

## **The Transatlantic Community:**

### **New Chances, New Uncertainties. What has to be done?**

The Friedrich Naumann Foundation is a foundation for liberal politics; it is a foundation for freedom.

It was founded in 1958 by, amongst others, Theodor Heuss, the first German Federal President after World War II. The Foundation runs a widespread domestic program in Germany and currently works in some sixty different countries around the world to promote ideas on liberty and strategies for freedom. Its instruments are civic education, political consultancy and political dialogue.

It produces policy concepts; it offers solutions to protracted and difficult tasks and brings together responsible political leaders to translate ideas in political realities. The Friedrich Naumann Foundation lends its expertise to consolidate freedom, democracy, market economy and the rule of law. We aim at mature and open societies playing by the rules in the international concert. We seek a world based on international law, democracy, the rule of law and human rights and sustainable market based economic growth.

The initial statements of the 44<sup>th</sup> President of the United States, Barack Obama, indicate that he intends to break with the imperial presidential style of the 43<sup>rd</sup> President. This new approach is to be welcomed. There is much goodwill with President Obama. After all, the Atlantic Alliance – the Western World – is not just about geography. The West must always offer a convincing political program. Its shared economic and social potential is the key. America's powerful attraction for the world's best brains remains un-

dimmed. German society, which is often risk-averse and burdened with bureaucracy, could certainly benefit from some of its spirit.

Cooperation is not an option; it is a necessity. The historic relationship between the EU and the USA is crucial and irreplaceable. It is not limited to trade relations. Strong fundamental beliefs in democratic government, human rights, market economy are shared values. There is no serious geostrategic alternative to the Atlantic Alliance.

A new debate about the worldwide distribution of resources and opportunities is unfolding before our eyes. How to distill a value-based consensus about a new international order and how to bring people to play by the rules is the main question in the concert. Currently the world is displaying three simultaneous developments, as Henry Kissinger recently wrote:

- The transformation of the traditional state system in Europe
- The radical Islamic challenge to historic notions of sovereignty
- The drift of the center of gravity of international affairs from the Atlantic to the Pacific and Indian Ocean

It's currently fashionable to discuss this shift of power. The question still remains if Asia – besides remarkable growth rates – is to take over any leadership soon. Until now it has not acquired the institutional structure and rules to do so. The region also needs more intellectual capacity to lead, even on regional issues and cooperation. There is no reconciliation as took place in Europe after the Second World War and relinquishing sovereignty is not everyone's cup of tea. In Asia the major powers view each other as inherently competitive. Until now they have used their countries' strength sparingly in common institutions.

Henry Kissinger always called for a simple telephone number for Europe. When the Constitution of the US was written by the founding fathers, apart from the fact that there were no telephones available in those days, the US had no simple address either. Much of what was laid down in its constitution took a long time to spread across the nation. There were setbacks too until it turned into reality. The financial system also remained a serious bone of contention for a considerable time.

The European Union is no nation-state. The EU - like no other continent - has pooled its sovereignty in order to prevent any relapse into old conflicts. Europe has put the worst behind, but is still not where it wants to be. While the aims of the EU are formulated in supranational terms, motives and reference points evolve from national politics. The relationship between nationhood and integration is still far from clear. There is until now not a critical mass for a robust allegiance to Europe. Political loyalties associated with a nation-state have not proved to be automatically transferable. We shall have to deal with nations and their powerful impact for a long time to come. Europe is in a transition between its past, which it is seeking to overcome and a future it has not yet reached. We should not believe that globalization is mainly about international trade and investment. It is much more than that. Globalization is nothing less than the widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life.

Globalization is such a diverse, broad-based and potent force that not even today's massive economic crash will dramatically slow it down or permanently reverse it. Love it or hate it, globalization is here to stay.

Globalization is nothing new under the sun. It is a continuation of a long-term process since human communities encountered each other. The pace of change is accelerating and the Internet penetrates the most remote corners of the globe. Complex challenges confront us as a transatlantic community.

There are always societies in the world which are in virtual free fall. There are types of fundamentalism, patterns of tribe and religion, never-ending corruption and repression. Many states have a history of weak governance that systematically denies their inhabitants a fair share of national resources and have done nothing to alleviate poverty and lack basic social service. There is a fundamental weakness of legitimacy of most regimes. Some conflicts spring from major historical lows. In some hotspots very old land maps are surfacing. Historical debris has not always been cleared properly. Population explosion, the distribution of water and energy; environmental destruction: all this can create a highly explosive cocktail. Crises do not come in neat succession.

