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## Waving Goodbye to Hegemony

By PARAG KHANNA

**Turn on the TV today**, and you could be forgiven for thinking it's 1999. Democrats and Republicans are bickering about where and how to intervene, whether to do it alone or with allies and what kind of world America should lead. Democrats believe they can hit a reset button, and Republicans believe muscular moralism is the way to go. It's as if the first decade of the 21st century didn't happen — and almost as if history itself doesn't happen. But the distribution of power in the world has fundamentally altered over the two presidential terms of [George W. Bush](#), both because of his policies and, more significant, despite them. Maybe the best way to understand how quickly history happens is to look just a bit ahead.

It is 2016, and the [Hillary Clinton](#) or [John McCain](#) or [Barack Obama](#) administration is nearing the end of its second term. America has pulled out of Iraq but has about 20,000 troops in the independent state of Kurdistan, as well as warships anchored at Bahrain and an Air Force presence in [Qatar](#). [Afghanistan](#) is stable; [Iran](#) is nuclear. China has absorbed Taiwan and is steadily increasing its naval presence around the Pacific Rim and, from the Pakistani port of Gwadar, on the Arabian Sea. The [European Union](#) has expanded to well over 30 members and has secure oil and gas flows from North Africa, [Russia](#) and the Caspian Sea, as well as substantial nuclear energy. America's standing in the world remains in steady decline.

Why? Weren't we supposed to reconnect with the [United Nations](#) and reaffirm to the world that America can, and should, lead it to collective security and prosperity? Indeed, improvements to America's image may or may not occur, but either way, they mean little. [Condoleezza Rice](#) has said America has no "permanent enemies," but it has no permanent friends either. Many saw the invasions of Afghanistan and Iraq as the symbols of a global American imperialism; in fact, they were signs of imperial overstretch. Every expenditure

has weakened America's armed forces, and each assertion of power has awakened resistance in the form of terrorist networks, insurgent groups and "asymmetric" weapons like suicide bombers. America's unipolar moment has inspired diplomatic and financial countermovements to block American bullying and construct an alternate world order. That new global order has arrived, and there is precious little Clinton or McCain or Obama could do to resist its growth.

### **The Geopolitical Marketplace**

At best, America's unipolar moment lasted through the 1990s, but that was also a decade adrift. The post-cold-war "peace dividend" was never converted into a global liberal order under American leadership. So now, rather than bestriding the globe, we are competing — and losing — in a geopolitical marketplace alongside the world's other superpowers: the European Union and China. This is geopolitics in the 21st century: the new Big Three. Not Russia, an increasingly depopulated expanse run by Gazprom.gov; not an incoherent Islam embroiled in internal wars; and not [India](#), lagging decades behind China in both development and strategic appetite. The Big Three make the rules — their own rules — without any one of them dominating. And the others are left to choose their suitors in this post-American world.

The more we appreciate the differences among the American, European and Chinese worldviews, the more we will see the planetary stakes of the new global game. Previous eras of balance of power have been among European powers sharing a common culture. The cold war, too, was not truly an "East-West" struggle; it remained essentially a contest over Europe. What we have today, for the first time in history, is a global, multicivilizational, multipolar battle.

In Europe's capital, Brussels, technocrats, strategists and legislators increasingly see their role as being the global balancer between America and China. Jorgo Chatzimarkakis, a German member of the [European Parliament](#), calls it "European patriotism." The Europeans play both sides, and if they do it well, they profit handsomely. It's a trend that will outlast both President [Nicolas Sarkozy](#) of France, the self-described "friend of America," and Chancellor [Angela Merkel](#) of Germany, regardless of her visiting the Crawford ranch. It may comfort American conservatives to point out that Europe still lacks

a common army; the only problem is that it doesn't really need one. Europeans use intelligence and the police to apprehend radical Islamists, social policy to try to integrate restive Muslim populations and economic strength to incorporate the former Soviet Union and gradually subdue Russia. Each year European investment in Turkey grows as well, binding it closer to the E.U. even if it never becomes a member. And each year a new pipeline route opens transporting oil and gas from [Libya](#), Algeria or Azerbaijan to Europe. What other superpower grows by an average of one country per year, with others waiting in line and begging to join?

