



# Ready to Lead?

## Rethinking America's Role in a Changed World

A Chatham House Report

Robin Niblett



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## About the Author

**Robin Niblett** has been Director of Chatham House (the Royal Institute of International Affairs) since January 2007. From 2001 to 2006, he was the Executive Vice President and Chief Operating Officer of the Washington-based Center for Strategic and International Studies (CSIS), one of America's largest and most influential foreign policy think-tanks.

Dr Niblett's principal substantive interests are European integration and transatlantic relations. During his last two years at CSIS, he also served as Director of the CSIS Europe Program and its Initiative for a Renewed Transatlantic Partnership. He is the author of or contributor to a number of CSIS reports, including *Test of Will, Tests of Efficacy* (2005). He is contributing author and co-editor with William Wallace of *Rethinking European Order* (Palgrave, 2001). He is a member of the editorial board of the *Washington Quarterly*, where his latest article was 'Europe's Call for a Leader by Example' (2008).

Dr Niblett is a frequent panellist at conferences on transatlantic relations. He has testified on a number of occasions to US Senate and House Committees on European Affairs. He also comments frequently on TV and radio, including the BBC, CNN and National Public Radio, and his op-eds have appeared in the *Financial Times* and the *International Herald Tribune*.

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## Preface

The transition of power from one US president to the next is a moment of great international significance, given the global power and influence that the United States has wielded for more than sixty years. The transition from President George W. Bush to President Barack Obama on 20 January 2009 carried special significance because of the dramatic events that took place over the previous eight years, from the terrorist attacks of 11 September 2001 right up to the outbreak of the global financial crisis. But it was also especially significant because of the contrasting world outlooks of the two presidents. Seen from the outside, there is great anticipation that America's international role will be very different over the next four to eight years.

Chatham House chose to mark this transition by preparing a series of analyses by its senior resident and affiliated scholars of America's potential role across key regions of the world and *vis-à-vis* some of the main global challenges that all governments will face during the coming years. Each of these analyses will be included in an edited book to be published by Wiley-Blackwell in the Chatham House Papers series later in 2009, entitled *America's Role in a Changed World: A Question of Leadership*.

The purpose of this report is to pull together the principal insights from the various chapters of the book and to draw from them a set of overarching conclusions

about America's future international role. It would not have been possible to produce this report, therefore, without the deep and thoughtful analyses of each of the Chatham House contributors to the broader project.

Approaching the subject specifically from a non-American perspective, the report aims to complement the extensive and stimulating process of intellectual introspection in the United States that accompanied the recent presidential election campaign and the transition to Barack Obama's presidency. The report also provides an initial response from outside the United States to the global strategy and policy outlines indicated by the president and some of his senior appointments during and immediately after this transition period. While the report may be of interest to a US readership, we hope it will find resonance among all those who believe in the positive global role that a strong United States can play in the future.

I would like to thank all my colleagues at Chatham House who have been involved in the project on 'Rethinking the United States' International Role' and the publication of this report – in particular Margaret May, Publications Editor, for her wonderful editing skills; Nicolas Bouchet for his many improvements to the text; Alis Martin, Executive Assistant to the Research Director for Regional and Security Studies, who managed the project; Nina Assauer, who provided valuable research support; and, above all, the research team who contributed chapters to the book. Their names and the areas they covered are noted overleaf and referenced in the notes.

Despite the collegiate nature of this Chatham House project, the assertions and conclusions contained in the report are mine alone as its author.

**Robin Niblett**  
*Director, Chatham House*  
February 2009

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## Contributors to the Chatham House Project on 'Rethinking the United States' International Role'

Where this report has drawn on specific ideas developed by members of the research team, these are referred to in the endnotes starting on page 45.

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# Executive Summary

## A changed world

During his inaugural address on 20 January 2009, Barack Obama declared to ‘all other peoples and governments who are watching today, ... know ... that we are ready to lead once more’. In the following four weeks to the publication of this report, President Obama has set the United States on a course that is meeting widespread approval around the world. He has ordered the closure as soon as possible of the Guantánamo Bay detention facilities and of other secret facilities outside the United States that had so undermined America’s international credibility with its allies and confirmed the anti-US narrative of its opponents. He has appointed special envoys for Middle East Peace and to implement an integrated strategy for both Afghanistan and Pakistan. He has offered to ‘seek a new way forward’ with the Muslim world as well as to ‘extend a hand’ to authoritarian governments if they are willing ‘to unclench [their] fist’. His Secretary of State, Hillary Clinton, has said that America will be more effective if it can ‘build a world with more partners and fewer adversaries’. Both have recognized the virtues of pragmatism over ideology and the reality of interdependence.

At the core of this ambitious international agenda lies the belief that America must strengthen its position of global leadership if it is to remain a ‘positive force in the world’.

But the call for a renewal of US leadership comes at a time when, as President Obama also recognized during his inauguration, ‘the world has changed’. This report looks at America’s future international role from an outside perspective and asks how American global leadership might be rethought in the context of a changed world. Its

conclusion is that the Obama administration needs to introduce an important shift in how America wields its power – leading directly where its leadership is still clearly needed, but also sharing leadership where partners have as much or more to offer, supporting international institutions where the need for collective response outweighs the value of American leadership and leading by example where collective responses are not yet being formed.

## Constraints on US leadership

Barack Obama has taken on the US presidency at a time when many of the pillars of America’s international leadership have been weakened. For example:

- The chaos of the US financial collapse has given credibility to those who have long criticized the ‘Washington Consensus’ and its emphasis on deregulation and market liberalism as a model for national economic reform. It will be difficult to reassert US leadership on international financial and economic issues in this context.
- Following the invasion of Iraq, the United States has become directly entangled in the instability of the Middle East, rather than serving as an external contributor to its security. This is constraining its room for diplomatic leadership in the region.
- The spread of democracy that US governments have championed in recent decades has stalled and has even shifted into reverse in certain parts of the world, calling into question one of the lodestars of America’s international leadership.
- America’s position of power relative to other key international actors such as China and the European Union is changing, as their leaders seek to define for themselves the parameters of future international cooperation.
- New regional institutions that exclude the United States are on the rise from Southeast Asia to Latin America and cannot now be ignored.
- A global political awakening, fed largely by the spread of the internet and satellite communications, is

constraining the remit of national governments across the world, including their ability to follow a US lead where they might want to.

- Increasingly, the new global challenges to international security in areas ranging from climate change and energy security to terrorism, poverty and global health demand solutions where leadership by one country would be counter-productive.

## The resilience of US power

It is true, of course, that the United States remains a unique power, first in terms of its aspiration to lead – an aspiration which is not challenged by any of the world’s rising powers, except, to a lesser extent, by the EU – and, second, in terms of its human and material resources, innate economic dynamism and market size. It is also and will remain by far the most powerful nation militarily, with a global reach and network of alliances that are unmatched. And it benefits from a still powerful corporate sector and influential non-governmental actors, which can spread US norms and practices across the globe.

‘The United States has created new antibodies to its global leadership role’

On the other hand, the United States has a political culture and system that are hostile to making the compromises on national interests and sovereignty which collective responses to global problems tend to demand. Simply bringing the United States during the next couple of years into line with multilateral initiatives recently undertaken by other nations could use up a large amount of President Obama’s great stock of domestic political capital.

The world faces a conundrum, then. Its current global challenges all require cooperative international solutions.

Achieving progress on these complex challenges will be difficult without the impetus of US leadership and power. But the United States has created new antibodies to its global leadership role.

## Principles for future US leadership

In Barack Obama, much of the world sees a US president who can overcome these contradictions and help America adapt its leadership role and style to the changed world around it. This will be a difficult process. The United States needs to craft new ways of using its unique power and capacity to influence others. At the core of this new approach, it needs to focus on becoming more an enabler of change and less often its instigator. And, if it is going to lead, then it needs to lead more by example and less by intervention. What does this mean in practice?

### 1. TALK IT DOWN

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President Obama and his administration must set the right tone in talking about America’s international role. This does not just mean highlighting America’s renewed commitment to multilateral cooperation and to alliances and institutions. It means recognizing that assertions of global leadership may be increasingly counter-productive. The risk of international disappointment will be intense if the United States proves unable to deliver meaningful solutions to key international challenges – from ending the Arab-Israeli conflict to helping achieve a comprehensive international deal to combat climate change. There is also the risk of a divide between the administration’s aspiration to lead as a force for good in the world and the reality of how the United States must pursue its national interests. The US national interest will not disappear under Barack Obama, whether in the Middle East or Central Asia, or over climate change and trade negotiations. And yet, what would have the most corrosive effect on renewing American leadership would be the impression that the United States is acting on the basis of hypocrisy or double standards.

## 2. RECOGNIZE THE NEW CONSTRAINTS ON US INFLUENCE IN BILATERAL RELATIONS

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The Obama administration must digest the implications of the new constraints on US power. US leadership will remain central to the resolution of certain key crises, such as the Arab-Israeli conflict and the stand-off with Iran over its nuclear enrichment programme. However, US influence in most regions has declined in recent years, while the US economic model has lost some of its appeal. In this context, the US administration should concentrate wholeheartedly on promoting the conditions within which specific countries can develop their own routes to positive change for their citizens. The Bush administration leaves a strong legacy of well-funded foreign assistance programmes and a Millennium Challenge Corporation that has helped change the parameters of development assistance. President Obama can build on this approach and add his own initiatives, such as his proposal to create a Global Education Fund. Further opening US markets to goods from developing countries will also need to be a key part of the policy mix.

## 3. UNDERSTAND OPPONENTS BETTER; SUPPORT ALLIES MORE

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The United States should now focus less on what it is demanding of its opponents and more on supporting its friends and allies. The actions of many of America's principal international competitors or opponents, such as Russia and Iran, are driven by internal political or strategic regional calculations over which current US policy has little or no influence. President Obama's intention that members of his administration engage more actively in dialogue with America's opponents is an important step forward in understanding these calculations. But it may not change the essence of the disagreement. Equally important, therefore, will be for US foreign policy to focus more now on how it supports its allies – in Europe, Latin America, the Middle East and Asia. By so doing, the United States will play to its strengths, run up less against the limits to its leadership

potential and still change to its advantage the context within which its opponents must then operate.

## 4. FOCUS MORE ON GOVERNANCE AND PROCESSES – LESS ON LEADERS AND PARTIES

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In its efforts to promote positive change in countries of concern, the Obama administration should focus less on leaders and parties and more on governance and political processes. Previous Democratic and Republican presidents have often allowed personal relationships with leaders such as President Musharraf of Pakistan to dominate their policies, with negative outcomes for the most part. But supporting the creation of viable institutions and processes that promote good governance is more likely to establish a durable framework for positive change. President Obama's intention to strengthen the role of the US State Department should help achieve this rebalancing of effort, but it will also depend on increasing the financial resources for US diplomacy and the other instruments of US 'soft power'. Equally important will be ensuring that the diplomacy of the administration's special envoys does not recreate the same reliance on personal relationships and some of the interdepartmental competition which blighted parts of the Bush administration's foreign policy.

## 5. STRENGTHEN MULTILATERAL COOPERATION

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The Obama administration will strengthen multilateral cooperation if it is willing to share leadership on certain occasions and serve as one among an equal grouping of institutional partners in others. Turning the transatlantic relationship into an effective player in tackling global challenges will depend upon how well the Obama administration can make this adjustment. China's and India's transition to being responsible global stakeholders will also depend on how they perceive their relationships with the United States. Insisting on US global leadership is unlikely to secure their cooperation across a range of issues, which is one of the reasons why the elevation of the G-20 into a more representative forum for consultation is so important.

There are numerous other opportunities for the Obama administration to play a leadership role in cooperation with others, from strengthening the UN system to renewing the Nuclear Non-Proliferation Treaty in such a way that non-proliferation remains a rational option for sovereign governments around the world, and helping craft the framework for a new global deal to combat climate change at the Copenhagen Climate Conference at the end of 2009.

## 6. LEAD BY EXAMPLE

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Finally, the United States should lead by example to the greatest extent possible. President Obama made this commitment during his campaign and took immediate steps after his inauguration to underline the connection between US policy and the nation's ideals. Beyond closing the Guantánamo Bay detention facility, the administration could adapt its legal treatment of detainees in armed conflict, and encourage the inclusion in the mandates of peace-keeping missions of the obligation for them to cooperate with investigations by the International Criminal Court. The United States could also use domestic policies to lead the way in other areas of global interest.

President Obama's commitments to strengthen national environmental standards and to use federal procurement to drive higher levels of energy efficiency could be the basis for reaching new international environmental standards and benchmarks. Most important of all, at this critical time, America must not revert to protectionism. President Obama's national economic recovery strategy needs to serve as an example for the rest of the world of the progress that a dynamic and open but well-regulated market economy can achieve for its people.

While the United States may not be able to drive international solutions to its own design as successfully in the changed world of the 21st century as it did in the past, it will remain the world's most powerful nation, without which international problems will be impossible to solve and many of the world's most intractable conflicts will persist. President Obama has the opportunity to help America make the transition to a form of global leadership that focuses with full intensity upon those situations where US power and influence can have greatest effect, while being less interventionist where US power has declined and more inclusive in those broad policy areas where the reality of interdependence demands more cooperative international solutions.

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# 1. Introduction

President Obama started his administration with the forceful statement in his inaugural address that ‘we are ready to lead once more.’<sup>1</sup> This statement echoed his pledge during the presidential campaign to ‘renew American leadership in the world’ and his conclusion that ‘we lead not only for ourselves but for the common good.’<sup>2</sup> Similarly, in her confirmation hearing as Secretary of State on 13 January 2009, Hillary Clinton said that ‘we must strengthen America’s position of global leadership’ in order to ensure the United States remains ‘a positive force in the world.’<sup>3</sup> Each of these statements re-confirms the long-held US view of the fundamental connection between the United States’ aspiration to be a positive force in the world and the need for it to exert global leadership. This belief in the continuing need for American leadership finds broad bipartisan support among US policy-makers and analysts. The 2007 report *A Smarter, More Secure America* by the CSIS Commission on Smart Power,<sup>4</sup> chaired by Joseph Nye and Richard Armitage, which was quoted by Secretary Clinton in her confirmation hearing, talks of the need for America once again to invest ‘in the global good – providing things peoples and governments in all quarters of the world want but cannot attain in the absence of American leadership.’ Influential thinkers in both the Democratic and Republican camps make the same argument in the 2008 book edited by Melvyn Leffler and Jeffrey Legro, *To Lead the World: American Strategy after the Bush Doctrine*, and in the 2008 report by the ‘Managing Global Insecurity’ project co-directed of the Brookings Institution, the Center on International Cooperation at New York University and Stanford University’s Center for International Security and Cooperation.<sup>5</sup>

President Obama and Secretary Clinton have laid out the steps that the United States will take in order to renew its leadership position. Strengthening alliances and institutions, building new partnerships, engaging opponents where possible, tackling common global challenges such as climate change and nuclear weapons proliferation, as well as immediate crises in the Middle East and South Asia and tightening the bond between the United States’ internal values and its external policies – these are all laudable goals and vital ingredients of a more positive American international role. Indeed, they are steps which are advocated in the US-authored reports mentioned above and which are also echoed later in this report. Moreover, as the US reports observe and as this report also recognizes, America remains the only country in the world that both aspires to lead and has the attributes to live up to its aspiration.

