



Revamping American Grand Strategy

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Out of the national trauma of September 11 has emerged a new grand strategy for American foreign policy, comparable in scale and ambition to the strategy of containment that guided American foreign policy for much of the Cold War. Championed by neo-conservatives in and around the Bush administration, this grand strategy—which I call muscular dominance—has won the acceptance of neo-liberal hawks associated with the Democratic Party as well. The troubled occupation of Iraq, together with the unfolding drama over the nuclear ambitions of Iran and North Korea, may eventually force a rethinking of the emerging strategy, but for now there is more than a tentative bipartisan consensus on three fundamental tenets of America foreign policy.

First, terrorism and rogue states, especially those seeking weapons of mass destruction, constitute the greatest threat to American well-being and world order. These unconventional threats require going beyond our traditional reliance on deterrence and containment, and may in some cases warrant preventive military action, as in the case of Iraq. Second, the Middle East has replaced Europe and East Asia as the fulcrum of geopolitics, the zone wherein the shape of world order will be forged. Remaking the Middle East, above all by bringing democracy to the Arab and Islamic nations of the region, therefore, must be America's overriding mission, since it is only by remaking these societies that the United States can be secure. And third, the United States must remain the world's dominant military and economic power, not only to discourage

the emergence of other rival powers but to maintain world order. As the world's dominant power, the United States has not only special responsibilities but also special rights that for the sake of world order should not be constrained by traditional alliances or multilateral institutions. In a unipolar world defined by American supremacy, the United States must have the flexibility to work through ad hoc coalitions and the freedom to use international institutions as it sees fit.

The bipartisan consensus that has formed around these fundamental tenets is important because grand strategy does matter. Grand strategy represents a road map delineating our most important foreign policy goals and the most effective instruments and policies for achieving those goals. It contains a vision for America's role in the world based in part on America's domestic needs and in part on the international challenges the country faces. It thus establishes priorities and gives focus to an otherwise volatile foreign policymaking process that can be driven by national mood swings and the CNN effect. In this sense, it also adds an important element of predictability and stability for other countries. But these virtues can also be vices if they lock the country into misguided actions and the misallocation of scarce diplomatic and foreign policy resources.

Despite the occasional excesses carried out in its name, the postwar grand strategy of containment on balance served America and the world well. It helped build a community of democratic nations, provided a

framework for common security, and established the political and diplomatic underpinnings for a world economy that spread middle-class prosperity to North America, Europe, and parts of East Asia. But the same positive attributes are absent from muscular dominance, for it threatens to divide us from the rest of the West, insert us more deeply into an Islamic civil war, and exhaust the United States politically and economically, all the while distracting us from ensuring the economic foundations of world order.

The Chimera of Terrorism & Rogue States

As the evil genius behind September 11, Osama bin Laden deserves some acknowledgment for today's bilateral consensus in favor of the war on terrorism. But it is just as possible to argue that Osama bin Laden, whether wittingly or not, has set a strategic trap for the United States that emotionally, and indeed morally, has been very difficult to resist. After September 11, no politician or strategic thinker could be or would want to be considered soft on terrorism. Terrorism easily lends itself to worst-case thinking, which explains why it was so easy for the Bush administration to paint Saddam Hussein as part of the terrorist threat, even though it was not at all plausible that he would give weapons of mass destruction he probably did not possess to a group of terrorists that he himself despised and distrusted. It also lends itself to the blame game—no government official could survive blame for having failed to protect the country from a terrorist attack.

Thus it was understandable that in response to September 11, the Bush administration would eagerly and the Democrats somewhat more reluctantly embrace the war on terrorism. But it is one thing to be vigilant against terrorism and to expand international intelligence, police, and military cooperation to counter it, and quite another to make it the overriding preoccupation of American grand strategy and to redeploy

American military, diplomatic, and economic resources accordingly.

The power of terrorism is just that: its ability to provoke disproportionately counterproductive and irrational responses that only make one less secure or less free in the long run. It is nearly impossible not to give into the temptation, but it is strategically wise not to do so. By virtually any rational standard, terrorism does not warrant a full-scale war, let alone to be the defining feature of American grand strategy.

In its annual report to Congress on terrorism, the State Department has acknowledged that terrorism is at its lowest level since 1969. In 2002, there were just 199 recorded terrorist incidents, none of which took place on American soil. In fact, as foreign policy columnist William Pfaff has noted, the overwhelming majority of the incidents occurred in four places: in Colombia, where the target was usually a U.S.-owned oil pipeline; in Chechnya, the site of a long-standing separatist war; in Afghanistan, where a low-scale war continues; and in Israel and the occupied territories, the result of the second Palestinian intifada and the Israeli crackdown. Even the classification of these incidents is subject to question, since they appear to be more the product of nationalist and separatist violence than they do the work of a global network of terrorists.¹

An independent study of cross-border terrorism by Todd Sandler of the University of Southern California comes to similar conclusions. According to his study, the number of terrorist incidents has fallen markedly from the 1980s, from an average of more than 500 per year to fewer than 400 per year on average in the last decade. Indeed, only 29 percent of all terrorist attacks since 1968 have occurred since 1990. And while terrorism has become somewhat more deadly, it still causes far fewer deaths or casualties than other international phenomena, such as disease, famine, or war. Even including September 11, the average number of casualties per incident was just 3.6,

while the average number of deaths was below 1.0.²

In short, the specter of a growing global terrorist threat that has been the central motivating force behind muscular dominance does not square with the facts. Yet since September 11, these widely divergent terrorist acts have become the rationale for a vast expansion of American military power as well as the war in Iraq, including the establishment of new bases across the arc of crisis from Central Asia to Southeast Asia. The central purpose of these new military operations has been, in the president's words, "to take the battle to the terrorists," to create a "forward defense" even more ambitious than the one devised against the Soviet Union during the Cold War.

The ultimate effect on American security of this new forward defense is open to debate. But it can be reasonably argued that by increasing the American military footprint in a number of traditional yet troubled regions it will only expand the threat to American interests and American personnel. That in any case has been the lesson of American bases in Lebanon and Saudi Arabia, and seems to be the case in Iraq too, where attacks on American soldiers continue to grow from a variety of sources. Ironically, one of the rationales for the Iraq war was to be able to move American bases from Saudi soil, in part because of their increasing vulnerability to terrorist attack. But Iraq may become the ultimate destination of choice for Islamic jihadists because it offers a target-rich environment in an Arab country where law and order is lacking. Thus, the end result of America's war on terrorism may be to increase the range of threats to American lives and interests well beyond the al-Qaeda network, almost ensuring that the number of terrorist acts will increase in the year ahead.