[Robert Kagan](#) famously said that America hails from Mars and Europe from Venus, but in reality, Europe is more like Mercury — carrying a big wallet. The E.U.'s market is the world's largest, European technologies more and more set the global standard and European countries give the most development assistance. And if America and China fight, the world's money will be safely invested in European banks. Many Americans scoffed at the introduction of the euro, claiming it was an overreach that would bring the collapse of the European project. Yet today, Persian Gulf oil exporters are diversifying their currency holdings into euros, and President [Mahmoud Ahmadinejad](#) of Iran has proposed that [OPEC](#) no longer price its oil in “worthless” dollars. President [Hugo Chávez](#) of Venezuela went on to suggest euros. It doesn't help that Congress revealed its true protectionist colors by essentially blocking the Dubai ports deal in 2006. With London taking over (again) as the world's financial capital for stock listing, it's no surprise that China's new state investment fund intends to locate its main Western offices there instead of New York. Meanwhile, America's share of global exchange reserves has dropped to 65 percent. Gisele Bündchen demands to be paid in euros, while [Jay-Z](#) drowns in 500 euro notes in a recent video. American soft power seems on the wane even at home.

**And Europe's influence** grows at America's expense. While America fumbles at nation-building, Europe spends its money and political capital on locking peripheral countries into its orbit. Many poor regions of the world have realized that they want the European dream, not the American dream. Africa wants a real [African Union](#) like the E.U.; we offer no equivalent. Activists in the Middle East want parliamentary democracy like Europe's, not American-style presidential strongman rule. Many of the foreign students we shunned after 9/11 are now in London and Berlin: twice as many Chinese study in Europe as in the U.S.

We didn't educate them, so we have no claims on their brains or loyalties as we have in decades past. More broadly, America controls legacy institutions few seem to want — like the [International Monetary Fund](#) — while Europe excels at building new and sophisticated ones modeled on itself. The U.S. has a hard time getting its way even when it dominates summit meetings — consider the ill-fated Free Trade Area of the Americas — let alone when it's not even invited, as with the new East Asian Community, the region's answer to America's Apec.

The East Asian Community is but one example of how China is also too busy restoring its place as the world's "Middle Kingdom" to be distracted by the Middle Eastern disturbances that so preoccupy the United States. In America's own hemisphere, from Canada to Cuba to Chávez's Venezuela, China is cutting massive resource and investment deals. Across the globe, it is deploying tens of thousands of its own engineers, aid workers, dam-builders and covert military personnel. In Africa, China is not only securing energy supplies; it is also making major strategic investments in the financial sector. The whole world is abetting China's spectacular rise as evidenced by the ballooning share of trade in its gross domestic product — and China is exporting weapons at a rate reminiscent of the Soviet Union during the cold war, pinning America down while filling whatever power vacuums it can find. Every country in the world currently considered a rogue state by the U.S. now enjoys a diplomatic, economic or strategic lifeline from China, Iran being the most prominent example.

Without firing a shot, China is doing on its southern and western peripheries what Europe is achieving to its east and south. Aided by a 35 million-strong ethnic Chinese diaspora well placed around East Asia's rising economies, a Greater Chinese Co-Prosperity Sphere has emerged. Like Europeans, Asians are insulating themselves from America's economic uncertainties. Under Japanese sponsorship, they plan to launch their own regional monetary fund, while China has slashed tariffs and increased loans to its Southeast Asian neighbors. Trade within the India-Japan-Australia triangle — of which China sits at the center — has surpassed trade across the Pacific.

At the same time, a set of Asian security and diplomatic institutions is being built from the inside out, resulting in America's grip on the Pacific Rim being loosened one finger at a time. From Thailand to [Indonesia](#) to Korea, no country — friend of America's or not —

wants political tension to upset economic growth. To the Western eye, it is a bizarre phenomenon: small Asian nation-states should be balancing against the rising China, but increasingly they rally toward it out of Asian cultural pride and an understanding of the historical-cultural reality of Chinese dominance. And in the former Soviet Central Asian countries — the so-called Stans — China is the new heavyweight player, its manifest destiny pushing its Han pioneers westward while pulling defunct microstates like [Kyrgyzstan](#) and Tajikistan, as well as oil-rich [Kazakhstan](#), into its orbit. The Shanghai Cooperation Organization gathers these Central Asian strongmen together with China and Russia and may eventually become the “[NATO](#) of the East.”

The Big Three are the ultimate “Frenemies.” Twenty-first-century geopolitics will resemble nothing more than Orwell’s 1984, but instead of three world powers (Oceania, Eurasia and Eastasia), we have three hemispheric pan-regions, longitudinal zones dominated by America, Europe and China. As the early 20th-century European scholars of geopolitics realized, because a vertically organized region contains all climatic zones year-round, each pan-region can be self-sufficient and build a power base from which to intrude in others’ terrain. But in a globalized and shrinking world, no geography is sacrosanct. So in various ways, both overtly and under the radar, China and Europe will meddle in America’s backyard, America and China will compete for African resources in Europe’s southern periphery and America and Europe will seek to profit from the rapid economic growth of countries within China’s growing sphere of influence. Globalization is the weapon of choice. The main battlefield is what I call “the second world.”

