

Geoeconomics: The Democratic blueprint in historical perspective

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“No two countries that both had McDonald’s had fought a war against each other since each got its McDonald’s” (Friedman 1999: ix).

Abstract

The article takes an evolutionary approach to the idea of geoeconomics. It presents the latter as a continuation and upgrade of post-Cold War triumphalism, neoliberal economic policies, and the Jimmy Carter-era human rights agenda, formulated into a single policy under the Clinton administration. As to the neoliberal component of this, the paper also discusses, briefly, what distinguishes the Democratic (liberal) and Republican (conservative) concepts of free trade. The article points out various sources to prove the link between the earlier policy elements and the eventually formulated policy. It also addresses the outlook on world affairs that was characteristic of the Clinton administration: the notion of “enlargement,” “geoeconomics,” and, pertaining to those outside this realm, the idea of rogue states and isolation. At the end of the paper, an evaluation is given on whether Clinton’s policies worked or not, and if one may offer a coherent definition of geoeconomics based on the practices observed.

Keywords: geoeconomics, Jimmy Carter, Bill Clinton, human rights, Reaganite, free trade, regional integration, human rights, Democratic Party, trade wars

Introduction

Although largely fallen out of fashion by now, geoeconomics was once a key term for American foreign policy and in fact became a buzzword in international relations at the time. Less popular than its progenitor, “geopolitics,” geoeconomics came to define almost the entire 1990s. As with most concepts that had manifested during practice, went on to academia, and ended up again at the decision-makers’ table, it does not have a standard definition – it has a set of interpretations.

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The purpose of this study is to give a generic understanding of the term, to trace the origins of a concept that came to define Clinton years U.S. foreign affairs. In so doing, it is first necessary to clarify what we do not imply by geoeconomics: it is not “economic statecraft,” or using economic means to reach political goals (such use is not rare; see Blackwill & Harris 2016). Geoeconomics in this sense is less and more holistic at the same time. Less holistic, as it refers to a set of economic policies, connected to the realm of neoliberalism; on the other hand more holistic in terms of its purpose, as the desired aims here are not specific political or economic gains but a thorough transformation of the whole landscape of international politics.

In this study, we first summarize the sources of Clintonian geoeconomics in depth: a shift in security perceptions after the Cold War, the resilient force of neoliberal economics, and an undertow of foreign policy ideas of the Carter presidency. Then we move on to define the underpinnings and the implementation of geoeconomics during the Clinton era. Besides the evolution of the whole idea of geoeconomics and enlargement, we will take a glance at some of the collateral implications such as the notion of rogue states. In the last part, we try to evaluate what geoeconomics achieved, and how the concept can be identified in light of what we observe.

Due to the length and focus of the paper, we cannot address the issue of what has remained of the approach after the “return of geopolitics” (Russel Mead, 2016); the question of whether the Transatlantic Trade and Investment Partnership (TTIP) is an offshoot of geoeconomics; and what the chances for a return to this idea in the upcoming U.S. presidency may be.

A declaration of peace

Although, as we shall see later, Clintonian foreign policy has its roots in both the Carter administration’s outlook as well as the Reaganite economic turn, its defining factor was the way security perceptions transformed at the Cold War’s end. If the year 1989 was that of miraculous changes, the year 1990 was that of triumph. Not only was the Cold War over, and Eastern Europe back on the right track, but some other hot spots were cooling off: ruthless dictatorships transitioned into democracy on the Southern cone, major wars seemed to be coming to an end from the Persian Gulf (Iran—Iraq) to Afghanistan (with the departure of Soviet troops in 1989). Even the drugs trade and terrorism seemed to be in decline.

Clearly, the defining antagonism of the past 40 years – the hostile and preponderant power of the Soviet Union – was over. A notion that had actually been formulated during the Cold War, that of “great power peace” (Knight 1982), did not exactly set in, but international relations between the major powers clearly entered into a new phase: the superpowers were no longer keeping each other in check. Rather, neither of them now had the intention to induce hostilities. Great power peace has in this sense become one of the key terms to understand the 1990s.

Great power peace has enabled both superpowers to withdraw from Europe. Such a withdrawal was nothing like anything forecast during the Cold War: it was neither mutual, nor symmetric. The Soviet Union had to withdraw completely for obvious economic and legitimacy issues, while the United States disengaged only selectively and partially. Still, there was anxiety over unintentionally creating a power vacuum in Europe. The American decisions (mostly supported by the Soviet Union at the time) not to withdraw completely from Europe, not to dismantle NATO, and to approve of German reunification in the framework of NATO and the CSCE (the Conference on Security and Co-operation in Europe), were in large part due to this anxiety. Military developments were complemented with political changes: new formations came into being (the Visegrad Group, the Baltics) and older ones were on the way of upgrading (e.g. the EU with the Single European Act). Under such circumstances, the concept of the “peace dividend” arose, according to which in a more integrated, politically engaged, militarily non-adversarial world each country can afford to spend less on defense and more on domestic problems and the goals of further integration.