This is not to say that September 11 did not call for a forceful response against the al-Qaeda network. But the nature of the threat did not warrant reshaping Ameri-

can foreign policy priorities or expanding American military power in the Islamic world. As William Pfaff has argued, it is not clear how expanding America's already extensive system of bases will prevent the kind of terrorist attacks that were made against the United States, or might be made again. These attacks were carried out by small groups of highly motivated, politicized, and radicalized young men, living and operating mainly in Western urban settings. While they have had some logistical support from al-Qaeda leaders in Afghanistan, such groups, as Pfaff points out, are not vulnerable to military attack from bases in Central Asia, or even Iraq.³

Before embarking on the war in Iraq, American policymakers would have done better to have recalled the old Confucious-like saying, "Never use a cannon to kill a mosquito." The most successful efforts to reign in the terrorists trying to attack American interests have resulted not from the projection of American military power but from cooperation among U.S., German, French, and British police and intelligence agencies, and from collaboration with local police and security forces in countries like Pakistan and Thailand. It is by expanding these forms of cooperation and by shutting down the financing for terrorist networks that we will increase our security. It is not by occupying Arab societies, or by establishing a larger military presence in the Islamic world.

Terrorism per se is not the only threat of concern to a grand strategy of muscular dominance. The threat posed by "rogue states" also figures heavily into the calculations of American policymakers. Indeed, it is the hypothesized convergence of rogue states with weapons of mass destruction and terrorist groups like al-Qaeda that gave real impetus to the Bush doctrine of preventive war and helped secure bipartisan support for the war in Iraq. The risk that terrorists might acquire nuclear materials does require heightened security precautions, but

that risk is less connected to possible future weapons states like Iran than to the inadequate security safeguards of existing nuclear-armed states like Russia and Pakistan. Yet the White House and Congress have repeatedly shortchanged programs to lock down fissionable materials and secure “loose nukes.”

The prospect of the further spread of nuclear weapons does pose difficult questions for world order, particularly in the Persian Gulf and East Asia. Yet it is not clear that a strategy of muscular dominance offers an effective response to this problem. The war against Saddam Hussein’s regime in Iraq was meant in part as a warning to both Iran and North Korea to give up their programs to acquire nuclear weapons. But the war seems to have had the opposite effect, as there is evidence that in the face of American threats they have accelerated their nuclear programs as the best way to deter American actions aimed against them.

In neither case is the use of force a plausible policy option for the United States. Any American attack, even a surgical attack, on North Korea’s suspected nuclear facilities, could provoke a North Korean counter-attack on Seoul, with devastating consequences for the people of South Korea. Nor can the United States afford another war against an Islamic nation, certainly not one of the size and importance of Iran. If U.S. forces are having trouble subduing Iraq, a country of 23 million people, many of whom initially welcomed the overthrow of Saddam Hussein, it is not reasonable to believe that it could successfully occupy Iran, a country of 60 million that has an even prouder tradition of national independence and still blames the United States for the restoration of the Pahlavi monarchy in 1953, notwithstanding the more pro-American attitudes of many younger Iranians.

The Bush administration seems to believe that if coercive diplomacy fails it can further isolate and punish both Iran and North Korea. But there are two problems

with such a strategy. First, it requires the full support of Europe and Russia in the case of Iran, and of South Korea, Japan, China, and Russia in the case of North Korea. While the European Union has moved somewhat closer to American policy with respect to Iran, it is not clear that it would be willing to risk strengthening Iranian hard-liners, thus giving up the fruits of its decade-long policy of constructive dialogue. Second, such a strategy of punishing and isolating North Korea and Iran may only further accelerate their efforts to secure nuclear weapons in the hope of not only deterring the United States but also gaining the cooperation of other countries. In short, one of the dangers of muscular dominance is not just an increase in terrorism but also an increase in the number of potentially hostile countries determined to acquire nuclear weapons.

It is quite possible to manage the threat posed by states like Iran and North Korea, but it would require a much different mix of policies—more carrots, fewer sticks, more confidence in the conflict management and regime reform skills of our allies in Europe and East Asia, and ultimately a willingness to fall back on established notions of deterrence should those efforts fail. But a grand strategy of muscular dominance virtually precludes this possibility. Indeed, it has set us on a reckless course not only of military confrontation that may actually expand the threats to American interests but, in the case of the Middle East, of trying to remake an entire region.

The Misuse of American Idealism

One reason for the bipartisan appeal of muscular dominance is the way that it combines American idealism and power in the service of American security. For many neo-conservative as well as neo-liberal advocates of muscular dominance, regime change and democracy are more than an idealistic project. They are the key to American security. The best way—indeed, the only way, in

their view—to make us safe is to remake the Arab world by bringing democracy to Arab societies.

If terrorism and rogue states constitute the greatest threat to world order, and if democracy is the answer, then almost naturally the Middle East assumes central importance in American grand strategy. The Middle East is home to what the administration considers the majority of rogue states—Iran, Iraq (before the war), Libya, and Syria. It also includes such troubled allies as Saudi Arabia and Egypt and, of course, Israel, with which the United States has a special moral relationship. It is the source of many of the al-Qaeda terrorists who attacked the United States. And finally, of course, the region has oil, lots of oil, upon which the world economy is still dependent.

The Bush administration is correct to argue that the current order in the Middle East is both unhealthy and ultimately unsustainable. But it is wrong to assume that a more heavy-handed American dominance of the Middle East will produce democratic reform or a more stable order. In fact, a deeper American engagement may only cause greater upheaval and further radicalization of the region.

There are three reasons to question the bipartisan emphasis on an American mission in the Middle East. The first relates to whether the United States can overcome the deep legacy of distrust and even hatred that past American policies have created in the region. Neo-conservatives in and around the administration like to believe the United States is a different kind of hegemonic power, one that does not seek imperial advantages and that uses its power on behalf of the common good. And, in some parts of the world, the United States has acted in such a far-sighted manner. But in the Middle East, the United States has fallen short of that standard, succumbing to the temptations of raw economic interest (oil) and to the narrow agendas of key ethnic and busi-

ness groups. Indeed, the very essence of American policy over the last three decades has been antithetical to Arab democracy and self-determination.

For more than three decades, American policy has been driven by two at times incompatible goals: the support of Israel and (indirect) control over the world's oil market. Managing the tension between these two goals has been one of the most important and difficult foreign policy challenges of every president since Lyndon Johnson. And every president up to George W. Bush has followed essentially the same three-part strategy: the subsidization of the defense of Israel and the promotion of some kind of peace process between Israel and its neighbors, and more recently between Israel and the Palestinians; the encouragement of pro-American governments in Egypt and Jordan, removing them from the ranks of hostile front-line states; and the nurturing of a close alliance relationship with the ruling families of the Persian Gulf oil-producing states, especially with the royal family of Saudi Arabia. The first two pillars of this strategy were seen as critical to the defense of Israel, and the third to America's world oil policy goals.

