

Letter from Washington: Don't Bet on America's Decline

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After reviewing the ills that beset America, from a weak economy to a misguided energy policy, from failing schools to costly health care, Barack Obama focused on the nation's mood. 'Less measurable, but no less profound,' the new President suggested in his inaugural address, 'is a sapping of confidence across our land; a nagging fear that America's decline is inevitable, that the next generation must lower its sights.'

If such fear nags at Americans, it may be because of what we so often hear. Journalists, scholars, and diplomats seem to compete for the pithiest way to pronounce that, when it comes to America, as a French foreign minister put it, 'The magic is over... It will never be as it was before.' Pithy enough? How about 'Waving Goodbye to Hegemony' (from a *New York Times* magazine headline) or 'U.S. influence is in steep decline' (from the *Washington Post*) or 'The United States' unipolar moment is over' (from the Council on Foreign Relations' Richard Haass) or 'It will not be the New American Century' (from a French scholar).

We've been here before – not as a nation in decline, mind you, but as one stressing about it. Today, a cursory look at America might justify the fears. But a more serious survey of the global landscape suggests that, despite its current troubles, America will retain its top spot in the world's pecking order, and that it may emerge from today's global downturn even stronger than before relative to its competitors. While, in America, we face serious problems, our would-be challengers – from China to Russia, from Europe to the Middle East to Latin America – are mired in their own problems that may prove even more daunting.

America's path is in America's hands. We have the power to fix every one of our problems, no matter how large any single one may seem. History suggests that we will do so – eventually. What Winston Churchill said of us still rings true: 'Americans can always be counted on to do the right thing... after they have exhausted all other possibilities.'

Declinism of past and present

Declinism, as it applies to America, has a rich tradition but, to date, a history of failed prophecy. Like the cicadas that blanket Washington's trees and sidewalks every 17 years, the declinists rear their heads about once a generation, propagating the latest versions of their thesis, showcasing evidence of America's creeping weakness – from economic stagnation to military setback to diplomatic reversal. From a momentary setback or perhaps a string of them for the United States, the declinists offer visions of long-term corrosion.

The intellectual parlour game is as old as the Republic. Europeans widely expected the 'American experiment' to fail. British contempt for the young nation led to the War of 1812. Nor did America's rise to global behemoth by the late 19th Century deter the doomsday-ers. If anything, they grew bolder. No sooner had the United States emerged victorious from World War II than critics lamented Soviet supremacy in the Cold War that had just begun. 'We've lost the peace,' John Dos Passos wrote in early 1946 in *Life*. 'Friend and foe alike look you accusingly in the face and tell you how bitterly they are disappointed in you as an American.' Mao's victory in China in 1949, America's stalemate in Korea in the early 1950s, Soviet suppression of Hungary in 1956, Moscow's launch of Sputnik in 1957, and candidate John Kennedy's warning of a U.S.-Soviet 'missile gap' in 1960 all seemed to prove that history favoured communism over capitalism.

American prosperity and Kennedy-era optimism provided a short respite from further declinism. The U.S. debacle in Vietnam, North Korea's capture of the USS *Pueblo*, Soviet and Cuban adventurism in Africa, Iran's seizure of the U.S. embassy in Tehran, the Soviet invasion of Afghanistan, and America's economic struggles in the 1970s painted the United States as a helpless giant. President Nixon transformed declinism into national policy, seeking détente with the Soviets to ease U.S. entry into a new world of balance with the Soviet Union, Europe, China, and Japan. President Carter reinforced decline fever, lamenting our 'crisis of confidence' in his 'malaise' speech. After President Reagan sought to reassert U.S. supremacy, launching a military build-up and confronting the Soviets in hotspots the world over, Yale's Paul Kennedy warned (in his best-selling *The Rise and Fall of the Great Powers*) of America's 'imperial overstretch,' in which our global obligations would surpass our ability to finance them. Other declinists of the period included David Calleo (*Beyond American Hegemony*) and Walter Russell Mead, (*Mortal Splendor*).

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America's victory in the Cold War mocked declinism, but recent events have ignited its rebirth. Today's declinists includes veterans of past battles, notably Kennedy, and new players – Fareed Zakaria (*The Post-American World*), Charles Kupchan (*The End of the America Era*), Francis Fukuyama (*America at the Crossroads*), Andrew Bacevich (*The Limits of Power*), and a host of government officials and journalists. They write books and op-eds and appear on TV and radio, reviewing America's missteps while suggesting they presage a more multi-polar world. For some, like Kennedy, declinism is a life's work, as his recent Wall Street Journal op-ed, 'American Power Is on the Wane,' makes clear. For others, it's a step along an intellectual journey. While Fukuyama moved from Western triumphalism (in his *The End of History and the Last Man of 1992*) to declinism, Mead moved the other way, predicting recently in the *New Republic* that America will emerge from today's global economic crisis in a stronger position atop the international power rankings.

