

Gulliver Unbound

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Josef Joffe

The Twentieth Annual John Bonython Lecture
Sheraton on the Park, Sydney
5 August 2003

CIS Occasional Paper 85



2003

Published September 2003 by
The Centre for Independent Studies Limited
PO Box 92, St Leonards, NSW, 1590
Email: cis@cis.org.au
Website: www.cis.org.au

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National Library of Australia

Cataloguing-in-Publication Data:

Joffe, Josef.
Gulliver unbound : can America rule the world?

ISBN 1 86432 078 8.

1. World politics - 1989- . 2. Balance of power - Forecasting. 3. United States - Politics and government - 1993- . 4. United States - Foreign relations. I. Centre for Independent Studies (Australia). II. Title. (Series : CIS occasional papers ; no.85).

327.1

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Cover and book design by Heng-Chai Lim
Edited and typeset by Carolyn Chen
Typeset in AGaramond 11pt

The John Bonython Lecture was supported by



Opening Remarks

Ladies and gentlemen, it is my great pleasure and honour on behalf of CIS to introduce tonight's speaker, Dr Josef Joffe, otherwise known as my friend Joe. Josef Joffe is here on his first visit to Australia from Germany, where he is Publisher and Editor of the prestigious *Die Zeit* newspaper. Distinguished and prestigious as *Die Zeit* is, I wouldn't rate that position as the most distinctive thing about Joe Joffe. He is much more than that. He is an outstanding analyst and commentator on international politics, widely regarded as a leading figure in the field, both in Europe and the United States.

In a sense, Joe has had an unfair advantage over most of us in that he is thoroughly at home on both sides of the Atlantic. He grew up and received his initial education in Germany and then continued his education at the best American universities, culminating in a PhD from Harvard. Subsequently, he has gone back to even more of those universities to teach and lecture. And I notice he only goes to the best institutions—Harvard, Stanford, Princeton, Johns Hopkins—and now he has chosen to come to the best think tank in Australia.

As well as his lecturing and teaching, he is a frequent contributor to the most important magazines, particularly in

America, where most of them are. He contributes to *Foreign Affairs*, *The National Interest*, *The New York Times Magazine*, *The New Republic* and *Commentary*. He is a very familiar and very admired figure in these circles. He is better equipped than anyone else in the world to interpret America to Europe, and Europe to America. And he does both superbly. If there ever was a time when that job was needed, it is when there is a serious possibility of divergence between the two sides of the Atlantic, and when the relationship between the major countries on both sides is under greater strain than it has been for a very long time.

Now, let me tell you about my own opinion of him. I used to edit *The National Interest* in Washington for 16 years. We had a very distinguished advisory panel; Kissinger was on it, Brzezinski's on it, Jean Kirkpatrick's on it, Sam Huntington's on it, and there was only one European we invited on it: Joffe. We were always very happy to seek his advice on matters across the board. Apart from having him on the advisory panel, he was an absolute delight as foreign editor. You always knew he would deliver, you always knew that you would get first-rate stuff and you always knew it would be very well-written. One of the bad things about the way international relations is taught and studied is that it tends to ruin people's prose styles. You get abstruse jargon, arcane stuff in which people are just talking to each other in a very small circle. Joe is not like that. He writes very clear English and his form of realism is the best sort, because it is grounded essentially in history. I think this is the only proper way to teach, to learn or talk about international affairs. Ladies and gentlemen, it is my very great pleasure to call on Josef Joffe.

Owen Harries

Senior Fellow

The Centre for Independent Studies

Gulliver Unbound Can America Rule the World?

Josef Joffe

I. Hegemony in the 21st century

My title is 'Gulliver Unbound', and to make the point in all its baldness: There has never been a Gulliver as Gulliveresque as 21st century America. It dwarfs anybody in the present as well as in the past. Of all the former greats, only Rome fits the description although, for precision's sake, it should be classified as an empire. For at the height of its power, after it had subjugated the lands between the British Isles, Carthage and the Levant, Rome was virtually identical with the then-international system itself. Its successors—the Papacy or the Empire, Habsburg-Spain or the France of Louis XIV, 19th century Britain or 20th century Germany—were only would-be hegemons.

