The New Administration

Foreign Policy Challenges

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THE NEW ADMINISTRATION: FOREIGN POLICY CHALLENGES

INTRODUCTION

“The next president will inherit leadership of a nation that is still the most powerful in the world – a nation rich with the continued promise of its dynamic and increasingly diverse population, a nation that could, and must, again inspire, mobilize, and lead the world. At the same time, the next president will inherit a more difficult opening-day set of international problems than any of his predecessors have since at least the end of World War II.”

~ Richard Holbrooke, former U.S. Ambassador to the United Nations

Terrorism. Nuclear proliferation. China. Russia. Climate change. The Middle East. A global economy more fragile and interdependent than we imagined. These are just some of the challenges awaiting the new Administration on January 20, 2009. How does the next President begin to assess and prioritize each of these, as well as all the other issues? How will he balance our international engagement with a pressing domestic agenda? How should he decide which diplomatic tools to employ? In other words, how does he create and implement an effective foreign policy for the United States?

For starters, he must step back and take a look at the big picture. The world today looks very different than it did when George W. Bush first took office eight years ago. What’s different? Nearly everything.

Let’s start with globalization. Although the world has been “flattening” for many years, the rate of that process has increased exponentially. This warp speed globalization is tightening the connections between countries, and accelerating the gap between those countries that are benefiting from the global marketplace and those that are not.

Globalization is also one of the forces behind another trend – the emergence of a new world order. The heady post-Cold War years when the U.S. stood alone atop the global power pyramid are coming to an end. Power and influence are shifting to other state – and nonstate – actors. The U.S. is the world’s sole military superpower and its political influence remains unique and substantial. It is facing stiff competition, however, in the economic arena, and it no longer has the ability – as it did in the second half of the 20th century – to dictate to others how the world is going to look.

This new global reality has led to an historic shift in the way international relations are conducted. States are now interdependent, and their interests are intertwined. Cooperation among countries has become paramount. Transnational threats cannot be solved by a single country, no matter how powerful it may be. New voices and new viewpoints mean that the U.S. must be pragmatic and flexible in defining its national interests and in pursuing its foreign policy objectives.

With such a difficult road ahead, why would anyone want to be the next U.S. president? Because in spite of all the daunting challenges, the changing world offers America unprecedented opportunities for prosperity and progress. The challenge for the new Administration is to craft a foreign policy that deftly addresses global concerns while maximizing opportunities for the United States.

Before discussing the current state of the world, it is important to take a look back at how America evolved into a global superpower. The lessons the country learned along the way may provide a roadmap for how the next Administration can succeed in the new global order.

A NEW NATION

“The great rule of conduct for us in regard to foreign nations is in extending our commercial relations, to have with them as little political connection as possible. So far as we have already formed engagements, let them be fulfilled with perfect good faith. Here let us stop.”

~ George Washington’s Farewell Address (1796)

With the establishment of a new American nation came the task of creating a foreign policy: defining U.S. interests, formulating policies to advance and protect those interests, and then implementing those policies.

For the first few decades, the new country’s priority was survival. This meant standing on the sidelines while other countries did battle. By 1823, an emboldened U.S. gave notice to the European powers that any further domination in the Americas would not be tolerated. Having claimed the Western Hemisphere for itself, America began expanding – first westward, and then across the Pacific – fulfilling its presumed Manifest Destiny.

Throughout this period, commercial interests played a central role in shaping U.S. foreign policy. As U.S. commerce expanded globally, the need arose to protect those gains politically – and militarily, if necessary.

SURVIVAL MODE

In his Farewell Address, Washington advocated a cautious foreign policy for the newly formed United States. He urged his successors to pursue a course of neutrality. The paramount U.S. interest at the time was survival; becoming entangled in foreign alliances would
The interests of the U.S. came under threat at the beginning of the 19th century when France acquired Louisiana from a weakened Spain in 1800, with plans to reestablish its empire in the New World. The port of New Orleans was crucial to U.S. trade at the time, but America was too weak to go to war. A fortuitous set of events, including the continuing strain of the Napoleonic Wars, allowed President Thomas Jefferson to purchase the Louisiana Territories from France in 1803.

A much more serious international crisis awaited Jefferson’s successor, James Madison. Despite its efforts to remain neutral during the Napoleonic Wars, the United States’ economic interests with Europe was too weak to go to war. A set of even further events, including the continuing strain of the Napoleonic Wars, allowed President Thomas Jefferson to purchase the Louisiana Territories from France in 1803.

The image of the U.S. abroad has taken a beating in recent years. “Today, the world doubts both the wisdom and the competence of American leadership,” notes a 2008 report from the Center for a New American Security. Global opinion polls tell a similar story. Favorable attitudes toward the U.S. are almost nonexistent in Muslim countries. More disconcerting is that the U.S. doesn’t poll much better in countries that are allied with the United States.

A number of factors are behind the dismal rankings: the perception that the U.S. acts without regard for the interests of other countries or the rules of international institutions; a belief that the U.S. is the cause of many of the world’s current problems—chief among them, climate change and faltering economies—and isn’t doing enough to solve those problems; and the pervasiveness of American culture at the expense of local talent and tradition. The Iraq War, Abu Ghraib, Guantanamo, and perceived double standards certainly haven’t done much to bolster public opinion either. Plus, a lot of folks just don’t like the fact that America’s status as a superpower is unrivaled.