Each of these pillars, however, has deeply alienated the Arab people: American support for Israel because U.S. policymakers have not in practice been able to distinguish between the legitimate defense of Israel and tacit support for its illegal occupation of the West Bank and the Gaza Strip, and its overly aggressive military policy; American help for Egypt and Jordan because it has led to these governments' perceived betrayal of the Palestinian people as well as to the suppression of democracy; and the cozy relationship with the Gulf royal families because it has confirmed their suspicions that the United States only cares about oil. America's relationship with the Gulf sheikdoms has been particularly malignant because it has aligned the United States with the most backward feudal governments of the region

and made Washington complicit in the export of Islamic fundamentalism. In order to maintain some semblance of legitimacy with the Arab masses, the ruling elites in Saudi Arabia have generously funded Islamic reactionaries while producing homegrown radicals bent on the destruction of the United States and the West.

The war in Iraq was in part meant to change this dynamic—to allow the United States to distance itself from Saudi Arabia and to convince the Arab world that it cared about democracy. Yet the occupation of Iraq has only compounded America's legitimacy problems. To most people of the region, it has only reinforced their view that the United States is more interested in oil and its dominant military position than it is in the welfare of the Iraqi people. Otherwise, why would Washington be so reluctant to turn over power and authority to the United Nations or to the Iraqi people?

Moreover, to most Arabs on the street, the true test of the American commitment to democracy is not Iraq but a Palestinian state. If the United States really cared about Arab self-determination and democracy, why has it been so slow in coming to the aid of the Palestinian people? And why has it allowed Ariel Sharon to undermine the Palestinian Authority, the only elected government in the Arab world?

Given this deep-seated mistrust and bitterness toward the U.S. government, and absent a satisfactory settlement of the Israeli-Palestinian conflict, it is likely that in the near term any democratic impulse in most of the leading Arab states will take an anti-American direction. This is amply illustrated by the recent elections in Kuwait, where Islamic fundamentalists hostile to the United States swept pro-American liberals, and by the growing number of Saudi, Egyptian, and even Jordanian young men who openly sympathize with Osama bin Laden. The fear that democracy may produce Islamic governments in itself should not be a reason not to support democracy in

the Arab world. But it does mean that Washington may in the future face a difficult dilemma of either accepting an Islamist government or turning its back on democracy, which would only further damage America's legitimacy.

A Poor Record of Nation Building

As a way to avoid this dilemma, the Bush administration has begun to put less emphasis on free elections and more on building the essential institutions of liberal democracy in the Middle East. The wisdom of this approach is well argued by Fareed Zakaria in his new book, *The Future of Freedom: Illiberal Democracy at Home and Abroad*. This approach would seem to make a lot of sense, since Arab societies lack many of the necessary institutions of democracy, such as a workable judicial system, and the state in many Arab countries has failed in the administration of many basic government functions, such as the provision of social services, creating a vacuum filled by Islamist organizations. Rebuilding the Arab state, then, would be a wise first step toward democracy.

But this would require an even greater level of intimacy between the United States and Arab societies, as well as a much greater commitment of American resources. Which raises a second question about a grand strategy that would have the remaking of the Middle East as its overriding mission: does the United States have the necessary tools, let alone the staying power, to bring about democracy there even if it could overcome its legitimacy problems? The recent American record of nation building in places as diverse as Haiti and Afghanistan is not very reassuring on this score. And if the first months of the effort in Iraq tell us anything, it is that the United States has neither the skills nor the resources needed for the task in the somewhat more advanced Arab societies.

As we have seen, American military power has very limited utility: the U.S. mil-

itary is designed for fighting, not for peace-keeping or police work, and thus the United States has struggled even to provide basic security in Iraq. Beyond that, it has virtually no organized capacity for nation building of the kind needed by the Arab world in particular. It has no reserve of Arab-speaking administrators, advisors, or civil engineers to aid in the effort to build civil society institutions in Iraq, Egypt, Jordan, Yemen, and other Arab countries. Meanwhile, the costs of the occupation and the reconstruction of Iraq are creating an enormous financial burden. The costs of the occupation keep rising, and some private estimates of the cost of the war and the occupation now run to over \$100 billion a year. And this is just for one small country of 23 million people. Indeed, by choosing war in Iraq as the first step toward remaking the Middle East, the administration may have bankrupted the project from the beginning.

The American formula for remaking the Middle East, however, does not seem to contemplate large sums of new money, except for the occupation and reconstruction of Iraq and Afghanistan, and even there the \$21 billion the Bush administration has recently earmarked for reconstruction will prove wholly inadequate. Instead, the administration seems to believe that American ideas and free trade as well as American military power are enough to change entrenched societies, and that we will simply commandeer other people's money if we need it. But democracy building cannot be done on the cheap in the Middle East. Free trade is an attractive and relatively inexpensive foreign policy idea (which is why it is so frequently invoked), but opening America's markets to their goods is virtually irrelevant to most Arab countries, notwithstanding the anecdotal evidence of some small-scale benefit to a few Jordanian textile plants. An effort at liberalizing the market and streamlining government bureaucracy is bound to fail unless it is accompanied by more public investment, more institution building, and

stronger social safety nets (now provided by Islamicist groups) in order to soften the disruptive effects. And this requires money. The United States does provide substantial foreign assistance to Egypt and, to a lesser extent, to Jordan. But the redirection of that aid could have serious destabilizing effects in the short term.

What is worrying is that the advocates of remaking the Middle East have not thought through these many intricate dilemmas involving America's legitimacy and the tools and resources the United States can bring to the task. Either they seem to hope that they can do it on the cheap or that they will be able to direct the project while our partners in Europe and Asia pay for it. The strategic dilemma for the Bush administration, or for that matter for any future American administration, is that it needs the full cooperation and support of Europe and the United Nations if it is to succeed in remaking the Middle East. But the main European powers, particularly France and Germany, are not likely to commit forces and money—at least forces and money of any real significance—to an American project they believe is founded on bad policies. The Europeans, including the British, have a different view of the Israeli-Palestinian conflict, of how to deal with Iran and Syria, and of the best ways to promote democratic and economic reform in other Arab states. Indeed, this is one of the reasons the neo-conservative architects of the Bush program have wanted to limit European influence in the Middle East, which they see as too heavily tilted toward the Palestinians and constructive engagement with Iran.

Faced with the choice of falling in line behind a misguided American policy over which they have little or no control and putting some distance between themselves and Washington so as to avoid blame for some of the more destabilizing elements of American policy, many Europeans may choose the latter. In order to gain European

cooperation, and the cooperation of other major powers, Washington would need to compromise on some key aspects of American policy and give Europe more say in the process. But this would undermine America's dominant position within the region. Indeed, one of the central contradictions of muscular dominance is that the countries that can most help the United States are those that are strong enough to say no.

A Wise Use of Power?

Finally, there is the question whether the region is so important to American interests that it should command a disproportionate share of American foreign policy resources at the expense of other international goals. At its best, grand strategy is a form of economics: a way of establishing priorities given competing international goals and thus of determining the best use of scarce resources. An American effort to remake the Middle East may be a noble project, but if it has so little chance of doing good and so much likelihood of causing harm, is it really a moral, let alone wise, use of American power?

