



America and its Allies

*Growing Together or
Growing Apart?*

FRANCIS FUKUYAMA

THE SIR RONALD TROTTER LECTURE

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NEW ZEALAND BUSINESS ROUNDTABLE



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The Sir Ronald Trotter Lecture

SIR RONALD TROTTER was the first chairman of the New Zealand Business Roundtable in its present form, a position he held from 1985 to 1990.

Among his many other roles he has been chief executive and chairman of Fletcher Challenge Limited, chairman of the Steering Committee of the 1984 Economic Summit, a director of the Reserve Bank of New Zealand, chairman of the State-owned Enterprises Advisory Committee, chairman of Telecom Corporation, chairman of the National Interim Provider Board, a chairman or director of several major New Zealand and Australian companies, and chairman of the board of the Museum of New Zealand Te Papa Tongarewa.

He was knighted in 1985 for services to business.

This lecture was instituted in 1995 by the New Zealand Business Roundtable to mark Sir Ronald Trotter's many contributions to public affairs in New Zealand. It is given annually by a distinguished international speaker on a major topic of public policy.

The eighth Sir Ronald Trotter lecture was delivered by Professor Francis Fukuyama at the Museum of New Zealand, Te Papa Tongarewa, in Wellington on 12 August 2002.





Francis Fukuyama

FRANCIS FUKUYAMA is Bernard Schwartz Professor of International Political Economy at the Paul H Nitze School of Advanced International Studies at Johns Hopkins University in Washington. He has a BA in classics from Cornell University and a PhD in Political Science from Harvard. He was a member of the Political Science Department at the RAND Corporation, the Policy Planning Staff of the US Department of State and the US delegation to the Egyptian-Israeli talks on Palestinian autonomy.

Dr Fukuyama currently sits on the US President's Council on Bioethics.

He has written widely on democratisation and international political economy, and on culture and social capital in modern economic life. His books include the award-winning *The End of History and the Last Man*, published in over 20 foreign editions, and most recently *Our Posthuman Future: Consequences of the Biotechnology Revolution*.





Introduction by
Roger Kerr
executive director
New Zealand Business
Roundtable

IT IS MY VERY PLEASANT DUTY to introduce our guest speaker, Dr Francis Fukuyama.

This is the eighth annual Sir Ronald Trotter Lecture. The series was inaugurated in 1995 to recognise Sir Ron's role as the Business Roundtable's founding chairman and his many contributions to business and public affairs in New Zealand. We are delighted that Sir Ron and Lady Margaret Trotter are with us this evening.

The purpose of the Trotter lecture is to feature an outstanding international speaker on a major topic of public policy. Our speaker and his theme this evening amply meet those criteria.

Dr Fukuyama is the Bernard Schwartz Professor of International Political Economy at Johns Hopkins University in Washington. Born in Chicago, he grew up in New York City. He has a BA in classics from Cornell University and a PhD in political science from Harvard. He has worked for the RAND Corporation and the US State Department, and is currently a member of the US President's Council on Bioethics.

Dr Fukuyama is best known for his scholarly work, especially his 1989 article *The End of History* and the expansion of its theme in a subsequent book. Writing as the Cold War was ending, he put forward the provocative thesis that the end of history had arrived, in the sense



that liberal democracy and market capitalism had triumphed over their ideological rivals and were the only viable systems for modernising societies.


In saying this, Dr Fukuyama did not envisage a primrose path of stable and uninterrupted progress, nor a world in which governments had become redundant. Clearly the world will continue to change as long as science changes, and collective action through government agency is necessary for tasks ranging from national security to the regulation of emergent technologies. Biotechnology is the subject of his latest book. He has also written on another highly topical issue, given recent corporate scandals in the United States and elsewhere, the importance of trust and ethical standards in politics and business.

Tonight Dr Fukuyama will reflect on whether, in the light of the events of September 11, history has really ended. However, he will dwell more on the divergent views of these events, in particular as between America and its European and other allies. The tensions between these views may well play out in the months ahead in ways that have repercussions for international and domestic politics around the world. New Zealand is unlikely to be immune from these repercussions.


In addition to these foreign relations themes, Dr Fukuyama's address will touch on the founding ideas of America, including individual liberty, limited government and free markets. These principles are relevant to all countries aspiring to peace and prosperity.