### The Swing States

There are plenty of statistics that will still tell the story of America’s global dominance: our military spending, our share of the global economy and the like. But there are statistics, and there are trends. To really understand how quickly American power is in decline around the world, I’ve spent the past two years traveling in some 40 countries in the five most strategic regions of the planet — the countries of the second world. They are not in the first-world core of the global economy, nor in its third-world periphery. Lying alongside and between the Big Three, second-world countries are the swing states that will determine which of the superpowers has the upper hand for the next generation of geopolitics. From Venezuela to Vietnam and Morocco to Malaysia, the new reality of

global affairs is that there is not one way to win allies and influence countries but three: America's coalition (as in "coalition of the willing"), Europe's consensus and China's consultative styles. The geopolitical marketplace will decide which will lead the 21st century.

The key second-world countries in Eastern Europe, Central Asia, South America, the Middle East and Southeast Asia are more than just "emerging markets." If you include China, they hold a majority of the world's foreign-exchange reserves and savings, and their spending power is making them the global economy's most important new consumer markets and thus engines of global growth — not replacing the United States but not dependent on it either. I.P.O.'s from the so-called BRIC countries (Brazil, Russia, India, China) alone accounted for 39 percent of the volume raised globally in 2007, just one indicator of second-world countries' rising importance in corporate finance — even after you subtract China. When Tata of India is vying to buy Jaguar, you know the landscape of power has changed. Second-world countries are also fast becoming hubs for oil and timber, manufacturing and services, airlines and infrastructure — all this in a geopolitical marketplace that puts their loyalty up for grabs to any of the Big Three, and increasingly to all of them at the same time. Second-world states won't be subdued: in the age of network power, they won't settle for being mere export markets. Rather, they are the places where the Big Three must invest heavily and to which they must relocate productive assets to maintain influence.

While traveling through the second world, I learned to see countries not as unified wholes but rather as having multiple, often disconnected, parts, some of which were on a path to rise into the first world while other, often larger, parts might remain in the third. I wondered whether globalization would accelerate these nations' becoming ever more fragmented, or if governments would step up to establish central control. Each second-world country appeared to have a fissured personality under pressures from both internal forces and neighbors. I realized that to make sense of the second world, it was necessary to assess each country from the inside out.

Second-world countries are distinguished from the third world by their potential: the likelihood that they will capitalize on a valuable commodity, a charismatic leader or a generous patron. Each and every second-world country matters in its own right, for its

economic, strategic or diplomatic weight, and its decision to tilt toward the United States, the E.U. or China has a strong influence on what others in its region decide to do. Will an American nuclear deal with India push [Pakistan](#) even deeper into military dependence on China? Will the next set of Arab monarchs lean East or West? The second world will shape the world's balance of power as much as the superpowers themselves will.

In exploring just a small sample of the second world, we should start perhaps with the hardest case: Russia. Apparently stabilized and resurgent under the Kremlin-[Gazprom](#) oligarchy, why is Russia not a superpower but rather the ultimate second-world swing state? For all its muscle flexing, Russia is also disappearing. Its population decline is a staggering half million citizens per year or more, meaning it will be not much larger than Turkey by 2025 or so — spread across a land so vast that it no longer even makes sense as a country. Travel across Russia today, and you'll find, as during Soviet times, city after city of crumbling, heatless apartment blocks and neglected elderly citizens whose value to the state diminishes with distance from Moscow. The forced Siberian migrations of the Soviet era are being voluntarily reversed as children move west to more tolerable and modern climes. Filling the vacuum they have left behind are hundreds of thousands of Chinese, literally gobbling up, plundering, outright buying and more or less annexing Russia's Far East for its timber and other natural resources. Already during the cold war it was joked that there were “no disturbances on the Sino-Finnish border,” a prophecy that seems ever closer to fulfillment.

Russia lost its western satellites almost two decades ago, and Europe, while appearing to be bullied by Russia's oil-dependent diplomacy, is staging a long-term buyout of Russia, whose economy remains roughly the size of France's. The more Europe gets its gas from North Africa and oil from Azerbaijan, the less it will rely on Russia, all the while holding the lever of being by far Russia's largest investor. The European Bank for Reconstruction and Development provides the kinds of loans that help build an alternative, less corrupt private sector from below, while London and Berlin welcome Russia's billionaires, allowing the likes of Boris Berezovsky to openly campaign against Putin. The E.U. and U.S. also finance and train a pugnacious second-world block of Baltic and Balkan nations, whose activists agitate from Belarus to [Uzbekistan](#). Privately, some E.U. officials say that annexing Russia is perfectly doable; it's just a matter of time. In the coming decades, far

from restoring its Soviet-era might, Russia will have to decide whether it wishes to exist peacefully as an asset to Europe or the alternative — becoming a petro-vassal of China.

