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**The Centre for Independent Studies presents
The 19th Annual John Bonython Lecture
8th August 2002, Melbourne**

HAS HISTORY RESTARTED SINCE SEPTEMBER 11?

Francis Fukuyama¹

I would like to begin by expressing my gratitude to The Centre for Independent Studies and its director, Greg Lindsay, for inviting me to Australia and giving me the opportunity to deliver the prestigious John Bonython Lecture. I follow in a line of extraordinarily distinguished lecturers, and am humbled by the expectations they have established. I would also like to express a special word of gratitude to Owen Harries, who, early on in his tenure as Editor of *The National Interest*, encouraged me to write the article that eventually became 'The End of History?' It was he who gave it prominence and encouraged debate over it, and the rest, as they say, is history.

Like many Americans, I have been preoccupied since September 11 trying to understand the meaning of this event and how the world has changed as a result of it. An accounting has been demanded of me in particular, since I argued 12 years ago that we had reached the 'end of history'. September 11 would seem to qualify, *prima facie*, as an historical event, and the fact that it was perpetrated by a group of Islamic terrorists who reject virtually all aspects of the modern Western world, lends credence, at least on the surface, to Samuel Huntington's 'clash of civilisations' hypothesis.

I have developed a standard answer to this challenge, which incidentally will *not* be the subject of my talk tonight. The standard answer goes something like this. The 'end of history' hypothesis was about the process of modernisation. Progressive intellectuals around the world spent much of the last century and a half believing that historical progress would result in an evolution of modern societies toward socialism. In more recent years, they have held that societies could modernise and yet remain fundamentally different culturally. My hypothesis was that there was such a thing as a single, coherent modernisation process, but that it led not to socialism or to a variety of culturally-determined locations, but rather to liberal democracy and market-oriented economics as the only viable choices. The process of modernisation was, moreover, a universal one that would sooner or later drag all societies in its train.

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Understood in this fashion, September 11 represents a real challenge, but not an ultimately convincing one. Osama bin Laden, al-Qaeda, the Taliban, and radical Islamism more generally, do in fact represent ideological challenges to Western liberal democracy that are in certain ways sharper than those offered by communism. But in the long run, it is hard to see that Islamism offers much of a realistic alternative as a governing ideology for real world societies. Not only does it have limited appeal to non-Muslims; it does not meet the aspirations of the vast majority of Muslims themselves. In the countries that have had recent experience of living under an actual Muslim theocracy—Iran and Afghanistan—there is every evidence that it has become extremely unpopular. Thus, while fanatical Islamists armed with weapons of mass destruction pose a severe threat in the short-run, the longer-term challenge in the battle of ideas is not going to come from this quarter. September 11 represents a serious detour, but in the end modernisation and globalisation will remain the central structuring principles of world politics.

I want, however, to explore another important issue that is related to the question of the end of history that has been raised by events since September 11, namely, whether the ‘West’, which was in my earlier account the ultimate goal of the historical process, is really a coherent concept, and whether the United States and its foreign policy might themselves become the central issues in international politics.

Reactions to September 11

In the immediate aftermath of September 11, the French sociologist Jean Baudrillard published a long piece in *Le Monde* in which he argued that the ‘Ultimately, it is they [i.e., the terrorists] who’ve done the deed, but it is we who have wanted it . . . Terrorism is immoral, and it responds to a globalisation that is itself immoral’. His image is one of France, and Europe more generally, as a island of civilisation caught in a struggle between two morally equivalent fundamentalisms, that of the United States and of the radical Islamists.

Baudrillard does not, of course, speak for all Frenchmen, and his piece was quickly denounced in *Le Monde* by Alain Minc who said that it reflected ‘the French intelligensia’s traditional inability to recognise that a hierarchy of values exists’. But Baudrillard’s view, while phrased in an offensive way unique to French intellectuals, represents more of an undercurrent in Europe than many Americans realise or are inclined to admit. The idea that the United States was only getting what it deserved in the World Trade Center/Pentagon attacks was a far from uncommon view, not just in Europe but in many other parts of the world.