There are arguably more important international goals than the reordering of the Middle East: ensuring the peaceful evolution of great power relations among China, Japan, and Korea; completing the process of integrating Russia, China, and India into a system of middle-class commerce and international law; extending the middle-class prosperity that underpins European and North American stability to the emerging economies of Latin America, Asia, and Eastern Europe; promoting economic development and democracy in our neighborhood; reducing poverty and stopping the spread of AIDS in Africa; and enlisting Europe as a partner in these efforts. All these warrant American effort and attention and arguably are more critical to world order and U.S. interests than is an American imperial project in the Middle East.

The notion that the United States can maintain its favorable position in the world by making the Middle East the centerpiece of American grand strategy is at best an illusion. After all, the foundations of American strength and influence do not rest on America's position in the Middle East or on the control of the world oil market but on the political and economic relationships it has established with Europe and East Asia. Yet these are the relationships that are most likely to suffer from a misguided neo-imperial venture in the Arab world.

The Limits of Dominance

The central idea underlying muscular dominance is that the United States is so powerful and virtuous that it can pretty much remake the world on its own terms without making choices about American foreign policy priorities. But this is a truly delusional idea that often results in bad, and sometimes even reckless, policies. There are two problems with dominance as the central guiding idea of American grand strategy. The first is that it does not reflect the realities of today's world. The second is that it does not work.

For most observers of American foreign policy, dominance is an inescapable fact given America's overwhelming military, economic, and cultural power. The only question is how the United States uses that power. But this triumphalist view of American dominance rests not only on a misunderstanding of power and influence in today's world, but also on a misconception of America's relative power position vis-à-vis other states. The United States may be the world's most powerful country, but that does not mean that American supremacy or unipolarity is the defining feature of international relations today.

As noted earlier, military power has limited utility with respect to most international problems and thus yields less influence than it once did. Unlike during the Cold War, America's wealthy allies in Eu-

rope and East Asia do not face a specific military threat. Nor do they see one on the horizon, residual worries about China in East Asia notwithstanding. Instead, their security problems arise from the disorder and violence that accompanies failed states and failed development, and from unsettled nationalist and separatist struggles. U.S. military power is largely irrelevant to most of these problems. To be sure, U.S. military force was arguably helpful in restoring order in the Balkans in the late 1990s, but European countries have now assumed the overwhelming burden of peacekeeping and nation building in Bosnia, Serbia, and Macedonia.

The picture in East Asia is more complex in that the American military presence there arguably adds a dimension of security reassurance for China, Japan, Taiwan, and South Korea that still gives the United States leverage in that region. But even in East Asia, there is a growing sense that the United States may no longer be the stabilizing force it once was. China has abandoned its previously confrontational posture toward many of its neighbors, particularly over its territorial claims in the South China Sea (although its stance toward Taiwan still remains worrisome), and has generally assumed a more responsible role in the region, particularly with regard to North Korea. Meanwhile, Washington's new emphasis on preventive war, with its on again/off again tough talk toward North Korea has made many East Asians uneasy.

While America's allies see U.S. military power as less central to their own security, they have actually become more important to our own. Indeed, there has been something of a reversal of security roles over the past decade. The United States now needs the help and security cooperation of Europe, Russia, China, South Korea, and Japan more than they need our military protection. The noted foreign policy analyst Robert Kagan, in his book *Of Paradise and Power*, attributes the European preference for softer forms of

power to Europe's military weakness. That may be so, but it is also a product of two much larger trends. The first is the growing realization on the part of most Europeans that they are no longer vulnerable to any foreseeable conventional military threat and that they have a more than adequate military capability for achieving their principal regional security goals. To be sure, they could reorganize their militaries to project power better, but they have been reasonably successful in fulfilling their peacekeeping and nation-building missions in the Balkans and Afghanistan. Secondly, they believe, with some justification, that potential threats to European security are best handled by a combination of political, economic, and diplomatic measures tailored to each case: constructive engagement, as with Iran and Libya; conflict resolution and economic support with regard to the Palestinians and Israelis; nation building and peacekeeping, as in the former Yugoslavia; and economic development and political reform in Eastern Europe and North Africa.

If neo-conservative supporters of muscular dominance overstate the role of military power in securing world order, they also tend to discount American weaknesses. In addition to bearing burdens for world security, dominant great powers generally export capital, investing in the infrastructure and industries of less developed countries. At the height of its imperial power, in 1913, Britain exported capital on a scale equal to 9 percent of its GDP, financing much of the infrastructure of the United States, Canada, Australia, and Argentina. By contrast, the United States sucks in capital, not just from Europe and Japan but also from capital-poor emerging economies, to the tune of nearly 6 percent of GDP. Its international debt is approaching 30 percent of GDP, a level normally associated with developing economies and which will make it vulnerable to the political decisions as well as to the financial problems of other countries in the decades to come.

By investing so heavily in military power, the United States has undercut its international influence in other critical ways. Foreign assistance has been out of favor for years in nearly all political circles in the United States, but it still matters when it comes to building influence in many parts of the world. Washington's spending on foreign assistance is just one-nineteenth of its military budget and ranks last among OECD countries as a percentage of GDP. And U.S. assistance is heavily concentrated in just a few countries: Israel, Egypt, Colombia, and Jordan. The United States does serve as a large market for many economies, which gives it leverage and influence, but it is constrained from using that leverage because it is dependent on the world market for so many essential goods as well as for financing its external deficit. More than 50 percent of the manufactured goods that Americans now buy are made outside the United States, up from 31 percent in 1987, and the United States needs to import nearly \$600 billion in capital annually to cover its external deficit.

By virtue of its lopsided investment in military power, the United States does not have very much, in terms of financial assistance, to offer many countries in the world today, or, for that matter, very much to threaten them with either. This is one of the reasons why so many countries on the U.N. Security Council felt safe in defying the United States on the war against Iraq. Nothing exposed the myth of American dominance more than Washington's inability to get the votes of countries like Chile and Mexico, not to mention Guinea and Cameroon.

Who Needs Whom?

A grand strategy of muscular dominance ultimately rests on the simple idea of a unipolar world, the notion that the United States is the only power that counts in the world today. That is why neo-conservative advocates of muscular dominance are so critical

of France's avowed goal of creating a multipolar world, attributing it to France's superpower envy. Yet for all practical purposes, a multipolar world already exists. On a global plane, the United States may appear to be the world's only superpower, spending more than the next 15 countries combined on military power. But viewed at the level of its key strategic relationships with Europe, Russia, China, and Japan, the United States in each case needs them to achieve its foreign policy goals as much or more than they need the United States. In other words, at the bilateral level, the other established and emerging powers of the world enjoy either strategic parity with the United States or a favorable balance of power and interest. And the balance is likely to tilt further in favor of Europe, Russia, Japan, and China in the future—in part because the American market will become less important to them and in part because America's growing dependence on foreign capital will increase its international debt burden, making it more vulnerable to the policies and attitudes of its principal creditors.

