrastructure; imposing robust inspections on an “anytime, anywhere” basis and real-time monitoring of Iranian nuclear facilities; linking sanctions relief to Iranian compliance; ensuring that Iran comes fully discloses its past weaponization efforts; and establishing a clear and rapid process for reimposing all sanctions if Iran is caught cheating. To attain a new and more restrictive agreement with Iran, the Biden Administration should return to President Trump’s policy of maximum pressure, stop turning a blind eye to Chinese imports of Iranian oil, and impose sanctions on the Chinese and other companies that are involved in that trade.

Deploy strong U.S. military forces in the region to bolster deterrence against terrorism and an Iranian nuclear breakout. Ultimately, no piece of paper will block an Iranian nuclear breakout. The chief deterrent against Iran’s attaining a nuclear capability is the prospect of a possible U.S. preventive military attack. It is no coincidence that Iran halted many aspects of its nuclear weapons program in 2003 after the U.S. invasion and overthrow of hostile regimes in Afghanistan and Iraq. To strengthen deterrence against an Iranian nuclear breakout, the U.S. needs to rebuild its military strength in the region.

Work with allies to contain and roll back Iranian influence. The Trump Administration embraced America’s traditional role of backing its allies in the Middle East and defending their vital interests against Iran even if that means hurting Europe’s marginal commercial interests in trading with Iran. Preventing a single power

from dominating Persian Gulf oil resources has been a prime goal of U.S. Middle East policy since the Truman Administration. The U.S. must maintain a favorable balance of power in the region to deter and contain Iran. Washington should strengthen security ties with Israel, Saudi Arabia, the United Arab Emirates (UAE), and other members of the Gulf Cooperation Council (GCC) that are threatened by Tehran. Washington also should urge European allies to recognize that the JCPOA has effectively collapsed and reimpose nuclear sanctions on Iran. To encourage the regime to change course, the U.S. should lead an international campaign to impose clear and mounting costs on Iran for its hostile policies.

Put a high priority on missile defense. Iran’s ballistic missile force is the largest in the Middle East and poses a growing threat to Tehran’s neighbors. Washington should help Israel to strengthen its missile defenses and help the GCC countries to build an integrated and layered missile defense architecture to blunt the Iranian missile threat. The U.S. should also field missile defense interceptors in space that can intercept Iranian missiles in the boost phase, which would add a valuable additional layer to missile defenses.

Support human rights in Iran. The Obama Administration made a grave error in muting its criticism of Iran’s 2009 crackdown on the opposition Green Movement and Iran’s chronic abuses of human rights. In the long run, a free Iran is the best hope for peace and security in the volatile Middle East. Congress should make it clear that the U.S. stands with the Iranian people, not with the repressive regime of the ayatollahs. It should hold hearings to publicize and condemn Tehran’s violations of human rights, expose the corruption of regime officials, publicize the activities of opposition groups, and help those groups to communicate with the Iranian people.

Facts + Figures

FACT: Iran’s radical Islamist regime sees itself as the vanguard of a global Islamist revolution.

- Since coming to power in the 1979 revolution, Iran’s radical leaders have denounced the United States as the world-devouring “Great Satan” and led chants of “Death to America.”
- The Islamic Revolutionary Guard Corps is the sword and shield of Iran’s Islamist revolution and reports to the Supreme Leader. Iran’s president and legislature have limited powers, and Supreme Leader Ayatollah Ali Khamenei is the ultimate arbiter of all important issues.

FACT: Iran’s dictatorship is the world’s leading state sponsor of terrorism.

- Tehran has close ties to the Lebanon-based Hezbollah, which it organized and continues to finance, arm, and train. At Iran’s direction, Hezbollah bombed the U.S. Marine barracks in Beirut, Lebanon, on October 23, 1983, killing 241 U.S. military personnel. Hezbollah also bombed the U.S. embassy in Beirut and seized American hostages in Lebanon that Tehran eventually released in exchange for arms during the Iran–Contra affair.
- The Pentagon assessed in April 2019 that Iranian Revolutionary Guards had provided arms, funding, training, and sophisticated mines to Iraqi militia groups that killed at least 603 U.S. troops in Iraq from 2003 to 2011—about 17 percent of the total deaths of U.S. military personnel in Iraq during that time.
- Tehran also supports a wide variety of Palestinian terrorist groups, including Hamas, Palestinian Islamic Jihad, and the Popular Front for the Liberation of Palestine–General Command. Increasingly sophisticated rockets, missiles, and drones transferred to Palestinian terrorist groups by Iran were launched against Israel during the May 2021 Gaza war.
- Iran also has mobilized a Shia “foreign legion” consisting of militia fighters from Iraq, Lebanon, Afghanistan, and Pakistan that have been deployed in Syria to support Bashar al-Assad’s regime, which is Iran’s closest regional ally.

- Iranian Revolutionary Guards and proxy groups in Syria repeatedly have launched missiles, rockets, and drones to attack Israel, which has responded with hundreds of air strikes against Iranian and proxy forces.

FACT: With the largest ballistic missile arsenal in the Middle East, Iran has the capability to strike U.S. bases in the region as well as Israel, Egypt, Turkey, and a growing number of other U.S. allies.

- Iranian-supported Houthi rebels in Yemen have launched ballistic missiles and armed drones against Saudi and UAE cities, oil facilities, and military forces. Houthi rebels also have launched naval attacks, including remote-controlled boat bombs, against U.S. naval vessels and international shipping in the Red Sea.
- Experts predict that Iran could eventually develop an intercontinental ballistic missile (ICBM) capable of reaching the U.S., although it is not known how long this would take.

FACT: The JCPOA did a much better job of dismantling sanctions against Iran than it did of dismantling Iran’s nuclear program.

- The JCPOA amounted to little more than a diplomatic speed bump for the regime in Tehran, which reaped huge economic benefits from sanctions relief in exchange for making temporary and easily reversible nuclear concessions that it can discard when it serves its interests as it has done repeatedly.
- Under the terms of the deal, key restrictions on Iran’s uranium enrichment would begin to sunset after from 10 to 15 years, allowing Iran to ramp up its uranium enrichment to an industrial scale and sprint to a future nuclear breakout. The JCPOA gave Iran access to about \$100 billion in frozen funds and allowed it to boost its oil exports and expand its military spending.
- The Obama Administration handed Iran a better deal on uranium enrichment than previous Administrations gave to such U.S. allies as South Korea, Taiwan, and the UAE, which were denied that option. It was an even better deal than the Shah of Iran—an American ally—received before the Iranian revolution in 1976 from the Ford Administration, which denied his request for an enrichment capability.

FACT: Under the Trump “maximum pressure” strategy, the U.S. increased sanctions to new levels.

- In August 2018, U.S. sanctions on Iran’s automotive sector and trade in gold and other precious metals were reimposed. In November 2018, sanctions on Iran’s energy, shipping, and financial sectors were fully restored at the end of a 180-day period that allowed foreign companies time to close down their operations in Iran.
- On April 8, 2019, the Trump Administration further tightened sanctions by designating Iran’s Islamic Revolutionary Guard Corps as a foreign terrorist organization. This gave the Administration additional tools for applying sanctions against the Revolutionary Guards and all foreign entities that do business with them, their subsidiaries, and their front companies. The designation enabled U.S. sanctions to hit harder at strategic sectors of Iran’s economy because the Revolutionary Guard is extensively involved in Iran’s oil, construction, and defense industries.
- The Administration followed up a month later by adding sanctions on Iran’s iron, steel, aluminum, and copper industries.
- Since leaving the nuclear deal in May 2018, the U.S. has applied sanctions to more than 1,000 Iranian individuals and entities.
- U.S. secondary sanctions force foreign firms to choose between Iran and the much bigger U.S. market. If they trade with Iran, they are denied commercial opportunities in the U.S. and risk being hit with U.S. legal penalties.

FACT: The Iran Nuclear Agreement Review Act of 2015 requires the President to submit any nuclear-related agreement with Iran to Congress for review within five days. Congress then would have the opportunity to reject the agreement and block sanctions relief through a joint resolution of disapproval passed by majorities in the House and the Senate. The law also requires the President to inform Congress every 90 days about whether Iran is complying with the deal and provide a certification that the agreement will prevent Iran's nuclear program from becoming a security threat, among other stipulations.

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Israel

Summary and Key Talking Points

Policy Proposals

1. Strengthen U.S.–Israeli strategic cooperation in intelligence sharing, missile defense, cyber defense, and counterterrorism efforts.
2. Expand the Trump Administration’s Abraham Accords to include other Arab states that are willing to normalize relations with Israel.
3. Do not open a consulate for Palestinian affairs in Jerusalem. Any consulate that is opened should be in Ramallah, where the Palestinian Authority’s headquarters is located.
4. Push for incremental steps in Israeli–Palestinian peace negotiations rather than rushing to failure on a comprehensive settlement.
5. Encourage closer working relationships between Israel and Sunni Arab states.
6. Support Israel’s efforts to deter and defend against threats from Iran.

Quick Facts

1. The Trump Administration formally recognized Jerusalem as Israel’s capital in December 2017 and moved the U.S. embassy to Jerusalem in May 2018.
2. Although Israel remains committed to a negotiated resolution, the Palestinian Authority officially broke off negotiations in 2014.
3. In 2016, the U.S. pledged to provide \$38 billion in military aid to Israel over a 10-year period.

Power Phrases

A Key Ally

- Israel is the Middle East’s only genuine democracy and shares important values and interests with the United States.

Regional Threats

- Israel faces significant security threats from Iran as well as from Arab states and extremist movements that refuse to accept its right to exist.

Supporting a Path Toward Peace

- The principal barriers to peace between Israel and the Palestinian Authority are Palestinian terrorist attacks, not Israeli settlements.
- As our greatest regional ally, Israel deserves strong U.S. support for maintaining its qualitative military edge and right to self-defense against hostile states and terrorist groups.

The Issue

Israel, the only genuine democracy in the Middle East, shares important values and interests with the United States. It faces significant security threats from Iran as well as from Arab states and extremist movements that refuse to accept its right to exist. Iran's ballistic missiles can already reach Israel. Tehran also has provided increasingly sophisticated arms to proxy forces such as Hezbollah and Palestinian Islamic Jihad, as well as such allies as Hamas and other Palestinian radical movements, for use against Israel. Iran has taken advantage of the civil war in Syria to entrench itself there and deploy Hezbollah and Shiite militia fighters from Iraq, Afghanistan, and Pakistan to target Israel with ballistic missiles, rockets, drones, and terrorist attacks.

Although Israel reached peace treaties with Egypt in 1979, Jordan in 1994, and the United Arab Emirates, Bahrain, Morocco, and Sudan in 2020, Jerusalem has failed to reach a peace treaty with Palestinians despite extensive and prolonged diplomatic efforts. The 1993 Oslo peace accords between Israel and the Palestine Liberation Organization (PLO) created the Palestinian Authority and gave it limited governing responsibilities in the West Bank and Gaza over a five-year period, which was to be followed by talks on the permanent status issues of borders, refugees, settlements, and Jerusalem. The Oslo negotiating framework broke down primarily because of Palestinian terrorist attacks that undermined Israeli willingness to make increasingly risky concessions in exchange for Palestinian promises that often were not kept. Palestinian leader Yasser Arafat failed to halt Palestinian terrorist attacks first from Hamas, the Palestinian branch of the Muslim Brotherhood, and later from other Palestinian groups including factions of his own PLO.

The principal barriers to peace between Israel and the Palestinian Authority are Palestinian terrorist attacks, not Israeli settlements. Many Israeli settlements are located in areas that eventually could be folded into Israel in exchange for equal amounts of Israeli territory transferred to Palestinian control in a final settlement. Yet when the Obama Administration sought in 2009 to revive the comatose peace process, which had been on American-supplied life support since the collapse of the 2000 Camp David summit, it made a freeze on building new settlements the centerpiece of its strategy.

The Obama Administration's focus on settlements guaranteed friction with the Israeli government and hardened the Palestinian negotiating position because Palestinian Authority President Mahmoud Abbas could not be seen as less opposed to settlements than the U.S. Even though the Palestinians had negotiated for many years without gaining a settlement freeze, Abbas made it a condition for resuming talks. The Palestinians then sat back and let Washington attempt to wring major concessions from Israel without feeling any need to reciprocate with concessions of their own. To make matters worse, Abbas also pushed for U.N. endorsement of unilateral Palestinian statehood rather than relying on negotiations with Israel, which would be the only genuine path to peace.

President Trump proclaimed his interest in reaching the "ultimate deal," a peace agreement between Israelis and Palestinians. He did not endorse a "two state solution" as envisioned in the Oslo accords; instead, he indicated that he could accept any solution on which the two sides might be able to agree. His Administration muted U.S. criticism of Israeli settlements in the West Bank and cut U.S. aid to the Palestinian Authority to pressure it to take a stronger stand against terrorism. Meanwhile, the Administration pursued an "outside-in" strategy, eventually brokering the 2020 Abraham Accords, which normalized relations between Israel and the United Arab Emirates, Bahrain, Morocco, and Sudan.

