

BETWEEN TWO ERAS

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The collapse of the financial markets, Barack Obama's election as US president, the energy crisis – everything around us indicates that we are on the cusp of a new era. How we define and assess the achievements of the recent past will largely determine our view of the world as we face the challenges of our future. And so the forces of the past are actively trying to take over the debate on the future. “The financial crisis marks the end of capitalism in the history of mankind” is a vehement claim by socialists and leftists of all kinds. The solemn chords sounding the “end of capitalism” have been coming even from the dumping ground of history, where the remnants of the 20th-century communist experiment still vegetate. “The financial crisis is evidence for failed government regulation of the financial markets” insist the Mohicans of the free-market and all market fundamentalists for whom human freedom and success are inconceivable outside the “ubiquity” of the market. The war of words between the two powerful myths of the 19th and 20th centuries, “capitalism” and “socialism”, seeks to fit our altering perception of man and the world into the ideological armor of social divisions and confrontations, to be left behind in the museum of history so that we can face the challenges of the world to come.

The era we are about to bid farewell to began with Margaret Thatcher's and Ronald Reagan's victories – respectively in the May 1979 parliamentary elections in Great Britain, and in the US presidential elections in November 1980. Britain was reeling in a “winter of discontent” staged by the trade unions and left-wing activists, against their own Labor government. This was the final act in a long war of exhaustion which began with the miners' strikes against Edward Heath's cabinet in 1972-73. The future government – Labor or Conservative – would have decreasing redistributive resources. Business had dwindling chances of success, squeezed in a new type of crisis – stagflation. Combining stagnation with inflation, in principle this was supposed to have been averted and corrected by the Keynesian regulation model. Britain's democracy after 1945 followed the rules of a *post-war consensus* – a system of flexible confluence between left- and right-wing strategies within the framework of the welfare state, safeguarded by moderate government stimulation of demand and regulation of the market-based economic cycle. The government's market intervention was accomplished through flexible mediation between the principal organized interests in society – of business and the trade unions –and through redistribution of national income carefully balancing between the interests of numerous organized groups in society.

This system died during the crisis-ridden 1970^s which ended with the failure of the Callaghan cabinet to appease its own supporters. British society was in “pluralist stagnation”¹ –a cycle of increasing claims on the goods distributed by the state and decreasing resources left by the market for the state to re-distribute. The possibilities for corrections within the framework of the Keynesian consensus were depleted. The Iron Lady who took the helm of the Tory party decisively changed not only government policy but also how society and the state were politically interpreted. Mrs. Thatcher viewed “consensus” as a betrayal of the principles of democratic policy. *Tripartism*, i.e. the flexible regulation of the organized interests of business and the trade unions by the state, was considered an impudent revocation of the principles of democratic representation. It was the market that produced and distributed in strict proportion to the actual achievement. Mrs. Thatcher lowered corporate taxes in order to encourage investment and generally refused to engage in debates with the trade unions on

anything whatsoever. Those who were displeased about their jobs or incomes were expected to resort to the market. That was that. End of story.

Traditional industries in the Midlands and Northern England died away in a matter of years, in a chilly new environment of no subsidies, agreements or handouts. The so-called *sunshine industries* were thriving in Southern England – the industries relying on new technology which needed market freedom, abolishing government regulation and a moderate tax burden. The trade unions rose to do battle, with left-wing extremists like Arthur Scargill at the helm. But that was to no avail. They were no longer facing Edward Heath, the docile liberal, or James Callaghan, the helpless Labor premier, but a female prime minister whose resolve to push them aside was adamant. And she managed to succeed in doing so. Several years later, those draconian deregulation measures and privatization efforts bore the expected fruit – Britain, formerly Europe’s “sick man” whose economy lagged even behind Italy’s, became the most dynamic European country. Of course, there was a social price to pay. Mrs. Thatcher was prepared to do so.

In 1976, Ronald Reagan lost the Republican primaries to the incumbent, US President Gerald Ford. Reagan spoke about the future with his advisor, Richard Allen, during the Republican Convention in Kansas. “What do you think about the Cold War?” he said. “Uh-oh” Allen said, disconcerted over the utter generality of the question. “I say we win, they lose”, Reagan said, quietly yet resolutely... That same year, Daniel Bell – among the sociological gurus of the “industrial society” and “convergence” – published his book, *The Cultural Contradictions of Capitalism*². Surprisingly, Bell appeared to have shed the liberal baggage of technocratic optimism and offered a surprisingly novel interpretation of the crisis in the United States at the time.