There is a widespread feeling in parts of the world that countries fell back behind the best in economic and political terms. Colonialism has been blamed for some developments. Colonialism has indeed done harm to many countries. But many of them have been independent for almost two generations now. There is a growing realization that the slow pace of economic, political and scientific development is due to internal factors. Today we have a broader knowledge and better understanding of what drives development. We know that sustained growth is necessary. But many of the drivers of growth are not measurable in numerical terms. They include factors such as leadership, civil society, private enterprise, rule of law, independent institutions and a balanced regulatory framework that does not eliminate responsibility.

To capture efficiency means to take openness and human capital on board. Technological knowledge and managerial skills create a package of an important source of growth and social stability. But what is decisive is self-ownership; human capital, owned by the citizens themselves. In order to implement policies, an effective and accountable state is necessary.

Governments are often strong in rhetoric. The actual pace of implementing is disappointingly slow. It cannot be that some countries sell their national resources and do not in parallel develop their human resources and innovative companies that go with that. “After the ore has been mined, the trees cut and the oil pumped the people in some countries are actually even more behind” as an African citizen recently wrote.

Donor countries have to stand for their commitments. But the leadership of recipient countries has to do solid work on the ground. While democracies are far from perfect, they play by the rules in most cases. They serve their citizens and cooperate peacefully with other nations. If people want to develop their country politically and economically and create a society with a capability to deliver peaceful international contributions, they will have to do it democratically. If opportunity knocks on a country’s door an open society will be able to seize it whereas closed societies will miss the opportunities and chances.

The international institutions – be they considered as holdovers from the time after the Second World War or not – and first and foremost the UN should be strengthened and reformed. The UN, for all its deficiencies, can only be as effective as we are prepared to make it. It is the only international body that gives legitimacy. Countries should avoid

multilateralist dreams. Russia and China should not only show that nothing can be achieved against them. They should show what can be achieved with them.

The West, being defined as a political concept, based on the ideas of enlightenment should never abandon the principles of the rule of law. One should not start with a concept that the Geneva Convention and human rights are incompatible with efficient action against threats.

Practices that the names of Guantánamo and Abu Ghraib stand for have damaged the reputation of the US and the credibility of its commitments more than anything else. No government has the right to ignore the Constitution when it suits him. We are what we do, and more to the point, we are what we refrain from doing. “To think of the wise restraint, that makes men free,” says the Harvard Law School about the law.

The centre of global conflicts partly lies in the Middle-East. It not only determines the climate for global prosperity. In the former world arena, the Mediterranean area generally continues to experience serious problems of stagnation, social unrest and unresolved conflicts. In the Middle-East tensions are high, democratic forms of government are weak or absent and regional cooperation is regrettably ineffective, in spite of a common culture.

Up until now regional leaders and outside powers alike have been addicted to seek security in the Middle-East in balance of power calculations and short term bilateral deals. The record of frequent wars shows the costs and limitations of this approach.

The conflict between Israel and Palestine is not the root cause of all problems. But it has gained a symbolic significance and often poisons all the other dealings. Israel should be to continue to be the safe homeland for Jewish people and the desire of Palestinians to have their own independent state should be realized alongside Israel without being riddled with holes like a Swiss cheese.

Israel suffered the historic catastrophe of the Shoah. The Palestinians have been politically disenfranchised since more than 50 years. Both sides should stop further activities that directly spur counter aspirations of the other side.

The Islamic world should not condone, let alone support terror attacks against civilians. The Western World should not condone, let alone support the settlement policy of Israel. In the long run it is difficult to see how the state of Israel can maintain the occupation of the territories acquired in 1967 and its own economic, political and moral burdens.

It is difficult to imagine how a process of negotiations leading to a two-state solution can be initiated and concluded in the near future after the absence of a truly proactive US foreign policy in the last years. It is imperative to implement peace and understanding as a strategic priority for the whole world. This requires a unified effort by the EU, the US, Russia, the UN and the Arab States.

An effective approach in the most volatile region would need to take in account the interests and the situation of the Arab countries. Any settlement depends on a construction of a process which presents people with a better alternative and leads them away from

violence and despair. It requires a conference of security and cooperation for the whole region.

The year 2009 is not the easiest time to advocate engagement with Russia - albeit engagement grounded in mutual interests, fewer unrealizable ambitions, a firm approach to principles and standards and a realistic appreciation of Russia's direction of travel.

The question is: What does Russia really want? Is Russia a neo-imperial power with imperial nostalgia aiming at dominating weaker neighbors? Or a past-imperial state trying to defend legitimate interests?

How stable is the regime? Is Russia on the main highway of human development? What is needed to come to a modern society at ease with itself and the world? The system seems rock solid and vulnerable at the same time. A rising power and weak state with inefficient institutions and not capable to modernize the economy, oil and gas rich and dysfunctional. Size does not equate efficiency.

We have to deal with Russia as it is and not as we wish it to be. We should act with patience. The current exasperation with Russia stems in part from the failure to appreciate the scale of the task. Russia has a 70 years gap in its political, social and economic development to make up.