There was, of course, a large spontaneous outpouring of support for the United States and for Americans around the world after September 11, with European governments lining up immediately to help the US prosecute its ‘war on terrorism’. But with the demonstration of total American military dominance that came with the successful rousting of al-Qaeda and the Taliban from Afghanistan, new expressions of anti-Americanism began to pour forth. After President Bush’s denunciation of the ‘axis of evil’ in his late January State of the Union address, it was not just European intellectuals but European politicians and publics more generally that began to criticise the United States on a wide variety of fronts. According to Will Hutton, the Labourite journalist, Britain’s US ally is ‘not the same good America . . . that reconstructed Europe and led an international liberal economic and social order.’² Rather, it had been taken over by a group of crazed conservatives and was now the chief source of global instability. In France, a book became a bestseller arguing that September 11 was not the work of Muslim extremists but of a

²“Time to Stop Being America’s Lapdog,” *Observer* (Feb. 17, 2002).

cabal of conservatives within the US government.³ According to one poll, some 30% of French people regard the United States as France's chief enemy. While many Americans regard September 11 as a broad attack on Western civilisation, Europeans are much more likely to regard it as a response to specifically American policies, representing a risk from which they are largely immune.

What is going on here? The end of history was supposed to be about the victory of Western, not simply American, values and institutions. The Cold War was fought by alliances based on shared values of freedom and democracy. And yet an enormous gulf has opened up in American and European perceptions about the world, and the sense of shared values is increasingly frayed. Does the concept of the 'West' still make sense in the first decade of the 21st century? Is the fracture line over globalisation actually a division not between the West and the Rest, but between the United States and the Rest?

And where will Australia fit in such a divided world? It is historically tied more closely to Europe than to America, but as a land of new settlement it shares many characteristics with the United States. It is situated, moreover, in a part of the world in which American power and influence matter greatly in the maintenance of peace and an open international trading order.

In my view, the idea of the West remains a coherent one, and there remain critical shared values, institutions, and interest that will continue to bind the world's developed democracies, and Europe and the United States, in particular. But there are some deeper differences emerging between Western democracies that will be highly neuralgic in America's dealings with the world in the coming years that need critical attention by policymakers and by, yes, statesmen.

The nature of the rift between America and its allies

In the remainder of this lecture I will refer repeatedly to differences between Europe and the United States. But it should be kept in mind that 'Europe' in this context is more of a placeholder for global attitudes critical of American foreign policy. Europeans, of course, are themselves divided in their views of the US; the views I characterise as typical of them are often broadly representative of left-of-centre opinion in a variety of countries around the world, including Australia and New Zealand. Asian countries from Japan to Malaysia have voiced similar misgivings about American unilateralism in the wake of September 11. Some views, however, related to the need to devolve sovereignty to supranational organisations are peculiar to the historical experience of members of the European Union.

The ostensible issues raised in the US-European disputes since the 'axis of evil' speech for the most part revolve around alleged American unilateralism and international law. There is by now a familiar list of European complaints about American policy, including but not limited to the Bush Administration's withdrawal from the Kyoto Protocol on global warming, its failure to ratify the Rio Pact on biodiversity, its withdrawal from the ABM treaty and pursuit of missile defence, its opposition to the ban on land mines, its treatment of al-Qaeda prisoners at Guantanamo Bay, its opposition to new provisions of the biological warfare convention, and most recently its opposition to the International Criminal Court.

The most serious act of US unilateralism in European eyes concerns the Bush Administration's announced intention to bring about regime change in Iraq, if necessary through a go-it-alone invasion. The axis of evil speech did indeed mark a very important change in American foreign policy from deterrence to a policy of active preemption of terrorism. This

³Thierry Meyssan, *L'Effroyable Imposture (The Horrifying Fraud)*.

doctrine was further amplified in Bush's West Point speech in June, in which he declared 'the war on terror will not be won on the defensive. We must take the battle to the enemy, disrupt his plans, and confront the worst threats before they emerge. In the world we have entered, the only path to safety is the path of action.'

