

THE

NEXT

DECADE

WHERE WE'VE BEEN . . . AND
WHERE WE'RE GOING

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CHAPTER 1

THE UNINTENDED EMPIRE

The American president is the most important political leader in the world. The reason is simple: he governs a nation whose economic and military policies shape the lives of people in every country on every continent. The president can and does order invasions, embargos, and sanctions. The economic policies he shapes will resonate in billions of lives, perhaps over many generations. During the next decade, who the president is and what he (or she) chooses to do will often affect the lives of non-Americans more than the decisions of their own governments.

This was driven home to me on the night of the most recent U.S. presidential election, when I tried to phone one of my staff in Brussels and reached her at a bar filled with Belgians celebrating Barack Obama's victory. I later found that such Obama parties had taken place in dozens of cities around the world. People everywhere seemed to feel that the outcome of the American election mattered greatly to them, and many appeared personally moved by Obama's rise to power.

Before the end of Obama's first year in office, five Norwegian politi-

cians awarded him the Nobel Peace Prize, to the consternation of many who thought that he had not yet done anything to earn it. But according to the committee's chair, Obama had immediately and dramatically changed the world's perception of the United States, and this change alone merited the prize. George W. Bush had been hated because he was seen as an imperialist bully. Obama was being celebrated because he signaled that he would not be an imperialist bully.

From the Nobel Prize committee to the bars of Singapore and São Paulo, what was being unintentionally acknowledged was the uniqueness of the American presidency itself, as well as a new reality that Americans are reluctant to admit. The new American regime mattered so much to the Norwegians and to the Belgians and to the Poles and to the Chileans and to the billions of other people around the globe because the American president is now in the sometimes awkward (and never explicitly stated) role of global emperor, a reality that the world—and the president—will struggle with in the decade to come.

THE AMERICAN EMPEROR

The American president's unique status and influence are not derived from conquest, design, or divine ordination but ipso facto are the result of the United States being the only global military power in the world. The U.S. economy is also more than three times the size of the next largest sovereign economy. These realities give the United States power that is disproportionate to its population, to its size, or, for that matter, to what many might consider just or prudent. But the United States didn't intend to become an empire. This unintentional arrangement was a consequence of events, few of them under American control.

Certainly there was talk of empire before this. Between Manifest Destiny and the Spanish American War, the nineteenth century was filled with visions of empire that were remarkably modest compared to what has emerged. The empire I am talking about has little to do with

those earlier thoughts. Indeed, my argument is that the latest version emerged without planning or intention.

From World War II through the end of the Cold War, the United States inched toward this preeminence, but preeminence did not arrive until 1991, when the Soviet Union collapsed, leaving the U.S. alone as a colossus without a counterweight.

In 1796, Washington made his farewell address and announced this principle: "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." The United States had the option of standing apart from the world at that time. It was a small country, geographically isolated. Today, no matter how much the rest of the world might wish us to be less intrusive or how tempting the prospect might seem to Americans, it is simply impossible for a nation whose economy is so vast to have commercial relations without political entanglements or consequences. Washington's anti-political impulse befitted the anti-imperialist founder of the republic. Ironically, the extraordinary success of that republic made this vision impossible.

The American economy is like a whirlpool, drawing everything into its vortex, with imperceptible eddies that can devastate small countries or enrich them. When the U.S. economy is doing well, it is the engine driving the whole machine; when it sputters, the entire machine can break down. There is no single economy that affects the world as deeply or ties it together as effectively.

