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How the west lost

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22-28 minutes



New cold war? Chinese soldiers march in Moscow on Victory Day, 24th June 2020 © PAVEL GOLOVKIN/POOL/EPA-EFE/ Shutterstock

As the US prepares to plunge into a new cold war with China in which its chances do not look good, it's an appropriate time to examine how we went so badly wrong after "victory" in the last

Cold War. Looking back 30 years from the grim perspective of 2020, it is a challenge even for those who were adults at the time to remember just how triumphant the west appeared in the wake of the collapse of Soviet communism and the break-up of the USSR itself.

Today, of the rich fruits promised by that great victory, only wretched fragments remain. The much-vaunted “peace dividend,” savings from military spending, was squandered. The opportunity to use the resources freed up to spread prosperity and deal with urgent social problems was wasted, and—even worse—the US military budget is today higher than ever. Attempts to mitigate the apocalyptic threat of climate change have fallen far short of what the scientific consensus deems to be urgently necessary. The chance to solve the Israeli-Palestinian conflict and stabilise the Middle East was thrown away even before 9/11 and the disastrous US response. The lauded “new world order” of international harmony and co-operation—heralded by the elder George Bush after the first Gulf War—is a tragic joke. Britain’s European dream has been destroyed, and geopolitical stability on the European continent has been lost due chiefly to new and mostly unnecessary tension with Moscow. The one previously solid-seeming achievement, the democratisation of Eastern Europe, is looking questionable, as Poland and Hungary (see Samira Shackle, p20) sink into semi-authoritarian nationalism.

Russia after the Cold War was a shambles and today it remains a weak economy with a limited role on the world stage, concerned mainly with retaining some of its traditional areas of influence. China is a vastly more formidable competitor. If the US (and the UK, if as usual we tag along) approach the relationship with Beijing

with anything like the combination of arrogance, ignorance, greed, criminality, bigotry, hypocrisy and incompetence with which western elites managed the period after the Cold War, then we risk losing the competition and endangering the world.

One of the most malign effects of western victory in 1989-91 was to drown out or marginalise criticism of what was already a deeply flawed western social and economic model. In the competition with the USSR, it was above all the visible superiority of the western model that eventually destroyed Soviet communism from within. Today, the superiority of the western model to the Chinese model is not nearly so evident to most of the world's population; and it is on successful western domestic reform that victory in the competition with China will depend.

Hubris

Western triumph and western failure were deeply intertwined. The very completeness of the western victory both obscured its nature and legitimised all the western policies of the day, including ones that had nothing to do with the victory over the USSR, and some that proved utterly disastrous.

As Alexander Zevin has written of the house journal of Anglo-American elites, the revolutions in Eastern Europe “turbocharged the neoliberal dynamic at the *Economist*, and seemed to stamp it with an almost providential seal.” In retrospect, the magazine's 1990s covers have a tragicomic appearance, reflecting a degree of faith in the rightness and righteousness of neoliberal capitalism more appropriate to a religious cult.

These beliefs interacted to produce a dominant atmosphere of “there is no alternative,” which made it impossible and often in

effect forbidden to conduct a proper public debate on the merits of the big western presumptions, policies or plans of the era. As a German official told me when I expressed some doubt about the wisdom of rapid EU enlargement, “In my ministry we are not even allowed to think about that.”

This was a sentiment I encountered again and again (if not often so frankly expressed) in western establishment institutions in that era: in economic journals if it was suggested that rapid privatisation in the former USSR would lead to massive corruption, social resentment and political reaction; in security circles, if anyone dared to question the logic of Nato expansion; and almost anywhere if it was pointed out that the looting of former Soviet republics was being assiduously encouraged and profited from by western banks, and regarded with benign indifference by western governments.

The atmosphere of the time is (nowadays notoriously) summed up in Francis Fukuyama’s *The End of History*, which essentially predicted that western liberal capitalist democracy would now be the only valid and successful economic and political model for all time. In fact, what victory in the Cold War ended was not history but the study of history by western elites.

“The US claiming the right of unilateral intervention anywhere in the world was an ambition greater than that of any previous power”

A curious feature of 1990s capitalist utopian thought was that it misunderstood the essential nature of capitalism, as revealed by its real (as opposed to faith-based) history. One is tempted to say that Fukuyama should have paid more attention to Karl Marx and a

famous passage in *The Communist Manifesto*:

“The bourgeoisie [ie capitalism] cannot exist without constantly revolutionising the instruments of production, and thereby the relations of production, and with them the whole relations of society... All fixed, fast-frozen relations with their train of ancient and venerable prejudices and opinions, are swept away; all new-formed ones become antiquated before they can ossify... the bourgeoisie has through its exploitation of the world market... drawn from under the feet of industry the national ground on which it stood. All old established national industries have been destroyed or are daily being destroyed...”