For these reasons we are very fortunate to have with us this evening one of the most distinguished of international thinkers on political, social and cultural trends to share his insights with us.


Ladies and gentlemen, please welcome Dr Francis Fukuyama.



America and its Allies: Growing Together or Growing Apart?



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



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

modernisation was, moreover, a universal one that would sooner or later drag all societies in its train.

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

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

Reactions to September 11

In the immediate aftermath of September 11, the French sociologist Jean Baudrillard published a long piece in *Le Monde* in which he argued that “Ultimately, it is they [ie the terrorists] who’ve done the deed, but it is we who have wanted it ... Terrorism is immoral, and it responds to a globalization that is itself immoral”. His image is one of France,



and Europe more generally, as a island of civilisation caught in a struggle between two morally equivalent fundamentalisms, that of the United States and of the radical Islamists.

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

There was, of course, a large, spontaneous outpouring of support for the United States and for Americans around the world after September 11, with European governments lining up immediately to help the United States prosecute its “war on terrorism”. But with the demonstration of total American military dominance that came with the successful rousting of al-Qaeda and the Taliban from Afghanistan, new expressions of anti-Americanism began to pour forth. After the denunciation by President Bush of the “axis of evil” in his late-January State of the Union address, it was not just European intellectuals but European politicians and publics more generally that began to criticise the United States on a wide variety of fronts. According to Will Hutton, the Labourite journalist, Britain’s US ally is “not the same good America ... that reconstructed Europe and led an international liberal economic and social order”.¹ Rather, it had been taken over by a group of crazed conservatives and was now the chief source of global instability. In France, a book became a bestseller arguing that September 11 was not the work of Muslim extremists but of a cabal of conservatives within the US government.² According to one poll, some 30 percent of French people regard the United States as France’s chief



enemy. While many Americans regard September 11 as a broad attack on Western civilisation, Europeans are much more likely to regard it as a response to specifically American policies, representing a risk from which they are largely immune.

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

And where will New Zealand fit in such a divided world? It is historically tied more closely to Europe than to America, and its elites share many of the political beliefs of Europeans. But as a land of new settlement it shares certain characteristics with the United States. It is situated, moreover, in a part of the world lacking in supranational institutions, in which American power and influence have traditionally played an important role in the maintenance of peace and an open international trading order.

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

The nature of the rift between America and its allies

In the remainder of this lecture I will refer repeatedly to differences between Europe and the United States. But it should be kept in mind



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

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

The most serious act of US unilateralism in European eyes concerns the Bush administration's announced intention to bring about a regime change in Iraq, if necessary through a go-it-alone invasion. The axis of evil speech did indeed mark a very important change in US foreign policy from deterrence to a policy of active preemption of terrorism. This doctrine was further amplified in the West Point speech by President Bush in June, in which he declared "the war on terror will not be won on the defensive. We must take the battle to the enemy, disrupt his plans, and confront the worst threats before they emerge. In the world we have entered, the only path to safety is the path of action".



The European view is that Europe is seeking to create a genuine rule-based international order suitable to the circumstances of the post-Cold War world. That world, free of sharp ideological conflicts and large-scale military competition, is one that gives substantially more room for consensus, dialogue and negotiation as ways of settling disputes. Europeans are horrified by the Bush administration's announcement of a virtually open-ended doctrine of preemption against terrorists or states that sponsor terrorists, in which the United States and the United States alone decides when and where to use force. In Europe, the nation-state, to an increasing extent, has been dissociated from military power, despite the fact that the modern state built on centralised power was born on that continent.

Robert Kagan, in a brilliant recent article in *Policy Review*,³ put the current difference between the United States and Europe as follows. The Europeans are the ones who actually believe they are living at the end of history, that is, in a largely peaceful world that, to an increasing degree, can be governed by law, norms and international agreements. In this world, power politics and classical *realpolitik* have become obsolete. Americans, by contrast, think they are still living in history, and need to use traditional power-political means to deal with threats from Iraq, al-Qaeda and other malign forces. According to Kagan, the Europeans are half right: they have indeed created an end-of-history world for themselves within the EU, where sovereignty has given way to supranational organisations. What they do not understand, however, is that the peace and safety of their European bubble is guaranteed ultimately by American military power. Absent that, they themselves would be dragged backwards into history.