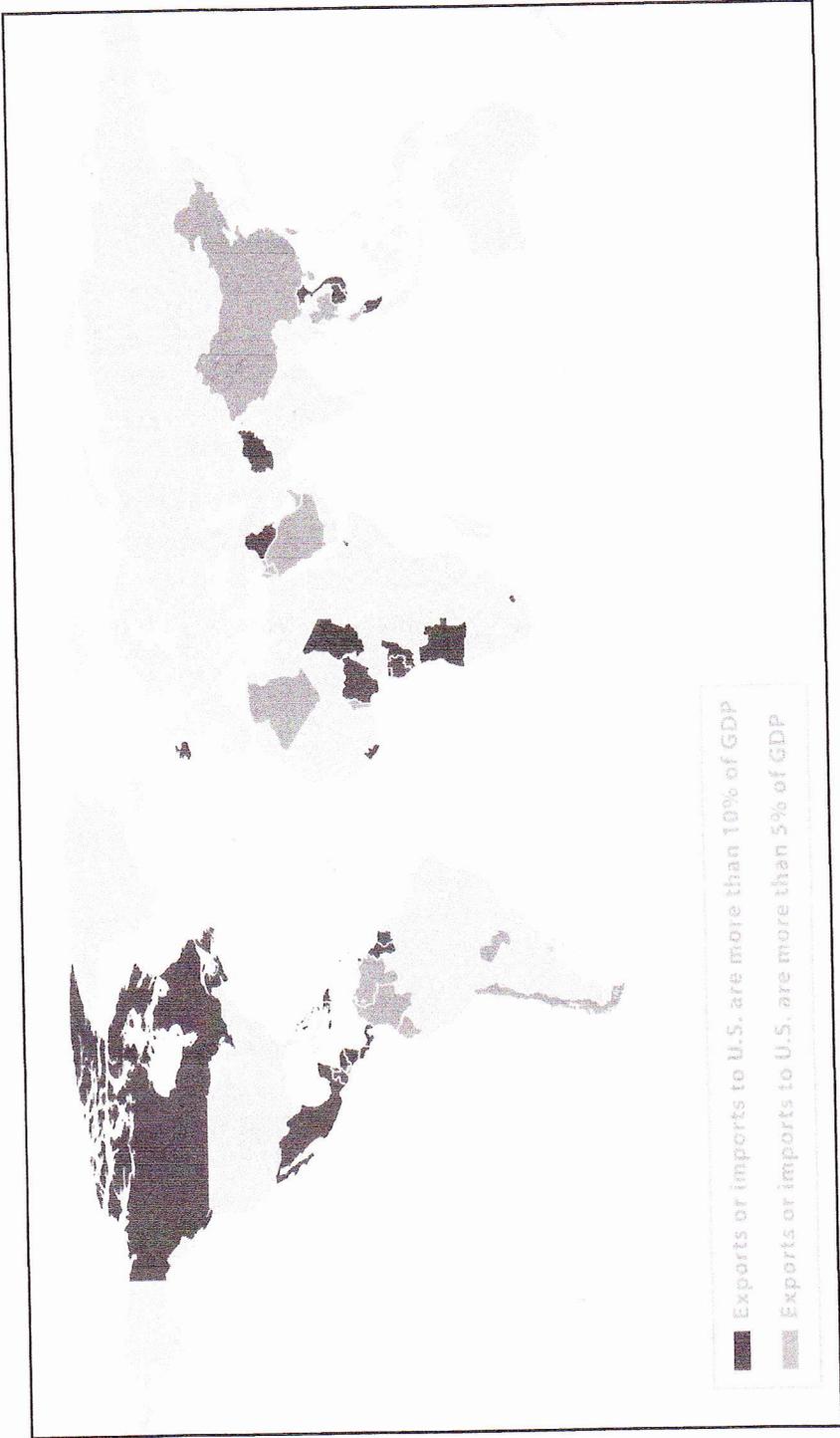
When we look at the world from the standpoint of exports and imports, it is striking how many countries depend on the United States for 5 or even 10 percent of their Gross Domestic Product, a tremendous amount of interdependence. While there are bilateral economic relations and even multilateral ones that do not include the United States, there are none that are unaffected by the United States. Everyone watches and waits to see what the United States will do. Everyone tries to shape American behavior, at least a little bit, in order to gain some advantage or avoid some disadvantage.



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Exports or imports to U.S. are more than 10% of GDP
Exports or imports to U.S. are more than 5% of GDP

Historically, this degree of interdependence has bred friction and even war. In the nineteenth and early twentieth centuries, France and Germany feared each other's power, so each tried to shape the other's behavior. The result was that the two countries went to war with each other three times in seventy years. Prior to World War I, the English journalist (later a member of Parliament) Norman Angell wrote a widely read book called *The Great Illusion*, in which he demonstrated the high degree of economic interdependence in Europe and asserted that this made war impossible. Obviously, the two World Wars proved that that wasn't the case. Advocates for free trade continue to use this argument. Yet, as we will see, a high degree of global interdependence, with the United States at the center, actually increases—rather than diminishes—the danger of war.

That the world is no longer filled with relatively equal powers easily tempted into military adventures mitigates this danger somewhat. Certainly the dominance of American military power is such that no one country can hope to use main force to fundamentally redefine its relationship with the United States. At the same time, however, we can see that resistance to American power is substantial and that wars have been frequent since 1991.

