

# The United States **After** Unipolarity





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## ➤ The United States After Unipolarity

# ➤ Foreword

Michael Cox, Co-director, LSE IDEAS

The election of Barack Obama was significant in at least three fundamental respects. Most obviously he was an African-American – and every single US President since Washington (himself a slave owner) had been white. Secondly, he was carried into office because of the most profound economic crisis facing the United States since the 1930s. And lastly he came to power when US standing in many parts of the world (though by no means all) had never been lower. Promising hope to the American people and a new style of leadership for the rest of the world, the expectations when he finally took over in January 2009 could not have been higher.

Nearly three years on and twelve months before the next US presidential election – one that his Republican opponents appear determined to hand to him on a plate – it is certainly too soon to make any definite assessments of the Obama first term. But at least we can glimpse the outlines of his foreign policy thinking, even if we still have problems in detecting any kind of grand strategy. Indeed, if anything, Obama, for all his fine rhetoric delivered in that wonderful voice of his, seems to be one of the most pragmatic of US leaders. Thus at first his administration seemed to have few if any strong opinions about the ‘Arab spring’ other than it threatened US ties with key regimes in the Middle East. But as events unfolded he quickly got on the side of the ‘people’ and began to talk the language of the Arab street. Equally, though initially critical of Israel in a bid to win over Arab opinion, within a couple of years he was (like every other President before him) making clear to an important part of the American electorate that Israel remained its indispensable ally in a deeply troubled region. Principles are all very well. But in the real world according to Obama it is facts (and votes) on the ground that count.

That said, Obama has been prepared to think some fairly interesting thoughts about the nature of the international system. Born again cosmopolitan he may not be; and global governance is clearly not his ‘thing’. Nonetheless, he has been keen to ensure that the United States placed itself on the side of historical change. In fact, eschewing the traditional view that American interests lay first and foremost across the Atlantic, Obama and his team have adopted the view that the world is undergoing a serious power shift that over the next decades will make Asia in general, and China in particular, the new centres of influence in a fast changing world order. Other threats may come and go; and other problems will no doubt arise. But it is this alteration in the balance of power that now forms the basis of his long term thinking.

Of course, identifying this change does not mean that the United States is abandoning Europe. Indeed, if the Euro crisis has revealed anything, it is just how important democratic Europe with its 500 million strong market remains for the United States. Rather, it is an attempt to identify major structural changes in the world order, adjust one’s thinking accordingly, and seek to manage all of this in ways that will ensure the US remains very firmly in control of the new global agenda. Indeed, if anything is more likely to enhance America’s position in the world it is precisely the economic revolution unfolding across the Pacific. This not only marginalises Europe at a time when Europe is facing its most profound crisis. It also provides the United States with a new entry point back into Asia as key economic player, indispensable political friend of Asia’s many nervous democracies, and as strategic balancer to China’s rising power.

When Obama asserted in November of 2011 that the United States had always been, and would for ever, remain an 'Asian power' he was not only talking about Asia. He was also serving notice on those who thought the American century had come to an end.

Not everybody writing in this excellent report will necessarily agree with this assessment. In fact, most analysts today – and one or two here – think that the United States is facing challenges so profound that over time it cannot but become a lesser power in the world system. But as these essays also seem to indicate, even if the US is confronting some major problems, on every single foreign policy issue of note – from the Arab spring to nuclear weapons, from alliances to working out the best way forward for a world economy possibly standing on the brink – what the US says and does remains absolutely critical. This is why we still take the United States so seriously; why we cannot avoid thinking about it seriously; and why we all continue to listen with great care to what the current occupant (indeed any occupant) of the White House has to say. Though whether President Obama will be President still in just over a year's time remains to be seen.■

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# ➤ Executive Summary

Nicholas Kitchen, Editor, IDEAS Reports

Much has been made over the last few years of the prospect of a power transition taking place in world politics, as the United States' dominance of the international system appears increasingly under threat. Whilst the corrosive consequences of two wars were revealing the limits of military power, the financial crisis exposed America's fifteen-year economic boom as a mirage built not on production but on leverage. Big emerging markets, so loved by the Clinton administration, had become rising powers, and New Delhi, Brasilia and Moscow were increasingly seeking the political voice to match their economic clout. And all the while, China's state-directed export capitalism had delivered rapid growth whilst financing America's debt binge. Beijing, not Washington, some averred, would be the source of a new consensus in the international order, and the West itself would fragment.

Those arguing that the United States is now in decline are joining a long history of commentary dating back as far as the rise to global prominence of American power itself. American vitality in the post-war years, presaged by Henry Luce's proclamation of an 'American Century' in 1941, expressed itself in an optimism that was bound to fade, as it surely did, replaced by self-doubt engendered by domestic civil strife, the Vietnam War and the international political economy of the 1970s. That Reagan could pronounce 'morning in America' seemed only to confirm that the nation had somehow lost its way, a drift derived from political malaise, economic sickness or moral torpor depending on one's point of view.

The return of the decline thesis in the late-1980s was the result of a more counter-intuitive intervention in America's political discourse. Paul Kennedy's *The Rise and Fall of the Great Powers* hit bookstores at the height of the Reagan buildup, and on the back of five years of strong economic growth; indeed, in the same year that Oliver Stone's *Wall Street* brought the extravagance engendered by success at the heights of American capitalism to the silver screen. A softly-spoken British academic bearing a wealth of quantitative data had a simple and devastating argument: that like all great powers before it, America's commitments would exceed its economic capacity to pay for them, and indebtedness would signal overstretch and inevitable decline.

Yet by the end of the 1990s Kennedy had rowed back, even as he stuck to the validity of his basic thesis. The United States had returned to budget surplus, and boasted a level of international dominance that was not only historically unprecedented, but which constituted an international system that was 'unambiguously unipolar'. Realists revisited their theories to try to understand how a world so 'out of balance' was possible, and to suggest that not only might unipolarity be sustainable, it might also be stable. Liberals celebrated the advance of a democratic-capitalist world order that, underpinned by American hegemony, faced neither ideological challengers nor geopolitical balancers. The unipolar moment, it seemed, looked certain to endure as a unipolar era.

That the balance of received opinion about the international position of the United States has descended from such lofty heights to a position of profound self-doubt is not in question. If Iraq initially demonstrated the United States' dominance in the capacity to act unfettered in the face of international opprobrium, asymmetry in Iraq and Afghanistan has 'equalised the struggle' to such an extent that the utility of American military capabilities has been called into question.

To date, the United States has suffered over 8000 dead and 150,000 wounded in Iraq and Afghanistan. Operations in the 'war on terror' since 2001 have cost between \$2.3 trillion and \$2.6 trillion, and estimates suggest the final total bill for American commitments in Iraq, Afghanistan and Pakistan will be somewhere between \$3.7 trillion and \$4.4 trillion.

The disquiet that arose among America's traditional allies over the military strategy the Bush administration adopted after 9/11 was reflected in deeper discord in transatlantic approaches to economic management that had been evident during the Clinton administration. Nonetheless, few saw the banking collapse of 2008 coming, and none foresaw the extent to which the financial crisis would undermine the ideas of neoliberal finance capitalism that for thirty years had been the core principle of American economic authority. He Yafei, China's Vice Foreign Minister, could not resist a note of triumphalism when he asked a group of academics "Now that the free market has failed, what do you think is the proper role for the state in the economy?"

Quite apart from the symbolic costs of Wall Street in meltdown, the direct consequences of the financial crisis was to undermine America's economic strength by further increasing the US federal deficit. Following a protracted and absurdly politicised debate surrounding raising the federal debt ceiling, ratings agencies downgraded the United States' credit rating and the Chinese government, America's biggest creditor, took aim at the dollar's status as the world's reserve currency. Thus Kennedy's core conditions of military overreach and financial incapacity appeared to be starkly materialising: the unipolar moment would be just that, a moment.

If this narrative of American decline is at least partially correct – and there are those, including one of IDEAS' co-Directors in the Foreword here, who point out that the case may be significantly overstated – then the United States will be forced to rebalance its foreign policy to a world that is no longer 'unambiguously unipolar'. In this report, we asked a selection of experts to assess the challenges the Obama administration has faced in making that adjustment across a series of policy areas, from redefining how America funds and uses its military, through addressing global economic imbalances, to changing how others in the world view and work with the United States. The authors are broadly consistent in arguing that the Obama administration has attempted to adjust US foreign policy in recognition of changes in the international order. They point to the domestic constraints and political cleavages that stymie that adjustment, and to the international difficulties that arise not just from pursuing a post-unipolar foreign policy, but also from the realities of a post-unipolar world itself. In doing so they present an ambiguous picture of the future of how US foreign may develop in the coming years, and so of how international politics may look, after unipolarity. ■

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# ➤ Hard Power in Hard Times: Relative Military Power in an era of Budgetary Constraint

Adam Quinn

## FROM IMPERIAL POWER TO IMPECUNIOUS CIRCUMSTANCE

**S**uch was the extent of the United States' dominance in the arena of military capability over the last two decades that discussion of others' capacity to rival it largely disappeared from mainstream discussion. Though the US was probably the world's foremost military power even during the Cold War, there was still scope for anxious public debate in the 1950s and 1970s of imagined 'missile gaps', i.e. a Soviet advantage in advanced delivery technology for nuclear weapons. In 1990-91, however, two events occurred in quick succession which inaugurated an era of total American pre-eminence. First, the United States trounced Iraq, previously considered a military force of at least credible middle-ranking standing, in the Gulf War, displaying in the process the fruits of many years of investment in advanced battlefield technology. Then Communism stumbled and the Soviet Union fell apart, ushering in a wave of economic dysfunction and military wastage from which the Russian state has never fully recovered.

Such was the United States' superiority in the military sphere during the mid- and late-1990s that the most frequently cited benchmark for its military capabilities was whether or not it could successfully fight not one major war but two at once. As the 21<sup>st</sup> century dawned, with no plausible peer competitor state in sight, and triggered by the spectacular terrorist attacks of 11 September 2001, the United States began to indulge in conceptions of absolute security and risk-neutralisation beyond the imagining even of hegemonic powers past. This was encapsulated in most extreme form by Vice President Cheney's famous exposition (to the author Ron Suskind) of the 'One Percent Doctrine': that if even a one-percent risk should exist of nuclear proliferation to terrorists then the United States must respond as though it were a certainty.

Whether this period of 'full-spectrum dominance' on the part of the US military ultimately served the nation well in terms of its broader grand strategy is a matter for debate. Many would argue that the lack of a meaningful counterweight in the international state system contributed to the United States overreaching itself, launching under-considered military operations of great financial cost and questionable strategic benefit, such as the occupation of Iraq and the *de facto* occupation of Afghanistan. What is increasingly less debatable, however, is that over the coming years this period of exceptional American preponderance in hard power across the full spectrum of capabilities will be drawing to a close. In the absence of some unanticipated event, the United States will remain the single most capable military power for the foreseeable future, and in those places and areas of capability to which it chooses to devote most resources and particular determination, it may remain so by a wide margin. Its across-the-board dominance, however, will steadily shrink. This is for two key reasons: because its own difficult fiscal position will force it towards overall spending reductions, forcing tough choices as to which capacities to sustain; and because other powers, most especially China,

look set to continue increasing investment in military capabilities during the same period, allowing them to narrow the gap in some areas through imitation of US strengths (aircraft carriers, stealth fighter jets, etc.) and perhaps also master technology with the potential to neutralise US advantages ('carrier killer' missiles, anti-satellite weapons, cyber-warfare, etc.).

As has been outlined at more length by Iwan Morgan elsewhere in this report, the outlook for the US government's fiscal position, and thus for the size of the resource base from which defence and security expenditures are derived, is bleak. For the last two financial years, the US federal government has been running a deficit of well over \$1 trillion, and without increased revenues or major spending cuts (or both) it will continue to add hundreds of billions to the national debt every year for the foreseeable future. According to the Congressional Budget Office, existing spending plans would see total national debt rise to 90% percent of GDP by 2020, which, combined with the likely rising cost of borrowing rates as overall debt climbs, could take the combined cost of new borrowing and refinancing old debt by that time to \$5 trillion per year. These figures are bad enough, but in fact tell only half the story. From 2020 onwards, government commitments to social security and healthcare spending are projected to explode as the consequences of increased longevity and an aging population begin to be felt, plunging the government finances into new, irrecoverable trouble. Thus the United States faces a short- and medium-term fiscal crisis attributable to the collapse in revenues and economic growth caused by the Great Recession commencing in 2008, which serves to compound the long-projected long-term crisis arising from essentially unfunded promises of ever-greater government outlay on domestic programmes.

Hence, one way or another – whether sooner, as part of a deliberate programme of fiscal retrenchment to ensure long-term solvency, or later, as a result of the government eventually running out of road in sustaining spending through new borrowing – the US government faces the need for permanent reductions in its annual outgoings in the order of hundreds of billions of dollars per year. On the level of pure theory, it is conceivable that these savings might be found

entirely within domestic spending, in areas such as healthcare and public pensions, while leaving national security spending untouched. Political reality, however, suggests that, in the absence of a galvanising national security crisis of Pearl Harbour proportions, this will not be possible: security and defence spending will be obliged to bear some significant share of the cost.

## **THE SCALPEL AND THE BROADSWORD**

President Obama has set a target of \$400-450 billion in savings from the defence budget over 12 years. Robert Gates, who left his post as Secretary of Defence in 2011, managed before his retirement to outline a plan to save \$78 billion over four years, as well as cancelling some expensive and symbolic procurement items like the F-22 jet. The unenviable task of finding the remainder of the cuts falls to his successor, Leon Panetta, moving over after a competent tenure as CIA Director. With Gates having warned that the 'low-hanging fruit' of defence cuts has already been dispensed with, those planned future cuts must fall in areas that carry significant implication for American capacities, thus forcing the Department of Defence to confront tough, resource-driven choices of a sort it has been almost entirely spared for the last decade.

The task faced is daunting, though it probably ought to be appended by three caveats. The first is that defence spending starts from a notable high. 2012 budget requests put Pentagon spending at just over \$700 billion dollars for the year, up more than 80% since 2001. If one adds in defence-related spending under other budget headings, the figure rises to over a trillion dollars. This figure represents the end result of a period of vigorous expansion in the national security apparatus during the years of the George W. Bush administration, when expenditure was driven ever upwards through the combination of military activism abroad in the wake of 9/11, ideological enthusiasm for the expansion of defence capability, and a widespread lack of concern regarding mounting government deficits. All this means that the United States could potentially make significant cuts now while leaving the defence budget better off in cash terms than it was a decade ago.

The second caveat is that the US has been spending very large sums of money financing two wars – in Iraq and Afghanistan – which according to present plans are to be drawn down rapidly in scale in the near future. In the absence of a late new agreement with the Iraqi government, all US troops are set to depart from that country by the end of 2011. Meanwhile in Afghanistan, a major drawdown in troop numbers is expected over the coming year. Given that at their peak each war cost well in excess of \$100 billion per year, and that one effectively escalated in cost as the other was receding, the end of these deployments – if it does occur – will represent a significant saving. There will still be substantial legacy costs left to pay after the winding down of those conflicts, from replacing equipment and materiel used or lost to the continuing cost of medical and social care for veterans, but likely the worst of the war's costs are in the past. This means that some budgetary relief may be expected simply from the pursuit of current strategy.

Thirdly, Gates, Panetta, and others involved in the process of contemplating how to make the proposed spending cuts real have been adamant that the result will not be a simple salami-slicing, i.e. an across-the-board spending reduction in all areas. This, it has been noted, would spread harm across the entirety of US capabilities, raising spectres of the 'hollow military', unfit for practical purpose, which Gates and others believe was the result of the previous era of post-Vietnam cuts in the 1970s. Rather, the intention is to try and marry the process of budget-cutting with strategic thinking about the United States' objectives over coming decades and the means needed to achieve them. Thus some areas may see investment preserved, or even increased, while others deemed less essential to future strategic priorities will bear the brunt of the cuts, perhaps being cut altogether. If the primary strategic challenge of the future is seen, for example, to be a rising state power in Asia, or cyber-warfare, then those priorities might even see increased funding; it has already been stated that there will not be a reduction in troop numbers in the Pacific.

None of these qualifications, however, should distract from the fact that it will be a profound challenge to trim spending in such a way as to retain the capacity to project power in all the ways the United States

desires. There will be serious divisions within the armed forces themselves regarding future strategic direction: the running disagreement from the last decade, between those officers favouring heavy investment in expensive counterinsurgency capacity-building and those who prefer to focus on the prospect of future conflict with rising states, can only grow more intense in a budgetary environment where only one can be properly resourced. If decisions are taken to scale back procurement programmes and close or merge military bases, there will be clashes between the Pentagon leadership and the triangle of elected politicians, soldiers, and corporations comprising Eisenhower's 'military-industrial complex'. And with rampant inflation in the cost of troops' and veterans' healthcare benefits 'eating the Department of Defence alive', in Robert Gates' phrase, the department has already undertaken certain expensive commitments to its employees which it will be hard to claw back without a degree of rancour entering the court of public opinion.

Meanwhile, for all the pain foretold under present plans, there is the outside prospect of far worse cuts if the US Congress doesn't succeed in reaching a solution to the partisan impasse over long-term budget plans. At present, if the special bipartisan debt reduction committee tasked to reach a consensus on the way forward should fail, it will trigger another \$500 billion in automatic cuts falling upon the Pentagon. Few believe that this 'doomsday mechanism', intended to incentivise compromise during negotiations, would really be allowed to go into effect unamended, but Secretary Panetta took it seriously enough to deliver the message direct to Congress that it risked a catastrophic degrading of core American capabilities if anything resembling it should unfold.