True, the sun never set on Charles V's empire, Britain ruled the waves in the 19th century, and Nazi Germany went all the way to the gates of Moscow and Cairo. But they were vulnerable to combinations of other powers which prevailed over them in the end. Nor was Britain a real exception. To uphold its exalted position, it depended on allies—all the way to World War II when it was almost done in by a single foe, Nazi Germany.

America is unique in time and space. Others might be able to defy the US, but they can neither compel nor vanquish it—except in the meaningless sense of nuclear devastation that would be mutual. The sweep of its interests, the weight of its resources and the margin of its usable power are unprecedented. None other than Hubert Védrine, the French foreign minister, has made the point in all its glory—though grudgingly, one must assume. ‘The United States of America’, he proclaimed, ‘today predominates on the economic, monetary [and] technological level, and in the cultural area . . . In terms of power and influence, it is not comparable to anything known in modern history.’ In short, the US is a *hyper-puissance*, a ‘hyper-power’.

Indeed, just to mention two numbers. When in the spring of 2002, George W. Bush asked the Congress for a *supplemental* defence appropriation, the sum requested—\$48 billion—represented twice the *annual* defence outlays of Germany or Italy. If US defence spending proceeds as planned, this ‘hyper-power’ by 2007 will invest more in defence than all other countries combined.

This giant, a kind of Über-Gulliver, is also different from its predecessors in a number of other ways.

First, unlike Rome et al., this Gulliver can intervene—without the help of allies—anywhere in the world, and almost in real-time, as those B-52 bombers demonstrated that rose in Missouri, dropped their bomb load over Afghanistan and then returned home, all in one fell swoop. Bases, as during the Second Iraq War, are useful and important, but not vital, as the closure of Turkey to the passage of American troops demonstrated earlier this year. No other power could ever project so much might so far, so fast and so devastatingly.

Second, the US economy is the world’s largest, but in a fundamentally different way than, say, Habsburg’s. The Habsburg Empire was like Saudi Arabia—essentially an extraction economy, a one-horse hegemon. When the silver from Latin America dried up, so did Habsburg’s power. For all of its failings—from the

Enron scandal to the rising current account deficit—the American economy seems better positioned to conquer the future than any of its current rivals, for at least two reasons.

One, it is more flexibly organised, hence better prepared to respond to ever more rapid shifts in demand and technology. Two, it enjoys an enormous competitive advantage in the acquisition of today's most important factor of production—which is knowledge. It is not just the global predominance of Harvard and Stanford or Caltech and MIT, but something more profound and less obvious. This is a culture that keeps drawing the best and the brightest to its shores—which, by the way, is true for the English-speaking nations in general. No longer is it Metternich, Hitler or Stalin who are driving talent across the Atlantic. It comes entirely unpropelled, attracted by the wealth of opportunity and the speed of advancement. (How this most precious resource will be able to clear the barriers of the Patriot Act is an issue America has not yet begun to tackle.)

A third mainstay of American preponderance is cultural. This is another significant contrast with past hegemons. Whereas the cultural sway of Rome, Britain and Soviet Russia ended at their military borders, American culture needs no gun to travel. If there is a global civilisation, it is American. Nor is it just McDonalds and Hollywood, it is also Microsoft and Harvard. It covers the whole range from low low brow to high high brow. In the old days, after the Romans conquered Greece, the wealthy Romans used to send their children to Greek universities; today's Greeks, that is, the Europeans, send their kids to Roman, that is, American universities. A typical conversation with a rabid anti-American in Germany will always end with the following phrase: 'Didn't you go to Harvard?'. 'Yes, why?'. 'Could you help get my daughter into Harvard?'. That tells you something about cultural attraction, which also extends to English-speaking nations in general. If they can't send them to Harvard, they want to send them to the London School of Economics. My upper-class German friends send their kids to British boarding schools. Pretty soon they will be

sending them to Australia. So why this peculiar twist? Maybe, it is the fact that America is the 'first universal nation', one whose cultural products appeal to so large an audience because they transcend narrow national borders. It all began a hundred years ago when Russian Jews from the Pale started making movies in Hollywood that interpreted the 'American Dream' to the rest of the world.