While America's imperial power might degrade, power of this magnitude does not collapse quickly except through war. German, Japanese, French, and British power declined not because of debt but because of wars that devastated those countries' economies, producing debt as one of war's many by-products. The Great Depression, which swept the world in the 1920s and 1930s, had its roots in the devastation of the German economy as a result of World War I and the disruption of trade and financial relations that ultimately spread to encompass the world. Conversely, the great prosperity of the American alliance after 1950 resulted from the economic power that the United States built up—undamaged—during World War II.

Absent a major, devastating war, any realignment of international influence based on economics will be a process that takes generations, if it happens at all. China is said to be the coming power. Perhaps so. But

the U.S. economy is 3.3 times larger than China's. China must sustain an extraordinarily high growth rate for a long time in order to close its gap with the United States. In 2009, the United States accounted for 22.5 percent of all foreign direct investment in the world, which, according to the United Nations Council on Trade and Development, makes it the world's single largest source of investment. China, by comparison, accounted for 4.4 percent.

The United States also may well be the largest borrower in the world, but that indebtedness does not reduce its ability to affect the international system. Whether it stops borrowing, increases borrowing, or decreases it, the American economy constantly shapes global markets. It is the power to shape that is important. Of course, it should also be remembered that every dollar the United States borrows, others lend. If the market is to be trusted, it is saying that lending to the United States, even at currently low interest rates, is a good move.

Many countries have impacts on other countries. What makes the United States an empire is the number of countries it affects, the intensity of the impact, and the number of people in those countries affected by these economic processes and decisions.

In recent years, for instance, Americans had a rising appetite for shrimp. This ripple in the U.S. market caused fish farmers in the Mekong Delta to adjust their production to meet the new demand. When the American economy declined in 2008, luxury foods like shrimp were the first to be cut back, a retrenchment that was felt as far away as those fish farms in the Mekong Delta. Following a similar pattern, the computer maker Dell built a large facility in Ireland, but when labor costs rose there, Dell shifted operations to Poland, even at a time when Ireland was under severe economic pressure. The United States is similarly shaped by other countries, as were Britain and Rome. But the United States is at the center of the web, not on the periphery, and its economy is augmented by its military. Add to that the technological advantage and we can see the structure of America's deep power.

Empires can be formal, with a clear structure of authority, but some can be more subtle and complex. The British controlled Egypt, but