The European view is that Europe is seeking to create a genuine rule-based international order suitable to the circumstances of the post-Cold War world. That world, free of sharp ideological conflicts and large-scale military competition, is one that gives substantially more room for consensus, dialogue, and negotiation as ways of settling disputes. They are horrified by the Bush Administration's announcement of a virtually open-ended doctrine of preemption against terrorists or states that sponsor terrorists, in which the United States and the United States alone decides when and where to use force.

Robert Kagan, in a brilliant recent article in *Policy Review*,⁴ put the current difference between the United States and Europe as follows. The Europeans are the ones who actually believe they are living at the end of history, that is, in a largely peaceful world that to an increasing degree can be governed by law, norms, and international agreements. In this world, power politics and classical *realpolitik* have become obsolete. Americans, by contrast, think they are still living in history, and need to use traditional power-political means to deal with threats from Iraq, al-Qaeda, and other malign forces. According to Kagan, the Europeans are half right: they have indeed created an end-of-history world for themselves within the European Union, where sovereignty has given way to supranational organisation. What they don't understand, however, is that the peace and safety of their European bubble is guaranteed ultimately by American military power. Absent that, they themselves would be dragged backwards into history.

Is the rift genuine?

This, at least, is the popularly accepted account of American unilateralism and European emphasis on international law and institutions. We need to ask, however, whether it is in fact accurate, and whether the US has consistently been more unilateralist than Europe. The truth of the matter here is far more complicated, with the differences between the US and Europe being much more nuanced.

Liberal internationalism, after all, has a long and honoured place in American foreign policy. The United States was the country that promoted the League of Nations, the United Nations, the Bretton Woods institutions, the GATT/WTO, and a host of other international organisations. There are a huge number of international governance organisations in the world today in which the US participates as an active, if not the most active member, from standards-setting, nuclear power safety, and scientific cooperation, to aviation safety, bank settlements, drug regulation, accounting standards/corporate governance, and telecommunications.

It is useful here to make a distinction between those forms of liberal internationalism that are primarily economic, and those that have a more political or security dimension. Particularly in recent years, the United States has focused on international institutions that have promoted international trade and investment. It has put substantial effort into creating a rule-based international trade and investment regime with stronger and more autonomous decision-making authority. The motives for this are obvious: Americans benefit strongly from and indeed dominate the global economy, which is why globalisation bears a 'made in the USA' label.

⁴Robert Kagan, "Power and Weakness," *Policy Review* no. 116 (June-July 2002).

In the realm of economics, the Europeans don't have all that great a record with regard to respect for multilateral rules when compared to the United States. They have been on their high horse this year because of American actions with regard to steel and agricultural subsidies, and they are right to complain about American hypocrisy with regard to free trade. But this I regard as kind of normal hypocrisy: all countries act in contradiction of declared free trade principles, and the Europeans have been notorious for, among other things, agricultural subsidies maintained at higher levels and over longer periods of time than American ones. America is guilty only of the most recent outbreak of hypocrisy.

There are a number of areas where the Europeans have acted unilaterally in economic matters, and in ways that at times contravene the existing legal order. The EU resisted unfavourable decisions against them on bananas for nine years, and beef hormones for even longer. They have announced a precautionary principle with regard to genetically modified foods, which is very difficult to reconcile with the WTO's sanitary and phytosanitary rules. Indeed, the Europeans have been violating their own rules with regard to GM foods, with certain member states setting standards different from those of the community itself. The European Competition Commission under Mario Monti successfully blocked the merger of GE and Honeywell, when the deal had been approved by American and Canadian regulators, in ways that promoted suspicions that the EU was simply acting to protect specific European interests. Finally, the EU has succeeded in exporting its data privacy rules to the United States through its safe harbour arrangements.

For all their talk of wanting to establish a rule-based international order, the Europeans haven't done that well within the EU itself. As John van Oudenaren has argued, the Europeans have developed a decision-making system of Byzantine complexity, with overlapping and inconsistent rules and weak enforcement powers.⁵ The European Commission often doesn't have the power even to monitor compliance of member states with its own directives, much less the ability to make them conform. This fits with an attitude towards law in certain parts of Europe that sees declarative intent often of greater importance than actual implementation, and which Americans tend to see instead as undermining the very rule of law.