This Über-Gulliver therefore packs a threefold set of uniquely big muscles—military, economic and cultural—and there is nothing on the horizon of political reality that suggests the speedy demise of his hegemony. Certainly, it will not be the kind of over-extension that felled Rome, Habsburg et al. In the last hundred years, average military spending as proportion of GDP has been four percent—with the Second World War and the Vietnam War as significant exception. Four percent is a far cry from the estimated 25 percent spent by the Soviet Union in the 1980s, the decade before its collapse.

II. After bipolarity: Must go down what comes up?

Nonetheless, international history and theory suggest that this cannot last. In the international system, power will always beget counter-power, usually by way of coalitions and alliances among the lesser players, and ultimately war, as in the cases of Napoleon, Wilhelm II and Adolf I. The question is, with all this unbridled power: Has this game already begun? The answer is 'no, but...'.

It is 'no' for two reasons. First, America irks and domineers, but it does not conquer. It tries to call the shots and bend the rules, but it does not go to war for land and glory. Maybe, America was simply lucky. Its 'empire' was at home, between the Appalachians and the Pacific, and its enemies—Indians and Mexicans—easily vanquished. The last time the US actually did conquer was in the Philippines and Cuba a hundred years ago. As an aside, McKinley wrote that he had stayed up for three nights and prayed and prayed about what to do with the Philippines in 1898. He finally said, 'after three nights of prayers

I've decided to take out little brown brethren in hand to uplift, civilise and Christianise them', conveniently forgetting that the Philippinos had been Catholic for several hundred years. So much for the somewhat clumsy nature of early American imperialism. So, for the balance-of-power machinery to crank up, it makes a difference whether the others face a usually placid elephant or an aggressive T. rex. Rapacious powers are more likely to trigger hostile coalitions than nations that contain themselves, so to speak. And when the US attacked Afghanistan and Iraq, it was not exactly invading an innocent like Belgium.

Nonetheless, Mr. Big is no pussycat, and he does throw his weight around. Why is it so hard to balance against him?

My answer is that counter-aggregations do not deal very well with the postmodern nature of power. Let's make no mistake about it. 'Hard' power—men and missiles, guns and ships—still counts. It remains the ultimate, because it is existential, currency of power. But on the day-to-day transaction level, 'soft power' is the more interesting coinage.¹ It is 'less coercive and less tangible'. It grows out of 'the attraction of one's ideas. It has to do with 'agenda setting', with 'ideology' and 'institutions', and with holding out big prizes for cooperation, such as the vastness and sophistication of one's market.²

'Soft power' is also cultural-economic power, and very different from its military kin. The US has the most sophisticated army in the world. But it is in a class of its own in the soft-power game. On that table, none of the others can match America's pile of chips; it is American books and movies, universities and research labs, American tastes high and low that predominate in the global market. This type of power whether you like it or not—a culture that radiates outward and a market that draws inward—rests on pull, not on push; on acceptance, not on imposition. That is very hard to resist.

¹ The term was introduced by Joseph S. Nye in his *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1990).

² J.S. Nye, *Bound to Lead*, pp. 188, 31-32.

It is almost seduction. Nor do the many outweigh the one. In this arena, Europe, Japan, China and Russia cannot meaningfully ‘gang up’ on the US like in an alliance of yore. All of their movie studios together could not break Hollywood’s hold because if size mattered, India’s Bollywood, with the largest movie output in the world, would rule the roost. Nor could all their universities together dethrone Harvard and Stanford. For sheer numbers do not lure the best and the brightest from abroad who keep adding to the competitive advantage of America’s top universities.