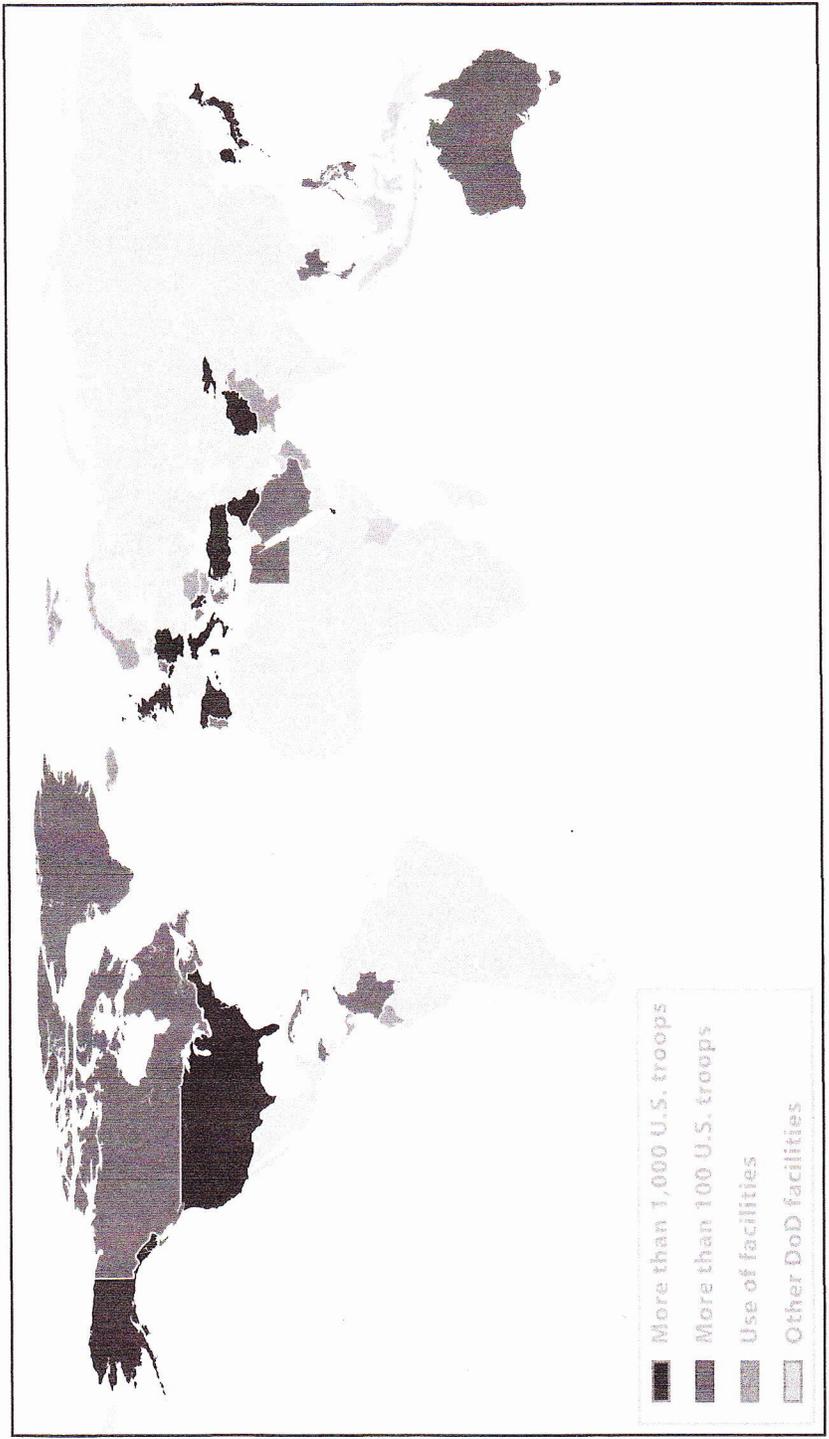
Britain's formal power was less than clear. The United States has the global reach to shape the course of many other countries, but because it refuses to think of itself as an imperial power, it has not created a formal, rational structure for managing the power that it clearly has.

The fact that the United States has faced reverses in the Middle East in no way undermines the argument that it is an empire, albeit an immature one. Failure and empire are not incompatible, and in the course of imperial growth and expansion, disasters are not infrequent. Britain lost most of its North American colonies to rebellion a century before the empire reached its apex. The Romans faced civil wars in recurring cycles.

While the core of U.S. power is economic—battered though it might seem at the moment—standing behind that economic power is its military might. The purpose of the American military is to prevent any nation aggrieved by U.S. economic influence, or any coalition of such nations, from using force to redress the conditions that put it (or them) at a disadvantage. Like Rome's legions, American troops are deployed preemptively around the world, simply because the most efficient way to use military power is to disrupt emerging powers before they can become even marginally threatening.

The map below, in fact, substantially understates the American military presence. It does not, for instance, track U.S. Special Operations teams operating covertly in many regions, notably Africa. Nor does it include training missions, technical support, and similar functions. Some U.S. troops are fighting wars, some are interdicting drugs, some are protecting their host countries from potential attacks, and some are using their host countries as staging areas in case American troops are needed in another country nearby. In some cases these troops help support Americans who are involved in governing the country, directly or indirectly. In other cases, the troops are simply present, without controlling anything. Troops based in the United States are here not to protect the homeland as much as to be available for what the military calls power projection. This means that they are ready to serve anywhere the president sees fit to deploy them.

As befits a global empire, the United States aligns its economic sys-



Countries with a U.S. Military Presence (as of December 31, 2007; does not include clandestine deployments)

Sources: Department of Defense, *International Institute of Strategic Studies, STRATFOR*

tem and its military system to stand as the guarantor of the global economy. The United States simultaneously provides technologies and other goods and services to buy, an enormous market into which to sell, and armed forces to keep the sea-lanes open. If need be, it moves in to police unruly areas, but it does this not for the benefit of other countries but for itself. Ultimately, the power of the American economy and the distribution of American military force make alignment with the United States a necessity for many countries. It is this necessity that binds countries to the United States more tightly than any formal imperial system could hope to accomplish.