In 1973, the West was shaken by a critical spike in the price of oil whose repercussions would be felt for a long time. In America, the country of *free-markets*, the Keynesian regulatory mechanism came to a standstill as well. A vicious cycle of stagflation trapped the administration of a smiling populist, Jimmy Carter, in the years after 1976. This economic malaise compounded a painful *Vietnam syndrome* which divided US society following the military loss in Indochina. Daniel Bell, along with a number of various former liberals and leftists, who were quickly moving to the right sought to find the cause for this crisis in the very foundations of American society. Economy unfolds through the market; **efficiency** is the leading principle. The Keynesian-style *welfare society* does not acknowledge this simple truth and approaches economic policy guided by the principle of **equality**, which governs democratic policy and not market success. Following the 1968 counter-revolution, the political principle of **equality** quickly spread to encompass society’s entire life, eroding the classic values of capitalism, in Bells’ view. Along with **equality** in politics and **efficiency** in the market, the ethics of capitalist society gains meaning through the cultural principle of **individualism**. This moral philosophy was dangerously undermined by the hedonistic values of the *welfare society*, which places the emphasis of human life on pleasure, consumption and entertainment, instead of hard work, moderation and thrift. An expansionist welfare state is the instrument for this illegitimate repeal of capitalism as a moral philosophy and a social order. “Get government off your back, and take your hands out of its pockets” Irving Kristol, guru of the newly-emerging neoconservative doctrine, famously said.

The market freedom of capitalism requires the political freedom of the democratic system and vice-versa, Michael Novak said in his book, *The Spirit of Democratic Capitalism*³ in 1982. And both the market and democracy need resolute foreign policy to protect freedom, as launched by incoming President Ronald Reagan in 1981. He appointed political science

professor Jean Kirkpatrick to the UN; she had a theory ranking the threats to freedom in the world at the time. Totalitarianism – Nazi or communist – was seen as the major threat, whereas authoritarian regimes were secondary, threats subject to evolution. Perhaps few in the know believed back in the early 80s that a combination between a return to *small government* and low taxes, *free-market* and morally justified use of hard power in international affairs would lead to a revival of America and the West. The results, however, are obvious. Economic growth and prosperity are there for all of us to see. In less than a decade the Soviet communist system collapsed completely, while the democratic system spread to dozens of nations despite the heavy price paid for painful reforms. The economic orthodoxy of neo-liberalism based on market fundamentalism and the political orthodoxy of democracy as the inevitable future of the entire world were the vectors defining this uni-polar world, lead by the only superpower in *the global village*, the US. Even social democrats became neo-liberals and took refuge in the leftist version of the “free market” - the “third way”.

This entire set of theories, values and impressive victories needs only one thing to be seen as the “resolute victorious truth”: it needs a happy ending. Eras end under the pressure of their own internal dilemmas and conflicts, and the neo-conservative era is no exception. To market fundamentalism – the essence of neo-liberalism and neo-conservatism – protecting the public interest is a simple resultant of the sum of private-interest vectors, pursued by market individuals with their own agendas. The role of an autonomous public sphere here is unclear – it is akin to a possible neo-conservative version of the old Marxist “the base determines the superstructure”. Today’s financial crisis, however, has clearly shown how the public’s interests were “automatically” protected by the private interests of Wall Street’s investment banks and funds pursuing their own interests. Irving Kristol called for Americans to take out their hands from the government’s pockets, but it was precisely the “small government” of George W. Bush’s conservative administration that amassed federal debt of more than \$ 10 trillion. What is the benefit of low taxes if generations of Americans will be paying down this debt? Market freedom led to rapid and ubiquitous globalization, but, in the mushrooming tax havens around the world, how are we to distinguish legitimate businesses from the mafia and organized crime? Ronald Reagan’s moral tenacity and his firm resolve to use all of America’s force in the battle against the “Evil Empire” led to the collapse of communism. The steadfast determination and resolve demonstrated by the neo-conservatives who followed Reagan in the free use of US military and economic might to achieve strategic objectives, however, led to the US being mired in several wars in the Middle East and to a painful burn-out of the US economy and society by the country’s military efforts. Much like any ideology, neo-conservatism offered an integrated and non-controversial vision of the world, which lent meaning to societies being energized to pursue meaningful goals and missions. The real world, however, is full of controversies and visibly un-integral; its truths are to be found well beneath the surface of any ideological construct.

The neo-conservative revolution is based on a negation of the views and practices of the Keynesian *welfare society*. A review of principal neo-conservative theoretical works will leave us with the impression that Keynesian regulation was the hallmark of an era of profound delusions and failure: it was the revival of the orthodoxy of the free-market that guided the US and the West back onto the road of truth and dynamic progress. The present article, being a general overview, is hardly appropriate for a detailed discussion of the historical debate between Keynesianism and neo-liberalism. We should, however, point out that the Keynesian regulatory system literally salvaged the Western world from the spiral of the Great Depression; it regulated relations between organized labor and the entrepreneurial class, putting an end to Marxist-style class warfare. Most importantly, in a matter of fewer than two