## **RIISING NEW POWER, FORGING NEW WEAPONS**

These are not the sorts of challenges facing a rising nation such as China, presently accelerating without undue fanfare towards status as the United States' primary rival in the military sphere within the foreseeable future. Rather, the chief tasks for Chinese strategists are: to ensure that the ever-increasing resources being devoted to military investment are

spent wisely, and to lay the foundations of that investment without unduly alarming the United States. The immediate prospects for China's defence spending are essentially the opposite of the degenerative pattern facing the United States: starting from a relatively low base of spending as a proportion of GDP, China is increasing its military budget by 12.7 percent in 2011, an acceleration of previous growth after a brief slowdown to 7.5 percent growth in 2010 after previous years of double-digit growth. With Chinese military investment increases thus outpacing even the robust pace of overall Chinese economic growth, it is obvious that if the United States simultaneously begins to cut its budget then the gap between the two countries will be shrinking at a noticeable rate.

The US lead over Chinese spending levels will still be immense at first: even after the 2011 increase, China's military budget will stand only at \$91.5 billion. Nevertheless, the direction of travel is clear. This sense that the American advantage may be beginning to wane can only be reinforced when one factors in analysts' concerns regarding the accuracy of Chinese figures: it is uncertain that true spending levels are openly declared (they may well be higher), and even if they are, Chinese funds invested domestically may go further in producing concrete military improvement than the equivalent dollar amount of American spending on its inflation-racked and war-encumbered defence establishment. The assessment of the Pentagon itself is that China will have developed a 'modern' military apparatus by 2020, with major current programmes such as the construction of new aircraft carriers, a 'blue water' navy, and the home-grown J-20 stealth fighter jet reaching fruition. China has already launched its first carrier, a refitted ex-Soviet vessel.

Because of its retained military capacity from its days as a superpower, especially in the realm of nuclear missiles, Russia presently maintains status as the closest thing to a peer competitor the United States faces in the military sphere, though it is, of course, a very distant second in that league. But given its imminent demographic struggles, natural-resource-centred economy and dysfunctional military institutions (badly exposed and worsened in condition during the conflict in Chechnya), Russia presents more a vestigial threat

from a prior era than a rising challenge. China, on the other hand, with its growing economy and investment, manifestly represents the contender of the future. It is as yet unknowable whether that 'challenge' might ultimately manifest itself in a smooth, delicately managed transition towards greater equality over an extended period, or as a more dangerous relationship defined by mistrust and efforts by each party to undermine the other. However, if the status quo can be accurately characterised as American military pre-eminence across the spectrum, then that order will assuredly be 'challenged', in the broad sense of the word, by the forces of change. The capacity of the United States to exercise a dominant military sway in all regions of the world, in the East Asian oceans as readily as in the Caribbean, will increasingly be drawn into question. If the US wishes to sustain or grow its presence in the East Asian environs, this will mean reduction in resources elsewhere.

The United States faces two distinct types of challenge in the coming years when it comes to maintaining its own military advantage, capacity to defend itself, project its power over distance, and command the 'global commons' such as strategic sea routes and airspace. The first, which has been tacitly assumed as primary in much of what has been said thus far, is that a rising power may begin to match the US in its existing capabilities through investment in its own armed forces. As America's leaders are shoved by budgetary forces to trim numbers, cut back on high-tech weapons procurement and limit investment in all but the essential, others may come increasingly to match it: with more and better advanced ships, aircraft and weaponry, as well as more sophisticated training and planning. The US currently enjoys an advantage in the production and deployment of armed unmanned drones, which it has used to strike in Pakistan, Yemen, and elsewhere, but it cannot be long before other powers catch up with the required technology, potentially presenting new problems for the US as it has its own practices cited as precedent for legitimate use.

The second challenge is that technology, and rivals' mastery of it may move forward in bolder leaps, and without the resources to invest in a new generation of solutions, the United States may, as Andrew

Krepinevich has argued, find its military assets and advantages 'wasting' faster than it imagines. Presently, the United States relies for a large part of its military supremacy on unrivalled air power and the ability to project it to almost any part of the world at speed by means of the support structure of its carrier fleet. If China should succeed in realising its longstanding aspiration to develop a 'carrier-killer' missile, however, this would drastically alter US capacity to project power from its present naval vantage points in East Asia, and would demand American innovation in ships, planes, or their use merely to recover the present advantage. Similarly, a huge part of the United States' advantage in military affairs stems from its mastery of satellite and communications technology and software. China has already demonstrated its capacity to strike down a satellite, should the crudest method of countering that be sought. It has also been singled out alongside Russia by the US as being at the cutting edge in the development and practice of the techniques of cyber-crime and cyber-warfare. If such skills could be deployed well enough to visit major sabotage upon the information infrastructure, military or civilian, of the United States, this technique of warfare could be a great leveller, neutralising some of the greatest advantages Americans currently hold over all enemies. Cyber-warfare is considered a sufficiently worrying threat that it played a major part in NATO's efforts to develop a new 'strategic concept' for its future.

## CONCLUSION

The United States is still, beyond any room for dispute, the pre-eminent military power in the world, and leads by a vast margin in terms of dollars spent on national security. It will remain the single greatest military power for at least the next 15-20 years. However, the fiscal problems faced by the US government, combined with the political calculation that some of the cost of resolving those problems must fall upon the defence budget, mean that over the coming decade significant cuts in US defence spending are inevitable. Although the starting point of the spending to be cut is high, and although some money can be saved simply through the scheduled conclusion of the Iraq and Afghanistan, such cuts will nonetheless force the United States to make hard choices about which capacities and programmes it wishes to preserve at the highest level, and which it must, however reluctantly, de-prioritise. In what kinds of wars will the United States prepare itself to fight? In which geographical theatres? Against what enemies? And what technologies will be required to fight them? Many may – rightly – regard these as unremarkable questions of the sort any strategist is required to manage in the course of conducting their business. The hardest strategic choices, however, require accepting vulnerability in some areas as the price of devoting limited resources to plan for the most plausible contingencies. The United States, buffered by a period of relative plenty in defence budgets, has been able to avoid some of the hardest choices over the last decade due to a relative abundance of resources. The answer to a choice could often be that the United States needed to do 'both' not 'either/or'. American planners will now have to decide more firmly between priorities, requiring both fuller thought about what the real priorities are, and more daring in being willing to prepare for them while sidelining less likely prospects. In the meantime, other powers, most especially China, are well placed to continue to invest heavily in military modernisation during this period of American cutbacks. Thus US primacy will come under increasing strain, as rising powers both replicate some American capabilities, and perhaps leapfrog others through developments in technological skill and weaponry. The era of great American military power will continue for some time; but barring a major reversal of the economic trend-lines, the era of American global military dominance will be drawing to a close much sooner. ■

# ➤ Obama's Nuclear Weapons Policy in a Changing World

Andrew Futter

**T**he role that nuclear weapons should play in US security policy has divided analysts and policymakers since “the bomb” was first used in 1945, and has been a particularly important question facing US presidents since the end of the Cold War. Essentially this is because in the post-Cold War world it has become clear that the US no longer needs the many thousands of nuclear warheads originally intended to deter the Soviet Union in order to deal with the new types of threats – from rogue states or even terrorists – that currently dominate US security thinking. In fact, many believe that retaining large stockpiles of nuclear weapons worldwide will increase the likelihood that nuclear weapons technology will proliferate to other actors hostile to the US around the globe, which may one day be used. However, this has not translated directly into coherent policy towards nuclear reductions, or indeed created unambiguous political support for nuclear elimination. George H.W. Bush, Bill Clinton, and George W. Bush all made steps in this direction – with varying degrees of success, and with different political aims in mind – but Barack Obama is the first post-Cold War US president to truly embrace the issue of nuclear abolition, and to make reducing US reliance on such weapons a central priority.

Obama took office promising considerable change in US nuclear weapons thinking, the centrepiece of which would be his very public desire to reignite the quest for “global nuclear zero”. The new president hoped that progress could be made towards this goal by embarking on a three-pronged strategy during his first term in office. First, this would involve a concerted effort with Russia to make further cuts in both powers’ strategic nuclear arsenals – a prerequisite for any further multilateral nuclear reductions involving the other seven nuclear powers.<sup>1</sup> Second, and in order to allow for this, Obama intended to reduce the role of nuclear weapons in US security policy by gradually increasing the role of advanced non-nuclear weaponry to perform functions previously covered by nuclear weapons. Third, Obama would work to prevent the spread and possible use of nuclear weapons by actors hostile to the United States through a renewed approach to nuclear non-proliferation and nuclear security internationally.

The Obama administration’s approach to nuclear policy has been framed by the changing nature of US power and threats to US security in the post-Cold War, post-9-11, and possibly post-unipolar world. This is because the past two decades have seen a gradual shift away from the centrality of great power politics and nuclear rivalry with Russia and China in US policy, towards a greater focus on rogue state and terrorist nuclear threats, and this is strongly reflected in Obama’s approach to US nuclear weapons thinking.

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<sup>1</sup> In addition to the US and Russia; Britain, France, China, India, Pakistan, North Korea & Israel are nuclear weapons states (although Israel remains an “undeclared nuclear power”).

Specifically, it would appear that his determination to reduce and prevent the spread of nuclear weapons technology to these actors is a direct result of the belief that other counter-proliferation options are perhaps no longer open to him, and that reliance upon nuclear deterrence is no longer sufficient. In this sense, Obama's room for manoeuvre in nuclear policy has been limited both by the changing nature of threats to US security in the 21st century, and by perceptions of US power in a post-Bush, and particularly post-Iraq, international context.

## **REDUCING THE TOTAL NUMBER OF NUCLEAR WEAPONS HELD WORLDWIDE**

Despite a considerable reduction in the number of nuclear weapons held worldwide since the end of the Cold War, as Barack Obama took office in January 2009, it was estimated that over 20,000 warheads were held by the nine "nuclear weapons states", of which the vast majority belonged to the United States and Russia. Even considering that a large number of these weapons are now held in reserve or are waiting to be decommissioned, such nuclear ordinance is still more than enough to destroy the world many times over. It was in this context that Barack Obama announced his intention to reignite the global nuclear disarmament agenda – which many had felt had stagnated – and to begin a new push for nuclear reductions.

Obama had made his views on nuclear weapons and nuclear abolition clear before becoming president, but it was during a speech in the Czech capital, Prague, in April 2009 that his quest for "global zero" became truly acknowledged. During the speech, the president announced his "intention to seek a world free from the threat of nuclear weapons", and argued that because the US was the "only power to have used a nuclear weapon", he and his fellow countrymen had a "moral responsibility to act" by leading the disarmament agenda. Although also noting that "this goal will not be reached quickly – perhaps not in my lifetime", the speech thrust the issue into the centre of the international political agenda, and ensured that nuclear disarmament would become a defining part of his presidency.

The first step towards this goal would be the negotiation of a New Strategic Arms Reductions Treaty with Russia to replace START I (due to expire in December 2009), which was also seen as a logical first step to launch the nuclear disarmament agenda globally. The new treaty would take almost a year to agree, with Russian officials keen to link nuclear reductions with limits to US missile defence plans, and US officials equally keen to ensure that the two issues remained separate. In the end a compromise was reached whereby no official limits on US missile defence plans were contained in the treaty, but through language in the preamble and unilateral Russian statements which accompanied it, missile defence and nuclear reductions remained loosely linked, at least rhetorically. After the treaty was signed in April 2010, it would be a further ten months before it was ratified by the US Senate and signed into law by Obama in February 2011. Again, the link between missile defence and nuclear reductions was central to the disagreement, as many US Senators strove to ensure that neither the preamble to the treaty, nor the Russian unilateral statement, in any way inhibited US missile defence plans. The New START Treaty limits US and Russian deployed strategic nuclear warheads to 1550, and deployed delivery vehicles (i.e. ICBMs, SLBMs and bombers) to 700, each.

Both the Prague speech and New START are important steps on the nuclear disarmament agenda, but progress should not be overstated. The Prague speech was essentially about placing the issue of nuclear disarmament back into the mainstream public domain, and the New START treaty was the first tentative step on what looks set to be a very long road towards achieving this goal. Significant further US and Russian nuclear reductions will probably be needed before the other nuclear powers – with their far smaller nuclear arsenals – can credibly be brought into disarmament talks. Moreover, as was shown by the negotiations over New START, whether Russia would be interested in future reductions without a link to US missile defence plans, and whether Obama – or any US president – would either want to do this, or be able to get such a deal ratified by the Senate, casts considerable doubt on the future of this endeavour.

## DECREASING THE IMPORTANCE OF NUCLEAR WEAPONS FOR US SECURITY

As well as reigniting the quest for global zero internationally, and in order to bolster this agenda, Obama has been equally keen to revamp thinking about the role and utility of nuclear weapons in US national security. In fact, building on several policies begun during the Bush administration, the president has demonstrated a strong tendency to utilise advanced conventional weaponry – such as missile defence and Prompt Global Strike (PGS) programmes – for roles previously performed by nuclear weapons. In doing this, it appears that Obama both hopes to reduce US reliance upon nuclear weapons in order to aid the international push for disarmament, and at the same time, reconfigure US national security and nuclear weapons thinking to the changing requirements of the post-Cold War world. Specifically, this involves a more nuanced conception of nuclear deterrence – once based solely on mutually assured destruction with the Soviet Union – towards a posture able to address the different nuclear concerns now facing the US. In this sense, Obama has striven to find a balance between nuclear and conventional weapons that better reflects current US security requirements.

Obama has made it clear that as long as other states possess nuclear weapons the US will not give up its own nuclear capability, but this does not mean that he has not sought to modify the role and importance of nuclear weapons in US security thinking. Perhaps one of the most notable developments in this regard was the declaration in the April 2010 Nuclear Posture Review that the US would not use nuclear weapons against any non-nuclear weapons state in compliance with the Non-Proliferation Treaty (NPT). While this does not rule out the use of such weapons against North Korea, Iran, or some other future nuclear pariah, and perhaps does not go as far as many might have hoped, it does represent an important change of thinking. In fact, many hope that this may be the precursor to a declaration of no first nuclear use by the United States against any state at some point in the near future. In doing this, Obama has attempted to decrease the perceived centrality of nuclear weapons to US security, and therefore by implication, as a component in other states' security planning.

To an extent, the plan to reduce the role of nuclear weapons in US security – while underpinned by the goal of global zero – has only been made possible because new technologies and the changing requirements of US security have allowed non-nuclear weaponry to perform functions previously considered the preserve of nuclear weapons. The most notable development in this regard has been the increased role and importance of ballistic missile defence – a programme that Obama appeared to have little enthusiasm for before 2009. In fact, Obama initially appeared destined to reduce the role of missile defence to ensure that it did not become a spoiler in US-Russian arms control negotiations. The reality is that Obama has been striving for a balance whereby missile defence can be used to bolster deterrence against rogue nuclear threats where nuclear retaliation may not be seen to be sufficient, while at the same time ensure that these missile defence plans do not undermine nuclear reductions with Russia – upon which the entire disarmament agenda must initially be based. As a result, although the missile defence programme has been recalibrated, it remains almost as important to Obama as it was to Bush (although for different reasons). The decision to replace the “Third Site” with the “Phased Adaptive Approach” in September 2009, rather than cancel missile defence in Europe entirely, as well as the comprehensive February 2010 Ballistic Missile Defense Review are examples of the president's commitment to the programme. When combined with advances in systems such as Prompt Global Strike, it is clear that the Obama administration wishes to place increasing emphasis on non-nuclear weapons to perform roles previously undertaken by nuclear weapons, and that this should make it easier to reduce US nuclear weapons further.

Obama has made progress in reducing the utility of nuclear weapons to US security thinking, and this should theoretically make it easier to decrease the number of weapons in the US nuclear stockpile. However, a growing US reliance on advanced conventional weaponry at the expense of nuclear weapons may paradoxically make the global disarmament agenda more difficult. Essentially, the vast comparative advantage that the US enjoys both qualitatively and quantitatively in conventional weaponry may simply

serve to make nuclear weapons more desirable to other nations. Moreover, a combination of a non-nuclear strike capability, combined with a missile defence and advanced monitoring technologies, may cause other nations to fear the development of a US non-nuclear first strike capability, which in turn may lead others to develop more, and more sophisticated, nuclear weapons. Striking a balance between domestic and international nuclear disarmament strategies therefore seems likely to be another key issue for the future of Obama's nuclear agenda.

### **PREVENTING THE SPREAD AND POSSIBLE USE OF NUCLEAR WEAPONS BY THOSE HOSTILE TO THE US**

Obama's strong desire to reduce both the number and utility of nuclear weapons is essentially a reflection of strategic realities. Put simply, large numbers of nuclear weapons arguably appear to represent a graver threat to US security in the post-9-11 world than perhaps they did during much of the Cold War. The reason for this is twofold: first is the emergence of rogue states such as North Korea, Iran, and potentially others, intent on acquiring a nuclear weapons capability; the second is that fact that as nuclear technology and weaponry continue to proliferate and spread, the chance of them falling into the hands of terrorist groups, and the possibility of their use, increases exponentially. Obama has therefore fought to re-establish the norm of nuclear non-proliferation internationally, in part through the Prague speech and the New START Treaty, but also through a revamped approach to the issue of nuclear security.