Today's declinists do not agree on what will cause America's relative downfall. For some, it's Iraq that strained our military and displayed the limits of U.S. power. For those who acknowledge America's startling turnaround in Iraq, it's Afghanistan that will engulf America in a Vietnam-style quagmire. For others, today's economic crisis exposed the excesses of U.S.-led capitalism. Their prescription – more governmental regulation that will weaken the leader of the free-market pack. For still others, it's China's rise and Russia's resurgence, the first of which will shift global power to the East and the second of which will restrict U.S. activity abroad. And for others, it's no one event or U.S. error but instead the unsustainable nature of U.S. unipolarity and the inevitable rise of nations or blocs to counteract it.

Questions for today's declinists

Well, maybe. But, declinists have a few questions to answer. Why will today's economic distress and military challenge bring America's decline when prior challenges of greater magnitude did not? What would a post-America world look like, and why should we buy the starry-eyed hopes of America's fiercest critics that a U.S. retreat would make the world more peaceful and more just? Who or what will supplant the United States atop the world stage, especially when no alternative nation or bloc seems ready to assume the mantle?

To be sure, the United States faces big challenges, probably the most complex set in decades. On the economic front, businesses are shedding jobs, credit is frozen, financial institutions are teetering, stocks are weak, and consumer confidence is

collapsing. On the military front, America's armed forces are strained, Afghanistan offers no easy solution, and exploding budget deficits will encourage Obama and Congress to seek the first defense cuts of the post-9/11 period. On the diplomatic front, the United States will try to convince Iran to scrap its nuclear program, to improve its relations with Pakistan while targeting the Taliban and al-Qaeda strongholds in the Northwestern territories, and to strengthen its ties to its European allies even as it clashes with them over strategy and military contributions in Afghanistan.

But step back a bit, and prospects for continued U.S. supremacy look brighter. The economy has not reached the depths of the 1981-82 recession and – to state the obvious – it will eventually recover. The issue is how bad things will get and when the recovery will arrive. Economists project unemployment will top nine percent before it's over, the turnaround will not begin until at least the end of 2009, and it may take years to restore strong growth. As for defense, even with cuts, the gap between annual U.S. expenditures and those of any other nation remains huge. Moreover, the United States spends just four percent of its Gross Domestic Product on defense and international affairs, a historically low figure – compared to, for instance, 10 percent under President Kennedy. It has fewer active duty troops than in the 1950s, drawn from a population that's twice as large. The notion that America can't afford its military obligations has never been less true.

Not long ago, nations or blocs that were ready to challenge America seemed plentiful. Today, each is plagued with problems. China is reeling from the global economic crisis, with rising unemployment and smoldering domestic discontent. Russia is suffering from the dramatic drop in oil prices, the resulting squeeze on governmental revenues, and deep-seated social and economic problems. Iran and Venezuela, America's two loudest nemeses, are also reeling from low oil prices, forcing their leaders to address surging economic woes and stabilize their own rule. A united Europe, with a combined military and foreign policy, remains a pipe dream.

Today, despite its problems America remains the world's 'goliath,' in the words of Michael Mandelbaum. It is the go-to power for maintaining peace, ensuring global commerce, and responding to humanitarian disasters. U.S. security treaties encompass more than half of the world. As Robert J. Lieber put it, 'In many instances, and particularly in urgent and dire cases such as the Balkan crises, the

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choice boils down to this: either the United States will act or no one will.' We should not expect that reality to change any time soon.

Retaining supremacy

In the end, America's trajectory is less a product of historical forces than of human decision-making. The United States remains well-placed to retain its place atop the world stage, but it must make the right decisions at home and abroad. 'U.S. primacy is neither inevitable nor a birthright,' wrote Alan W. Dowd. 'It is a burden that must be shouldered anew by each generation in its own way.'

The tasks are huge but achievable. The choices are in our hands. Here's what we must do:

Fiscal challenge

Washington is awash in red ink. With a built-in mismatch between revenues and spending, a weakened economy, and enormous federal spending to revive it, this year's budget deficit will approach \$1.5 trillion – a three-fold increase over the record \$459 billion of 2008 and, at perhaps 10 percent of Gross Domestic Product, the largest peacetime deficit ever. More alarming, realistic projections suggest the nation faces long-term deficits of about \$1 trillion a year even after the economy recovers, and still larger ones as the growing ranks of elderly Americans begin to receive federal retirement and health care benefits.