decades after 1945 the Keynesian model resulted in growth in the living standards in Western societies which exceeded several fold the aggregate previous growth throughout man's entire recorded history. The dramatic growth of the middle class, the spread of the use of private vehicles, single-family homes (mortgaged), holidays and mass international travel – this is all a contribution of the demand economy whose proponent was John Maynard Keynes. Conservative US President Richard Nixon said in the early 70s, “We are all Keynesians now”. Why then the crisis of the Keynesian system – why did the orthodoxy of the free-market return? Claiming no exhaustive answer, I would first point to the phenomenon of globalization as a factor for the disintegration of the Keynesian consensus. Demand was stimulated by the nation state in a national market. An impoverished person in France would receive welfare benefits to purchase French goods and stimulate output in France. Market globalization rendered this cycle meaningless: the French government continued to help out the (more or less) French poor, while they now purchased Indonesian shoes, Japanese TV sets, and even McDonald's burgers, all available in the French market. The national demand economy became like pouring water into sand. Two options were possible: globalizing the Keynesian system – something Keynes himself proposed as the Bretton Woods institutions were established in the 1940s – or a return to the orthodoxy of the free market. The latter was by far more advantageous to an already strong, transnational global business. Moreover, a global free-market lacked – and does so to this day – a “minor” institutional correction which Adam Smith called the “night watchman”: the government. The union between neo-conservatism and economic neo-liberalism was the ideological infrastructure which made globalization possible through the emancipation of entrepreneurial effort from the limits of the national market and the oversight of the national government. As the United States became the only super-power following the collapse of the Soviet Union, US national interests could be equated with global business interests in an integrated strategy for a global economic and political transformation in the 1990s and in the first decade of our century. This overlap was so effective that it was recognized by the enemies of globalization, who had turned into enemies of the United States as well. “The war on terror” became inevitable.

Also inevitable was the overexertion of resources in the US as a superpower responsible for a rather fluid and mutating international order following 1990. The more illusive Fukuyama's end of history proved to be, the greater the responsibilities of the global sheriff who, although victorious in the Cold War and owner of military forces that exceeded the potential of everyone else taken together, accounted for fewer than 25 percent of the world's economy. Historian Paul Kennedy warned Washington of the dangers of “overstretch” in the strategic control of the global world as early as in 1990. But the 1990s ended up being a time of limited, minor challenges for the United States, which gave Bill Clinton an opportunity to focus upon peripheral problems such as Kosovo and upon useful fine-tuning in the post-communist space such as, for example, NATO expansion. It was September 11 that demonstrated the “burden of the crown” associated with being at the helm of a global world which unites the centripetal forces of technology, information, finance, and political emancipation with the centrifugal forces of cultural fragmentation, religious radicalism and fear of modernization. America was under attack as a symbol of the modern global civilization. The war on terror was inevitable and all of Washington's old and new allies backed it.

The differences between the US and Europe began with the choice of methods and objectives for the war on international terrorism. The excessive military mobilization strategy chosen by Bush's administration and the “pre-emptive strike” doctrine followed anywhere around the world where an attack against the US might be plotted, left cautious Europe

entirely in “Venus’ embrace” (following Robert Kagan’s metaphor). At the same time, America chose the role of a global Mars, capable of unilaterally resolving through military force the problems in the global world, seen as a threat against the United States’ national interest⁴. Criticism towards the Bush administration was and remains focused primarily on the war in Iraq. The issue of how relevant was the entire vision of fighting against Islamic terrorism was pushed aside. First, the flexible, guerrilla-style structure employed by Al-Qaeda and other terrorist groups could hardly be impacted by a concentrated military force built in order to stand against another large army – such as the Soviets. Engaging the US military in urban guerrilla warfare came, from that standpoint, with a very high price – both financial and in terms of human casualties. Secondly, funding the war on terror created a vicious cycle – high government deficit, sliding value of the US dollar, rising oil prices, concentration of large dollar-denominated assets in the hands of the oil monarchies, a portion of which find their way into providing funding for Islamist fundamentalism and its derivative terrorist groups.

The foreign policy chosen by America, the super-power, which by definition ought to pursue global balances and interactions, was reduced to a one-dimensional focus: Iraq and its concomitant problems associated with the “war on terror”. Washington’s excessive dedication to a single – albeit crucial – international issue created vacuum areas and a desire by emerging world powers to fill them. Russia staged a come-back with neo-imperial claims on the post-Soviet space; Iran has been quite successful in playing the “nuclear card”; China has been assimilating post-Soviet Central Asia in the dimensions of economy and infrastructure. The role of the US as a superpower is being undermined both through this expanding global vacuum which has given birth to alliances among the “new autocracies” against the West, as well as through an erosion of the US’s prestige as a leading economic, social and cultural role model, i.e. of its so called “soft power”. The role of the US in resolving a series of global challenges such as climate change, developing alternative energy sources, has been dramatically reduced. Fighting international organized crime, the effort to contain the proliferation of weapons of mass destruction – all traditional areas of US leadership in the global world – have all stalled in the context of the over-dedication to the Middle East.

George Bush’s foreign policy and economic strategy gradually ran aground not simply as a result of the administration’s excessive focus upon the war on terror. This came as a result of profound inconsistencies in the vision, and the worldview which Bush’s team incorporated in the foundations of its doctrine and policy. The country’s heavy dependence on Middle Eastern oil, on its special relationship with Saudi Arabia, has in effect given global oil industry the chance to exert excessive influence upon Washington’s political decisions. Concentrating upon the Middle East – no doubt a priority, key geopolitical region – has relegated a number of issues to the periphery of strategic thought and action, such as - China’s explosive growth and its impact upon global economic and geopolitical balances, Russia’s return to the stage and the growing potential of the authoritarian regime in the Kremlin to impact key international dilemmas such as Iran’s nuclear program, the security of the transmission of Caspian (Central Asian) energy sources to Western markets, etc. Funding for the war on terror is based on excessive confidence in US resources and upon amassing a huge budget deficit of more than \$ 10 trillion. The financial crisis in the overly deregulated securities market was the last component of the puzzle of crises which eliminated the strategic potential of Bush’s administration. A new interpretation of America’s role in the global world is obviously needed, one that combines both “soft” and “hard” power into “smart” power (in Joseph Nye’s words⁵), as well as a new interpretation of the global world itself towards the

end of a 30-year long wave of globalization based on excessive trust in the market as an omnipotent mechanism.