‘The challenge that faces the Obama administration is not so much how to renew American leadership as how to rethink it.’

Seen from the outside, however, the challenge that faces the Obama administration is not so much how to renew American leadership as how to rethink it. This report’s overarching theme is that the United States cannot aspire to lead the world or its allies in the ways it sought to do during the Cold War and immediate post-Cold War periods. As Chapter 2 argues, much has changed in the world over the past eight years that cannot be reversed and that will affect the future US potential for global or regional leadership. Being dominant economically, militarily or even in the smart combination of its hard and soft power may still not restore to America the power to lead. To be sure, there will be areas, such as resolving the Arab-Israeli conflict, where American leadership will be vital. However, in other circumstances, the Obama administration will need to share leadership, as difficult and inefficient as this may sometimes be; it will

need to accept the lead of others and adjust to the role of follower; and it will need to become a member of institutions or treaties conceived and designed primarily by others.

A further principal challenge for the Obama administration will be to find new ways to help nurture the domestic and institutional contexts that enable positive change to take place internationally without trying to force the process through explicit leadership or direct intervention. In the future, the US must serve more as a catalyst for positive international change than as its instigator. It must lead more by domestic and international example and less by unilateral intervention.

This will be a difficult adjustment. Ever since the Second World War, US policy-makers have concluded that their ability to enjoy their domestic freedoms, growing prosperity and continued security depended upon America playing a proactive, often interventionist and, ultimately, the leading role in the wider world. During the 1940s and 1950s, US administrations used their country's economic might and military leverage to forge a set of international institutions, alliances and bilateral relationships that were designed to keep it safe by projecting stability and order beyond its borders. At the heart of this Cold War strategy were the determination to contain communism and the desire to spread to other nations and people, where feasible, the democratic form of government and market-driven economics that had brought prosperity to the United States.

The post-Cold War period witnessed a remarkable continuity in America's international leadership role. The administrations of George H. W. Bush and Bill Clinton took the lead in enlarging and adapting alliances such as NATO and international institutions such as the GATT/WTO to the new strategic context. Rather than leading to a fundamental review of this strategy, the dramatic terrorist attacks of 11 September 2001 galvanized the United States into a period of strategic hyperactivity. Under President George W. Bush, the urge to promote democracy internationally took on a new prominence.<sup>6</sup> However, the Bush administration also took a harder, more self-interested policy line that started to undermine US international leadership and legitimacy.

The administration decided it needed to be able to act not only pre-emptively to neutralize imminent attacks, but also preventively before potential threats could pose a direct danger to America.<sup>7</sup> This meant confronting its enemies abroad lest they threaten it at home – not only in Afghanistan and Iraq, but also in the Horn of Africa, Pakistan, the Philippines, and countries in Central Asia. At the same time, in a series of decisions, the Bush administration demonstrated that it did not want to see the United States constrained by existing or new international institutions or arrangements that did not reflect US interests even if these carried the support of the majority of other nations, including its allies.

Over the course of the Bush administration, the circle of critics challenging the acceptability and legitimacy of this more unilateral brand of US international leadership expanded beyond the traditional band of opponents of US policy in Havana, Pyongyang, Tehran or Damascus; it now includes the post-Communist leadership of Russia, a growing number of leaders in Latin America, and previously supportive governments across the Middle East into Turkey, and a vocal component of the public and political leadership in Europe.

“Being dominant economically, militarily or even in the smart combination of its hard and soft power may still not restore to America the power to lead”

It is clear that the Obama administration sees as one of its top priorities to reverse this sceptical trend and to recover America's global leadership role. As Hillary Clinton concluded in her nomination statement to the US Senate, ‘American leadership has been wanting, but is still wanted.’<sup>8</sup> Taking this assertion as its starting point, the report's next three chapters explore how ready America is to lead, and how other countries view this aspiration. Chapter 2 offers an external assessment of America's

position in the world that President Obama inherits. Chapter 3 assesses America's most significant relative strengths and weaknesses in this changed world. How will they affect America's ability to renew its international leadership? Taking into account the continuing unique levels of US power but also the new constraints on America's

ability to recapture its position of global leadership, Chapter 4 considers what might be some of the most important principles and related steps that the new administration could follow in order to maximize its leadership potential and meet the foreign policy objectives President Obama has set for the United States and the world.

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## 2. New Constraints on America's International Leadership

The stump speeches and formal statements of both Barack Obama and John McCain during the 2008 US presidential election campaign, as well as the writings of advisers to both camps, clearly demonstrate that the United States remains a nation with a unique sense of mission to lead the world. As Barack Obama wrote in his 2007 *Foreign Affairs* article, 'to see American power in terminal decline is to ignore America's great promise and historic purpose in the world'. From a US perspective, neither President Obama nor any other current or aspiring US leaders can abandon this leadership mission and still remain domestically credible. Seen from the outside, however, President Obama faces a complex task in re-establishing the sort of international leadership role for the United States that it enjoyed in the heyday of American power in the Cold War and immediate post-Cold War periods, for a number of reasons.

### America as the source of the problem

The Obama administration openly recognizes the fact that the world has changed and is now one of real and growing interdependence. Both the president and his senior officials have also said that the most pressing international challenges, from climate change to nuclear proliferation and

from global health to violent extremism, cannot be solved by nations on their own, even by one as powerful as the United States. Solutions will require coordinated near-term action and compromises by all governments, big and small, irrespective of their political philosophy. This brings the United States in line with other major powers, especially those in Europe; for example, interdependence is central to the world-view of the British prime minister, Gordon Brown.<sup>9</sup>

However, one of the first challenges for President Obama is that the United States is seen by many across the world more as a source of global problems than part of their solution. In the case of climate change, for example, the United States is responsible for around 30 per cent of current levels of carbon dioxide in the atmosphere; it remains one of the world's largest emitters of greenhouse gases in the world, with emissions per capita more than double those of the EU and five times those of China. The United States is also one of the largest energy-consuming nations in the world, with per-capita consumption twice as high as in the UK and nearly six times as high as in China.<sup>10</sup> Both of these factors reflect a host of structural factors from the abundance of cheap coal to the vast distances connecting economic and population centres.<sup>11</sup> However, international polls consistently rank the United States as the country that is doing the most to damage the world's environment.<sup>12</sup> President Obama has made clear his intention that the United States will address this problem with urgency and determination. However, taking a leadership role internationally on confronting climate change and energy security from this starting point will be difficult.

Similarly, as the current financial and economic crisis originated in the United States, attempts to lead other countries and regions in their response will be less credible. Support for the 'Washington Consensus' as a model for economic reform had already frayed in Asian countries following the aggressive US intervention in their 1997 financial crisis – the IMF was perceived as having acted largely according to US instructions.<sup>13</sup> Now China, which had been pressured by the United States in recent years to open up its banking system, feels justified in its more cautious approach to economic reform.<sup>14</sup> And, across Europe, the US commitment to an Anglo-Saxon model of market liberalism, by recent Democratic as well as

Republican administrations, has become synonymous with a deregulatory excess which must be resisted in the future. US input into the design of a new international financial architecture and regulation must start from this point.

The view of the United States as a source of instability is most pronounced in the Middle East. In addition to deep resentment over the generally uncritical stance that successive US administrations have taken over Israel's policies towards the Palestinians, the violence and chaos that befell Iraq following the US-led invasion of the country called into question America's military as well as its political competence. The invasion of Iraq has also fed new conspiracy theories across the region. A recent poll of six of the most pro-US Arab states revealed that 88 per cent of respondents considered the United States to be one of the two states that pose the biggest threat to them (behind Israel at 95 per cent).<sup>15</sup> While support for US values remains high across the Middle East, therefore, suspicion of US policies and political motives is higher still. Fundamentally, the invasion of Iraq has shifted perceptions of the United States from being an external actor that could contribute to security by balancing regional powers to being directly entangled, and constrained by its presence in Iraq from intervening with impunity elsewhere in the region.<sup>16</sup>

Outside the Middle East, the US intervention in Iraq (and, to a lesser extent, Afghanistan) is widely seen as having increased the radicalization of Muslims across the region and elsewhere, especially in European countries with large immigrant populations from Muslim countries.<sup>17</sup> Rather than defeating international terrorism through its military operations, the United States is accused of fanning its flames and confirming its narrative that America is at war with Islam. While President Obama and his administration cannot be linked to Bush administration decisions, continuing US military engagement in Iraq and Afghanistan during his first term at least could sustain many of these regional concerns and popular perceptions.

## The gap between aspiration and interest

The second big challenge for President Obama in re-establishing US international leadership is that the US foreign

policy activism of the last eight years, far from underscoring a US commitment to leading democracy promotion and the protection of human rights, has served rather to highlight the persistent divide between the values that the United States says it stands for internationally, on the one hand, and the pressures of realpolitik and US domestic interests, on the other.

The perception of this divide is especially strong in the Middle East. Here, the Bush administration vacillated between pushing its democracy agenda and pursuing its 'war on terror'. In the end, the advantages of retaining close bilateral relationships with authoritarian governments in countries such as Egypt and Saudi Arabia, which play a critical role in combating Islamist extremism, won out over the desire to pressure these regimes to relax their domestic political control.<sup>18</sup> The result has been to push together establishment leaderships and many of their liberal, sometimes more secular opponents (whose political ambitions Western governments had hoped to nurture), while leaving the role of 'democratic' opposition to more fundamentalist, religious parties or movements, whether these be the Muslim Brotherhood in Egypt, Hamas in the Palestinian Territories or the Justice and Charity movement in Morocco.

In other parts of the world, the hangover from US Cold War policies combines with scepticism over the US democracy promotion agenda to limit America's scope to act as a leading agent of positive change. Two important regions stand out in this respect. In sub-Saharan Africa, popular support for American culture and values mixes with a continuing widespread suspicion of US motives that is rooted in its past engagement in Cold War proxy conflicts and support of anti-communist authoritarian governments in South Africa, Namibia, Angola, Mozambique, among others, and across the Horn of Africa.<sup>19</sup> All of these countries experienced violence and trauma as a result of Cold War competition between the United States and the Soviet Union. The United States' new level of interest in Africa has coincided with renewed competition for African minerals and resources and the emergence of anti-Western terrorist groups, and this has compounded governments' suspicions of US

motives. Despite the great goodwill for President Obama in Africa as a result of his Kenyan heritage, he also has a heavy legacy of distrust to overcome.

‘Despite the great goodwill for President Obama in Africa as a result of his Kenyan heritage, he also has a heavy legacy of distrust to overcome.’

In Central Asia, positive relations in the early years of this decade between Washington and the governing regimes there turned sour as local leaders drew back from US pressure to pursue a path of ‘managed democratization’, which they feared would result not only in a loss of power for them, but also in a broader instability in their countries.<sup>20</sup> Central Asian leaders suspected that the US idea of creating a Greater Central Asian Partnership was, in fact, an effort to weaken the influence of Russia and China, the main regional great powers, and, ultimately, to connect the region to the ‘Greater Middle East’ dominated by the United States. They concluded that the United States wanted to use the instability in Afghanistan to justify NATO’s continued presence in Central Asia and the extension of its operations outside the Euro-Atlantic area – perhaps even to prepare a foothold from which to attack Iran at a later date. Today, leaders of all five Central Asian states have learned the art of ‘multi-vectoring’: playing off the US, Russia and China against each other in order to maximize strategic gains for their own countries – and democratization has been relegated to the back seat.

The tension between spreading US values and pursuing US strategic interests has been a persistent theme of US foreign policy. But Barack Obama takes power at a time when the spectres of Abu Ghraib, the Guantánamo Bay detention facility and extraordinary renditions to countries that practise torture, as well as continuing close US relations with authoritarian governments, have reminded other governments and world public opinion

that the United States has long sought to be the champion of democracy and human rights while sidestepping these values when its national interests dictate a more self-interested course. The Obama presidency will need to spend considerable effort repairing the image and brand of America and reconnecting it with stated US values before it can reclaim its leading role in promoting positive change around the world.

## Rising regional activism

Even as the Obama administration moves to reverse some of the most egregious policies that weakened US global leadership, it now faces new challenges to America’s future leadership potential from a number of quarters. Over the past eight years, the limits of US economic and military power have been exposed at the very time when other countries and non-state actors are discovering the extent of their own. The result has been a growing ‘insurgency’ against the exercise of US power and leadership on the international stage. This insurgency has taken two forms.

**Competition from rising powers:** In the first place, rising powers – Russia, China and India, in particular – are chafing at US regional and global dominance. Each of these states has raised its diplomatic and military profile within its own regional orbit and deepened its economic links with other countries. All three, as well as others with more explicit anti-American agendas, have sought to weaken US international leverage in specific ways. The decision by Russia and China to create the Shanghai Cooperation Organization along with their Central Asian neighbours is one example. Venezuela’s diplomatic activism in the Caribbean and the Andean region of Latin America is another. And a third is Russia’s efforts to build some form of international gas cartel with other ‘opponents’ of the United States, such as Iran, which could counter-balance the Saudi-dominated OPEC.

But the process of challenging US international leadership has also been more subtle. Leaders of allies of the United States, such as France and Germany, talk openly of the emergence of a more multipolar world order not as an

outcome to be avoided, but as one which to which the United States should adapt.<sup>21</sup> There is no desire now to return to a new period of US hegemony, even under President Obama.

**The drive for regional leadership:** At the same time, there has been a growing consciousness that the erosion of US international leadership demands that other countries group together to play a more proactive global or regional role. US leadership is now facing increased competition, not only from individual strategic competitors but also from a proliferation of disparate regional initiatives. Among the most notable examples of this trend are the following:

- **The EU's** evolving Eastern Partnership and its new Mediterranean Union are increasingly providing the institutional frameworks within which East European, North African and certain Middle East countries will define their integration into the global economy. The EU's collective economic clout and the desire of other countries not to be dominated by their connections to the US are also drawing the EU into parts of the world where the United States had grown accustomed to playing the dominant external role – China, for example, or Latin America. Over the last ten years, the EU has developed an expanding 'strategic partnership' with China, has negotiated an Economic Partnership, Political Coordination and Cooperation Agreement with Mexico (which includes a Free Trade Agreement) and continues its negotiations to conclude a similarly broad agreement with the Mercosur countries.<sup>22</sup>

The EU is also seeking its own international leadership role on certain specific global challenges where the United States has been notably absent, most obviously on the climate change agenda. Here, America's difficulty in offering a constructive position at the Bali negotiations in December 2007 led to one of the most memorable articulations of international frustration with the US role, when Kevin Conrad, Papua New Guinea's delegate to the convention, appealed to the US delegation: 'If for

some reason you are not willing to lead, leave it to the rest of us. Please get out of the way.'<sup>23</sup> Since then, the EU's decision to implement wide-ranging and legally binding commitments to emissions reduction, renewable energy and energy efficiency have placed it in an international leadership position.