We need to understand the limits of outsiders to influence events within Russia. Change will come from within. The outside world will need to wait. It is an argument for being realistic, not for being mealy-mouthed. We should stand by our principles. Part of our

patient approach must be to be clear about our principles and stand by them. This is crucial to those in Russia who wish to move their country toward similar principles.

The Russian state has subscribed to the values embraced by the UN Charter, the universal Declaration of Human Rights, the Helsinki Final Act and the Council of Europe. The former President Putin declared the ideals of freedom, human rights, justice and democracy as Russia's determining values. We should not give the impression that we are blind to dereliction of values. But we should avoid megaphone diplomacy and double standards. What we say is important. How we say it and who says it and where it is said is also important.

Russian hard liners like nothing better than Western attacks that they can present as threatening, as showing a desire to weaken Russia or as betraying double-standards. The sovereignty and future of the post-Soviet states have become the fault line between Russia and the West. It is here that the Cold War risks being exhumed. Western policy needs to be designed to help manage this process through a long period of adjustment.

The West should oppose Russian coercion of Ukraine. But not because it seeks to capture Ukraine or has strategic designs on the country, but in order to uphold the sovereign right of the Ukraine to determine their own future.

What EU and NATO should not do is to apply coercion of their own or engage in a geostrategic game with Russia over the heads of the Ukrainian people. It should not be a Western objective to artificially accelerate the integration of states as the Ukraine into EU and NATO; instead the West should defend the right of the Ukrainians to make a free decision.

Until now we do not know the exact course of events of the Russian-Georgian conflict. It is beyond doubt that the invasion of Russian troops into the mainland of Georgia was unjustified. On the other side President Saakaschwili disappointed the hopes of many, overestimated his own military and underestimated the Russian reaction. The first and foremost question is the capability of the national elite. One should not encourage the delusion that the solution to Georgia's problems lies within NATO and EU-membership. This is not a step to be taken lightly.

It is hard to imagine circumstances in which Georgia could properly qualify for either organization within a short time span. I am reluctant to contemplate a footprint of NATO in such a fraught and sensitive area.

Russia certainly should not be and remain a major power of undetermined quality and objectives. There should be no dividing lines, no closed doors and no exceptionalism. Russia should be treated according to its merits and judged by its actions – neither by negative emotions from the past, nor by wishful thinking about the future. International associations and relationships should be open for Russia on the same basis as to others, and Russia should abide by the same rules as others.

The EU and NATO should make very clear that they have no intention of drawing a new dividing line within the European continent, from the eastern end of the Baltic to the Black Sea; that it remains their aspiration to create a Europe whole and free, within which people and goods can travel freely and securely; and that they recognize the Russian people as part of the Europeans family of nations. It is important to signal to the

Russians that the doors are open to them and that there is no intention of treating them as second-class or alien inhabitants of shared continent.

With the Renaissance, humanism and enlightenment, a consciously designed new world imposed itself onto an existing, growing one, but modern constructs are also at risk, writes Udo Di Fabio, a judge at the Federal Constitutional Court. Perhaps there are more cultural and religious prerequisites for our image of humanity and the world than our rationalism would have us believe.

After the end of the Cold War, all of a sudden many people saw a new conflict arising on the horizon, a clash of civilizations between the Islamic and the Western World. Even if one finds such a scenario exaggerated, it seems clear that the relationship between the largely secular western world and the Islamic world has become one of the most crucial questions of our time.

One source of misunderstanding is the role of religion. In the Western world religion has become separated from politics to a large degree. It has become part of the private sphere. It is one voice among others in the public discourse. In many other places of the world religion still dominates public discourse and wields a strong influence over state policy.

If a secular state wishes to remain secular, then on the one hand, it must retain its religious neutrality, whilst on the other it must respect authentic forms of religion. As the state itself has neither the right or the powers to judge the authenticity of a religion, it will be forced to be guided by compliance with human rights, by which the state itself is bound. A secular state will not decide upon good and bad beliefs. It will only fight a mi-

suse of religious beliefs. It will stick to the bedrock of non-negotiable universal human rights.

We do recognize the specific tradition of the Islamic world. Its values, its ethos, its norms and its cultural ethos have developed over the millennia and are different from Europe and the transatlantic community. This poses no problem, as mentioned above, if human rights and freedom are valid for all people, regardless of the country they live in or the religious community they belong to. It is not acceptable that people refuse to recognize human rights in the name of divine law.

Christians also resisted the idea of human rights for a long time. Official doctrines saw the concept of human rights as one of the many errors of modernity. After all it was not until the Second Vatican Council that the Catholic Church revised its rejection of human rights. Many Catholics viewed this turnaround as a betrayal of Catholicism's own teachings. Their accusations are similar to those from the Islamic world and there is some evidence that these accusations are based on similar misunderstandings.