Unlike Ronald Reagan, Barack Obama will not take office with a ready-made doctrine or vision for America and the world of the future. The lack of such a doctrine is not a personal shortcoming of the newly-elected president. Among the many ideas and visions how to reshape the world today are many “million-dollar questions” but very few answers to the dilemmas facing the modern world. One of the reasons for these missing answers is of course the scale and speed of global change. Interpreting this change from the vantage point of “socialism” or “capitalism” is only evidence for a narrow horizon of intellect, regardless of which ideological end of the spectrum of the past these efforts come from. The logic of historical change is better explained through Hegel, rather than in the textbooks of Marxism or neo-liberalism. Socialism and capitalism are principles of output and allocation; taken as ideological constructs, however, they are closed utopian systems. The historical process works with open systems where each era records the structural achievements of the previous one and sets the outlines of the one to follow.

Keynesianism’s overarching sociological contribution is that it made the concept of “open society” possible. In the purely sociological sense (not to be confused with the well-known system of foundations established by George Soros) an “open society” is open-ended competition of various mechanisms for social reproduction. The market is a principal mechanism for reproduction where output and allocation are determined by the principle of equilibrium between demand and supply. To negate the market – the self-perpetuating engine behind the growing wealth of nations – is tantamount to saying unconditional reflexes do not exist. This is what communist ideologues did – they forbade societies to breathe automatically and began telling them when to inhale and when to exhale. The result is logical and infamous. Evolution, however, did not stop with unconditional reflexes. It added on conditional reflexes, then the intellect, followed by... When the market began producing crises similar to the 1929 Great Depression the need for new social mechanisms, to correct for the “unconditional” cyclical nature of the market, became obvious. Enter Franklin Delano Roosevelt and John Maynard Keynes.

Keynesian regulation through government instruments is a mechanism of reproduction based on reallocation of market output. The public benefit from this reallocation is the value resulting from the competition among various social groups – trade unions, employers, minorities, expert communities – before the government in order to receive a larger share of the resources available for redistribution. The government is responsible for the equilibrium among these claims, which must satisfy a principal goal – meeting certain public priorities which at that particular stage are being ignored by the market. In the mid-20th century, these priorities included education, health care, full employment, national infrastructure. The market today – also evolving – has managed to successfully internalize a large portion of these government priorities from 60 years ago, without being able to cover them entirely. Government has managed to achieve social equilibrium through mediation among the groups vying for redistribution. Depending on public needs and government strategies, some groups may be given nothing, while others may receive plenty. In an environment of dynamic economic growth the trade unions may receive numerous additional benefits and social programs. In times of recession, support will be given to entrepreneurs.

The third mechanism for social reproduction in today’s societies is an organized civil sector, which exerts influence upon government in the name of meaningful public causes –

political, environmental, rule-of-law. A civil society protects the autonomy and priority of a democratic public sphere over market outcomes and over diverse private-interest claims. The point of civil society is in the understanding that the sum of private interests does not automatically result in the public interest. And so the market, government redistribution and civil society are three competing mechanisms for social reproduction and their balance depends upon public needs and the environment to meet them in each specific age and society. This is what makes free choice possible in a society that is open to the future. The future is unknown – it will offer increasingly diverse combinations of opportunities and mechanisms for social reproduction. Said in the language of the rational ideologies of the 19th century, socialism and capitalism exist and will continue to do so in varying balance in society, increasingly mixed in with the “isms” of the future, whose existence could not have been anticipated by the ideologues of the past.

As an ideology of political change in the 1970s, neo-conservatism “repealed” Keynesian reallocation, restoring the monopoly of the market. But conservatism as a political strategy with Ronald Reagan and Margaret Thatcher in the lead could not “repeal” Keynesian regulation – the conservative revolution simply diminished, or minimized, this regulatory system carving out space for “more” market. Did the US and the UK abolish free education? Was Britain’s national health service (NHS) closed down? Were unemployment benefits or affirmative action programs in the US eliminated? No, some of them were even expanded. The total share of the national product which is redistributed by the government, however, decreased, from 55 percent to 40 percent in the UK and from 45 percent to 30 percent in the US. This proportion worked for a number of decades – as did the institutional mechanisms which supported it. These mechanisms have evidently ground to a halt today. Are we in for another “Keynesian expansion” then, in response to the crisis?