Should the next Administration care that the world doesn’t think much of the way the U.S. conducts business overseas? Yes. Public opinion matters and it is having an adverse effect on the ability of the U.S. to advance its policy objectives. In 2003, the Turkish government (a NATO ally) would not allow the U.S. to use a key military base in the country as a staging site for the U.S.-led invasion of Iraq. The decision of the Turkish government reflected strong public opposition to the proposed plan.

Fortunately, there is some cause for optimism. “Even in countries with large anti-American majorities,” says Moises Naim, editor of Foreign Policy, “you can detect a certain yearning for American leadership.” A yearning, says Naim, for “the America that rallies other countries [and] supplies the funds for initiatives that are needed for a better functioning world…” That better world will not happen, notes Naim, “without American leadership, without American funding, [and] without American energy in mobilizing wills.”
STAKING A CLAIM
The early decades of the 19th century saw a number of colonies in Central and South America win their independence. Concerned that the European powers might seek to reassert control over the still-fragile Latin American republics, in 1823, President James Monroe articulated a three-part policy that marked a defining moment in U.S. foreign policy.

The Monroe Doctrine was a recognition that a new order was emerging in Latin America – one in which the U.S. had significant political and commercial interests worth protecting. Accordingly, Monroe declared that: “The American continents… are henceforth not to be considered as subjects for future colonization by any European powers.” He went on to outline two separate spheres of influence – the Americas and Europe. “The independent lands of the Western Hemisphere would be solely the United States’ domain,” notes a historian for the U.S. State Department.

Having staked out a claim, the U.S. began expanding westward to the Pacific Ocean. This expansion was guided by the belief – known as Manifest Destiny – that the U.S. had a God-given right to expand the country’s borders, and America’s civilizing influence, from sea to shining sea. The U.S. encountered resistance along the way that was resolved peacefully with Britain (the Oregon Territories) and not so peacefully with Mexico (the Southwest Territories).

EXPANSION ACROSS THE PACIFIC
The second half of the 19th century saw the U.S. pursue economic opportunities in Asia. The U.S. established formal diplomatic ties with China, and opened Japan and Korea to Western trade. U.S. presence in the Pacific was further expanded as a result of the Spanish-American War in 1898. Sparked by a Cuban bid for independence from Spain, the war ended with the U.S. controlling Guam, Puerto Rico, the Philippines, and Cuba.

The U.S., now an “imperial” power, closed out the century pursuing a foreign policy designed to protect American territories and to expand significantly its international economic interests.

WARS - HOT AND COLD

“Once America became master of its own hemisphere…its strategic situation changed. Bordered by two countries that could not challenge its superior position and guarded by two wide oceans, the U.S. by the early part of [the 20th] century became one of the few nations on earth with true strategic freedom.”

~ Charles William Maynes, former editor of Foreign Policy

The U.S. began the 20th century as a significant player on the world stage. As its global presence grew, competing views arose as to how – and whether – the U.S. should interject itself into foreign affairs.

President Woodrow Wilson dreamed of a peaceful and just world, with the U.S. taking an active role in achieving this idealistic state of affairs. Though initially supportive of Wilson’s utopian vision, most Americans remained isolationist, first reveling in the good times of the roaring ’20s, then struggling to survive the Great Depression of the 1930s.

By the end of World War II and the start of the Cold War, the U.S. had assumed the mantle of global leadership – a role that it has never relinquished. The U.S. and its allies created an international framework designed to promote and protect their economic and security interests, and to contain Soviet communism. That framework has defined America’s role in the world for more than 60 years.

WORLD WAR I AND IDEALISM
In August 1914, Europe was plunged into war. For the next three years, the U.S. sat out the war, pursuing a policy of neutrality. It finally entered the war in April 1917, following the resumption of German submarine attacks on American vessels.

President Wilson was an idealist, and his reasons for going to war encompassed more than just the protection of U.S. maritime interests. In addressing Congress, Wilson declared that the object of the U.S. in entering the war was to “vindicate the principles of peace and justice in the life of the world.” He formally articulated his philosophy in a document known as the “Fourteen Points,” which called for open diplomacy, free trade, the reduction of armaments, and self-determination for former colonies.

Wilson also proposed the creation of a “general association of nations” to resolve amicably international disputes. This League of Nations (which was encompassed in the Treaty of Versailles ending World War I) won widespread support among the American public. Congress was much less enthusiastic, arguing that the collective security framework of the League reduced the ability of the U.S. to defend its own interests. Age-old concerns about America becoming entangled in European conflicts also resurfaced. In the end, the Treaty was defeated in the Senate.
The post-war period saw the rise of isolationist sentiment in America. During the “Roaring Twenties,” the country enjoyed a burst of social, cultural, and artistic innovation and creativity. Most of America was prospering, and there was little interest or desire for the U.S. to take an active role in international matters. Attention became focused even more on the home front with the Great Depression of the 1930s.

Throughout this extended period, the U.S. “repeatedly chose non-entanglement over participation or intervention as the appropriate response to international questions,” notes a historian for the U.S. State Department. Accordingly, the U.S. watched from the sidelines as Japan invaded northeast China in 1931; Italy stormed into Ethiopia in 1935; and Germany expanded into Central and Eastern Europe. The U.S. response to these provocations was to pass a series of Neutrality Acts intended to prevent Americans from becoming entangled in foreign affairs.

