

A Test of Hegemonism

America's Role in the World

by George Soros

We live in an increasingly interdependent world and, due to the progress of technology, our power over nature has increased by leaps and bounds. Unless we use that power wisely, we are in danger of damaging or destroying both our environment and our civilisation.

With US and British troops poised to invade Iraq, the rest of the world is overwhelmingly opposed. Yet Saddam Hussein is generally seen as a tyrant who needs to be disarmed, and the UN Security Council has unanimously demanded that he disclose and destroy his weapons of mass-destruction. What has gone wrong?

Iraq is the first instance when the Bush doctrine is being applied and it is provoking an allergic reaction. The Bush doctrine is built on two pillars: first, the United States will do everything in its power to maintain its unquestioned military supremacy, and second, the United States arrogates the right to preemptive action. Taken together, these two pillars support two classes of sovereignty: the sovereignty of the United States, which takes precedence over international treaties and obligations, and the sovereignty of all other states, which is subject to the Bush doctrine. This is reminiscent of George Orwell's *Animal Farm*: "all animals are equal but some animals are more equal than others".

To be sure, the Bush doctrine is not stated so starkly; it is buried in Orwellian doublespeak. The doublespeak is needed because there is a contradiction between the Bush administration's concept of freedom and democracy and American values. America is an open society, and in an open society people can decide for themselves what they mean by freedom and democracy.

But the Bush administration claims that we have discovered the ultimate recipe. The very first sentence of our latest national security strategy reads as follows: "The great struggles of the 20th Century between liberty and totalitarianism ended with a decisive victory for the forces of freedom – and a single sustainable model for national success: freedom, democracy, and free enterprise".

This statement is false on two counts. First, there is no single, sustainable model for national success. And second, our model, which has been successful, is not available to others because our success depends greatly on our dominant position at the center of the global capitalist system and that position is not attainable by others.

The Bush administration is dominated by ideologists who ignore one of the cardinal tenets of the open society – however powerful you are, you may be wrong.

But President Bush makes absolutely no allowance for the possibility that we may be wrong and he has no tolerance for dissenting opinion. If you are not with us you are against us, he proclaims. Donald Rumsfeld berates our European allies who disagree with him on Iraq in no uncertain terms and he has a visceral aversion to international cooperation, be it with NATO or UN peacekeepers in Afghanistan. John Ashcroft accused those who opposed the Patriot Act of giving aid and comfort to the enemy. These are the views of extremists, not adherents of an open society. Perhaps because of my background, they push the wrong buttons in me. And I am amazed and disappointed that the public at large does not have a similar allergic reaction. Of course that has a lot to do with 11 September.

But the trouble goes much deeper. It is not merely that the Bush administration's policies *may* be wrong. It is that they *are* wrong and I would go even further – they are bound to be wrong because they are based on a false ideology.

The ideology combines market fundamentalism in economic matters and the pursuit of military supremacy in international relations. These two objectives fit neatly together into a coherent ideology – an ideology that is internally consistent but not consistent with reality or with the principles of open society. It is a kind of crude social Darwinism in which the survival of the fittest depends on competition, not cooperation. In the economy, the competition is among firms; in international relations, among states. Cooperation does not seem necessary because there is supposed to be an invisible hand at work which will assure that as long as everybody looks out for their own interests, the common interest will look after itself.

This doctrine is false, even with regard to the economy. I have been at pains to show that financial markets left to their own devices do not tend towards an equilibrium that assures the optimum allocation of resources. The theories of efficient markets and rational expectations don't stand up to critical examination.

With regard to international relations, there is the well-known doctrine of geopolitical realism, according to which states have interests but no principles, but nobody can question that there are common human interests that transcend national interests.

We live in an increasingly interdependent world and, due to the progress of technology; our power over nature has increased by leaps and bounds. Unless we use that power wisely, we are in danger of damaging or destroying both our environment and our civilisation. These are not empty words. Terrorism and the spread of weapons of mass destruction give us a foretaste of what lies ahead. The need for a better world order predates 11 September but the terrorist threat has rendered international cooperation all the more necessary.

That is not how the Bush administration sees the world. It believes that international relations are relations of power. Since we enjoy unquestioned military supremacy we can impose our will on the world. International treaties and institutions are unnecessary limitations on our power. Even if the American public went along with this view, and I don't think it should, the rest of the world could never accept it.

That is why there is so much opposition against the war throughout the world. That is why I shall remain opposed to the Bush administration's conduct of foreign policy, even if it succeeds as I hope it will, in disarming or getting rid of Saddam.

I should like to offer an alternative vision of the role that the United States ought to play in the world.

I regard the current world order as a distorted form of a global open society. It is distorted because we have global markets but we do not have global political institutions. As a consequence, we are much better at producing private goods than taking care of public goods such as preserving peace, protecting the environment and ensuring economic stability, progress and social justice. This is not by accident.

Globalisation – and by that I mean the globalisation of financial markets – was a market fundamentalist project and the US was its chief architect. We are also the chief beneficiaries. We are unquestionably the dominant power in the world today. Our dominance is not only economic and financial but also military and technological. No other country can even come close to us.