It should be noted that Australia and New Zealand are actually in a much better position to criticise American hypocrisy on trade issues than are the Europeans, since neither one has anything like a Common Agricultural Policy or the clout to enforce unilaterally safety or privacy rules on other countries. Both countries, being highly dependent on agricultural exports, have been strong supporters of free trade in recent years and are particularly vulnerable to American agricultural subsidies. New Zealand in particular since the mid-1980s has moved to one of the lowest levels of agricultural protection of any country in the world.

The second type of liberal internationalism has to do with politics and security. With the exception of the two environmental agreements (Rio and Kyoto), all of the US-European disputes in recent months have concerned security-related issues (the International Criminal Court may not seem like a security matter, but the reason that the United States does not want to participate in it is out of fear that its soldiers and officials may be held criminally liable by the ICC in the conduct of their duties.) It is in this realm that the tables are turned and European charges of American unilateralism are made.

It is possible to overstate the importance of these disputes. A great deal of European irritation with the United States arises from stylistic matters, and from the Bush Administration's strange failure to consult, explain, justify, and cajole in the manner of previous administrations. The administration could have let ratification of Kyoto languish in Congress as the Clinton

⁵John Van Oudenaren, "E Pluribus Confusion," *National Interest* no. 65 (Fall 2001): 23-36.

administration did, rather than casually announcing withdrawal from the pact at a luncheon for NATO ambassadors. Europeans did not like the religious language of the 'axis of evil', nor the fact that this major policy shift was announced as it were on the fly without prior notification or explanation. The United States has had a consistent record of using strong-arm tactics to shape international agreements to its liking, and then to walk away from them at the last moment. This pattern goes all the way back to Woodrow Wilson and the League of Nations, and was continued in negotiations over the Rio Pact, Kyoto, and the ICC. Even if you are sceptical about the value of international institutions, it is not difficult to see why non-Americans might get a little irritated at this kind of behaviour.

The foregoing suggests that much of the European-American rift concerns style rather than substance. The Clinton administration talked a multilateralist game, while the Bush administration has at times asserted what amounts to a kind of principled unilateralism; in fact, policy between the two administrations didn't differ in substance all that much. Clinton may have signed the Kyoto and ICC treaties, but he knew he wouldn't spend much political capital in a hopeless effort to get them through Congress. On the other hand, the US effort in Afghanistan made use of a reasonably broad coalition of forces.

But while it is tempting to say the problem is simply stylistic, I think that it is fundamentally wrong. There is in fact a deeper issue of principle between the United States and Europe that will ensure that transatlantic relations will remain neuralgic through the years to come. The disagreement is not over the principles of liberal democracy, which both sides share, but over where the ultimate source of liberal democratic legitimacy lies.

To put it rather schematically and over-simply, Americans tend not to see any source of democratic legitimacy higher than the constitutional democratic nation-state. To the extent that any international organisation has legitimacy, it is because duly constituted democratic majorities have handed that legitimacy up to them in a negotiated, contractual process. Such legitimacy can be withdrawn at any time by the contracting parties; international law and organisation has no existence independent of this type of voluntary agreement between sovereign nation-states.

Europeans, by contrast, tend to believe that democratic legitimacy flows from the will of an international community much larger than any individual nation-state. This international community is not embodied concretely in a single, global democratic constitutional order. Yet it hands down legitimacy to existing international institutions, which are seen as partially embodying it. Thus, peacekeeping forces in the former Yugoslavia are not merely ad hoc intergovernmental arrangements, but rather moral expressions of the will and norms of the larger international community.

One might be tempted to say that the stiff-necked defence of national sovereignty of the type practiced by Sen. Jesse Helms is a characteristic only of a certain part of the American Right, and that the Left is as internationalist as are the Europeans. This would be largely correct in the security-foreign policy arena, but dead wrong with regard to the economic side of liberal internationalism. That is, the Left does not grant the WTO or any other trade-related body any special status with regard to legitimacy. They are very suspicious of the WTO when it overturns an environment or labour law in the name of free trade, and are just as jealous of democratic sovereignty on these issues as Sen. Helms.