President Franklin Roosevelt, unlike the isolationists, felt that the U.S. should participate more actively in international affairs. It was not until France fell to the Germans, and the bombing of Britain was in full force, however, that Roosevelt won Congressional approval of his Lend-Lease program that allowed the transfer of arms and equipment to the Allies. The bombing of Pearl Harbor on December 7, 1941 thrust the U.S. into the war, which ended with the unconditional surrender of the Axis powers.

Planning for a post-war world began even before the Allies’ victory. Recognizing that the failure of the League of Nations after World War I had helped pave the way for World War II, the Allies set about to create a new union of nations. In April 1945, the U.S. and 49 other countries gathered in San Francisco to draw up a charter for the United Nations, whose purpose was to “unite our strength to maintain international peace and security,” and to promote humanitarian causes.

By the end of the war in August 1945, the U.S. had assumed a full leadership role in international affairs. “Victorious in that great struggle, its homeland undamaged from the ravages of war, the nation was confident of its mission at home and abroad,” explains an official U.S. historian. “U.S. leaders wanted to maintain the democratic structure they had defended at tremendous cost and to share the benefits of prosperity as widely as possible.”

Even before World War II had ended, however, America’s grand plans for a “new world” faced a formidable obstacle: an emboldened Soviet Union determined to install Soviet-controlled Communist governments in the newly occupied countries of Central and Eastern Europe. As British Prime Minister Winston Churchill famously remarked: “From Stettin in the Baltic to Trieste in the Adriatic, an iron curtain has descended across the Continent.”

In response to the Soviet threat, the U.S. adopted a policy that came to be known as “containment.” The idea was first articulated by George Kennan, a career Foreign Service Officer, who stated that “[t]he main element of any United States policy toward the Soviet Union must be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies.” Kennan predicted that such a policy would eventually lead to “either the break-up or the gradual mellowing of Soviet power.”

Containment was based on two components – security and economics. The security element included the creation of the North Atlantic Treaty Organization (NATO) and, ultimately, the stationing of a large American-led army at the Soviet empire’s doorstep in a divided Germany. In addition, the U.S. built up a nuclear arsenal guaranteed to deter a Soviet nuclear attack. The Cold War was underway.

On the economics side, the U.S. launched a major foreign policy initiative to provide financial and technical assistance to Europe. Alarmed by the physical and economic devastation of the Continent – and the deleterious effects this would have on the political stability of Western Europe – in 1947, Secretary of State, George Marshall, proposed that America “do whatever it is able to do to assist in the return of normal economic health in the world.” Thus was born the Marshall Plan, which in four years pumped over $13 billion into Europe, stimulating economic production, both at home and abroad, and ensuring the continued political independence of our allies.

The U.S. also played a leading role in the creation of a number of institutions designed to provide a structure for international economic relationships, including, the International Monetary Fund, the World Bank, and the predecessor to the World Trade Organization.

“These security and economic orders, with modifications accumulated over six decades, endured into the twenty-first century and form the bases of the global American role,” explains Michael Mandelbaum of Johns Hopkins University. “What began as emergency measures to fortify its coalition partners in the Cold War became, over time, services that the United States provided to the world as a whole,” he says.

On November 11, 1989, the Berlin Wall came down. Two years later, the Soviet Union collapsed. It took more than 40 years, but Kennan’s prediction had come true.
The question for U.S. foreign policymakers was: Now what? In the near-term, the “what” was a U.S.-led coalition to oust Iraq from Kuwait, a strategically important oil-producing country in the Persian Gulf. As the 1990s progressed, the U.S. was increasingly drawn into less conventional conflicts, as vicious ethnic struggles in Europe, civil wars in Africa, and bomb attacks by Islamic terrorist organizations dominated the global security landscape.

The newly elected George W. Bush Administration struggled to define America’s role in this evolving world. September 11th ended the philosophical debate. The U.S. adopted an interventionist foreign policy designed to combat the perceived forces of evil in the world, and to spread democracy. The policies adopted to implement the so-called “Bush Doctrine” have produced significant rifts between the U.S. and its traditional allies, further destabilized the Middle East, and negatively impacted America’s global image.

ADAPTING TO A POST-COLD WAR WORLD

President George H.W. Bush, who had earlier presided over the waning days of the Soviet Union, followed a fairly traditional foreign policy, focusing primarily on U.S. national interests, rather than on ideological values. Working with European allies, the U.S. helped to unify Germany and to remove the Soviet military from Eastern Europe. Bush supported the formation of independent states from the former Soviet republics, but distanced the U.S. from the ethnic conflict in Bosnia brought on by the breakup of Yugoslavia.

Most observers would agree that Bush’s shining moment in the foreign policy realm was his response to Saddam Hussein’s invasion of Kuwait in August 1990. The Bush Administration artfully brought together a coalition of 34 nations – including, significantly, a number of Arab countries – that achieved a swift and stunning military victory (Operation Desert Storm) with minimal coalition casualties. In authorizing military action against Iraq, Bush invoked national security concerns – maintaining access to Persian Gulf oil and promoting security and stability in the region – as well as the need to protect Kuwait’s sovereignty in the face of blatant territorial aggression.

By the time of the 1992 elections, Bush’s victory in the Persian Gulf War had been eclipsed by the dismal state of the U.S. economy. President Bill Clinton came into office determined to focus on domestic issues. His attention was soon diverted overseas, however, as the seamy side of the post-Cold War era began to emerge.