Then again, Marx himself made exactly the same mistake in his portrayal of a permanent socialist utopia after the overthrow of capitalism. The point is that utopias, being perfect, are unchanging, whereas continuous and radical change, driven by technological development, is at the heart of capitalism—and, according to Marx, of the whole course of human history. Of course, those who believed in a permanently successful US “Goldilocks economy”—not too hot, and not too cold—also managed to forget 300 years of periodic capitalist economic crises.

Though much mocked at the time, Fukuyama’s vision came to dominate western thinking. This was summed up in the universally employed but absurd phrases “Getting to Denmark” (as if Russia and China were ever going to resemble Denmark) and “*The path to democracy and the free market*” (my italics), which became the mantra of the new and lucrative academic-bureaucratic field of “transitionology.” Absurd, because the merest glance at modern history reveals multiple different “paths” to—and away from—democracy and capitalism, not to mention myriad routes that have

veered towards one at the same time as swerving away from the other.

Accompanying this overwhelmingly dominant political and economic ideology was an American geopolitical vision equally grandiose in ambition and equally blind to the lessons of history. This was summed up in the memorandum on “Defence Planning Guidance 1994-1999,” drawn up in April 1992 for the Bush Senior administration by Under-Secretary of Defence Paul Wolfowitz and Lewis “Scooter” Libby, and subsequently leaked to the media. Its central message was:

“The US must show the leadership necessary to establish and protect a new order that holds the promise of convincing potential competitors that they need not aspire to a greater role or pursue a more aggressive posture to protect their legitimate interests... We must maintain the mechanism for deterring potential competitors from even aspiring to a larger regional or global role...”

By claiming for the US the right of unilateral intervention anywhere in the world and denying other major powers a greater role in their regions, this strategy essentially extended the Monroe Doctrine (which effectively defined the “western hemisphere” as the US sphere of influence) to the entire planet: an ambition greater than that of any previous power. The British Empire at its height knew that it could never intervene unilaterally on the continent of Europe or in Central America. The most megalomaniac of European rulers understood that other great powers with influence in their own areas of the world would always exist.

While that 1992 Washington paper spoke of the “legitimate interests” of other states, it clearly implied that it would be

Washington that would define what interests were legitimate, and how they could be pursued. And once again, though never formally adopted, this “doctrine” became in effect the standard operating procedure of subsequent administrations. In the early 2000s, when its influence reached its most dangerous height, military and security elites would couch it in the terms of “full spectrum dominance.” As the younger President Bush declared in his State of the Union address in January 2002, which put the US on the road to the invasion of Iraq: “By the grace of God, America won the Cold War... A world once divided into two armed camps now recognises one sole and pre-eminent power, the United States of America.”

Nemesis

Triumphalism led US policymakers, and their transatlantic followers, to forget one cardinal truth about geopolitical and military power: that in the end it is not global and absolute, but local and relative. It is the amount of force or influence a state wants to bring to bear in a particular place and on a particular issue, relative to the power that a rival state is willing and able to bring to bear. The truth of this has been shown repeatedly over the past generation. For all America’s overwhelming superiority on paper, it has turned out that many countries have greater strength than the US in particular places: Russia in Georgia and Ukraine, Russia and Iran in Syria, China in the South China Sea, and even Pakistan in southern Afghanistan.

American over-confidence, accepted by many Europeans and many Britons especially, left the US in a severely weakened condition to conduct what should have been clear as far back as the 1990s to be the great competition of the future—that between

Washington and Beijing.

On the one hand, American moves to extend Nato to the Baltics and then (abortively) on to Ukraine and Georgia, and to abolish Russian influence and destroy Russian allies in the Middle East, inevitably produced a fierce and largely successful Russian nationalist reaction. Within Russia, the US threat to its national interests helped to consolidate and legitimise Putin's control. Internationally, it ensured that Russia would swallow its deep-seated fears of China and become a valuable partner of Beijing.

On the other hand, the benign and neglectful way in which Washington regarded the rise of China in the generation after the Cold War (for example, the blithe decision to allow China to join the World Trade Organisation) was also rooted in ideological arrogance. Western triumphalism meant that most of the US elites were convinced that as a result of economic growth, the Chinese Communist state would either democratise or be overthrown; and that China would eventually have to adopt the western version of economics or fail economically. This was coupled with the belief that good relations with China could be predicated on China accepting a so-called "rules-based" international order in which the US set the rules while also being free to break them whenever it wished; something that nobody with the slightest knowledge of Chinese history should have believed.