President Trump established himself as perhaps the most pro-Israeli American President ever to hold office. Under his leadership, the United States recognized Jerusalem as Israel's capital, moved the U.S. embassy from Tel Aviv to Jerusalem, closed the office of the General Delegation of the PLO in Washington, and demonstrated much stronger support for Israeli security concerns than his predecessor had exhibited.

The Biden Administration reversed many of the Trump Administration's policies on Arab-Israeli issues. It pledged to improve relations with the Palestinian Authority and reopen the consulate in Jerusalem that was closed in 2019 after serving as the U.S. diplomatic mission to the Palestinian Authority for 25 years. Following through on this pledge—a course that Israeli Prime Minister Naftali Bennett strongly opposes—would undermine Israel's sovereignty over its own capital and ignite a crisis in bilateral relations. It also would be a violation of the intent of the 1995 Jerusalem Embassy Act, which recognized Jerusalem as Israel's capital and stipulated that the capital should remain undivided.

Recommendations

Do not open a consulate for Palestinian affairs in Jerusalem. Establishing a consulate in Jerusalem would infringe on Israel's sovereign rights and send a dangerous signal that the Biden Administration would support a divided Jerusalem. Any consulate that is opened should be located in Ramallah, the city that hosts the headquarters of the Palestinian Authority. No other country in the world has both a consulate general and a U.S. embassy in the same city.

Strengthen U.S.–Israeli strategic cooperation. The political instability that has plagued the Middle East in recent years underscores the fact that Israel is America's most reliable, stable, and effective ally in the region. Congress should support all efforts to enhance strategic cooperation with Israel, particularly in intelligence sharing, missile defense, cyber defense, and counter terrorism efforts.

Push for incremental steps in Israeli–Palestinian peace negotiations instead of rushing to failure on a comprehensive settlement. A final settlement cannot be brokered as long as the Palestinian Authority is unwilling and unable to make the deep compromises that a realistic peace requires. Even if it was willing and able, Hamas and other Iran-backed Palestinian terrorist groups could destroy any agreement with another round of rocket terrorism. Incremental progress on security arrangements, confidence-building measures, and efforts to improve the welfare of Palestinians in the West Bank would help to reinforce support for the Palestinian Authority at the expense of Hamas, which has transformed Gaza into a base for terrorism. Washington also should insist that the Palestinian Authority end its incitement of terrorist attacks and halt the annual subsidies of more than \$330 million that it pays to jailed terrorists and the families of “martyrs” killed in confrontations with Israelis. A government that incentivizes terrorism is not an acceptable partner for peace negotiations.

Penalize Palestinian terrorism and encourage moderation. Congress should support efforts to hold Hamas accountable for its terrorist atrocities, violations of human rights, and acceptance of illegal Iranian arms shipments. The United States should veto any Palestinian efforts to attain unilateral statehood through the United Nations and should withdraw U.S. financial support for any U.N. agency that facilitates such efforts. It also should work to encourage the development of a practical working relationship between Israel and Sunni Arab states that face threats from Iran.

Expand the Abraham Accords to include other Arab States. The Biden Administration should work to expand the 2020 Abraham peace accords that normalized Israel's relations with the United Arab Emirates, Bahrain, Morocco, and Sudan to include other Arab states. Saudi Arabia and Oman are prime candidates. Those Arab states could also help to weaken and isolate Hamas, subsidize Palestinian economic development, and encourage the emergence of a moderate Palestinian leadership that is willing and able to negotiate a peace treaty with Israel.

Support Israel’s efforts to deter and defend against Iranian threats, particularly from inside Syria and Lebanon. Israel has avoided intervening in Syria’s complex, multisided civil war, but it has been drawn into a deepening confrontation with Iran and its Hezbollah surrogates, which have exploited the Syrian war to open a new front with Israel and boost the flow of sophisticated weaponry to expand Hezbollah’s military threat to Israel. Israel has launched more than two thousand air strikes to destroy Iranian-supplied ballistic missiles and other arms inside Syria before they could be transferred to the Lebanon-based terrorist group.

Hezbollah has committed about one-third of its almost 30,000 fighters as part of an Iranian-controlled Shia foreign legion deployed in Syria to prop up the Assad regime. The terrorist group is thought to have amassed an arsenal of about 150,000 rockets, which it has dispersed amid civilian buildings and underground bunkers covertly built in Lebanon. Iran has provided the bulk of these weapons, including increasingly accurate longer-range missiles capable of targeting most of Israel. Perhaps motivated by steady losses of arms and equipment due to Israeli air strikes, Iran is building weapons factories in Lebanon to assemble advanced missiles, anti-tank weapons, and drones. Israel is likely to target these facilities in future rounds of fighting with Iran and Hezbollah.

Washington should supply Israel with advanced “bunker-buster” precision guided munitions to enable Israel to destroy fortified underground military facilities established by Hezbollah and Iran in Lebanon and Syria. Such munitions also could enhance Israel’s military options for destroying Iran’s nuclear infrastructure if diplomacy fails to halt Iran’s accelerating nuclear program. The U.S. also should warn Russia and Iran that the United States will respond forcefully to future threats in Syria, particularly the use of chemical weapons by the Assad regime. (See the section on the Middle East.) Washington should strongly support Israeli military efforts to blunt threats emanating from Syria and Lebanon. If Moscow is not willing or able to restrain Iran in Syria, it must share the responsibility—and risk the consequences of possible collateral damage to the Assad regime—for Iran’s destabilizing actions in Syria.

Help to strengthen Israeli missile defense capabilities. Israel faces a growing threat from ballistic missiles launched from Iran, Syria, or Lebanon and shorter-range rockets and drones launched by Hezbollah, Hamas, Palestinian Islamic Jihad, or Iraqi Shia militias. During the 11-day war that broke out in May 2021, Hamas and Palestinian Islamic Jihad launched about 4,400 rockets and missiles against Israel, killing 12 Israelis. Israel responded with hundreds of air strikes that killed over 240 Palestinians, at least 200 of whom were militants according to Israel. The death toll on both sides could have been much higher, but Israel’s Iron Dome air defense system destroyed 90 percent of Palestinian rockets that would have fallen on populated areas and reduced pressure on Israel to invade Gaza to stop the rocket terrorism.

Washington should strengthen its support for Israeli missile defense, particularly the rapid replacement of the Tamir interceptors expended by the Iron Dome defense system. The National Defense Authorization Act for fiscal year (FY) 2022 includes \$500 million for Israeli missile defense and \$3.3 billion for other security assistance. In future years, more of the \$38 billion in military aid that the U.S. promised Israel over 10 years in a 2016 agreement should be allocated to missile defense, and Washington should accelerate the delivery of missile defense equipment.

Facts + Figures

FACT: Israel faces significant threats and has fought multiple wars with hostile neighbors including the:

- 1948 Arab–Israel war,
- 1956 Suez War,

- 1967 Arab–Israel war,
- 1973 Arab–Israel war,
- 1978 South Lebanon conflict to push Palestinian terrorists back from Israel’s border,
- 1982 Lebanon war to eject Palestinian terrorists from Lebanon,
- 2006 conflict with Hezbollah in Lebanon,
- 2008–2009 conflict with Hamas,
- 2012 conflict with Hamas and other Islamist terrorist groups,
- 2014 conflict with Hamas and other Islamist terrorist groups, and
- 2021 conflict with Hamas and other Islamist terrorist groups.

FACT: Although Israel remains committed to a negotiated resolution of the Israeli–Palestinian conflict, Palestinians have not negotiated in good faith.

- PLO leader Yasser Arafat wanted a peace process to consolidate his control over the Palestinians, but he did not seek a genuine peace.
- Arafat never fulfilled his Oslo commitment to end terrorism. He turned a blind eye to Hamas’s terrorist attacks, released Hamas terrorists from jail, and ordered an overt return to terrorism in the second intifada in 2000.
- Israel withdrew from Gaza in 2005 and then saw it transformed into a base for terrorism after Hamas seized power in a 2007 coup.
- Hamas rejects not only peace negotiations with Israel, but also Israel’s very right to exist.
- The Palestinian Authority, which broke off negotiations with Israel in 2014, has pushed for unilateral statehood by lobbying the U.N. in violation of its commitments under the 1993 Oslo Accords.

FACT: The United States has provided crucial military aid to Israel.

- In 2016, the U.S. pledged to provide \$38 billion in military aid over 10 years (\$33 billion to foreign military financing and \$5 billion for missile defense).
- This agreement replaced a previous \$30 billion 10-year agreement that ran through FY 2018.

FACT: The Trump Administration recognized Jerusalem as Israel’s capital in December 2017 and moved the U.S. embassy from Tel Aviv to Jerusalem in May 2018.

- The long-delayed symbolic move addressed a historic injustice: Israel is the only country in the world that is not allowed to choose its own capital.
- Trump also exercised America’s sovereign right to recognize the capital of a close ally and choose the location of its own embassy.
- The refusal of many nations to acknowledge Jerusalem as Israel’s capital has become an integral part of the international campaign to delegitimize Israel.

- The commitment to move the embassy was already a long-standing U.S. policy. Congress voted by a bipartisan majority to pass the Jerusalem Embassy Act of 1995, which called for moving the U.S. embassy from Tel Aviv to Jerusalem by 1999 but allowed Presidents to waive the move on national security grounds.
- Every President since then has signed the waiver for fear of provoking a backlash that would threaten U.S. interests and reduce the prospects for a final settlement of the Israeli–Palestinian conflict.

FACT: Despite the claims of leftist critics, Israel is not an apartheid state. Arab Israelis enjoy full citizens’ rights.

- Arab Israelis are able to vote, live, and work among their Jewish neighbors.
- The current Israeli government includes an Arab political party in the governing coalition.
- Israel imposes restrictions on Palestinians not because of their race, but because of security threats posed by suicide bombers and other terrorist threats.
- Unlike blacks in South Africa, Palestinians have repeatedly been offered an independent state of their own in negotiations, but so far, they have rejected Israel’s offers as inadequate.
- Israel’s willingness to negotiate a peace treaty and its acceptance of interim agreements that enabled Palestinian self-government refute charges that Israel seeks to maintain domination of the Palestinians.

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Latin America

Summary and Key Talking Points

Policy Proposals

1. Work with countries in the region to improve border security policies and programs, including in Mexico, Central America, and Colombia.
2. Develop a new comprehensive strategy against Mexican cartels and other cartels in the region but avoid designating them as Foreign Terrorist Organizations.
3. Coordinate a robust trade and investment agenda with our partners to reduce dependence on Chinese supply chains and state-owned firms.
4. Maintain and strengthen the U.S. embargo on Cuba, as well as U.S. sanctions on Venezuela and Nicaragua, and enlist like-minded partners to follow suit.

Quick Facts

1. Transnational organized crime in Latin America, especially Mexican drug cartels, represents the largest criminal threat to the United States.
2. More than 6 million people have fled Venezuela in the worst human exodus in Latin America's history.
3. The U.S. is the top trading partner for more than two-thirds of the countries in the Western Hemisphere, but the list is shrinking as China makes inroads.

Power Phrases

Indifference Is Not an Option

- Both the U.S. and Mexico will benefit from a stronger relationship. Working together would bring significant improvements to regional security challenges, illegal immigration, and prosperity.
- The U.S. must continue responding to the deteriorating conditions in Venezuela, and should involve a wide range of partners from across Latin America.
- The U.S. must prioritize democracy for the people of Cuba.

The Issue

The United States has a strategic interest in Latin America and the Caribbean that stems from geographic proximity, deep economic relations, a lengthy history of diplomatic connections, and persistently growing demographic and cultural ties. The U.S. is the top trading partner for more than two-thirds of the countries in the Western Hemisphere, including Canada, and the region is the primary source of energy for the U.S.

At the same time, regional prosperity and security face significant challenges. Transnational crime and illicit trafficking exist throughout the hemisphere. U.S. policy is focused particularly on the major crime networks in Central America, the Caribbean, Mexico, Colombia, and Venezuela. Two decades of criminal state capture and socialist mismanagement have left Venezuela in ruin, and its eventual post-tyranny reconstruction will remain a key priority for U.S. hemispheric policy. Central America's Northern Triangle—a subregion comprising the crime-ridden and poverty-stricken countries of Guatemala, Honduras, and El Salvador—is the fastest-growing source of U.S.-bound illegal immigrants. Like the Caribbean, the Northern Triangle is also a key transit zone for narcotics bound for the U.S. and Europe. U.S. efforts to address these challenges have been undermined by local government corruption and weak Latin American state institutions. Illicit trafficking and high levels of violence remain key challenges in the fight against Mexico's booming narcotics trade, which has seen a spike in the production of heroin and the transit of synthetic opioids from China.

Many countries in the region have democratic political systems, which more often than not results in close ties to the U.S., but there are some challenging outliers. Leftist authoritarian regimes in Cuba, Nicaragua, and Venezuela work to undermine U.S. interests and collaborate with such like-minded rivals as Russia. There are similar concerns with respect to recently elected leftist governments in Peru, Bolivia, and Honduras. China's growing engagement in the hemisphere has become a strategic challenge both for the U.S. and for the future of the hemisphere. Though China could theoretically play a role in catalyzing economic development, its predatory economic practices trap countries in unsustainable debt and dependence, and its corrupt practices undermine the rule of law. China, Russia, and Iran have demonstrated a strategic interest in extracting natural resources from resource-rich countries like Venezuela that are currently not subject to U.S. influence.