- In **Asia**, the Obama administration will encounter a greatly increased sense of a pan-Asian identity across a region where US diplomacy had held sway.<sup>24</sup> The emergence of this pan-Asian identity is inevitably both a reaction to and a manifestation of the economic success of China. It is reflected in the plethora of new bilateral and regional trading agreements across Asia and the deepening of relatively new regional political organizations, such as the ASEAN Regional Forum, the 'ASEAN plus three' and the East Asia Summit grouping. The financial melt-down in the United States, while reminding regional leaders of their dependence on the US market, has also given new impetus to the region's desire to strengthen its economic integration and political coordination. It has also given new confidence to leaders there to manage their own affairs rather than follow US advice. This is most notable in China and India, which are now expected to be as much a part of the solution to the regional and global economic crisis as is the United States itself.
- A similar turn inward to find home-grown ways to achieve economic growth and political stability is taking place in the **Middle East**. Increased scepticism over the value of US leadership in the region, combined with the fear of the radical alternatives – Iranian hegemony or the growing power of extremist groups – are strengthening the idea that the region should take charge of its own affairs to pre-empt worse being imposed, whether from outside or inside.<sup>25</sup> Moderate leaders across the Middle East face the risk that rampant anti-American and anti-Israeli sentiment will be exploited both by the traditional opponents of the United States and Israel (Iran and Syria in particular) and by newly resurgent non-state actors, such as al-Qaeda, Hamas and Hizbollah. The result has been a series of regionally generated initiatives to broker deals

between different Palestinian factions, between the different competing forces in Lebanon and between Israel, Hamas and Syria. The Arab League has also launched its own Arab Peace Initiative, which proposes region-wide Arab normalization of relations with Israel for the first time in the League's history. On the economic front, wealthier Gulf states have played a key role in trying to drive economic modernization from the Gulf across North Africa by investing in a series of major infrastructural projects. Even though their long-term impact is yet to be tested, the contrast with the last oil-fed boom in the 1970s, which largely led to investment outside the region, is telling.

- In *Latin America*, the Obama administration faces much more assertive governments seeking a new relationship with the developed world, and especially with the United States.<sup>26</sup> The region's economic fate is no longer determined by its geographic proximity to the US: Latin American economies now sell their commodities and services to and receive inward investment from a growing array of countries, of which China is the most important. This has helped them achieve an unusually prolonged period of fast growth since 2003, with low inflation and, for many, a balance-of-payments surplus. The leverage enjoyed previously in Latin America by the US-dominated IMF and World Bank has declined, while US influence over the Organization of American States (OAS), which had been a creature of the United States during the Cold War, has been completely eroded. Today, leaders in the region, from Brazil's Lula da Silva to Venezuela's Hugo Chávez, are jointly committed to designing a new development bank for Latin America, a project for political integration (designed to replace the OAS) and a plan for regional defence, which is intended to replace the 1947 Inter-American Treaty of Reciprocal Assistance. Even if several of Latin America's numerous leaders on the left fall victim to the current economic crisis, it is highly unlikely that their successors will want to return to the status quo ante of US regional leadership.
- Another visible erosion of US influence is taking place across *Africa*. It is here that China, in particular,

is emerging as an alternative agent of change in a part of the developing world that would earlier have looked to the United States and to US-guided institutions such as the World Bank and IMF for its path to sustainable economic growth and political reform.<sup>27</sup> Large-scale Chinese and, increasingly, Indian investment offers the opportunity for African governments to secure major infrastructure and social projects without having to relax their hold on the levers of power, as the US tends to demand.<sup>28</sup> The result is that in Africa too the Obama administration will need to navigate a far more crowded foreign policy and institutional environment than President Bush had inherited.

## The global political awakening

A further trend limiting the ability of the United States to reclaim the sort of international leadership role it has exercised for the past fifty years concerns what Zbigniew Brzezinski has called the 'global political awakening' that has taken place over the past decade and that will intensify over the coming years.<sup>29</sup> President Obama comes to power amid a dramatic upsurge in individual and public access to information and commentary across the world. This trend has been enabled largely by US-led advances in communications technology and news diffusion since the 1980s. Ironically, however, this broad global political awakening, rather than drawing people closer to US visions of global political change, is often feeding popular suspicions of US policies and strategic intentions. It is heightening frustrations among populations in developing countries with the contradictions between American values, which are gaining increasing support, and the traditional hard-nosed pursuit of US interests in these same areas of the world.

In the Middle East, for example, the increased US military presence is accompanied by an upsurge in online blogging and instant commentary from satellite TV channels that growing numbers of people can access and engage with.<sup>30</sup> Arab governments must compete with sometimes more radical, sometimes more liberal voices

across the airwaves and digital media to shape opinions and reactions to events in the Arab-speaking world. The scope for governments in the region to cut back-room deals with the United States over their people's heads is increasingly limited.

The same phenomenon is taking place across China, where as many people now have broadband internet access as in the US – a trend that is projected to continue to increase rapidly.<sup>31</sup> Here, the rise of online blogging and commentary, while serving partly as the liberalizing force many in the West had hoped for, has also fed the rise of popular Chinese nationalism.<sup>32</sup> This nationalism sees the United States, in particular, as a source of future competition or conflict and argues that China needs to stand up more firmly to what are seen as self-serving US demands, even if this means that China must 'go it alone' in the future. Chinese leaders will continue to try to balance the country's competing popular, economic and strategic interests, but increasingly they will need, at the very least, to appear to be more representative.

“The scope for governments in the region to cut back-room deals with the United States over their people's heads is increasingly limited”

Overall, this growing global political awakening may not contribute to an organic process of democratization in countries currently ruled by authoritarian governments. In fact, it can lead to precisely the opposite effect. For example, regimes in the Middle East have turned the new visibility brought by the internet and popular media to their own advantage. They are using the now familiar connection between US-military-led efforts to bring democracy to countries such as Iraq, and the barbaric response of al-Qaeda and its supporters, to alert their largely conservative populations to the unpredictable consequences of seeking to unseat their own rulers. In

China, the government has so far proved fairly successful at controlling and monitoring the rapidly mushrooming network of internet communications: it is trying to steer China's own political awakening towards patriotism and local activism and accountability, and to divert it from protest and a search for democratic political change.

The missteps as well as the achievements of the Obama administration will receive added scrutiny in this environment. And the global political awakening will complicate the space within which it can play a leadership role in promoting change among the ruling elites and peoples across the developing world.

### A hiatus in democratization?

Barack Obama comes to power at a time when the advantages of democratization are being called into question, both from the perspective of the countries that might undergo the process and from the perspective of US national interests. For the governments of many developing countries, the model of achieving economic growth before instituting popular political engagement has been given a big boost by the example of China. From sub-Saharan Africa to North Africa and the Middle East, and from Latin America to Southeast Asia, the same case is being made: certain countries should pursue, if at all possible, a period of centrally driven economic regeneration, focusing on investments in physical, economic and social infrastructure that can raise standards of living and make a country competitive on the international stage, before considering whether to introduce a more representative form of government. A strong authoritarian government can sometimes push through the sorts of market-opening measures that other emerging economies with representative governments would find far harder to carry out. Southeast Asia has been a good example of this process.<sup>33</sup> Indonesia, Taiwan and South Korea, for example, now actively support and experience a Western type of democracy, but each first broke out of their status as developing economies under authoritarian governments. Others, including Singapore and the Philippines, still

maintain a system of 'guided democracy' that is continuing to prove relatively successful.

One question for the new administration, therefore, is whether it should ease off the past US commitments to lead international democracy promotion, which tended to be selective in their application in any case, and emphasize instead its understanding of the different cultural and societal contexts for change within specific countries. European democracies and others including Australia, Israel and Japan are some of America's closest allies, and having more such allies would undoubtedly be a positive outcome from a US perspective. However, greater democracy in the Middle East could carry unpredictable consequences for US regional or global interests at a time when crises such as the Israeli-Palestinian conflict could dominate the external relations of governments in the region. South Asia is a different, but equally interesting case in point. India, a well-established federal democracy, has been a focus of increased US foreign policy attention for at least the last ten years, most recently receiving a waiver from the International Atomic Energy Agency at US request in order to enable it to gain access to civilian nuclear technology while not being a declared nuclear weapons state. But, despite this US support, India remains far from sharing the same international priorities as the United States, whether in its policies on Burma (Myanmar), engagement with Iran or climate change. India may be flattered by the greater attention it receives from the US; but there is no willingness to move towards becoming a fully-fledged US ally.<sup>34</sup>

‘The United States will face significant challenges to regaining its international leadership position, even with a gifted new president’

Moreover, in an interdependent world of major global challenges, the strength of national governments – their ability to implement change domestically while not losing popular legitimacy – may be more important in the short

term than the means by which they derive their popular legitimacy. Effective governments, even those based on a very different model from the United States, will be key partners for dealing with the pressing challenges of interdependence during the Obama administration. However important it remains from a human rights perspective, America's Cold War and post-Cold War strategic goal of leading the transition to a world governed by democracies may need to give way to the more practical near-term goals of resolving specific regional conflicts and addressing critical global problems that will sometimes require the support of strong, if not democratically elected governments.

### The need to rethink US leadership

It is clear from this brief review of the international context that the United States will face significant challenges to regaining its international leadership position, even with a gifted new president. US powers of diplomacy and compromise will be severely tested in an increasingly interdependent world. The United States must overcome the fact that it is frequently seen as being part of the global problem rather than the source of the solution. The contradictions between the values that the United States promotes and the actions that it has taken internationally have become increasingly apparent. At the same time, the United States faces new competition for influence and leadership on the world stage from opponents, allies and major new powers. It must also contend with a global political awakening that is heightening popular frustrations with America's privileged position and restricting the room for manoeuvre of governments that would nevertheless like to work with the American administration. And the United States may need to make difficult new compromises between its historical role leading the spread of democracy globally, which has been one of the lodestars of recent US foreign policy, and the need to find strong partner governments which can confront global problems.

Given this context, it will be very difficult for President Obama and his administration to repeat the feat of the 1940s and 1950s and use the country's economic, military

and diplomatic clout to lead the search for international solutions to contemporary global challenges, whether by dominating existing international institutions, by creating new ones which reflect its own list of priorities or by applying its power directly towards instituting political and economic reform in countries across the world.

The next chapter puts these new constraints on US international leadership into a broader and more dynamic context. America may not have the same scope to lead internationally under President Obama as it has done on and off for the past sixty years, but it remains a uniquely powerful and influential nation on the world stage.

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## 3. The Resilience of US Power

The new constraints on America's capacity to continue its role as the world's leading nation may be real, but they do not offer a dynamic picture of the choices that face the Obama administration. First, the United States' international options will be determined not simply by the external constraints on its power that were described in the last chapter, but also by the limits on other countries' capacity and aspirations on the international stage. Second, the United States is a country that has persistently surprised by its ability to adapt to a changing world. Indeed, adaptability, entrepreneurialism and self-belief are some of its strongest attributes. Can America adapt once again? If it can, and if other countries are either incapable of playing a more assertive international role or not interested in doing so, then it will be up to the Obama administration to design an international role for the country that bridges its continuing potential to exert leadership even in a changed world and a third important factor covered in this chapter: the domestic constraints on US international leadership.

### It's lonely at the top

As discussed above, one of the main structural constraints on US international leadership in the coming years will be the increasing influence and confidence of other international actors. But to what extent will other countries be willing and able to challenge US leadership in ways that would demand a fundamental rethink of America's international role?

**China holds back:** The country that is held up as the most likely challenger to the United States in the next decade is China. By virtue of the size of its population and labour force, its GDP and, most importantly, its growing integration into the world economy, China is having an ever greater impact beyond its shores. In the near future, however, this impact is not likely to result in a competition with the United States for global leadership. The Chinese government's central priority is its own economic development. Most importantly, it needs to ensure that it can grow rich before it grows old, securing access to the commodities that feed its economy and building up a social infrastructure that meets rising popular expectations and that can sustain its ageing population.<sup>35</sup> It must also establish a sustainable model of economic growth, fed more by domestic consumption than, as now, by a dependence on exports, and less ravenous for imported commodities and energy.

To this day, therefore, Deng Xiaoping's dictum that China should bide its time, 'be good at maintaining a low profile and never claim leadership' still holds mostly true.<sup>36</sup> For the time being, China wants neither to share leadership nor to take the international reins from the United States. This is the view that appears to dominate the thinking of China's leadership cadres, who tend to rank themselves not second, but a distant fifth or sixth on the world power scale – after the United States and also after such 'old' world powers as Russia, Britain, France and Germany. So, despite strengthening its diplomatic and economic relations across East Asia and with key commodity suppliers in the Middle East, Latin America and Africa, China continues to avoid the role of arbiter of international peace and security or donning the mantle of a global economic leader in the mould of some members of the G-8 group of countries.<sup>37</sup>

**A flawed Russia:** The country that talks most openly about challenging US international power is Russia. As a UN Security Council permanent member, a leading nuclear weapons state and one of the world's largest oil and gas exporters, Russia has some of the key attributes of a world power. But its weaknesses outweigh these strengths. Economically, it remains dependent for its solvency on

energy and mineral exports and has yet to diversify sufficiently into other sectors. Even on the commodity export front, political interference in the management of business, obstacles to foreign investment and a lack of compensating domestic financial, human and technological resources are limiting its current and future export potential. Its economic and social infrastructure, from hospitals and pipelines to railways and industrial plant, is in dire need of modernization. If the world experiences another prolonged phase of low energy prices, this modernization will not take place. Moreover, Russia may face a demographic time-bomb, with its population predicted to decline from 140 million in 2010 to roughly 120 million in 2035.<sup>38</sup>

Given its geography and history, Russia also remains strategically fixated on its neighbourhood rather than on promoting global change. It is determined to halt or roll back NATO and US influence on its eastern and southern periphery, and must confront the spread of Islamic extremism from Central Asia as well as the massive population imbalances along its border with China. Unlike the United States, Russia lacks an alliance or allies of more than symbolic importance. This further limits its ability to be more than a spoiling power on the international stage.

***The EU's still nascent power:*** One actor that could start to challenge America in the future as an international leader is the European Union. The EU's combined GDP now exceeds that of the United States, while its population is larger by nearly 200 million. More importantly from an external perspective, as a customs union with a single executive body (the European Commission) overseeing the Single Market, the EU holds great sway in the global economy and in international trade negotiations. The weight of its economy has given it real influence in new areas of international negotiation, such as combating climate change. Its single currency offers an increasingly viable alternative to the dollar as an international reserve currency. Although atomized and lacking the high-technology equipment and budgetary resources of the United States, its military is larger, in terms of the combined number of national troops. And the number of EU-mandated foreign assistance and peace-keeping

programmes has been growing steadily in recent years.