In the current international climate, the greatest nuclear threat to the US comes from either a rogue state or a terrorist organisation attacking, or threatening to attack the US with a nuclear weapon. The proliferation of nuclear and missile technology after the Cold War has forced Obama (and other presidents before him) to elevate these concerns to the top of the US national security agenda. Conventional wisdom holds that because these new post-Cold War threats may not be manageable solely through nuclear deterrence, or addressed through either US

conventional weaponry or diplomacy, then the only other option open to Obama is to prevent the spread of nuclear material and weaponry to these actors in the first place. Again, the president has made this a top priority for his administration, most notably by convening the Nuclear Security Summit in April 2010, and through his public commitment to the NPT. In both of these endeavours, Obama has sought to strengthen international nuclear non-proliferation norms, and make it harder for states to acquire nuclear technology. A second Obama term may see progress on other policies towards this end, including a Fissile Material Cut-off Treaty (FMCT) and an attempt to ratify the Comprehensive Nuclear Test Ban Treaty (CTBT).

However, at the same time, the administration's progress on dealing with rogue state nuclear threats has been negligible. Renewed diplomatic approaches to both North Korea and Iran have borne little fruit; Pyongyang conducted a second underground nuclear test in 2009 and has not rejoined the six-party talks, while international pressure has seemed to make little impact on Iran's quest to acquire a nuclear capability. Failure to deal with these threats opens up further concerns about the potential for nuclear technology to proliferate, and perhaps end up in the hands of terrorists. In this sense, and although Obama has tried to distance himself from some of the counter-proliferation policies of the previous administration, whether diplomacy alone can continue as the main response to the threats posed by nuclear proliferation remains to be seen.

### **FUTURE TRENDS AND TRAJECTORIES IN US NUCLEAR WEAPONS POLICY**

While the total number of nuclear weapons in the world has decreased considerably from the very high levels that dominated the Cold War, the possibility that these weapons might one day be used remains ever-present, and according to some, even more likely in the post-9-11 world. The horizontal proliferation of nuclear technology to more international actors – although perhaps not as extensive as previously feared – has nevertheless created an entirely new set of circumstances for US nuclear planners,

whereby principles of rationality and mutually assured destruction are no longer held as inviolable. The growing risk that a rogue state or a terrorist organisation may acquire and use these weapons has created an entirely new set of dynamics for the US to consider, and has essentially changed the rules of the nuclear game. It is for this reason that nuclear policy, reducing nuclear weapons, and preventing their proliferation, remains central to both US foreign policy and to international security.

Barack Obama has certainly recognised this, and his policy triumvirate of nuclear reductions, nuclear substitution, and proliferation prevention, represents a coherent and logical attempt to address the changing nature of nuclear threats to US security. In a sense, he has tried to deal with the nuclear threat diplomatically from either end of the spectrum; top down by pursuing nuclear arms reductions with Russia and agreeing on the New START Treaty, and bottom up by addressing the proliferation of the technology needed to acquire a nuclear weapons capability through initiatives such as the Nuclear Security Summit. He has also sought to reignite the nuclear non-proliferation norm by reducing US reliance on nuclear weapons, altering US declaratory nuclear policy, and by throwing his wholehearted support behind the Nuclear Non-Proliferation Treaty. These efforts would appear to be a prudent attempt to get to grips with the changing realities of US power and the types of security challenges US policymakers face in the current international climate.

However, the future trajectory of Obama's nuclear thinking appears less assured, and it seems he will be faced with three key problems if he is to continue upon the path set out so far. First is the question of how the president can convince Russia to agree to

reduce their nuclear stockpile down to levels that will allow the nuclear disarmament agenda to become multilateralised. This will not only involve somehow reassuring Moscow about US missile defence plans, but also winning over domestic opinion in the US to the idea of further (possibly unilateral) American nuclear reductions. Second, and linked to this, will be how far Obama goes in substituting advanced conventional weaponry for nuclear weapons in US security policy. This policy may well make nuclear reductions more acceptable in the US, but it seems likely to become a diplomatic and strategic stumbling block for the disarmament agenda internationally. This is because greater US conventional superiority will make nuclear weapons more, not less, important to strategic competitors and other potential challengers. Finally, Obama will need to come to a decision soon about whether a nuclear Iran and North Korea are acceptable dangers to US security, or whether something must be done to remove these threats. Linked to this will be how far the President decides to go in pushing for a full range of international non-proliferation measures, and to whether he can achieve a nuclear materials "lockdown" through the FMCT and CTBT in a possible second term. Should he win the next election, Obama's future nuclear policy seems likely to have to reflect a political and strategic balance between the top-down policies required for nuclear reductions (initially with Russia) and the bottom-up policies required for nuclear security and non-proliferation (caused by the changing nature of nuclear threats to US security). As long as "global zero" and nuclear disarmament remain at the forefront of the US political debate – which the changing requirements of US security suggest that they will – addressing these dynamics will be an enduring question for US nuclear policy regardless of who wins the next election. ■

# ➤ Obama's Interventions: Afghanistan, Iraq, Libya

Luca Tardelli

**I**n its first 3 years, the Obama administration fully embraced the intervention in Afghanistan it inherited, led a second intervention to its conclusion in Iraq, and initiated a third military intervention in Libya. In all three cases, decreasing American public support for foreign operations and stiff fiscal constraints have focused public attention on the timing and levels of US military involvement in these three countries. While important, the ongoing debate over the allocation of military troops and scarce financial resources obscures a more fundamental question concerning the strategic dimensions of US interventionism. Both judgements of success and the contours of interventionism under Obama will be shaped by the strategic choices taken in Afghanistan, the strategic options available in Iraq after the exit of US troops, and the strategic lessons of US intervention in Libya.

## **MAKING CHOICES: GETTING AFGHANISTAN RIGHT**

As early as February 2009, Obama fully endorsed the conflict in Afghanistan, pitting the conflict against al-Qaida and the Taliban as the 'right war' of necessity in contrast to the 'wrong war' of choice waged in Iraq. By giving priority to the Afghan conflict, Afghanistan became Obama's own war of choice. Between 2009 and 2010, as resources and manpower were being reduced in Iraq, defence funding for Operation Enduring Freedom (OEF) in Afghanistan doubled: from \$52 billion to \$100 billion. Furthermore, the Obama administration authorised a surge of 33,000 troops in Afghanistan in December 2009, which coupled with further deployments, brought US troop levels in the country from 30,000 to 100,000.

At the same time, the administration confirmed the US and NATO's commitment to a full handover of security responsibilities to Afghan authorities and forces in 2014. To this end, the administration announced a return to pre-surge levels by the end of summer 2012 – with the withdrawal of the first 10,000 US troops by the end of 2011. The decision to withdraw surge troops has been criticised in some quarters for jeopardising the results achieved so far and for being driven more by electoral and fiscal considerations rather than a realistic assessment of both the evolving Afghan security context and the ability of President Hamid Karzai's government to take over security responsibilities in 2014. Yet troop deployments are only part of the administration's strategy in Afghanistan. To assess their utility in Afghanistan and the eventual risks of a return to pre-surge military deployments, it is necessary to evaluate the overarching goal and objectives set by the administration in Afghanistan as well as the strategy employed to meet these objectives. According to President Obama, in order to meet the overarching goal of the defeat of al-Qaida in Afghanistan and Pakistan, the US has sought to 'deny al-Qaida a safe haven'; 'reverse the Taliban's momentum and deny it the ability to overthrow the government'; and, 'strengthen the capacity of Afghanistan's security forces and government so that they can take the lead responsibility'.

To secure its objectives and assure a smooth transition to Afghan lead, the administration has set forth a 'three track strategy of fight, talk, build'.

In terms of the military campaign, the administration has followed two courses. The surge was intended from the beginning as a short-term deployment aimed at seizing the initiative from the Taliban and improving security conditions on the ground in order to ease the transition process to the Afghan National Army (ANA) and Afghan National Police (ANP). Contemporarily, the Obama administration has dramatically increased the number 'kill-or-capture' operations and drone strikes against Taliban and al-Qaida commanders and leaders – most famously against Osama bin Laden – in both Afghanistan and Pakistan. In 2010 alone, the US government has authorised 118 drone strikes compared to the 44 authorised by the Bush Administration between 2004 and 2008.

The combined effect of these two tools paints a rather unsatisfactory picture. On the one hand, the number of attacks initiated by the Taliban dropped by 26% between July and September 2011 compared to the same periods in 2010. However, the very success of the surge pushed the Taliban and other anti-government forces, particularly the Haqqani Network, to increasingly rely on improvised explosive devices (IEDs), targeted assassinations, and high-profile attacks in preference to conventional operations, as demonstrated by the attacks against the US embassy and NATO headquarters in Kabul in September 2011 and the killing of Barhuddin Rabbani, head of the Afghan High Peace Council. Importantly, the intensification of military operations in the South and the increased use of IEDs have led to a 15% increase in Afghan civilian casualties in 2010, a trend that has been confirmed also in the first months of 2011. At the same time, the Taliban have also demonstrated their ability to expand their presence and influence over non-Pashtun areas, particularly in the North. So whilst the surge seems to have succeeded in 2011 in seizing the initiative from the Taliban, it has so far failed to counter the Taliban's ability to control new areas or significantly lower the level of insecurity in the country.

Furthermore, the military strategy adopted may also prove counterproductive. First, targeted operations against the Taliban underscore the potential inconsistency between the counterterrorism and stabilisation campaigns pursued by the US. In particular, continued drone attacks on Pakistani soil are fuelling resentment in Pakistani public opinion, running the risk of delegitimising Pakistani state institutions and fostering the very instability that favours al-Qaida and the Taliban. Second, these operations pose direct problems to the second pillar of US strategy; that is, the search for a political solution to the conflict in Afghanistan through US direct negotiations with representatives of the Taliban and the Haqqani Network. The fundamental challenge with this regard is the lack of consistency between the negotiations track and military operations. Operations against mid- and high-ranking insurgency commanders not only endanger the long-term support of Pakistani authorities in the negotiations process but also run the risk of eliminating important interlocutors among the Taliban leadership, thus making space for younger and more radical commanders.

More importantly, the security situation in Afghanistan highlights significant shortcomings in the US's efforts to expand the institutional capacity of the Afghan government and help the latter increase economic opportunities for Afghanistan. Despite the progress made at the institutional and economic level, efforts in this regard have still failed to bear fruits. Afghan citizens are increasingly concerned by the ruling elite's corruption and the government's inability to guarantee security, or provide jobs and basic services at the local level. Increasing civilian casualties are a stark reminder of the Afghan government's failings in the security arena, despite an increasing number of personnel. The role played by patronage networks and overly-centralised institutional arrangements in a context characterised by stark regional differences and traditional forms of local authority further undermine the legitimacy of the Kabul government, favouring the establishment of shadow Taliban institutions and courts providing security, justice, services, and voice to local authorities.

Thus US strategy in Afghanistan is more challenging than usually recognised by commentators focusing exclusively on the question of troop levels. So far, the surge has had limited effects; more importantly, it has not assured substantial gains in terms of fewer civilian casualties and improved governance. To succeed in its current form, the Obama administration's strategy requires a shift in priorities towards strengthening Afghan capacities and a significant coordination effort to ensure consistency between the different military and non-military tools employed.

### **SEEKING OPTIONS: IRAQ**

Fulfilling a key electoral promise, last October Obama confirmed the withdrawal of the remaining 39,000 US troops from the 'wrong war' in Iraq. America's exit takes place amidst increasing scepticism among American citizens concerning US involvement and security conditions in Iraq that have significantly improved since the 2008. Overall, the Iraqi Army amounts at 271,000 strong, and, in contrast to the Afghan security forces, has demonstrated its ability to control Iraqi territory and conduct operations against anti-government groups and militias, as exemplified by its 2008 operations against Shia militias in Basra. At the political level, the 2010 parliamentary elections demonstrated the vitality of the Iraqi democratic experiment, with a considerable turnout (62%) and increased Sunni participation. This contributed to the narrow victory of Iyad Allawi's Iraqi National Movement (INM) over Prime Minister Nouri al-Maliki's State of Law Coalition (SLC) and the establishment of a broad coalition government under the latter. Significantly, the INM surprising success gave both voice to Sunni communities and, at least in the short term, impeded a further concentration of power in the hands of al-Maliki, who had already established an alarming degree of control over the country's civilian and military institutions.

Despite this positive outlook, the inability of the Obama administration to secure an agreement with Baghdad to maintain even a minimal presence of US troops in Iraq has been widely criticised. Obama's pledge to withdraw from Iraq coupled with the timetable set by the Status of Forces Agreement (SOFA) signed in

November 2008 significantly limited the room for an agreement. SOFA set out a clear roadmap for US troop withdrawals, with all remaining US troops due to leave by the end of 2011. Moreover, the possibility of an agreement, even on a residual US force in Iraq, was ultimately made impossible by Iraqi coalition government and particularly the Sadr Movement's opposition to both continued US military presence in the country and the granting of immunity to any remaining American troops.

The withdrawal of US troops may have three consequences for Iraq's internal stability. First, Iraqi security forces' operational capabilities may be hampered and their on-going training programmes significantly slowed down. Second, US troops currently play a role in containing the possibility of renewed tensions among different ethnic and political groups, for instance, performing an important peacekeeping function along the disputed internal border between the Kurdish regions and the rest of Iraq through joint patrols with Iraqi forces and the Kurdish Peshmerga. Similarly, US influence was significant in ending the political impasse created by the 2010 elections, and the fading American influence over Iraqi political actors raises the risk of renewed elite infighting for political power, in a political landscape still characterised by al-Maliki's control over the Iraqi military and progressively altered by increasing numbers of political assassinations.

Notwithstanding these risks, the US is likely to continue to exert considerable influence over these issues even after the exit of US troops. First and foremost, American influence in Baghdad will be guaranteed by the presence of the largest US Embassy in the world. With an overall staff of nearly 17,000, the Embassy, together with the State Department (DoS), will play a central role in channelling political influence, economic aid, and overseeing on-going training operations, particularly the Iraqi Police Development Program (DPD). Furthermore, the DoS could play a central role in the Kurdish-Arab dispute by mediating an agreement between the two parties and, potentially, by favouring an international presence along the internal Arab-Kurdish border within a UN framework. More generally, the DoS will be a key player in determining the practicalities of the Strategic Framework Agreement

signed in November 2008, which provides an overall legal framework for continued US-Iraqi cooperation, not only in the security sector, but also at economic and cultural level. Thus US troop withdrawal will hardly entail American disengagement from Iraq; rather there will be a shift from a military and Pentagon-led mission to a civilian-led mission. The key challenge for the Obama administration will be to provide the DoS with the necessary resources to ensure a smooth transition after December 2011.

Yet the possibility remains of increasing alienation of Iraqi citizens from a ruling elite that, during the negotiations following the 2010 elections, has demonstrated its interest in preserving its power position whilst high levels of corruption and lack of infrastructure continued to blight the lives of Iraqi citizens. Newly adopted anti-corruption legislation highlights Iraqi leaders' awareness of the need to tackle its decreasing legitimacy. However, the government's attempts at improving services have been little more than cosmetic. In July 2011, electricity supply remained at just 52% of estimated national demand. In this regard, the Obama administration's ability to channel US aid to support Iraqi leaders that tackle these problems will be consequential.

A second source of concern is represented by the possibility of increased Iranian influence over Iraq. These concerns tend to overestimate the utility of US troops in countering Iranian influence and simultaneously underestimate the possibilities offered by American military and diplomatic initiatives in the region. First, it is not entirely clear how even a minor US military presence would limit Iranian influence, which is channelled through political connections existing between Teheran and Shia political leaders in Iraq. Furthermore, even after the exit of American troops from Iraq, the US could still rely on its extensive military assets in the Persian Gulf to contain Teheran. As recent reports suggest, the US may also augment its military presence in the Gulf by increasing military coordination with the Gulf Cooperation Council (GCC), and by redeploying some of its combat units from Iraq to Kuwait, to be used either in case of conflict with Iran or worsening security conditions in Iraq. Finally, the US is in a unique position to promote constructive relations between Baghdad and the GCC as a means

of curbing Iranian influence over Iraq. Present border tensions between Iraq and Kuwait as well as Saudi suspicions towards Iraqi leaders significantly limit Baghdad's access to alternative sources of diplomatic, security and economic support, and increase Baghdad's reliance on Teheran.

Obama can hardly be accused of having lost Iraq. If Iraq is eventually lost to internal unrest or Iranian influence, this would have more to do with the administration's inability both to guarantee a smooth transition to a civilian-led mission in the country and to operate the necessary military adjustments and diplomatic interventions that an evolving internal and regional setting may require.

## **LEARNING LESSONS: LIBYA**

As Iraq shows, profound strategic interests will make it difficult for the Obama administration to disengage and diminish US presence in the Middle East. At the same time, the momentous change brought by the Arab Spring has only increased US strategic concerns in the region. Importantly, the Arab Spring seemed to have called the bluff of a foreign policy that had been predicated until 2011 on a pragmatic approach favouring an accommodation with the existing autocratic regimes in the Middle East. In doing so, the revolutions in North Africa precipitated a shift away from a Realist approach to the Arab world towards a peculiar form of interventionism and support for democratic transitions.

In his May 2011 speech on the Middle East and North Africa, Obama identified the Arab Spring as a 'historic opportunity' that US could seize, not to unilaterally spread democracy, but to support local efforts towards democratic change. In a confirmation of the liberal assumptions of US foreign policy, Hillary Clinton recently reaffirmed the American conviction that 'real democratic change...is in the national interest of the US'. At the same time, she clarified that the US would not intervene when this would entail doing so unilaterally or when military intervention would endanger core interests such as the fight against al-Qaida, the defence of allies, and the secure supply of energy. The result of this position, as manifest in

the Libyan intervention, is a versatile yet potentially contradictory policy approach that mixes realism and idealism, support for revolutionary change, and preservation of the status quo.