**Turkey, too, is a totemic** second-world prize advancing through crucial moments of geopolitical truth. During the cold war, NATO was the principal vehicle for relations with Turkey, the West's listening post on the southwestern Soviet border. But with Turkey's bending over backward to avoid outright E.U. rejection, its refusal in 2003 to let the U.S. use Turkish territory as a staging point for invading Iraq marked a turning point — away from the U.S. "America always says it lobbies the E.U. on our behalf," a Turkish strategic analyst in Ankara told me, "but all that does is make the E.U. more stringent. We don't need that kind of help anymore."

To be sure, Turkish pride contains elements of an aggressive neo-Ottomanism that is in tension with some E.U. standards, but this could ultimately serve as Europe's weapon to project stability into Syria, Iraq and Iran — all of which Europe effectively borders through Turkey itself. Roads are the pathways to power, as I learned driving across Turkey in a beat-up Volkswagen a couple of summers ago. Turkey's master engineers have been boring tunnels, erecting bridges and flattening roads across the country's massive eastern realm, allowing it to assert itself over the Arab and Persian worlds both militarily and economically as Turkish merchants look as much East as West. Already joint Euro-Turkish projects have led to the opening of the Baku-Tbilisi-Ceyhan pipeline, with a matching rail line and highway planned to buttress European influence all the way to Turkey's fraternal friend Azerbaijan on the oil-rich Caspian Sea.

It takes only one glance at Istanbul's shimmering skyline to realize that even if Turkey never becomes an actual E.U. member, it is becoming ever more Europeanized. Turkey receives more than \$20 billion in foreign investment and more than 20 million tourists every year, the vast majority of both from E.U. countries. Ninety percent of the Turkish diaspora lives in Western Europe and sends home another \$1 billion per year in remittances and investments. This remitted capital is spreading growth and development eastward in the form of new construction ventures, kilim factories and schools. With the accession of Romania and Bulgaria to the E.U. a year ago, Turkey now physically borders the E.U. (beyond its narrow frontier with Greece), symbolizing how Turkey is becoming a part of the European superpower.

Western diplomats have a long historical familiarity, however dramatic and tumultuous, with Russia and Turkey. But what about the Stans: landlocked but resource-rich countries run by autocrats? Ever since these nations were flung into independence by the Soviet collapse, China has steadily replaced Russia as their new patron. Trade, oil pipelines and military exercises with China under the auspices of the Shanghai Cooperation Organization make it the new organizing pole for the region, with the U.S. scrambling to maintain modest military bases in the region. (Currently it is forced to rely far too much on Afghanistan after being booted, at China's and Russia's behest, from the Karshi Khanabad base in Uzbekistan in 2005.) The challenge of getting ahead in the strategically located and energy-rich Stans is the challenge of a bidding contest in which values seem not to matter. While China buys more Kazakh oil and America bids for defense contracts, Europe offers sustained investment and holds off from giving President Nursultan Nazarbayev the high-status recognition he craves. Kazakhstan considers itself a "strategic partner" of just about everyone, but tell that to the Big Three, who bribe government officials to cancel the others' contracts and spy on one another through contract workers — all in the name of preventing the others from gaining mastery over the fabled heartland of Eurasian power.

Just one example of the lengths to which foreigners will go to stay on good terms with Nazarbayev is the current negotiation between a consortium of Western energy giants, including ENI and Exxon, and Kazakhstan's state-run oil company over the development of the Caspian's massive Kashagan oil field. At present, the consortium is coughing up at least \$4 billion as well as a large hand-over of shares to compensate for delayed exploration and production — and Kazakhstan isn't satisfied yet. The lesson from Kazakhstan, and its equally strategic but far less predictable neighbor Uzbekistan, is how fickle the second world can be, its alignments changing on a whim and causing headaches and ripple effects in all directions. To be distracted elsewhere or to lack sufficient personnel on the ground can make the difference between winning and losing a major round of the new great game.