But for all its latent and nascent potential, the EU currently lacks the collective aspiration, the political organization and centralized resources to fulfil its theoretical potential on the world stage. While EU member states bring considerable willpower to their internal integration (as demonstrated most clearly by the creation of the euro area), they remain far more ambivalent about integrating their foreign and security policy, which remains mainly intergovernmental in terms of decision-making and implementation. And, given the growing pressures on its periphery from political instability in North Africa, the Caucasus, Russia and the Middle East, the EU's external affairs are dominated by its regional security and economic interests. Finally, EU member states remain internally conflicted as to whether they should be building their international role in parallel to, in coordination with or jointly with the United States, their principal strategic ally. One of the most important lessons from the difficult debate over the Iraq War in 2002–03 was that Europe cannot build itself into a world leader in opposition to the United States. Now, the arrival of the Obama administration offers a major opportunity for strengthening the transatlantic relationship.

***Ambivalence and suspicion:*** None of these three actors, nor any other major regional powers from Brazil to India and from Iran to South Africa, can match the United States in the immediate future in terms of global leadership potential. They may play a more active or even a dominant role in their own regions and they may flex their muscles or even take the lead in certain international negotiations. But none of them can actually supplant the United States in its broader international leadership role. A key factor affecting each of the states that might challenge America is that their leadership aspirations, whether regionally or internationally, trigger their own counter-reactions. China, India, Japan, Russia and Iran, for example, all have neighbours that view a rise in their relative power as a cause for concern. There are a number of options for neighbours to respond to this concern, but one of them is to reach out to the United States as the sole global superpower, either bilaterally or in an institutional or alliance

context. As a result, opposition to or scepticism about America's recent foreign policies has not led to a wholesale rejection of the value of a proactive US international role, or a desire by concerned governments to evict the United States from their respective regions or to break off relations with US-backed alliances where these exist.

Europeans, more than others, exemplify this ambivalence between the desire to wean themselves from their dependence on US leadership and the desire to retain the benefits of US engagement in their security affairs. Despite its many epitaphs since the end of the Cold War, NATO remains Europe's principal security alliance, with the United States providing the Alliance's Supreme Allied Commander and the bulk of its strategic military assets. Russia's more assertive stance towards the countries around its territory has led to a resurgence of interest in the credibility of NATO's Article V guarantee, which states that members will take action as they deem necessary, including the use of armed force, if one or more of them comes under attack. America's backing of that guarantee is critical. And the linkages between NATO and EU enlargement continue to support both processes. In fact, having concluded how counter-productive it was for their respective countries to try to 'build Europe' in opposition to the United States, both Nicolas Sarkozy and Angela Merkel have sought to repair their transatlantic security relationship.<sup>39</sup> President Sarkozy has even indicated his interest in bringing France back into NATO's integrated military command, provided the United States offers more explicit support for the fledgling European Security and Defence Policy.

In the Middle East, pro-US elites in many Arab countries see no alternative but to maintain their alliances with the United States, despite the strong popular opposition that this policy engenders.<sup>40</sup> Whether it is to manage the strategic threat posed by Iran and by the rise of Islamist extremist groups or to follow through successfully on plans to diversify and strengthen their domestic economies, the United States remains a vital partner whose active engagement and support they cannot afford to turn away.

Across Asia, even as policy-makers have strengthened their regional interaction and institutions, no sustained

effort has been made to weaken US security ties to key countries in the region – from Japan to South Korea and Taiwan. Arguably, US security alliances and commitments in East Asia have provided the benign strategic context within which China's economic rise could take place without as yet unlocking deep counter-reactions driven by its neighbours' security fears.

‘Its allies might wish that the United States were wiser, but they rarely have wished it to be weaker’

Despite moments of deliberate or accidental US heavy-handedness, it is a fact that US-led or US-dominated multilateral and bilateral alliances tend to operate with a degree of collegiality that has few precedents in history. Its allies might wish that the United States were wiser, but they rarely have wished it to be weaker.<sup>41</sup>

## America's resilience

Given the limits to other countries' capacity or desire to take on or share America's broad international role, the second factor to consider is the extent to which the United States has the internal attributes to retain, for the foreseeable future, the same sort of outward impact and magnetic force that it has exerted over the past sixty years.

President Obama steps into the White House at a moment of acute US domestic economic crisis. Unemployment is rising towards 8 per cent; house prices (Americans' single largest asset) have fallen by some 30 per cent from their 2006 peaks; and federal deficits are predicted in the region of a staggering \$2 trillion per year for both 2009 and 2010. The financial crash of autumn 2008 was more than just the result of reckless financial activities. Sustained high consumption levels by an American middle class that had seen its real spending power eroded over the past decade had been fed largely by debt, much of it mortgage- and credit card-backed. De-

leveraging the US economy will be a painful process and will take time.

The economy also suffers from some structural weaknesses that were visible prior to the onset of the recession.<sup>42</sup> These include an ageing physical infrastructure (including transportation and energy generation and transmission), a negative savings rate (and hence persistent trade deficit), spiralling health-care costs, a social security fund that is projected to fall into deficit as the current generation of ‘baby-boomers’ now reach retirement age, and a growing proportion of the rising domestic energy demand having to be met by imports. Barack Obama has said that America’s economic recovery will be the centrepiece of his presidency, and he clearly wants to link a near-term stimulus package with long-term plans to reform health care, greatly improve energy efficiency and security, invest in US infrastructure and raise middle-class incomes.

***Still the most powerful nation on earth:*** Inevitably, given America’s current economic state, the conversation inside Washington and in capitals around the world over the past year has turned to the decline in US power. But, by most measures, the United States still stands in its own league in the combination of human, economic, political and military resources that it possesses and that it can deploy in defence of its interests internationally. To name just a few of the highlights:

- Latest estimates put America’s GDP at about \$14.5 trillion in 2008. On a purchasing-power parity comparison this is almost twice as large as China’s (\$7.8 trillion) and on a par with the EU’s (a little under \$15 trillion). As far as the current global economic crisis is concerned, predicted real falls in US GDP in 2009–10 will be mirrored by serious declines in the rate of growth of these same competitors, therefore not affecting greatly the relative balance of economic power. And while other major powers might match or be catching up with the US in GDP terms, on a per-capita basis America’s advantage is much more secure. With a population of 300 million, the US in 2008 had a GDP per capita that stood at \$48,000. By comparison,
- the GDP per capita of China was \$6,100 (for a population of 1.3 billion) and that of the EU was \$33,800 (for a population of 495 million).<sup>43</sup>
- The US is well endowed with natural resources – it still produces around 10 per cent of the world’s crude oil (although this now satisfies less than half of its domestic demand) and possesses the world’s largest coal reserves.<sup>44</sup> It remains one of the world’s largest food producers and agricultural exporters.
- Even in the midst of the current economic crisis, US multinational companies and financial institutions are among the leading holders of foreign investments in economies across the world, while the dollar remains the world’s leading reserve currency. The ability to access US consumer and financial markets and US technology, or conversely the imposition of sanctions that limit that access, can have a serious effect on other countries’ economies.
- America’s economic power is also institutional and political; it possesses by far the largest single country voting weight in the IMF and World Bank and is the biggest contributor to the UN budget.<sup>45</sup>
- It is in the realm of international security, however, that US power is most noticeable. The US defence budget is estimated at \$515 billion in FY 2009, to which can be added a further \$70–\$100 billion or more in supplemental authorizations principally for the operations in Afghanistan and Iraq.<sup>46</sup> Today, this combined budget is roughly equal to the rest of the world’s military spending combined.
- US military power extends far beyond the sheer scale of financial resources spent on America’s armed forces. Over the past decade, US air, naval and ground forces have become networked via a space-based surveillance, reconnaissance, command-and-control system that permits maximum military flexibility and responsiveness from the highest chains of command to the platoon level.
- America’s political-military power is underpinned by a network of bases, bilateral security relationships and alliances that spans the globe. To this can be added a diplomatic service that is transforming its structure and operations for the 21st century and a host of intelli-

gence-gathering agencies which have been receiving significantly increased resources since the 9/11 attacks. These can draw on highly sophisticated land- and space-based monitoring capabilities, enormous quantities of classified and open-source research, and a growing reserve of human resources, all dedicated to promoting or defending US interests across the world.

**The US economic crisis – the world’s crisis:** At the same time, the financial and economic crisis that has shaken the world since the implosion of the US sub-prime market in the autumn of 2008 has served as a stark reminder of how dependent both established and rising economies across the world remain upon a healthy US economy, especially its consumer and financial markets. Whether in export-dependent Asian and European manufacturing markets, in commodity-exporting countries from the Gulf to Latin America, or in markets that rely upon foreign direct investment and external finance, from Russia to sub-Saharan Africa, the sudden drop in US economic demand and financial outflows, including remittances, has had an immediate and damaging international impact. The corollary of this phenomenon is that decisions by the US on how it stimulates and restructures its economy towards a new path of sustainable growth will remain of direct importance to the global economy and to its many component national economies for the foreseeable future.

‘Decisions by the US on how it stimulates and restructures its economy towards a new path of sustainable growth will remain of direct importance to the global economy’

America’s economic self-confidence also remains vital to the future success of international initiatives to tackle persisting barriers to trade and investment. Under US leadership, market-driven economies and trade liberaliza-

tion have spread, to various degrees, across a wide range of countries – not only democracies, but also autocracies, including the world’s most populous country, China. Overall, during the period since the collapse of the Soviet Union, which has seen the spread of democracy and more open markets, hundreds of millions of people have seen their standards of living rise, moving from a subsistence existence to one of regular employment and income.<sup>47</sup>

If the United States were to move to a new political consensus that questioned the value of keeping open its own market to the goods, services and investment of others, or if it stopped serving as the beacon for the benefits that open markets bring to national competitiveness and wealth creation, it is hard to envisage which other single country or regional grouping might take on the role of moving forward the WTO’s Doha Round or of championing new multilateral initiatives on trade. US policies and popular attitudes to international trade and investment really matter not only for the United States itself but for the whole world.

**America’s trio of attributes for economic regeneration:** A critical question when considering America’s future global leadership role, then, is whether or not the current economic crisis spells the end of America’s unique economic dynamism or whether it can retain its economic superiority in the longer term. The fact is that the United States still possesses a trio of unique national attributes that mean it is well positioned to remain one of the most creative and dynamic societies in the world.

- First among these is the linkage between its open economic model and its great attractiveness to some of the most talented and ambitious immigrants from around the world. America’s large and diversified economy, with multiple competing centres of activity in the north and south and on both coasts, low barriers to establishing businesses, and flexible labour markets, has historically managed to sustain low unemployment rates among immigrants and has offered them the potential to move into more skilled and better-paid careers.

Net migration rates into the United States remain high and continue to comprise a mix of those attracted to opportunities for low-paid manual or

service jobs and those at the knowledge-intensive end of the labour market. While total population numbers in the EU, Japan and Russia are projected to decline and China's ratio of elderly to young will rise dramatically in the next decades, the United States' population is projected to grow to over 400 million by the middle of the century, with a relatively healthy overall mix of the working-age population to the elderly.<sup>48</sup> Moreover, whereas immigration and an open internal market will help drive new economic growth in the US, the relative resistance to immigration in other major economies such as the EU, Japan and Russia will limit their comparative growth potential. China and India, for their part, must do all they can to achieve high levels of growth simply to provide employment for their enormous growing domestic workforces.

- Second, the US education system, although uneven nationally and not in the top percentiles for its primary and secondary schools, still has the great majority of the world's most prestigious and well-endowed universities. This is a major attraction for high-achieving immigrants, even if economic incentives to return to their home nations have improved across Asia, and in China and India in particular. With a few exceptions, the education systems in America's main competitors in Europe and in Asia have a long way to go before they could catch up with US higher-education standards.<sup>49</sup>
- Third, the United States remains the main international hub for technological invention. It has played a pivotal role in all transformational technological developments of the 20th century – from automobiles, nuclear and space technologies, the agricultural revolution, the personal computer and the internet, to genetic modification and new biomedical sciences. The size and openness of America's consumer and financial markets, and the attractiveness of its universities to well-educated immigrants, as indicated above, all point to the potential for continued technology breakthroughs in the United States, putting it in a strong position relative to its competitors. It has now set its sights on becoming a world leader in green

energy and in renewable technologies, which accounted for some 8 million jobs in the United States, bringing in nearly \$1 trillion in revenue in 2006.<sup>50</sup>

This unique trio of national attributes should help the US overcome its current economic crisis and help generate new levels of growth in the medium to long term. It is true that the United States could still be trapped in a cycle of economic decline by further partisan gridlock and bad decisions within its executive and legislative branches of government. But, as Fareed Zakaria has argued, a more bipartisan and strategic approach to America's long-term economic challenges as well as to its regulatory supervision could trigger a new phase of strong economic growth which could then help tackle its structural economic weaknesses.<sup>51</sup> This appears to be the goal that President Obama has set himself and where he will direct most of his energy in the next four years.

*America's dynamic private sector and civil society:* A further important factor when considering the internal foundations of America's capacity for international leadership and influence is that these are not determined solely by the actions or decisions of its federal government. Some of its most successful and influential agents of change beyond its shores are non-governmental. These include environmental NGOs such as the Sierra Club or the Natural Resource Defense Council, humanitarian groups such as Human Rights Watch and philanthropic foundations such as the Rockefeller Foundation and the Bill and Melinda Gates Foundation. The Rockefeller Foundation continues to lead the way in improving standards of food security in the developing world, while in 2007 the Gates Foundation alone made over \$2 billion in grants to fight disease and raise levels of global health, considerably more than the World Health Organization.<sup>52</sup> In fact, total combined US private philanthropy to the developing world amounted to nearly \$35 billion in 2006, half as much again as the \$23.5 billion of official US assistance that year, which was in itself double the total amount of the next country, the United Kingdom.<sup>53</sup>

American businesses have also been powerful agents of change in many countries. US multinational companies

have created skilled jobs, brought new technologies and work methods, and raised the competitive standard of local suppliers and competitors in markets across the world. Changes in US business practices, whether driven by technology, domestic legislation or US and international shareholder pressure, can also play through to the global economy in significant ways. In the 1980s, for example, US companies grasped the business potential of an international initiative, supported by the US government, to phase out ozone-depleting chemicals. The global reach and power of US companies such as Dupont provided some of the strongest channels for quickly and broadly changing global standards.<sup>54</sup> On a more controversial note, the US corporate-led drive to use new forms of genetically modified products to increase global agricultural output met a fierce consumer backlash, even if in many countries this technology is now helping raise agricultural yields beyond their previous capacity. Now President Obama's drive to push through a green energy revolution for the US economy could create a new synergy between changing federal and state regulation, the size of the US domestic market and long-term business interests, and open up similar avenues for American companies to play a leading international role in the move towards a more energy-efficient global economy.