Obama's decision to intervene in Libya resulted from the administration's desire to both avert a possible humanitarian disaster in Benghazi as well as to safeguard the revolutionary transitions taking place both in Libya and neighbouring countries. On the one hand, the success of Operation Odyssey Dawn begun on 19 March (later Unified Protector under NATO command from 31 March) and the demise of Colonel Muammar Qaddafi's regime presents the US and its allies with the usual challenges of similar post-conflict contexts: the possibility of conflict among victorious local forces, and the need for international support to prop up the newly established regime. At the same time, the Libyan case highlights new dynamics that will likely shape US interventionism in the remaining months of Obama's first term and possibly beyond.

In particular, three elements of the Libyan intervention are worth noting. First, in a clear example of the Obama administration's multilateralist turn, the US intervened only when a legal authorisation was guaranteed, in the form of the UN Security Council Resolution 1973, and in the presence of clear legitimisation and support from both the Libyan National Transitional Council and regional powers, primarily the League of the Arab States and NATO countries.

Second, the shift operated in the early stage of the conflict from US command to NATO command and the more limited role taken by Washington in combat operations, whilst symbolically important to the sense of a new American approach to intervention, should not be overstated. First, US assets were key, in the first days of the operation, in suppressing Libyan air defence system, with the US conducting up to 50% of all coalition strike sorties before the handover to NATO on 31 March. Following this initial phase, the US acted as a key enabler of allied operations, by both continuing air operations via drones and by providing fundamental air-to-air refuelling capabilities; intelligence, surveillance, and targeting assets; and precision-guided ammunitions to its allies. Finally, the US DoS played an important role in both supporting the adoption of the UN Security Council resolution

and in ensuring the cohesion of the coalition, by helping mediate the differences between the European allies. In this sense, Washington might not have played the role of the protagonist in the Libyan drama, but it fully directed diplomatic and military efforts to their eventual success.

Third, the Libyan case highlights the possibility of intervention amidst public war-weariness and financial constraints. On the one hand, financial constraints did influence US operational decisions and the scale of US involvement but ultimately did not prevent a prolonged military intervention. Simply put, operational costs in Libya, in relative terms, were not exorbitant. Up to 31 July 2011, operations in Libya amounted to \$896 million, which would have equalled to \$2.7 billion if the operation had continued for an entire year – a much more limited financial request compared to the \$107 billion allocated to Afghanistan for 2012. On the other hand, although the operation did not attract extensive public support, it did not attract heated contestations either. On the contrary, available polls indicate that a narrow majority of Americans (47%) approved of military action against Libya against a 37% disapproval rate (Gallup, 22 March 2011).

## **AFTER INTERVENTION: THE OBAMA DOCTRINE AND ITS LIMITS**

The lessons of Libya and the transition processes in Afghanistan and Iraq paint a clear picture of the Obama administration's interventionism – and its underlying doctrine. First, under the current administration the US will likely eschew the possibility of unilateral operations of regime change, yet it remains willing to embark on more limited and multilateral forms of military intervention. The more recent US decision to deploy 100 troops in support of the Ugandan and regional effort against the Lord's Resistance Army (LRA) provides further evidence of the point. Second, the administration has also demonstrated its willingness to deploy more indirect and covert means of intervention, as exemplified by the increased use of special operations and drones to conduct targeted killings in Pakistan and Yemen, with Osama bin Laden and Anwar al-Awlaki being the most high profile cases.

In the contours sketched here, the Obama doctrine represents a balancing act: between commitments and costs in age of austerity; between Liberal interventionism and Realist prudence in revolutionary times. However, limited and indirect options might not be available or effective in all contingencies and can easily lead to escalatory processes locking the US into prolonged conflicts. Overreliance on covert operations and limited forms of air operations, in particular, may also fuel the illusion of surgical interventionism, masking the profound political consequences that even limited and covert actions may entail in contexts shaped by complex domestic conflicts.

In all three cases examined here, US strategic choices, more than the levels of US troops in these countries, are having or will have dramatic impact on the target states. But ultimately, US success in Afghanistan, Iraq, and Libya will hinge on the cohesiveness, legitimacy, and quality of the political leadership of these countries. In this sense, the major limitation of the Obama doctrine is not related to the limited resources employed or to hastened troop withdrawals; rather it derives from its failure in offering a clear strategy on how to use US power to affect the success of those ruling elites in providing security, economic opportunities, and political representation to their citizens following US military intervention.■

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# ➤ The United States and International Economic Governance

Joseph P. Joyce

**A**mong the unexpected outcomes of the global financial crisis of 2008-9 has been the end of the domination of international economic governance by the U.S. and other upper-income countries through the forum of the G7, and its replacement by the G20. The depth and breadth of the economic contraction required a broader response than the advanced economies alone could provide, and its origin in financial markets in the United States undermined its support for neoliberal policies. Now that the global crisis has passed, the G20 must demonstrate whether it can serve as an effective forum for monitoring and managing the global economy.

## RISE OF THE G7

When the Bretton Woods system of fixed exchange rates and controlled capital flows ended in 1973, the United States brought together France, Germany, and the United Kingdom, and later Japan and Italy, to discuss its replacement. The national executives of these countries held their first summit meeting in Rambouillet, France in 1975 to address the impasse that had developed over how the IMF's Articles of Agreement should be amended. The compromise they reached allowed nations to choose the exchange rate regime they wanted (the goal of the United States) while committing the IMF's members to pursuing policies aimed at economic stability (France's concern), with the IMF providing surveillance of its members' policy performance. The agreement became the basis of the Second Amendment to the IMF's Articles of Agreement that was adopted in 1978.

This group of nations, which became known as the G7 after Canada joined it in 1976, would continue to manage international economic issues during the next thirty years. The finance ministers of the G7 met several times a year to discuss common interests while deputies stayed in contact between meetings. They also prepared for the annual summits of their national executives, who issued communiqués which detailed their policy agendas and listed instructions for the multilateral agencies. While the issues they addressed soon expanded outside of the economics sphere to include foreign policy matters, economics would remain a primary focus, in part because of the leading role of the finance ministers. In 1997, the G7 expanded to include Russia as a member of the new G8. But the finance ministers of the G7 continued to meet as a group, and the G7 national leaders continued to deal collectively with economic issues, such as debt relief, for the developing economies.

The G7 governments were able to act cohesively in part because they shared common views and interests. The West European nations opposed central planning and the expansion of the Soviet Union and its Eastern European satellites. Canada, Germany, Italy, and the United Kingdom were members of the North Atlantic Treaty Organization, while France established a working relationship with the organization. In Asia, Japan depended on the United States to protect it from aggression.

While there were disagreements among the G7 countries over issues such as exchange rate arrangements, their common interests more than outweighed any differences.

The influence of the G7 extended to multilateral organisations such as the IMF. Before 2008, the United States held 17.38% of the quota shares that are used to calculate voting power at the IMF, thus effectively giving it a veto over proposals that required approval of 85% of the total voting power. The G7 nations collectively held 46.02% of the total. Representatives of the United States, Japan, Germany, France, and the United Kingdom held positions for their respective countries on the Fund's Executive Board, while the Canadian and Italian Directors represented multi-country constituencies. Moreover, the agreement of the United States and their European allies that the Managing Director of the IMF would always be a European while the United States would name the head of the World Bank continued to hold.

The ability of the upper-income countries to dominate the IMF was reinforced by the change in the clientele of the IMF's lending programs after the 1970s. The advanced economies no longer borrowed from the IMF, and the IMF's traditional lending programs became concentrated on those middle-income nations that experienced financial crises. The IMF also lent, on concessional terms, to the poorest nations that received relatively little private finance, augmenting the World Bank's remit. The advanced economies, exempt from the conditions attached to the IMF's loans, endorsed the adoption by the IMF and the World Bank of a new form of conditionality, 'structural conditionality'. These were measures that sought to increase a country's reliance on the market allocation of resources by cutting back on governmental enterprises and regulations, and opening the economy to international trade and financial flows.

The G7 also effectively controlled international financial regulation through their membership with other advanced economies in the Bank for International Settlements and its affiliated agencies, such as the Basel Committee for Banking Supervision. In 1988, following an initiative by the United Kingdom and the United States, the Basel Committee established

a standard of capital requirements for the banks of its member countries, which were eventually adopted in many other countries. Similarly, the Basel Concordats of 1975 and 1983 established rules for the oversight by national regulators of banks that operated across borders. The regulators had allowed their banks to expand geographically, but subsequent banking crises revealed a lack of transnational regulatory authority.

The G7 countries had similar influence at the General Agreement on Trade and Tariffs (GATT) and its successor, the World Trade Organisation (WTO). Negotiations over trade liberalisation were dominated by the 'Quad' – Canada, the European Union, Japan, and the United States. Their representatives met in 'rounds' to negotiate cuts in tariffs while keeping some sectors, such as agriculture, off the agenda. Those nations that did not have significantly sized markets, which included most developing economies, were able to opt out of the process. This allowed the Quad and other advanced economies to make deals without the participation of the developing economies.

The G7 and other countries expanded the scope of trade talks with the Uruguay Round, which was negotiated from 1986 through 1993. The final agreement established the World Trade Organisation as the GATT's replacement, and included services and intellectual property as areas of jurisdiction. In addition, an administrative process to resolve disputes between members was created. The new regime embodied a broad view of the scope of the WTO's purview to include any domestic policies that might impede trade.

By the early 1990s the United States had emerged as the winner of the Cold War, and appeared to have an unchallenged hegemonic dominance. It and other upper-income countries were able to promulgate an expansive vision of economic globalisation. The members of the G7 formed a collective principal that utilised the multilateral organisations as their agents to implement this vision. The G7's restricted membership and relatively homogeneous views allowed them to operate effectively despite occasional disagreements. They were also aided by the disappearance of communism as a viable alternative to capitalism, and the adoption by many developing economies of market-based policies to accelerate growth.

## CRISES AND CHALLENGES

The domination of the global economy by the United States and other G7 countries, and their use of the multilateral agencies, became increasingly controversial in the latter half of the 1990s. A series of financial crises occurred: Mexico in 1994-95, East Asia in 1997-98, Russia in 1998, and Argentina and Turkey in 2001. The IMF provided financial assistance to the crisis countries, but the conditions attached to the IMF's loans were criticised as overly strict. Moreover, the IMF itself was blamed by some for contributing to the occurrence of the crises by urging these countries to prematurely decontrol capital flows.

The G7 responded to the resultant volatility in the international financial markets by establishing a new organisation, the Financial Stability Forum (FSF). The membership of the FSF included the G7 plus Australia, Hong Kong, the Netherlands, Singapore, and Switzerland. The FSF brought together finance ministries, central bankers, and other regulators to coordinate their oversight of financial flows and institutions, but the organisation had no independent powers to administer regulatory guidelines.

The Basel Committee for Banking Supervision published in 2004 a revised and extended set of minimum requirements for bank capital, known as Basel II. The new standards allowed banks to choose the methodology they used to calculate their exposure to credit risk, and the options included the use of internal evaluation models, as well as a standardised approach based on the ratings generated by the rating agencies. The choice of methodology favoured larger banks in the advanced economies that had the resources to calculate risk exposure. Subsequent events revealed that the guidelines contributed to the volatility of the financial system by underestimating the risk of financial assets such as mortgage-backed securities.

Many of the middle-income countries, which were now called the 'emerging market' nations due to their rapid economic expansion, sought to eliminate any dependence on the IMF by 'self-insuring' themselves from future financial shocks. Their governments adopted stable macroeconomic policies that led to lower inflation and improved fiscal and debt positions. They also recorded current account surpluses

which allowed their central banks to accumulate large holdings of foreign exchange reserves. These surpluses were offset by current account deficits in the United States, the United Kingdom, and several other advanced economies. The growing magnitude of these 'global imbalances' was accompanied by fears of a sudden reversal of capital flows to the United States by foreign investors. The IMF sought to broker a reduction of the imbalances through multilateral consultations it organised in 2006-07 with China, the Eurozone, Japan, Saudi Arabia, and the United States, but the talks did not result in changes in any of the participants' policies.

The G7 also faced a challenge to their authority as a result of the WTO negotiations. After the implementation of the Uruguay Round agreements, discussions of a follow-up round of trade negotiations began. The new round was to be launched at a WTO ministerial conference in 1999, but ministers from the developing countries opposed efforts to expand the talks to include areas such as the environment and labour standards. The meeting in Seattle collapsed without attaining a consensus over how to proceed, and was marred by street riots denouncing the WTO and policies aimed at promoting globalisation at the cost of national sovereignty.

The next WTO ministerial meeting took place in 2001 in Doha, Qatar, and this time the ministers agreed on the inauguration of a new round of trade talks. This was known as the 'Doha Development Round' in acknowledgement of the need to extend the benefits of trade to developing nations. However, there have been continuing disagreements between advanced economies and the emerging market and developing nations, as well as within each group. Agriculture has been a particular source of discord. The United States and the European Union have disagreed over reductions in their agricultural subsidies, while developing nations with large rural populations such as India have resisted the removal of barriers to agricultural imports.

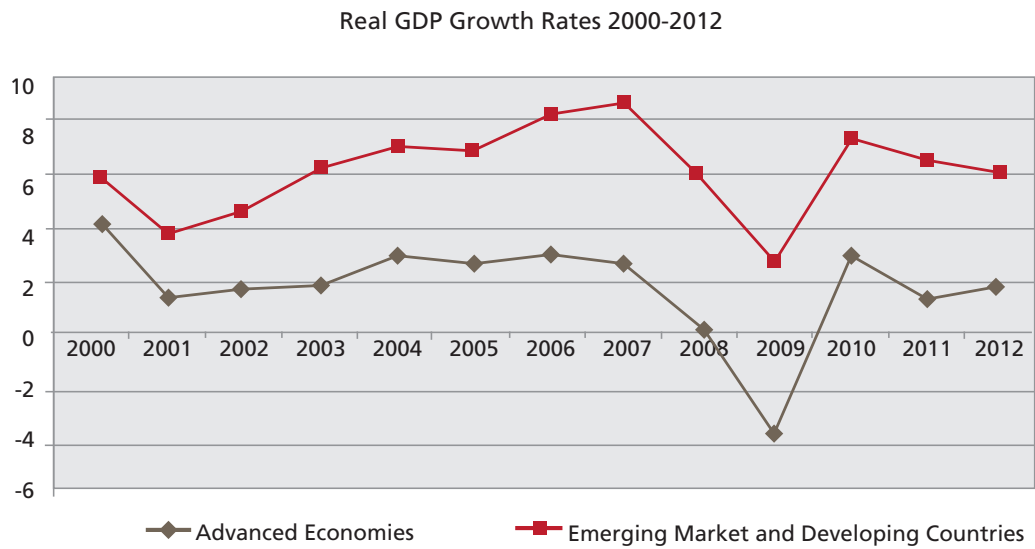
The authority of the United States, therefore, became challenged on several fronts during the decades of the 1990s and 2000s. The response of the emerging markets countries to the endemic

financial crises demonstrated that they would take their own measures to protect themselves from further financial volatility. The rapid growth of China and India demonstrated that it was possible to achieve rapid growth and alleviate poverty by implementing national strategies to control the pace and degree of integration with international markets. The governance of the multilateral organisations came under attack as unresponsive to the changes in the relative economic status of their members, and the increasingly confident emerging markets felt no reluctance in criticising the form of globalisation endorsed by these organisations.

IMPLOSION

The worldwide economic collapse that occurred during 2008-9 destroyed any illusions that the advanced economies were immune from crises. This crisis originated in the United States but also included the financial sectors of other advanced economies in Europe. The loss in confidence in financial institutions and markets necessitated government intervention in the form of low interest rates, capital injections, deposit guarantees, and other measures designed to maintain confidence. The emerging market and other developing economies were not immune to the ensuing contraction in trade and capital flows, and suffered slowdowns in their growth rates. The volume of world trade in goods and services fell by 10.7% in 2009, and world output contracted by 0.7%.

But the latter figure encompassed a range of different experiences (see Chart 1). While the output of the advanced economies fell by 3.7%, economic growth continued in the emerging and developing economies, albeit at a slower pace of 2.8%. This disparity in economic performance was particularly evident in the world's largest economies. Output in the United States contracted by 3.7% in 2009, while the Eurozone's output suffered a fall of 4.3%. Economic activity in China, on the other hand, barely slackened and registered an impressive growth of 9.2%, while India's economy expanded by 6.8%.



**Chart 1:** Percentage growth rates of Real Gross Domestic Product, 2000-2012. Data for 2011 and 2012 are estimates. Data from IMF's World Economic Outlook, September 2011.

The global impact of the crisis required a broader response than the G7 could provide. French President Nicolas Sarkozy and British Prime Minister Gordon Brown led the way in calling for a meeting of the G20 in the fall of 2008. In addition to the G7 countries, this group includes Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, and the European Union. The group had been established in 1999 to expand the discussion of economic and financial issues to include emerging market nations that attracted capital inflows, but it had never conducted a summit of their national executives. However, the G20's existing structure and record of cooperation among its members allowed it to serve as an alternative to the G7.

The first summit meeting of the G20 leaders took place in Washington, DC, in November 2008 during the closing days of the Bush administration, and did not yield any initiatives beyond agreeing to address the common crisis and undertake reforms of their financial sectors. However, United States President-elect Barack Obama attended the next summit in London in April 2009, and this time the national leaders agreed on a number of important measures, including the implementation of concerted fiscal and monetary expansionary policies. They also approved tripling the financial resources of the IMF, and transformed the Financial Stability Forum to the Financial Stability Board with an expanded membership of all G20 countries as well as Spain and the European Commission. In addition, the G20 leaders agreed on a package of IMF reforms, including quota realignments, the selection of the senior leadership of the international financial institutions through an open merit-based process, and 'candid, even-handed and independent' IMF surveillance of their economies.