Empires, the unintended consequence of power accumulated for ends far removed from dreams of empire, are usually recognized long after they have emerged. As they become self-aware, they use their momentum to consciously expand, adding an ideology of imperialism—think of Pax Romana or the British “white man’s burden”—to empire’s reality. An empire gets writers like Virgil and poets like Rudyard Kipling *after* it is well established, not before. And, as in both Rome and Britain, the celebrants of American empire coexist with those who are appalled by it and who yearn for the earlier, more authentic days.

Rome and Britain were trapped in the world of empire but learned to celebrate the trap. The United States is still at the point where it refuses to see the empire that it has become, and whenever it senses the trappings of empire, it is repelled. But the time has come to acknowledge that the president of the United States manages an empire of unprecedented power and influence, even while it may be informal and undocumented. Only then can we formulate policies over the next decade that will allow us to properly manage the world we find ourselves in charge of.

MANAGING THE IMPERIAL REALITY

Over the past twenty years, the United States has struggled to come to grips with the reverberations of being “last man standing” after the fall of the Soviet Union. The task of the president in the next decade is to move

from being reactive to having a systematic method of managing the world that he dominates, a method that faces honestly and without flinching the realities of how the world operates. This means turning the American empire from undocumented disorder into an orderly system, a Pax Americana—not because this is the president's free choice, but precisely because he has no choice.

Bringing order to empire is a necessity because even though the United States is overwhelmingly powerful, it is far from omnipotent, and having singular power creates singular dangers. The United States was attacked on September 11, 2001, for example, precisely because of its unique power. The president's task is to manage that kind of power in a way that acknowledges the risks as well as the opportunities, then minimizes the risks and maximizes the benefits.

For those who are made squeamish by any talk of empire, much less talk of bringing order to imperial control, I would point out that the realities of geopolitics do not give presidents the luxury of exercising virtue in the way we think of it when applied to ordinary citizens. Two presidents who attempted to pursue virtue directly, Jimmy Carter and George W. Bush, failed spectacularly. Conversely, other presidents, such as Richard Nixon and John F. Kennedy, who were much more ruthless, failed because their actions were not directed at and unified by any overriding moral purpose.

In bringing order to empire, I propose that future presidents follow the example of three of our most strikingly effective leaders, men who managed to be utterly ruthless in executing a strategy that was nonetheless guided by moral principle. In these cases, moral ends did in fact justify means that were not only immoral but unconstitutional.

Abraham Lincoln preserved the Union and abolished slavery by initiating a concerted program of deception and by trampling on civil liberties. To maintain the loyalty of the border states, he never owned up to his intention to abolish slavery made clear in the great debates of 1858. Instead he dissembled, claiming that while he opposed the spread of slavery beyond the South, he had no intention of abolishing the right to own slaves in states where owning them was already legal.

But Lincoln did more than prevaricate. He suspended the right to habeas corpus throughout the country and authorized the arrest of pro-secession legislators in Maryland. He made no attempt to justify these actions, except to say that if Maryland and the other border states seceded, the war would be lost and the nation would be dismembered, leaving the Constitution meaningless.

Seventy-five years later, in the midst of another grave crisis for the nation, Franklin Roosevelt also did what needed to be done while lying to hide his actions from a public that was not yet ready to follow his lead. In the late 1930s, Congress and the public wanted to maintain strict neutrality as Europe prepared for war, but Roosevelt understood that the survival of democracy itself was at stake. He secretly arranged for the sale of arms to the French and made a commitment to Winston Churchill to use the U.S. Navy to protect merchant ships taking supplies to England—a clear violation of neutrality.

Like Lincoln, Roosevelt was motivated by moral purpose, which meant a moral vision for global strategy. He was offended by Nazi Germany, and he was dedicated to the concept of democracy. Yet to preserve American interests and institutions, he formed an alliance with Stalin's Soviet Union, a regime that in moral terms was every bit as depraved as the Nazis. At home he defied a Supreme Court ruling and authorized wiretapping without warrants as well as the interception and opening of mail. Yet his most egregious violation of civil liberties was to approve the detention and relocation of ethnic Japanese, regardless of their citizenship status. Roosevelt had no illusions about what he was doing. He was ruthlessly violating rules of decency in pursuit of moral necessity.