Ultimately, one of the most powerful dimensions of America's international role has been the desire of individuals, companies and organizations in other countries to learn from the American example and achieve similar levels of success. As discussed above, there is now new international competition to US business and economic leadership from aspects of the European, Chinese and Indian models. However, what Prof. Joseph Nye first called America's 'soft power' remains a significant influence today. Whatever their governments may think, recent polling of entrepreneurs in China and India shows that they feel more comfortable with the US approach to economic development that emphasizes business and individual opportunity than they do with the European alternative, which often seeks also to promote social solidarity and security for the individual.<sup>55</sup>

***Sustaining America's power projection:*** The remaining structural internal determinant of future US international power will be the continued willingness of Americans and their legislators to sustain high levels of defence spending, international troop deployments and alliance commitments, following the experience of Iraq and in the context of the nation's ongoing economic crisis. Interestingly, even in the current economic climate, there appears to be deep-seated political and popular support for sustaining strong levels of US defence spending and power projection. After 9/11, Americans are more aware than ever of how dangerous the world is beyond their shores, and protecting their security comes high on their list of priorities.<sup>56</sup> The military is among the most respected of US professional institutions, and both Democratic and Republican members of Congress continue to compete to demonstrate which party can best be trusted to maintain a strong US national security infrastructure. The US defence budget currently amounts to between 4 and 4.5 per cent of GDP (depending on the level of supplemental funds for Iraq and Afghanistan), which, though high, is not unsustainable.

The US military has also learnt from its Iraq and Afghanistan experiences.<sup>57</sup> President Obama inherits a battle-hardened military, with tried and tested technologies and command and control systems, and a senior officer corps which, while concerned about the impact of the current tempo of operations on members of the US armed forces, is now immersed in adapting itself to the requirements of militarily and politically complex counter-insurgency operations. The asymmetric advantages that insurgent groups were able to develop against US forces in Iraq in 2005–06 have led the US military to adapt its doctrine into one that blends conventional 'kinetic' operations with more defensive operations and stability strategies in an attempt to win over local populations and hand over security and governance to local governments.

## Beware of foreign entanglements

The United States retains today all the main attributes of a world power – even of a superpower. This gives it great potential to renew its leadership role. However, it also faces

significant internal obstacles, not just external ones, to its ability to live up to this potential, particularly in a world where many of the most important challenges are characterized by interdependence and the need for cooperative international solutions.

Most importantly, US legislators and much of the public remain uncomfortable with interdependence and its implications. They still largely think of the United States as master of its own destiny. The notion that it might have to be dependent on other countries and governments to achieve its goals is political anathema. The stance of the Bush administration in its first term was extreme, but telling. The prevailing view among cabinet members and appointed officials was that international institutions would hamper the ability of the United States to pursue its own and the world's interests and not deliver better results in return.

However, US scepticism about international agreements is not just a phenomenon of the Bush era. Many of the disagreements that led, under George W. Bush, to the delay and then to the rejection of the Kyoto Protocol, the International Criminal Court (ICC), the Comprehensive Test Ban Treaty (CTBT) and the Ottawa Landmines Convention actually arose during the Clinton presidency. And US reluctance to ratify international environmental agreements also preceded the Bush presidency; an example is the US Senate's failure to this day to ratify the 1992 Convention on Biological Diversity.

‘The United States’ unique position as the world’s most powerful nation means that it can afford sometimes to ignore the rules that others feel they must abide by’

The reasons for this scepticism are myriad.<sup>58</sup> They include the basic fact that the United States’ unique position as the world’s most powerful nation means that it can afford sometimes to ignore the rules that others feel they must abide by. The burdens of being the world’s only

superpower can also be used by US leaders to justify the need for the United States not to be tied down legally in the way that other nations may choose to be. Madeleine Albright’s description of the United States as the ‘indispensable nation’<sup>59</sup> and Condoleezza Rice’s reference to it as having a ‘special role in the world’<sup>60</sup> reflect the sense of separateness to which the nation that is rule-maker and enforcer feels it should be entitled for the smooth functioning of the overall system.

But there are also more specific reasons for the US reluctance to be constrained by international agreements or institutions that are likely to persist in a changed world.

- First, there is a deep-rooted ‘realist’ scepticism in the United States about the value and importance of international law. American thinkers, starting from Hans Morgenthau in the 1950s, have tended to regard international law as having, at most, an instrumental value and not the sort of normative or moral authority that European academics and policy-makers accord to it. This view is widely held within the US Congress, in particular by its Republican members, making it very difficult for any administration to move forward with international agreements that require a 60-vote majority in the US Senate to enter into law.
- Second, the strong legalism of US domestic policy and regulation makes administrations reluctant to enter into international obligations which may then have an impact on US domestic law and the provisions of its constitution. This was the predominant reason why the United States refused to ratify the ICC Statute. Neither the administration nor the US Congress would hand over the right to take decisions affecting its own citizens to ‘undemocratic’ international jurisdictions – ‘undemocratic’ because they might force the administration to implement policies that the Congress had not had the chance to approve. The importance in the United States of the constitutional separation of powers is therefore an important structural hurdle to deeper US engagement in the building of new international institutions and agreements.

- A third factor is the litigious nature of US society, which makes the United States especially cautious about taking on international commitments with domestic legal effects. Administrations and private US interests can be certain that new legally binding international obligations will be tested in US courts, potentially resulting in major penalties or financial awards. Any new trade or environmental agreement, in particular, will be intensely scrutinized by well-resourced lobbyists representing the interests of US-based industries.

Critical early questions for the Obama administration, therefore, are how far it should take on this ingrained scepticism to US participation in new international rule-making, and whether it should make deeper institutional engagement a central plank of the new US approach to deal with the challenges of interdependence. On the one hand, congressional frustration with the increasingly negative implications for the United States of economic globalization and with the relative decline of American influence both inside the UN and in other international institutions may create a less than propitious context.

On the other hand, Obama comes to the White House at a time of growing political and public awareness of America's internal vulnerability to international challenges. This has been exemplified most clearly in the last two years by the broad public and business acceptance of scientific evidence showing the direct effects on climate change of carbon emissions caused by human activity. Efforts by grassroots political movements across the United States have generated local, state and regional regulatory initiatives to reduce US carbon emissions, which have brought growing pressure on the federal government and US Congress to take action. In addition, the current economic crisis has shed new light for many Americans on their interdependence with the global economy, especially with China. In September 2008, China overtook Japan as the largest holder of US treasury bonds (some \$580 billion in total); it is also the world's biggest foreign owner of US dollars, which constitute some 70 per cent of its \$2 trillion foreign exchange reserves holdings.<sup>61</sup> This symbiotic relationship between the world's two largest national

economies has imposed a new discipline, over the past decade, on what could otherwise have been a much more tense bilateral economic and strategic relationship.

On balance, President Obama will need to use much of his initial domestic political capital if the US is going to live up to its aspiration to lead the international agenda forward in response to the growing challenges of interdependence.

## Exceptionalism and interdependence

Despite the growing external pressures on the United States' ability to sustain its global leadership position, which were described in Chapter 2, it is clear from the above that there are a number of counter-forces which will act as a brake on the process of relative American international decline.

‘America may be exceptional in its material and political power, but it is unexceptional in its increasing interdependence with the rest of the world’

First, few other countries or groupings of countries currently have either the desire or the capacity to achieve the sort of dominant global position that the US already occupies. And, even when acting in their own regions, countries such as Russia, China and Iran have ended up strengthening existing US alliances and bilateral relations.

Second, for all its structural flaws and its current weakness, the US economy has some unique attributes that provide the platform upon which America could rebuild its leadership in the world. These attributes are a large and open domestic market, strong immigration, world-class tertiary and postgraduate education establishments, and the drive to develop new technologies. It is quite conceivable that, after the recent banking and sub-prime mortgage

meltdown, the US government can overcome the political gridlock of the past decade and deliver the good domestic governance to unlock America's future economic potential.

Third, a wide range of internationally influential non-governmental US actors, from businesses to foundations and NGOs, provides further avenues for the export of US values and policy priorities around the world.

But it is precisely the belief of Americans in their ability to craft their own destiny thanks to these attributes, and their faith in the correctness of their constitutional system of government, that make it so difficult for them to accept the implications of growing levels of global interdependence. It will be hard for the Obama administration to adapt

America's international role to the challenges of globalization without engaging in a sustained debate that better educates the US public about America's international linkages. America may be exceptional in its material and political power, but it is unexceptional in its increasing interdependence with the rest of the world. And without a better understanding of the greater constraints that such interdependence imposes on US international leadership, the tensions between Americans' self-conception of their nation as the world's leading power and the rest of the world's growing resistance to this notion could become deeply problematic. How then might the Obama administration start to bridge this divide?

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## 4. Principles for the Future Use of US Leadership

As America's latest National Intelligence Council report concluded, the world is entering a more multipolar as well as interdependent period in its history.<sup>62</sup> It is also likely to be a multipolarity in which nations and individuals resist leadership by one country, but are as yet unprepared to adopt the necessary strong multilateralism that would help tackle the problems arising from the world's deepening interdependence. How can the United States best play a constructive role in this context, given both the current external and internal constraints on its potential to exercise international leadership and its continuing position as the world's most powerful nation? How should the Obama administration best conceive America's international role in the coming crucial decade? This chapter offers a set of six guiding principles which, while not covering all dimensions of this important question, points to the need for important shifts in how the United States asserts its power – leading directly where its leadership is still clearly needed, but also sharing leadership where partners have as much or more to offer, supporting international institutions where the need for collective response outweighs the value of American leadership and leading by example where collective responses are not yet being formed. Cutting across all six principles is the conclusion that the United States needs to focus in the future on becoming more an enabler of change and less often its instigator.

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### 1. TALK IT DOWN

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Much has been written about how important it is for the new US president and his administration to set the right tone in the way in which they articulate his vision for the United States' place in the world and its foreign policy priorities. The tone that the Bush administration set at the beginning of its term was still defining popular international perspectives of the United States at its end. In so doing, it limited foreign politicians' room for manoeuvre in working constructively with the US.

President Obama's inaugural speech was masterful in charting a new course for US foreign policy, promising to restore relations with allies and the primacy of American values in the pursuit of US security, while engaging in negotiation with opponents. To a large extent, of course, the mere choice of Obama as president has changed the context for international perceptions of the United States around the world. From the extensive and effusive international press coverage of President Obama's election victory, it would appear that the world's presidential choice is now in the White House.

However, emphasizing that the United States is now 'ready to lead', as President Obama has done both prior to and since becoming president, carries connotations of hubris outside the United States, even for a leader as charismatic and admired as he is and for a country as powerful as the one he leads. The risk of international disappointment will be intense if the United States now proves unable to deliver meaningful solutions to key international challenges – from ending the Arab-Israeli conflict to the sorts of concessions that the US Congress is willing to make to achieve a comprehensive international deal to combat climate change. Given the realities of US domestic politics and the exceptional approach that is hard-wired into its style and structure of foreign policy-making, overcoming long-established US positions on these and other pressing questions will be a difficult and time-consuming process. Moreover, President Obama's first priority is to represent US interests and to keep Americans safe, not to please US allies or to lead international cooperation for its own sake.

It is vital, therefore, that the Obama administration should not allow too large a divide to emerge early on

between the language of its aspiration to lead as ‘a positive force in the world’ and the reality either of the new levels of international resistance to US leadership or of how the United States needs to act to pursue and protect its national interests.

‘Nothing would be more corrosive of the aspiration to renew America’s global leadership than the impression that it is acting on the basis of hypocrisy or double standards’

For example, US strategic partnerships with authoritarian regimes in the Caucasus and Central Asia may need to deepen as the Obama administration seeks to diversify further its international sources of energy and to find safer routes to supply a growing US military presence in Afghanistan. Similarly, a new Obama effort to reach a diplomatic solution to the stand-off with Iran over its nuclear enrichment programme is likely to require Chinese cooperation, as well as the active support of the Russian government.

During the Cold War, the imperative to survive and succeed in a dangerous bipolar rivalry more easily allowed US policy-makers to argue that the ends justified the means. Today, without this struggle and at a time of open communications and global political awakening, America’s actions are all the more readily seen as being ends in themselves.<sup>63</sup> How President Obama crafts the external narrative for what looks like being a differentiated and pragmatic style of foreign policy will be central to America’s ability to retain a credible international leadership role when and where it is needed. Nothing would be more corrosive of the aspiration to renew America’s global leadership than the impression that it is acting on the basis of hypocrisy or double standards. In these circumstances, it would be best to talk down the need for US global leadership

## 2. ADAPT TO THE NEW CONSTRAINTS ON AMERICA'S BILATERAL RELATIONS

US leadership will remain vital across a number of international country-specific crises and challenges in the future. Without US leadership, it is hard to see how Arabs and Israelis can make peace or how Israelis and Palestinians will arrive at a two-state solution to their conflict. US leadership will also be indispensable in finding an acceptable solution to the dispute over Iran’s nuclear enrichment programme and, most probably, in resolving the stand-off over North Korea’s nuclear weapons programme.

However, as indicated in Chapter 2, US global and regional influence, especially outside the Middle East, from Europe to Asia and Africa, has declined in recent years, while the attractiveness of the US economic model has been badly tarnished. The change of administration alone will be insufficient for the US to reassume political leadership in these regions or for the US model to regain its former lustre. For the Obama administration to exert effective influence on particular countries, therefore, it must recognize the new constraints on US power. In particular, there will be deep resentment among developing-country governments if US efforts to promote political reform take precedence in the future over US support for economic development. Africa could prove a telling testing ground if direct US support for democratization there becomes equated with always supporting opposition parties and interpreted within Africa as undermining the sovereignty of African states. In the context of growing bilateral aid from China, the result could be competition between a number of Chinese-supported African governments, on the one hand, and US-supported civil societies and opposition parties, on the other – a process which could undermine the spread of democracy on the African continent rather than promote it.<sup>64</sup>

- A better approach would be for the administration to focus its efforts on creating the conditions within which specific countries can become responsible for developing their own routes to positive and sustainable change for their citizens.

This means placing an emphasis on providing humanitarian assistance, funding for capacity-building (on a conditional basis, if necessary), while supporting NGO activities, encouraging US foreign investment and opening access to US markets. The Bush administration played a leading global role in combating the global spread of HIV/AIDS by introducing the President's Emergency Plan for AIDS Relief (PEPFAR) programme, which committed the US government to spending \$15 billion over five years. And the Millennium Challenge Corporation, which, as of 2008, had signed \$4.5 billion worth of aid agreements with African countries, placed a new priority on good governance as a condition for receiving US foreign assistance.<sup>65</sup> These initiatives are likely to and should continue. In this context, it is encouraging that President Obama has committed to establish a Global Education Fund that will broaden the impact of US development assistance and tackle another of the main obstacles to sustainable economic development in the world's poorest countries.