Between these two views of the sources of legitimacy, I would say that the Europeans are theoretically right, but wrong in practice. They assert that they and not the Americans are the true believers in liberal universal values. It is in fact impossible to assert as a theoretical matter that proper liberal democratic procedure by itself inevitably results in outcomes that are necessarily

legitimate and just. A constitutional order that is procedurally democratic can still decide to do terrible things to other countries that violate human rights and norms of decency on which its own democratic order is based. Indeed, it can violate the higher principles upon which its legitimacy is based, as Lincoln argued was the case with slavery. The legitimacy of its actions are not in the end based on democratic procedural correctness, but on the prior rights and norms which come from a moral realm higher than that of the legal order.

The problem with the European position is that while such a higher realm of liberal democratic values might theoretically exist, it is very imperfectly embodied in any given international institution. The very idea that this legitimacy is handed downwards from a willowy, disembodied international level rather than handed upwards from concrete, legitimate democratic publics on a nation-state level virtually invites abuse on the part of elites who are then free to interpret the will of the international community to suit their own preferences.

The second important practical problem with the European position is that of enforcement. The one power that is unique to sovereign nation-states and to them alone, even in today's globalised world, is the power to enforce laws. Even if existing international laws and organisations did accurately reflect the will of the international community (whatever that means), enforcement remains by and large the province of nation states. A great deal of both international and national law coming out of Europe consists of what amount to social policy wish lists that are completely unenforceable. Europeans justify these kinds of laws saying they are expressions of social objectives; Americans reply, correctly in my view, that such unenforceable aspirations undermine the rule of law itself.

The only way that this circle of theory and practice could be squared would be if there were genuine democratic government at a level higher than that of the nation-state. Such global democratic government could then be said to truly embody the will of the international community, while containing procedural safeguards to make sure that that will was not willfully misinterpreted or abused by various elites or interest groups. It would also presumably have enforcement powers that do not today exist, apart from the specific ad hoc arrangements made for peacekeeping and multilateral coalitions.

Some Europeans may believe that the steady accumulation of smaller international institutions like the ICC or the various agencies of the United Nations will some day result in something resembling democratic world government. In my view, the chance of this happening is as close to zero as you ever get in political life. What will be practically possible to construct in terms of international institutions will not be legitimate or democratic, and what will be legitimate and democratic will not be possible to construct. For better or worse, such international institutions as we possess will have to be partial solutions existing in the vacuum of international legitimacy above the level of the nation-state. Or to put it differently, whatever legitimacy they possess will have to be based on the underlying legitimacy of nation-states and the contractual relationships they negotiate.

Why do these differences exist?

Robert Kagan in the article mentioned earlier provides a *realpolitik* explanation for US-European differences with regard to international law. The Europeans like international law and norms because they are much weaker than the United States, and the latter likes unilateralism because it is significantly more powerful than any other country or group of countries (like the EU) not just in terms of military power, but economically, technologically and culturally as well.

This argument makes a great deal of sense as far as it goes. Small, weak countries that are acted upon rather than influencing others naturally prefer to live in a world of norms, laws, and institutions, in which more powerful nations are constrained. Conversely, a 'sole superpower' like the United States would naturally like to see its freedom of action be as unencumbered as possible.

But while the argument from the standpoint of power politics is correct as far as it goes, it is not a sufficient explanation of why the US and Europe, not to mention other countries around the world, differ. As noted above, the pattern of US unilateralism and European multilateralism applies primarily to security/foreign policy issues and secondarily to environmental concerns; in the economic sphere, the US is enmeshed in multilateral institutions despite (or perhaps because of) its dominance of the global economy.

Moreover, to point to differences in power is merely to beg the question of why these differentials exist. The EU collectively encompasses a population of 375 million people and has a GDP of nearly \$10 trillion, compared to a US population of 280 million and a GDP of \$7 trillion. Europe could certainly spend money on defence at a level that would put it on a par with the United States, but it *chooses* not to. Europe spends barely \$130 billion collectively on defence—a sum that has been steadily falling—compared to US defence spending of \$300 billion, which is due to rise sharply. The post-September 11 increment in US defence spending requested by President Bush is larger than the *entire* defence budget of Britain. Despite Europe's turn in a more conservative direction in 2002, not one rightist or centre-right candidate is campaigning on a platform of significantly raising defence spending. Europe's ability to deploy the power that it possesses is of course greatly weakened by the collective action problems posed by the current system of EU decision-making. But the failure to create more useable military power is clearly a political and normative issue.