Such profligacy carries enormous risks. With the United States borrowing so much from China to finance its deficits, it is increasingly dependent and vulnerable. The Chinese and other investors could decide they hold enough U.S. securities and look elsewhere to invest, forcing the United States to raise interest rates to find other investors or entice them back to our market. (Secretary of State Hillary Clinton recently urged the Chinese to keep buying U.S. debt.) More ominously, China could threaten to dump its dollar holdings due to a geopolitical dispute with the United States, stoking a run on the dollar that would send interest rates and inflation soaring. Also, due to concerns that America will reduce its debt burdens by inflating its currency, the nation could eventually lose the Triple-A rating on its debt. At the same time, large deficits will spur continuous cycles of budget-cutting, with expenditures for defense and diplomacy facing the same pressures as domestic priorities. At that point, Kennedy's warning about 'imperial overstretch' could become prophetic.

America can balance its budget, however. After accumulating huge deficits in the 1980s and early 1990s, Washington balanced its budget by 1998. But, today, it faces vexing decisions on how to restructure the pension and, more importantly, health care programs that are absorbing growing shares of the budget. Soaring federal health spending, in turn, reflects soaring health care spending throughout the society. In essence, America must reform its sprawling health care system if it hopes to balance its federal books – and, thus, find the resources to support its long-term defense and diplomatic commitments. Fortunately, Obama seems serious about the task, vowing to cut projected deficits in half in his first term and planning a health care overhaul that will control costs over the long term.

Trade challenge

At Bretton Woods, NH, in 1944, the United States led efforts to build the free trade system that has served the world well, reducing barriers to the flow of goods, lowering prices, creating jobs, and raising living standards across the globe. But economic downturns, such as today's, encourage nations to turn inwards, to construct new barriers to trade in order to protect domestic industries. Nothing better illustrates the dangers than the 1930 Smoot-Hawley law, which raised U.S. tariffs on more than 20,000 imported goods, prompted other nations to retaliate, and helped turn a serious global slowdown into the Great Depression.

Though that history is well known, protectionist fever is again infecting national capitals; free trade is on the run. The Doha round of global trade talks is moribund. Worse, despite a late 2008 commitment of the G-20 leading industrial nations to avoid protectionism, many countries and blocs have violated the pledge. The European Union has restricted imports of U.S. chicken and beef, India proposes to raise tariffs on foreign steel, Egypt has raised duties on sugar, and Russia has acted against a variety of products. Nor has the United States avoided protectionist fever. While retaliating against the EU and China, the latter for alleged dumping, Washington included 'buy America' provisions in its recent economic recovery law. The World Bank predicts that, just from the weak economy, trade will shrink 2.1 percent this year, the sharpest drop since World War II. Protectionism will only make matters worse.

Obama is caught between a domestic rock and an international hard place, as his actions demonstrate. Campaigning last year in manufacturing-rich states like Ohio and Michigan, where organized labor is strong, he vowed to unilaterally re-

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open the controversial North American Free Trade Agreement. After clinching his party's nomination, he reversed course, attributing his previous statements to overheated rhetoric. Once in office, he failed to convince Congress to drop the 'buy America' provisions, though he persuaded lawmakers to water them down. Travelling to Canada, he warned against protectionism and made clear that renegotiating NAFTA was now on the back burner. World leaders look to Obama not only to promote free trade but to re-energize the Doha round. Whether he does could determine how long the global downturn endures, how deep it gets, and how strong the recovery from it grows.

National security challenge

That the world would test the new President was obvious. Less obvious was how quickly, and from how many places, the tests would come. Soon after Obama took office, Pakistan released the notorious nuclear proliferator A.Q. Khan and cut a deal with the Taliban that essentially ceded the Swat areas to the Islamic militants; Russia pressured Kyrgyzstan to order the United States to leave an airbase it used for its Afghanistan operations; Iran launched a satellite into orbit, said it would complete its nuclear reactor at Bushehr this year, and insisted that it would pursue its nuclear program that experts believe is a nuclear weapons program; and North Korea said it would withdraw from its non-aggression pact with South Korea, warned of war, and prepared to test a Taepodong 2 missile that could potentially reach the United States. Coming in such quick succession, these early moves by friends and foes alike remind us of the huge challenges that Obama faces.