Take the case of America's relationship with the European Union. Unipolarists like to focus attention on Europe's military weaknesses and the lack of a unified European foreign policy. But as suggested earlier, contrary to conventional wisdom, Europe enjoys an attractive position vis-à-vis the United States in that Washington needs the help and support of Europe more than Europe needs the United States. If looked at objectively, Europe is no longer dependent on the United States for any real security or defense needs. In fact, the European nations of NATO and the European Union now have primacy over their own security and over the security of the immediate European Rim region stretching from Ukraine in the north to the Balkans in the south. As much as certain Europeans might like the United States to do more to help create stability in Ukraine or maintain peace in Kosovo and Macedonia, Washington

has essentially removed itself from these security-related concerns. Europe's main security worry vis-à-vis the United States today is of an entirely different nature—not that Washington will abandon Europe, but that it will use its power in the Middle East in a way that will destabilize the region and create greater Western-Islamic tensions.

But even in this case, Europe may have more influence and leverage over the United States than has been commonly recognized. Even though Washington is trying to build a flexible military structure that is less dependent on its allies, the United States still relies on European bases and infrastructure for non-NATO missions, and it still needs a measure of European support and participation to gain domestic support for those missions. Beyond this, Washington depends upon European Union members for peacekeeping and nation-building tasks, not just in the Balkans but in Afghanistan and most likely soon in Iraq, and it benefits from European assistance for other U.S. security-related concerns, such as support for the Palestinian Authority. This is not to mention the importance of Europe's active cooperation in stopping international terrorism and nuclear weapons proliferation.

In many ways, Europe is better positioned to pursue a project to build democracy in the Middle East than is the United States. While the United States has had very little success in helping create stable democracies in any part of the world over the last two decades, including in its own neighborhood, the European Union has a solid track record when it comes to democracy building, particularly as it relates to the candidate countries of Central and Eastern Europe, its earlier missteps in the Balkans notwithstanding. For much of the last decade, the world has heard repeatedly about the superiority of the American model. But it has been the European Union that has had the most success in exporting democracy and fostering economic reform.

Moreover, as a continent made up of several of the larger creditor economies, Europe has the financial wherewithal to do more in North Africa and the Middle East as well as in Eastern Europe. While the United States is dependent upon European as well as East Asian capital to fuel U.S. growth and to pay for its international policies, the nations of the European Union continue to export capital to the developing world as well as to the United States. In addition, the European Union now has as much or more influence with other key members of the international community—such as Brazil, Russia, and Turkey—than the United States does and often pursues policies that better reflect their interests than American policies do. It thus would be able to enlist them in European projects in a way that the United States has not been able to do.

What is true in the case of America's relationship with Europe is true to a lesser degree with respect to its relationships with Russia, China, and Japan. The United States needs a reasonably strong Russia not just to maintain the safety of its nuclear weapons but to help balance an increasingly powerful China, check Taliban-like extremists and terrorists in Central Asia and the Caspian Sea, help stop nuclear proliferation in Iran, and help stabilize the world oil market. In return, Washington has very little to offer Moscow now that Russia has recovered its economic independence from the International Monetary Fund and has begun to repatriate substantial sums of capital, except possibly for its blessing of Moscow's sometimes misguided effort to crush the Chechen separatists and support for Russia's bid for membership in the World Trade Organization.

In recent years, the balance of interest and power with China has shifted to one of mutual dependence. China has neutralized American power in a number of ways: by modernizing its nuclear forces; by adopting a good neighbor policy in East Asia; by

stepping up its diplomacy toward the resolution of the North Korea crisis; and by becoming both one of the largest suppliers of consumer goods to the United States as well as one of its biggest creditors. Over the past year, the central bank of China has become the largest purchaser of U.S. Treasury bills and, together with the Japanese central bank, funded 45 percent of the U.S. current account deficit in the second quarter of 2003. China has also become an increasingly important destination for Japanese goods and capital, including for Japanese companies relocating production abroad, and has taken the lead in establishing a free trade zone with the countries of Southeast Asia. This has reduced Japan's dependence on the United States and strengthened the foundations of an emerging East Asian economic community that one day may represent yet another challenge to America's international economic position.

Neo-conservative supporters of muscular dominance would prefer to ignore these developments because they contradict the appealing notion of a unipolar world. But viewed from the perspective of American strategic relations with Europe and Asia, the central feature of international relations today is not American unipolarity but the once popular notion of interdependence. Elsewhere, the troubled underdeveloped regions of the world, struggling with disorder, bad governance, and arrested development, if not outright poverty, do not seem to be the beneficiary of American dominance. In these regions, the central challenge is less any great power competition for influence than the collective weakness of the developed world to do anything about their problems.

A Failed Policy

The ultimate legitimating appeal of American dominance—of American empire, if you will—is that it is good for the world. Tellingly, however, two of the regions where the United States has enjoyed dominance

over the last three decades—the Middle East and our own neighborhood—are two of the most troubled areas of the world. The problems of the Middle East are well known: an increasingly bloody war between the Palestinians and Israelis; authoritarian Arab governments that are afraid of greater democracy; its ranking near the bottom in regional lists of human development; feudal allies that fund Islamic fundamentalists and that breed bitter and disillusioned young men who dream of destroying the United States and establishing a single Islamic state.

The record of dominance in our neighborhood is no less discouraging. Colombia is the victim of a seemingly endless civil war fueled in part by America's drug habit. Venezuela suffers from deep-seated civil strife and is unraveling economically. Fidel Castro continues to preside over a failed socialist experiment in Cuba, propped up in part by American hostility. Other countries in the Caribbean still struggle with underdevelopment and are too reliant on a shadow economy of drugs, arms, and money laundering. Haiti is one of the poorest and most miserable places on the planet. Mexico might seem to be one of the few bright spots in this picture in light of its progress toward democracy until one considers that the standard of living of 80 percent of its population has fallen over the last 15 years and that it survives only by exporting its people to the United States.

This points to the second problem with dominance as a strategic policy: that wherever it has been tried it has failed. Even the softer form of dominance practiced by the Clinton administration led to bad policies and overreaching. The Clinton administration thought it could remake the international economic order by pushing financial liberalization and other policies known as the Washington Consensus onto the emerging economies of Asia and Latin America. But that effort helped produce the Asian financial crisis, which almost brought down the global economy. As a result of this

overzealous and misguided effort, the United States now has less influence in Asia than it did a decade ago and is more dependent on Japan and China for their capital, even though their financial markets remain largely closed to American financial institutions. Meanwhile, the Washington Consensus has been discredited in most parts of the world, especially in those Asian producer-oriented economies that would benefit from some liberal reforms.

The Bush administration has made a similar mistake in waging an unnecessary war in Iraq, tying down a significant portion of its military power and making American forces an easy target for Islamic extremists as well as disgruntled Iraqis. The United States may ultimately pay a heavy financial price, as the costs of the occupation will be a drain on American finances for years to come. This will not only constrain needed investments at home but undermine

America's ability to finance other important foreign policy goals.