Ronald Reagan also pursued a ruthless path toward a moral purpose. His goal was destruction of what he called the evil empire of the Soviet Union, and he pursued it—in part by ramping up the arms race, which he knew the Soviets could not afford. He then went to elaborate and devious lengths to block Soviet support for national liberation movements in the Third World. He invaded Grenada in 1983 and supported insurgents fighting the Marxist government of Nicaragua. This led to the elaborate ruse of engaging Israel to sell arms to Iran in its war with Iraq

and then funneling the profits to the Nicaraguan insurgents, as a way of bypassing a law specifically designed to prevent such intervention. We should also remember Reagan's active support for Muslim jihadists in Afghanistan fighting the Soviets. As with Roosevelt and Stalin, a future enemy can be useful to defeat a current one.

The decade ahead will not be a time of great moral crusades. Instead, it will be an era of process, a time in which the realities of the world as presented by facts on the ground will be incorporated more formally into our institutions.

During the past decade, the United States has waged a passionate crusade against terrorism. In the next decade, the need will be for less passion and for more meticulous adjustments in relations with countries such as Israel and Iran. The time also calls for the creation of alliance systems to include nations such as Poland and Turkey that have newly defined relations with the United States. This is the hard and detailed work of imperial strategy. Yet the president cannot afford the illusion that the world will simply accept the reality of overwhelming American hegemony, any more than he can afford to abandon the power. He can never forget that despite his quasi-imperial status, he is president of one country and not of the world.

That is why the one word he must never use is *empire*. The anti-imperial ethos of America's founding continues to undergird the country's political culture. Moreover, the pretense that power is distributed more evenly is useful, not just for other countries but for the United States as well. Even so, in the decade ahead, the informal reality of America's global empire must start to take on coherent form.

Because a president must not force the public to confront directly realities that it isn't ready to confront, he must become a master at managing illusions. Slavery could not have survived much beyond the 1860s, no matter how much the South wanted it to. World War II could not have been avoided, regardless of public leanings toward isolationism. Confrontation with the Soviet Union had to take place, even if the public was frightened by those crises. In each case, a strong president created a fabric of illusions to enable him to do what was necessary without caus-

ing a huge revolt from the public. In Reagan's case, when his weapons-dealing machinations came to light as "the Iran-contra affair," complete with congressional hearings and indictments and convictions for many of the participants, his well-maintained persona as a simpleminded fellow shielded his power and his image from the fallout. The goings-on in Israel, Iran, and Nicaragua were so complex that even his critics had trouble believing that he could have been responsible.

A GLOBAL STRATEGY OF REGIONS

America's fundamental interests are the physical security of the United States and a relatively untrammelled international economic system. As we will see when we turn to the current state of the world economy, this by no means implies a free trade regime in the sense that free-market ideologues might think of it. It simply means an international system that permits the vast American economy to interact with most, if not all, of the world. Whatever the regulatory regime might be, the United States needs to buy and sell, lend and borrow, be invested in and invest, with a global reach.

One quarter of the world's economy can't flourish in isolation, nor can the consequences of interaction be confined to pure economics. The American economy is built on technological and organizational innovation, up to and including what the economist Joseph A. Schumpeter called "creative destruction": the process by which the economy continually destroys and rebuilds itself, largely through the advance of disruptive technologies.

When American economic culture touches other countries, those affected have the choice of adapting or being submerged. Computers, for example, along with the companies organized around them, have had profoundly disruptive consequences on cultural life throughout the world, from Bangalore to Ireland. American culture is comfortable with this kind of flux, whereas other cultures may not be. China has taken on the additional burden of trying to adapt to a market economy while

retaining the political institutions of a Communist state. Germany and France have struggled to limit the American impact, to insulate themselves from what they call “Anglo-Saxon economics.” The Russians reeled from their first unbuffered exposure to this force in the 1990s and sought to find their balance in the following decade.

In response to the American whirlpool, the world’s attitude, not surprisingly, is often sullen and resistant, as countries try to take advantage of or evade the consequences. President Obama sensed this resistance and capitalized on it. Domestically, he addressed the American need to be admired and liked, while overseas he addressed the need for the United States to be more conciliatory and less overbearing.

While Obama identified the problem and tried to manage it, resistance to imperial power remains a problem without a permanent solution. This is because ultimately it derives not from the policies of the United States but from the inherent nature of imperial power.

The United States has been in this position of near hegemonic power for only twenty years. The first decade of this imperial period was a giddy fantasy in which the end of the Cold War was assumed to mean the end of war itself—a delusion that surfaces at the end of every major conflict. The first years of the new century were the decade in which the American people discovered that this was still a dangerous planet and the American president led a frantic effort to produce an ad hoc response. The years from 2011 to 2021 will be the decade in which the United States begins to learn how to manage the world’s hostility.