The Big Three dynamic is not just some distant contest by which America ensures its ability to dictate affairs on the other side of the globe. Globalization has brought the geopolitical marketplace straight to America's backyard, rapidly eroding the two-centuries-old Monroe Doctrine in the process. In truth, America called the shots in Latin America

only when its southern neighbors lacked any vision of their own. Now they have at least two non-American challengers: China and Chávez. It was Simón Bolívar who fought ferociously for South America's independence from Spanish rule, and today it is the newly renamed Bolivarian Republic of Venezuela that has inspired an entire continent to bootstrap its way into the global balance of power on its own terms. Hugo Chávez, the country's clownish colonel, may last for decades to come or may die by the gun, but either way, he has called America's bluff and won, changing the rules of North-South relations in the Western hemisphere. He has emboldened and bankrolled leftist leaders across the continent, helped Argentina and others pay back and boot out the I.M.F. and sponsored a continentwide bartering scheme of oil, cattle, wheat and civil servants, reminding even those who despise him that they can stand up to the great Northern power. Chávez stands not only on the ladder of high oil prices. He relies on tacit support from Europe and hardheaded intrusion from China, the former still the country's largest investor and the latter feverishly repairing Venezuela's dilapidated oil rigs while building its own refineries.

But Chávez's challenge to the United States is, in inspiration, ideological, whereas the second-world shift is really structural. Even with Chávez still in power, it is Brazil that is reappearing as South America's natural leader. Alongside India and South Africa, Brazil has led the charge in global trade negotiations, sticking it to the U.S. on its steel tariffs and to Europe on its agricultural subsidies. Geographically, Brazil is nearly as close to Europe as to America and is as keen to build cars and airplanes for Europe as it is to export soy to the U.S. Furthermore, Brazil, although a loyal American ally in the cold war, wasted little time before declaring a "strategic alliance" with China. Their economies are remarkably complementary, with Brazil shipping iron ore, timber, zinc, beef, milk and soybeans to China and China investing in Brazil's hydroelectric dams, steel mills and shoe factories. Both China and Brazil's ambitions may soon alter the very geography of their relations, with Brazil leading an effort to construct a Trans-Oceanic Highway from the Amazon through Peru to the Pacific Coast, facilitating access for Chinese shipping tankers. Latin America has mostly been a geopolitical afterthought over the centuries, but in the 21st century, all resources will be competed for, and none are too far away.

The Middle East — spanning from Morocco to Iran — lies between the hubs of influence of the Big Three and has the largest number of second-world swing states. No doubt the

thaw with Libya, brokered by America and Britain after [Muammar el-Qaddafi](#) declared he would abandon his country's nuclear pursuits in 2003, was partly motivated by growing demand for energy from a close Mediterranean neighbor. But Qaddafi is not selling out. He and his advisers have astutely parceled out production sharing agreements to a balanced assortment of American, European, Chinese and other Asian oil giants. Mindful of the history of Western oil companies' exploitation of Arabia, he — like Chávez in Venezuela and Nazarbayev in Kazakhstan — has also cleverly ratcheted up the pressure on foreigners to share more revenue with the regime by tweaking contracts, rounding numbers liberally and threatening expropriation. What I find in virtually every Arab country is not such nationalism, however, but rather a new Arabism aimed at spreading oil wealth within the Arab world rather than depositing it in the United States as in past oil booms. And as Egypt, Syria and other Arab states receive greater investment from the Persian Gulf and start spending more on their own, they, too, become increasingly important second-world players who can thwart the U.S.

Saudi Arabia, for quite some years to come still the planet's leading oil producer, is a second-world prize on par with Russia and equally up for grabs. For the past several decades, America's share of the foreign direct investment into the kingdom decisively shaped the country's foreign policy, but today the monarchy is far wiser, luring Europe and Asia to bring their investment shares toward a third each. Saudi Arabia has engaged Europe in an evolving Persian Gulf free-trade area, while it has invested close to \$1 billion in Chinese oil refineries. Make no mistake: America was never all powerful only because of its military dominance; strategic leverage must have an economic basis. A major common denominator among key second-world countries is the need for each of the Big Three to put its money where its mouth is.

For all its historical antagonism with Saudi Arabia, Iran is playing the same swing-state game. Its diplomacy has not only managed to create discord among the U.S. and E.U. on sanctions; it has also courted China, nurturing a relationship that goes back to the Silk Road. Today Iran represents the final square in China's hopscotch maneuvering to reach the Persian Gulf overland without relying on the narrow Straits of Malacca. Already China has signed a multibillion-dollar contract for natural gas from Iran's immense North Pars field, another one for construction of oil terminals on the Caspian Sea and yet another to

extend the Tehran metro — and it has boosted shipment of ballistic-missile technology and air-defense radars to Iran. Several years of negotiation culminated in December with Sinopec sealing a deal to develop the Yadavaran oil field, with more investments from China (and others) sure to follow. The longer [International Atomic Energy Agency](#) negotiations drag on, the more likely it becomes that Iran will indeed be able to stay afloat without Western investment because of backing from China and from its second-world friends — without giving any ground to the West.