Over the last decade, the United States has benefited from a "foreign policy bubble"—from an exaggerated sense not only of its power and influence but of its contribution to international peace and security. The Clinton and Bush administrations alike fueled that bubble with endless spin about America's foreign policy accomplishments and the superiority of the American way. But with the Clinton administration's ill-fated program of international financial liberalization, followed by the NASDAQ crash and the revelations of corporate governance scandals, the bubble of American economic dominance burst. And now by showing the limitations of American military power, and its dependence upon other countries to secure Iraq and Afghanistan, the Bush administration may have pricked the bubble of American military dominance as well.

A New Grand Strategy

The neo-conservative architects of muscular dominance are correct that American foreign policy works best when it combines high moral goals with real world national interests. But, as we have seen, they are wrong to make military dominance, the war on terrorism, and the Middle East the centerpieces of American grand strategy. In doing so, they are ignoring the foundations of world order that enabled the United States to become a secure and prosperous society while establishing the basis for a lasting peace among the great powers of North America, Europe, and East Asia. The generally peaceful orientation of the foreign policies of today's China, India, and Russia as well as of Europe, Japan, and South Korea is the product not of American military dominance (although America's military power played a role) but of the pull of a global economy and a system of commerce that offered their people middle-class prosperity. These countries have for the most part subordinated

ideology and great power ambition to economic development and commercial prosperity, and emerging powers—including middle-level powers like Malaysia, Indonesia, Turkey, and even Iran—are beginning to follow suit.

The greatest accomplishment of American foreign policy has been the creation of a system of political and economic cooperation that tied together Europe, East Asia, and the United States into a growing world economy and that has acted as a magnetic pull for other countries. This system, of course, has not been perfect, but it has created the conditions for a great power entente—a global concert of powers committed to creating wealth and managing international conflict. The central overarching challenge of the early twenty-first century is how to update the foundations of this system so that it offers a secure place not just for the already prosperous countries of Europe, North America, and East Asia but for

emerging powers and struggling developing countries as well.

For more than five decades, the United States has been the linchpin of this system—forging cooperation between itself, Europe, and Japan, building institutions of both common security and prosperity, and serving as a locomotive for world economic growth. The original principles of this system—common security, shared prosperity, and global governance—are still largely valid, but the role the United States needs to play within it must by necessity change, as must the institutions needed to sustain it. Muscular dominance threatens this system in three ways—by dividing the West, by exacerbating America’s economic weaknesses, and by undercutting the international institutions of global governance needed to govern an increasingly complex world economy.

If the overarching challenge is how to deepen and expand the American-inspired system for common security and middle-class prosperity, then the United States needs to give priority not to an endless war on terrorism or to the preservation of an elusive American dominance, but to four inter-related challenges.

Promoting Middle-Class Prosperity

The first challenge relates to the successful management of the world economy and America’s role within it. The first principle of American grand strategy ought to be that the foundation of a stable world order lies with an international economic system that offers the prospect of middle-class prosperity to more and more nations. America’s principal role in the world, then, is not one of fighting evil or even of remaking bad societies but of ensuring the political and economic foundations of such a system. Over the last several decades, the United States has acted as a Keynesian locomotive and stabilizer for the world economy—providing growing demand for the emerging export-oriented economies of East Asia as well as for the advanced industrialized world. But

America’s growing international debt problem, combined with the increasing export capacity of East Asia, will make it more difficult for the United States to continue to play this role indefinitely.

The U.S. international debt problem is in part a product of America’s high-consumption society (including its high levels of military spending) and in part a product of the production bias of many of our closest allies and trading partners in Asia and, to a lesser degree, in Europe. As a result of these respective consumer and production biases, the United States and East Asia are locked into a codependency relationship that in the short term has worked reasonably well. We have been the beneficiary of something like a reverse Marshall Plan, whereby our Asian (and to a lesser extent, European) allies have been willing to save and produce more than they consume, and then lend us money to buy their cheaper goods with a strong dollar. And they in turn have found a stable market in which to sell their products, enabling them to industrialize at an impressive rate.

But this relationship has begun to have an unpleasant downside for both the United States and the U.S.-inspired international system. In particular, it has contributed to the undermining of our productive capacity (by pricing out certain goods and service-producing industries) while saddling us with a growing international debt burden, now close to \$3 trillion, or, as noted earlier, nearly 30 percent of GDP. At some point, as our international debt grows and as foreign investors accumulate more American IOUs, they will become more reluctant to fund our current account deficit by lending us more money or buying more U.S. assets. As a consequence, the dollar will fall, driving up the cost of living for most Americans and reducing our ability to finance an activist international policy. (Even now, our ability to pursue our objectives abroad is subject to a Japanese and Chinese willingness to continue to fund our external deficit.) As im-

portant for American grand strategy, it would put into question the very foundations not only of American influence but of the U.S.-inspired international system that has created great power entente.

All this suggests that one of the great challenges of American grand strategy over the next decade will be to manage a successful transition away from the current unhealthy codependency relationship to a more balanced world economy that can further expand the reach of middle-class prosperity. One part of the transition will require a very active international economic diplomacy to ensure that Europe and the strong Asian economies will prefer to cooperate with the United States in managing the dollar than to go their own way. Until recently, the dollar has benefited from the fact that there was no alternative for investors to turn to in times of crisis. But with the maturing of the euro, there now is. And with the euro's success, there is a growing interest in East Asia as well as South America to try to replicate its success. This ultimately may be good for the world economy, but in the near term, if the United States is to maintain its power and prosperity, Washington will have to manage carefully this movement toward a multipolar financial order.

A second and equally important part of managing this transition entails the need to reverse the pattern of consumption and production that now characterize the U.S.-Asian relationship. For much of the last two decades, we have been living beyond our means, consuming more than we produced, and borrowing the balance from abroad. To avoid the accumulation of more international debt and more claims on the dollar, we will over the next decade need to begin to produce more than we consume by saving and investing more. But in order to do that without causing a crisis in the world economy, we will also have to encourage other societies to begin to consume more American goods and services. In short, we will need to increase our productive capacity at home

while working with other countries to expand markets for American goods and services abroad.

There are limits to how much the slow-growing economies of Europe and Japan will be able to contribute to the correction of America's current account deficit. The solution therefore must also lie in a major new effort to build a bigger middle class of consumers in the large, more developed emerging economies of Asia, Eastern Europe, and Latin America. The challenge is how to redirect savings and investment from savers in Europe and Japan to countries like Korea, China, Taiwan, Brazil, Malaysia, Turkey, and Mexico to increase both consumption and investment. The focus of this effort should be to promote what might be called middle-class-oriented development in these large emerging economies. Rather than depending on the export of manufactured goods and their component parts, these economies should aim to expand domestic consumption in such areas as home ownership, the start up of small and medium-size businesses, and public infrastructure, much as the United States did in the last century. Middle-class-oriented development would help ensure future world economic growth by tapping pent-up demand in emerging economies. It would also have a beneficial effect on the social orders of many emerging economies, creating both greater equity and more jobs. In this respect, it may be seen as an important reform program, applicable to troubled countries in the Middle East as well as to Asian, African, and Latin American emerging economies. Indeed, building a large and sustainable middle class by extending the system of mass affluence found in the United States and Europe to the developing world is the key to both world economic growth and global political stability in the decades ahead.