In the Balkans, Somalia, and Rwanda, Clinton had to confront a new breed of conflicts borne of fanatical ethnic and religious divisions. Civilians, rather than being causalties of war, were now the direct targets of enemy action. The “good old days” of straightforward territorial aggression – and relatively clear-cut foreign policy options in response – were fast becoming history.
Initially, Clinton was reluctant to involve the U.S. in such conflicts. As the global landscape continued to deteriorate, however, he had no choice. American actions produced mixed results. Intervention in Somalia (which started during the first Bush administration) was a disaster, and America (like other Allies) offered only limited humanitarian relief during the Rwandan genocide of 1994. In contrast, the U.S. successfully led NATO in peace operations in Bosnia and ejected Serbia from Kosovo.

Clinton was also forced to deal with an entirely new kind of threat – Islamic terrorism. In February 1993, a car bomb exploded in the World Trade Center in New York City, killing six and wounding over 1,000 people. Several of those responsible for the planning and execution of the bombing were later arrested, tried, and convicted. In August 1998, U.S. embassies in Kenya and Tanzania were bombed, killing hundreds of people. Intelligence linked the bombings to Osama bin Laden. In retaliation for the bombings, Clinton ordered missile strikes in Sudan and Afghanistan where terrorist camps were believed to be in operation. The strikes had no effect.

A TURNING POINT

By the start of the 21st century, a debate had emerged as to how the U.S. should use its unrivaled power. This debate was not just between America’s political parties, but within them. “Today, America sits at the summit. Our military strength is the envy of every nation on earth,” noted William J. Bennett, a Republican neoconservative, in 2000. “It would be tragic indeed if we did not use this extraordinary historical moment to promote the ideals at the heart of our national enterprise, and, by so doing, take the steps that will ensure the stability and steady growth of freedom throughout the world,” Bennett proclaimed.

Henry Kissinger, secretary of state under Republicans Richard Nixon and Gerald Ford, took a vastly different view. “Some Americans, exulting in their country’s power, urge the explicit affirmation of a benevolent American hegemony,” Kissinger said. “But such an aspiration would impose on the U.S. a burden no society has ever managed successfully for an indefinite period of time... would gradually unite the world against the U.S., and force it into positions that would eventually leave it isolated and drained,” he warned.

The September 11th attacks overwhelmingly tilted the scales in favor of Bennett’s worldview. In September 2002, President George W. Bush unveiled a new national security strategy for the country. The strategy, noted Bush, was based on “a distinctly American internationalism that reflects the union of our values and our national interests. The aim of this strategy is to help make the world not just safer but better.” This approach, which came to be known as the “Bush Doctrine,” has aroused controversy at home and abroad.

There are two general tenets to the Doctrine. The first tenet, which is not new to American foreign policy, calls for the U.S. to take a more interventionist role in the world, and to promote American values, i.e., democracy. The second tenet, which involves the concept of “preventive wars,” was a significant departure from previous U.S. foreign policy. According to the Bush Doctrine, the U.S. has the right to intervene forcibly against any regime that poses a potential threat to U.S. security. Historically, the U.S. has deemed such intervention acceptable only in the case of imminent threats.

The Bush Doctrine was the Administration’s answer to a “global war on terror” that is playing out not only in Iraq and Afghanistan, but in other parts of the world as well. As a new Administration prepares to take office in January 2009, one of the first items on its foreign policy agenda will be dealing with the fallout of this war on terror: strained relations with our allies, a destabilized Middle East, and a world that no longer thinks very highly of the United States.

Regardless of how the next Administration decides to deal with this fallout, it will be doing so in a geopolitical environment that is vastly different than the one Bush inherited just eight years ago. The new President must contend with the volatile consequences of globalization; the relative decline of U.S. power; and the need to cooperate with other countries in meeting unprecedented global challenges.

IT’S A SMALL, SMALL WORLD

“We see globalization...as an overarching ‘mega-trend,’ a force so ubiquitous that it will substantially shape all the other major trends in the world....”

~ Mapping the Global Future: Report of the National Intelligence Council’s 2020 Project

At its most basic, globalization refers to the growing interconnectedness of our world. People, technology, capital, goods, and services all flow more freely across national borders than at any time in history. This interconnectedness has been evident in the economic sphere for some time, kick-started over the last 20 years by the economic liberalization of China and India, the collapse of the Soviet Union, and the information technology revolution.

Its impact is now being felt well beyond the worlds of trade and commerce. Globalization “will profoundly shake up the status quo almost everywhere,” reports the National Intelligence Council (NIC), “generating enormous economic, cultural, and consequently political convulsions.”

Globalization has brought the world – and what happens in the world – to America’s doorstep. “International matters intrude on domestic life on a daily basis,” notes a
2008 report from the Center for a New American Security (CNAS), “from the threat of terrorist attacks to reliance on products and services from around the globe.”

The challenge for the next Administration will be to capitalize on the opportunities presented by the increased pace of globalization, while at the same time managing the consequences.

**The Upside to Globalization**

“International trade is at the heart of globalization,” says Andrew Kohut of Pew Research Center. Since 1950, the volume of world trade has increased from $320 billion to a staggering $6.8 trillion.

By 2020, predicted the NIC in a 2004 report, “the world economy is projected to be about 80% larger than it was in 2000.”