Interestingly, it is precisely Muslim oil-producing states — Libya, Saudi Arabia, Iran, (mostly Muslim) Kazakhstan, Malaysia — that seem the best at spreading their alignments across some combination of the Big Three simultaneously: getting what they want while fending off encroachment from others. America may seek Muslim allies for its image and the “war on terror,” but these same countries seem also to be part of what [Samuel Huntington](#) called the “Confucian-Islamic connection.” What is more, China is pulling off the most difficult of superpower feats: simultaneously maintaining positive ties with the world’s crucial pairs of regional rivals: Venezuela and Brazil, Saudi Arabia and Iran, Kazakhstan and Uzbekistan, India and Pakistan. At this stage, Western diplomats have only mustered the wherewithal to quietly denounce Chinese aid policies and value-neutral alliances, but they are far from being able to do much of anything about them.

This applies most profoundly in China’s own backyard, Southeast Asia. Some of the most dynamic countries in the region Malaysia, Thailand and Vietnam are playing the superpower suitor game with admirable savvy. Chinese migrants have long pulled the strings in the region’s economies even while governments sealed defense agreements with the U.S. Today, Malaysia and Thailand still perform joint military exercises with America but also buy weapons from, and have defense treaties with, China, including the Treaty of Amity and Cooperation by which Asian nations have pledged nonaggression against one another. (Indonesia, a crucial American ally during the cold war, has also been forming defense ties with China.) As one senior Malaysian diplomat put it to me, without a hint of jest, “Creating a community is easy among the yellow and the brown but not the white.” Tellingly, it is Vietnam, because of its violent histories with the U.S. and China, which is most eager to accept American defense contracts (and a new Intel microchip plant) to maintain its strategic balance. Vietnam, like most of the second world, doesn’t want to fall

into any one superpower's sphere of influence.

### **The Anti-Imperial Belt**

The new multicolor map of influence — a Venn diagram of overlapping American, Chinese and European influence — is a very fuzzy read. No more “They're with us” or “He's our S.O.B.” Mubarak, Musharraf, Malaysia's Mahathir and a host of other second-world leaders have set a new standard for manipulative prowess: all tell the U.S. they are its friend while busily courting all sides.

What is more, many second-world countries are confident enough to form anti-imperial belts of their own, building trade, technology and diplomatic axes across the (second) world from Brazil to Libya to Iran to Russia. Indeed, Russia has stealthily moved into position to construct Iran's Bushehr nuclear reactor, putting it firmly in the Chinese camp on the Iran issue, while also offering nuclear reactors to Libya and arms to Venezuela and Indonesia. Second-world countries also increasingly use sovereign-wealth funds (often financed by oil) worth trillions of dollars to throw their weight around, even bullying first-world corporations and markets. The United Arab Emirates (particularly as represented by their capital, Abu Dhabi), Saudi Arabia and Russia are rapidly climbing the ranks of foreign-exchange holders and are hardly holding back in trying to buy up large shares of Western banks (which have suddenly become bargains) and oil companies. Singapore's sovereign-wealth fund has taken a similar path. Meanwhile, Saudi Arabia plans an international investment fund that will dwarf Abu Dhabi's. From Switzerland to Citigroup, a reaction is forming to limit the shares such nontransparent sovereign-wealth funds can control, showing just how quickly the second world is rising in the global power game.

To understand the second world, you have to start to think like a second-world country. What I have seen in these and dozens of other countries is that globalization is not synonymous with Americanization; in fact, nothing has brought about the erosion of American primacy faster than globalization. While European nations redistribute wealth to secure or maintain first-world living standards, on the battlefield of globalization second-world countries' state-backed firms either outhustle or snap up American companies, leaving their workers to fend for themselves. The second world's first priority is not to become America but to succeed by any means necessary.

## The Non-American World

[Karl Marx](#) and Max Weber both chastised Far Eastern cultures for being despotic, agrarian and feudal, lacking the ingredients for organizational success. Oswald Spengler saw it differently, arguing that mankind both lives and thinks in unique cultural systems, with Western ideals neither transferable nor relevant. Today the Asian landscape still features ancient civilizations but also by far the most people and, by certain measures, the most money of any region in the world. With or without America, Asia is shaping the world's destiny — and exposing the flaws of the grand narrative of Western civilization in the process.