Creating a New Security Order

If the first challenge for American grand strategy is to extend the system of shared

prosperity to the large emerging economies of the developing world, then the second challenge is to extend the great power entente to encompass rising and aspiring powers. Just as containment and political and economic engagement brought about peace between Europe, Russia, China, Japan, and the United States, a new grand strategy must manage potentially revisionist powers by embedding them in regional security orders that constrain them while offering them the stability and encouragement needed for successful economic development. The most pressing challenges in this regard relate to the suspected nuclear ambitions of Iran and North Korea, and the need for new security arrangements in the Persian Gulf and East Asia.

There are no easy answers for dealing with the nuclear aspirations of these vastly different countries. A rogue-state strategy aimed at isolating and pressuring North Korea and Iran is likely to be counterproductive and ultimately destabilizing for the regions concerned. On the other hand, a policy of engagement would require us to overlook some unpleasant features of both regimes, and in the case of North Korea would smack of giving in to blackmail. The way out of this seeming dilemma is to think of engagement as a part of a larger multilateral process of establishing a new security order involving great power cooperation in each region. The eventual reunification of Korea must be at the core of a regional security order that further cements cooperation between China, South Korea, Japan, Russia, and the United States. And the peaceful evolution of Iran is central to a new security order for developing the oil resources of the Caspian Sea and the Persian Gulf, and for curbing Taliban extremists in the region. Such a security order in turn requires the cooperation and support of the European Union, Turkey, Russia, the United States, India, and China.

Each region, of course, has its own unique challenges. But in each case Ameri-

can policy should be guided by three overriding ideas. The first is to elevate common economic development objectives over geopolitical rivalry. The second is to create common security arrangements that reduce the relevance of military power and nuclear weapons to each country's security. And the third is to create a true concert of regional powers by internationalizing the American leadership role, by sharing responsibility with Europe and Russia in the Persian Gulf, and with Japan, China, South Korea, and Russia in East Asia.

In the case of the Persian Gulf and the Caspian Sea region, the United States needs to see a reforming and modernizing Iran as part of the solution to regional instability, despite some differences over Tehran's support for Hezbollah and other aspects of Iranian policy. It needs to understand that Iran's drive for nuclear weapons is not mainly an anti-American act but a much more complex response to regional relations: a mixture of a desire for greater regional influence; worries about a resurgent and U.S.-allied Iraq, which after all invaded Iran in the 1980s; and concerns about the other nuclear powers that surround it. Finally, it also must understand that an effort to establish a new set of security understandings between Iraq and Iran and their neighbors cannot be an American project but must be a regional effort that is supported by the European Union and Russia.

In East Asia, the challenge facing the United States and its regional partners is how to simultaneously manage the nuclear weapons ambitions of North Korea and its possible economic and social implosion. The Bush administration has been correct to address the question of North Korea by means of a multilateral process, but wrong in refusing to offer the kind of security guarantees that a paranoid North Korean leadership may feel it needs to give up its nuclear weapons program, and wrong not to support a broader program of economic and political engagement that Seoul and

Beijing have suggested. The principal elements of a new framework for the Korean peninsula would entail both a Korean peace agreement with security guarantees for both North Korea and South Korea, and an economic program aimed at opening up North Korea to trade and investment. This in turn would create the foundation for a broader regional security order that would eventually include multilateral arms control and other common security understandings that would constrain future geopolitical rivalry in the region.

Countering Arab/Islamic Rejectionism

The third challenge for American grand strategy involves how best to counter the growing rejectionism of the Arab and Islamic worlds to an American-inspired international system of entente and middle-class prosperity. The United States has a very large stake in the outcome of the struggle within many Arab and Islamic societies between the modernists, on the one hand, and the reactionaries (those who oppose modernization) and the revolutionaries (the Osama bin Ladens, who want to create a single theocratic state), on the other. But, as noted earlier, an American project to democratize and remake the Middle East is likely to be counterproductive and possibly even catastrophic for both the United States and the people of the region.

The challenge, then, is how to support and encourage the modernists without making the United States the issue in such a way that strengthens the reactionaries and the revolutionaries instead. Even under the best circumstances, this will be difficult to achieve. The answer broadly is for the United States to internationalize its Middle East policy—to reduce America's dominant, in-your-face presence in the region by sharing responsibility with the European Union, NATO, Russia, and the United Nations. In fact, American policy in the Middle East has been most successful when Washington has actively involved its European partners and

the United Nations. Such was the case with the progress on the Israeli-Palestinian conflict from the Madrid conference in 1991 to the signing of the Oslo Accords in 1993, and with the substantial disarmament of Iraq that occurred in the early years of the U.N. containment and inspections regime.

The first step in this process of internationalization, of course, must involve an early and successful end to the American occupation of Iraq. Any effort to create a stable Iraq faces overwhelming odds, but it would have a somewhat better chance under U.N. leadership, with more international forces. It is therefore in our own best interest to compromise with our principal European and Russian partners on this question now, rather than suffer a humiliating retreat down the road.

An equally important step is to turn the current road map for peace, which began as the European-inspired Quartet Plan, into a real solution to the Israeli-Palestinian conflict. Under Washington's leadership, the road map has unfortunately begun to replicate all the problems of the American-sponsored Oslo process, enabling Israel to concoct endless excuses for delaying the dismantling of settlements and its occupation of the West Bank and Gaza. A better approach would be to turn over the occupied territories, including the Israeli settlements within them, to a U.N.-NATO trusteeship and to establish an American-led NATO peace force for ensuring security, with the goal of establishing a recognized Palestinian state within six to eighteen months. Only such a bold internationalist approach is likely to break the grip extremists on both sides have over the current peace process and to ensure Israel's long-term security. There is no way to overstate the importance of a viable Palestinian state to the political future of the Arab world, or to America's hope for normalizing its relationship with the Islamic world. If in two years, there are still Israeli tanks in Hebron, Ramallah, and other Palestinian towns, any modernization or

democratization that occurs in the Arab world will take a decidedly anti-American direction. The United States needs to help Israel understand, by pressure if necessary, that its future lies not with the subjugation of Palestinians in the occupied territories, but as the engine for commerce and economic growth in the Middle East.

This raises the final dimension of internationalizing American policy in the Middle East—namely, joining forces with the European Union and the world's financial institutions in putting together a program for regional economic development that would take priority over an American effort to democratize Arab societies. As suggested earlier, an American effort at democratization may only further radicalize the region, and force painful policy choices on future administrations. The current deplorable state of democracy in the region is less a function of Arab political culture than of failed development, and thus our first priority must be development and jobs as well as free elections.