Against soft power, aggregation does not work. How does one contain power that flows not from coercion but seduction? Might it work in the economic sphere? There is always the option of trading blocs-*cum*-protectionism. But would Europe (or China or Japan) forgo the American market for the Russian one? I don’t think so. Or would Europe seek solace in its vast internal market alone? Yes they could, but if they did, it would forgo the competitive pressures and the diffusion of technology that global markets provide. The future is mapped out by DaimlerChrysler, not by a latter-day ‘European Co-Prosperity Sphere’. This is where the game has changed most profoundly. America’s rivals would rather deal with its ‘soft power’ by competition and imitation because the costs of economic warfare are too high—provided, of course, that strategic threats do not re-emerge. To best Gulliver, Europe et al. must do their work-out at home.

III. ‘Soft’ balancing

These are some of the reasons to explain why ‘hard’ balancing—alliances and war—has not set in against the American Über-Gulliver. But remember the ‘no, but...’. The ‘but’ is a shorthand for saying that ‘soft balancing’ against Mr. Big has already set in. Can we date this? Yes, it was Christmas Day 1991 when the hammer-and-sickle flag over the Kremlin was hauled down for the last time, when the Soviet Union committed suicide by self-dissolution. This was an historic moment which had

reverberations that will continue for a very long time. Suddenly the international system, in one fell swoop, changed from bipolarity to unipolarity. Gulliver's power was no longer neutralised and stalemated by another player of equivalent weight. The ropes were off, so to speak, and that had political consequences.

What is 'soft balancing?' The best example is the run-up to the Second Iraq War when a trio of lesser powers—France, Germany and Russia—all 'ganged up' on No.1 *diplomatically* in their effort to stop the Anglo-American move against Saddam Hussein. What was their purpose? To save Saddam Hussein? No, of course not. It was to contain and constrain American power, now liberated from the ropes of bipolarity.

And why not? Assume this American victory, swift as it turned out to be, is also sustainable—that it intimidates rather than inflames Arabs and Iranians, relieves dependence on dangerous clients such as Saudi Arabia and Egypt, and finally loosens up the dysfunctionalities of Arab political culture that spawned al-Qaeda. Such an outcome will finally consecrate the US as arbiter over the Middle East, over its oil and politics. This prospect can hardly enthuse the lesser players, for it would certify what is already the case *de facto*: the global primacy of the United States. So it should not come as a surprise that America's rivals and quondam allies would try to balance against No.1 by enmeshing him in the ropes of institutional dependence, that is, the UN Security Council.

This was a classic instance of 'soft balancing' against No.1—spawned by the profound shock to the international equilibrium caused by the demise of No.2, the Soviet Union. Another kind of balancing, let's call it 'surreptitious balancing', had begun much earlier, in the mid-1990s, when the US regularly found itself alone and on the other side of such issues as the ABM Treaty or the International Criminal Court (ICC).

Au fond, all of these duels were not about principle, but power. If the United States wanted to scratch the ABM Treaty in favour of Missile Defence, Europe, China and Russia sought

to uphold it on the sound assumption that a better defence makes for a better offence, hence for richer US military options than under conditions of vulnerability. And so with the ICC. In the end, even the Clinton team correctly understood the underlying thrust of the ICC. It claims the right to pass judgment on military interventions by prosecuting malfeasants *ex post facto*, so the Court might deter and thus constrain America's forays abroad. All the Lilliputians would gain a kind of *droit de regard* over American actions.

Europe and others cherished this expansion of multilateral oversight precisely for the reason why the United States opposed it. Great powers loathe international institutions they cannot dominate; lesser nations like them the way the Lilliputians liked their ropes on Gulliver. The name of the game was balancing-on-the-sly, and both sides knew it, though it was conducted in the name international law, not of raw power.

IV. Can Gulliver go it alone?

Now, to my fourth and final point: Can Gulliver go it alone?

The answer is no. Given No.1's exalted position in the international hierarchy of power, one must assume that he would want to remain what he is—Gulliver forever. If so, he has two, and only two, choices. One would seek to undercut or outmanoeuvre hostile coalitions, a latter-day British grand strategy, so to speak. The other is a strategy that would emphasise cooperation over competition, a kind of remake of the Golden Age of American diplomacy of the early postwar decades.