The rise of China in the East and of the European Union within the West has fundamentally altered a globe that recently appeared to have only an American gravity — pro or anti. As Europe's and China's spirits rise with every move into new domains of influence, America's spirit is weakened. The E.U. may uphold the principles of the United Nations that America once dominated, but how much longer will it do so as its own social standards rise far above this lowest common denominator? And why should China or other Asian countries become “responsible stakeholders,” in former Deputy Secretary of State Robert Zoellick's words, in an American-led international order when they had no seat at the table when the rules were drafted? Even as America stumbles back toward multilateralism, others are walking away from the American game and playing by their own rules.

The self-deluding universalism of the American imperium — that the world inherently needs a single leader and that American liberal ideology must be accepted as the basis of global order — has paradoxically resulted in America quickly becoming an ever-lonelier superpower. Just as there is a geopolitical marketplace, there is a marketplace of models of success for the second world to emulate, not least the Chinese model of economic growth without political liberalization (itself an affront to Western modernization theory). As the historian Arnold Toynbee observed half a century ago, Western imperialism united the globe, but it did not assure that the West would dominate forever — materially or morally. Despite the “mirage of immortality” that afflicts global empires, the only reliable rule of history is its cycles of imperial rise and decline, and as Toynbee also pithily noted, the

only direction to go from the apogee of power is down.

The web of globalization now has three spiders. What makes America unique in this seemingly value-free contest is not its liberal democratic ideals — which Europe may now represent better than America does — but rather its geography. America is isolated, while Europe and China occupy two ends of the great Eurasian landmass that is the perennial center of gravity of geopolitics. When America dominated NATO and led a rigid Pacific alliance system with Japan, South Korea, Australia and Thailand, it successfully managed the Herculean task of running the world from one side of it. Now its very presence in Eurasia is tenuous; it has been shunned by the E.U. and Turkey, is unwelcome in much of the Middle East and has lost much of East Asia's confidence. "Accidental empire" or not, America must quickly accept and adjust to this reality. Maintaining America's empire can only get costlier in both blood and treasure. It isn't worth it, and history promises the effort will fail. It already has.

Would the world not be more stable if America could be reaccepted as its organizing principle and leader? It's very much too late to be asking, because the answer is unfolding before our eyes. Neither China nor the E.U. will replace the U.S. as the world's sole leader; rather all three will constantly struggle to gain influence on their own and balance one another. Europe will promote its supranational integration model as a path to resolving Mideast disputes and organizing Africa, while China will push a Beijing consensus based on respect for sovereignty and mutual economic benefit. America must make itself irresistible to stay in the game.

I believe that a complex, multicultural landscape filled with transnational challenges from terrorism to [global warming](#) is completely unmanageable by a single authority, whether the United States or the United Nations. Globalization resists centralization of almost any kind. Instead, what we see gradually happening in climate-change negotiations (as in Bali in December) — and need to see more of in the areas of preventing nuclear proliferation and rebuilding failed states — is a far greater sense of a division of labor among the Big Three, a concrete burden-sharing among them by which they are judged not by their rhetoric but the responsibilities they fulfill. The arbitrarily composed Security Council is not the place to hash out such a division of labor. Neither are any of the other multilateral bodies bogged down with weighted voting and cacophonously irrelevant voices. The big

issues are for the Big Three to sort out among themselves.

## **Less Can Be More**

So let's play strategy czar. You are a 21st-century Kissinger. Your task is to guide the next American president (and the one after that) from the demise of American hegemony into a world of much more diffuse governance. What do you advise, concretely, to mitigate the effects of the past decade's policies — those that inspired defiance rather than cooperation — and to set in motion a virtuous circle of policies that lead to global equilibrium rather than a balance of power against the U.S.?

First, channel your inner J.F.K. You are president, not emperor. You are commander in chief and also diplomat in chief. Your grand strategy is a global strategy, yet you must never use the phrase “American national interest.” (It is assumed.) Instead talk about “global interests” and how closely aligned American policies are with those interests. No more “us” versus “them,” only “we.” That means no more talk of advancing “American values” either. What is worth having is universal first and American second. This applies to “democracy” as well, where timing its implementation is as important as the principle itself. Right now, from the Middle East to Southeast Asia, the hero of the second world — including its democracies — is [Lee Kuan Yew](#) of Singapore.

We have learned the hard way that what others want for themselves trumps what we want for them — always. Neither America nor the world needs more competing ideologies, and moralizing exhortations are only useful if they point toward goals that are actually attainable. This new attitude must be more than an act: to obey this modest, hands-off principle is what would actually make America the exceptional empire it purports to be. It would also be something every other empire in history has failed to do.