### 3. UNDERSTAND OPPONENTS BETTER; SUPPORT ALLIES MORE

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During the past eight years, many governments have proved to be relatively impervious to direct entreaties, to sanctions or to the offer of US favours in return for following a preferred US policy line. Rather than delving into the often complex reasons why a given government ignored US policies that were intended to change its behaviour, the question in Washington often centred on how the US policy could be strengthened for greater effect. Iran's pursuit of a nuclear enrichment capability, Russia's desire to reassert as much political and economic control as possible over the countries around its periphery, Syria's support for Hamas and Hizbollah, the refusal of Hamas formally to recognize Israel, Armenia's links with Iran as a way of reducing its gas dependence on Russia – all have been seen as positions which could be reversed with the 'correct' application of US and allied leverage on the governments in question.

In these and other cases, however, a government's policy choices are often based on internal political or strategic regional calculations over which US policy has little or no influence. Of course, US or US-led multilateral sanctions

and other diplomatic actions can serve as a signal of displeasure, as a punishment or as a bargaining chip in the face of action that runs counter to US interests and international concerns. But it is just as important to ask why a certain policy is not working and to find ways to adapt it if the government concerned is simply not interested in the outcome currently on offer. President Obama's stated intention that members of his administration should engage more actively in dialogue with America's opponents is an important step in this direction. But even if some of America's opponents now 'unclench their fist', as President Obama proposed, and engage more in dialogue, the Obama administration must prepare for the possibility that their basic positions still may not change.

- At the same time, therefore, as understanding better the motivations of its opponents and of others whose policies it disagrees with, the United States needs to put greater effort into thinking how it supports its allies.

This could give the United States new scope to mould the environment within which its preferred policy outcomes become possible. Supporting the creation of closer security relations among Gulf and other Arab countries, for example, should be as great a near-term priority as the US policy to halt Iran's nuclear enrichment programme. Helping Ukraine and Georgia strengthen their civil-military relations and political institutions and improve their defensive military capabilities, while keeping alive their NATO membership perspectives, should be more of a priority than trying to convince Russia that NATO enlargement is also in Russia's strategic interests. Rebuilding relations with Turkey, which were badly strained during the Bush presidency, should be a strategic priority and could include providing more support for Turkey's efforts to become a hub for greater regional security.<sup>66</sup>

This rebalancing of US policy away from a priority focus on opponents and towards greater attention to allies will be especially important in Latin America, where US influence has declined markedly in the last eight years. Support for Brazil's global ambitions, for example, including towards permanent membership of the UN

Security Council, would do more to help constrain Venezuela's promotion of anti-Americanism in the region than focusing on Hugo Chávez's immoderate behaviour.<sup>67</sup> And the United States could find in Brazil a regional partner on the vital issue of combating climate change, whether through importing more Brazilian-produced ethanol or supporting its contribution to forest conservation in the Amazon region.

Similarly, a more proactive US policy of engagement in East Asia's new, multifaceted regional institutional architecture needs to be developed quickly. The Bush administration's focus on what it was demanding from North Korea and Burma distracted it from closer coordination with what is, admittedly, partly an effort by regional governments to circumvent existing Western-dominated multilateral institutions. The Obama administration will now need to engage with institutions in which it can at best be a partner and not a leader, but in which it can exert greater influence from the inside than from outside. By signing up to the ASEAN Treaty of Amity and Cooperation in Southeast Asia, for example, the United States would become part of the East Asia Summit (EAS) grouping, which has taken on a more prominent regional role since its inception.<sup>68</sup>

The Obama administration has indicated that it intends to place renewed emphasis on relations with allies while also engaging in more active dialogue with opponents. Given that no administration can pursue all of its desired objectives simultaneously and that confronting opponents tends to consume policy attention, the success of this strategy will depend on a conscious and consistent shift in policy attention towards more effectively supporting America's allies.

#### 4. FOCUS ON GOVERNANCE AND PROCESSES – LESS ON LEADERS AND PARTIES

Another important shift in the focus of US international leadership towards seeking to enable change for the better would be to place greater priority on supporting the creation of the political and legal institutions of good governance in countries of concern around the world, and less on promoting specific parties or politicians.<sup>69</sup> From the

Clinton administration's relationship with Boris Yeltsin and Hosni Mubarak to the Bush administration's support for Pervez Musharraf or Ahmed Chalabi, successive US administrations have tended to place their faith in the individual leaders with whom the administration has established the best relationships, then trusting them to deliver. Supporting the establishment of viable institutions that are inclusive and representative, and that provide the maximum transparency and opportunities for good governance, is likely to provide a stronger long-term framework for positive change.

‘ Many key developing or emerging countries have become battlefields for US inter-agency competition ’

The mixed messages caused by the recent US approach are most apparent across the Middle East and North Africa. In numerous instances, US programmes that are designed to support democratic change have tended to try to change the content, rather than the context, of the local political debate.<sup>70</sup> These programmes train selected political parties, often with the requirement that they exclude specific groups and individuals deemed to be too politically radical, while elsewhere other US actors and agencies ignore the manipulation of electoral processes and political institutions by the ruling governments.

A related problem is that many key developing or emerging countries have become battlefields for US inter-agency competition.<sup>71</sup> Especially since 9/11, the departments responsible for military assistance and operations, intelligence and counter-terrorism, which tend to rely on personal relationships to deliver near-term operational results, have overshadowed those, principally the State Department and its US Agency for International Development, that place political reform, institution-building and the rule of law at the heart of their longer-term approach to promoting US interests. The competi-

tion between the US State and Defense Departments and the mixed messages about US intentions that this competition engenders are a persistent complaint in capitals across the world. In Africa, for example, leaders who were briefed by State Department and Pentagon officials after the establishment of AFRICOM in 2007 heard different messages as to its strategic purpose. Some said it was principally an organizational military reshuffle, with no real implications for non-US actors. Others asserted that AFRICOM would revolutionize the way in which the United States engaged with African states, reflecting their new strategic importance for US policy-makers. The result was to increase already latent fears in African capitals about a militarization of US policy in Africa.

Another part of the problem is that US foreign policy towards key countries has been increasingly run from the White House itself. This has contributed to the over-emphasis on relationships with particular individuals, such as President Bush's relationship with President Musharraf of Pakistan. One of the risks of this centralization of US policy development, as was shown in the lead-up to the war in Iraq, is that the views of senior White House officials can be moulded by Washington-based exile and opposition groups from the countries concerned, which bring their own specific personal or political interests and whose ties to the US Congress, often through diaspora lobbies, can magnify their influence.

The importance that President Obama appears to have attached to strengthening the position of the State Department (a shift which Defense Secretary Robert Gates has publicly endorsed), not least through the choice of Hilary Clinton as Secretary of State, is very encouraging in this context. The quick appointments of George Mitchell as Special Envoy for Middle East Peace and Richard Holbrooke as Special Representative for Afghanistan and Pakistan also speak to the more proactive role the State Department should play.

- It will be important, however, to ensure that these and future special envoys do not become the new conduits for a further personalization of US policies towards the countries concerned; and that their diplomacy and the overall execution of US foreign

policy rest upon a foundation of professional expert groups in the State Department, who could also coordinate the input of other relevant US departments within more coherent overall policies.

- A significant increase in the budgetary resources available to the State Department will be required for this desired shift to be meaningful and to resist the tendencies of the White House to recentralize control or for the Pentagon, with its vast departmental resources, to reassert its dominance.

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## 5. STRENGTHEN MULTILATERAL COOPERATION

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A central, but generally unasked question for the Obama administration in this changed world is whether international leadership can be shared in an effective manner, be it in multilateral institutions such as the UN, in alliances or in partnerships among groups of like-minded countries that are able and willing to take the lead on behalf of the international community. As US influence within major multilateral institutions such as the UN has declined and the strength of others has grown, the temptation among both Republican and Democratic thinkers is to bring together a smaller number of countries that share the same core values and interests within a new international grouping that would theoretically be more effective because of its normative homogeneity. This was the genesis of the US ideas for a League or Concert of Democracies, which have been debated actively in the United States over the past few years.<sup>72</sup>

It is clear, however, that there is little appetite among America's allies to form a 'League of Democracies' or a 'Global NATO', under *de facto* US leadership, that would exist in parallel with the United Nations. This is as true of the main European nations, which Senator McCain suggested would help form the core of this new 'global compact', as of other major democracies such as Australia, Brazil, India and Japan.<sup>73</sup> The last thing European governments, in particular, are looking for is a return to international structural divisions and great-power competition. They do not have the resources individually, nor are they organized through the EU to fare well in such a system. They would prefer an America that is confident enough in

its own power to be able to work constructively with leaderships that do not necessarily share its values, but whose engagement will be central to comprehensive international responses to global problems. They would also prefer that the new US leadership work within institutions that are diverse and inclusive rather than being clubs only of the like-minded.<sup>74</sup>

**Renewing the transatlantic partnership:** In this view the United States could enable positive change by using its leverage to help build new multilateral institutions and treaties where they are necessary, and to improve existing ones where they are not living up to their potential. There is an enormous need and no shortage of opportunities to take this approach today. But unlike in the last sixty years, it will be harder for the United States either to lead these institutions (as it did from the outset with NATO) or to continue to carve out its own exceptions as a global leader (as it has done regularly within the UN).

There is no doubt that EU members hope to establish a close transatlantic bond with the United States to confront the range of international challenges that they face in common. And America's ability to pursue its principal international interests will be greatly enhanced if it can work constructively with European allies who share broadly the same political commitment to liberal-democratic principles. However, few EU leaders, except for some among its new central and east European members, are looking for a return to US dominance of the transatlantic relationship. The hope of the majority is that this renewed transatlantic relationship will take the shape of a partnership where strategies are designed collaboratively, as far as possible, and actions taken in a coordinated or joint manner. How such a transatlantic partnership on global challenges would actually operate will depend on the diplomatic skill, political willpower and material resources that each side is willing and able to bring to each challenge. In some areas, for example Afghanistan, the United States will still lead. In others, such as combating climate change, the EU might expect to do so.

What is clear from the last five years, however, is that a transatlantic partnership that tries to offer global leadership might be necessary, but will not be sufficient to deal

with the new global challenges. Whether it is on combating climate change, bringing peace to the Middle East, or making real progress on poverty eradication and health, the United States and the EU need to find other core partners, whose views and preferences can be accommodated to some negotiated extent into the joint solutions that they are able to promote.

**Engaging China:** One such partner must be China. In order to enable progress in these and other areas, the United States must encourage China to look beyond its perception of its immediate national interests. Chinese and Indian contributions to the development of sub-Saharan African countries, for example, will be indispensable. The United States and EU must work consistently together to encourage China to apply its foreign investment in ways that do not undermine improved governance in Africa. In addition, China's national decisions on how it invests in its next generation of energy plants will have long-term effects on global climate change. Establishing a US-EU-China trilateral collaboration on low-carbon trade and investment could create the momentum to draw other major economies, especially Russia and India, into making their own new climate mitigation commitments.<sup>75</sup> Similarly, the United States and EU members could use their leverage within the International Energy Agency (IEA) to bring not only China but also other major oil consumers, such as India, into the IEA's Emergency Sharing Scheme. This could also apply to OPEC members, as a carrot for them to maintain surplus capacity for improved global energy security.<sup>76</sup>

**Building up the G-20:** As the current economic crisis has revealed, the management of the global economy urgently requires debate and informal coordination among a bigger and more representative group of states than the G-8. Simply inviting more countries to join parts of that group's agenda has already created resentment among non-G-8 leaders that they are being 'summoned' to contribute to what is, in essence, a Washington-dominated discussion.

If countries such as China and India are to become the responsible global stakeholders that the United States

hopes and expects of them, they will want to feel that their views are represented equally within existing and new international institutions. Offers of ‘followership’ are unlikely to secure its cooperation, which is one of the reasons why the elevation of the G-20 to a higher political level and the potential expansion of its policy agenda beyond international financial cooperation will be important in the near future.

The evolution of the G-20 is also reflective of the new international context within which the United States must operate. Convening the G-20 at summit level in November 2008 was principally a French initiative, and the summit’s agenda reflected largely non-US priorities for increased international financial regulatory coordination. Undoubtedly, the input of the Obama administration, representing the world’s largest economy, will be vital to the agreements in this area which will be reached in 2009 and beyond. But the long-term credibility and impact of this broader level of international financial cooperation and its effective expansion to other global challenges will depend on America’s ability to share leadership in areas where its policy-makers have traditionally been accustomed to play a dominant role.

**Modernizing the UN:** President Obama has indicated his interest in strengthening the UN as the central institution for international peace and security and in improving areas of multilateral coordination under its auspices. There are a number of steps his administration could now take to enable a more modern and functional UN system to emerge.<sup>77</sup>

- Play a proactive role in the reform of the UN Security Council, where the continuing exclusion from permanent membership of some of the world’s key regional powers is increasingly counter-productive.
- Promote more transparent and consultative working methods for the Security Council, avoiding bypassing the UN General Assembly except where expediency is absolutely necessary. In a world of dispersing power, the legitimacy of actions by major global actors becomes as important as the reason for their initiation.

- Support a more transparent process in the choice of the UN Secretary-General.
- Stand for election to the Human Rights Council, where the absence of the United States has limited the formation of a strong bloc of countries that defend human rights, and work to reform this Council from within, ahead of the major review of its operations in 2011.
- Overcome existing US reservations about the dispute settlement mechanism of the UN Convention on the Law of the Sea and push for US accession to the Convention, which, given its jurisdiction over the Arctic, carries the support of a diverse set of US domestic interests, from the military to environmental groups.

**Strengthening nuclear non-proliferation:** With Iran and North Korea moving forward on their nuclear programmes, and with the simmering antagonism between India and Pakistan, the Obama administration has inherited a range of nuclear proliferation challenges more pressing and more complex than at any time since the darkest days of the Cold War. But it would be a mistake for these challenges – urgent as they are – to become the exclusive focus of the administration’s efforts in non-proliferation.<sup>78</sup>

‘The new administration must breathe life back into an old idea: that multilateral non-proliferation and arms control are essential pillars of global order.’

The nuclear non-proliferation regime is on its knees, and other treaties and initiatives are suffering a crisis of credibility. The new administration must breathe life back into an old idea: that multilateral non-proliferation and arms control are essential pillars of global order. Otherwise, the increasing availability of the materials, technology and

expertise needed to make weapons of mass destruction (WMD) will mean a world of uncontrolled weapons proliferation, arms races and, ultimately, WMD use.

There are several relatively quick steps the administration could take.