U.S. policy toward the Western Hemisphere should focus with greater intensity on such destabilizing regional challenges as transnational crime, illicit trafficking networks, corruption that fosters criminality, and the growing influence of external geostrategic adversaries. The U.S. should seek to remove trade barriers and promote prosperity and private investment with our market economy-oriented counterparts. U.S. policymakers should also urge international partners to maintain and increase their opposition to regional authoritarians and the international actors that enable them.

Recommendations

Assess the efficacy of the Central American development package, the U.S. Strategy for Engagement in Central America, and the Root Causes Strategy. In July 2021, the Biden Administration released its Root Causes Strategy and a Collaborative Migration Management Strategy to address the “root causes” of illegal migration from Guatemala, El Salvador, and Honduras. In 2014, prompted by the unaccompanied minor crisis, the Obama Administration had launched a development package that was also intended to address the causes of migration from the region. Addressing the regional drivers of illegal immigration should be an integral part of the Administration's immigration policy, and foreign assistance works when used wisely. Congress should request impact reports from implementing agencies that gauge whether these programs are meeting their intended objectives. Congress should also ask how much these security and economic indicators are (or are not) affected by these investments.

Improve regional border security. Uncontrolled borders in the Northern Triangle have long been a problem. Regional insecurity allows criminality to proliferate and enables the mass movements of people across state lines. The U.S. and Mexican governments should work with their regional counterparts to improve their border security policies and programs. They should support El Salvador, Guatemala, Honduras, and Panama in expanding border patrols to ungoverned areas, modernizing border crossings, and encouraging the creation of joint border patrols. The U.S. should also tailor its security assistance to Colombia and Mexico to improve their border enforcement capacities. The U.S. Department of Homeland Security should host an annual high-level border-control working group to share best practices with the region.

Align levels of U.S. assistance to Mexico with U.S. national security interests. A safer and more prosperous Mexico would reduce the security threats to the U.S., alleviate the drivers of illegal immigration, and allow both countries to focus on productive matters in the bilateral relationship. Yet U.S. assistance to Mexico in the form of the Merida Initiative has decreased from the all-time high of \$639.2 million in fiscal year (FY) 2010 to \$130.9 million in FY 2017. The U.S. and Mexican governments have announced that the Merida Initiative will be replaced by a new security deal that they claim will focus on intelligence and targeting the root causes of migration. While the Merida initiative should be revised to see what works and what can be improved, the U.S. should expand security assistance funding, not dilute it by directing it toward other priorities.

Develop a new strategy against Mexican cartels but avoid designating them as Foreign Terrorist Organizations (FTOs). Mexican cartels are the most serious criminal threat to the U.S. and Mexico. These criminal organizations are motivated by profits, not religion or ideology. The cartels' political activities are meant to further their criminal objectives. Thus, an FTO designation has no legal basis. Aside from being legally unsound, an FTO designation would unnecessarily complicate the U.S.–Mexico relationship and jeopardize efforts to combat the cartels. Instead, the U.S. and Mexico need to develop new anti-cartel policies and create a new framework to target cartel networks and modernize security assistance programs.

Engage Latin American countries in a robust trade agenda to reduce dependence on Chinese supply chains and state-owned firms. The U.S. should coordinate with our partners in the region at the highest levels of government to enhance trade cooperation, reduce barriers that prevent small and medium-size enterprises from accessing markets, and identify strategic sectors in which regional supply chains can be strengthened. Everywhere from Uruguay to Ecuador to Guatemala, our democratic partners are asking for trade deals and would prefer to engage with the U.S. rather than China when given the choice. Failing to offer that choice will only strengthen China's growing influence and dilute our strategic partnerships and ability to incentivize economic freedom.

Focus the response to China's Belt and Road Initiative (BRI) on strategic investments focused on security and economic growth and expand the private sector's role in any potential strategy. Any response to China's BRI, such as the Biden Administration's Build Back Better World initiative, should focus investments on strategic competition with China and strengthening the security and economic growth of our partners. This means giving considerable attention to strategic infrastructure, energy, and technology projects where long-term dependence on China may be in play. A successful strategy also requires the U.S. to enlist partners in Western Europe and around the world, particularly in sectors such as 5G spectrum auctions where competition requires multilateral cooperation. The U.S. should coordinate with national and local governments in the region and with private-sector leaders in the U.S. and Western Europe to identify projects for which the private sector can present investment alternatives to China.

Encourage Latin American countries to adopt better practices when concluding agreements with China and Chinese firms. The U.S. needs to emphasize that Chinese state enterprises far too often engage in predatory practices to the detriment of regional and U.S. interests. As part of this emphasis, the U.S. should urge regional counterparts to enforce international standards. An important first step would be to ensure that any agreement with Chinese state-owned enterprises or Chinese private-sector companies incorporates

several principles: high standards of transparency, consultative infrastructure, responsible lending and debt financing, the rule of law, and respect for sovereignty. Regional counterparts also should take account of national security concerns with respect to such strategic industries as energy and telecommunications. Countries in the region need to have a clear-eyed view of the potential costs and consequences of irresponsible engagement with China.

Maintain and strengthen the U.S. embargo on Cuba. Cuba is the Western Hemisphere’s oldest military dictatorship, and the military controls nearly 90 percent of the country’s economy. Economic engagement with Havana would mean directly enriching the regime, which in turn would provide additional support for repression. Cuba’s direct role in propagating the crisis in Venezuela must be met with meaningful steps to hold Havana accountable. Deterring economic engagement with the military dictatorship also involves enlisting regional and global partners. U.S. partners like the European Union, Israel, and market-friendly democracies in Latin America all have economic ties with Havana. Democracies in Africa and Latin America also embrace Havana’s modern-day slave labor scheme of forcibly exporting Cuban doctors. These countries should not be investing in Cuba’s state-owned enterprises. The U.S. should rally its partners and pro-democracy actors around a common agenda.

Maintain and broaden cooperation with like-minded hemispheric counterparts to address the crises in Venezuela and Nicaragua. The U.S. can and should lead the attempt to address the crises in Venezuela and Nicaragua, but it should do so by working with other countries in the region, both to negate the basis for criticism of U.S. unilateralism and to maintain regional cohesion and address long-term reconstruction efforts. The U.S. should emphasize that the regime of Nicolás Maduro is not simply authoritarian, but a criminal enterprise with global reach. Enhanced law enforcement cooperation should target drug trafficking and smuggling, illicit mining, illicit finance and money laundering, and cooperation with terrorist groups like Hezbollah, the ELN, and FARC-dissidents. To target illicit financing, the U.S. should enlist the cooperation of regional counterparts including Panama and nations in the Caribbean.

Reject plans for a military solution to solve the Venezuela crisis. At this juncture, the U.S. should not conduct a military intervention in Venezuela. The threats posed by the illegitimate Maduro regime do not threaten vital U.S. interests, and the Venezuelan military should not be destroyed or disbanded, as they are necessary for the reconstruction process. However, the U.S. and regional partners should signal to Maduro that all potential tools of leverage are on the table, particularly as his regime consolidates and expands its illicit network.

Urge a tougher domestic and international response to actors that are propping up illegitimate regimes and destabilizing the region’s democracies. The U.S. should strongly urge other countries to address the destabilizing role of actors like Russia, China, and Iran as well as Cuba, which is both a beneficiary of external support and a destabilizing actor in the region. In addition to enabling the Maduro regime in Venezuela and the Ortega regime in Nicaragua, these countries have used espionage and disinformation to foment instability in the region’s democracies. The U.S. and its partners should expand sanctions against Russian state enterprises that support Maduro and Ortega with security assistance. The U.S. should also prioritize countering the roles of Russia, China, and Iran in helping Maduro to circumvent U.S. oil and gold sanctions. Across the region, democratic partners should develop a coordinated strategy to respond to misinformation tactics and strengthen intelligence cooperation.

Reduce the Caribbean’s dependence on Venezuelan oil. Maduro’s capacity to project power in the region stems largely his use of “petro-diplomacy.” In 2018, the Department of Energy finalized a rule to expedite small-scale exports of liquefied natural gas (LNG). These exports are particularly beneficial for Caribbean, Central American, and South American countries. Increased access to American LNG exports will provide more choice and energy diversity for Caribbean countries.

Assist regional partners impacted by crises in Venezuela and Haiti. Latin American countries are so overwhelmed by the exodus of Venezuelan and Haitian migrants and refugees that they are unable to contend with their own domestic challenges. These migrant crises also present a security problem at the U.S.–Mexico border that urgently requires increased efforts and resources. The U.S. should work with international donors to assess the needs of our partners, balance those needs with our own interests, and support efforts to offset their burden when appropriate. The U.S. should also promote regional efforts to strengthen institutional and trade cooperation between the countries of the region to mitigate the costs of irregular migration flows.

Work with regional counterparts to implement a security plan for Haiti. The security crisis in Haiti and the state's failure to combat the outsized power of gangs require consistent U.S. attention. The U.S. should prioritize cooperation with Haitian security forces to address both immediate challenges and long-term buildup, but it should avoid the false paradigm between military intervention and a U.N.-backed option like the United Nations Stabilization Mission in Haiti (MINUSTAH) in order to strengthen Haiti's security and reduce the likelihood of another crisis like the one seen in 2021. The U.S. should continue to work with regional counterparts and Haitian officials and offer joint resources, training, and personnel support to restore the Haitian state's authority over its territory.

Commission studies to identify the causes of the U.S.'s pervasive demand for narcotics and address them. As it does with any other commodity, the demand for illicit narcotics drives the supply. The U.S.'s counterdrug strategy has been unsuccessful partly because the U.S. has been unable to stem the domestic drug demand. The U.S. rightfully declared the opioid crisis to be a nationwide public health emergency in October 2017. As the U.S. develops a counter-narcotics policy, it should also assess the factors that drive domestic consumption and work with state and local governments to address them.

Facts + Figures

FACT: Since September 2018, 1 percent of the populations of Honduras and Guatemala have migrated to the United States. The growing flow of illegal immigrants from the Northern Triangle of Central America demonstrates that the U.S. urgently needs to improve its security and stabilization efforts in the region.

- According to U.S. border officials, monthly border apprehensions in FY 2019 largely surpassed those of the previous five years. In April 2019, out of the 109,144 illegals that were apprehended at the border, close to 70 percent were from the Northern Triangle countries of El Salvador, Guatemala, and Honduras.
- For years, the U.S. has attempted to alleviate the root causes of illegal immigration in Central America's Northern Triangle, but despite progress in reducing homicide rates and increasing narcotics seizures, these countries continue to produce outflows of migrants. This does not mean that the U.S. should reduce foreign assistance to the region.
- Instead, policymakers need to identify and fix shortcomings in our strategy to build regional capacity.

FACT: The number of refugees and other migrants fleeing from Venezuela and Haiti amounts to the worst human exodus in Latin America's history. More than 6 million of Venezuela's 32 million people have left because of the humanitarian and political crisis. Between July and October 2021, more than 155,000 Haitian migrants were recorded to have reached the U.S.–Mexico border. The number has continued to increase, although at lower rates.

- The spillover effect of instability from Venezuela and Haiti is reaching many other countries in Latin America. Colombia, with nearly 2 million Venezuelan migrants and refugees, has experienced the brunt of the Venezuelan crisis. Panama is also increasingly burdened as thousands of Haitian migrants cross its Darien Gap jungle and head north to the U.S.–Mexico border.

- Large numbers of Venezuelan and Haitian migrants and refugees are also in Peru, Chile, Ecuador, Argentina, and Brazil.
- Supporting a democratic transition away from the unlawful Maduro regime is the best long-term solution to Venezuela’s migration and refugee crisis.
- In Haiti, the main driver of migration is the state’s failure to provide security and stability.
- U.S. policymakers should coordinate assistance and ask international stakeholders to aid regional partners and allies impacted by the migration crises.

FACT: U.S. economic engagement in the Western Hemisphere is extensive and wide-ranging.

- The U.S. is a member of 20 free trade agreements, of which 12 are with Western Hemisphere countries. The U.S. is also the top trading partner for over two-thirds of the hemisphere’s countries, although this list is shrinking as China expands its economic ties through trade and strategic investments, including investments in ports.
- The North American Free Trade Agreement (NAFTA) and the United States–Mexico–Canada Agreement (USMCA) that followed it have led to a quadruple increase in two-way trade among the three countries, from \$297 billion to \$1.2 trillion. The USMCA is expected to continue to increase trilateral trade as it is fully implemented.
- The hemispheric energy trade and production sector is robust as well. Over 30 percent of the world’s oil reserves and close to 10 percent of the world’s liquefied natural gas (LNG) reserves are in the Western Hemisphere.
- Since 2016, 36 percent of all U.S. LNG exports have been to Latin America—a higher percentage than to any other region in the world. The U.S. should capitalize on robust trade links in the energy sector to promote deeper economic engagement throughout the region.