Most observers would agree that this unprecedented growth has produced tangible benefits in both economic and non-economic sectors worldwide. Global competition has created new jobs, improved productivity, lowered prices, and made a wider array of goods and services available to a greater range of consumer markets.

Globalization has dramatically improved the lives of hundreds of millions of people. Around the world, standards of living have risen; access to healthcare, education, and housing has improved; life expectancy has gone up; rates of infant mortality have gone down.

Globalization has also led to the open and free exchange of ideas, expanded individual freedoms, improved the treatment of women and minorities, and sparked breakthroughs in science and medicine. It has also facilitated travel and migration, leading to greater cultural sensitivity.

Significantly, globalization has promoted peaceful international relations by giving countries a stake in preserving and improving the international institutions that govern finance and trade. China, for example, is just as interested as the U.S. in not upsetting the economic framework.

**The Downside to Globalization**

There are two sides to every story, and the saga of globalization is no exception. Globalization is “producing powerful forces of social fragmentation, creating critical vulnerabilities, and sowing the seeds of violence and conflict,” says Lynn E. Davis of RAND. This assessment, which is shared by many observers, is based on a number of factors.

**Speed Bumps on the Path to Globalization**

Want a recent case study of globalization? Try unraveling the current global economic and financial crisis.

Private sector investments in the U.S. housing market went awry. Credit seized up. Financial institutions failed. Companies who otherwise were strong faltered. The U.S. stock market lost almost 20% of its value in the week following the U.S. government’s rescue package. Global markets tumbled dramatically.

The price of oil dropped some 40% in one month – and with it the revenues of oil-producing countries like Russia, Venezuela, Nigeria, and Saudi Arabia whose economies depend largely on oil.

Globalization – whose power was supposed to enrich global markets and to challenge the ability of governments to control events – has instead helped create such interconnectedness and interdependence that the only apparent remedy is for governments the world over to step in and take significant control (and even ownership) of their economies.

For those who thought that globalization would mean the end of the nation-state … not anytime soon.

First, the benefits of globalization have not been global. There is a growing disparity between those countries that, for a variety of reasons (market reforms, universal education, good governance), have been able to participate in and reap the rewards of globalization, and those that have not. Even within those countries that have prospered, there are still large segments of the population who are being left behind. This gap between the haves and the have-nots promotes instability and resentment, both between and within countries.

Globalization has also sparked a fierce international demand for the raw materials necessary to keep a country’s economy booming. This has caused a global spike in the price of many commodities, such as oil. More significantly, this competition is shaping the foreign policy of some countries. For example, many believe that China’s initial reluctance to act on the Darfur issue was based, in large part, on the fact that it did not want to jeopardize its lucrative oil deal with the Sudanese government.

Globalization also presents significant challenges to international security. “[A] variety of threats have become global in scope and more serious in their effects as a result of the spread of knowledge, the dispersion of advanced technologies, and the movements of people,” says RAND’s Davis. These threats encompass everything from the proliferation of weapons of mass destruction (WMD), the spread of infectious diseases, transnational criminal activity, and terrorist organizations.
Perhaps no country in the world is more closely associated with globalization than China. It has been both a driving force behind the phenomenon, as well as a major beneficiary of its effects. Although experts disagree over China’s potential ascendancy to superpower status, almost all observers agree that China is a rising power. And with that status has come the ability for China to impact the world – both economically and politically.

China is the world’s fourth largest economy and its third largest trader. With 1.3 billion people, it has one of the fastest growing consumer markets in the world. China is home to a growing number of world-class multinational corporations, and is a magnet for foreign direct investment. Over the next decade, Asia – led by China – will “displace Western countries as the focus for international economic dynamism,” predicts a National Intelligence Council (NIC) task force.

The NIC further predicts that China (joined by other Asian countries) may soon alter “the rules of the game.” In fact, it’s already happening. This summer, 13 East Asian countries, including China, created a regional monetary fund akin to the International Monetary Fund (IMF). The fund will stabilize regional currencies and provide financial assistance to countries in crisis – just like the IMF – but with arguably fewer strings attached. Moreover, the NIC “anticipates...that the Asian giants may use the power of their markets to set industry standards, rather than adopting those promoted by Western nations or international standards bodies.”

China’s rise is also having an impact on the Western-oriented geopolitical order. China has spent the last decade charming its neighbors – ending border disputes; negotiating trade agreements; doling out enormous aid packages; and encouraging cross-cultural exchanges. As a result, China has become an influential regional leader.

China’s influence doesn’t end in Asia; it extends across the globe. “In America’s own hemisphere, from Canada to Cuba to Chavez’s Venezuela, China is cutting massive resource and investment deals,” notes Parag Khanna of the New America Foundation. “In Africa, China is not only securing energy supplies; it is also making major strategic investments in the financial sector,” he says.

What does all of this mean for the next Administration? “A stronger China does not mean it becomes a threat to the United States,” cautions a Stanley Foundation report on Rising Powers. Rather, “[t]he rise of China is going to be a long process that the United States and other powers should seek to manage with Beijing.”

“For most of the last century, the United States has dominated global economics, politics, science, culture, and ideas. For the last 20 years, that dominance has been unrivaled, a phenomenon unprecedented in history. We are now living through the third great power shift of the modern era – the rise of the rest.”