This puts us in a position of unique responsibility. Other countries have to respond to US policy, but the United States is in a position to choose the policy to which others have to respond. We have a greater degree of discretion in deciding what shape the world should take than anybody else. Therefore it is not enough for the United States to preserve its supremacy over other states; it must also concern itself with the well being of the world. There were great tensions in the global capitalist system prior to 11 September, but they became much worse since then. We must work to reduce the tensions and make the system stable and equitable so that we can maintain our dominant position within it.

That is the responsibility that we fail to live up to. What is worse, the Bush administration does not even acknowledge that we bear such a responsibility. It attributes our dominant position to the success of the American model in fair competition with other countries. But that is a self-deception.

Contrary to the tenets of market fundamentalism, the global capitalist system does not constitute a level playing field. In economic and financial matters there is a disparity between the center and the periphery. And in military matters, there is a disparity between the United States and the rest of the world because the European Union, as distinct from its member states, does not even seek to be a military power. There are large and growing inequalities in the world and we lack the mechanism for reducing them. Therefore we need to strengthen our international political institutions to match the globalization of our markets. Only the United States can lead the way because without U.S. participation nothing much can be done in the way of international co-operation.

As I said before, we live in a world characterized by global markets, but our political institutions remain firmly grounded in the sovereignty of states. As the world becomes increasingly interdependent, a world order based on sovereignty cannot

take care of our common human interests. The main source of poverty and misery in the world today is bad government – repressive, corrupt regimes and failed states. And yet it is difficult to intervene in the internal affairs of other countries because the principle of sovereignty stands in the way.

One way to overcome the problem is to offer countries positive inducements for becoming open societies. That is the missing ingredient in the current world order. There are penalties for bad behavior ranging from International Monetary Fund (IMF) conditionalities through trade sanctions to military intervention but not enough incentives and reinforcements for good behavior. A global open society would achieve certain standards by providing assistance to those who are unable to meet them. Those who violate the standards can then be punished by way of exclusion. There would be a better balance between rewards and reinforcements on the one hand and penalties on the other. In a global open society every country would benefit from belonging to it. Developing countries would get better access to markets under the World Trade Organization (WTO); countries at the periphery, like Brazil, would be assured of an adequate supply of credit through the IMF as long as they follow sound policies; and there would be a genuine attempt to meet the UN's Millennium goals.

Providing incentives, of course, will not be sufficient to create a global open society. Not all countries have governments that want or tolerate an open society. A rogue regime like Saddam Hussein's does pose a threat to the rest of the world and a global open society must be able to defend itself. But military force must remain a last resort and it must have a basis of legitimacy.

The United States cannot create a global open society on its own. No single country can act as the policeman or the benefactor of the entire world. But it cannot be done without American leadership. This means that the United States must engage in international cooperation. It must be willing to abide by the rules it seeks to impose on others, accept its share of the costs and, most importantly, accept that other participants are bound to have different opinions and other states – different national interests. This is in accordance with the principles of an open society and it is not an infringement of US sovereignty, especially as the United States will always have veto rights due to its weight and importance.

Here is an alternative vision of America's role in the world. It is the vision of America leading the world towards a global open society. Such a vision is badly needed because currently there are no alternatives on offer. After 11 September, President Bush has managed to persuade the country that it is unpatriotic to disagree with him.

It should be emphasized that the two visions – American supremacy and America as the leader of a global open society – are not that far apart. In fact, they are so close to each other that I am afraid that when the pursuit of American supremacy fails – as it is bound to fail – the vision of a global open society will also be abandoned. That is why it is so important to distinguish between them.

Both visions recognize the dominant position of the United States. Both agree that the United States has to take an active leadership role in international affairs; both favour preemptive action. It is when it comes to the kind of preemptive action that America ought to take that the two visions differ. A global open society requires affirmative action on a global scale, while the Bush approach is restricted to punitive action. In the open society version, crisis prevention cannot start early enough; it is impossible to predict which grievance will develop into bloodshed and by the time we know, it is too late. That is why the best way to prevent conflicts is to foster open societies.

The Bush administration also claims to be fostering democracy by invading Iraq. But democracy cannot be imposed from the outside. I know what I am talking about because I have been actively involved in building open societies in a large number of countries through my network of foundations. Speaking from experience, I would never choose Iraq for nation building.

Military occupation is the easy part, what comes afterwards is what should give us pause. We shall be greeted as liberators just as we were in Afghanistan, but the internal tensions and the tensions with neighboring countries like Turkey and Iran will make it very difficult to establish a democratic regime. To impose a military regime like General MacArthur in Japan would be courting disaster.

It would have been easier to achieve success in Afghanistan because both the Taliban and Al-Qaeda were alien oppressors. But having won a resounding military victory, we failed to follow it through with nation building. Secretary Rumsfeld opposed the extension of UN peacekeeping beyond Kabul and as a result law and order have still not been fully established outside the capital. President Karzai needs to be protected by American bodyguards. His government is making slow progress but the historic opportunity to build on the momentum of liberation was irretrievably lost.