When the G20 leaders met again in September 2009 in Pittsburgh, United States, they declared victory in their efforts to end the global economic contraction. The leaders reaffirmed their support of the IMF and the new Financial Stability Board, and designated their own group as the 'premier forum for our international economic cooperation'. They called for international financial regulatory reform, including changes in the Basel capital standards. Finally, the national leaders promised to bring the Doha Round

to a successful conclusion and to reach agreement at the climate summit scheduled to take place in Copenhagen. The meeting confirmed that the crisis had served as a catalysis for a major rearrangement of the relative position of the advanced and emerging market economies, with the latter group achieving parity with the former in their oversight of the world economy.

## CONCLUSIONS

The unity of purpose expressed at the first three G20 summits has not endured. By the time of the G20 summit in Toronto in June 2010, divisions had emerged over whether deficit spending was still an appropriate policy. At the fifth G20 conference in Seoul in November 2010 there were disagreements over the use of numerical indicators in assessments of national economic policies, while the lastmost recent summit in Cannes was dominated by discussion of the European debt crisis. No progress has been made at the Doha trade talks, and the climate conference in Copenhagen in December 2009 ended without any substantive agreements.

Some progress has occurred in other arenas. The IMF agreed on a redistribution of quota shares that will make China the third largest quota-holder, and increased the allocations to other emerging market nations. However, its members missed an opportunity to geographically open up the selection of a Managing Director when they elected France's Christine Lagarde to the position to replace Dominique Strauss-Kahn after his unexpected resignation. The Basel Committee on Banking Supervision has, with an expanded membership, proposed a new set of regulatory guidelines with higher capital requirements for banks, to be known as Basel III.

The prospects for the G20 actually replacing the G7 as a mechanism to deal with common concerns, however, are limited by the disparities in national economic performance. Economic growth for the advanced economies has been estimated by the IMF at 1.6% in 2011 and 1.9% for the following year, and the European estimates for the European market may prove to be optimistic. The comparable figures for the emerging market and developing economies are 6.4% and 6.1%, respectively.

The European countries have become embroiled in the debt crisis that includes Greece, Ireland, and Portugal, and threats to envelop Spain and Italy. The United States itself faces deep domestic divisions over the need to reduce its government debt while dealing with unusually high unemployment rates. Moreover, virtually all the advanced economies must address fiscal challenges due to the impact of aging populations on the costs of pension support and health care.

The G20 is useful for providing a forum for consultations, but the size of its membership and the disparity in their economic circumstances makes consensus much harder to attain. This need not bring about economic anarchy; governments have generally been careful not to enact trade restrictions or currency depreciations which would invite retaliation. But the lack of a common outlook and goals ('preference heterogeneity') among the members makes collective decision difficult to achieve.

The United States no longer has the will or means to dominate international economic governance, but there is no clear replacement. The prospects, therefore, are for an extended period of lower level accords, with bilateral and regional trade agreements and currency arrangements replacing international pacts. An era of multipolarity will effectively continue the status quo that preceded the global crisis of 2008-9. There is no evidence that we are better able to foresee and avoid another shock, and given the concerns over national debt levels, the policy options for dealing with a new disaster will be more limited should another shock arise.■

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# ➤ The American Economy and America's Global Power

Iwan Morgan

**A**merica's economic strength has long underwritten its leading role in world affairs. The buoyant tax revenues generated by economic growth fund its massive military spending, the foundation of its global hard power. America's economic success is also fundamental to its soft power and the promotion of its free-market values in the international economy. Finally, prosperity generally makes the American public more willing to support an expansive foreign policy on the world stage, whereas economic problems tend to engender popular introspection. Ronald Reagan understood that a healthy economy was a prerequisite for American power when he became president amid conditions of runaway inflation and recession. As he put it in his memoirs, 'In 1981, no problem the country faced was more serious than the economic crisis – not even the need to modernise our armed forces – because without a recovery, we couldn't afford to do the things necessary to make the country strong again or make a serious effort to reduce the dangers of nuclear war. Nor could America regain confidence in itself and stand tall once again. Nothing was possible unless we made the economy sound again'.

Today the United States has to deal with the impact of far worse economic problems than it did when Reagan became president. These include the fallout from the most severe financial crisis since 1929 (the near-meltdown of the financial system in 2008), the worst recession since the Great Depression (the so-called Great Recession of 2007-2009), a fragile recovery that could well falter into a double-dip recession in 2012, the blowback effects of a European debt crisis, and a future of unsustainable public debt without a correction of fiscal course. The current state of the American economy confirms the historical trend that downturns resulting from financial crisis (as in the 1870s, 1890s, and 1930s) are far more serious than other recessions. However, the debt overhang adds a new and very worrying dimension. Indeed America's fiscal and economic weaknesses are interlinked because the revival of economic growth is the necessary first step in dealing with America's public debt problem. To date, the woeful set of economic and fiscal indicators has not seriously diminished America's global power, but it has had some effect and threatens to have much greater – perhaps catastrophic – impact in time.

In immediate terms, it is clear that the United States is far from any tipping point where it has to scale back its military power very significantly because of economic and debt problems at home. True, its supporting rather than lead role in the NATO intervention in Libya owed something to the Obama White House's desire to contain defence costs while America is still actively engaged against the Taliban in Afghanistan and has just started to run down its Iraq commitments. In Obama's Fiscal Year (FY) 2012 budget plan, defence outlays are also scheduled to decline from 5.1 percent of GDP in FY 2011 to 3.4 percent of GDP in FY 2016. Nevertheless, the savings will largely result from the running down of commitments in Afghanistan and Iraq and waste elimination rather than the reduction of core strength. Even if a new crisis demanded expansion of military spending in the course of the next decade, the United States should be able to meet that need without imposing a strain on its economy.

On the other hand, the United States will likely face strategic restraints in the second decade of this century. While short-term defence budget expansion may be possible to meet a crisis, a sustained increase appears out of the question. The military future for the United States, therefore, is one of making do with less. It will not keep pace with the defence expansion of potential competitors. Russia and China almost doubled their military spending over the first decade of the twenty-first century and look set to continue this rate of growth in the second on the back of their buoyant economies. This does not represent a threat to the military supremacy of the US, which accounted for 46.5 percent of total global military spending in 2009, but its competitors will almost certainly use their fiscal advantage to disrupt and erode its superiority. Moreover, the pressure for deficit reduction is highly likely to impact negatively upon defence investment that meets future rather than immediate needs, particularly in procurement, research and development, and personnel development. In essence, therefore, the United States may have to develop a grand strategy that prioritises ends and links them to means, somewhat in the manner of Dwight Eisenhower in the 1950s rather than one based on assumptions that its economic power can underwrite military expansion as in the 1960s, 1980s, and early twenty-first century.

From FY 2020 onward, however, the future for US military power looks bleaker without a domestic correction of fiscal course. According to the Congressional Budget Office (CBO), the United States will exceed its historic peak for public debt-GDP size of 109 percent (reached at the end of World War II) in 2023 [a new Government Accountability Office report projects the somewhat later date of 2027] and will experience further fiscal deterioration to approach 190 percent by 2035. Under that scenario, the three largest entitlement programmes – Social Security (old age pensions), Medicare (medical assistance for the poor), and Medicaid (medical benefits for Social Security recipients) – plus interest on the public debt, will consume total budget revenues by 2030, requiring all other programmes to be funded from the deficit.

It is these entitlements that are the root cause of America's long-term fiscal problems. According to a Government Accountability Office projection, GDP is set to expand by 71 percent in real terms from 2007 to 2031, but spending for Social Security, Medicaid, and Medicare is set to increase by 127 percent, 224 percent, and 235 percent, respectively. The Social Security expansion reflects the aging of the population as the baby-boom generation, the population bulge born between 1945 and 1965, reaches retirement age. The growth of healthcare outlays is also attributable in part to this, but more significantly will result from the inflation of costs as medical treatments and technology improve. It is unclear whether the Obama health insurance programme will have much impact on aggregate costs: it will likely reduce demand for Medicaid but increase other healthcare outlays.

In the assessment of the CBO, which has a reputation for realism rather than hyperbole, 'The explosive path of federal debt ... underscores the need for large and rapid policy changes to put the nation on a sustainable fiscal course'. It is unthinkable that the US government will not take action – it is a matter of when, not if – but the longer the debt problem remains unaddressed, the greater it will grow and the more difficult it will become to resolve. Nevertheless, when Washington policymakers do face up to the issue and make the difficult choices involved in reining in public indebtedness, defence will be very vulnerable to retrenchment. Even though its claim on the public purse is smaller than that of domestic entitlements, military cutbacks are politically easier to effect than those on pension and healthcare support.

Replicating the pattern for its military power, America's economic and fiscal problems are likely to impact on its position in the international economy more in the medium to long-term than in the short-term. Henry Kissinger once remarked, 'Who controls the food supply controls the people; who controls the energy supply can control whole continents; who controls money can control the world'. Allowing for some hyperbole in this assessment, it did offer insight into the benefits for US international influence of the dollar's status as the world's major reserve currency.

As the dollar declined in value over the last decade, its share of allocated global reserves fell from 72 percent to 62 percent, suggesting that reserve managers were diversifying their holdings into other currencies. The main beneficiary of this trend was the euro. Standard & Poor's ([S&P]) downgrading of America's AAA+ credit rating in the wake of the political imbroglio between Republicans and Democrats over raising the debt limit appeared to spell further trouble for the dollar.

However, the greenback has become an increasingly safe haven for foreign currency holders in light of the Eurozone's deepening financial crisis that threatens the very existence of the single currency project. Reports that foreign central banks and managers of large private funds were shedding Treasury securities in 2009-10 were also exaggerated. China, the largest holder, was shifting from long-term to short-term securities rather than moving out of the dollar. In 2011, however, there has been a general move back to long-term securities that carry higher interest. Signifying this, Bill Gross, chief executive of PIMCO (the world's largest fund manager), which had previously begun shedding its long-term US bonds, announced in October that it was increasing its holdings in them.

Paradoxically, therefore, America's reserve position has actually strengthened in the last two years despite its economic and fiscal problems. Its current account deficit – its external balance with the rest of the world – has also shrunk from a worrying 7 percent of GDP in 2006 to a more manageable 3.3 percent in mid-2011 because the fragile economy has reduced demand for imports. Moreover, its capacity to borrow from abroad remains undiminished because the US broadly remains a reliable haven, notwithstanding its S&P credit rating downgrade. Indeed the annual cost of its repayments on its rising public debt which itself grew from 40.3 percent of GDP in 2008 to an estimated 72 percent of GDP in 2011, actually declined from 1.8 percent of GDP to 1.4 percent of GDP over this same period thanks to low interest rates.

However, low interest rates will not last forever. The United States at some juncture will face increasing costs to service its debt. And unless it brings its borrowing under control, it may eventually find its only recourse is to have massive interest rates to

overcome creditor fears about a possible default or a reversion to debt monetisation (namely printing more money to cheapen the dollar and thereby ease interest payments). This is unlikely to happen until the late 2020s or early 2030s, but the impact on the economy will be severe if such monetary manipulation becomes necessary.

If the economic effects of America's indebtedness are not yet great, there are signs that it has had an impact on its political influence within the international economy. In 2004, former Treasury Secretary Larry Sumner famously remarked, 'There is something odd about the world's greatest power also being its greatest debtor'. It is even odder that its biggest creditor is also its greatest economic challenger, the People's Republic of China (PRC). Contrary to the usual assumption that economic power goes hand in hand with a strong currency, the PRC engaged in massive purchase of US Treasuries and other dollar assets in the first decade of this century to ensure that its currency had a low value against the dollar, thereby reaping huge advantages for its products in the giant US market. The Bush administration and the Obama administration have both sought to persuade Beijing to abandon this practice in order both to reduce America's huge bilateral trade deficit with the PRC and to head off protectionist sentiment in the US Congress. However lack of leverage has blunted America's capacity to get the Chinese to do what it wants. (Of course, the US should beware what it wishes for in this regard, since the PRC would have little reason to extend it easy credit if there were no currency exchange benefits to be gained.)

Being America's leading creditor gives the PRC a certain advantage in dealing with it. Beijing has been a very vocal critic of the Federal Reserve's quantitative easing (QE) initiatives to improve the flow of credit at home. It worries that this action will ultimately cheapen the dollar, thereby undermining the value of its holdings. Some analysts believe that concern about China's reaction is one reason why the Fed has not engaged in a third round of QE despite the evident fragility of the post-recession recovery. Others are fearful that the PRC might use its creditor clout to bring pressure to bear on the US in the event of a geopolitical showdown between the

two countries, for example over sovereignty issues in the South China Sea. In their view, this could be America's 'Suez Moment', a reference to Eisenhower's use of economic leverage to force the withdrawal of the 1956 Anglo-French intervention in Egypt.

Undoubtedly being a debtor nation diminishes America's standing in what can be called geo-economics. This is true with regard to allies as well as rivals like the PRC. Treasury Secretary Tim Geithner found this out when he participated in a meeting of European financial leaders in Wroclaw, Poland, in September 2011 to discuss the Eurozone sovereign debt crisis that threatened to spread from Greece to other nations. His calls for stronger action by member nations of the single currency project to provide larger bailout funds as security against a Greek default, and for greater aid to European banks that were holding bad government debts, were dismissively rejected by a number of his EU counterparts. Austrian Finance Minister Maria Fekter commented, 'I found it peculiar that even though the Americans have significantly worse fundamental data than the Eurozone, that they tell us what we should do'.

The world also watched on in horror at the showdown between the Tea-Party-influenced Republicans and the Democrats over the passage of a bill to raise the debt limit in mid-2011. The US narrowly avoided a default that could have had serious ripple effects throughout the global financial community. In effect, conservative Republicans resorted to political blackmail to force acceptance of large budgetary cuts as their price for a deal. Clearly, American legislators have every right to pursue the political aims they were elected to achieve, but it seemed that the whole world – not just the Obama administration – would have to bear the cost of their intransigence. The episode damaged America's reputation as a reliable debt payer, leading directly to the S&P credit downgrade. The antics of what Britain's Trade Secretary Vince cable dubbed 'a bunch of right-wing nutters' also exposed the US to international ridicule.

The debt limitation imbroglio showed that America is an increasingly polarised nation amidst today's difficult economic circumstances. Internal divisions have not yet affected its capacity to act on the world stage, but

they may do so in years to come if the economy does not recover its vigour. However American policymakers have failed to find the solution to restore growth, jobs (unemployment remains stubbornly high at around 9 percent of the work force), and optimism. The monetary instruments of economic management helped to end the recession in mid-2009 but have had little effect in strengthening recovery. Easing the supply of credit has done little to boost demand, which remains anaemic. Having binged on credit card and loan finance for over a decade, consumers are now reining in their borrowing habits because job uncertainties (or actual joblessness) make them more circumspect about their capacity to repay debt. Meanwhile, American banks remain reluctant to lend to business because of concern that blowback from the European sovereign debt crisis might threaten their reserve position.

In current circumstances, the best way of kick-starting the economy is through expansionary fiscal measures that would actually create jobs or put money in people's pockets – through initiatives like public works and infrastructure projects, extension of unemployment compensation beyond 2011 for workers who have exhausted their benefits, extension of payroll tax cuts into 2012, and more generous assistance to hard-pressed state governments who lack the federal capacity to borrow because of the balanced-budget requirements of their constitutions. Such measures could form part of a second stimulus package since the first one, enacted early in the Obama administration, has come to the end of its three-year duration.

However, the political paralysis that has resulted from separate party control of government make it highly unlikely that such an initiative will be enacted. The Republicans have no interest either in approving a statist solution for economic revitalisation or in letting Obama claim the credit for economic recovery with an election looming. Conversely, the Obama administration and the congressional Democrats appear unwilling to engage in a political battle to force acceptance of their agenda. The likelihood is, therefore, that there will be no fiscal initiative to head off the threat of a double-dip recession and there will be no strong recovery in the short-term.

Without a strong economic recovery, America will also find it more difficult to resolve its fiscal problems. The depressed receipts that are the product of a weak economy – in FY 2011 tax revenues equated to less than 15 percent of GDP, well below their annual average of 19 percent between 1980 and 2005 – increase the difficulties of deficit control. In other words, fiscal actions to boost the economy may increase the deficit in the short-term but they will facilitate its eventual reduction. However, economic growth alone cannot get the budget under control. Most fiscal experts are in agreement that the United States will have to reform entitlement programs to control costs, find ways of enhancing revenue (which would likely have to include high taxes, particularly for the top 20 percent of the income distribution), and economise on other programs – including defence. Whether the political will exists for such a sweeping assault on public indebtedness is unclear. Such a course of action involves slaying two large sacred cows. The Republicans would have to swallow higher taxes and the Democrats would have to accept diminution of entitlement benefits.