Winners feel like losers: a pro-Brexit protest in Westminster in 2019 © Ollie Millington/Getty Images

Throughout, the US establishment discourse (Democrat as much as Republican) has sought to legitimise American global hegemony by invoking the promotion of liberal democracy. At the same time, the supposedly intrinsic connection between economic change, democracy and peace was rationalised by cheerleaders such as the *New York Times*'s indefatigable Thomas Friedman, who advanced the (always absurd, and now flatly and repeatedly falsified) "Golden Arches theory of Conflict Prevention." This vulgarised version of Democratic Peace Theory pointed out that two countries with McDonald's franchises had never been to war. The humble and greasy American burger was turned into a world-historical symbol of the buoyant modern middle classes with too much to lose to countenance war.

Various equally hollow theories postulated cast-iron connections between free markets and guaranteed property rights on the one hand, and universal political rights and freedoms on the other, despite the fact that even within the west, much of political history can be characterised as the fraught and complex brokering of

accommodations between these two sets of things.

And indeed, since the 1990s democracy has not advanced in the world as a whole, and belief in the US promotion of democracy has been discredited by US patronage of the authoritarian and semi-authoritarian regimes in Saudi Arabia, Egypt, India and elsewhere. Of the predominantly Middle Eastern and South Asian students whom I teach at Georgetown University in Qatar, not one—even among the liberals—believes that the US is sincerely committed to spreading democracy; and, given their own regions' recent history, there is absolutely no reason why they should believe this.

The one great triumph of democratisation coupled with free market reform was—or appeared to be—in the former communist states of Central and Eastern Europe, and this success was endlessly cited as the model for political and economic reform across the globe.

But the portrayal of East European reform in the west failed to recognise the central role of local nationalism. Once again, to talk of this at the time was to find oneself in effect excluded from polite society, because to do so called into question the self-evident superiority and universal appeal of liberal reform. The overwhelming belief of western establishments was that nationalism was a superstition that was fast losing its hold on people who, given the choice, could everywhere be relied on to act like rational consumers, rather than citizens rooted in one particular land.

The more excitable technocrats imagined that nation state itself (except the US of course) was destined to wither away. This was also the picture reflected back to western observers and analysts

by liberal reformers across the region, who whether or not they were genuinely convinced of this, knew what their western sponsors wanted to hear. Western economic and cultural hegemony produced a sort of mirror game, a copulation of illusions in which local informants provided false images to the west, which then reflected them back to the east, and so on.

Always the nation

Yet one did not have to travel far outside the centres of Eastern European cities to find large parts of populations outraged by the moral and cultural changes ordained by the EU, the collapse of social services, and the (western-indulged) seizure of public property by former communist elites. So why did Eastern Europeans swallow the whole western liberal package of the time? They did so precisely because of their nationalism, which persuaded them that if they did not pay the cultural and economic price of entry into the EU and Nato, they would sooner or later fall back under the dreaded hegemony of Moscow. For them, unwanted reform was the price that the nation had to pay for US protection. Not surprisingly, once membership of these institutions was secured, a powerful populist and nationalist backlash set in.

Western blindness to the power of nationalism has had several bad consequences for western policy, and the cohesion of “the west.” In Eastern Europe, it would in time lead to the politically almost insane decision of the EU to try to order the local peoples, with their deeply-rooted ethnic nationalism and bitter memories of outside dictation, to accept large numbers of Muslim refugees. The backlash then became conjoined with the populist reactions in Western Europe, which led to Brexit and the sharp decline of centrist parties across the EU.

More widely, this blindness to the power of nationalism led the US grossly to underestimate the power of nationalist sentiment in Russia, China and Iran, and contributed to the US attempt to use “democratisation” as a means to overthrow their regimes. All that this has succeeded in doing is to help the regimes concerned turn nationalist sentiment against local liberals, by accusing them of being US stooges.

“A stable and healthy polity and economy must be based on some minimal moral values”

Russian liberals in the 1990s were mostly not really US agents as such, but the collapse of Communism led some to a blind adulation of everything western and to identify unconditionally with US policies. In terms of public image, this made them look like western lackeys; in terms of policy, it led to the adoption of the economic “shock therapy” policies advocated by the west. Combined with monstrous corruption and the horribly disruptive collapse of the Soviet single market, this had a shattering effect on Russian industry and the living standards of ordinary Russians.