Strategy I is the 'Rumsfeld Strategy' *en vogue* right now, one that follows the Secretary of Defence's famous injunction: 'The mission determines the coalition, and not the other way round.' This is the logical response to the attempts on the part of nos. 2, 3, 4, 5 etc. to tie down Gulliver with the ropes of institutional dependence, where it is 'one nation, one vote'. This is why small nations love the UN, yet big nations hate it, because they can be outvoted. The essence of the game is to

pick ever-changing coalitions of the willing within which the word of No.1 is the writ of the whole. This strategy actually antedates Don Rumsfeld; George Bush the Elder enacted it in the First Iraq War, and Bill Clinton assembled a NATO posse for the Kosovo intervention against Serbia. The rule here is: Act only with those you can dominate.

A complementary strategy is ‘counter-counter-balancing’ to neutralise the kind of anti-American coalition France, Germany and Russia tried to organise in the run-up to the Second Iraq War. Against this ‘Neo-Triple Entente’, the Bushes engineered the ‘Wall Street Eight’ and the ‘Vilnius Ten’. And so, on January 30, Messrs. Chirac and Schröder woke up to an op-ed piece in the *Wall Street Journal*/Europe where the leaders of Britain, Spain, Italy, Poland, the Czech Republic, Hungary, Denmark and Portugal told Paris and Berlin in so many words: ‘We are not amused that you are trying to gang up on the United States. Saddam must be disarmed, by force if need be’. Repeated more harshly by the ‘Vilnius-10’ (another 10 European countries) on February 5 (‘we are prepared to contribute to an international coalition to enforce’), the message was that 18 European countries (from A like Albania to S like Slovenia) were *not* ready to take on the ‘hyper-power’—and even less ready to submit to the French and Germans as would-be gang leaders.

A clever counter-move, but such a strategy—balancing à la Britain—has not been America’s greatest forte. Nor will it take care of the underlying dynamics of the post-bipolar world. Great power will keep generating counter-power sooner or later. Better, and probably more economical in the long run, is a strategy that *undercuts the incentives* for ganging up—to soften the hard edge of America’s overwhelming power with the soothing balm of trust. I don’t know if this has sunk in yet, as George W. Bush, in his State of the Union Address of 2003, did not hold out such relief when he asserted that, in the end, ‘the course of this nation does not depend on the decisions of others’. This is a hard unilateralist line.

Hence, Grand Strategy II—updating the Golden Age of American diplomacy. America's core role then was institution-building, as illustrated by a whole alphabet soup of acronyms: UN, IMF, GATT, OEEC/OECD, NATO, World Bank, WTO, Pfp, plus a host of subsidiary Cold War alliances like ANZUS, SEATO and CENTO. Think of these not just as international institutions, but as international public goods, and the point is that these institutions took care of American interests while serving those of others. It was a brilliant move and an extraordinary break with centuries of power politics. For old-style hegemons were only in business for themselves.

What is the advantage of such a strategy? I would argue that nos. 2, 3, 4 . . . will prefer cooperation with no.1 to anti-American coalitions as long as the US remains the foremost provider of such international public goods—call them security, free trade, financial stability and an orderly procedure for conflict resolutions. The essence of public goods is that anybody can profit from them once they exist—like a park in the neighbourhood or an unpolluted river. That gives the lesser players a powerful incentive to maintain the existing order and to accord at least grudging acceptance to the producer of those benefits. At the same time, it diminishes their incentives to gang up on him. In the more successful periods of US diplomacy, that's exactly what the US did.

While the others surely resent America's clout, they have also found it useful to have a player like the United States in the game. Europe and Japan regularly suffer from America's commercial *hauteur*, but they also suspect that the US is the ultimate guarantor of the global trade system. Britain and France were only too happy to let American cruise missiles bludgeon the Serbs to the negotiating table in 1995 and 1999. The Arabs hardly love the US, but they did cooperate when George Bush mobilised an international posse against Saddam Hussein in 1990, because they could not contain him on their own. And so again in 2001, when Bush the Younger harnessed a worldwide coalition against terrorism.