Here again the idea of middle-class-oriented development should figure into American and European thinking, because it is a program not just for economic growth but ultimately for democratic reform. Indeed, the attractiveness of middle-class development is that it offers immediate popular rewards—greater home ownership, more small businesses, better schools—for otherwise painful institutional and societal reforms. Putting the promotion of middle-class-oriented economic development on the American foreign policy agenda, in general, and with respect to the Middle East, in particular, can provide policymakers with better alternatives than either punitive sanctions or irritating but ultimately empty lectures about the benefits of democracy. Middle-class-oriented development is not a panacea for the many deep-seated problems of Arab societies, but it is likely to be more productive than an American crusade to democratize the Arab world.

The idea of internationalizing American policy in the Middle East will be bitterly resisted by powerful figures in and around the Bush administration. But many of these same figures are responsible for the current failed order in the region. Americans not concerned solely with recycling Saudi petrodollars into arms sales or with perpetuating Israel's occupation of the West Bank should welcome this effort because it would serve American interests better than does the current American monopoly. The United States needs a Europe and Russia that can act as a check on America's worst tendencies in this part of the world. For more than three decades now, American policy has been its own worst enemy—embracing the shah of Iran in a misguided authoritarian effort at modernization, befriending and building up a power-hungry Saddam Hussein, arming the Afghan mujahidin and Arab Afghans, cozying up to Central Asian dictators in a failed bid for control of Caspian Sea oil, stroking a calcified and repressive Saudi royal family even as it exports Islamic extremism to other parts of the region, and tolerating, if not giving aid and comfort to, the Israeli occupation of the West Bank and Gaza. This is not to mention the utter failure of the United States to advance democracy and economic development—despite billions of dollars of aid to Egypt and billions of dollars of arms sales to the Saudi, Jordanian, and Kuwaiti governments. In short, the burden of proof should be on those who resist internationalization and continue to insist on the United States having a free hand in the Middle East.

Closing the Governance Gap

The final challenge that needs to inform American grand strategy relates to the growing international governance gap that is at the heart of the specter of disorder and failed development in the world today. This governance gap is the result of the growing complexity of world affairs and the global economy, on the one hand, and the weakness

of existing international and regional institutions, including such informal organizations as the G-8, on the other. Everywhere one looks there are problems that call out not just for international cooperation but for more collective action and resources: failed states in Africa, Asia, and Latin America; separatist conflicts in Central and South Asia, including one that could lead to nuclear war between Pakistan and India; AIDS and other epidemics; pollution and global warming; energy shortages; underdevelopment and recurrent financial crises in the developing world; and global criminal gangs trafficking in arms, drugs, and women. Indeed, the principal problem of world order is the huge gap between the demand for international public goods (from military protection to international development assistance) to help rectify these problems and their supply.

The agenda of muscular dominance has exacerbated this gap in two ways: by denigrating international law and many international institutions and by discouraging the emergence of other responsible powers willing to bear a greater share of the burden for order keeping and the management of the world economy. As outlined earlier, the defining feature of the international system is not American dominance but multipolarity and the collective weakness of the great powers to deal with the many transnational problems of failed development and failed states enumerated above. Washington's insistence upon American dominance has provoked two counterproductive reactions on the part of the potential contributors to world order. It has either caused countries to resist American power or to free ride on it—or, even worse, to both resist and free ride. Neo-conservatives in the Bush administration do not seem to understand that Europe and, to a lesser degree, Japan, Korea, and Russia are powerful enough to resist many American initiatives that threaten their interests and strong enough to go it alone in their own regions if need be. This is why

the United States has lost influence in the two regions that matter most—in Europe and East Asia—even as it flexes its military muscles in Iraq, and why the governance gap will grow wider if the United States continues to insist on dominance.

If anything, the troubled American occupation should underscore the fact the United States lacks the resources and order-keeping capabilities to deal with the problems of disorder and failed governance alone or in a sustained way. One of the main goals of American foreign policy, therefore, should be to encourage the development of other responsible centers of power and authority capable of working together to expand zones of peace and prosperity and to manage the instability caused by failed governance in the developing world. This, in turn, means harnessing the efforts of the world's other great and regional powers—the European Union, Russia, China, India, Japan, South Korea, Australia, Canada, and Brazil. Many of these efforts will be regional in scope, but they would be part of a larger system of international governance committed to common world-order goals. Indeed, it is only by sharing power and building international institutions, not by insisting on American dominance, that we can hope to close the international governance gap.

The first step in meeting the challenge of international governance in the early twenty-first century is to accept the realities of a multipolar world, to recommit the United States to the vision of the world that Franklin Delano Roosevelt and his advisers had when they proposed the United Nations and the Bretton Woods institutions. Neo-conservatives bitterly oppose the idea of a multipolar world, citing multipolarity as the cause of war and conflict in earlier periods of international relations. This is not just a selective reading of history but ignores America's own interests. In a multipolar world in which the United States may actually suffer from an unfavorable balance of power in each of its key bilateral relation-

ships, it is in America's interest to try to constrain the freedom of other powers with international law and institutions. Indeed, the United States, being the most global power of all, has the greatest interest in a system of global governance. If forced to, Europe and Japan could do just fine in their own regions.

An appreciation of the importance of global governance to a world order favorable to American interests also requires a renewed commitment on the part of the United States to the institutional architecture of world order. The United Nations, the International Monetary Fund (IMF), and the World Bank are all still essential, but they are badly in need of updating to reflect today's power relations and to meet today's international challenges. Given the growth of the world economy, the IMF has barely a fraction of the resources it had at its beginning, which helps explain why it has been so ineffective in dealing with the frequent financial crises of emerging economies. The World Bank has become a hodge-podge of feel-good development programs, rather than the catalyst for public investment it was meant to be. Both institutions need to be reshaped to be able to support the extension of middle-class prosperity in the developing world. Meanwhile, the United Nations struggles with the growing demand for the international community to take on the task of nation building in countries as

diverse as Afghanistan, Iraq, Liberia, Cambodia, and Congo. These institutions will not be reinvented overnight, but the United States needs to devote more time to the questions of global architecture and less time trying to micromanage the remaking of countries that will only resent America's overbearing presence.

Together, the foreign policy priorities suggested by these four challenges would constitute a grand strategy of great power entente aimed at enlarging the world of middle-class prosperity and common security. Admittedly, such an approach would find few true believers in the American polity today, dominated as it by the new creed of neo-conservative and neo-liberal triumphalists. Yet it may still represent the best way to secure a world favorable to American interests and values. ●

Notes

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1. William Pfaff, "Scaring America Half to Death," *International Herald Tribune*, May 8, 2003.
2. See Martin Wolf, "The Frightening Flexibility of International Terrorism," *Financial Times*, June 4, 2003.
3. William Pfaff, "More Bases Won't Curb Terrorism," *International Herald Tribune*, August 2, 2003.