Is the rift genuine?

This, at least, is the popularly accepted account of American unilateralism and European emphasis on international law and institutions. We need to ask, however, whether it is in fact accurate, and whether the United States has consistently been more unilateralist



than Europe. The truth of the matter here is more complicated, with the differences between the United States and Europe being much more nuanced.

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

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

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



than American ones. America is guilty only of the most recent outbreak of hypocrisy. And, in any event, the American administration can argue that its backsliding on trade was a tactical retreat undertaken for the sake of the Trade Promotion Authority (TPA), which was in fact granted by the US Congress in early August. With the TPA, the Bush administration has announced an ambitious trade liberalisation agenda including the ending of agricultural subsidies, though at this point the agenda remains an unfulfilled promise.

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

For all their talk of wanting to establish a rule-based international order, the Europeans have not done that well within the EU itself. As John van Oudenaren has argued, the Europeans have developed a decision-making system of Byzantine complexity, with overlapping and inconsistent rules and weak enforcement powers.⁴ The European Commission often does not have the power even to monitor the compliance of member states with its own directives, much less the ability to make them conform. This fits with an attitude towards law in certain parts of Europe that sees declarative intent often of greater



importance than actual implementation, and which Americans tend to see instead as undermining the very rule of law.

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

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

It is possible to overstate the importance of these disputes. A great deal of European irritation with the United States arises from stylistic matters, and from the Bush administration's strange failure to consult, explain, justify and cajole in the manner of previous administrations. The administration could have let ratification of Kyoto languish in Congress as the Clinton administration did, rather than casually announcing withdrawal from the pact at a luncheon for ambassadors of the North Atlantic Treaty Organisation (NATO). Europeans did not like the religious language of the 'axis of evil', nor the fact that this major policy shift was announced, as it were, on the fly, without prior notification or explanation. The United States has had a consistent record of using strong-arm tactics to shape international agreements to its liking, and then to walk away from them at the last moment. This



pattern goes all the way back to Woodrow Wilson and the League of Nations, and was continued in negotiations over the Rio Pact, Kyoto Protocol, and the ICC. Even if you are sceptical about the value of international institutions, it is not difficult to see why non-Americans might get a little irritated at this kind of behaviour.

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

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

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

Europeans, by contrast, tend to believe that democratic legitimacy flows from the will of an international community much larger than any individual nation-state. This international community is not



embodied concretely in a single, global democratic constitutional order. Yet it hands down legitimacy to existing international institutions, which are seen as partially embodying it. Thus, peacekeeping forces in the former Yugoslavia are not merely ad hoc intergovernmental arrangements, but rather moral expressions of the will and norms of the larger international community.

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

Between these two views of the sources of legitimacy, I would say that the Europeans are theoretically right, but wrong in practice. They assert that they and not the Americans are the true believers in liberal universal values. It is in fact impossible to assert as a theoretical matter that proper liberal democratic procedure by itself inevitably results in outcomes that are necessarily legitimate and just. A constitutional order that is procedurally democratic can still decide to do terrible things to other countries that violate human rights and norms of decency on which its own democratic order is based. Indeed, it can violate the higher principles upon which its own legitimacy is based, as Lincoln argued was the case with slavery. The legitimacy of a country's actions is not, in the end, based on democratic procedural correctness, but on the prior rights and norms that come from a moral realm higher than that of the legal order.

The problem with the European position is that while such a higher realm of liberal democratic values might theoretically exist, it is



imperfectly embodied in any given international institution. The very idea that this legitimacy is handed downwards from a willowy, disembodied international level rather than handed upwards from concrete, legitimate democratic publics on a nation-state level virtually invites abuse on the part of elites who are then free to interpret the will of the international community to suit their own preferences.

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

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

Some Europeans may believe that the steady accumulation of smaller international institutions like the ICC or the various agencies of the United Nations will some day result in something resembling democratic world government. In my view, the chance of this happening is as close to zero as you ever get in political life. What will



be practically possible to construct in terms of international institutions will not be legitimate or democratic, and what will be legitimate and democratic will not be possible to construct. For better or worse, such international institutions as we possess will have to be partial solutions existing in the vacuum of international legitimacy above the level of the nation-state. Or, to put it differently, whatever legitimacy they possess will have to be based on the underlying legitimacy of nation-states and the contractual relationships they negotiate.