When lesser powers cannot deter China in the Straits of Taiwan, or persuade North Korea to denuclearise, it is nice to have one special actor in the system who has the will and the wherewithal to do what others wish, but cannot achieve on their own. Indeed, he is indispensable. In the language of public goods theory: There must always be somebody who will recruit individual producers, organise the startup and generally assume a disproportionate burden in the enterprise. That is as true in international affairs as it is in grassroots politics.

But now you will ask: Why continue to pay a disproportionate share of the bill? Here are some answers: By providing security for others—in Europe, the Middle East and the Pacific—the US has also bought security for itself. Stability is its own reward because it prevents worse: arms races, nuclear proliferation, conflicts that spread. Enlarging NATO, though costly to the American taxpayer, brings profits to both Poland and the United States because anything that secures the realm of liberal democracy benefits its leading representative. Shoring up the World Trade Organisation (WTO), even when it pronounces against Washington, is still good for America because, as the world's largest exporter, it has the greatest interest in freer trade.

Are the costs of 'public goods' production intolerable? The problem is that the bulk of the world's great institutions were built during the Cold War when it was clearly in the interest of no.1 to shoulder the burden and sign the cheques. Since then, it is no longer so clear that the United States puts more resources into international institutions than it seeks to draw from them. America's old penchant for free trade is now diluted by preferences for 'managed trade', which is a euphemism for regulated trade. Having regularly castigated the EU for its protectionist agricultural policy, the US has now handed out billions in largesse to its own farmers, adding a nice dollop for steel producers too. And if it cannot achieve consensus, the US will act unilaterally—or bilaterally, as most recently in the Second Iraq War.

The costs of a ‘communitarian’ grand strategy are clearly high. First, Gulliver has to pay a disproportionate share of the institutional maintenance fee. Second, he will have to resist those domestic forces—steel, farmers—who would maximise their welfare at the expense of global welfare. Third, he will have to expend an inordinate diplomatic effort to persuade and cajole. Finally, he may sometimes find himself immobilised by the Lilliputians.

On the other hand, the costs of a ‘Rumsfeld Strategy’ may be worse. As the US diminishes its investment in global public goods, others will feel the sting of American power more strongly. And the incentive to discipline Mr. Big will grow. Short of that, the aftermath of the Second Iraq War seems to suggest that it is easier to go in by yourself than to leave by yourself.

But let’s look beyond Iraq and generalise the point. The most interesting issues in world politics cannot be solved even by an Über-Gulliver acting alone. How shall we count the ways? Nuclear proliferation in Iran and North Korea, international terrorism, free trade, global financial stability, mayhem in places like Liberia, the Congo or the Sudan, climate control, the AIDS epidemic in Africa, China’s transition from totalitarianism to the rule of law and perhaps even democracy, the political pathologies of the Arab Middle East that gave us al-Qaeda. These are all issues that, almost by definition, require collective responses.

So Gulliver’s choices seem all too clear. Primacy does not come cheap, and the price is measured not just in dollars and cents, but above all in the currency of obligation. Conductors manage to mould 80 solo players into a symphony orchestra because they have fine sense for everybody else’s quirks and qualities—because they act in the interest of all; their labour is the source of their authority. And so a truly great power must do more than merely deny others the reason and opportunity for ‘ganging up’. It must also provide essential services. Those who do for others engage in systemic supply-side economics:

They create a demand for their services, and that translates into political profits also known as ‘leadership’.

Power exacts responsibility, and responsibility requires the transcendence of narrow self-interest. As long as the United States continues to provide such public goods, envy and resentment will not escalate into fear and loathing that spawn hostile coalitions. But let’s put this in less lofty terms.