~ Fareed Zakaria, editor of Newsweek International

For more than 40 years, the Cold War defined the global order. The United States and its allies lined up on one side of the equation, balanced out by the Soviet Union and its allies on the other. This bipolar system centered on an ideological struggle – the Free World versus the Evil Empire – and was sustained by an arms race. It was a simpler, though not necessarily safer, time.

The collapse of the Soviet Union and globalization changed everything. Today, the global order is in a state of flux, with state and nonstate actors in every corner of the world emerging as potential powers. The U.S. still dominates the world scene, but “[n] every dimension other than military power – industrial, financial, social, cultural,” explains Fareed Zakaria of Newsweek, “the distribution of power is shifting, moving away from U.S. dominance.”

This does not mean that the U.S. is powerless to act. On the contrary. Most observers agree that the U.S. – if it chooses to do so – can play a determinative role in shaping the new global order. This is the challenge awaiting the next Administration.

“The principal characteristic of twenty-first century international relations,” says Richard Haass, president of the Council on Foreign Relations (CFR), “is turning out to be nonpolarity: a world dominated not by one or two or even several states but rather by dozens of actors possessing and exercising various kinds of power.”

This new global order has its roots in the political, economic, and social upheavals that accompanied globalization, the end of the Cold War, and the demise of colonialism. The end result has been that “many nations are becoming more assertive of their own interests and identities,” notes a recent CNAS report.

Some countries, such as China and India, have been able to rise faster and further than others by successfully exploiting the benefits of globalization. These countries now use their economic clout as leverage to influence and shape the international order.

Other countries, such as Russia, Iran, and Venezuela, are also benefiting from globalization. The worldwide competition for raw materials, particularly oil and gas, has swelled the state coffers of these countries. In addition,
### Traditional Foreign Policy Challenges

Some issues have always occupied a prominent place on America's foreign policy agenda. The players may change, but the nature of the problem essentially remains the same:

- **American engagement abroad** – currently centered on Iraq and Afghanistan
- **Emerging focal points of regional/global power** – Russia, China, Iran, India, Brazil occupy most attention at present
- **Alliances to be reassured and sustained** – perennial allies include NATO, Japan, South Korea, Israel, Taiwan
- **Ongoing conflicts threatening U.S. interests** – Israel/Palestine (long-standing) and the Balkans (more recent vintage)
- **Opportunities awaiting response** – Cuba and Pakistan top the list at the moment

Their ability to control access to these vital natural resources has given these countries enormous power to reconfigure – many would say, disrupt – international relations.

Other countries, such as Brazil and South Africa – though having only regional power status – still have significant global influence. “[S]econd-world countries are the swing states that will determine which of the superpowers has the upper hand for the next generation of geopolitics,” explains Parag Khanna of the New America Foundation.

Other countries are gaining power by banding together. Case in point – Europe, which is now more defined by the European Union than by NATO. “A stronger and more unified Europe has begun to chart a new international course,” reports CNAS, “using the rule of law and economic incentives rather than diplomatic isolation or military force.”

Another defining feature of the new global order is that “nation-states have lost their monopoly on power,” says CFR’s Richard Haass. Increasingly, states find their authority challenged by a host of nonstate actors.

For example, multinational corporations – the largest of which have assets and budgets greater than some countries – have the power to influence domestic and foreign policies on a range of issues from labor and trade to finance and the environment.

Similarly, non-governmental organizations (NGOs) that advocate for a variety of causes are “capable of spurring national governments into action and holding them accountable when they fail to comply with international obligations,” notes CNAS.

By far the most disturbing type of nonstate actors is transnational terrorist groups, such as al Qaeda. Technology enables these groups to function outside a traditional support structure, making it difficult for states to locate and destroy their operations.

### 21st Century Foreign Policy Challenges

The new century brought with it new challenges for U.S. foreign policymakers. Although many of the problems can trace their origins to 20th century ideologies, policies, and conflicts, the nature of the problems (and their solutions) are uniquely modern.

- **Asymmetric security vulnerabilities** – nuclear proliferation, terrorism, critical infrastructure
- **Status of U.S. economy in a global marketplace** – trade competitiveness, global financial interdependence
- **Nexus of energy, climate, and the environment** – inextricably tied to security, prosperity, and sustainability
- **Changing demographics** – youth bulges, urbanization, opportunity gaps, immigration pressures
- **Humanitarian crises** – poverty, HIV/AIDS, genocide

### What It All Means for the U.S.

Debate is raging within policy circles about what the new global order means for the United States.

According to some, “because the United States is still the world’s only superpower, with military strength head and shoulders...above the rest, America has what it needs to keep its citizens safe so long as it retains this primacy,” note former Clinton national security advisors Nina Hachigian and Mona Sutphen.

In a similar vein, others argue that America’s place atop the leaders’ board is secure because the rising powers are not really that powerful. “To imagine that a European Union plagued by self-doubt and existential uncertainty..., or a China of treacherous internal contradictions, can become powers of influence equal to the United States within the next half-century is implausible,” states Roger Cohen, an Op-Ed columnist for The New York Times.

Another school of thought holds that the rise of economically powerful authoritarian governments, such as Russia and China, portends a post-modern clash of ideologies. “The world may not be about to embark on a new ideological struggle of the kind that dominated the Cold War,” notes Robert Kagan, a senior associate at the Carnegie Endowment for International Peace. “But the new era, rather than being a time of ‘universal values,’ will be one of growing tensions and sometimes confrontation between the forces of liberal democracy and the forces of autocracy.”