- President Obama has already indicated that he will seek US ratification of the Comprehensive Nuclear Test Ban Treaty. Efforts should also be made to agree further reductions in warhead numbers with Russia and to revive the moribund Fissile Material (Cut-off) Treaty.
  - The United States could put its energy behind the G-8 Global Partnership against the spread of WMD (an area where America's enormous contribution often goes unnoticed), broadening the initiative to cover other regions of proliferation concern.
  - In the field of conventional weapons, support for an International Arms Trade Treaty would be a clear indication of a change of direction.
  - As Hillary Clinton has indicated, the Obama administration will now turn its attention to the most urgent and complex question of them all: what can be done about the nuclear non-proliferation treaty (NPT), due for its next review in 2010? At the heart of the NPT is the so-called 'bargain' between the nuclear weapon states and the 'nuclear have-nots'. For the 'have-nots', the bargain has long looked like a fraud. The principal task for the Obama administration will be to help find a way to renew the NPT, so that nuclear non-proliferation remains a rational option for sovereign governments around the world.
- All governments need to commit themselves to internationally agreed and legally binding cuts in their carbon emissions.
  - The United States and other developed countries which have contributed the most to current CO<sub>2</sub> levels to allow developing countries – including major new emitters that are America's new economic competitors, such as China and India – need to take a differentiated approach to cutting their carbon emissions over time.
  - A global deal will need to engage the active participation and acceptance of more than just the most powerful nations (in other words, some variant of the US-EU-China/Japan/India grouping). Steep reductions in greenhouse gas emissions, even by this combination of nations, would be swamped by 2050 if other nations were not fully committed to the process, not least because none of these major actors are significant contributors to land-use emissions, such as deforestation.
  - Ultimately, the scale of the challenge should require the creation of a new institutional arrangement, under UN auspices, to oversee all countries' climate change mitigation commitments. The United States could and should play a leading role along with other major economies in developing such an arrangement.
  - Without a near-term agreement involving the United States that makes medium-term CO<sub>2</sub> cuts a reality, global coordination towards achieving the 2050 targets will be impossible.

***Moving forward on climate change:*** Unless the Obama administration makes a concerted and sustained political effort during its first term, the world will most likely miss the targets that all governments, including the United States, have set themselves in order to cut global carbon dioxide emissions to 50 per cent of 1990 levels. President Obama's key appointments in this area are encouraging.<sup>79</sup> Steven Chu, the new Energy Secretary, has already indicated the Obama administration's desire to help create an economy-wide cap-and-trade system for

carbon emissions.<sup>80</sup> But there are many other dimensions to constructing a credible and meaningful global deal on climate change, and each of them goes against the grain of US domestic politics.<sup>81</sup>

## 6. LEAD BY EXAMPLE

At the core of a less interventionist style of American international leadership for the 21st century will be the Obama administration's ability to renew the appeal of its Western model by example. This will need to take place across three broad levels of US policy-making.

**Living up to American ideals:** First, as far as possible, the United States should not be seen to set standards for others, rhetorically or within international institutions, from which it then seeks to exempt itself. The clearest example of its doing precisely this was the extra-judicial actions that the Bush administration took against those it had designated as international terrorists after the 9/11 attacks. By designating all engagements with al-Qaeda and other related terrorist sympathizers part of a ‘global war on terror’, the Bush administration gave itself a blanket justification for applying its version of the laws of armed conflict to what it presented as a unitary conflict. This included indefinite detention of prisoners and largely discarding criminal measures in favour of *ius ad bellum* procedures and further military actions. President Obama has committed to close the Guantánamo Bay facility and the CIA’s special overseas detention centres – two of the most costly legacies of the Bush administration’s approach, in terms of damage to America’s reputation as a protector of human rights and a champion of the rule of law. Just as important, however, will be a clear decision by President Obama to drop the term ‘war on terror’, which upholds the idea of an unending war against a dogma.<sup>82</sup>

Given America’s continuing extensive use of military operations abroad, it will also be important for the United States to be party to internationally agreed guidelines on the treatment of detainees in armed conflict

To date, President Obama has chosen to keep alive the notion that the United States is a nation at ‘war’, but he has said that this is a war against ‘violent extremism and terrorists’ rather than against ‘terror’.<sup>83</sup> The precise wording is not just of semantic interest for the future. Given America’s continuing extensive use of military operations abroad, it will also be important for the United States to be

party to internationally agreed guidelines on the treatment of detainees in armed conflict. Currently, the United States continues to insist that it is bound by international human rights obligations only in respect of actions taken within its own territory. This means that US agents do not have to apply human rights standards to US detention facilities abroad.

- The United States should recognize, as it once did, that Protocol 1 of the Geneva Conventions reflects customary law and is therefore applicable even if the United States is not a party to the Protocol. The Obama administration could announce that, even if it cannot accept for the time being that international human rights obligations apply to the treatment of detainees overseas as a matter of law, it will nevertheless apply these standards in practice.

In addition, although US accession to the International Criminal Court is unlikely for the foreseeable future, there are a number of practical steps that the United States can take to engage with the ICC and demonstrate that it agrees with the underlying goals of the Statute, which is to end impunity for the perpetrators of atrocities.

- At a practical level, the Obama administration might encourage the inclusion in the mandates of appropriate peace-keeping missions of the obligation for them to cooperate with investigations by the ICC. The administration could also take advantage of the fact that the ICC is only a court of last resort and ensure that US nationals could be tried in US courts for all the crimes within the ICC Statute.

Each of these steps would demonstrate a culture in the United States of willingness to adapt to changing international circumstances in order to ensure that Americans themselves are in the vanguard of transparent, legal and ethical international behaviour.

**Setting the pace on the environmental agenda:** Second, there are numerous national initiatives that the Obama administration could take today that would not only have

a powerful direct impact but also set a leading example in terms of new ways to achieve positive change in the face of global challenges.<sup>84</sup> In particular, national US action could influence international progress in the domain of protecting the environment and, as a corollary, achieving greater energy efficiency.

- For example, the US could provide increased government support for 'green aid', such as offering international financing for the conservation of forests, especially in Latin America, Southeast Asia and Africa. Forestry conservation is generating an increased level of interest as a way of combating climate change and can also help achieve progress towards certain of the UN Millennium Development Goals.
- The US government and relevant regulatory agencies could support those US businesses that promote a more active US role in multilateral environmental cooperation. One route might be to help develop and implement internationally recognized standards for environmentally responsible corporate practices, including by using a federal renewables portfolio standard and the already announced tighter vehicle emissions standards as benchmarks for international negotiations.
- President Obama already plans to establish a national emissions trading scheme that would establish a price for carbon, and to use public procurement to invest in low-carbon energy and other infrastructure. This will have a positive multiplier effect through improved energy production methods, greater levels of energy efficiency and the sorts of market-creating effects that could generate a transformational shift in energy finance.
- Having taken these steps, the administration should also restore federal support for the Department of Energy's research budget to its 1970s levels, while increasing above its current paltry levels the amount of R&D funding for energy efficiency.<sup>85</sup>

Notwithstanding the difficulties the United States might still have in the short term to commit to international political agreements on climate change, therefore, it can

use its domestic example to play a powerful role in accelerating the global development, dissemination and establishment of markets for new low-carbon technologies and practices.

**Recapturing America's economic dynamism:** The third critical area where the United States needs to lead by example is in the implementation of a national economic recovery programme that not only brings the US economy out of its current recession in a sustainable manner, but that also serves as a model of a dynamic, open but well-regulated market for all other countries. Specific proposals in this area are beyond the scope of this report, but there is one vital priority from an outside perspective:

- The Obama administration should resist the likely near-term pressures for the United States to introduce direct or indirect protectionist measures with regard to trade and investment into and out of the United States as a means of regenerating the American economy. Such measures would be rapidly seized upon as an example to justify similar protectionist or 'buy national' and 'invest nationally' decisions around the world.

## A new style of US leadership

If the United States is to use its power and influence to enable positive change internationally in the future, whether by reforming the UN, combating nuclear proliferation, promoting political and economic reform in key emerging countries or combating climate change, then it will need to accommodate the views of others more readily than in the past into the development of its policies and the formation of meaningful international agreements and institutional arrangements. Achieving this sort of international coordination will be a very difficult process, but it will be essential given the dispersion of economic and political power internationally, and the shift away from nation-states to international organizations and non-state actors. The experience of the UN Security Council since the end of the Cold War does not bode well for cooperative

international action that must be based upon the consensual agreement of a small group of major world powers. On the other hand, the experience of the EU is that a leadership cadre of individual countries sharing common interests and willing to set the pace can make progress for all and can avoid a constant descent to the lowest common denominator.

The question then is, how can the United States, as the one country in the world that combines both the aspiration to global leadership and many of the attributes necessary to play such a role, maximize its influence in a

world that has dispersed its channels for leadership? Acting in concert with allies and other interested countries wherever possible – inside and outside international institutions – and also strengthening those institutions will both be part of the process. Enabling change to happen, rather than intervening to drive it forward, will be another dimension of a new style of US global leadership. It will be equally important, however, for the United States to be seen to live up to the values and objectives that it expects of others, and for it to set an example to them in the way it manages its own affairs.

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## 5. Conclusion

President Obama's call for a renewal of America's global leadership comes at a time when many of the pillars of America's leadership role have been called into question. In particular, the chaos of the US financial collapse has given credence to those who have long criticized the Washington Consensus as a model for national economic reform. The invasion of Iraq in 2003 has left the United States an active player inside the unstable Middle East rather than an external contributor to its security. The spread of democracy that US governments have championed over recent decades and that buttressed its claim to international leadership has stalled. Other major international powers, such as China and the EU, are challenging US leadership regionally and on global issues such as climate change and international financial coordination. New regional forms of cooperation are diminishing US influence, while a global political awakening is constraining the ability of national governments to accede to US suggestions and demands. The Obama presidency confronts a highly complex and fluid international environment, therefore, in which the limits of US global leadership have been exposed, but the need for coherent international responses to global challenges grows ever more pressing.

As a result of these factors, it will be difficult for America to reassert the sort of global leadership role in the 21st century that it enjoyed for much of the 20th. It is true that the United States remains the world's only superpower. Despite its deep current economic crisis, the combination of its economic resources, innate economic dynamism, market size, and military assets and reach means that it is dominant and is likely to remain so in the

medium term. It also benefits from a still powerful corporate sector and a leading non-profit movement which spread US norms and practices across the globe. The United States is unique in terms of its aspiration to lead – an aspiration that is not matched by any of the world's rising powers, except, to a certain extent, by the EU.

The problem is that all of the world's current global challenges, such as combating climate change, fighting infectious diseases, halting nuclear proliferation, achieving sustainable growth and reducing poverty require cooperative international solutions. But, partly as a result of its self-perception as the world's only superpower, the United States has a political culture and system which are hostile to the compromises of national interests and sovereignty that collective responses to global problems tend to demand.

In President Obama, much of the world sees a leader who can master these contradictions and help America adapt to the changed world around it. This will require many complex and difficult steps. The United States needs to craft new ways of using its unique power and capacity to influence others. When it leads, it needs to lead more by example and less by unilateral intervention. And it needs to focus on becoming more often an enabler of change rather than its instigator.

- First, President Obama and his administration must set the right tone in how they talk about America's international role. This means recognizing that claims to global leadership will be seen as being contradictory to international cooperation and may be increasingly counter-productive.
- Second, the Obama administration will most effectively deliver positive change to developing countries by ensuring effective coordination between its many foreign assistance programmes, improving access to the US market for developing-country products, and sustaining the flow of private US investment into these countries.
- Third, the United States needs not only to understand its opponents better but to focus more on how it supports its allies in its foreign policy.

- Fourth, in its efforts to promote positive change in countries of concern, the Obama administration should focus less on leaders and parties and more on governance and political processes.
- Fifth, the Obama administration can strengthen multilateral cooperation if it is willing to share leadership on certain occasions and even serve as one of many institutional partners in others. Making the transatlantic relationship an effective player in tackling global challenges, for example, or supporting China's and India's transition to being responsible global stakeholders, will depend upon how well the Obama administration can make this adjustment.

Leading in the strengthening of existing international institutions and agreements and creating new ones will be another form of indirect US leadership towards positive change. There are numerous opportunities for the Obama administration to play this role, from reforming the UN system to renewing the NPT and helping craft the framework for a new global deal to combat climate change.

- Sixth, the United States should place a renewed emphasis on leading by example – whether in its treatment of detainees in armed conflict, support for the operations of the ICC, its commitments to strengthen national environmental standards or, most important of all, in implementing a national economic recovery strategy that can serve as an example to the rest of the world of the progress that a

dynamic and open but well-regulated market economy can achieve for its people.

“Achieving progress in a world of complex transnational challenges and dangerous crises will be far harder without America's aspiration to global leadership than with it.”

While the United States may not be able to drive international solutions to its own design as successfully in the future as it did in the past, it will remain, as Zbigniew Brzezinski has described it, the ‘linchpin’ power in the international system for the foreseeable future.<sup>86</sup> Achieving progress in a world of complex transnational challenges and dangerous crises will be far harder without America's aspiration to global leadership than with it. President Obama has the opportunity to help America make the transition to a form of global leadership that focuses with full intensity upon those situations where US power and influence can have greatest effect, while being more inclusive or restrained in those broader policy areas, from climate change and development to financial governance, where the reality of interdependence and the limits of US power and influence demand more cooperative international solutions.

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## Notes

A number of notes refer to the detailed analysis by the Chatham House research team in chapters of the forthcoming volume *America and a Changed World: A Question of Leadership* (Wiley-Blackwell/Chatham House, 2009), on which this report has drawn both for its insights and for many of its recommendations.

### Chapter 1: Introduction

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3. Statement of Senator Hillary Rodham Clinton, Nominee for Secretary of State, Senate Foreign Relations Committee, 13 January 2009, at <http://foreign.senate.gov/testimony/2009/ClintonTestimony090113a.pdf>.
4. *A Smarter, More Secure America* (Center for Strategic and International Studies, 2007), at [http://www.csis.org/component/option,com\\_csis\\_pubs/task/view/id,4156/type,1/](http://www.csis.org/component/option,com_csis_pubs/task/view/id,4156/type,1/).
5. Melvyn P. Leffler and Jeffrey W. Legro (eds), *To Lead the World: American Strategy After the Bush Doctrine* (Oxford University Press, 2008); see also *A Plan for Action: A New Era for International Cooperation for a Changed World*, a report by the Managing Global Insecurity Project of the Brookings Institution, New York University's Center on International Cooperation and Stanford University's Center for International Security and Cooperation, September 2008, which argues that 'the United States most of all must provide leadership for a global era'.
6. See Inaugural Address by President George W. Bush, 20 January 2005, <http://edition.cnn.com/2005/ALLPOLITICS/01/20/bush.transcript/index.html>, and his State of the Union address, 3 February 2005, at <http://edition.cnn.com/2005/ALLPOLITICS/02/02/sou.transcript/>.
7. See the US National Security Strategy (2002), <http://www.globalsecurity.org/military/library/policy/national/nss-020920.pdf>.
8. Statement of Senator Hillary Clinton, 13 January 2009 (see note 3).