Not likely, although the government’s massive bank recapitalization and support for the manufacturing sector in order to manage the crisis in the US, Western Europe and everywhere else, leaves one with precisely this impression, that the world is entering a new era of government interventionism. But the tools employed in the economy of demand within the framework of the Keynesian orthodoxy between the 1930s and the 1970s are hardly applicable as a systemic measure in today’s global economic environment. Let us recall that Keynesianism was put aside not because it did not work (on the contrary, it was the most effective mechanism to balance among market realities, which resulted in unprecedented growth and wealth in world history). It was replaced by a neo-classical/neo-liberal model of economic policy due to a breakdown of national markets by globalization. For more than three decades the process of market globalization – in finance, information, technology – has transformed our world beyond recognition. The internet, new communication means, a dramatic push in developmental potentials – although unevenly distributed – the democratization of dozens of societies, all these are among the benefits associated with globalization.

On the other hand, there is the list of global dilemmas and challenges. The free global market created a global business super-elite that privatized, for its own use and benefit, huge profits, while globalizing all costs associated with the world economic system. One had to be an anti- or alter-globalist to openly say this prior to September 2008. Today, one must simply be a careful observer. Added to the total cost of global economic development is climate change, the ever expanding networks of global organized crime, which is hard to identify among legitimate businesses registered in the ever increasing number of high-end oases of duty free zones and off-shore companies. The broad availability of information and travel has

created space for direct interaction and mutual dependence among nations and cultures in today's world. As early as in the 1970s, Marshall McLuhan predicted that this would be cause for culture wars, rather than a reason to finally abolish them in an amalgamated global community, as predicted by the idealistic proponents of technocratic optimism.

Globalization and the liberal policies of integration in a single democratic world community – economic, cultural, technological and informational – is only one side of the coin, which illustrates the realities of today's world. The other is the politics of identity, of self-exclusion, of the growing value attributed to tradition, being different, or to religious orthodoxy. This other side is the result of a fear of losing one's identity, which grows with the expansion of McDonald's, of world pop culture, of the values and role models of liberal egalitarianism, which has freely crossed borders and age-old divisions. This liberal egalitarianism, secularized and materialistic, borne of the wings of mass consumption – a hedonistic ideology of global capitalism – incited the counter-revolution of traditionalism, in its diverse permutations: nationalism, religious fundamentalism, cultural and ethnic supremacy ideologies and movements. This process has threatened to bring a “clash of civilizations” to today's world and has been demonstrated through radical movements such as fundamentalist Islam and the terrorist networks established on its basis.

No global development strategy – of America the superpower, of the world's democratic community, or of the global business community – cannot succeed without a sustainable balance between the politics of global integration and the politics of identity, between the unity of today's world and the legitimate autonomy of its component communities and cultures. This balance cannot be achieved through the classic means of Keynesian social integration, since it is based on a condition *sine qua non*: cultural homogeneity. A common identity, whereby a German individual is prepared to assist a compatriot, an Italian individual feels similarly towards his/her compatriot, and so forth, within the framework of an integrated national community. Not by accident has the Keynesian welfare state been most modestly successful in societies such as the US's, which by definition are culturally and ethnically heterogeneous. The task today is to develop a global integration mechanism – market, organizational, institutional, political – to establish a new system of international order which by definition would include the world's increasing diversity and a growing notion that individual identity is tremendously valuable. A particularly important component of such an integration strategy would include the development of the regulatory and institutional frameworks and foundations of the international economic system and of the system of political relations. This is the area most neglected over the past 20 years of liberal globalism and neo-conservative reliance upon unilateral hard power.

The challenges of today's global society call for mobilizing all significant communities, as well as economic and political agents, but the greatest importance to a successful entry into the new era ahead of us is attributed to the global strategy employed by the United States. In the years after the Iraqi war and America's unilateral focus upon fighting terrorism, a number of prophets were tempted to pronounce the end of the uni-polar world and the emergence of a world equilibrium of multiple powers – a multi-polar system. The present text will limit itself to specific predictions; however, multi-polarity is a possibility which creates more problems than it solves. Let us first of all say that multi-polarity in today's economic world has been a fact for decades. Emerging as the dominant world power following WWII, the United States accounted for nearly 54 percent of the world's economy in the late 1940s. It was in a position to have a decisive role in the establishment of the new

financial, economic, and political order in the world (excluding the sphere of influence of the Soviet Empire and communist China), established at Bretton Woods and San Francisco. Following the early 1970s and until today, the US control between 22 and 25 percent of the world's economy, comparable only to the potential of the European Union and leaving well behind other big economies – Japan, the USSR (prior to its disintegration) and, during the last decade, China and India. The US is still the largest economy, but is not a monopolistic economic super-power. With China developing so dynamically, as well as the entire Asia Pacific region, economic multi-polarity and even – in the future decades – the emergence of a new economic hegemony as Beijing rises, is a prospect that will hardly have any alternatives. If the US and their Western allies do not manage to retain their leadership position through new technological breakthroughs and a qualitatively different energy resource system, the world's economic center will soon move to the Far East.