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Middle East

Summary and Key Talking Points

Policy Proposals

1. Prevent ISIS, al-Qaeda, and other terrorist groups from creating sanctuaries in Syria and Iraq.
2. Encourage Baghdad to contain and marginalize the political influence of pro-Iranian militias.
3. Support Egypt's fight against Islamist terrorist groups.
4. End the Biden Administration's tilt toward the Houthi rebels and put pressure on the Houthis and Iran to end the war in Yemen.

Quick Facts

1. The Arab Spring, which began in December 2010, toppled autocratic leaders in Tunisia, Libya, Egypt, and Yemen.
2. Syria's Assad regime, aided by Russia, Iran, and Hezbollah, has survived by defeating opposing factions in a civil war that has killed more than 400,000 Syrians.
3. The Trump Administration accelerated the downfall of ISIS in Syria and Iraq, and the Biden Administration should not allow ISIS to resurge by restoring the Obama Administration's tight restrictions on the use of U.S. air power and special operations forces.

Power Phrases

Volatility and Violence

- The Middle East is the world's most volatile and conflict-ridden region and continues to generate some of the most dangerous threats to U.S. security.
- Current threats in the region include the resurgence of ISIS; the meltdown of Iraq, Syria, Lebanon, and Yemen; and the growing threat posed by Islamist extremists.

U.S. Involvement

- Containing Iran and fighting terrorism in Iraq, Syria, and Yemen make the U.S. safer and more secure.
- U.S. Middle East policy should protect our security interests without risky and costly mission creep and the overly ambitious goal of nation-building.
- U.S. forces ultimately should be brought home—but only after each mission is complete—and this should be carried out in phases, taking into consideration regional dynamics and the situation on the ground.

The Issue

The Middle East, the world's most volatile and conflict-ridden region, continues to generate some of the most dangerous threats to U.S. security. The Trump Administration inherited many problems from the Obama Administration, which failed to formulate effective policies to address the challenges posed by the rise of ISIS; the meltdown of Iraq, Syria, and Yemen; and the growing threat from Islamist extremists throughout the region. The Trump Administration effectively mitigated the threat of ISIS and supported Saudi Arabia's efforts in Yemen; the Biden Administration's policies threaten this progress. (See sections on Iran and Israel.)

The Obama Administration's premature withdrawal of U.S. troops from Iraq in 2011 weakened Iraqi counter-terrorism, intelligence gathering, and special-operations capabilities, thereby enabling a decimated al-Qaeda to revive and resurge as ISIS. The Obama White House underestimated the threat posed by ISIS and reacted slowly and reluctantly with a series of half measures. It never effectively matched ends and means: It initially barred combat operations by American ground troops; delayed deploying military advisers and, when it did deploy them, restricted them from being deployed with front-line Iraqi forces; and put tight restrictions on the use of air strikes to avoid civilian casualties.

The Trump Administration eased many of the political restrictions that hampered the military efforts against ISIS and delivered much more robust military support to help the Iraqi government and Kurdish militias to dismantle the so-called caliphate. ISIS has been forced to return to its underground roots in Iraq and Syria but continues to pose a terrorist threat to the U.S. and its allies. ISIS also has established affiliates in Egypt, Yemen, and in multiple countries in Asia and Africa.

In January 2021, the Biden Administration began to review U.S. policies across the Middle East, including its policies on Iraq, Syria, and Yemen. In Iraq, the Administration indicated that it would conclude the combat mission of U.S. military forces in Iraq by the end of 2021, but troop levels remained the same at 2,500. A joint U.S.–Iraq statement specified that the bilateral security relationship will be focused on training, advising, and intelligence-sharing to mitigate the threat from the remnants of ISIS. However, the principal threat to U.S. forces is the Iran-backed Iraqi Shia militias that continue to launch rocket attacks against Iraqi bases that host U.S. troops.

A rocket attack on February 15, 2021, killed a Filipino contractor at a military base at Irbil in northern Iraq. In response, President Joe Biden ordered a February 25 air strike against military facilities in Syria controlled by Iraqi militias backed by Iran, including Kataib Hezbollah, one of Iran's most dangerous Iraqi surrogate groups. An American contractor died of a heart attack during a rocket attack attributed to Kataib Hezbollah in March, but the Biden Administration did not retaliate overtly until June 28, when it targeted the infrastructure used by Iran-backed Iraqi militias in Syria and Iraq while minimizing the hostile militias' casualties. By contrast, the Trump Administration held Iran responsible for the attacks of its proxy militias in Iraq by killing General Qassem Soleimani, who directed the operations of Iraqi militias as leader of Iran's Quds Force, in a drone strike in Baghdad in January 2020.

In June 2021, despite the continuing attacks on U.S. troops in Iraq and Syria, the Biden Administration began the withdrawal of eight Patriot air defense batteries and a Terminal High Altitude Area Defense system from Saudi Arabia, Iraq, Kuwait, and Jordan. This signal of U.S. complacency undoubtedly emboldened Iran to continue its proxy attacks and stiffen its demands at the nuclear talks. (See section on Iran.) Iran-backed Iraqi militias, undeterred by symbolic military reprisals, escalated their aggressive attacks by launching a drone strike at the residence of Iraqi Prime Minister Mustafa al-Kadhimi on November 7, 2021. On March 13, 2022, Iran launched ballistic missiles that targeted a house near the U.S. consulate in northern Iraq. The house belonged to a Kurdish businessman that Iran claimed was cooperating with Israeli intelligence.

U.S. policy in Syria is even less clear. U.S. partners in the Middle East started to normalize relations with the Syrian regime in 2021 even though President Bashar al-Assad is still in power. Secretary of State Antony Blinken has stated that the U.S. has no plans to “normalize or upgrade” diplomatic relations with Syria, and the Administration has continued the deployment of 600–900 U.S. military personnel in northeastern Syria without specifying the conditions that would enable them to be withdrawn. Meanwhile, Lebanon is on the brink of collapse after years of sectarian squabbling, corruption, and mismanagement by its political elites. Hezbollah, Iran’s strongest proxy militia, continues to dominate Lebanese politics, drain state resources, and stockpile Iran-supplied arms for another war against Israel.

In Yemen, the Biden Administration reversed the Trump Administration’s hard-line policies, rescinded President Donald Trump’s designation of the Houthi rebels as a terrorist organization, halted support for the Saudi-led coalition fighting the Houthis on behalf of Yemen’s internationally recognized government, and distanced itself from Saudi Arabia. In addition, the Biden Administration’s threat to cut off U.S. arms sales to Saudi Arabia, if implemented, would severely weaken the kingdom’s ability to counterbalance Iran and its proxies, potentially tilting the balance of power in Iran’s favor and pushing Saudi Arabia into the arms of China or Russia for arms sales. It also would embolden Iran-backed proxies to continue their efforts to destabilize Lebanon, Syria, Iraq, Gaza, and parts of the West Bank.

The U.S. has strategic interests in containing Iran and fighting terrorism in Iraq, Lebanon, Syria, and Yemen. The challenge for policymakers is to formulate a policy that advances these interests without a risky and costly mission creep toward the overly ambitious goal of nation-building. President Trump was correct when he said in December 2018 that U.S. forces should come home from Syria. Ultimately, they must come home, but this must be carried out in phases, taking into consideration regional dynamics and the situation on the ground. Washington should not make the same mistake it made in Iraq in 2014 by leaving a vacuum that Islamist terrorists or Iran can exploit. Instead, U.S. policy must take account of the deteriorating political, economic, and security conditions in Iraq, Lebanon, Syria, and Yemen.

Recommendations

Prevent ISIS, al-Qaeda, and other terrorist groups from creating sanctuaries in Syria. The permanent defeat of ISIS remains a top U.S. priority in Syria and Iraq. While ISIS has been ousted from its so-called caliphate, it remains a lethal force and could make a comeback as it did in Iraq in 2014. The Biden Administration should not ignore Syria and Iraq. The drawdown of U.S. forces in both countries should be gradual and linked to security conditions on the ground, not governed by a rigid timetable. An abrupt U.S. departure would be a strategic error that would benefit Iran, the Assad regime, Russia, Hezbollah, and ISIS.

The U.S. should lead an international effort to prevent an ISIS resurgence, primarily providing air support, intelligence, counterterrorism assistance, training, and logistical support, while gradually withdrawing U.S. ground troops from Syria. The U.S. should also work with Jordan, Iraq, and allies in the Gulf Cooperation Council (GCC) to coordinate more robust Arab efforts to defeat ISIS that include assuming a greater responsibility for stabilizing eastern Syria with troops and economic support and stepping up aid for Syrian refugees to prevent them from being radicalized by ISIS.

Help Iraq’s government withstand the challenges posed by ISIS. Inside Iraq, the U.S. should work with the central government in Baghdad and the Kurdistan Regional Government in Erbil to help resettle Iraqis displaced by the war with ISIS and protect them from an ISIS resurgence. Washington should continue to train and arm Iraqi army and counterterrorism forces to help them permanently defeat ISIS and provide a counterweight to the growing power of pro-Iran Shia militias. Ultimately, the appeal of ISIS will be weakened only if Baghdad’s Shia-dominated government reaches out to Sunni tribal and moderate political leaders to give them a stake in Iraq’s future and undermine the appeal of ISIS and other Islamist extremists.

Contain and mitigate the destabilizing spillover effects of Syria’s civil war. Washington should focus on strengthening border security to prevent fighting from spilling across Syria’s borders and threatening U.S. allies, particularly Israel and Jordan, and limiting the outflow of refugees by helping to care for them closer to their homes. The U.S. also should work with allies to stop foreign fighters from returning to their home countries and encourage foreign countries to extradite their citizens from prisons in Syria and Iraq. Washington should offer more humanitarian aid to support refugees inside Syria and in surrounding countries but should not become a party to the conflict by deploying U.S. forces inside Syria to maintain safe zones. The U.S. can best help to protect Syrian refugees by focusing on mitigating the threat of ISIS and supporting a political settlement that ends the fighting, allows displaced Syrians to return home, and limits the influence of Islamist extremists, including Iran and Hezbollah.

Deter the use of illegal chemical weapons by the Assad regime. President Trump restored U.S. credibility after President Barack Obama’s failure to enforce his own 2013 red line prohibiting the Assad regime from using illegal chemical weapons against its own people. In April 2017 and April 2018, President Trump ordered cruise missile strikes against Syrian forces that were involved in chemical weapons attacks. These forceful actions have deterred major attacks, but the regime could be tempted to resort to smaller covert attacks. The Biden Administration must therefore continue to lead an international effort against the use of chemical weapons in Syria.

Help Iraqis to build a secure and stable government. Washington should encourage Iraq’s predominantly Shia leaders to build an inclusive government that welcomes participation by Iraq’s Kurdish, Sunni, Christian, and other minority groups. Reaching out to moderate Sunni Arab leaders is particularly vital to undermining the appeal of ISIS and other Sunni Islamist militants. The U.S. and its allies should continue efforts to professionalize and reform internal security forces to prevent abuses, nepotism, and corruption. Washington should also continue to train the Iraqi army to preserve it as a counterweight to pro-Iran militias that have come under the government’s security umbrella.

Iran expanded its influence as ISIS receded and is pushing for a greater political role for the radical Shia militias that it controls. The danger is that these proxies could exploit such an enhanced role to subvert Iraqi sovereignty in the same way that Hezbollah, another Iran-backed group, subverted Lebanon’s sovereignty. Washington should encourage Baghdad to contain and marginalize the political influence of the pro-Iran militias and promote better relations between Baghdad and the Sunni Arab states to provide a counterweight to Iran’s influence. Washington also should promote better relations between the central government in Baghdad and the Kurdistan Regional Government and broker a bilateral agreement on the equitable sharing of oil revenues.

Strengthen U.S. strategic partnerships, especially with Israel. The 2015 nuclear agreement with Iran had a corrosive effect on bilateral relationships with important U.S. partners in the Middle East, particularly countries such as Israel, Saudi Arabia, the United Arab Emirates, and Bahrain that are most threatened by Iran. The Trump Administration strengthened ties with Arab partners after pulling out of the Iran nuclear deal and imposing sanctions on Iran in 2018. The Biden Administration, however, is rushing to embrace Iran as the Obama Administration did, which is disastrous for U.S. interests as well as the interests of Israel and Arab partners. Instead, the Biden Administration should give priority to safeguarding the vital security interests of the U.S. and its partners by maintaining a favorable regional balance of power to deter and contain Iran and fight terrorism. The U.S. and its European allies also should strengthen military, intelligence, and security cooperation with Israel and Arab states threatened by Iran.