### Chapter 2: New Constraints on America's International Leadership

9. See Gordon Brown's Kennedy Memorial Lecture at the John F. Kennedy Presidential Library and Museum in Boston, 18 April 2008, at <http://number10.gov.uk>.
10. Glada Lahn, Paul Stevens, Antony Froggatt and John Mitchell analyse US energy demand and its impact on world markets in their chapter on the US and global energy security. This energy consumption estimate is based on the Energy Information Administration (EIA) figures for total primary energy consumption per country for 2006, <http://www.eia.doe.gov/iea/overview.html> (last updated December 2008) divided by rough population figures from the Population Reference Bureau 2006 Data Sheet, <http://www.prb.org/pdf06/06WorldDataSheet.pdf>. (The EIA's definition of primary energy includes commercially traded energy - see [http://www.eia.doe.gov/emeu/iea/Notes%20for%20Table%20F\\_1.html](http://www.eia.doe.gov/emeu/iea/Notes%20for%20Table%20F_1.html), but does not account for non-commercial energy forms which make up an estimated 18% of total energy consumption.)
11. See, for example, Joanna Depledge, 'Against the Grain: The United States and the Global Climate Change Regime', *Global Change, Peace and Security*, Vol.17, No.1 (2005).
12. Pew Global Attitudes Project, 'Rising Environmental Concern', in *47-Nation Survey: Global Unease with Major World Powers*, <http://www.pewglobal.org/reports/pdf/256.pdf>.
13. Gareth Price addresses these perceptions in his chapter on the US role in East Asia.
14. See, for example, the speech by Chinese Prime Minister Wen Jiabao to the World Economic Forum in Davos, Switzerland on 28 January 2009, [http://www.weforum.org/pdf/AM\\_2009/Speech\\_WenJiabao.pdf](http://www.weforum.org/pdf/AM_2009/Speech_WenJiabao.pdf).

15. University of Maryland/Zogby International poll 2008 of Morocco, Egypt, Jordan, Lebanon, Saudi Arabia and the United Arab Emirates, <http://sadat.umd.edu/surveys/2008%20Arab%20Public%20Opinion%20Survey.ppt#257,1>.
16. Claire Spencer addresses these changing popular and political perceptions of America's role in the Middle East in her chapter on the US and the Middle East.
17. Paul Cornish analyses the intense criticism that accompanied US policy in the Middle East in his chapter on the US and its new counter-insurgency policy.
18. Claire Spencer analyses the continuing pressures on the US government to sustain close relationships with authoritarian governments across the Middle East in her chapter on the US and the Middle East.
19. Tom Cargill explores the hang-over of Cold War suspicion of US motives in sub-Saharan Africa in his chapter on the US role there.
20. Annette Bohr points out the suspicions of Central Asian governments towards US motives in the region in her chapter on the US and Central Asia.
21. In his address to French ambassadors on 27 August 2007, President Sarkozy talked of the arrival of a multipolar world in which he stated that the United States 'is unfortunately not demonstrating, when it comes to protecting the environment, the "leadership" capacity that it claims in other areas. When one claims the mantle of leadership, one must assume it in every area': <http://www.ambafrance-uk.org/President-Sarkozy-s-speech.html>. In her address to the American Academy in Berlin on 19 November 2007, Chancellor Merkel stressed the importance of the United States and Europe developing 'shared solutions' to key global challenges and warned against either side 'going it alone', whether on the Middle East conflict, Afghanistan or the Iranian nuclear question: <http://www.bundeskanzlerin.de/Content/EN/Reden/2007/11/2007-11-19-rede-merkel-american-academy/layoutVariant=Druckansicht.html>.
22. For an update on the status of EU negotiations with China, Mercosur and Mexico, see [http://ec.europa.eu/trade/issues/bilateral/countries/china/index\\_en.htm](http://ec.europa.eu/trade/issues/bilateral/countries/china/index_en.htm); [http://ec.europa.eu/external\\_relations/mercosur/index\\_en.htm](http://ec.europa.eu/external_relations/mercosur/index_en.htm); and [http://ec.europa.eu/trade/issues/bilateral/countries/mexico/index\\_en.htm](http://ec.europa.eu/trade/issues/bilateral/countries/mexico/index_en.htm).
23. Statement by Kevin Conrad, a delegate from Papua New Guinea, speaking at the final negotiating session at the UNFCCC Conference of Parties in Bali, December 2007. See *Earth Negotiations Bulletin*, Vol. 12, No. 354 (18 December 2007), Summary of the Thirteenth Conference of Parties to the UN Framework Convention on Climate Change and Third Meeting of Parties to the Kyoto Protocol.
24. Gareth Price describes Asia's growing regional economic and political architecture in his chapter on the US and East Asia.
25. Claire Spencer describes in her chapter how Middle Eastern governments feel increasingly pressured to take responsibility for their own collective security.
26. Victor Bulmer-Thomas discusses this trend in his chapter on the United States and Latin America and the Caribbean.
27. Kerry Brown and Guy de Jonquières discuss this topic in their chapter on the US and China.
28. Indira Campos and Alex Vines, 'Angola and China: a pragmatic partnership', CSIS Working Paper, March 2008, [http://www.csis.org/component/option,com\\_csis\\_pubs/task/view/id,4510](http://www.csis.org/component/option,com_csis_pubs/task/view/id,4510); Alex Vines and Elizabeth Sidiropoulos (eds), special issue of *South African Journal of International Affairs* on India in Africa, Vol. 14, No. 2 (2007)(published March 2008).
29. Zbigniew Brzezinski, 'Major Foreign Policy Challenges for the Next US President', *International Affairs* Vol. 85, No. 1 (January 2009).
30. In her chapter on the US and the Middle East, Claire Spencer highlights the powerful impact of the internet and satellite TV on political debate across the Middle East.

31. ITU Newslog, 'China overtakes USA to become the world's Broadband Number One' (9 October 2008), <http://www.itu.int/osg/blog/2008/10/09/ChinaOvertakesUSAToBecomeTheWorldsBroadbandNumberOne.aspx>.
32. Kerry Brown and Guy de Jonquières analyse the impact of growing Chinese access to and engagement with the internet in their chapter on the US and China.
33. Gareth Price tracks this process in his chapter on the US and East Asia.
34. Gareth Price points out India's ambivalence towards evolving a more 'allied' relationship with the United States in his chapter on the US and South Asia.

### Chapter 3: The Resilience of US Power

35. The proportion of China's population aged over 65 is projected to rise from 6.8% of the population in 2000 to 16.2% in 2030 and 23.7% by 2050. See *World Population Prospects: The 2006 Revision*, Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, <http://esa.un.org/unpp>.
36. Kerry Brown and Guy de Jonquières discuss what is known as the '24-character statement' issued by Deng Xiaoping in their chapter on the US relationship with China.
37. See also Bobo Lo, *Axis of Convenience: Moscow, Beijing, and the New Geopolitics* (Washington, DC: Brookings Institution Press/Chatham House, 2008).
38. For past and future Russian population statistics, see *World Population Prospects: The 2006 Revision*, <http://esa.un.org/unpp>.
39. This trend is discussed in Robin Shepherd's chapter on the US relationship with Europe.
40. Claire Spencer assesses these pressures on Middle East governments in her chapter on the US and the Middle East.
41. James Sherr makes this specific point when discussing the continuing lure of NATO for central and east European countries in his chapter on the US and Russia.
42. Paola Subacchi assesses the United States' structural economic weaknesses in her chapter on the US and the global economy.
43. *CIA World Fact Book*, <https://www.cia.gov/library/publications/the-world-factbook> (accessed 17 February 2009).
44. Energy Information Administration, 'How dependent are we on foreign oil?', 22 August 2008, [http://tonto.eia.doe.gov/energy\\_in\\_brief/foreign\\_oil\\_dependence.cfm](http://tonto.eia.doe.gov/energy_in_brief/foreign_oil_dependence.cfm).
45. US voting power in both the IMF and World Bank is a little under 17% of the total and is far ahead of other major economies. In the World Bank, Germany has 4.5%, Japan 7.8%, and China 2.8% of the total voting power.
46. International Institute for Strategic Studies, *The Military Balance 2009*, (Routledge / IISS, January 2009). Supplemental authorization in FY 2008 was US\$189bn, meaning that the projected supplemental authorizations will be considerably exceeded.
47. World Bank, *World Development Indicators 2008*, <http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:21725423~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html>; and World Bank, *Global Monitoring Report 2008*, [http://siteresources.worldbank.org/INTGLOMONREP2008/Resources/4737994-1207342962709/001-018\\_GMR08\\_overview\\_web.pdf](http://siteresources.worldbank.org/INTGLOMONREP2008/Resources/4737994-1207342962709/001-018_GMR08_overview_web.pdf).
48. See *World Population Prospects: The 2006 Revision*, <http://esa.un.org/unpp>.
49. See, for example, Fareed Zakaria, 'The Future of American Power: How America Can Survive the Rise of the Rest', *Foreign Affairs*, May/June 2008, which assesses America's overwhelming lead in university-level education over all other nations. See also Anne Marie-Slaughter, 'America's Edge', *Foreign Affairs*, January/February 2009.
50. Roger Bezdek, *Renewable Energy and Energy Efficiency: Economic Drivers for the 21st Century*, American Solar Energy Society (ASES) and Management Information Services, Inc. (MISI), 2007, iv, <http://ases.org/ASES-JobsReport-Final.pdf>.
51. This is the conclusion arrived at also by Fareed Zakaria in 'The Future of American Power: How America Can Survive the Rise of the Rest' (see note 49).

52. See Bill and Melinda Gates Foundation Annual Report 2007.
53. See Carol C. Adelman, *The Index of Global Philanthropy 2008* (Washington, DC: The Hudson Institute, 2008).
54. Thomas Legge and Michael Massey discuss some of the impacts of US business decisions on international environmental standards in their chapter on the US and international environmental agreements.
55. This phenomenon is discussed in the chapters by Kerry Brown and Guy de Jonquières, and by Gareth Price, respectively. Also see Pew Global Attitudes Poll, June 2008; and Joseph Kurlantzick, *Charm Offensive: How China's Soft Power is Changing the World* (New Republic Books/Yale University Press, 2007).
56. See German Marshall Fund of the United States, *Transatlantic Trends, Key Findings 2008*, [http://www.transatlantictrends.org/trends/doc/2008\\_English\\_Key.pdf](http://www.transatlantictrends.org/trends/doc/2008_English_Key.pdf); and Pew Research Center, <http://people-press.org/report/453/declining-public-support-global-engagement>, 24 September 2008.
57. Paul Cornish describes the changed US attitudes to counter-insurgency operations in his chapter on this topic.
58. Elizabeth Wilmshurst and Devika Hovell provide a thorough analysis of the reasons for US reluctance to sign up to a broad range of international treaties and agreements in their chapter on the US and its approach to international law and the UN.
59. See Madeleine Albright, Statement before Senate Foreign Relations Committee, 8 January 1997.
60. Condoleezza Rice, 'Promoting the National Interest', *Foreign Affairs* (January/February 2000). In the same article, she stated boldly that 'America's pursuit of the national interest will create conditions that promote freedom, markets, and peace.'
61. Kerry Brown and Guy de Jonquières address this point in their chapter on the US and China.

### Chapter 4: Principles for the Future Use of US Leadership

62. National Intelligence Council Global Trends 2025 report November 2008, [http://www.dni.gov/nic/NIC\\_2025\\_project.html](http://www.dni.gov/nic/NIC_2025_project.html).
63. This point is made also in Robin Niblett, 'Europe's Call for a Leader by Example', *The Washington Quarterly*, Vol. 31, No. 4 (Autumn 2008), pp. 125-33.
64. Tom Cargill points out this dilemma in his chapter on the US and sub-Saharan Africa.
65. See Nicholas Cook, *Aids in Africa* (Congressional Research Service, 2008, Washington, DC) and <http://www.mcc.gov/documents/factsheet-090308-africa.pdf>.
66. James Nixey observes in his chapter on the US and the South Caucasus that the US has not been supportive to date of Turkish efforts to promote greater regional cooperation and, in particular, to establish a Caucasus Stability and Cooperation Platform.
67. These recommendations draw on the ideas contained in Victor Bulmer-Thomas's chapter on the US and Latin America and the Caribbean.
68. Gareth Price makes this recommendation in his chapter on the US and East Asia.
69. Claire Spencer and Gareth Price both note this phenomenon in their chapters on the US and the Middle East and the US and South Asia respectively.
70. Claire Spencer makes these important observations in her chapter on the US and the Middle East.
71. This observation was a recurrent theme across most of the regional chapters.
72. Support for the idea of creating a League of Democracies can be found in John McCain's speech at the Hoover Institution, 1 May 2007, <http://www.cfr.org/publication/13252/>; Ivo Daalder and James Lindsay in 'Democracies Of The World, Unite', *The American Interest*, Vol. 11, No. 3, (January/February 2007), at <http://www.the-american-interest.com/ai2/article.cfm?id=220&Mid=7>; and Robert Kagan, 'The Case for a League of Democracies', *The Financial Times*, 13 May 2008, also available at Carnegie Endowment for International Peace, <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=20127&prog=zgp>. For a critique of the concept and review of its origins,

- see Charles Kupchan, 'Minor League, Major Problems: The Case Against the League of Democracies', *Foreign Affairs* (November/December 2008).
73. See John McCain's op-ed in *The Financial Times*, 18 March 2008.
74. Robin Shepherd makes this point in his chapter on the US and Europe; the same point is also raised in Robin Niblett, 'Europe's Call for a Leader by Example' (see note 63).
75. Bernice Lee and Michael Grubb, with Felix Preston and Benjamin Zala, make this recommendation in their chapter on the US and climate change.
76. Glada Lahn, Paul Stevens, Antony Froggatt and John Mitchell make this recommendation in their chapter on the US and global energy security. Stevens suggests that OPEC producers could be brought into the IEA's emergency sharing system on the basis that their spare crude oil capacity would be viewed as part of the IEA's inventories but they would be given first option to use it in the event of a crisis. The other IEA stocks held by existing members would be kept back until OPEC's spare capacity was exhausted. The price for this 'membership' would be a commitment by OPEC to maintain a degree of spare capacity.
77. These recommendations are developed in greater detail in the chapter by Elizabeth Wilmshurst and Devika Hovell on the US, international law and the UN.
78. These recommendations are developed by Paul Cornish in his chapter on the US and counter-proliferation and arms control.
79. The relevant appointments are Stephen Chu as Secretary of State for Energy; John Holdren as Executive Director of the White House Office of Science and Technology Policy and the President's Science Adviser; Jane Lubchenco as Head of the National Oceanic and Atmospheric Administration; and Carol Browner as Assistant to the President for Energy and Climate Change.
80. Statement by Stephen Chu to the US Senate in his confirmation hearing January 2009, [http://energysenate.gov/public/\\_files/DrChuENR\\_Testimony.pdf](http://energysenate.gov/public/_files/DrChuENR_Testimony.pdf).
81. These recommendations are developed in greater detail in the chapter by Bernice Lee and Michael Grubb.
82. These recommendations are developed in greater detail by Elizabeth Wilmshurst and Devika Hovell in their chapter.
83. Inaugural Address by Barack Obama, 20 January 2009 (see note 1).
84. These ideas are developed in greater detail in the chapter by Bernice Lee and Michael Grubb.
85. This recommendation is made by Glada Lahn, Paul Stevens, Antony Froggatt and John Mitchell in their chapter.

#### Chapter 5: Conclusion

86. See Zbigniew Brzezinski, 'Major Foreign Policy Challenges for the Next US President', *International Affairs*, Vol. 85, No. 1 (January 2009).



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