Americans like to claim they are good at dealing with a crisis. Perhaps they are less effective when it comes to pre-empting one. The mushrooming debt is not yet a crisis but it will eventually generate one if left to fester. If America awaits a financial crisis before taking action, there is a danger that the scope of the course correction it would need to undertake might prove too great. The United States is slowly awakening to the reality that growing public indebtedness represents the greatest threat to its power and prosperity in the twenty-first century. It remains to be seen whether its political parties and the separate institutions of its government can work together for the long-term good of the nation. Winston Churchill famously observed that America could be relied on to do the right thing after it had tried everything else. It is to be hoped that there will be a timely demonstration of the truth of his remarks with regard to US public indebtedness.■

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# ➤ Repairing the American Image, One Tweet at a Time

Robert Kelley

**F**or nearly all of the Bush administration, America's standing in most parts of the world remained dismally low. The reputation it left behind after 2008 stood ready for a dramatic overhaul with the arrival of the popular Barack Obama. Beginning almost immediately with a positive new message offered to the Muslim world, Obama's public diplomacy is decidedly less notable for its substantive achievements than the strides he and Secretary Hillary Clinton have made in modernising the means of public diplomatic discourse. During its time in office the Obama administration has worked to broaden and accelerate communications with audiences abroad by inserting social media and technology exchanges into the toolkit of the public diplomat. Yet the administration's tendency toward strategic incoherence means public diplomacy strategy remains a mystery. As the content of public diplomacy falls behind innovations in methods to deliver it, one has to wonder: what is the world hearing?

When George W. Bush and company departed from the White House on that cold day in January 2009, a quick check of the national inventory revealed debt – and more debt – at almost every turn. In eight years as president, Bush nearly doubled the national debt to almost \$11 trillion. The unemployment rate he inherited in 2001 – 4.2 percent – surged in 2008 after that summer's shakeup in financial markets propelled it to 7.8 percent by the next inauguration. As one of his final acts as president, Bush and his beleaguered treasury secretary Henry Paulson orchestrated an unpopular bank bailout of \$700 billion. Finally, one cannot overlook the steep price of post-9/11 security strategy, including the wars in Iraq and Afghanistan, amounting to \$846 billion. With so much money on the move, it should surprise no one that the first and possibly the only term of Barack Obama finds a president desperate for financial capital. And this does not mean the bankrolling of his ambitious health care legislation or European-influenced high-speed rail network. As evidenced by last summer's debt ceiling debacle and repeated threats to shut down the federal government, this president is just trying to keep the lights on.

Of course, aside from financial capital there are other accounts available to a leader. Consider political capital: a currency that is valued in data produced not by financial institutions but by polling firms. Sometimes a leader will say defiantly that they do not pay attention to polls. They are lying. These indicators tell leaders the strength of their mandate, their popularity, and the likelihood that their publics will accept the agenda laid out before them. Crucially, and much like their financial brethren, these data also tell leaders the point at which their account will be overdrawn. In the aftermath of his 2004 re-election victory, Bush famously remarked, 'I earned capital in the campaign, political capital. And now I intend to spend it'. He did to exhaustion, leaving office with the lowest approval rating since Richard Nixon. Heaped atop this mountain of financial burdens, Bush would leave to Obama another account of political capital in dire circumstances: foreign public opinion of the United States.

With remarkably few exceptions, key constituencies around the world diminished their affections for America during the Bush years. According to the Pew Global Attitudes Project, respondents to annual surveys of favourability towards America in neighbouring Mexico and Canada registered declines of 12 and 16 percent, respectively, between 2000 and 2007. Important regional ally and trade partner Japan reported a similar drop over that time. Sentiments in Turkey plummeted sharply by 41 percent as opposition to American foreign policy spread all around the Middle East. An unsettling finding of Moroccans, Jordanians, and Pakistanis in 2003 showed much more confidence in Osama bin Laden to 'do the right thing in the world' than Bush. Meanwhile, in Europe the average favourability rating towards America by Brits, French, Germans, and Spaniards fell by nearly 30 percent over seven years. When the *Transatlantic Trends* survey of European Union member states began in 2002, only 31 percent of respondents found US leadership in the world 'undesirable'. By 2008, that number would increase to 59 percent.

The world inherited by Obama depicted deep distrust among traditional allies and even deeper hostility from a growing list of adversaries. But, because most Americans could easily marginalise matters of foreign import, few felt the severity of this debt of political capital as profoundly as its public diplomats. First came the criticisms. The late Ambassador Richard Holbrooke was first to wonder in October 2001 how a 'man in a cave' could outflank the communications superiority of the United States. To the delight of no one in the US government, this lamentation resurfaced on numerous occasions over several years, most recently in late 2007 when then-Secretary of Defense Robert Gates declared 'It's just plain embarrassing that al-Qaeda is better at communicating its message on the internet than America'. In the interim, well over thirty research efforts were undertaken to call attention to the flaws and propose fixes for American public diplomacy. Then came the revolving door. The Bush years saw a steady stream of public diplomacy undersecretaries propose, attempt, and abandon their initiatives. Charlotte Beers's 'Shared Values' campaign, one that injected private-sector public relations glitz into statecraft, and won an endorsement from then-Secretary of State Colin Powell. The same could not be said for

al-Jazeera and the state broadcasting agencies of Egypt and Lebanon, and the project collapsed in early 2003. Bush loyalist Karen Hughes attempted a self-styled 'listening tour' of the Middle East, which in the end seemed to produce more talking than listening. Finally, James Glassman gained some much-needed traction with the social network-driven 'public diplomacy 2.0', only to be sent packing by the new administration after six months on the job.

Evidence from elsewhere suggested the failures in public diplomacy had less to do with strategy or direction and more to do with the futility of explaining unpopular policies to the world. This realisation found daylight in the 2008 presidential campaign when the Chicago Council on Global Affairs reported that 83 percent of the electorate regarded America's standing abroad as a high priority issue. Policy and strategy changes notwithstanding, there was one adjustment all could agree would go over well internationally: a change in leadership. As predicted, the Obama victory breathed new life into the United States' reputation. And so, with respect to public diplomacy the new administration found three options at its disposal: change strategy, change policy, or ride the coat-tails of the reputational saviour. In Barack Obama's first term, all of the above took place to some degree, though some more than others.

A useful guide outlining the likely public diplomacy priorities for the new administration appeared in the edited volume titled *Change for America*, a 'progressive blueprint' brimming with ideas from the liberal intelligentsia, including Tom Donilon, Elena Kagan, John Podesta, and Laura Tyson. Douglas Wilson, now directing the Pentagon's Public Affairs Office, set forth five goals for Obama's public diplomacy: 1) recruiting top-notch talent; 2) affording them the credibility necessary to be effective; 3) integrating public diplomats into the foreign policy decision-making process; 4) expanding the use of internet-based communications tools; and 5) maximising these tools within the existing structure of educational, cultural, and leadership development programs. Put more succinctly, the administration's public diplomacy objectives were made clear for the new Secretary of State Hillary Clinton: choose the right people to conduct it, give them a strategy and policy positions

they can work with, and give them the tools they need to succeed. Fulfillment of the first objective came in May 2009 with the confirmation of media executive and Clinton ally Judith McHale as Under Secretary of Public Diplomacy. A relative unknown within the public diplomacy circuit, reaction ranged from muted to negative. It took McHale nearly a year to unveil her decidedly disappointing public diplomacy strategy, heavy on vaguely worded imperatives such as 'shape the narrative' and 'combat violent extremism' but lacking a clearly articulated vision.

As it happened, that articulation would come from elsewhere. Early in her tenure, Secretary Clinton unveiled plans to transform the role of the Department of State both within the US government and in the wider world. In one of her first acts as Secretary, Clinton nominated Princeton scholar Anne-Marie Slaughter to be Director of Policy Planning. Slaughter, best known for her forward-thinking book *A New World Order*, would inject her work into the production of an equally transformational document for the government's principal non-military foreign affairs agencies. By design, the resulting *Quadrennial Diplomacy and Development Review (QDDR)* for the first time placed the Department of State and the US Agency for International Development on level ground, asserting the success of one to be inextricably linked to that of the other. Months later Clinton unveiled the '21<sup>st</sup> Century Statecraft' vision statement, echoing Obama's campaign promise of 'open government' and purporting to exceed the wildest dreams of Wilson's Fourteen Points. For the notoriously technology-allergic Department, it signalled new enthusiasm for social media such as Twitter, Facebook, and YouTube. By extension, it also acknowledged the arrival of an age when citizens could play ambassadors and diplomats could behave like citizens, provided, of course, the necessary tools were available to all of them. The launch of '21<sup>st</sup> Century Statecraft' marked a beginning in State's bold transition away from confidentiality and late adoption and toward openness and promotion of information communication technologies.

The technology dividend for public diplomacy meant strengthening of the bridge between the public's ability to communicate and government's ability to respond. In a role reminiscent of the surrogate

broadcasters of the Cold War, the State Department once again found itself actively enabling freedom of information in restricted spaces. One famous instance of this occurred during the popular uprisings in the aftermath of the 2009 Iranian election, when Twitter was first seen as a staple of dissent. When scheduled maintenance threatened to take Twitter offline for a few precious hours during the revolt, a timely call from the State Department persuaded the company to delay it. American diplomats served as brokers between technology providers and tech-hungry populations. Technology delegations, or 'techdels', have travelled to Mexico and, in the response to violence erupting from its large-scale counternarcotics campaign, launch a text message system for citizens to report crimes anonymously. In the area of disaster relief, short code systems set up to receive charitable donations by text message for refugees from the Swat Valley in Pakistan and earthquake victims in Haiti constituted important victories for public diplomacy in hostile areas. Building on this goodwill through the transfer of technology, the Office of eDiplomacy, created in 2002 to improve the flow of information within the Department, expanded its functions to include increasing the digital literacy of civil society groups with offsite gatherings ('TechCamps') and local events ('Tech@State'). One TechCamp in Jakarta, Indonesia brought together 50 members of civil society to share ideas on the uses of information technologies for disaster response.

At this point, it must be made clear that this new direction did more than mark a shift in institutional receptivity to technology. It was no small feat for an agency historically inclined toward secrecy to sanction blogging and tweeting not even six years after the staff of the Truman Building won public and unclassified access to the internet. However, the emphasis on the 'tools needed to succeed' inexorably tilted the balance between mastery of content and the mastery of types of media toward the latter. The redirection of 'vision' away from Under Secretary McHale and towards such figures as Slaughter, wunderkinds Alec Ross and Jared Cohen, and the Office of eDiplomacy supplied them with the clear path to innovation that public diplomacy so desperately needed.

But with so many new players involved in this new incarnation of public diplomacy, decentralisation of public diplomacy activity has been the net effect.

There is a second, more pervasive casualty resulting from this approach as well: strategic incoherence. This would hardly be the first time the Obama administration fielded criticism over such a problem. His grand strategy perplexes. Engagement early on with some leaders roused fears that Europe would share less of the NATO burden, Russia would blithely antagonise neighbours to the west, and Iran would exploit America's unclenched fist. A most deferential bow before the Saudi King Abdullah unnerved Americans already suspicious of Obama's defence (not to mention religious) *bona fides*. His own handpicked leader of the American mission in Afghanistan, General Stanley McChrystal, pilloried him in the press. Contrast this with the forcefulness with which Obama's cabinet members chastised European defence ministers over the Afghan mission and their successful lobby for 'smart' sanctions against Iran. Obama has waged a more aggressive counterterrorism campaign in Afghanistan and Pakistan than his predecessor, and he shall always garner recognition for the demise of Osama bin Laden. But Obama's foreign policies are the products of painstaking deliberation, all the while fueling consternation. It took nearly all of 2009 to articulate a vision for 'AfPak' to an antsy domestic audience as well as allies. Other more barometric policies, such as the administration's positions on Darfur and Burma came together slowly and, in their absence, left concerned members of civil society to scrutinise America's commitment to social justice and human security. Pragmatic to the last, this administration's foreign policies strive for action that leaves them room to manoeuvre as opposed to being boxed in by principles.

And yet, in many ways pragmatism is anathema to the integrity of official public diplomacy. Information is a core component of public diplomacy, and in the natural course of political events there are moments when information benefits from a singular voice and purpose. It is much easier to galvanise these by recourse to principles, and easier still when all agencies are working together. Two examples serve as proof of the undermining power of pragmatism

where the public diplomacy of principles is concerned. President Obama's speech on 4 June 2009 in Cairo represented his second major outreach effort to Muslim audiences, the first one an exclusive interview (and his first in office) with al-Arabiya merely days after his inauguration. By any measure, the speech itself won tremendous praise for its vision and sincerity. However this praise also was tempered by doubts that such a vision could ever be achieved, and those doubts turned out to be well-founded. In his speech, Obama sought to redress the hostile tensions of the Bush era with an ambitious agenda for cooperation. The top two priorities in this agenda undoubtedly sit at the forefront of Muslim concern over America's influence in the Middle East: combatting violent extremism and resolving the Israel-Palestine conflict. Of the first, he assured the audience '...just as America can never tolerate violence by extremists, we must never alter or forget our principles... America will defend itself, respectful of the sovereignty of nations and the rule of law. And we will do so in partnership with Muslim communities which are also threatened'. Partnership, Obama discovered, would prove elusive particularly in Pakistan, whose sovereignty sustains repeated violations by American intelligence operations, special forces, and unmanned aerial vehicles. Recent eruptions of alleged terrorist activities in weak states such as Yemen and Somalia further illustrate the cold calculus of national interests versus high ideals. Hostility towards America in these areas, the new frontiers of counterterrorism, remains strong and the prospects for successful public diplomacy are slim. In the case of Israel-Palestine, post-Cairo Obama folded his principled stance on the expansion of Jewish settlements into the West Bank in the face of strong resistance by Israeli Prime Minister Binyamin Netanyahu. Pragmatism prevailed over principle once more on the issue of Palestinian statehood, which Obama moved to obstruct when the matter came before the UN Security Council. In summary, the legacy of the Cairo speech finds its lofty shared goals at odds with America's national interests, the effect of which was to diminish the balance in Obama's political capital account.

Secretary Clinton delivered what came to be known as her 'internet freedom' speech in January 2010, when tensions over censorship by Chinese authorities were palpable. Shortly before the speech, the internet

behemoth Google found itself the target of cyberattacks by Chinese authorities hacking into the e-mail accounts of human rights activists. When Google responded to the attacks by shutting down its Chinese language web portal, it brought the differences of opinion on this issue between the American and Chinese governments into focus. Clinton suggested that China's ability to 'restrict free access to information or violate the basic rights of internet users risk[s] walling themselves off from the progress of the next century'. Unfettered access to information, Clinton claimed, is 'helping people discover new facts and making governments more accountable'. Beyond inciting China, the US issued a standard reflecting its embrace of open government and the democratisation of technology in line with the national value of free speech. By the end of that year, the Obama administration would find itself revisiting that standard out of line with national security. In late November 2010, the website Wikileaks released a trove of over a quarter-million classified diplomatic cables to several international newspapers. One of the newspapers to receive the cables, *The Guardian*, could not help but point out the 'delicious irony' of turning the Western argument for internet freedom against itself. The Wikileaks debacle offered a sobering reminder of internet freedom's double-edged sword. It also showcased on a global stage the erosion of information control so critical to the workings of 'closed' diplomacy. Communications scholar Clay Shirky asserts this is a *fait accompli* of the new diplomatic landscape: 'The loss of control you fear is already in the past. You do not actually control the message, and if you believe you control the message, it merely means you no longer understand what's going on'.

With respect to public diplomacy, the question remains as to whether messages matter less to the Obama administration than the means to deliver them. No president would concede this point, and yet actions dictate otherwise. The absence of a strategic framework for public diplomacy is further complicated by the administration's tendency to choose pragmatism over principle when exercising its foreign policies. Asked to explain the public diplomacy dimension of their job, most American Foreign Service officers would be hard pressed to say what it is, and those in the know would supply an answer involving Twitter or perhaps DipNote, the Department's public blog. From this it is no wonder Obama's foreign policy objectives cause such confusion. An easy suggestion would be for Obama to emulate the principled approach of his predecessor, whose policies, regardless of opinion, were well known. But unlike the dwindling prospects for the American economy and the domestic view of his performance, Obama's political capital account abroad remains flush. His *Transatlantic Trends* job approval number from the 2011 survey? Seventy-five percent. Obama should be grateful that publics abroad appear to distinguish their admiration for him from the sustaining contempt they have for American foreign policies. Based on the experiences of his predecessor, it is also clear that communication tools cannot alone compensate for flawed strategy, especially one that is incoherent. The occupant of the White House has changed, but once again it is the content of American statecraft that undermines its public diplomacy. ■

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# ➤ Obama's Alliances<sup>1</sup>

Steven Casey

## INTRODUCTION

**I**n the age of Obama, the United States' commitment to its extensive alliance system appears, at first glance, to be shaky. America is beset by economic problems and domestic preoccupations. Its hegemonic position is under threat, especially from a rapidly growing China. It remains mired in a war on terror in which, from Washington's perspective, many allies have not done enough. And it is led by a president who talks about embracing alternative forms of international arrangements.

During his successful election campaign, Obama evinced few sentimental feelings for old arrangements that were originally formed to deter the long-gone communist threat. His pledge 'to rebuild the alliances, partnerships, and institutions necessary to confront common threats and enhance common security' implied that alliances were no longer a *sui generis* type of institutional arrangement. They were set for a downgrade.

Almost three years into his presidency, however, President Obama has proved much more alliance-friendly than candidate Obama. This is partly because he knows that he needs alliance support to wage costly fights in Afghanistan and Libya. But it is due, above all, to the changing contours of international politics, particularly in Asia and the Pacific, where China's rise has concentrated Obama's mind, prodding him to think about ways to both engage with and balance this strategic competitor.