Other observers hold a less dire view of the future. “The world is changing, but it is going the United States’ way,” says Newsweek’s Fareed Zakaria. “The rest that are rising are embracing markets, democratic government..., and greater openness and transparency. It might be a world in which the United States takes up less space, but it is one in which American ideas and ideals are overwhelmingly dominant.”

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Finally, there are the pragmatists, who prefer to focus on the changes themselves, rather than on the impact such changes might have on American power and influence. “U.S. policymakers do not need a definitive assessment of the state of U.S. power in order to begin developing sound policies,” notes a Stanley Foundation report on Rising Powers.

**NEW RULES**

“In a 21st century world of extensive interconnectedness and widely diffused power, Americans are inherently less able to secure their own security, liberty, and prosperity without engaging in the world in ways that take the security, liberty, and prosperity of others fully into account.”

~ Strategic Leadership: Framework for a 21st Century, Center for a New American Security

The buzzword in 21st century relations is cooperation. The United States may still be the most powerful country on earth, but recent history has shown that power alone isn’t enough to manage today’s transnational challenges. Increasingly, America will need the help of other countries and the support of international institutions to protect and secure U.S. interests.

Many countries still want to see the U.S. play a significant role in global affairs. This does not mean, however, that they share America’s view of the world, or that they want – or expect – the U.S. to take the lead on every issue. Other countries simply want a chance to sit at the table with the U.S. and have a say in foreign affairs commensurate with their growing power.

**WORKING TOGETHER**

During the Cold War, the U.S. led a cohesive alliance of countries that generally accepted and respected American authority across the spectrum of international issues. Not that they had a choice. “During most of the time that the United States exercised global leadership,” explains Steven Metz, a professor at the U.S. Army War College, “we and our partners faced an evil and aggressive opponent. Even when America was clumsy and heavy-handed, the alternative was worse.” As a result, says Metz, “[o]ur partners – who depended on us for their security – tolerated much.”

Not anymore. The new global reality – and the transnational threats that go along with it – has changed the way America must act to protect its economic and security interests. Military strength no longer equals power and influence. The U.S. cannot dictate; it must cooperate.

International cooperation will be easiest on those issues where the parties share a common interest. Russia, China, Japan, and South Korea have joined the U.S. in negotiating with North Korea over its nuclear program because they all benefit from a nuclear-free Korean peninsula. Likewise, the U.S., China, Russia, and the European Union cooperate on a regular basis to thwart terrorist activities.

Cooperation is less likely where there is a divergence of interests. Climate change has been a particularly difficult issue on which to garner international consensus because the interests and concerns of the developing world are not shared by the developed world. Reaching agreement on how to deal with a nuclear Iran has also proved difficult because China and Russia have significant energy deals with Iran.

Cooperation also requires flexibility. The iron-clad alliances of the Cold War era are over. While the U.S. will continue to work closely with its traditional allies, it must widen its circle of “friends.” Increasingly, says CFR’s Haass, “[r]elationships will...become more selective and situational. It will become harder to classify other countries as either allies or adversaries; they will cooperate on some issues and resist on others.”

This “strategic collaboration” comes at a price. “The outcome will be...a little less sovereignty and a little less control in exchange for a more stable and coherent world,” note former Clinton national security advisers Hachigian and Sutphen. “The United States will have to agree to be bound by the same solutions, policies, institutions, and rules” as everyone else.

**REDEFINING U.S. INTERESTS**

“The success of American leadership during the Cold War,” notes a CNAS report, “resulted in large part from the United States pursuing its national interests in ways that promoted the interests of many other countries at the same time.” Aligning U.S. and foreign interests was obviously a much easier task in a bipolar world, with a finite number of players and a narrower range of issues.
Some people have likened the current war on terror to the Cold War and are perhaps surprised that the rest of the world – or at least America’s staunchest allies – have not rallied around the U.S. in this fight. The problem with this analogy, says the Carnegie Endowment’s Robert Kagan, “stems from the fact that very few nations other than the United States consider terrorism to be their primary challenge.” Unlike the Cold War era, “[t]he United States’ fight has not been regarded as an international ‘public good’ for which the rest of the world can be grateful,” he says.

One solution to this problem, suggests Parag Khanna of the New America Foundation, is to stop using the phrase “U.S. interests,” and “[i]nstead talk about ‘global interests’ and how closely aligned American policies are with those interests.” An impossible task perhaps, but at a minimum, the U.S. must become better attuned to the fact that American interests do not always coincide with those of other countries, not even its allies.

**Securing America’s Future**

The U.S. is too dependent on oil – and oil-rich foreign countries in unstable regions of the world; too wedded to climate-damaging sources of energy; and no longer able to call the shots with respect to the global energy order. “Energy is the most important issue” facing America today, says Richard Haass, president of the Council on Foreign Relations. “Current levels of U.S. consumption and imports...fuel nonpolarity by funneling vast financial resources to oil and gas producers,” Haass notes. In other words, America’s insatiable thirst for oil is empowering other countries at the expense of U.S. power.

Moreover, the U.S. must now compete for oil and other energy supplies with such rising powers as China and India. With over 2.5 billion people, red-hot energy-dependent economies, and woefully inadequate domestic energy resources, China and India have made securing their countries’ energy futures a key component of their foreign policies. “The U.S.-led energy order is unraveling,” warns a recent Stanley Foundation report on Rising Powers.