Moreover, not every small, weak country is equally outraged by American unilateralism. In a curious role reversal from Cold War days, the Russians were actually much more relaxed about the American withdrawal from the ABM Treaty than were many Europeans, since it makes possible deep cuts in offensive strategic nuclear forces. Australia and New Zealand of course want the US to abide by international trade rules since they are directly affected by American agricultural subsidies, but have generally expressed less moral outrage over the American failure to subordinate its security policy to international norms than most members of the European Union.

This brings us to other reasons why Europeans see the international order so differently from Americans. One critically important factor has to be the experience of European integration over the past generation. The loss of sovereignty is not an abstract theoretical matter to Europeans; they have been steadily giving up powers to Brussels, from local control over health and safety standards to social policy to their currency itself. Having lived through this masochistic experience repeatedly, one imagines that they are like former smokers who want to put everyone else through the same withdrawal pains that they have endured.

The final important difference between the United States and Europe with regard to international order has nothing to do with European beliefs and practices, but with America's unique national experience, and the sense of exceptionalism that has arisen from it. The sociologist Seymour Martin Lipset has spent much of his distinguished career explaining how the United States is an outlier among developed democracies, with policies and institutions that

differ significantly from those of Europe, Canada, Australia, New Zealand, or Japan.⁶ Whether in regard to welfare, crime, regulation, education, or foreign policy, there are constant differences separating America from everyone else: it is consistently more anti-statist, individualistic, laissez-faire, and egalitarian than other democracies.

This sense of exceptionalism extends to its own democratic institutions and their legitimacy. Unlike most of the old societies of Europe, the United States was founded on the basis of a political idea. There was no American people or nation prior to the founding of the country: national identity is civic rather than religious, cultural, racial or ethnic. There has been only one American regime which, as the world's oldest continuously existing democracy, is not viewed as a transient political compromise. This means that the country's political institutions have always been imbued with an almost religious reverence that Europeans, with more ancient sources of identity, find peculiar. The proliferation of American flags across the country in the wake of September 11 is only the most recent manifestation of Americans' deeply felt patriotism.

Moreover, for Americans, their Declaration of Independence and Constitution are not just the basis of a legal-political order on the North American continent; they are the embodiment of universal values and have a significance for mankind that goes well beyond the borders of the United States. The American dollar bill has the inscription *novus ordo seclorum*—'new order of the ages'—written under the all-seeing eye of the great pyramid. When President Reagan repeatedly quoted Winthrop in speaking of the US as a 'shining city on a hill', his words had great resonance for many Americans. This leads at times to a typically American tendency to confuse its own national interests with the broader interests of mankind as a whole.

The situation of Europe—as well as developed Asian societies like Japan, for that matter—is very different. Europeans were peoples with shared histories long before they were democracies. They have other sources of identity besides politics. They have seen a variety of regimes come and go, and some of those regimes have, in living memory, been responsible for very shameful acts. The kind of patriotism that is commonplace in America is highly suspect in many parts of Europe: Germans for many years after World War II taught their children not to display the German flag or cheer too loudly at football matches. While the French and, in a different way, the British continue to feel a sense of broader national mission in the world, it is safe to say that few other European countries regard their own political institutions as universal models for the rest of the world to follow. Indeed, many Europeans regard their national institutions as having a much lower degree of legitimacy than international ones, with the European Union occupying a place in between.

The reasons for this are not hard to fathom. Europeans regard the violent history of the first half of the 20th century as the direct outcome of the unbridled exercise of national sovereignty. The house that they have been building for themselves since the 1950s called the European Union was deliberately intended to embed those sovereignties in multiple layers of rules, norms, and regulations to prevent those sovereignties from ever spinning out of control again. While the EU could become a mechanism for aggregating and projecting power beyond Europe's borders, most Europeans see the EU's purpose as one rather of transcending power politics. They do, in other words, see their project as one of finding comfortable accommodations for the last man at the end of history.