## WHY US ALLIANCES STILL MATTER TO THE WORLD

Although most US alliances were born during the distant days of the Cold War, for at least four reasons they still matter. First, although power shifts may ultimately remould US alliance structures, these changes will not suddenly consign Washington to the margins – not while America still retains the largest economy and the biggest military. Second, if the United States is itself in decline, then Washington is likely to cling even more firmly to its alliances, as declining powers are even more likely than global hegemons to seek out partners in order to share defensive burdens. Third, the United States remains an attractive partner, especially for those states who share both a strategic outlook and similar values. Finally, since 1945 the United States has placed a high priority on the credibility of its alliance networks. Successive administrations have been convinced that deterrence requires projecting an image of resolve and have worried about a home-front backlash if they appear to let down an ally. This concern for appearances is likely to continue in the future.

In short, the United States has placed enormous emphasis on its allies, on occasion even seeing them as a motive – rather than just the method – for action. At a time when many other states view America in decline, it is likely that, if anything, Washington will be even more determined to keep up appearances, standing firmly behind allies to demonstrate to rivals that it still means business.

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1 This article is extracted from a longer paper produced for the Lowy Institute for International Policy, [www.lowyinstitute.org](http://www.lowyinstitute.org)

## OBAMA'S CONCEPTION OF ALLIANCES

Since his sudden arrival on the national scene in 2008, Obama has promised change. One reason is his background. Obama is not simply the first black man elected to America's highest office. He is also the first president of Kenyan ancestry, the first born in Hawaii, and the first raised partly in Indonesia. 'The Pacific Rim has helped shape my view', Obama declared not long after taking office. His mental map, he thereby implied, was far removed from the Eurocentric focus of so many of his predecessors.

Obama, moreover, is self-consciously part of a new, post-Cold War generation, which came of age after the collapse of communism and in the midst of the war on terrorism. 'I am probably the first president', he told one interviewer in July 2010, 'who is young enough that the Vietnam War wasn't at the core of my development. So I grew up with none of the baggage that arose out of the dispute of the Vietnam War'. A lot of the Cold War 'political frames', Obama added, 'don't really connect with me generationally'.

Nor did Obama connect with the political frames that President George W. Bush devised to wage the so-called 'war on terror'. To win his party nomination in 2008, Obama had to appeal to a Democratic base that was clearly committed to foreign-policy liberalism, and categorically rejected the ideas behind Bush's war on terror. To win the election, he then tried to turn the campaign into a referendum on the Bush years – albeit a caricatured version of those years – stressing the ills of unilateralism during the long war in Iraq.

Against this personal and political backdrop, it is scarcely surprising that Obama's 2008 conception of alliances appeared to be both new and liberal.

He argued that in a world of complex interdependence, the United States needed to look beyond traditional tools such as security alliances. Instead, the new president would have to work more closely with emerging powers such as India, Brazil, and Indonesia. He would have to improve America's relations with multilateral institutions such as ASEAN and the African Union. And he would have to create new international regimes, such as a Shared Security Partnership Program, to root out global terrorist networks.

To the conservative retort that multiplying such arrangements would constrain American choices, Obama's view was clear: the advantages of playing a leading role in a complex network of bilateral and multilateral, formal and informal arrangements, far outweigh any drawbacks. 'America is strongest when we act alongside strong partners', Obama declared. 'We helped create the UN – not to constrain America's influence, but to amplify it by advancing our values'. Obama also argued that the United States has a vested interest in upholding international rules – rather than, as Bush did, challenging them. The reason is simple: hegemony tends to create rules and institutions that support its dominance, and allow it to wield power legitimately, subtly, and affordably. In his 2006 book, *The Audacity of Hope*, he insisted that 'nobody benefits more than we do from the observance of international "rules of the road." We can't win converts to those rules if we act as if they apply to everyone but us. When the world's sole superpower willingly restrains its power and abides by internationally agreed-upon standards of conduct, it sends a message that these are rules worth following'.

While Obama's campaign rhetoric was clearly on the liberal end of the spectrum, Obama was keen to emphasise that it was not entirely new. This was vital. His personal background is so exotic that his more extreme critics have accused him of espousing policies that border on un-American. And even moderate Republicans have argued that he 'has embraced the foreign policy of an ideologue'. In this view, Obama's framework is based on a 'repudiation of American global leadership, a devaluation of alliances, and a penchant for paper agreements'. Obama, these critics add, is heir to an excessively idealistic Democratic tradition that dates back, if not to Woodrow Wilson's attempt to remake the world in 1919, then at least to George McGovern and Jimmy Carter's naïve liberalism, which was decisively repudiated in the elections of 1972 and 1980.

In response Obama has sought to place himself in the illustrious Democratic heritage of Roosevelt, Truman, and Kennedy. Take his faith in the importance and efficacy of international rules. Some critics argue that this is one of the more naïve and novel elements of Obama's foreign-policy creed, but it is, in fact, perfectly

in tune with how most Cold War-era presidents viewed friends and enemies in the international system. Similarly, Obama's interest in multilateral arrangements to deal with these complex challenges likewise fits with what his Democratic forebears tried to achieve, from Roosevelt's attempts to turn the wartime alliance into 'a political society of nations' to Kennedy's efforts to tackle economic and social problems in Latin America through his Alliance for Progress.

Yet while Obama may sit comfortably within the liberal mould, he is also a pragmatist. More importantly, he also inherited a number of awkward realities that have cast long shadows over what he can achieve on the international stage. One has been the budget deficit, which has placed him in a different position from his Cold War Democratic heroes, Truman and Kennedy. These earlier presidents had both approached alliances from a position of confidence about American strength. And they were in no doubt that the United States could afford not only to mobilise its own military power but also to cement certain crucial alliances with lavish economic and military aid. Obama has had no such luxury. His position is, in fact, closer to (although much worse than) the Republican administrations of Eisenhower and Nixon, who saw alliances largely as a way of sharing costly defence burdens at a time of domestic retrenchment.

As well as these chastened circumstances, Obama's early actions were also driven by another unavoidable reality Obama inherited from President Bush: the so-called 'war on terror'.

## **ALLIES AND THE WAR ON TERROR**

On the campaign trail, Obama had stressed that the war in Iraq (America's war of choice) had greatly distracted Washington's attention from the more important battleground in Afghanistan (America's war of necessity). Once in power, Obama had to figure out how to interact with two governments at the very heart of the struggle: Afghanistan, where the long-standing war continued, and Pakistan, where many of the terrorist training camps had now shifted.

Although neither are allies in the formal sense (Washington instead uses the term 'cooperative relationship'), making these relationships work was Obama's initial priority. Doing so would enable Afghanistan to take over more of the fight against the Taliban, and encourage Pakistan to confront the terrorist networks inside its borders. But Obama has been frustrated on both counts. There is certainly little trust between Washington and Kabul, especially when Afghan President Hamid Karzai is so publicly critical of American operations inside Afghanistan. And Obama has become increasingly suspicious of Pakistan's ambivalent attitude towards terror cells within its borders. By the spring of 2011 Washington's frustration verged on outright resentment. Most notably, Obama sanctioned the operation against Osama bin Laden without informing Pakistan, because he suspected his partner would tip off his target.

At the same time, Obama has tried to prod America's long-standing allies throughout the world to help share the burden in Afghanistan. In the wake of his decision to send 30,000 more troops, US officials worked to get these allies to increase their own involvement, in what Clinton called 'a crucial test for NATO'. Again, however, Obama was frustrated. This was partly because after the Bush years many allies face publics who are sceptical about following Washington's lead. But Obama's own laidback style has also contributed. Distancing himself from his swaggering predecessor, Obama has not been the type of president to pressure America's allies into sending more troops to an unpopular war.

## **ALLIES AND THE ARAB SPRING**

While 'AfPak' occupied Obama's attention in 2009, the Arab Spring was an unexpected shock that suddenly directed his focus to the Middle East in 2011. As the contagion of protest spread, toppling or threatening governments that had long been a fixture of the region, Obama faced the prospect of prioritising America's declared support for freedom and democracy at the risk of losing stable autocratic leaders who had been steadfast allies. Obama was initially uncertain and clumsy. But the administration eventually developed a response characterised

by caution and hard-headed liberalism. The US waited weeks before calling on Mubarak to leave and months before unveiling a general approach to the region. Both policies, when they finally came, demonstrated Obama's liberal inclinations. His May 2011 speech was the high point, with its emphasis on embracing the democratic change reverberating through the Middle East. At one point, Obama even suggested a new Marshall Plan for the region. The death of bin Laden, he claimed, together with the emergence of democratic movements, presented the United States with an opportunity to help the region's reformers by extending debt relief and enterprise funds.

Yet on close inspection, the scale of such aid will be nothing like the Marshall Plan billions of the late 1940s, not in America's straitened circumstances. And Obama's liberalism has other limits, too. He has continued to emphasise American 'humility' – letting the protests find their own solutions, without overt prodding from Washington. He has remained content to react to events, rather than seeking like Bush to drive the democratising process forward. Above all, his actions have been decidedly uneven. Like many of his predecessors, Obama has found it easier to get tough with states who are not friends: hence the bombing of Libya and the sanctions against Syria. But he has treated allies quite differently. Bahrain, for instance, which provides an important base for the US Navy's Fifth Fleet, has merely been subjected to gentle presidential pleas to open up a dialogue with its domestic opposition.

Despite this selective soft-peddalling, Obama's actions have had an unsettling impact on America's surviving allies in the region. Saudi officials were clearly angry at Obama's abandonment of Mubarak, telling reporters that their government's willingness to listen to the President had now 'evaporated'. Israel appeared equally concerned, fretting that a post-Mubarak government would be much more hostile and worrying that Obama had proven himself fundamentally flaky towards key partners. Small wonder that Obama's push for renewed dialogue between Israel and the Palestinians was met with a cold response from Israeli Prime Minister Netanyahu.

If the Arab Spring has had a complex – and often debilitating – impact on America's traditional allies in the Middle East, its Libyan component has shown how he would like alliance relations to develop, while also making him a sporadic Atlanticist. In Libya, Obama was keen to let other states and organisations play the key role, ceding command responsibilities to NATO as a way of demonstrating that the United States was no longer the hectoring hegemon. Above all, he was animated by an acute awareness of the domestic constraints of war weariness and empty federal coffers. In this sense, Obama revived an old American tradition of using allies – and especially European allies – as proxies to wage war when the United States is either unwilling or unable to take the lead. Recent events indicate this approach has produced results while minimising the risks and costs to the United States.

## **ALLIES IN ASIA**

While Obama has been forced to direct most of his attention to Central Asia and the Middle East, he hoped to focus on the Asia-Pacific region. According to one well-placed reporter, Obama and his national security adviser, Thomas E. Donilon, believe the United States needs 'to rebuild its reputation, extricate itself from the Middle East and Afghanistan, and turn its attention toward Asia and China's unchecked influence in the region. America was "overweighted" in the former and "underweighted" in the latter, [according to] Donilon'.

Asia is certainly the region where Obama seemed keenest to emphasise developing new partners and institutions, albeit not always in a manner that is a total break from past American practice. Take ASEAN. Under Bush, the United States' approach to ASEAN's Regional Forum (ARF) – ASEAN's effort to develop a regional multilateral security regime – had been standoffish. Obama was determined to reverse this indifference. 'America is a Pacific nation', he declared in July 2009, that 'understands the importance of Asia in the 21st century'. It would therefore play an 'aggressive role in engaging' with ASEAN and the region.

As well as deepening US involvement with such institutions, Obama also appeared to prioritise the forging of new relationships with emerging powers, such as Indonesia. His 2010 *National Security Strategy (NSS)* depicted Indonesia not simply as a friend on traditional security issues and the war on terror; rather, it was now 'an increasingly important partner on regional and transnational issues such as climate change, counterterrorism, maritime security, peacekeeping, and disaster relief'. 'With tolerance, resilience, and multiculturalism as core values', the NSS concluded, 'Indonesia is uniquely positioned to help address challenges facing the developing world'.

It would be wrong to conclude from Obama's embrace of multilateral institutions and emerging powers in Asia, however, that he sees traditional alliances as redundant. Despite his pre-presidential talk of working towards a nuclear-free world, he soon had to respond to North Korea's second nuclear test. Increasingly, he also fretted about China. Although economic interests continue to push the United States in the direction of engagement with Beijing, Obama has become increasingly concerned about China – both its growing military capabilities and a number of bellicose actions.

As a result, Obama has had a major incentive to strengthen old Asian alliance commitments. 'America's treaty alliances with Japan, South Korea, Australia, Thailand, and the Philippines', he declared in 2009, 'are not historical documents from a bygone era, but abiding commitments to each other that are fundamental to our shared security'. In response both to North Korea's nuclear test and Japan's unease about the strength of Obama's resolve, he pledged a 'continuing commitment of extended deterrence, including the US nuclear umbrella' to defend South Korea. Obama's Pentagon has also given Australia

a larger place in its mental map. In November 2010 the Australia-United States Ministerial Consultations (AUSMIN) decided to establish a force posture working group to explore enhanced joint defence cooperation. In public, both Washington and Canberra deny they are seeking to balance against China. But off the record, officials admit that the US-Australian discussions now revolve around 'the rise of China and, as China rises, what sort of force it is going to be in the world'. From the summer of 2009 North Korean sabre rattling has pushed him towards a firmer embrace of America's East Asian allies. In the summer of 2009, for instance,

## CONCLUSION

The founders of America's modern alliance system were hard-headed liberals. Like Obama, Roosevelt and Truman recognised the importance of alliances to meet international threats. Also like Obama, these hard-headed liberals often had a crowded policy agenda. With their ambitious domestic agendas, Roosevelt, Truman, and now Obama, have each been vulnerable to the charge of giving insufficient attention to certain parts of the world.

Yet, ultimately, overriding security threats drove these presidents towards forging and maintaining strong alliance networks. Although this in turn often meant giving a lower priority to issues closer to their heart, such as economic modernisation, their liberalism also left them well placed to manage alliances. True, they might often be distracted. They might also pursue certain policies that make their allies uncomfortable. But with their basic belief that alliances empower rather than constrain, and their willingness to listen as well as lead, they have all left America's alliances in a stronger position. Obama fits snugly in this tradition. ■

# ➤ American Democracy Promotion and the 'Arab Spring'

Oz Hassan

## INTRODUCTION

**I**n the aftermath of the 11 September 2001 terrorist attacks the United States increasingly sought to promote democracy in the Middle East and North Africa (MENA). However, although this strategy came to be largely associated with the invasion of Iraq, and the belief that a benign domino effect would spread throughout the region, there was far more nuance to the policy President Obama inherited. President George W. Bush's democracy promotion legacy is one of institutional construction within the US foreign policy bureaucracy, creating the Middle East Partnership Initiative (MEPI), the Middle East Free Trade Area (MEFTA), and the Broader Middle East and North Africa initiative (BMENA). Furthermore, it was President Bush who codified his democracy promotion strategy in *National Security Presidential Directive 58*, entitled *Institutionalising the Freedom Agenda*, and who signed the ADVANCE Democracy Act of 2007 into law.<sup>1</sup> By the time that President Bush left office hundreds of millions of dollars had been spent on promoting democracy in the MENA, and the US had declared with the force of law that it would prioritise, along with other foreign policy goals, the promotion of democracy and human rights around the world.

At a superficial level, the so-called 'Arab Spring' appears to vindicate President Bush's Freedom Agenda and suggests that President Obama should continue to follow the path laid out by his predecessor. However, upon closer inspection such an assertion is highly problematic. The 2011 revolutions, rather than vindicating the Freedom Agenda, are in fact the ultimate expression of its failure. The Freedom Agenda was designed to *gradually* reform the region over a period of generations working with 'friends' and 'partners'. The objective was to incrementally transform the region in a stable manner compatible with the pursuit of American interests. These include the free flow of oil and gas, the movement of military and commercial traffic through the Suez Canal, infrastructure construction projects, the security of regional allies such as Israel and Saudi Arabia, and cooperation on military, counter-terrorism, and counter-proliferation issues. The Arab Spring introduces uncertainty in the pursuit of these interests. It is not clear whether democratic consolidation will take place in Tunisia, Egypt and Libya, and even if it does, it is not clear that democratisation is compatible with America's other interests in the region. The early days of the 'spring' have foregrounded these issues, with Egyptian protesters storming the Israeli embassy in Cairo, Egypt allowing two Iranian warships to transit through the Suez Canal, a Shi'ite uprising in Bahrain generating fears that Iran could gain influence affecting neighbouring Saudi Arabia, alarm that Islamists could come to power throughout the region, and increased volatility in the price of oil. Such regional instability and uncertainty is hardly the hallmark of a successful policy. Yet, as the Obama administration attempts to navigate a policy through the changing Middle East mosaic, it is becoming highly evident that this policy has a remarkable continuity with its predecessors.

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<sup>1</sup> This acronym stands for *Advance Democratic Values, Address Nondemocratic Countries, and Enhance Democracy Act*.

## DEMOCRACY PROMOTION AND THE BUSH LEGACY:

The formal declaration of the Freedom Agenda by the Bush administration came on 6 November 2003. Addressing the twentieth anniversary of the National Endowment of Democracy (NED), the president announced that:

Sixty years of Western nations excusing and accommodating the lack of freedom in the Middle East did nothing to make us safe – because in the long run, stability cannot be purchased at the expense of liberty. As long as the Middle East remains a place where freedom does not flourish, it will remain a place of stagnation, resentment, and violence ready for export. And with the spread of weapons that can bring catastrophic harm to our country and to our friends, it would be reckless to accept the status quo.

The 'big idea' being espoused was not simply that freedom and democracy should be promoted in the Middle East, but rather that it was in America's national interest to undertake such a task. Tyrannical regimes, it was argued, were providing the conditions for terrorist organisations seeking weapons of mass destruction to recruit and flourish, which posed an existential threat to the US. Thus the administration was arguing that the internal character of states was of concern for American security, and that America's wider regional interests had aligned with American national values.