There is no alternative to cultural multi-polarity either. While it was the US, in the 1960s and through the 1990s, that was the leader in today's popular culture – from Hollywood and McDonald's to the new behavioral styles of the day – in fashion, music, sexual behavior, and society – today, the value attached to one's own culture and tradition is making a powerful comeback. America is still a super power in terms of everyday youth culture, but the pluralization of cultural models – in terms of values, behavior and society – is an irreversible fact. The radical demonstrations of this return to traditional identities include religious fundamentalism, a return to traditionalist forms of discrimination – against women, the young, etc. But in addition to radical cultural forms, we see in today's world the evolution of diverse styles which combine traditional and modern identities, economic freedom and political emancipation with respect for the community and religious tradition, a desire to combine various cultures and spiritual systems in a hodgepodge of modern societal styles. The time of one-size-fits-all US-style pop culture is over.

But proponents of multi-polarity – in Moscow, Tehran or Caracas – do not mean economic or cultural polyarchy when they talk about the end of the “American century” in international relations. They see multi-polarity in clear strategic, geopolitical outlines: replacing the international system based on American military, political and strategic leadership with an equilibrium system of equal “Great powers” similar to the 19th century Concert of Europe. A similar system of international relations would replace the uni-polar world. What would be the price we all pay, however, if this were to happen today or tomorrow? What principles would this multi-polar world be based on, what common values would be laid in its foundations? What international law would the world resort to under the collective hegemony of Moscow, Beijing, Brussels, Washington, and Delhi? How would the forces of destruction be contained, or the forces of violence, genocide, fanaticism? What borders would delimit small countries and cultures under the collective hegemony of the new “Great Powers”? These questions are not irrelevant and their answers today are no cause for comfort. Today's uni-polar world is not a problem, but rather an opportunity for today's global society. This world does not have a viable strategic, geopolitical alternative in the foreseeable to mid-term future.

The first alternative to this uni-polar world is of course the strategic emancipation of Europe as a unified power whose geopolitical weight equals the US's. This will probably become reality one day, not soon, however. Today, and in the near future, the EU's common foreign and security policies (SFSP) will continue to be doggedly and systematically put to the test, with varying success. Whenever the EU faces firm competition by external agents of power, the common European interest disintegrates into the national interests of its member

countries. This happened during the war in Iraq, and has happened daily with respect to EU Russia relations, whether it be energy security, missile defense systems, assessing the crisis in the Southern Caucasus, etc. The role to be played by Europe today and in the future is exceptionally important but its transformation into an integrated and leading geopolitical power will take quite some time.

China is no doubt the candidate whose chances to become a new super power are the greatest over the next two to three decades. This development is likely to hinge upon certain conditions. First, overtaking the US as an economic power is very likely, but even then, specific advantages of the US system – technological, managerial and political – will be retained and could be key to America’s continued position as sole superpower. Second, despite its newly acquired economic and political might, China has been reticent to act the part of a global power. Chinese economic projects have been flooding Africa and Latin America, while Beijing insistently retains its self-identification as a principal agent in Asia. Third, for thousands of years China has never had the tradition of expansion – in every sense of the word – beyond its borders and has consistently maintained an international presence and strategy typical of a classic, be it vast, nation-state. The temptations before Beijing to assume a global role will undoubtedly grow, but their becoming a reality will take time, quite some time.

Moscow is forcefully waving the flag of multi-polarity, hoping that the multiplication of poles will legitimize Russia as one. President – Prime Minister – Putin is actively fighting for the role as chair of the new “authoritarian international” where Moscow is actively working to include Beijing, Tehran, Chavez’s populist dictatorship in Caracas, as well as Russia’s own Central Asian periphery. The Shanghai Cooperation Organization (SCO) was just such an attempt to institutionalize the anti-Western authoritarian Moscow-Beijing axis, but China committed to this effort only to the extent that it saw its own national interest served through it. It was enough for Russia to request from its new allies in the “authoritarian axis” support for the “independence” of the tiny provinces of Abkhazia and Ossetia taken by Georgia, to receive Beijing’s icily reserved reaction, not much different than the rest of the world’s. Although it includes a seventh of the world’s territory and the vast riches of Siberia, Russia is today a “great power” under many questions: its one-dimensional economy, based primarily upon the export of energy resources; the primitively cumbersome political system, oligarchic and authoritarian; a severe demographic crisis and an even more severe crisis in infrastructure; huge losses in the financial market, even by the standards set by the collapse in the US and Asia. All this makes it very unlikely that Russia will become a viable center of gravity as desired in a wished-for system of “multi-polarity”. It is much more likely that Russia will use the resources amassed from energy exports towards pointless rivalries with the West on issues marginal to Russia’s future such as NATO expansion, Central Europe’s missile defense systems, and Moscow’s control over some part or other of the former Soviet imperial space. Thus, Moscow is wasting its chances of meaningful and long-term partnership with Europe and the United States, the only potentially reliable allies Russia has in the inevitable rivalry with China and the Islamic world.