⁶Seymour Martin Lipset, *American Exceptionalism: A Double-Edged Sword* (New York: W. W. Norton, 1995). This theme appears also in his books *Political Man: The Social Bases of Politics*, 2nd. Ed. (Baltimore, MD: Johns Hopkins University Press, 1981); *The First New Nation* (New York: Basic Books, 1963); and *Continental Divide: The Values and Institutions of the United States and Canada* (New York & London: Routledge, 1990).

Australia's national experience places it somewhere in between the United States and Europe. As a loyal colony of Britain, it was not born in a revolution against state authority as was the United States, and therefore does not share America's anti-statism and suspicion of higher authority to nearly the same degree. Though it was also a land of new settlement, its national identity was less overtly tied to a set of new democratic political institutions than was that of the United States. Its size and historical origins moreover have never allowed Australia to develop a sense that its own institutions were exceptional.

On the other hand, national sovereignty is more important to Australia than to most European countries. Australia has never had the experience of the unlimited exercise of its own sovereignty leading it to disaster, as in Central Europe. Rather, it saw its sovereignty threatened by Japan and needed to be rescued from that threat by American power. The neighbourhood it lives in is highly diverse, politically and culturally. Traditional power politics remains a fact of life in East Asia; there is no overarching framework of institutions and norms comparable to the EU which is capable of regulating relations between states in the region. As a small power, it depends on larger powers being constrained by rules and institutions, particularly in the economic realm, but it also depends ultimately on American power for its security. It is not surprising, therefore, that Australian criticisms of the United States since September 11 have been more muted than those coming from Europe.

Are we at the end of history?

This brings us back full circle to the initial question with which we started, which is also one of the important sources of US-European disagreement. The Europeans are certainly right that *they* are living at the end of history; the question is, where is the rest of the world? Of course, much of the world is indeed mired in history, having neither economic growth nor stable democracy nor peace. But the end of the Cold War marked an important turn in international relations, since for the first time the vast majority of the world's great powers were stable, prosperous liberal democracies. While there could be skirmishes between countries in history, like Iraq, and those beyond it, like the United States, the prospect of great wars between great powers had suddenly diminished.

There are certainly no new non-democratic great powers to challenge the United States; China may one day qualify, but it isn't there yet. But a terrorist organisation armed with weapons of mass destruction is a different matter: although the organisation itself may be a minor historical player, the technological capability it can potentially deploy is such that it must be taken seriously as a world-class threat. Indeed, such an organisation poses graver challenges in certain ways than nuclear-armed superpowers, since the latter are for the most part deterrable and not in the business of committing national suicide.

The question about the threat is then whether the world has fundamentally changed since September 11, insofar as hostile terrorist organisations armed with weapons of mass destruction will become an ongoing reality. Many Americans clearly think so, and believe that once a leader like Saddam Hussein possesses nuclear weapons he will pass them on to terrorists as a poor man's delivery system. They, like President Bush, believe that this is a threat not just to the United States, but to Western civilisation as a whole. The acuteness of this threat is what then drives the new doctrine of preemption and the greater willingness of the United States to use force unilaterally around the world.

Many Europeans, by contrast, believe that the attacks of September 11 were a one-off kind of event where Osama bin Laden got lucky and scored big. But the likelihood that al-Qaeda will

achieve similar successes in the future is small, given the heightened state of alert and the defensive and preventive measures put into place since September 11. They believe that the likelihood that Saddam Hussein will pass nuclear weapons to terrorists is small, and that he remains deterrable. An invasion of Iraq is therefore not necessary; containment will work as it has since the Gulf War. And finally, they tend to believe that Muslim terrorists do not represent a general threat to the West, but are focused on the United States as a result of US policy in the Middle East and Gulf.

Democracy's future

Assuming we get past these near-term threats, there is a larger principle at issue in the current US-European rift that will continue to play an important role in world politics for the foreseeable future. That principle has to do with the nature of democracy itself. In an increasingly globalised world, where is the proper locus of democratic legitimacy? Does it now and forever more exist only at the nation-state level, or is it possible to imagine the development of genuinely democratic international institutions? Will the existing welter of international rules, norms, and organisations some day evolve into something more than a series of ad hoc arrangements, in the direction of genuine global governance? And if so, who will design those institutions?