As the Freedom Agenda became institutionalised, the policy came to embody both *radical* and *conservative* strands. The radical dimension of this policy insisted on political democracy, through military regime change if necessary, and was targeted against those that opposed American power and influence in the region. Beyond Iraq, this was expressed in the *Iran Democracy Program* and the *Syria Democracy Program*, which sought to utilise MEPI funds and personnel to bolster internal dissidents and exile groups wanting US-supported regime change. The conservative dimension of the policy, however, attempted to broaden the US approach to Middle East reform by focusing on factors

outlined in the 2002 *UN Arab Human Development Report*. This had highlighted a 'freedom deficit' in the MENA and argued that a strategy needed to be in place to deliver 'freedom from fear' and 'freedom from want', in conjunction with educational improvements and women's empowerment to the people in the region. As such, MEPI was constructed to address these issues within its democracy promotion strategy, and was strategically placed within the Department of State's Bureau for Near East Affairs as the central hub for interagency discussions under the Freedom Agenda.

What made this programme particularly conservative, however, was its emphasis on safeguarding the socio-economic privileges and power of the established autocratic allies in the region. The grand liberal strategy that the Bush administration espoused came with some strong caveats. Senior Bush administration officials were quick to quell notions that a rift with long-term allies such as Saudi Arabia and Egypt had emerged after the launch of the MEPI, arguing that democracy promotion was to be done in 'partnership' and designed to offer 'positive reinforcement for emerging reform trends'. In part, this conservative dimension reflected how MEPI personnel were uncertain about how exactly to 'promote democracy'. Further still, it reflected MEPI personnel's unfamiliarity with regional and internal politics. With most of the personnel being drawn from the 'children' of the NED, and having largely dealt with democracy promotion in Russia and Eastern Europe after the fall of the Soviet Union, they relied on the Bureau for Near East Affairs for information. This information was however not often forthcoming, as there was considerable mid-level opposition from the Department of State, and also the Department of Defense, who highlighted the conflict of interests emerging between democracy promotion and other long term perceived national interests.

Balancing other interests with the strategic objective of promoting democracy presented the administration with a serious problem to navigate, and consequently key figures in the administration turned to the one-size fits all approach of the 'Washington Consensus'. Democracy promotion came to mean calling for elections, opening markets following the prescriptions of neoliberal economics, and pushing

for free trade integration within larger interdependent markets; all in the hope of generating gradual and stable transformation into 'market democracies'. Between 2004 and 2006, the Bush administration was particularly vocal about pushing for elections. Secretary of State Condoleezza Rice publicly confronted close allies Egypt and Saudi Arabia to hold fair elections, release political prisoners, and allow free expression and rights for women. This situation radically changed throughout 2006, when the Bush administration failed to foresee the electoral victory of Hamas in the Palestinian parliamentary elections. This was compounded by a pattern of Islamic groups, hostile to Washington and Israel, winning significant gains through elections, which included the Muslim brotherhood in Egypt, Hezbollah in Lebanon, and Shi'ites backed by militias in Iraq. Under such conditions, the Bush administration speedily overturned what was already a thin dedication to pressuring autocratic regimes to hold elections. Where Condoleezza Rice had once pronounced the need to move towards democracy, by 2007 there was near silence on pressuring for domestic reform and the void was filled with appreciative comments about Egypt's support in the region and Saudi Arabia's 'moderate' behaviour.

Consequently, the Freedom Agenda rapidly dropped its emphasis on elections, but retained a focus on open markets and free trade. Economic initiatives became the central pillar of the agenda, and what remained was an incoherent set of policies held together by a neoliberal core; economic reform was the order of the day and not directly challenging or necessitating serious political reform from partners and allies in the region. This was certainly a key feature of the MEPI funding programme under its 'economic pillar', but equally, under MEFTA. For US Trade Representative Robert B. Zoellick, MEFTA was perceived to be a key element of America's 'competitive liberalisation strategy', which would make an assault on protectionism and lead to countries eager for greater access to US markets vying for Washington's attention and approval. By the time President Bush left office, it was clear that the Freedom Agenda was pursuing an 'economics-first' strategy in which the administration was envisaging a gradual modernisation process giving rise to

democratic peace. Alternatively, MENA regimes were hoping that a modernisation process would allow them to construct Beijing modelled liberal autocracies. Rather than challenging the political power of friendly regimes, the Bush administration was working with them, in 'partnership', to carefully and slowly liberalise their autocracies and create the conditions for potential future reform. The Freedom Agenda's conservative strand was relying on gradual economic sequencing to produce democratisation. That is to say, the Freedom Agenda recognised the growing potential for legitimisation crises in the region, but sought to steadily prevent their coming to fruition for the sake of regional stability, security, and an eventual long-term transition to democracy. Thus, rather than the "Arab Spring" vindicating the Freedom Agenda, events have demonstrated how the agenda was unable to stave off legitimisation crises. What's more, Bush's strategy further exposed the region, and in particular Tunisia and Egypt, to the forces of the 2008 global financial crisis, exacerbating legitimisation crises rather than preventing them. The conservative strand of the Freedom Agenda was designed to 'slowly' transform the region in 'partnership' with autocratic allies to precisely avoid the scenes in Tunisia, Egypt, and Libya and to avoid the level of strategic uncertainty that the post-Tahrir era represents.

## **OBAMA'S SPRING TIME POLICY**

Upon coming into office it was clear that the Obama administration wanted to distance themselves from the Freedom Agenda and its association with the Iraq war. As such, President Obama was eager to suggest that the radical side of the Freedom Agenda would be replaced with a more pragmatic 'open handed' approach. Moreover, many critics argued that the Obama administration seemed to abandon democracy promotion altogether because of its 'toxic' association with the President Bush. Secretary of State Hillary Clinton was willing to assert the need for a 'comprehensive plan' for 'diplomacy, development and defense' in her Senate confirmation hearing, but 'advancing democracy' was only represented as a 'hope'. Nonetheless, on closer inspection, the Obama administration had expanded the conservative

side of the Freedom Agenda through increased MEPI funding and appointing Tamara Coffman Wittes as Deputy Assistant Secretary for Near Eastern Affairs. Indeed, appointments such as Anne-Marie Slaughter as Director of Policy Planning, Susan Rice as UN Ambassador, and Samantha Power and Michael McFaul to the National Security Council suggest that democracy promotion was far from being removed from the Obama agenda. Where there was an intellectual shift with their predecessors, it was most prominently demonstrated in the administration's attempts to stress *dignity* and *development* as a means of countering Islamist organisations in the region, but also for enabling a stable modernisation process to take place. Thus, the language of 'dignity and development' replaced talk of 'democracy promotion', and the Obama administration initially attempted to replace 'market driven modernisation' with 'development driven modernisation' to underpin a gradualist strategy. However, in the aftermath of the 2011 revolutions the Obama administration would increasingly come to see the Bush administration's approach as the preferred policy agenda.

On May 19, 2011, President Obama took centre stage in the Department of State's Benjamin Franklin room, to announce an apparently 'bold new approach to foreign policy' and US relations with the MENA. He argued that the 2011 revolutions in the MENA were caused by a denial of dignity, a lack of political and economic self-determination throughout the region, the role of new media, and the region's young demographic. He argued that Tunisia and Egypt were entering years of transition and that this process of transition will have ups and downs potentially challenging America's core interests, but that the administration would continue to 'keep our commitments to friends and partners'. Further echoing George W. Bush, President Obama argued that the status quo was not sustainable and that the US has a stake in the stability of nations and the self-determination of individuals in the region. As a result he reinforced the premises of Bush's liberal grand strategy for the Middle East, arguing that the US should 'not pursue the world as it is, but use this [the Arab Spring] as a chance to pursue the world as it should be'. In this context, the president began attempting to lay out his liberal grand strategy for the region under the headings of political reform,

human rights, and economic reform. He argued that since the Arab Spring, the US has shown that it opposes the use of force to oppress the people of the region, supports universal rights, and political and economic reform. The supposed new strategy would be to help support reform across the region starting with the Tunisian and Egyptian transitions to democracy, and noted the serious problems in Libya, Syria, and Iran, whilst also condemning partners such as Yemen and Bahrain for their use of force (and by implication Saudi Arabia). The president, at considerable length, detailed how the US would support change in the region through economic development for nations that are transitioning to democracy, asserting that:

America's support for democracy will therefore be built on financial stability, promoting reform, and integrating competitive markets each other and the global economy... starting with Tunisia and Egypt.

The president continued to argue that the problem with the region was its 'closed economies' and that the region needed 'trade' and 'not just aid'; 'investment' and 'not just assistance'; and that 'protectionism must give way to openness'. Nonetheless, it was announced that:

- The World Bank and IMF were to construct a plan to present to the G8 Summit about what would be needed to stabilise and modernise the economies of Tunisia and Egypt.
- Egypt would be relieved of \$1 billion in debt and allocated \$1 billion in loans for infrastructure.
- The US would help to recover assets that had been stolen by members of the former regimes in Tunisia and Egypt.
- Enterprise Funds would be set up to invest in Tunisia and Egypt – modelled on the funds that helped transitions in Eastern Europe.
- OPEC would create a \$2 billion facility to help support private investment.
- The US would work with allies to refocus the European Bank for reconstruction and development so it provides the same support for democratic transitions and economic modernisation in the MENA as it has in Europe.

- Establish a comprehensive trade and investment initiative with the MENA; working with the EU to facilitate more trade from within the region, and build on existing agreements to provide integration with the US and EU markets.
- Help these transition countries 'tear down the walls' that stand in the way of progress and help them fulfil their 'international obligations'.

This is a very different understanding of the problems presented by the Arab Spring and their solution to those being constructed by the protesters of Tahrir Square. It was not a definition of freedom underpinned by economics that they were willing to die for, but human rights, social justice, and in some quarters adherence to the Islamic faith. For the US to create enough space for policy innovation, the Obama administration needs to understand how the concept of freedom is being constructed in Egypt, in large part, around the concept of 'citizenship'; instead of prescribing a definition of freedom in discord to the aspirations of Egyptians. The Obama administration should not attempt to substitute an economic understanding of freedom born out of the philosophies of Hayek and Friedman, but should instead seek to understand indigenous calls for 'rights', 'liberation', 'solidarity'. From the multitude of signs to the pamphlets being handed out in and around Tahrir Square, it is clear that a multitude of Egyptian definitions of freedom are emerging. All want to move away from the tyranny of the Mubarak regime, and some are more politically liberal and secular than others. Yet, the Obama administration would be better 'supporting' these positive trends, rather than 'promoting' an approach derived from the distant shores of Washington D.C. Indeed, it would appear that rather than the 'Arab Spring' and the ramifications of the global financial crisis giving cause for America's democracy bureaucracy to take pause for thought, they instinctively have drawn on their training in Eastern Europe to propose the 'cookie cutter' approach of the Washington Consensus. The 'new' policy is held together by a desire to hold onto the gradualist paradigm where possible, but where unavailable, ensure that the opportunity of a crisis is not missed and free trade and free market approach is adopted as the core of America's democracy promotion strategy.

With such poor policy innovation, it would appear that the Obama administration is replicating the same mistakes, failures, and missed opportunities of the Bush administration.

## CONCLUSION

Given the profound nature of the Arab Spring, which is radically transforming the region, it is problematic that there has not been a correspondingly profound shift in America's democracy promotion policy. This has not been because the US is pursuing sound policy programmes, but rather that there is a lack of policy innovation within the Obama administration. The US has lost the grand strategy 'gradualism' provided, and has little by way of an alternative strategy in response. US policy in the Middle East is in need of a new policy paradigm to replace that which has failed, but this is not easy because democratic openings in the region exacerbate a conflict of interest at the heart of US engagement with the region. Gradualism was characterised by a lack of clear policy delineation, between policies that sought to push regimes towards democratisation, and those that sought greater cooperation with them on economic and security issues. If democracy is perceived as a gradual but inevitable economically produced outcome, then why would mid-level officials feel the need to push for it over more immediate interests and security concerns? Pushing for a policy that is going to make cooperation with the 'partner' country you are posted to more difficult is somewhat anathema to a comfortable diplomatic positing. This has only been exacerbated by the rise of new global powers willing to build closer cooperative partnerships in order to meet their energy needs, irrespective of whether MENA regimes violate human rights on a systematic basis.

Nonetheless, rather than defining 'freedom' for the region in neoliberal economic terms, the US needs to understand how to better engage and support those protesting on the streets. It needs to listen to voices in Tahrir square that when questioned about American policies oppose the oppression caused by US support for Mubarak, but continue to hold America as an exemplar. Among the signs visible from walking around Tahrir during its protestor occupation,

there were constant calls for ‘freedom’; and when you talk to the organisers of movements instrumental to the overthrow of Mubarak, they tell you how they studied the history of non-violent movements and cite amongst others Rosa Parks, Martin Luther King, and Malcolm X. When you hear Egyptians citing King’s ‘I have a dream’ speech yards from Tahrir Square’s Kentucky Fried Chicken, which was turned into a makeshift clinic for the injured and sick, it is clear the influence the US has in the region and the power of the US to continue to inspire the fight for greater freedom from tyranny. This is not the language of global capital, but of a definition of freedom that is based around indigenous understandings of citizenship, rights and social justice, and articulated in a narrative that draws upon the American story in an effort to write a new Egyptian story. America needs to understand Egyptian’s vision of the future and support it; not seek to define and impose a way of life upon others. ■

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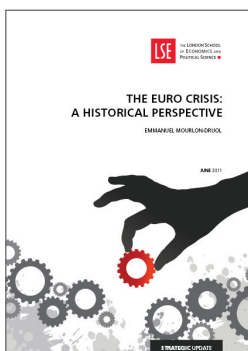
Dr Madeleine Korbelt Albright

US Secretary of State (1997-2001)

Dr Madeleine Korbelt Albright will address the future of US foreign policy and the leadership of women in helping to build prosperity, foster peace, and promote democracy across the globe.

Madeleine Korbelt Albright is Chair of Albright Stonebridge Group and of Albright Capital Management LLC. Dr Albright was the 64th Secretary of the State of the United States. She is also Professor in Practice of Diplomacy at the Georgetown University School of Foreign Service.

Portrait by Timothy Greenfield-Sanders

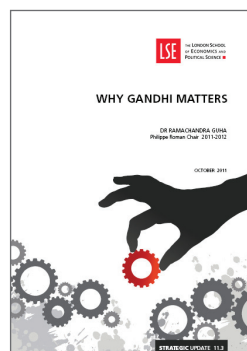


In this research report IDEAS explores the current euro crisis by looking at the debates preceding the conception of the euro. How can the early days of EU monetary cooperation help us understand today's predicament? And what lessons can we draw from them for the euro?

Emmanuel Mourlon-Druol is Pinto Fellow at LSE IDEAS.

This essay is a revised version of an address to the General Assembly of the United Nations, to mark the International Day of Non-Violence, observed every year on Mahatma Gandhi's birthday, 2nd October.

Ramachandra Guha is Philippe Roman Chair at LSE IDEAS.

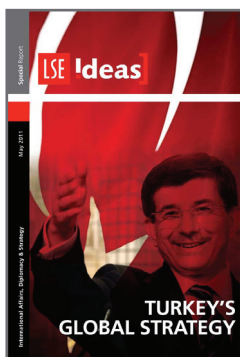


The signing of Anglo-French Defence Treaty has been one of the least reported, and analysed, of the UK coalitions Government's policies, whilst being, without question, one of its most significant. In the context of defence cuts on both sides of the Atlantic and the Channel, and of a Libyan operation in which Britain and France's dependence on American assets surprised some observers in Washington, this paper assesses the consequences of the Treaty for Anglo-French defence cooperation.

John Stevens is a Visiting Fellow at LSE IDEAS.

Upon assuming power in May, the United Kingdom's historic coalition government set in motion three exercises that together aimed to reshape British foreign policy. Taken together, the new National Security Strategy (NSS), the Strategic Defence and Security Review (SDSR) and the Comprehensive Spending Review (CSR), seek to lay down the bounds of Britain's future role in the world, to articulate Britain's national interests, establish the goals of policy and set the means by which to achieve them.

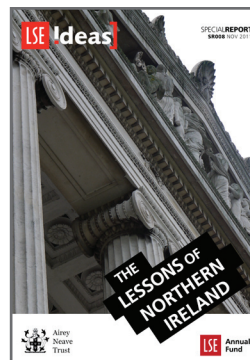
The contributors here – all with long and distinguished careers in British foreign policy – were asked to consider Britain's role in the world in the broadest sense, to identify our core interests and the most appropriate capacities to secure them, and to do so in recognition of the reality of the resource constraints that are coming to define this period in British political history.



After nearly a decade in power, Turkey's Justice and Development Party (AKP) has grown increasingly confident in its foreign policy, prompting observers to wonder whether the country might be leaving 'the West', forcing that group to confront the question 'who lost Turkey?'

This is to cast Turkey's role, and its emerging global strategy, in unhelpful binary terms. Turkey's emerging role reflects the changes in the world politics whereby power is becoming decentred and more diffuse, with established blocs replaced by more fluid arrangements that loosely bind states on the basis of shifting interests.

Over the last fifteen years, some form of peace has been constructed in Northern Ireland, a peace that today not only seems to be holding – just – but according to the commentariat, contains all sorts of meaningful lessons for other deeply divided societies at war with themselves. This report asks what we really can learn from the history of peacebuilding in Northern Ireland, and critically assesses the applicability of the Northern Irish experience to contemporary counter-terrorism policy.





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