The war with Iraq does not help the building of open societies in other countries either. In our efforts to gain allies and buy votes in the United Nations, we have become less concerned with internal conditions in those countries than we ought to be. This is true of Russia and Pakistan and all the Central Asian republics, not to mention Angola and Cameroon, which are among the most corrupt regimes in Africa. To claim that we are invading Iraq for the sake of establishing democracy is a sham and the rest of the world sees it as such. The North Atlantic alliance has been severely disrupted and both NATO and the European Union are in disarray.

Disarming Iraq is a valid objective, but with regard to weapons of mass destruction, Iraq ought not to be the top priority today. North Korea is much more dangerous and it has to be said that the current crisis was precipitated by President Bush. North Korea's nuclear program had been more or less contained by the Agreed Framework concluded by the Clinton administration in 1994. In the meantime, President Kim Dae Jung of South Korea had engaged in a sunshine policy and it began to bear fruit.

He came to Washington – he was the first foreign head of state to visit President Bush – and he wanted to enlist the President's support for the sunshine policy. He had Colin Powell on his side but Bush rebuffed him rather brusquely and publicly. Bush disapproved of what he regarded as the appeasement of North Korea and he was eager to establish a discontinuity with the Clinton administration. He also needed North Korea out in the cold in order to justify the first phase of the National Missile Defense program that was the lynchpin in the Bush strategy for asserting American supremacy. Then came the axis of evil speech and the admission by North Korea that it had a uranium enrichment program. This was strictly speaking not in violation of the Agreed Framework because that covered only plutonium – President Bush cut off the supply of fuel oil. North Korea responded by various provocations, escalating the crisis to its present level.

As things stand today, North Korea will very soon start producing a nuclear bomb every month. North Korea is eager for bilateral talks with the United States, but the United States refuses to give in to nuclear blackmail. The worst of it is that there has been a serious rift with South Korea and, however unjustly, South Koreans now regard the United States as much of an aggressor as North Korea. This renders our position very difficult.

It can be seen that the Bush administration's policies have brought many unintended, adverse consequences. Indeed, it is difficult to find a similar period when political and economic conditions have deteriorated as rapidly. The global economy is in recession, stocks are in a bear market, and the dollar is in decline. Here at home there has been a dramatic shift from budget surplus to deficits.

But the game is not yet over. A rapid victory in Iraq with little loss of life could bring about a dramatic change in the overall situation. The price of oil could fall, the stock market could celebrate, consumers could overcome their anxieties and resume spending, and business could respond by stepping up capital expenditures. America would end its dependency on Saudi Arabia, the Israeli-Palestinian conflict could become more tractable and negotiations could be started with North Korea without a great loss of face. That is what the Bush administration is counting on.

The jury is out. But whatever the outcome in Iraq, I dare to predict that the Bush policies are bound to fail. The current pursuit of American supremacy reminds me of the boom-bust process, or a stock market bubble.

Bubbles do not grow out of thin air. They have a solid basis in reality, but reality is distorted by some misconception. In this case, the dominant position of the United States is the reality, the pursuit of American supremacy the misconception. For a while, reality can reinforce the misconception but eventually the gap between reality and its false interpretation is bound to become unsustainable. During the self-reinforcing phase, the misconception may be tested. If the test is successful, the misconception is reinforced. This widens the gap, making an eventual reversal inevitable. The later it comes the more devastating the consequences.

This course of events seems inexorable, but a boom-bust process can be aborted at any stage. And few of them reach the extremes of the recent stock market bubble. The sooner the process is aborted the better. This is how I view the Bush administration's pursuit of American supremacy.

I firmly believe that President Bush is leading the United States and the world in the wrong direction and I consider it nothing short of tragic that the terrorist threat has induced the country to line up behind him so uncritically. The Bush administration came into office with an unsound and eventually unsustainable ideology based on a combination of market fundamentalism and military supremacy. Prior to 11 September, it could not make much headway in implementing its ideology because it lacked a clear mandate and a clearly defined enemy. 11 September changed all that.

Terrorism is the ideal enemy because it is invisible and therefore never disappears. Having an enemy that poses a genuine and widely recognized threat can be very effective in holding the nation together. That is particularly useful when the prevailing ideology is based on the unabashed pursuit of self-interest. By declaring war on terrorism, President Bush gained the mandate to pursue his goals that he had previously lacked. The Bush administration is deliberately fostering fear because it helps to keep the nation lined up behind the President. We have come a long way from President Roosevelt who said that we have nothing to fear but fear itself.

But the war on terrorism – which is supposed to include the war on Iraq – cannot be accepted as the guiding principle of our foreign policy. What will happen to the world if the most powerful country on earth – the one that sets the agenda – is solely preoccupied with self-preservation? America must play a more constructive role if humanity is to prosper. In the end, open society will not survive unless those who live in it believe in it.