Among other things, Obama must convince the world that he seeks to resolve the Iranian nuclear issue peacefully but, either way, he must resolve it – denying nuclear weapons to Tehran. While pursuing a Palestinian-Israeli accord and a larger Arab-Israeli peace, he must focus on the more urgent problems of Iran's weapons, Iranian- and Syrian-backed terrorism, and Islamic radicalism that emanates from that region and elsewhere. While sending 17,000 more troops to Afghanistan, upping the U.S. total to 55,000, he must ensure the United States does not sacrifice its hard-fought gains for security, and against al-Qaeda, in Iraq. He must turn stalemate to victory in Afghanistan and work with Pakistan to address its lawless regions from where the Taliban and al-Qaeda de-stabilize Afghanistan and plot attacks against the West. He must work with Russia while making clear the United States will pursue missile defense and will not retreat from promoting freedom and democracy in the former Soviet sphere.

Based on Obama's inaugural address, Vice President Biden's speech in Munich, and administration actions to date, the White House is pursuing a multi-faceted form of 'tough love.' Philosophically, Obama promises a new U.S. tone of cooperation with the world and a twin commitment to America's security and its ideals, which are 'mutually reinforcing.' Operationally, he seeks bargains with nations, blocs, and peoples – with U.S. allies in Europe, if they contribute their share to the fight against freedom's enemies in Afghanistan and elsewhere; with Iran, if it foregoes nuclear weapons and works for peace in the region; and with the Muslim world, if it will 'unclench its fist.' But to the terrorists and states that support them, he defends American values and vows America's ultimate victory.

Freedom challenge

The United States is strong around the world not just when its factories hum and its military keeps the peace. It is strong when its leaders promote its values, distinguish right from wrong, speak for freedom and against oppression, and support those working to build democracy where it does not exist. Presidents Kennedy and Reagan did so in dramatic speeches nearly 25 years apart in what was then West Berlin. Presidents Nixon, Ford, and George H.W. Bush focused more on global stability than democratic activism. President George W. Bush was a mixed bag, often a vocal advocate for freedom and democracy but just as often a silent partner of regimes that mocked his advocacy with their actions.

Obama so far has straddled the fence between these approaches, at times promoting U.S. values, at other times appearing less interested in ruffling authoritarian feathers. 'We will not apologize for our way of life, nor will we waver in its defense,' he said in a Kennedy-esque passage of his inaugural address, telling those who 'seek to advance their aims by inducing terror and slaughtering innocents' that 'you cannot outlast us and we will defeat you.' But, a week later on Al Arabiya TV, he failed to promote freedom and democracy, nor did he remind viewers of U.S. military action in the Balkans, Afghanistan, or Iraq that liberated millions of Muslims. He also talked of restoring 'the same respect and partnership that America had with the Muslim world as recently as 20 or 30 years ago' – even though that period witnessed the Iranian revolution, terrorist attacks on U.S. interests in the region, and a U.S. focus on stable relations with authoritarian regimes rather than progress for their people.

Obama will have other chances. In China, activists are promoting democratic change under the moniker 'Charter 08' – modelled on the 'Charter 77' movement

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in the former Czechoslovakia and part of the activism across Eastern Europe that helped topple the Soviet Union. Economic turmoil will spur greater discontent in Iran, Egypt, across the Greater Middle East, and throughout the Third World. The new President will have to choose – the rulers or the activists. Choosing the former, he would opt for stability. Choosing the latter, he would promote U.S. values, gradually weaken those who stifle freedom, and strengthen America over the long run. He also must choose whether the United States will fully participate this year in the 'Durban II' conference, a follow-up to the United Nations human rights conference of 2001 in Durban, South Africa that became a cesspool of anti-Semitism and anti-Americanism, prompting Secretary of State Colin Powell to order the U.S. delegation to leave. Durban II, for which the United States is participating in preparatory activities, has all the makings of its predecessor, so it represents a key test of how Obama will reconcile his commitment to greater U.S. engagement abroad with his defense of U.S. values.

Conclusion

Today, the United States is reeling, with a sinking economy, exploding deficits, and a stalemate in Afghanistan. Declinists are writing obituaries for American supremacy, predicting the gradual though inevitable decline of the richest and most powerful nation known to history.

We've been here before – numerous times, in fact, since colonists on the eastern seaboard of a new world declared their independence from British rule. Declinists have come and gone, but the United States has repeatedly surmounted the challenges that were supposed to spell her doom.

America has the power to do so again. Don't bet against her.

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