And when it comes to oil, we are fighting for a commodity whose known reserves are finite and will not likely be sufficient to meet global demand beyond the next few decades.

Moreover, the world’s fuel sources of choice – oil and coal – are, most experts believe, contributing to global climate change. Many analysts predict that global warming will lead to droughts, food shortages, rising sea levels, and severe weather patterns – all of which present grave security challenges for the U.S., and for the rest of the world.

Securing our country’s energy needs, and addressing the impact such needs have on climate change and national security, will require the next Administration to reassess not only U.S. foreign policy, but domestic policy as well. “The greatest risks to America’s prosperity and way of life start and end at home,” note former Clinton national security advisers Nina Hachigian and Mona Sutphen. “American politicians will tend to lay the blame for problems at the doorstep of another country,” comment Hachigian and Sutphen, “but there is much America needs to do to build its own capacity to prosper in the future.”

One area that needs to be addressed is the post-World War II international framework which, 60 years on, is showing its age. The rising powers are increasingly demanding a seat at the table, be it the United Nations Security Council or the G-8 group of industrialized nations. The U.S. (and others) must either enlarge the tent – integrate in a meaningful way at least some of the new power players into the existing international forums – or risk these players forming their own competing, and potentially adversarial, organizations.

In fact, this is already happening. In 2001, China, Russia, and four former Soviet Republics formed the Shanghai Cooperation Organization. The group meets on a regular basis to cooperate and coordinate on matters concerning security, economics, and culture.

**At a Crossroads**

“*The future is not determined. It is up for grabs. The international order in the coming decades will be shaped by those who have the power and the collective will to shape it.*”


America is at a crossroads, with critical foreign policy choices awaiting the new Administration. By choosing wisely, the next President – whether a Democrat or a Republican – has the ability to redefine the role of the U.S. on the world stage. He won’t have to act alone. Most of the world wants the U.S. to lead; we are the most benign great power in history. But the world wants America to lead according to the values we espouse, and to acknowledge and respect that other countries also have a stake in the system. By working cooperatively to shape the new geopolitical order, the U.S. can ensure that America remains prosperous and safe.
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Globalization and the Pittsburgh Region

An increasing number of companies in the Pittsburgh region are initiating or expanding their global reach. In 2007, 34 local companies either began new foreign operations or acquired an international company. Many of these new ventures are in Asia, the fastest-growing region in the world. Local companies with the largest Asian presence include Heinz, PPG, and Alcoa.

Likewise, more and more foreign countries are establishing operations in Southwestern Pennsylvania. The region now boasts more than 300 international companies from 29 different countries.

Germany has the largest regional presence, with 69 companies in 170 locations. Notable German companies include Allianz, BASF, Bayer, and Siemens. The United Kingdom comes in second, with 58 regional companies in 264 locations. Companies hailing from the U.K. include BAE and Royal Bank of Scotland. Japan and Canada each have 36 companies in the area, including Mitsubishi, Sony, Bombardier, and Nova Chemicals.

Globalization is one factor that is helping to grow the economy of the greater Pittsburgh metropolitan area. With a gross domestic product of over $96 billion, the Pittsburgh region ranks as the 71st largest economy in the world – on par with the economy of the Philippines.

Source: Allegheny Conference on Community Development

Reading Suggestions

Hot, Flat, and Crowded: Why We Need a Green Revolution – and How it Can Renew America
Thomas L. Friedman

The Return of History and the End of Dreams
Robert Kagan

The Second World: Empires and Influence in the New Global Order
Parag Khanna

Common Wealth: Economics for a Crowded Planet
Jeffrey D. Sachs

The Post-American World
Fareed Zakaria

Americanization of the World

When travelling around the world, you can be forgiven for thinking that you haven’t really left home. American culture really has permeated every corner of the globe. At last count, you could find a McDonald’s in 118 countries or territories. McDonald’s often tailors its menus to accommodate local tastes and religious beliefs. You won’t find beef on the menu at McDonald’s in India because Hindus are not permitted to eat beef. Pork is banned from the menus in Muslim countries.

On the beverage front, Coca-Cola appears to be the champ – its products are available in over 200 countries and territories. Starbucks can be found just about everywhere in the U.S., but its international presence is limited to 47 countries. In 2007, Starbucks was forced to close its coffeehouse in China’s Forbidden City following protests that the shop disrupted the solemnity of the palace and “trampled over Chinese culture.”


World’s Largest Economies/ Average Annual Growth Rate*

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP</th>
<th>Growth Rate</th>
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<tbody>
<tr>
<td>European Union</td>
<td>$14.3 trillion</td>
<td>3.0%</td>
</tr>
<tr>
<td>United States</td>
<td>$13.8 trillion</td>
<td>2.0%</td>
</tr>
<tr>
<td>China</td>
<td>$6.99 trillion</td>
<td>11.9%</td>
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<tr>
<td>Japan</td>
<td>$4.29 trillion</td>
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<td>India</td>
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<td>Germany</td>
<td>$2.81 trillion</td>
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<td>United Kingdom</td>
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<tr>
<td>Russia</td>
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<td>France</td>
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<td>Brazil</td>
<td>$1.83 trillion</td>
<td>5.4%</td>
</tr>
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*Based on 2007 estimates using purchasing power parity and real growth rate

Source: CIA World Factbook