Presidents in the coming decade must craft a strategy that acknowledges that the threats that resurfaced in the past ten years were not an aberration. Al Qaeda and terrorism were one such threat, but it was actually not the most serious threat that the United States faced. The president can and should speak of foreseeing an era in which these threats don’t exist, but he must not believe his own rhetoric. To the contrary, he must gradually ease the country away from the idea that threats to imperial power will ever subside, then lead it to an understanding that these threats are the price Americans pay for the wealth and power they hold.

All the same, he must plan and execute the strategy without necessarily admitting that it is there.

Facing no rival for global hegemony, the president must think of the world in terms of distinct regions, and in doing so set about creating regional balances of power, along with coalition partners and contingency plans for intervention. The strategic goal must be to prevent the emergence of any power that can challenge the United States in any given corner of the world.

Whereas Roosevelt and Reagan had the luxury of playing a single integrated global hand—vast but unitary—presidents in the decade ahead will be playing multiple hands at a highly fragmented table. The time when everything revolved around one or a few global threats is over. The balance of power in Europe is not intimately connected to that of Asia and is distinct from the balance of power that maintains the peace in Latin America. So even if the world isn't as dangerous to the United States as it was during World War II or the Cold War, it is far more complicated.

American foreign policy has already fragmented regionally, of course, as reflected in the series of regional commands under which our military forces are organized. Now it is necessary to openly recognize the same fragmentation in our strategic thinking and deal with it accordingly. We must recognize that there is no global alliance supporting the United States and that the U.S. has no special historical relationships with anyone. Another quote from Washington's farewell address is useful here: "The nation which indulges towards another a habitual hatred or a habitual fondness is in some degree a slave. It is a slave to its animosity or to its affection, either of which is sufficient to lead it astray from its duty and its interest." This means that NATO no longer has unique meaning for the United States outside of the European context and that Europe cannot be regarded as more important than any other part of the world. Nostalgia for "the special relationship" notwithstanding, the simple reality today is that Europe is not more important.

Even so, President Obama ran a campaign focused on the Europeans.

His travels before the 2008 election symbolized that what he meant by multilateralism was recommitting the United States to Europe, consulting Europe on U.S. actions abroad, and accepting Europe's cautions (now that they have lost their empires, Europeans always speak in terms of caution). Obama's gestures succeeded. The Europeans were wildly enthusiastic, and many Americans were pleased to be liked again. Of course, the enthusiasm dissipated rapidly as the Europeans discovered that Obama was an American president after all, pursuing American ends.

All of which brings us to the president's challenge in the decade ahead: to conduct a ruthless, unsentimental foreign policy in a nation that still has unreasonable fantasies of being loved, or at least of being left alone. He must play to the public's sentimentality while moving policy beyond it.

An unsentimental foreign policy means that in the coming decade, the president must identify with a clear and cold eye the most dangerous enemies, then create coalitions to manage them. This unsentimental approach means breaking free of the entire Cold War system of alliances and institutions, including NATO, the International Monetary Fund, and the United Nations. These Cold War relics are all insufficiently flexible to deal with the diversity of today's world, which redefined itself in 1991, making the old institutions obsolete. Some may have continuing value, but only in the context of new institutions that must emerge. These need to be regional, serving the strategic interests of the United States under the following three principles:

1. To the extent possible, to enable the balance of power in the world and in each region to consume energies and divert threats from the United States.
2. To create alliances in which the United States maneuvers other countries into bearing the major burden of confrontation or conflict, supporting these countries with economic benefits, military technology, and promises of military intervention if required.

3. To use military intervention only as a last resort, when the balance of power breaks down and allies can no longer cope with the problem.

At the height of the British Empire, Lord Palmerston said, "It is a narrow policy to suppose that this country or that is to be marked out as the eternal ally or the perpetual enemy of England. We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow." This is the kind of policy the president will need to institutionalize in the coming decade. Recognizing that the United States will generate resentment or hostility, he must harbor no illusions that he can simply persuade other nations to think better of us without surrendering interests that are essential to the United States. He must try to seduce these nations as much as possible with glittering promises, but in the end he must accept that efforts at seduction will eventually fail. Where he cannot fail is in his responsibility to guide the United States in a hostile world.