Real empires routinely crush their rivals. But America is only an ‘imperial republic’, as Raymond Aron mused decades ago. Presumably, democracies pay ‘decent respect to the opinions of mankind’ because they cherish that respect for themselves. They are better off leading by heeding because they cannot sustain the brutish ways of Rome for any length of time. Unwilling to conquer, this ‘empire’ still needs order beyond borders. The objective is the right ‘milieu’. To achieve it, America must sometimes use force; to sustain it, the sword is not enough—and too costly, to boot. But to build the right coalitions for peace, the United States must not forsake the ‘co’ in ‘coalition’—as in ‘consensus’ and ‘cooperation’. As Gulliver learned, it is hard enough to live as a friendly giant among the pygmies. It is even harder to escape their slings and arrows when strength is untempered by self-restraint. For power shall be balanced.

Questions

Q: I’d like to ask you about the very deep seated anti-Americanism in Europe. This is not something new in the last nine months over disagreements over Iraq; this is something that seems to have come out of the Golden Era. How does that relate to your thesis of the US going down the international cooperation route and being respected, obeyed or whatever is required for the international order?

A: An interesting question, and I have come up with three answers. The world dislikes and resents the US for three

reasons: For what America is, for what it has, and for what it does. And my main point, what it does, can be variable. Firstly, that it dislikes America for what it is, is even older than the Cold War period. This is almost as old as the American republic itself. America is threatening to the status quo in the rest of the West. America has always been the steamroller of modernity, flattening traditions, flattening boundaries, introducing change, competition and markets. All the things we more placid Europeans don't like, and even more traditional societies like even less. That is the oldest source of anti-Americanism. Secondly, for what America has. America has this enormous power that it has amassed and keeps amassing, and the gap keeps growing. We don't like people who have too much of what we don't have ourselves, a fact true of private life and the life of nations. Finally, what America does. Imagine if the other crew had been in business, the Clintonistas. Imagine instead of Don Rumsfeld, we had the poetry-proclaiming William Cohen, who was the old defence secretary. Imagine if we had Madeleine, imagine if we had what I would call the renaissance weekend writ large. The renaissance weekend was the big schmooze fest of the Clintonistas, where they all sat around, talked, hugged and kissed. If you have a lot, and you have what you have—at least try to be nice.

Q: My question stems from your comment that America has to ally its power with trust. My reaction is . . . trust? Trust the French? Trust the Germans, under Gerhard Schröder and Joschka Fisher? Trust the Russians under Vladimir Putin? Have I made my point?

A: That is not what I meant. I meant America has to inspire trust in its power by not only pursuing its own self interests, but also keeping in mind the interests of others. That was the essence of the Golden Age. Doing well by doing good. The trust was going in the other direction.

Q: Has George Bush—like Truman with North Korea and like Reagan with the Soviets, upstaging them into bankruptcy—taken the American nation by the scruff of its neck and pulled off one of the best strategic operations in the history of the world by going into Iraq, isolating Syria, putting the foundations for the resolution for Palestine/Israel . . . is that the situation?

A: There is no doubt the strategic part of this operation was brilliantly executed and something that I didn't quite think the American army was capable of. It suddenly dispensed with a very long tradition which was born in the Civil War. I think it was General Grant who said the idea of warfare is to get there firstest with the mostest. The American way of war has been firepower, mass firepower. Comparatively this was a very sophisticated, very mobile, very anti-American way of war. I have to say, though, it was not against a first rate opponent. But you are right. For the time being, more good than bad has come out of the operation and the intimidation effect has been working. The Saudis are arresting suspected terrorists almost every day, having previously denied harbouring any in their borders. Surely the war and the fall of Saddam has sobered up the Arabs and Palestinians enough, who have lost another sponsor as it were, to at least try to begin serious negotiations with the Israelis. The Israelis feel more secure with the collapse of the Eastern front, so they too seem to be able to take risks that in the past they didn't. So like the man who falls off the 85th floor, with each floor he passes he says, so far so good.

Q: In terms of the balance of power and in terms of the American current account deficit, I wonder if you could comment further on East Asia, perhaps particularly on China.