Why do these differences exist?

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

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

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



Moreover, to point to differences in power is merely to beg the question of why these differentials exist. The EU encompasses a collective population of 375 million people and has a gross domestic product (GDP) of \$9.7 trillion, compared with a US population of 280 million and a GDP of \$10.1 trillion. Europe could certainly spend money on defence at a level that would put it on a par with the United States, but it *chooses* not to. Europe spends barely \$130 billion collectively on defence – a sum that has been steadily falling – compared with US defence spending of \$300 billion, which is due to rise sharply. The post-September 11 increment in US defence spending requested by President Bush is larger than the *entire* defence budget of Britain. Despite Europe's turn in a more conservative direction in 2002, not one rightist or centre-right candidate is campaigning on a platform of significantly raising defence spending. Europe's ability to deploy the power that it possesses is, of course, weakened greatly by the collective action problems posed by the current system of EU decision making. But the failure to create more usable military power is clearly a political and normative issue.

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

This brings us to other reasons why Europeans see the international order so differently from Americans. One critically important factor has to be the experience of European integration over the past generation. The loss of sovereignty is not an abstract, theoretical matter to Europeans; they have been steadily giving up powers to Brussels, from



local control over health and safety standards, to social policy, to their currency itself. Having lived through this masochistic experience repeatedly, one imagines that they are like former smokers who want to put everyone else through the same withdrawal pains that they have endured.

The final important difference between the United States and Europe with regard to international order has nothing to do with European beliefs and practices, but with America's unique national experience, and the sense of exceptionalism that has arisen from it. The sociologist Seymour Martin Lipset has spent much of his distinguished career explaining how the United States is an outlier among developed democracies, with policies and institutions that differ significantly from those of Europe, Canada, Australia, New Zealand, or Japan.⁵ Whether in regard to welfare, crime, regulation, education, or foreign policy, there are constant differences separating America from everyone else: it is consistently more anti-statist, individualistic, laissez-faire and egalitarian than other democracies.

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

Moreover, for Americans, their Declaration of Independence and Constitution are not just the basis of a legal-political order on the North American continent; they are the embodiment of universal



values and have a significance for humanity that goes well beyond the borders of the United States. The American dollar bill has the inscription *novus ordo seclorum* – “new order of the ages” – written under the all-seeing eye of the great pyramid. When President Reagan quoted Governor Winthrop repeatedly in speaking of the United States as a “shining city on a hill”, his words had great resonance for many Americans. This leads at times to a typically American tendency to confuse its own national interests with the broader interests of humanity as a whole.

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

The reasons for this are not hard to fathom. Europeans regard the violent history of the first half of the twentieth century as the direct outcome of the unbridled exercise of national sovereignty. The house that they have been building for themselves since the 1950s, now called the European Union, was deliberately intended to embed those sovereignties in multiple layers of rules, norms, and regulations to prevent those sovereignties from ever spinning out of control again.



While the EU could become a mechanism for aggregating and projecting power beyond Europe's borders, most Europeans see the EU's purpose as one rather of transcending power politics. They do, in other words, see their project as one of finding comfortable accommodations for the last man at the end of history.

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

On the other hand, New Zealand does not have the same deadly experience with national sovereignty as Europe. The neighbourhood it lives in is highly diverse, politically and culturally. Traditional power politics remain a fact of life in East Asia; there is no overarching framework of institutions and norms comparable with the EU that is capable of regulating relations between states in the region.

Are we at the end of history?

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



between countries in history, like Iraq, and those beyond it, like the United States, the prospect of great wars between great powers had suddenly diminished.

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

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

Many Europeans, by contrast, believe that the attacks of September 11 were a one-off kind of event where Osama bin Laden got lucky and scored big. But the likelihood that al-Qaeda will achieve similar successes in the future is small, given the heightened state of alert and the defensive and preventive measures put into place since September 11. Many Europeans believe that the likelihood that Saddam Hussein will pass nuclear weapons to terrorists is small, and that he remains deterrable. An invasion of Iraq is therefore not necessary; containment



will work as it has since the Gulf War. And finally, they tend to believe that Muslim terrorists do not represent a general threat to the West, but are focused on the United States as a result of US policy in the Middle East and Gulf.