Support Egypt’s fight against terrorism. Egypt is a key ally against Islamist extremism and a crucial supporter of Arab–Israeli peace efforts. ISIS has spearheaded an insurgency in Egypt’s Sinai Peninsula since the 2013 coup that removed President Mohamed Morsi’s Islamist government from power and remains a potent terrorist threat to Egypt and to Israel. Washington should help Egypt’s army and security forces to replace

Cairo's narrowly focused and militarized counterterrorism efforts with a population-centric counterinsurgency campaign against ISIS and its supporters that includes enhanced political outreach to disaffected Bedouin tribes in the Sinai. Washington should also provide technical assistance in finding and destroying tunnels under the Egypt–Gaza border that Hamas and other Islamist terrorist groups use to smuggle arms, terrorists, and contraband into and out of Gaza. President Abdelfattah el-Sisi's government, although increasingly authoritarian, has a better chance of laying the groundwork for a stable democracy than Morsi's regime had. The U.S. should leverage aid to Egypt to ensure that Cairo adheres to the terms of its peace treaty with Israel and respects the freedom and human rights of its own citizens.

Prevent Yemen from becoming a terrorist sanctuary or Iranian ally. Arab Spring protests enabled Houthi rebels aligned with Iran to overthrow the Yemeni government in a bloody 2015 coup that violated a U.N.-brokered cease-fire. An Arab coalition led by Saudi Arabia intervened militarily to support Yemen's internationally recognized government. High levels of civilian casualties and growing food shortages have put millions of Yemenis on the brink of starvation. Iran has sought to transform the Houthi Ansar Allah movement into the "Hezbollah of Yemen"—a permanent threat to regional stability and security that directly conflicts with U.S. interests—and has illegally transferred sophisticated ballistic missiles, drones, and remote-controlled boat bombs to the Houthis, who have used them against cities, airports, oil pipelines, and other civilian targets in Saudi Arabia and the United Arab Emirates. The Biden Administration should end its pro-Houthi tilt and support efforts to roll back the Houthi coup and reach a political settlement that stops the fighting, averts widespread starvation, limits Iran's influence, and allows a greater focus on defeating ISIS and al-Qaeda in the Arabian Peninsula, two terrorist groups that have flourished amid the chaos of Yemen's civil war.

Facts + Figures

FACT: The Arab Spring, which began in Tunisia in December 2010, brought popular protests, political instability, and chaos to many Arab countries.

- Autocratic leaders were toppled in Tunisia, Libya, Egypt, and Yemen, and the beleaguered Assad dictatorship in Syria fought back ruthlessly, triggering a sectarian civil war that threatens the stability of surrounding countries.
- Although the initial pro-democracy impetus of the protests was encouraging, Islamist extremists were positioned to exploit the ensuing political turmoil, economic disruptions, power vacuums, and anarchy.
- The Arab Spring has weakened governments aligned with the West while creating political instability, economic collapse, and chaos, all of which benefits Islamist extremists as they compete for power in affected countries.
- Al-Qaeda and ISIS have exploited the chaos to expand their influence and carve out sanctuaries in Iraq, Syria, Yemen, Libya, and Egypt's Sinai Peninsula.

FACT: President Obama overpromised and failed to deliver on Syria policy.

- After declaring in August 2011 that Syrian dictator Bashar al-Assad must relinquish power, the Obama Administration did little to advance that goal.
- The Administration's insistence on multilateralism, almost as an end in itself, led it to outsource policy on Syria to the U.N., where Russia and China exercised their veto power to block effective action.
- Syria's Assad regime, aided by Russia, Iran, and Hezbollah, has gained the upper hand in a civil war that has killed more than 400,000 Syrians and driven more than 11 million people out of their homes and more than 5 million out of the country into refugee camps in neighboring Turkey, Jordan, Lebanon, and Iraq.

FACT: The Trump Administration enforced the red line against the use of chemical weapons in Syria that President Obama proclaimed but failed to enforce.

- After a massive chemical attack in August 2013 that reportedly killed more than 1,000 Syrians, President Obama publicly threatened to launch a military reprisal against the Assad regime.
- After having second thoughts, President Obama agreed to a risky and problematic Russian diplomatic proposal to dispatch international inspectors to disarm Syria's chemical weapons arsenal that bolstered the legitimacy of the Assad regime, demoralized the Syrian opposition, and strengthened Moscow's role in the Middle East.
- When the Trump Administration came to office, it discovered that the Assad regime not only had failed to give up its chemical weapons, but also was still using them covertly against the rebels.
- President Trump enforced the red line against chemical warfare by launching two cruise missile strikes against Syrian forces that had unleashed chemical weapons in April 2017 and April 2018.
- President Trump warned that the use of chemical weapons is unacceptable and declared that the United States has a vital national security interest in preventing and deterring the spread and use of deadly chemical weapons.

FACT: The Trump Administration accelerated the downfall of ISIS in Syria and Iraq.

- The Obama White House micromanaged the war against ISIS and did a poor job of it. For example, it ruled out bombing ISIS-controlled oil facilities to avoid civilian casualties, but those self-imposed restrictions enabled ISIS to exploit Syria's oil resources to expand its power and slaughter greater numbers of civilians.
- The Trump Administration removed tight restrictions on the use of U.S. air power and special operations forces that the Obama Administration had imposed.
- President Trump trusted his military advisers and gave the Pentagon the support it needed to step up military efforts against ISIS rather than allowing mid-level political appointees to challenge the judgement of military professionals.

FACT: The Trump Administration strengthened security cooperation with Egypt, a key ally frozen out by the Obama Administration.

- Since the 1978 Camp David Accords, Egypt has been an important U.S. ally helping to stabilize a highly volatile region.
- Egypt has played an important role both in encouraging peace negotiations between Israel and its Arab neighbors and in combatting Islamist terrorism.
- Egypt has granted U.S. naval vessels priority access to the Suez Canal and allowed overflights of American military planes flying to and from the region.
- Egypt's armed forces, one of the Middle East's largest, could play a key role in assembling an Arab military coalition to safeguard regional stability.

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North Korea

Summary and Key Talking Points

Policy Proposals

1. Push for a comprehensive road map to denuclearization and insist on robust verification measures.
2. Enhance implementation of sanctions against entities that are in violation of U.N. declarations or U.S. legislation and regulations.
3. End unilateral U.S. disarmament by resuming military exercises with South Korea.
4. Uphold human rights principles by enforcing the North Korea Sanctions and Policy Enhancement Act.

Quick Facts

1. Pyongyang has a 1.1 million-man army, 70 percent of which is deployed within 60 miles of North Korea's border with South Korea.
2. North Korea spends an estimated 25 percent of its gross national product on its military.
3. Since 2017, in addition to parading a multiple-warhead ICBM, North Korea has successfully tested a hydrogen bomb, two ICBMs capable of threatening the American homeland, and 14 new missile systems capable of targeting South Korea and U.S. forces stationed there.
4. During a crisis, Pyongyang's cyber warfare could have a massive impact on financial, infrastructure, transportation, military, and government computer networks.

Power Phrases

A Regional and Global Danger

- In addition to threatening peace and stability in Asia, North Korea represents one of the world's most dangerous threats to U.S. national security interests.

Catastrophic Capabilities

- Pyongyang has conducted six underground nuclear tests, including the test of a powerful hydrogen bomb at least 10 times the size of the atomic weapons used at the end of World War II.
- The regime has successfully tested road-mobile ICBMs, including a variant that could reach the entire continental United States.

Nuclear Dismantlement

- Since 2018, the U.S. and South Korea have unilaterally curtailed allied military exercises without gaining any reciprocal North Korean security or diplomatic concessions.
- Despite three U.S.–North Korea leader meetings, there has been no decrease in North Korea’s weapons of mass destruction (WMD) arsenal or production capabilities; Pyongyang continues to augment its nuclear and missile arsenal.
- The primary U.S. objective must be North Korea’s complete, verifiable, and irreversible nuclear dismantlement as required by U.N. resolutions.

The Issue

North Korea poses one of the world’s most dangerous threats to U.S. national security interests. Pyongyang presents a multifaceted military threat to peace and stability in Asia as well as a global proliferation risk.

In January 2021, Kim Jong-un “set a goal of attaining an advanced capability for making a preemptive and retaliatory nuclear strike by [improving] the rate of precision good enough to strike and annihilate any strategic targets within a range of 15,000 kilometers with pinpoint accuracy.” Pyongyang has conducted six nuclear tests, including the test of a powerful hydrogen bomb 10 times the size of the atomic weapons used at the end of World War II. Leaked U.S. intelligence estimates indicate that the regime had between 30 and 60 nuclear weapons in 2017 with a capability to produce from seven through 12 more of these weapons annually.

The regime has successfully tested road-mobile ICBMs, including a variant that could reach the entire continental United States. In October 2020, Pyongyang paraded the world’s largest road-mobile ICBM. The regime subsequently announced that the missile would have multiple warheads. Combined with its recent ability to produce mobile ICBM launchers indigenously, this raises the possibility that North Korea might be able to overwhelm America’s missile defenses.

Despite three U.S.–North Korea leader meetings, there has been no decrease in North Korea’s weapons of mass destruction (WMD) arsenal or production capabilities. The U.S. Intelligence Community has assessed that Pyongyang has increased its production of fissile material for nuclear weapons, and satellite imagery has revealed upgrades to missile, reentry vehicle, missile launcher, and nuclear weapon production facilities. The Intelligence Community continues to assess that North Korea is not likely to give up all of its WMD stockpiles, delivery systems, and production capabilities.

North Korea’s conventional forces also threaten U.S. bases in South Korea, Japan, and Guam. Pyongyang has deployed hundreds of short-range, medium-range, and intermediate-range missiles that can threaten all of Japan and South Korea as well as U.S. bases on Okinawa and Guam. Since 2019, North Korea has tested 14 new missile systems that can target South Korea and U.S. forces stationed there more effectively.

North Korea has approximately 1 million people in its military and several million more in its reserves. Pyongyang has forward deployed 70 percent of its ground forces within 90 miles of the Demilitarized Zone (DMZ), making it possible to attack with little or no warning. This is of particular concern because South Korea’s capital, Seoul, is only 30 miles south of the DMZ. North Korea’s armed forces, with their forward-deployed, offensively oriented disposition, and the regime’s history of making threats and initiating hostilities pose the greatest danger of armed conflict. In addition, confidence-building measures that have been implemented to date have not reduced the North Korean tactical or strategic conventional military threat to South Korea, nor do they represent progress in denuclearization.

Recommendations

Impose conditionality on future summit meetings. Initial U.S.–North Korean summits occurred without suitable preparation or requirements for progress toward an agreement. Despite fanfare and claims of success, the three meetings provided only the illusion of success. Subsequent summits should be reserved for formalizing an agreement worked out by diplomats or in-depth leader negotiations based on meticulous and well-planned policy positions.

Maintain the focus on denuclearization. The primary U.S. objective for the summit must be North Korea's complete, verifiable, and irreversible nuclear dismantlement as required by U.N. resolutions. Washington should not go down the rabbit hole of offering economic concessions to prove lack of U.S. hostility or induce North Korea to return to the negotiating table. It is not the U.S. and South Korea that have repeatedly violated U.N. resolutions, conducted deadly military attacks, and habitually threatened the governments and populations of rival nations.

Push for a comprehensive road map to denuclearization. With U.S.–North Korean negotiations in abeyance, the Biden Administration should resist entreaties to lower the bar to achieve progress. Any agreement must include a complete North Korean data declaration of its nuclear and missile programs as well as an unambiguous and public North Korean commitment to the U.N. requirement to abandon its nuclear and missile production capabilities and existing arsenals in a complete, verifiable, and irreversible manner.

Insist on robust verification measures. U.S. negotiators must emulate the robust and intrusive verification regime of the Strategic Arms Reduction Treaty, Intermediate-Range Nuclear Forces Treaty, and Conventional Armed Forces in Europe Treaty. Pyongyang should pledge compliance with U.N. resolutions, the Non-Proliferation Treaty, and International Atomic Energy Agency safeguards. Verification provisions must include a data declaration of all production, fabrication, test, and storage facilities; the stockpile of fissile material, nuclear weapons, and missiles; on-site inspections of declared facilities; and short-notice challenge inspections of non-declared facilities. Any new agreement with North Korea that lacks such critically important protocols is a bad deal.

Condition a peace agreement on reducing the conventional force threat. The U.S. and South Korea should not sign a peace treaty until the North Korean nuclear threat is eliminated and the conventional threat is reduced. Conventional forces should be capped and then weaned away from the forward area using measures similar to those in the Conventional Armed Forces in Europe Treaty and the accompanying Vienna Document of Confidence and Security Building Measures. Signing a simplistic peace declaration would provide a false perception of peace while creating societal and legislative momentum for reducing or removing U.S. forces before reducing the North Korean threat that necessitated American involvement in the first place.

Fully enforce U.S. laws. Sanctions are a critical component of U.S. foreign policy. They uphold America's laws and defend its financial system—but only if they are implemented. The U.S. should sanction the 300 North Korean entities that are violating U.S. laws and against which it has deferred action, penalize Chinese banks that are engaged in money laundering and other crimes by identifying them as primary money-laundering concerns or imposing significant fines, impose sanctions against Chinese shipping companies that are flouting U.N. restrictions on North Korean oil, and impose secondary sanctions against ports that are aiding North Korea's smuggling of goods that are prohibited by U.N. sanctions.