A: I think the US has taken a prudent gamble with China and pursued that gamble in an almost wise way. The contrasts emerge most starkly when you think about US policy towards Japan in the 1930s. I don't want to minimise what the Japanese did when they attacked Pearl Harbor, but if you wanted to talk dispassionately, you could argue, as bad as that regime was, US policy kept pushing it into the corner with few ways out. The reverse is true of the Chinese. While there is some containment obviously—in 1996 the seventh fleet was interposed in the strait of Taiwan—the basic policy was to socialise, as it were, this waking giant into the international system, to give it a market where the Chinese are gaining about a \$60 billion surplus and generally to be sensitive to the Chinese while being firm on Taiwan. I think this is a brilliant experiment of socialising a rising giant. I hope this experiment will not fail and that the Chinese will always liberalise and democratise at a faster pace than they are gaining military power and military ambitions.

Closing Remarks

Ladies and gentlemen, it is my great pleasure to give the vote of thanks to Dr Josef Joffe for delivering the 20th John Bonython Lecture for The Centre for Independent Studies. Dr Joffe tonight addressed perhaps what is the most critical set of questions confronting the free world. It arises from the unfolding geopolitical conditions following the end of last bipolar balance of power that pitted the modern democracies against the totalitarian socialist bloc.

Dr Joffe is clearly right that power shall be balanced. How it is balanced is the greatest challenge in international relations today. How can power be balanced without resorting to the self-defeating creation of a countervailing political power? This is the basic question that Dr Joffe's paper seeks to answer. The way I read Dr Joffe's message is that he is proposing a balance of power in the manner that liberal societies balance power within their own political systems. Free societies are not built on material equality; some are more wealthy and hence more powerful than others. Power within free societies is contained by the institutions of the secular rule of law and justice. This is the reason why liberal democracies are stable. The difference in the international sphere is the absence of credible institutions.

International rule of law is a work in progress. It has not evolved to such a point where it can be entrusted to a set of international institutions. But we still need to try hard to build them. Hence the need for collective efforts to maintain the stability and safety of liberal democracies.

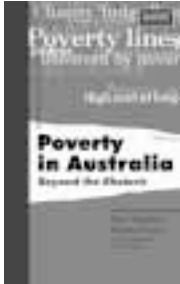
Following the fall of the Soviet bloc, it appeared that the 'end of history', as Frances Fukuyama speculated, had indeed arrived and that an era of stable liberal democratic supremacy would prevail upon the planet with improving prospects for the rule of law among nations. We now know that this was a grand illusion. We now know that international terrorism has as its singular purpose the destabilisation of liberal democratic order, the undermining of its most cherished values of individual freedom, markets and equality for all before the law. The new opponents of liberal democracy, unlike the old, have no realistic prospects of world domination. However, they have the power to cause immense human casualties, damage fragile economies, weaken global trade and cause reactions by governments that result in the serious diminishing of the very freedoms that they are seeking to protect against terrorism.

While the US may be the great Satan of these opponents, Europe is far more vulnerable in the long term. Europe is an easier target, not only because of its geographical proximity to the birthplaces of terrorism, but also because Europe has not succeeded in integrating its migrant communities in the manner of the US. More than ever Europe needs the security of US power. More than ever it has reason to work together with the US to combat the threats to liberal order. More than ever it needs to recognise its true enemies. More than ever it needs to join the coalition for joint security and promotion of the rule of law internationally.

Dr Joffe has tonight brought into sharp focus the need to adjust the new world order to this reality. I agree with him. It is true that by the development of institutions for international rule of law, the balance of power can be achieved. He provoked our thoughts by his sharp insights and he did so brilliantly. On

behalf of CIS and all of us here, we were privileged to listen to you. I thank you, sir, and hope you will be back to our distant but free and fair land sooner rather than later.

Professor Suri Ratnapala
University of Queensland



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FRANCIS FUKUYAMA is Bernard Schwartz Professor of International Political Economy at the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University, and author of the award-winning *The End of History and the Last Man*. Dr Fukuyama delivered this paper as the Nineteenth Annual John Bonython Lecture during August 2002 for CIS.



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OWEN HARRIES is Senior Fellow at The Centre for Independent Studies (CIS). He was Editor-in-Chief of the Washington-based foreign policy journal *The National Interest* from 1985 to 2001.

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