Second, Pentagonize the State Department. Adm. William J. Fallon, head of Central Command (Centcom), not Robert Gates, is the man really in charge of the U.S. military's primary operations. Diplomacy, too, requires the equivalent of geographic commands — with top-notch assistant secretaries of state to manage relations in each key region without worrying about getting on the daily agenda of the secretary of state for menial approvals. Then we'll be ready to coordinate within distant areas. In some regions, our ambassadors

to neighboring countries meet only once or twice a year; they need to be having weekly secure video-conferences. Regional institutions are thriving in the second world — think [Mercosur](#) (the South American common market), the [Association of Southeast Asian Nations](#) (Asean), the Gulf Cooperation Council in the Persian Gulf. We need high-level ambassadors at those organizations too. Taken together, this allows us to move beyond, for example, the current Millennium Challenge Account — which amounts to one-track aid packages to individual countries already going in the right direction — toward encouraging the kind of regional cooperation that can work in curbing both terrorism and poverty. Only if you think regionally can a success story have a demonstration effect. This approach will be crucial to the future of the Pentagon's new African command. (Until last year, African relations were managed largely by European command, or Eucom, in Germany.)

Suspensions of America are running high in Africa, and a country-by-country strategy would make those suspicions worse. Finally, to achieve strategic civilian-military harmonization, we have to first get the maps straight. The State Department puts the Stans in the South and Central Asia bureau, while the Pentagon puts them within the Middle-East-focused Centcom. The Chinese divide up the world the Pentagon's way; so, too, should our own State Department.

Third, deploy the marchmen. Europe is boosting its common diplomatic corps, while China is deploying retired civil servants, prison laborers and Chinese teachers — all are what the historian Arnold Toynbee called marchmen, the foot-soldiers of empire spreading values and winning loyalty. There are currently more musicians in U.S. military marching bands than there are Foreign Service officers, a fact not helped by Congress's decision to effectively freeze growth in diplomatic postings. In this context, Condoleezza Rice's "transformational diplomacy" is a myth: we don't have enough diplomats for core assignments, let alone solo hardship missions. We need a [Peace Corps](#) 10 times its present size, plus student exchanges, English-teaching programs and hands-on job training overseas — with corporate sponsorship.

That's right. In true American fashion, we must build a diplomatic-industrial complex. Europe and China all but personify business-government collusion, so let State raise money from Wall Street as it puts together regional aid and investment packages. American foreign policy must be substantially more than what the U.S. government

directs. After all, the E.U. is already the world's largest aid donor, and China is rising in the aid arena as well. Plus, each has a larger population than the U.S., meaning deeper benches of recruits, and are not political targets in the present political atmosphere the way Americans abroad are. The secret weapon must be the American citizenry itself. American foundations and charities, not least the Gates and Ford Foundations, dwarf European counterparts in their humanitarian giving; if such private groups independently send more and more American volunteers armed with cash, good will and local knowledge to perform "diplomacy of the deed," then the public diplomacy will take care of itself.

Fourth, make the global economy work for us. By resurrecting European economies, the Marshall Plan was a down payment on even greater returns in terms of purchasing American goods. For now, however, as the dollar falls, our manufacturing base declines and Americans lose control of assets to wealthier foreign funds, our scientific education, broadband access, health-care, safety and a host of other standards are all slipping down the global rankings. Given our deficits and political gridlock, the only solution is to channel global, particularly Asian, liquidity into our own public infrastructure, creating jobs and technology platforms that can keep American innovation ahead of the pack. Globalization apologizes to no one; we must stay on top of it or become its victim.

Fifth, convene a G-3 of the Big Three. But don't set the agenda; suggest it. These are the key issues among which to make compromises and trade-offs: climate change, energy security, weapons proliferation and rogue states. Offer more Western clean technology to China in exchange for fewer weapons and lifelines for the Sudanese tyrants and the Burmese junta. And make a joint effort with the Europeans to offer massive, irresistible packages to the people of Iran, Uzbekistan and Venezuela — incentives for eventual regime change rather than fruitless sanctions. A Western change of tone could make China sweat. Superpowers have to learn to behave, too.

Taken together, all these moves could renew American competitiveness in the geopolitical marketplace — and maybe even prove our exceptionalism. We need pragmatic incremental steps like the above to deliver tangible gains to people beyond our shores, repair our reputation, maintain harmony among the Big Three, keep the second world stable and neutral and protect our common planet. Let's hope whoever is sworn in as the next American president understands this.

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