End unilateral U.S. disarmament by resuming military exercises. The 2018 U.S. decision to cancel U.S.–South Korean military exercises was a major unilateral concession for which the United States received nothing in return. Pyongyang neither codified its missile and nuclear test moratorium in the Singapore communiqué nor announced reciprocal constraints on its own military exercises. The continued lack of a full schedule of exercises is degrading U.S. and South Korean deterrence and defense capabilities. The exercises

are necessary to ensure both the interoperability and integration of allied military operations and the readiness to respond to North Korean attacks. Washington and Seoul should announce a return to the previous level of exercises.

Uphold human rights principles by enforcing the North Korea Sanctions and Policy Enhancement Act. The U.S. should make human rights an integral component of U.S. policy. Downplaying North Korean human rights violations to gain diplomatic progress is antithetical to U.S. values, undermines the diplomatic isolation of North Korea, and sets a poor precedent for negotiations.

Facts + Figures

FACT: North Korea’s nuclear, missile, and conventional forces are a formidable threat to the United States and its allies in northeast Asia.

- North Korea has steadily improved the quality and quantity of its nuclear and missile arsenals. After assuming power, Kim Jong-un oversaw an expansive diversification of North Korea’s arsenal and accelerated nuclear and missile testing. New weapons overcame the shortcomings of their predecessors and now pose a far greater threat to allied forces and missile defense systems.
- North Korea is producing a new generation of advanced mobile missiles that, in addition to being more accurate, more mobile, and more difficult to detect and target, have an enhanced ability to evade allied missile defenses.
- The U.S. Intelligence Community has estimated that in 2017, North Korea had produced 30–60 nuclear warheads or weapons’ worth of fissile material with the capacity to create seven–12 warheads per year. The regime has successfully tested a hydrogen (thermonuclear) weapon at least 10 times as powerful as the Hiroshima and Nagasaki bombs.
- Pyongyang has practiced missile launches under wartime conditions by firing multiple missiles from numerous locations throughout the country, simulated nuclear airburst attacks over South Korea and Japan, and conducted salvo launches of several missiles simultaneously.

FACT: North Korea is one of the greatest cyber threats to the United States, its allies, and the international financial system.

- Pyongyang has developed a comprehensive and sophisticated arsenal of cyberattack tools and methods. The Director of National Intelligence warned in January 2019 that North Korea “poses a significant cyber threat to financial institutions, remains a cyber-espionage threat, and retains the ability to conduct disruptive cyber attacks.”
- North Korean leader Kim Jong-un has declared that cyber warfare is a “magic weapon” and an “all-purpose sword that guarantees the North Korean People’s Armed Forces ruthless striking capability, along with nuclear weapons and missiles.”
- North Korea has conducted cyber guerrilla warfare to steal classified military secrets, absconded with billions of dollars in money and cryptocurrency, held computer systems hostage, and inflicted extensive damage on computer networks.
- In August 2019, the U.N. Panel of Experts estimated that North Korea had cumulatively gained \$2 billion from cybercrime. Some experts now assess that Pyongyang may gain \$1 billion a year—a third of the value of the nation’s exports—from cyber heists.
- North Korea has proven to be adept at deeply penetrating even highly secure computer networks of governments, militaries, banks and international financial transaction systems, and critical infrastructure targets. During a crisis, Pyongyang’s cyber warfare could have a massive impact on financial, infrastructure, transportation, military, and government computer networks.

FACT: During the past four years, the U.S. and South Korea have unilaterally curtailed allied military exercises while gaining no reciprocal North Korean security or diplomatic concessions.

- Allied military exercises were curtailed initially because of President Trump's promise to cancel large-scale allied military exercises in return for Kim's promise to refrain from nuclear and ICBM tests—a poor deal given that 11 U.N. resolutions prohibit North Korea from conducting nuclear or any missile launch regardless of range. More recently, COVID restrictions have also prevented a resumption of large-scale exercises. For a variety of reasons, under President Biden, exercises have not yet returned to their formal levels.
- The U.S. and South Korea can no longer conduct close air support of allied ground force exercises in frontline areas because of new restrictions in the 2018 inter-Korean military agreement.
- For several years, the U.S. has not flown strategic bombers near the Korean Peninsula and has had to hold ground force regimental drills outside of South Korea.
- South Korean K-9 artillery on Yeonpyeong Island must now move to the peninsula to train, but North Korean 4th Corps artillery, which attacked Yeonpyeong Island in 2010 killing four South Koreans, is not affected by the inter-Korean military agreement.
- Under the inter-Korean military agreement, South Korea closed the only long-range artillery practice range in Gangwon province. Practice with the Chungmoo MRL and K-9 self-propelled artillery howitzer at the range had included live-fire exercises every year in April and November.
- The unilateral U.S. concession on curtailing military training exercises did not lead to any progress in denuclearization talks and risked degrading allied deterrence and defense capabilities. North Korea continues its military training exercises, including the large-scale Winter Training Cycle, and has conducted more than 40 missile tests during the past three years.

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Russia

Summary and Key Talking Points

Policy Proposals

1. Maintain solidarity with European allies on sanctions for Russia's invasion of Ukraine.
2. Support the construction of the Trans-Caspian Gas Pipeline and the Southern Gas Corridor project.
3. Oppose the construction of the Nord Stream II Pipeline, which would only increase Europe's dependency on Russian gas.
4. Establish a permanent U.S. military presence in the Baltic region.

Quick Facts

1. The Trump Administration has kept and introduced multiple rounds of sanctions on Russia, including on more than 200 Russian individuals and entities.
2. Since 2014, Russia's war in eastern Ukraine has claimed more than 13,000 lives and displaced over 2 million Ukrainians.
3. In 2018, Russia introduced a \$306 billion investment plan for new military equipment and force modernization.

Power Phrases

A Track Record of Aggression

- Russia has a recent history of using military force to advance its national interests.
- The Russian military threat might seem distant to Americans, but it poses a real threat to our allies in Eastern Europe.

International Meddling

- Russia poses a threat to U.S. interests beyond its military threat to our allies. It includes election meddling in the U.S. and Europe, the attempted assassination of a former Russian spy in Britain, and the illegal capture of 24 Ukrainian sailors in international waters.

A Strong Posture

- The U.S. must maintain a strong position towards Russia, standing by our allies, committing unconditionally to NATO, and encouraging Europe to maintain sanctions as long as Russia continues its aggression

The Issue

Russia is a 21st-century country with 19th-century ambitions. As long as Vladimir Putin is in power, Russia will remain a geopolitical adversary and competitor for NATO and the United States. Since coming to power in 1999, Putin has tried to undermine the U.S. and its allies at every turn. No matter how distant the Russian military threat might seem to Americans, it poses a legitimate threat to countries in Eastern Europe, many of which the U.S. is required by treaty obligation to defend.

Russia has shown a willingness to use military force to advance national interests. Since March 2014, it has illegally occupied Ukraine's Crimean Peninsula and sustained a war in Ukraine's eastern Donbas region. In August 2008, Russia invaded Georgia and now occupies 20 percent of that country's internationally recognized territory. Each year, Russia constructs barriers and fences, taking more of Georgia's territory through what has been called a "creeping annexation."

In addition to its use of military force, Russia continues to undermine U.S. and European interests. Moscow's election meddling in the U.S. and Europe is well documented. In March 2018, Moscow used a nerve agent in an assassination attempt on a former Russian spy and his daughter in Britain. In November 2018, Russia illegally captured in international waters 24 Ukrainian sailors under the dubious and provocative pretense that they had strayed into Russian waters.

Russia's threat and meddling extend to other regions as well, including the Middle East and Latin America. Russia's support of Syrian President Bashar al-Assad has detrimentally allowed the civil war and killing to continue. Russia's close relationship with Iran has also proven problematic, particularly for the United States, since Russia provides diplomatic cover to Iran on international statutes at, for example, the United Nations Security Council (UNSC), sells arms to Iran, and enables Iran's rogue behavior in Syria. In Venezuela, Russia backs former Socialist dictator Nicolás Maduro in clear opposition to the United States' support of new interim president Juan Guaidó.

Recommendations

Continuously state America's commitment to Europe. President Trump should never miss an opportunity to reiterate that it is in America's best interest to remain actively engaged in NATO. Future Presidents should follow this message. A peaceful, stable Europe has led to economic, political, and military dividends that have had an immeasurable positive effect on the U.S.

Take a realistic approach to Russia. So far, the Trump Administration's policies have been the toughest on Russia in a generation. Today, Russia is a 21st-century power with 19th-century imperial ambitions. Given the threat that Russia poses to Europe's stability, NATO is as important now as it was in 1949.

Work with allies in Europe to maintain solidarity on sanctions. The U.S. should strongly encourage allies in Europe to keep sanctions in place against Russia for its actions in Ukraine. The U.S. should work with its European allies to ensure that these sanctions remain in place as long as Russia continues its aggression.

Focus on Ukraine's achievements in fighting corruption and not on unrealistic expectations. Social, economic, and political reforms in Ukraine will take time. Reform is a process, not a single event. Over the past few years, Ukraine has made some progress. It has accomplished government finance reform, pension reform, and energy sector reform, among others. It still, however, needs to reform its judicial system, strengthen the rule of law, and curb corruption. Western policymakers need to support Ukraine on the path to reform, even if change takes a whole generation.

Continue to assist in Georgia's Euro-Atlantic integration. Georgia is a staunch ally of the U.S. and NATO. It has suffered more per capita loss than any other country in the war in Afghanistan, where it is the largest non-NATO troop contributor. Georgia has been on a journey to democracy since regaining independence in 1991, and it is in America's interest that Georgia remain on this path for the sake of regional stability. Georgia is firmly committed to the transatlantic community, and represents the idea in Europe that each country has the sovereign ability to determine its own path. The U.S. needs to remember this and support Georgia in its Western aspirations.

Push for Russia to end its support for Syrian President Bashar al-Assad and demonstrate a genuine willingness to work with the international community to bring a political end to the Syrian civil war. When it appeared that Assad was on the ropes in 2016, Russia intervened militarily and has since propped up the Syrian dictator. This has prolonged the killing, which has left more than 600,000 people dead, and has turned Syria into a breeding ground for Islamic extremism. The sooner this civil war ends, the better for everyone.

Offer political support for the construction of the Trans-Caspian Gas Pipeline and the Southern Gas Corridor project. As Europe seeks alternatives to Russian gas, the Southern Gas Corridor and completion of a Trans-Caspian Gas Pipeline will play important roles. This is because they will both link Caspian region energy markets with Europe, bypassing Russia and Iran. Furthermore, the construction of the Trans-Caspian Gas Pipeline will help to ease regional tensions between Azerbaijan and Turkmenistan.

Push back against Nord Stream II. The Nord Stream II pipeline project that would connect Germany with Russia is neither economically necessary nor geopolitically prudent. Rather, it is a political project to greatly increase European dependence on Russian gas, magnify Russia's ability to use its European energy dominance as a political trump card, and specifically undermine U.S. allies in Eastern and Central Europe. Each year until no longer necessary, the U.S. should use the NATO summit, a key forum with European allies, to specifically address Nord Stream II, expressing U.S. opposition, and linking the pipeline to NATO collective defense, which it would greatly undermine. A U.S. focus on stopping Nord Stream II at NATO summits may give other member states concerned about the project political cover to express their own concerns and opposition.

Commit unconditionally to America's NATO treaty obligations. As long as the U.S. remains a member of the Alliance, it must be made clear to any adversary that an attack on one NATO member will, without question, be considered an attack on all. Any deviation from this commitment would only invite aggression.

Continue to press NATO allies on defense spending. While the U.S. should acknowledge the consistent recent increases in defense spending by its NATO allies, far too few allies are living up to their defense spending commitments. America's leadership role in NATO means continuing to encourage allies to have a plan to live up to their defense spending commitments, and to maintain and increase the progress of recent years.

Establish a permanent military presence in the Baltic region. The deployment of four rotational battalions to the region is a good start, but more should be done. The threat from Russia will remain for the foreseeable future. The U.S. and NATO need to show an enduring commitment to the region by permanently stationing armed forces in the Baltics.

Continue to participate in training exercises in the Arctic region. Exercises above the Arctic Circle are vital to ensuring that the NATO Alliance is prepared to meet potential threats to Arctic security. The U.S. should also consider hosting NATO exercises in Alaska.

Keep NATO enlargement on the agenda. NATO's open-door policy has been a crucial driver of modernization and reform in candidate countries, has promoted stability and peace in Europe, and has made it easier for the Alliance to coalesce around collective defense. The U.S. should continue to promote this important NATO policy and make it clear that Russia does not have an indirect veto over the process.

Facts and Figures

FACT: The Trump Administration has been the toughest on Russia since Ronald Reagan.

- The Trump Administration has kept and introduced multiple rounds of sanctions on Russia, including on more than 200 Russian officials and entities. To date, Russia has lost between \$300 and \$320 billion due to U.S. and EU sanctions and a decrease in foreign investment.
- Russia's diplomatic presence within the United States has been largely downsized. So far, the Trump Administration has expelled 60 Russian diplomats and spies from U.S. soil and closed the Russian consulates in San Francisco and Seattle.
- The Trump Administration has armed Georgia and Ukraine, both under partial Russian occupation, with advanced defensive weapons, something the previous Administration refused to do. Ukraine is now armed with Javelin anti-tank missiles, and Georgia with Javelin and Stinger anti-aircraft missiles, to deter against Russian aggression.