Many liberals gave the impression of complete indifference to the resulting immiseration of the Russian population in these years. At a meeting of the Carnegie Endowment in Washington that I attended later, former Prime Minister Yegor Gaidar boasted to an applauding US audience of how he had destroyed the Russian military industrial complex. The fact that this also destroyed the livelihoods of tens of millions of Russians and Ukrainians was not mentioned.

This attitude was fed by contempt on the part of the educated classes of Moscow and St Petersburg for ordinary Russians, who

were dubbed *Homo Sovieticus* and treated as an inferior species whose loathsome culture was preventing the liberal elites from taking their rightful place among the “civilised” nations of the west. This frame of mind was reminiscent of the traditional attitude of white elites in Latin America towards the Indio and Mestizo majorities in their countries.

I vividly remember one Russian liberal journalist state his desire to fire machine guns into crowds of elderly Russians who joined Communist demonstrations to protest about the collapse of their pensions. The response of the western journalists present was that this was perhaps a little bit excessive, but to be excused since the basic sentiment was correct.

The Russian liberals of the 1990s were crazy to reveal this contempt to the people whose votes they needed to win. So too was Hillary Clinton, with her disdain for the “basket of deplorables” in the 2016 election, much of the Remain camp in the years leading up to Brexit, and indeed the European elites in the way they rammed through the Maastricht Treaty and the euro in the 1990s.

If the post-Cold War world order was a form of US imperialism, it now looks like an empire in which rot in the over-extended periphery has spread to the core. The economic and social patterns of 1990s Russia and Ukraine have come back to haunt the west, though so far thank God in milder form. The massive looting of Russian state property and the systematic evasion of taxes by Russian and Ukrainian oligarchs was only possible with the help of western banks, which transferred the proceeds to the west and the Caribbean. This crime was euphemised in the western discourse (naturally including the *Economist*) as “capital

flight.”



Deplorable: Hillary Clinton was accused of being out of touch in 2016 © Zach Roberts/NurPhoto via Getty Images

Peter Mandelson qualified his famous remark that the Blair government was “intensely relaxed about people becoming filthy rich” with the words “as long as they pay their taxes.” The whole point, however, about the filthy Russian, Ukrainian, Nigerian, Pakistani and other money that flowed to and through London was not just that so much of it was stolen, but that it was escaping taxation, thereby harming the populations at home twice over. The infamous euphemism “light-touch regulation” was in effect a charter for this.

In a bitter form of poetic justice, however, “light-touch regulation” paved the way for the 2008 economic crisis in the west itself, and western economic elites too (especially in the US) would also seize

this opportunity to move their money into tax havens. This has done serious damage to state revenues, and to the fundamental faith of ordinary people in the west that the rich are truly subject to the same laws as them.

The indifference of Russian elites to the suffering of the Russian population has found a milder echo in the neglect of former industrial regions across Britain, Western Europe and the US that did so much to produce the votes for Brexit, for Trump and for populist nationalist parties in Europe. The catastrophic plunge in Russian male life expectancy in the 1990s has found its echo in the unprecedented decline in white working-class male life expectancy in the US.

Perhaps the greatest lesson of the period after the last Cold War is that in the end, a stable and healthy polity and economy must be based on some minimal moral values. To say this to western economists, businessmen and financial journalists in the 1990s was to receive the kindly contempt usually accorded to religious cranks. The only value recognised was shareholder value, a currency in which the crimes of the Russian oligarchs could be excused because their stolen companies had “added value.” Any concern about duty to the Russian people as a whole, or the fact that tolerance of these crimes would make it grotesque to demand honesty of policemen or civil servants, were dismissed as irrelevant sentimentality.

Bringing it all back home

We in the west are living with the consequences of a generation of such attitudes. Western financial elites have mostly not engaged in outright illegality; but then again, they usually haven't needed to,

since governments have made it easy for them to abide by the letter of the law while tearing its spirit to pieces. We are belatedly recognising that, as Franklin Foer wrote in the *Atlantic* last year: “New York, Los Angeles and Miami have joined London as the world’s most desired destinations for laundered money. This boom has enriched the American elites who have enabled it—and it has degraded the nation’s political and social mores in the process. While everyone else was heralding an emergent globalist world that would take on the best values of America, [Richard] Palmer [a former CIA station chief in Moscow] had glimpsed the dire risk of the opposite: that the values of the kleptocrats would become America’s own. This grim vision is now nearing fruition.”

Those analysing the connection between Russia and Trump’s administration have looked in the wrong place. The explanation of Trump’s success is not that Putin somehow mesmerised American voters in 2016. It is that populations abandoned by their elites are liable to extreme political responses; and that societies whose economic elites have turned ethics into a joke should not be surprised if their political leaders too become scoundrels.