India and Brazil are no doubt strong candidates for membership in the premier league of global politics. Their role can only increase along with China’s. However, the political aspects of their increasing influence are not likely to be a threat to the US as a super-power in the foreseeable future. The US retaining this role is not a matter of ideological preference or belonging to the interests or identity of the Western world. Retaining the uni-polar world is in everybody’s interest given that the United States will exercise its unique power responsibly

and in a system of partnerships with the rest of the world. The United States is a great free country where no systemic abuse of power, influence or wealth can take root or be legitimized, unlike the societies of all “authoritarian colossi”. Even the obvious infringements upon the spirit and the letter of the law in democratic society, such as the Guantanamo camp and the Iraqi prison, Abu Ghraib recently, are precedents corrected primarily through the integrity of the civil society in the United States. America’s leadership, with all the risks associated with its prioritizing the protection of the US national interest before those of the global world, is a better chance for the values of freedom, human rights, cultural diversity and global security than a conflict-ridden multi-polarity as advertised by the followers of the “authoritarian international”. America’s leadership cannot last forever; it is only needed until the global world system is ripe for horizontal multi-polarity, which would guarantee the benefits of democracy, humanity and respect for individual freedom. Neither Moscow, nor Beijing, or Tehran can do this today. The other leaders of radical Islam are no more capable of providing it either. The question then is, will America manage to maintain its role as a global leader or will it leave the world in the chaotic embrace of multi-polar ambitions and challenges?

The answer to this question will be provided by incoming President Barack Obama’s administration. The greatest challenge before this individual are the tremendous expectations and hope associated with his personality. In addition to his African-American background, which gave a new lease of life to the American dream, Obama is a symbol of the expectations of the US and the world for a just economic order, a new and peaceful world order, an end to wars, divisions, conflicts... All of these shortcomings of the world are not rectifiable by a single person, or the nation he leads, even if it is America. And so the space for action between adoration and condemnation is dangerously small. Today, however, Barack Obama has huge capital to spend in terms of trust and support. We do not know how he will spend it but we can articulate several key components of a possible strategy for America, with Obama at its helm, to approach the global world.

The exhaustion of the neo-conservative/neo-liberal model is testimony not simply for a systemic organizational crisis in managing global economic and political processes. The Western elite is undergoing a complex worldview crisis, which includes its set of values, collective goal-setting, and the allocation of authority in society. The synthesis between the authoritarian hierarchical (conservative) and liberal individualist (progressive) values systems is no longer operative as an instrument to effectively interpret and transform today’s world. The alternative egalitarian collectivist paradigm of today’s left wing – socialist, environmental, multicultural – is too chaotic and organizationally or practically unproductive to be able to replace or even complement the traditional values of industrial and post-industrial capitalism. The free-market is no longer an adequate response for today’s challenges, nor is the conservatives’ “God’s order”. The new social movements, derivative from the “great egalitarian revolution” of the 1960s are a mix too chaotic and mechanical to be recognized as an alternative. We need an organic, integral alternative, which would at once include and go beyond the status quo in its own project for the future.

The **top strategic priority** for the incoming administration in Washington, in my own subjective hierarchy of importance (and I exclude here the much needed daily management of the crisis) is building a new energy resource system emancipated from today’s economic, technological and geopolitical structures of global energy. It is difficult for me to say which alternative projects today will end up being crucial to developing a viable energy alternative in the future. In its entirety, a global energy project of the future would need to meet the

following criteria. **First**, it must overcome the dependence of high-tech economies on hydrocarbon resources. The arguments here are both environmental and financial, as well as geopolitical. Oil and natural gas are the energy resources of the industrial age. Today's dependence upon them is an incentive for new industrial states to develop, but also a deterrent before post-industrial economies as they transition to an energy system that matches their growing potential for new technological and social development. The oil-based energy sector has systematically transferred huge financial resources into the hands of oil and gas oligarchies which head weak, undeveloped and vulnerable societies whose development has been "frozen in time". These oligarchies – Saudi Arabia, Iran, Russia, Nigeria, the list can go on – have been using an avalanche of petrodollars at their disposal to establish social systems of authoritarian control, repression, prejudiced medieval hierarchies and various forms of bigotry. The money of wealthy democratic societies has increasingly been going to support ever more arrogant repressive regimes, all oil and gas parasites. Religious fundamentalism and terrorism, the "authoritarian international" are built upon a giant pyramid of oil barrels.

And while the democratic world has been generously subsidizing the development of fanaticism, repression and slave-owners' arrogance, genocide, and the various forms of unfreedom, it has channeled, on the other hand, huge resources to fight them. Emancipation from oil with put everyone back in their place – through the needed responsibility to "thaw out" and develop, to evolve in order to survive. There are no sustainable answers to the crisis in the Middle East and the need to overcome widespread fanaticism and its derivative terror without decisively moving beyond energy dependence on oil. It is difficult to reach a sustainable formula for the relations between Europe, the West as a whole and Moscow when resource dependence on Russian oil and gas is fostering a "new imperialism" in the Kremlin. Among the numerous oil lobbies there is an enforced consent that there is no technologically and economically viable alternative to carbon-based energy and it is not likely to be developed in the near future. The newly-emerging renewable energy generation methods are looked upon with condescension. At the same time, there is no serious discussion regarding what energy technology might become possible and spread if only 10 percent of the profits realized from the sale of carbon-based energy are dedicated to research and technology.