FACT: Russia continues to violate the sovereignty of its neighbors.

- Since 2014, Russia's war in eastern Ukraine has claimed more than 13,000 lives and displaced more than 2 million Ukrainians. Russia also illegally annexed Crimea and is stoking a war in eastern Ukraine.
- In November 2018, Russia illegally captured in international waters 24 Ukrainian sailors under the dubious and provocative pretense that they had strayed into Russian waters.
- Since 2008, Russia has illegally occupied 20 percent of Georgia's territory. Russian forces continue to erect barbed wire and fences to expand its occupation in what has been referred to as Russia's "creeping annexation" of Georgia.
- Since the 1990s, Russia has thoroughly violated Georgian human rights. Past conflicts, coupled with Russia's current occupation of Abkhazia and South Ossetia, have displaced more than 200,000 ethnic Georgians from their homes.

FACT: Russia is greatly improving its military capabilities.

- In 2018, Russia introduced the new State Armament Program 2018–2027, a \$306 billion investment in new equipment and force modernization.
- Russia is using eastern Ukraine and Syria to test its military equipment. So far, Russia has tested shipborne and air-launched long-range cruise missiles in Syria, and flying platforms and unmanned aerial vehicles in Ukraine.
- Russia is quickly boosting its military presence in the Arctic. Russian investment in Arctic bases over the past decade has resulted in 14 operational airfields along with 16 deepwater ports. Russia has begun laying a nearly 8,000-mile-long fiber-optic cable across its Arctic coast to link military installations from the Kola Peninsula all the way to Vladivostok, to be completed in 2025.

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Taiwan

Summary and Key Talking Points

Policy Proposals

1. Arm Taiwan to deter Chinese invasion.
2. Actively support Taiwan's participation in the international community.
3. Restore conventional deterrence in the Indo-Pacific.

Quick Facts

1. Taiwan produces more than 60 percent of the world's semiconductors and more than 90 percent of the most advanced semiconductors. China's seizure—or destruction—of these industries would impose tremendous costs on U.S. workers and producers.
2. The waters around Taiwan host some of the world's most important trade routes. In 2022 alone, nearly 90 percent of the world's biggest container ships transited the Taiwan Strait.
3. According to Heritage's 2023 Index of Economic Freedom, Taiwan is the fourth freest economy in the world.
4. Taiwan was the United States' eighth-largest trading partner in 2021 and its seventh-largest market for agricultural exports in 2022.

Power Phrases

Deter Communist Aggression

- Though the Chinese Communist Party (CCP) has never governed Taiwan, the CCP claims that Taiwan is a part of the People's Republic of China and has intensified military coercion aimed at compelling Taiwan to accept CCP rule.
- If the CCP took over Taiwan, it would be a major step forward in the CCP's agenda of achieving hegemony throughout the Indo-Pacific, with dire implications for America's security, freedom, and prosperity.

Stand with America's Critical Partner

- The Administration should encourage Taiwan's membership, observer status, or other meaningful participation in INTERPOL, the World Health Organization, and the International Civil Aviation Organization.

The Issue

Taiwan is a critical U.S. partner in the Indo–Pacific. It is a de facto independent country with an unsettled de jure status. Though the Chinese Communist Party (CCP) has never governed Taiwan, the CCP claims that Taiwan is a part of the People’s Republic of China and has intensified military coercion aimed at compelling Taiwan to accept CCP rule.

An armed conflict over Taiwan would be distinct from any war that generations of Americans have experienced. It would inflict economic harm on every American household. If the United States intervened, it would likely result in significant loss of life and treasure, even without nuclear escalation. On the other hand, if China took control of Taiwan, that would be a major step forward in the CCP’s efforts to achieve hegemony throughout the Indo–Pacific, with dire implications for Americas’ security, freedom, and prosperity. It would also pose a direct threat to key U.S. allies Japan and South Korea. Deterring CCP aggression toward Taiwan must therefore be an apex priority for U.S. foreign policy.

The Taiwan Relations Act (TRA) forms the statutory basis of U.S. policy toward Taiwan and heavily influences which options are available to the United States to strengthen deterrence against a Chinese invasion. In 1979, when the Carter Administration ended formal diplomatic ties with Taiwan in favor of opening relations with China, Congress stepped in to provide the basis for continuing strong relations with Taiwan through the TRA. The TRA authorizes “the continuation of commercial, cultural, and other relations between” the U.S. and Taiwan, which U.S. Administrations have generally referred to as an “unofficial” relationship.

The TRA has a diplomatic component and prohibits the U.S. from “supporting the exclusion or expulsion of Taiwan from continued membership in any international financial institution or any other international organization.” Taiwan maintains diplomatic relations with 13 countries and belongs to 37 international organizations and their subsidiary bodies, including the World Trade Organization (WTO) and the Asia–Pacific Economic Cooperation (APEC) forum.

Although the United Nations resolution admitting the People’s Republic of China to the U.N. did not address Taiwan’s status, the CCP has subsequently sought to exclude Taiwan from many other U.N.-related organizations, such as the U.N. Educational, Scientific, and Cultural Organization (UNESCO), the U.N.’s Food and Agriculture Organization (FAO), and the International Criminal Police Organization (INTERPOL). The United States has long supported Taiwan’s “meaningful participation” in more international organizations, including U.N. agencies. Since 2016, the CCP has reversed the moderate policy it maintained during Taiwan’s previous administration and aggressively sought to punish the island’s ruling party by inducing Taiwan’s diplomatic allies to sever relations with Taiwan and shutting it out from both the International Civil Aviation Organization (ICAO) and the World Health Assembly (WHA)—an organization to which it had previously been granted observer status with Beijing’s support.

The TRA codifies a U.S. interest in Taiwan’s security and makes certain commitments toward Taiwan’s defense. While these TRA provisions are short of a mutual defense treaty, they are uniquely strong, underlying a U.S. policy of “strategic ambiguity” concerning whether the U.S. would intervene in Taiwan’s defense. The TRA declares “that peace and stability in the area are in the political, security, and economic interests of the United States, and are matters of international concern” and emphasizes that the use of anything “other than peaceful means” constitutes “a threat to the peace and security of the Western Pacific area and [is] of grave concern to the United States.” The TRA further states that it is U.S. policy to “maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.” The fiscal year 2023 National Defense Authorization Act specified further that, “consistent with the Taiwan Relations Act...it shall be the policy of the United States to resist a fait accompli that would jeopardize the security of the people on Taiwan.”

At the same time, the TRA makes it a matter of policy that the U.S. “will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.” Since the TRA’s enactment, U.S. military support to Taiwan has consisted almost exclusively of foreign military sales, sales of U.S. military hardware that Taiwan pays for from its defense budget. However, the eroding security balance in the Taiwan Strait has exposed both the limitations of this narrow defense relationship and opportunities for the United States to use security assistance to strengthen Taiwan’s defenses and bolster deterrence against China.

The urgency of such efforts is only growing. In recent years, the CCP has dramatically increased military coercion toward Taiwan, including live-fire military exercises, provocative missile testing, and unprecedented encroachments into Taiwan’s airspace and waters. Since 2022, CCP belligerence has breached historic records, including ballistic missile launches over Taiwan’s main island and multiple mock blockades of Taiwan. At the same time, U.S. military sales to Taiwan have been significantly delayed due to existing constraints in the U.S. industrial base, compounded by the U.S. shouldering a disproportionate share of the security assistance burden for Ukraine. The backlog in arms sales for Taiwan grew to more than \$19 billion in 2023, with delivery timelines for key weapons systems stretching beyond 2027, a year in which many in Washington believe that the People’s Liberation Army (PLA) could field the capabilities to launch a successful invasion.

In late 2023, Congress passed the Taiwan Enhanced Resilience Act (TERA), which, if fully implemented, could help to mitigate the acute threat to Taiwan’s security. The TERA authorized for the first time the use of U.S. security assistance authorities for Taiwan, including foreign military financing assistance to supplement and shape Taiwan’s defense acquisitions and presidential drawdown authority to allow the transfer of weapons from U.S. stocks.

Recommendations

In order to deter a Chinese invasion of Taiwan, the U.S. should:

Arm Taiwan. Congress and the Administration should fund and implement the foreign military financing provision and the presidential drawdown authority provision of the TERA to harden Taiwan’s defenses as quickly as possible. Particular attention should be given to accelerating Taiwan’s fielding of “asymmetric defense capabilities,” such as relatively affordable coastal, air, and missile defenses, that are optimized for use against a Chinese invasion force and can be fielded in large numbers. At the same time, the United States should increase production of the weapons and other capabilities required by U.S., Taiwanese, and other allied and partner forces for a Taiwan contingency.

Restore conventional deterrence in the Indo–Pacific. The United States should urgently resource a strategy of denial against China. This is imperative to convince Beijing not only that an invasion of Taiwan would prove costly, but also—and more important—that it would fail. Given constraints on U.S. defense spending, however, funding this strategy will require disciplined prioritization, emphasizing improvements to U.S. forces in the Indo–Pacific over secondary priorities in other theaters. The Administration’s forthcoming budget requests should reflect that prioritization, as should congressional defense authorizations and appropriations.

Actively support Taiwan’s international space and participation in international organizations.

Taiwan has critical expertise to share with international organizations. More broadly, Taiwan’s meaningful participation in international organizations would integrate its security policy into its broader relationship with global partners and deter China from coercing it into unification. The Administration should encourage Taiwan’s membership, observer status, or other meaningful participation in INTERPOL, the WHO, and the ICAO. Critical to this effort is a re-evaluation of the grounds under which Taiwan ceded its U.N. seat to China in 1971. Beijing has gone beyond the intent of the documents approving that change to shut Taiwan out of

international organizations. Polls consistently show that the vast majority of Taiwanese prefer the status quo of Taiwan's diplomatic status, with only 4.5 percent supporting a push for independence as soon as possible.

Facts + Figures

FACT: Taiwan's freedom from Chinese dominion is in the United States' national interest.

- Taiwan produces more than 60 percent of the world's semiconductors and more than 90 percent of the most advanced semiconductors. China's seizure—or destruction—of these industries would impose tremendous costs on U.S. workers and producers.
- The waters around Taiwan occupy some of the world's most important trade routes. In 2022 alone, nearly 90 percent of the world's biggest container ships transited the Taiwan Strait. CCP control of Taiwan would dramatically improve its ability to blockade or impose other forms of economic coercion on U.S. allies Japan, the Philippines, and South Korea.

FACT: Taiwan is a like-minded democracy and critical trading partner.

- Taiwan has been a vibrant democracy since 1996. As of 2016, it had celebrated three peaceful transfers of power between opposing parties.
- Taiwan has diplomatic relations with 13 nations and representative offices in more than 50 others; more than 60 foreign countries maintain embassies or representative offices in Taiwan.
- Taiwan was the United States' eighth-largest trading partner in 2021 and seventh-largest market for agricultural exports in 2022.
- According to The Heritage Foundation's *2023 Index of Economic Freedom*, Taiwan has the world's fourth-freest economy.

FACT: China has become more aggressive in its actions and rhetoric toward Taiwan.

- In 2020, 380 PLA warplanes entered Taiwan's air defense identification zone (ADIZ), the most warplanes to have done so since the 1996 Taiwan Strait crisis. Between October 1 and October 4, 2021, 149 warplanes entered the ADIZ.
- In 2019, China's Xi Jinping said that "reunification" was "an inevitable requirement for the great rejuvenation of the Chinese people." At the 100th anniversary of the founding of the CCP on July 1, 2021, [Xi said](#), "We must take resolute action to utterly defeat any attempt toward 'Taiwan independence.'" On October 9, 2021, [he said](#), "No one should underestimate the Chinese people's staunch determination, firm will, and strong ability to defend national sovereignty and territorial integrity."

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International Organizations and Treaties

Summary and Key Talking Points

Policy Proposals

1. Conduct an analysis of, and publicly report on, how U.S. participation in international organizations advances specific U.S. interests.
2. Enforce the 25 percent cap on the U.S.'s assessed share of the United Nations peacekeeping budget.
3. Clarify the Senate's process for consenting to international treaties and agreements.
4. Make U.N. voting a mandatory consideration in aid allocation.

Quick Facts

1. Oppressive governments such as China, Cuba, Russia, and Venezuela have won election to and served on the U.N. Human Rights Council.
2. In 2019, the U.S. contributed \$639 million to the U.N. regular budget and over \$1.8 billion for U.N. peacekeeping.
3. U.S. financial contributions to the U.N. surpassed the combined contributions of 184 other countries.

Power Phrases

Tools of Diplomacy

- The U.S. must engage in a broad spectrum of relationships, organizations, legal agreements, and treaties to secure safety and prosperity for the American people.
- The U.S. is a member of or financially contributes to nearly 200 international organizations, funds, and treaty bodies, providing nearly \$12 billion to those organizations in 2018.