Recognizing human rights does not mean thinking in categories of priority. It was God who bequeathed these rights to humankind. Respecting them, as children of the book, the bible and the Koran, means nothing more than obeying the will of God.

When people today work to ensure respect for human rights and expect the same unre-served recognition from Muslims, they do not do so in order to alienate Muslims from their own culture. They do so because they are confident that Islam can go through the same learning process which they themselves went through on their painful path.

At the same time religious communities must address with honesty their own history of violence which often strains the relations with each other and hamper the intercultural dialogue. The time of the crusades is perhaps the most well-known example in this context, yet it is certainly not the only example. When Europeans look at Islam today they are reminded of their own zealotry and religious conflict in the sixteenth and seventeenth centuries.

The task of clarifying the relationship to violence is and should be on the agenda of all religions. It goes far beyond the Crusades or the problematic issues of the Holy War. How does a religion deal with people who cease to practice it? How does it deal with people who falsify or ridicule it? In the West, apostasy, heresy and blasphemy were punishable for centuries and were punished by death. This has changed, hopefully forever. For the basic principle that nobody may be compelled to believe can only truly become reality if the freedom to abandon a religion, to interpret it differently is also guaranteed.

Judging the weight of such things is a matter for God. And religion means honoring God, not playing God. Therefore one should not allow people with a confrontational world view to fill and dominate public spaces. When Europe was in the dark Middle Age, Islam was at the peak of its Renaissance, but when the Western Renaissance started, Islam began its inexorable fall. The culture of humiliation in the Arab world has much to do with this history. It is not always others who are to blame for the own shortcomings.

The underlying causes of dispute and crisis are not to be found in religious beliefs alone. There are above all uncertainties of regional, political, cultural and social conditions to modernize societies. Religion is often a pretext. The main challenge lies in the moderni-

zation of societies. When opportunities knock on a country's door, open societies have more chances to seize it, whereas closed societies will fail to better their people's life.

Douglass C. North, an economic historian at Washington University and Nobel laureate, postulated that a value system which regards economic and political competition as fundamentally positive is the most important prerequisite for an open society. And yet in Germany, the word "competition" has become something of a dirty word. In Germany "performance" is coming to be regarded as the intellectual equivalent of grievous bodily harm. Indeed, the market economy had already lost a lot of cultural ground even before the financial market crisis erupted and triggered the economic problems that we are now experiencing.

The events in the financial markets, the collapse of the banks and the conduct of managers appear to confirm all the prejudices that already existed about the market economy. Many people do not realize that the state, its banks, its regulators and its policies are directly involved in many of the wrong decisions that were taken. We do realize this, however, and that is why we remain convinced that even if state intervention is necessary and unavoidable at present, this certainly does not make the state the better banker or, indeed, the better entrepreneur.

But others have held a very different view, and the scars of history all over the world help us trace their footprints. Wherever the market has been eliminated on the grounds of political ideology, the result has been unfettered economic and political power. Bread was almost free in the socialist system – but that did not mean that people were better off.

When faced by challenge of this magnitude, cooperation is a necessity, not an option. The world expects to speed up the reform of the international financial system. It is a precondition for mobilizing the economy and achieving sustainable growth.

The crisis is not a crisis of capitalism. On the contrary. It is a crisis of a system which drove financial operators to be increasingly reckless in the risks they took, which led banks to speculation, instead of doing their own proper business.

The Washington Summit agreed on four principles which should guide the response: Enhanced cooperation, the rejection of protectionist measures, the strengthening of regulatory systems in financial markets and new global governance. The leading economies have made comparatively gigantic efforts in the response to the crisis. Encouraging lending to pick up again and allowing the return of flow of private investment are essential.

But the decisive factor will be not only a framework of regulation. The decisive factor will be participants returning to values of the market economy. A new risk management is not only a technical matter having to do with models and metrics. Failures were much more fundamental. Tasks should be performed in a manner that improves financial integrity and reputation with self-restraint and responsibility for the reputation of financial institutions.

We now need to re-establish the market economy on a new cultural and social footing. However, this can only succeed if market players acknowledge the inseparable link between responsibility and accountability once more. Government regulations – even if they are reformed and strengthened and applied with the best intentions – will be inef-

fective if some actors lose all sense of proportion to the extent that has recently occurred.

The rise and fall of nations are not determined solely by natural resources or technological capacities. Their culture and their ability to manage change, the rule of law, independent institutions and, above all, educational opportunities are what count. In the international arena, the emphasis is shifting towards knowledge societies. Innovation skills will determine productivity gains from now on.

This is the substance of the Transatlantic Community.