Democracy's future

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

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



expansion, which will bring in states from Eastern Europe with very different expectations and experiences.

Nor it is possible to argue in principle that if a nation is threatened with terrorists armed with weapons of mass destruction it does not have a right to defend itself unilaterally. It is legitimate to argue over whether such a threat exists. But if it does, it would be irresponsible for any government to depend on international law for self-defence.

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

The enormous margin of power exercised by the United States, particularly in the security realm, brings with it special responsibilities to use that power prudently. Robert Kagan speaks of the need to show what the American founders labelled a “decent respect for the opinions of mankind”. But, for him, that seems to consist of nothing more than not gratuitously rejecting offers of support for American aims and objectives. It is not clear that those aims and objectives should themselves, in any way, be shaped by the opinions of non-Americans.



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

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

Second, the United States needs to take some responsibility for global public bads like carbon emissions. The Kyoto Protocol is a flawed document for any number of reasons, and the link between carbon emissions and observed global warming has not been conclusively proven. On the other hand, it has not been disproven, either, and it would seem only prudent to hedge against the possibility that it is true. Apart for global warming, there are any number of good reasons why the United States ought to tax energy use much more heavily than it does: to pay for the negative externality of having to go to war every decade or so to keep open access to Middle Eastern oil; to promote development of alternative energy sources; and to create some policy space in dealing with Saudi Arabia, which does not seem to be a particular friend of the United States after September 11. Americans may never be convinced that they should make serious economic sacrifices for the sake of international agreements, but they may be brought around to an equivalent position if they see sufficient self-interest in doing so.

Finally, there should be a pulling back of the steel tariffs and agricultural subsidy decisions taken earlier this year. No-one in Washington ever pretended that there was a reason for making them in the first place other than pure political expediency, and there can be no US leadership on any important issue related to the global economy in their wake. Now that the Trade Promotion Authority exists, the United States needs to use it as a mandate to act forcefully.

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

A small country like New Zealand will have to make choices on which version of international democracy, American or European, it chooses to side with. If it is critical of the United States for unilateralism, it needs to exert influence on its larger partner and friend. New Zealand decided deliberately to reduce its own influence with the United States during the 1980s by withdrawing from the security treaty between Australia, New Zealand and the United States (ANZUS). But it cannot exercise influence unless it is in the game, and this too will be among the choices New Zealand will have to face in the coming years.



Notes

- ¹ 'Time to Stop Being America's Lapdog', *Observer* (17 February 2002).
- ² Thierry Meyssan, *L'Effroyable Imposture (The Horrifying Fraud)*.
- ³ Robert Kagan, 'Power and Weakness', *Policy Review*, no 116 (June–July 2002).
- ⁴ John van Oudenaren, 'E Pluribus Confusio', *National Interest*, no 65 (Fall 2001): 23–36.
- ⁵ Seymour Martin Lipset, *American Exceptionalism: A Double-Edged Sword* (New York: WW Norton, 1995). This theme appears also in his books *Political Man: The Social Bases of Politics, 2nd Ed* (Baltimore, MD: Johns Hopkins University Press, 1981); *The First New Nation* (New York: Basic Books, 1963); and *Continental Divide: The Values and Institutions of the United States and Canada* (New York and London: Routledge, 1990).





Questions

I have three questions. First, the principle of preemptive action obviously did not apply in World War I or World War II. If you are going to apply it to the battle against al-Qaeda, why not apply it also to the battle against global warming? Secondly, does the non-existence of a legitimate international community mean to your mind no United Nations, no World Trade Organisation, no International Labour Organisation? Thirdly, how long will it be before history starts again and the Europeans realise that they are in a power deficit with the United States and decide to re-arm, so that we see a new power struggle, not between the Soviets and the Americans – between East and West – but between Europe and America?

On the Kyoto Protocol, I do not know what you mean by preemptive strike. I am actually quite in favour of the United States unilaterally reducing carbon emissions. Among other things, I think that if you want to deal sensibly with Saudi Arabia, if you want to encourage alternative fuel development, if you want to offset a negative externality from burning fossil fuels, it makes sense to use tax policy to discourage Americans from using them. But I would be perfectly happy to see this done unilaterally rather than out of some abstract obligation to live up to what is an extremely flawed international treaty.