My own view, as stated earlier, is that it is extremely hard to envision democracy ever emerging at an international level, and many reasons for thinking that attempts to create such international institutions will actually have the perverse effect of undermining the real democracy that exists at a nation-state level. A partial exception to this is the European Union, which continues to move ahead as a political project with the introduction of the Euro and the planned expansion under the Nice Treaty. But in a way, the experience of the EU proves my point: there is a significant 'democratic deficit' at the European level, which exacerbates existing democratic deficits at the member state level. This is the source of much of the backlash against further European integration, which is seen as weakening local powers in favour of unmovable bureaucrats in Brussels. The problem will become even more severe after the next round of European expansion, which will bring in states from Eastern Europe with very different expectations and experiences.

But if the United States refuses, rightly, to concede the principle that there is a broader democratic international community providing legitimacy to international institutions, it needs to consider carefully the consequences and perceptions of its behaviour as the world's most powerful democratic nation-state. Its own self-interest dictates the need for reciprocity across the broad range of cooperative agreements and institutions within which it finds itself enmeshed. The opportunities for unilateral action that exist presently in the military realm are not nearly as broad in the realm of trade and finance. There are a large number of global public goods, like standards, free trade, financial flows, and legal transparency, as well as public bads like environmental damage, crime, and drug trafficking, that create difficult collective action problems. Some of these problems can be solved only if the world's most powerful country takes the lead in either providing those public goods, or in organising institutions to provide them—something the US was eager to do in earlier periods.

The enormous margin of power exercised by the United States, particularly in the security realm, brings with it special responsibilities to use that power prudently. Robert Kagan speaks of the need to show what the American founders labelled a 'decent respect for the opinions of mankind'. But for him that seems to consist of nothing more than not gratuitously rejecting

offers of support for American aims and objectives. It is not clear that those aims and objectives should themselves in any way be shaped by the opinions of non-Americans.

In my view, an appropriately moderate American foreign policy that did show a real degree of 'decent respect' would involve at least the following elements.

First, if the United States is going to shift to a preemptive policy towards international terrorism, there ought to be a thinking-through and enunciation of a broader strategy that among other things indicates the limits of this new doctrine. What kinds of threats, and what standards of evidence, will justify the use of this kind of power? Presumably, the US is not thinking of unilaterally attacking at least two of the three legs of the axis of evil; if this is the case, why not at least spell this out? The United States is in the process of scaring itself to death with regard to terrorism and weapons of mass destruction. A more realistic appraisal of future threats will raise the bar to preemption, while keeping it in the arsenal.

Second, the US needs to take some responsibility for global public bads like carbon emissions. The Kyoto Protocol is a very flawed document for any number of reasons, and the link between carbon emissions and observed warming has not been conclusively proven. On the other hand, it has not been disproven, either, and it would seem only prudent to hedge against the possibility that it is true. Apart from global warming, there are any number of good reasons why the United States ought to tax energy use much more heavily than it does: to pay for the negative externality of having to go to war every decade or so to keep open access to Middle Eastern oil; to promote development of alternative energy sources; and to create some policy space in dealing with Saudi¹ Arabia, which does not seem to be a particular friend of the United States after September 11. Americans may not ever be convinced that they should make serious economic sacrifices for the sake of international agreements, but they may be brought around to an equivalent position if they see sufficient self-interest in doing so.

Finally, there should be a walking back of the steel and agricultural subsidy decisions taken earlier this year. No one in Washington ever pretended that there was a reason for making them in the first place other than pure political expediency, and there can be no US leadership on any important issue related to the global economy in their wake.

The US-European rift that has emerged in 2002 is not just a transitory problem reflecting the style of the current US administration or the world situation in the wake of September 11. It is a reflection of differing views of the locus of democratic legitimacy within a broader Western civilisation whose actual institutions have become remarkably similar. The underlying principled issue is essentially unsolvable because there is ultimately no practical way of addressing the 'democratic deficit' at the global level. But the problem can be mitigated by a degree of American moderation within a system of sovereign nation-states.