The **second requirement** to be met by a global project for energy alternatives would be diversifying energy sources. This is not a new requirement: it is part of every modern energy strategy; however, the emphasis in a new global energy project would not be simply upon balancing among suppliers and types of energy. What is needed is to decentralize and diversify energy consumption which would act as an incentive to environmental sustainability, as well as for renewable sources. Also needed is an effort to decentralize the power infrastructure which perpetuates this global energy model. What ought to work in this new model are strategies that save energy, use clean renewable energy and contribute to decentralization into a polyarchy of social structures. In this manner, the dependence between authoritarian oligarchic centralization and the quantity of oil and gas underground may be weakened. **Third**, a global energy alternative must have flexibility; it is needed if this alternative is to adjust to varying types of development and growth. The energy infrastructures of America and Africa, of Europe and China, will likely remain quite different for the foreseeable future. An energy model which supports the development of some nations while curbing the development of others will turn into a new powerful source of competition and conflict.

The **next top priority** to be addressed by the incoming administration in Washington together with its allies and partners is building an institutional infrastructure to regulate the

global economic system. The failure of the G-20 summit in Washington DC this past November was foretold given the outgoing administration's desire to manage the crisis without changing the values, ideology or institutions of the current global economic order. This reluctance is not simply evidence for the limited potential of the neo-conservative/neo-liberal doctrine. The entire *weltanschauung* of the Western industrial elite has not allowed for a meaningful discussion regarding the institutional basis for globalization over the past two decades. Liberal internationalism was even more insistent than neo-conservatism in its denial of the need to establish such global institutional infrastructure. While neoconservatives viewed US political and military might, and that of their allies, as a more than adequate and sufficient international regulator, liberal thinkers were caught in the nirvana of a "brave new world". In their view, the nation-state and nationalism were finally relegated to the corner, replaced instead by a triumphant global market coexisting without controversy with abstract liberal democracy (unrelated to traditions, institutions or cultures), which quietly replaced "proletarian internationalism". This view has been significantly more detrimental to international order than the effects of neo-conservatism at Guantanamo and Abu Ghraib.

The ideological, economic, and geopolitical blow dealt to the nation-state has led to the near-collapse of dozens of weak state formations in the Third world and in the post-communist space – as seen through the "failed state" phenomenon. The lack of any institutional alternative to nation-based statehood – except for the free-market – has bred de-institutionalization, chaos, de-modernization, growth in organized crime in Africa, Asia and Eastern Europe. Also thriving are ethnic tribalism, separatism, organized armed banditry, at times escalating to the level of full-range civil war, especially in Africa. Decades-long efforts to promote the theory and practices of developmentalism, modernization, and social infrastructure were ruthlessly obliterated with a touch of the *Delete* key on the keyboard of liberal global optimism: we eliminate borders, nationalism, all "unwanted" remnants of "the old times" – and bravely walk towards global harmony...! All utopias are so much alike! In this environment, the off-the-shelf strategies employed by the IMF and the World Bank are much like pouring water into sand, rather than real recipes for modernization and development. Establishing an institutional environment which is fitting to the demands of the global economy must include the reasonable premise that the market is but an abstract equilibrium mechanism until it takes on the institutional garb of a particular community – from the small tribe to the global world, from the ancient polis to the post-modern global village. America's role in initiating a debate on the future of a global environment for economic institutionalization is truly important given Washington's hegemony in the Bretton Woods system over the past 60 years.

Hence the **third key challenge** facing the elites in societies in the US and the West and whose potential is epitomized by President-elect Obama: reforming and developing the entire set of values, rules and procedures of international life, incorporated into a new system of international relations. This is a long-term task likely to span more than one or two Presidential terms. The existing system of international law, relations and institutions is a product of the modern West. It is increasingly being challenged by non-Western elites and peoples who have been ever more distinctly returning to a revived sense of their own cultural significance and identity. The legitimacy of cultural diversity in the post-modern world has made it difficult to maintain a values consensus with respect to international rules. This has opened up space for the successful disguise of retrograde regimes, oligarchic elites and authoritarian imperial projects as legitimate demonstrations of identity and civilizational differences. Democracy, human rights, the autonomy of the individual from political regimes are being presented as the outcomes of Western culture only. As the leader of democratic

societies America cannot afford to fall into either of the extremes: imposing democratic rule with the force of arms in an inhospitable social environment or recognizing the right of authoritarianism and backwardness to exist as legitimate expressions of “cultural difference”. The international order, expected to emerge on the basis of all lessons learned from the recent past should both protect the outstanding achievements of human civilization – as is the case with democracy as institutionalized freedom – and incorporate various evolutionary stages of human civilization in diverse cultural and national forms. Barack Obama’s administration may not be able to complete this project but it is very important that it initiate it as a concrete political strategy to resolve some of the gravest dilemmas of our times.

The era we are about to enter brings various opportunities for the development of today’s world. It could be realized as a successful process of integration in the global world. It could also foster centrifugal forces and conflicts which unleash huge destructive potential capable of halting the global development of the post-modern world. Barack Obama’s election as the 44th President of the United States is only one opportunity in the former scenario. His election symbolizes the end of an era and the hopes for a future that could be better. A future which must be purposely attained, as it will not be granted as a gift.

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⁴ Kagan, R. “Of Paradise and Power: America and Europe in the New World Order” N.Y. 2004

⁵ Nye, J. “The Powers to Lead”, Oxford 2008