Exerting Influence

- America should not be shy about withholding funding in order to bolster reform while working through international organizations and agreements to accomplish common goals.

The Issue

The preeminent responsibility of the United States government is to defend and protect the American people and advance their interests and welfare domestically and abroad. Fulfilling this responsibility requires the U.S. to engage in a broad spectrum of bilateral and multilateral relationships, international organizations, and legal agreements and treaties. However, it is imperative that the U.S. understand that these relations are not an end but merely a means for securing the safety, prosperity, and opportunities of the American people.

Successfully defending America's interests by engaging in these relationships can be challenging. International organizations frequently have member states whose interests are at odds, so action and decision in these organizations is often gridlocked or subject to a process that appeals to the lowest common denominator. Worse, countries opposed to U.S. policies and leadership use the UN and other international organizations, in which they are on a more equal footing with the U.S., to assert their influence and counterbalance U.S. leadership and constrain U.S. action. As noted by the 2017 National Security Strategy,

Authoritarian actors have long recognized the power of multilateral bodies and have used them to advance their interests and limit the freedom of their own citizens. If the United States cedes leadership of these bodies to adversaries, opportunities to shape developments that are positive for the United States will be lost. All institutions are not equal, however. The United States will prioritize its efforts in those organizations that serve American interests, to ensure that they are strengthened and supportive of the United States, our allies, and our partners. Where existing institutions and rules need modernizing, the United States will lead to update them. At the same time, it should be clear that the United States will not cede sovereignty to those that claim authority over American citizens and are in conflict with our constitutional framework.¹

This is a sound guiding principle, but following through is difficult. The U.S. currently is a member of or financially contributes to nearly 200 international organizations, funds, treaty bodies, councils, groups, bureaus, centers, commissions, and peacekeeping operations. According to the most recent report, the U.S. provides over \$12 billion to those organizations each year.² The benefits of membership in these entities to U.S. interests varies considerably.

Some of these organizations, such as NATO, clearly enhance American interests by strengthening our security cooperation with allied nations. Other organizations, such as the United Nations, are often ineffective and flawed, but U.S. membership is critical to oppose actions and resolutions contrary to our interests, particularly in the UN Security Council where the U.S. has a veto. However, the UN is not a monolith, and UN membership does not require U.S. participation in all of its affiliated organizations. The U.S. should therefore leave those whose costs outweigh the benefits of membership. The United Nations Industrial Development Organization (UNIDO), for instance, provided so little value that the Clinton Administration withdrew the U.S. from membership in 1996.³ Other organizations become politicized to the point that their value is outweighed by the damage done to American interests. In 2011, the U.S. suspended its contributions to one such organization, the United Nations Educational, Scientific, and Cultural Organization (UNESCO), and withdrew in 2018.⁴

The spectrum of international agreements and treaties is similarly complex. As acknowledged in the National Security Strategy, when the U.S. ratifies a treaty, the U.S. is bound to observe the terms of the agreement. In some cases, the benefits of the agreement can justify accepting these constraints. For instance, in addition to the NATO treaty, a number of agreements improve the mutual security of the U.S. and its allies. Similarly, the General Agreement on Tariffs and Trade (GATT) and subsequent modifications, including the establishment of the World Trade Organization in 1995, established rules for trade that have contributed to enormous increases in per capita income in the U.S. and around the world. Human rights instruments, such as the Geneva Conventions and the International Covenant on Civil and Political Rights, codify important rights, principles, and behaviors that benefit all humanity.

On the opposite end of the spectrum, however, are treaties that would impose significant economic costs or threaten fundamental freedoms. The International Covenant on Economic, Social and Cultural Rights, which the U.S. signed in 1977 but has not ratified, would elevate entitlements and policy decisions on health care and education to the level of rights, which serves to debase the notion of human rights and fundamental freedoms. The Paris Agreement on climate change, for instance, imposes significant costs on the U.S., but would do little to address climate change. Likewise, the Arms Trade Treaty would impose significant constraints on the ability of the U.S. to support the defense of its allies, while doing nothing to constrain arms sales by dictatorships. President Trump was correct to end U.S. support for these deeply flawed agreements.

Reconciling U.S. interests with the varying efficacy of international organizations and treaties does not lend itself to a bumper sticker policy. The United States must be flexible in its approach. If the United States and other nations operate only multilaterally, they hand the spoilers the means to frustrate their efforts. Multilateralism is a tool, not an end in itself. America should be willing to work through international organizations and ratify international agreements to address genuinely shared concerns, but it must not be held hostage by an irrational adherence to these approaches, nor should it be shy about using the tools available to it—including withholding financial support—to bolster its efforts to reform these organizations and advance U.S. interests.

Recommendations

Conduct an analysis of, and publicly report on, how U.S. participation in each international organization advances specific U.S. interests. Multilateralism is a tool, not an end in itself. The United States should be open to working through the UN and other international organizations to address shared concerns, but if a UN body has proven irrelevant, hopelessly flawed, or antithetical to U.S. interests, the United States should not reward its poor performance with U.S. financial support or participation, which lends it unwarranted prestige and credibility. The Trump Administration has wisely severed U.S. ties with the UN Human Rights Council and UNESCO for these reasons. The U.S. would benefit from a regular and systematic evaluation of the costs and benefits of membership in international organizations.

Maintain and enforce U.S. law prohibiting funding of UN organizations that admit Palestine as a member state. The Palestinians have sought full membership in international organizations for years as a means of achieving recognition of their statehood absent a negotiated peace with Israel. In response, the U.S. enacted legislation in the 1990s to withhold funding from international organizations that accord “the Palestine Liberation Organization the same standing as member states” or grant “full membership as a state to any organization or group that does not have the internationally recognized attributes of statehood.” The U.S. did this because the Palestinian effort undermines prospects for a negotiated peace with Israel. To discourage international organizations from granting membership to the Palestinians before a mutually agreed peace agreement with Israel is concluded, Congress and the Trump Administration should enforce U.S. law.

Be willing to withhold funding to reform international organizations. Many nations provide negligible funding to international organizations and, therefore, have little concern if their funds are misused. Failure to demand that international organizations operate effectively and efficiently does a disservice to the mission of those organizations and fails to respect the American people, whose tax dollars often comprise a major share of their budgets. The U.S. needs to ensure that every agency and body in the UN system is operating in a transparent, accountable, and well-managed manner. Although the U.S. is an influential nation, most international organizations operate on a one-nation, one-vote process, and the U.S. often fails in its efforts to pass reform measures. As such, it must be prepared to use its considerable financial leverage to advance critical reforms when normal diplomatic efforts fall short.

Enforce the 25 percent cap on America’s United Nations peacekeeping assessment. Since the first scale of assessments was adopted in 1946, the U.S. has objected to the UN’s excessive reliance on a single

member state for the budget, and has argued for a maximum assessment level and, subsequently, for lowering that maximum. Two decades ago, Ambassador Richard Holbrooke testified to the Senate that he had secured a deal to lower the U.S. peacekeeping assessment to 25 percent as required under U.S. law and as a condition for payment of U.S. arrears under the Helms–Biden agreement. By 2009, the U.S. share had fallen to less than 26 percent. Starting in 2010, however, the U.S. assessment began to rise again. In 2019, it was 27.8912 percent. Failure to lower the U.S. assessment to 25 percent has cost U.S. taxpayers billions of dollars because Congress has in the past approved payments over 25 percent in continuing resolutions and omnibus appropriations bills. The U.S. should withhold the difference between our peacekeeping assessment and the 25 percent cap until the UN implements a maximum peacekeeping assessment of 25 percent.

Engage with Congress to clarify the treaty process. Which international agreements constitute treaties requiring Senate advice and consent in accordance with Article II of the Constitution is often subject to dispute. This is demonstrated by the debates over whether the Paris Agreement on climate change and the Joint Comprehensive Plan of Action on the Iran nuclear program constituted treaties. The uncertainty persists despite internal regulations adopted by the State Department, known as the Circular 175 procedure, which lay out eight factors for determining whether an international agreement should be negotiated as a treaty, which is subject to Senate advice and consent, or as an “international agreement other than a treaty.” The Senate should also adopt a practice of returning treaties to the executive branch if they fail to secure Senate advice and consent or are not voted on for extended periods.

Make UN voting a mandatory consideration in aid allocation. While the U.S. uses its foreign assistance to advance a number of goals, advancing U.S. interests in the UN must rank highly. Failure to include this goal among the hundreds of legislative directives on aid allocation is extremely imprudent, considering the serious matters discussed, debated, and decided in the UN. This consideration has increased urgency now that China is using its bilateral assistance to reward support in the UN. Not every UN vote is equally important to the United States, but some affect important U.S. interests. Congress should make support for U.S. positions in the UN a mandatory consideration in aid allocation. The Secretary of State, the Administrator of the U.S. Agency for International Development (USAID), and the U.S. Permanent Representative to the UN should meet regularly to identify important votes and adjust U.S. assistance to reward or punish countries for their support or opposition to U.S. policy in these important votes.

Facts and Figures

FACT: The U.S. provides generous financial support to the United Nations and many other international organizations.

- The U.S. is the highest assessed country and is charged 22 percent of the UN regular budget, while it was charged 27.8912 percent of the peacekeeping budget in 2019. In dollar terms, this equates to \$639 million for the amended 2018–2019 UN regular budget and over \$1.8 billion for the current UN peacekeeping budget. By contrast, the least assessed countries pay less than \$36,000 per year. All told, the U.S. is charged more than 184 other countries combined.
- The U.S. contributed more than \$12.1 billion in funding to 194 international organizations, funds, treaty bodies, councils, groups, bureaus, centers, commissions, and peacekeeping operations in fiscal year (FY) 2017.⁵
- The vast majority of this funding (approximately \$10.5 billion) was distributed to the UN and over 60 specialized agencies, peacekeeping operations, funds, programs, treaty bodies, or other entities related to, or affiliated with, the UN.
- The nearly 130 other international organizations receiving U.S. funding include commodity-focused entities such as the International Coffee Organization, large non-UN international organizations such as the International Committee of the Red Cross (ICRC), regional governance bodies such as the African Union, security alliances such as the North Atlantic Treaty Organization (NATO), and small non-UN scientific or technical organizations such as the International Bureau of Weights and Measures.

FACT: The United Nations and other international organizations can be useful and contribute to U.S. interests, but not all are equally important, and many have serious flaws that lead the U.S. to seek reform or withdraw from membership.

- The U.S. was instrumental in the founding of the UN, and the organization remains a key venue for multilateral meetings, negotiations, and action to address threats to international peace and security. As a permanent member of the Security Council with a veto, the U.S. is in position to block potentially harmful decisions of that body.
- There are dozens of other international organizations and entities in the United Nations system or outside of it that the U.S. has joined over the years. A number of these organizations do valuable work, such as the World Health Organization, which combats pandemics, or the International Civil Aviation Organization, which advances universal standards and practices to make air traffic safer. Not all are equally important, however, as concluded by the Clinton Administration when it withdrew from the United Nations Industrial Development Organization (UNIDO) in 1995 and the Reagan and Trump Administrations when they withdrew from the United Nations Educational, Scientific and Cultural Organization (UNESCO) in, respectively, 1984 and 2017.

FACT: Peacekeeping can be a useful option for addressing crises, but significant problems and weaknesses continue to beset these operations.

- One of the United Nations' primary responsibilities is to help maintain international peace and security, and the Security Council can establish peacekeeping operations to fulfill this duty. These missions can be useful in addressing crises in places that the U.S. and other governments have minimal interests or where unilateral interventions are not an option.
- At the end of September 2019, UN peacekeeping had 98,544 personnel (including 84,382 uniformed personnel) involved in 14 peacekeeping operations.⁶ The approved budget from July 1, 2019, to June 30, 2020, was \$6.52 billion.⁷ Seven of the 14 peacekeeping operations, including the largest and most expensive operations, were located in Africa.
- In recent years, UN peacekeeping operations have had problems with sexual exploitation and abuse, unwillingness by peacekeepers to protect civilians as they are charged to do, and unintended tragic consequences, such as the introduction of cholera to Haiti.

FACT: Repressive governments are able to secure prominent positions in the UN system and exert harmful influence.

- A majority of the UN's 193 member states are neither politically free, according to Freedom House, nor economically free, according to The Heritage Foundation's *Index of Economic Freedom*.
- Saudi Arabia, which denies women equal rights and treatment, is a 2020 member of the UN Commission on the Status of Women whose mission is to promote "gender equality and the empowerment of women."
- China, Cuba, Eritrea, Russia, Saudi Arabia, Venezuela, and other oppressive governments that deny their citizens basic human rights have won election to and served on the UN Human Rights Council.
- Membership of the UN Conference on Disarmament, which is charged with combatting proliferation and use of weapons of mass destruction, includes known proliferators such as Iran, North Korea, Pakistan, and Syria.
- Voting coincidence with the U.S. in the UN General Assembly between 1980 and 2017 averaged 34.6 percent, i.e., other countries voted with the U.S. only about a third of the time on average.

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