On your second question, when I said that there is no such thing as the 'international community', what I meant was that there is no disembodied climate of opinion out there that dictates a particular set of policies. But there are certainly international organisations like the World Trade Organisation and the International Labour Organisation that are created by nation states. I think that if we understand those organisations as being a result of contractual relations between nation states that ultimately control them, then we are on solid territory. And, in fact, we need quite a few such organisations because the global



economy, among other things, needs a lot of global governance. You need trading rules; standards; bank settlements; airline safety; and a lot of things that require this kind of international cooperation. What does not exist is a disembodied international community that a jurist or someone else can speak in the name of, a non-accountable international organisation that overrides the legitimate roles of individual nation states. It may seem like a theoretical issue but I think it is one that is very much joined in the debate over the International Criminal Court.

On your last question, I think hell is going to freeze over before the Europeans re-arm. Germans downplay nationalism and defence. In the small countries of Europe I think there is a feeling that their national laws are actually at the bottom of the hierarchy with regard to legitimacy, and international organisations are up at the top. They believe, for good historical reasons, that European countries got into a tremendous amount of trouble in the twentieth century as a result of a state system that was based on national sovereignty. A number of conservative parties are coming back into power in Europe, but not one of them is campaigning on a platform of bigger defence spending. Europeans are happy to project economic power into the world but not military power.

In respect of the end of history, there was an article by Colin James in the New Zealand Herald of 8 August 2002 in which you were reported as holding the view that “the ideas embedded in the American and French Revolutions of liberty and equality have triumphed and that economic modernisation, driven by science, draws people inexorably towards the liberal ideal and eventually the practice of liberal democracy”. Here you appear to put both these historical events in the same basket. Yet, in view of what you have said tonight, I would be interested in your comments on whether the French



Revolution lacked an appreciation for civil society and was to some extent a matter of one totalitarian or statist regime replacing another.

I think these two liberal revolutions were both alike and different in many ways. They were both built on principles of liberty and equality but their proponents interpreted those principles very differently. Those behind the American Revolution were wary of governmental power and wanted to create a system of limited government. They felt that the British monarchy had abused its power. (Those who took a more favourable view of government all left for Canada and they are still living there today!) So American liberalism has been interpreted in an anti-statist way. The state in America has not been seen as something that hovered above everybody and protected the public interest. As well as emphasising civil society, the American habit has been to think of the state as the product of the collective will of all of the members of society, which derives legitimacy from them and not the reverse.

The French began with similar principles of liberty and equality but interpreted them as something to be implemented through a centralising state. I think you can overemphasise the differences, because in practice America has a welfare state and the French have a civil society. But I do think that liberty, as interpreted in the American sense, is important because ultimately it is the basis for keeping the size of the state sector under control.

I have a deep affection for America and Americans and I felt the reaction in the United States to the events of September 11 was very understandable. Part of it seemed to be a sense of moral outrage – a belief that actions had been taken that Americans would never have taken under any circumstances. Do you think that moral outrage is justified in view of the actions of the British and American strategic bomber forces in the last world war? Some people



feel they had a great deal to do with hatred of the enemy and a desire to punish by killing a lot of citizens as opposed to pursuing purely military objectives.

I think that gradations of moral outrage apply to different situations. In my view it is quite appropriate for Americans to feel moral outrage at the killing of innocent people that was perpetrated on September 11, and also to have a sense of moral outrage at the bombing of Dresden or Hiroshima or other cities in World War II. One of first papers I ever wrote as a graduate student was on Bomber Harris and the British bomber command that began this policy of area bombing. I would disagree that, as a matter of history, it was driven by moral outrage. The problem was that the Allied forces could not hit anything smaller than a city given the kind of weapons technology that they had in 1943. But that being said, the bombing of Dresden was not militarily justified in my view and I think that it is incumbent on civilised societies, not to renounce the use of force, but to use force that is proportional, that seeks to minimise unnecessary casualties, and that achieves its military end as cleanly and effectively as possible. I think it is perfectly reasonable to hold the United States to those standards as well. I would say that the United States has, over time, tried to abide by them but has not always succeeded.

In 1993, Samuel Huntington wrote what is regarded as a seminal article in Foreign Affairs called 'The Clash of Civilisations' and he subsequently turned it into a book. He took a somewhat different view of the world order than you, and argued that the ultimate clash would be between Islam and the rest of us. What do you have to say about that in view of September 11?

He is wrong. Sam Huntington is a teacher of mine and a good long-time friend. He argued that the world would not be characterised by what I had argued was the spread of liberal democracy and Western institutions but by continuing conflict, not over ideology but over culture. He does not actually disagree with my view that September 11



is not a clash of civilisations in that sense. It is not about Christians versus Muslims or Westerners versus Muslims. I think it is extremely important to note that the people that perpetrated September 11 are radical Islamists who believe in a set of ideas that are every bit as modern as Fascism or Communism. In fact, if you look at the genesis of this kind of Islamism through the writings of its radical theorists, you will find they borrowed many of their concepts from National Socialism and from Leninism – ideas of the state and revolution, the vanguard party and so forth. So, just as with Fascism, they represent the amalgamation of certain Islamic symbols with very modern political mobilisation techniques. It is a movement within the Muslim world that does not represent the great majority of Muslims. It is important to keep in mind that this is not a civilisational conflict between religions but a very deadly fight against Western values and institutions. This particular radicalised, extremist ideology is in every respect as bad as Nazism, in my view.

I would like to thank you for your very informative address. You referred to what we could regard as some of the shortcomings of democracy and you quoted the example of Lincoln and slavery. My question is, what is the benchmark we can use in the twenty-first century for what is moral or ethical?

That is a big question. There is a very complicated interplay of procedural rules, legal rules and moral rules. In a way it is at the centre of what I was trying to get across. There are of course moral rules that philosophers and theologians debate, but to have effect in the real world they have to be institutionalised in some way. I think their institutionalisation is the really difficult question because on the theoretical level we – Europeans, Americans, New Zealanders and everybody else – do not disagree all that much. We have a certain core set of human rights we believe in. We believe in democracy. We believe in free societies and individual liberty as well as social equality. All of these things are collectively within our definition of what is moral. The really difficult



question is how do you implement these rules in law and institutions in ways that balance the competing values? For example, liberty and equality cannot both be maximised at the same time. There have to be certain trade offs. Democracy is not just democracy; it is liberal democracy. You have to preserve individual freedoms as well as popular sovereignty. That is a matter of constructing real-world institutions and the real issues are what do those institutions look like?

So I would say that to the extent that we define international rules of behaviour, they have to be ones negotiated by legitimate, democratic nation states. They cannot simply be pulled by a jurist out of thin air, or out of a legal theory. Thus, the proper question is not what the moral values are but rather what is the appropriate real-world institution-alisation of them?

As a believer in liberal values, I am fascinated by your enthusiasm for statist intervention on the grounds of global warming. For centuries now we have had people predicting disasters waiting to happen on earth in the absence of massive intervention by the state. Recently there was the Club of Rome in the 1970s with its supposedly scientific view that the world was running out of resources. The current popular view that the world is in danger of warming is somewhat in the same vein. It is poor science. It is unproven. And it is likely to look as ridiculous as the Club of Rome prediction in the fullness of time. But even if it is true, humans and other species have always had an effect upon the environment, and the earth's climate has never been stable. Right now I would love to see global warming because New Zealand, as you will have realised, is a rather cool place. If we could be dragged halfway to Fiji it would be better. I fly regularly over the United States and I often look down from a 747 and find it looking very cold and bleak in winter. I am surprised that you would think that statist intervention to arrest the world at its current temperature level was an issue that liberals should get behind.



Let me be clear about this. I believe that the United States should tax energy use even if there were no risk of global warming and the Kyoto Protocol did not exist – just as I understand you tax energy use in New Zealand with your general consumption tax on goods and services. I mentioned several reasons for wanting to do that. We do not have scientific proof that global warming is happening. But we do not have scientific proof that it is not happening either. I do not think any of us know enough and that is why I think it ought to be treated as an empirical question. It also seems reasonable to hedge against things that you may not be certain of but that may be possible and could have negative consequences. I hope that you do not misunderstand this. My main point is that there are strategic reasons for making energy more expensive in the United States that have to do with our relationship with Saudi Arabia. I hope the New Zealand Business Roundtable will excuse any deviation from orthodoxy in this case.