Now that the Soviet Union was no longer an adversary, the United Nations, as the post-war (post-WWII) structure of international politics could also be reshaped. Even George H. W. Bush, never prone to enthusiasm, believed in the coming of a “new world order” in which “the United Nations—freed from Cold War stalemate—is poised to fulfill the historic vision of its founders” (qtd. in Hyland, 1999: 5). During the days of the Cold War, great power competition and obstructionism relegated the role of the U.N. to that of manager of minor conflicts in developing countries. Now that four out of five Security Council permanent members (U.S., U.K., France and Russia) were genuine democracies, and even the sole remaining authoritarian regime, China embraced market economy, openness, and maybe even a degree of human rights, the world organization could start afresh as the gendarme of the world.

This new world order has been sealed by two peripheral conflicts: the American invasion of Panama in 1989 and the Gulf War in 1990–91. Panama was perhaps the first U.S. intervention in forty years that did not spark either the usual Soviet propaganda campaign or progressive protests around the globe based on the “anticolonial narrative.” The Gulf War is notable for being the first military action to have been sanctioned by the U.N. since the Korean War – this was possible because Moscow did not use its veto, but (mis)used absenteeism on the U.N. Security Council. It seemed that America has finally shaken off the Cold War legitimation deficit (at the U.N.) and, overall, the role of the international boogeyman. It looked as if everyone with a good sense could support the “new world order,” and that those who were against it would not invite even minimal public sympathy.

Under such optimistic considerations, in a triumphant mood, we can consider these years as a declaration of peace. In Bush’s inauguration speech, still in 1989, the new era was called “peaceful and prosperous,” in which “in man's heart, if not in fact, the day of the dictator is over.” Not only war and tyranny are over, but ideology as a whole: “For the first time in this century [...] man does not have to invent a system by which to live. We don't have to talk late into the night about which form of government is better” (Bush 1989). Even if there was no universal peace on Earth, there was a certain atmosphere as well as a declaration that the era of big wars was over.

The Resilience of Reaganite neoliberalism

Ronald Reagan came to the White House with a strong conviction that the era of big government was over. His commitment to unregulated market economy was manifested in the early months of his tenure, especially in measures of tax reduction, the deregulation of business, and cuts in large government programs. This sweeping change—that was going to lose momentum after 1982—was so radical a departure from the post-war economic consensus that many dubbed the U.S. presidential election of 1980 the “Reagan Revolution” (Prasad 2006: 44–47). The “revenge” of free market economy was not confined to Reagan’s America; it was a worldwide trend in the 1980s. This New Right considered Keynesian, statist economics as a sub-variety of socialism. Their seminal work was Friedrich Hayek’s *Road to Serfdom* (1943) in which the author argues that state intervention in markets inevitably leads to political tyranny. Reagan was himself very committed to this idea. In the president’s own words, “For the free market to work, everyone has to compete on an equal footing. [...] Free competition produces better

products and lower prices” (Reagan 1990: 355). In fact, the Reaganite self-confidence and resolution in foreign policy came from a deep belief in the superiority of the American economy which he had encapsulated in the phrase “we can outspend them forever” (Gaddis 2005: 375–376). In the specific field of promoting free trade across the globe, there was a major development during the Reagan administration: frustrated by European countries blocking global initiatives, in 1982, the administration shifted from the previous American stance of endorsing global economic liberalization to a new one that favored regional free trade agreements (Frankel 2001: 8).

The Reagan Revolution was not a national but a worldwide phenomenon. The president himself observed that he had preached market economy in subsequent world economic forums, and year by year more people seemed convinced by this (Reagan 1990: 356). Mrs. Thatcher had a similar outlook to Reagan’s, as had President Mitterrand in France and many other leaders in developed countries. Even the Federal Republic of Germany had a slight turn to neoliberalism – up to this point, they had been the textbook example of the center-right Keynesian welfare state (Prasad 2006: 162). Even those states, however, who did not adopt neoliberal market economics, adopted its language and used it to legitimize their own measures and policies. Neoliberal policies increasingly seemed to be the answer to all problems on earth. The U.S. for her part embarked on the promotion of neoliberal values and chose the World Bank as the key instrument for this. For some time, the World Bank was even considered as a possible substitute for an impotent and hostile U.N. (Susan Engel 2010: 55–65).²

Triumphalism and a firm belief in free trade were mutually reinforcing trends. Reagan, in his 1988 State of the Union Address, mentioned that the place of the “Blame America” of the 1970s was taken by “Look up to America”. He further added: “One of the greatest contributions the United States can make to the world is to promote freedom as the key to economic growth. A creative, competitive America is the answer to a changing world, not trade wars that would close doors [...]” (Reagan 1988). So the American “best practice” was not only a remedy for the economic recession and a tool to win the Cold War but also the greatest export the U.S. can trade with. The promotion of the free market was boosted by its success and the transformation it made in America.

² Later the overeager World Bank approach was heavily criticized for its detached attitude to the humanitarian and political costs of rapid deregulation, especially in connection with the reform packages elaborated for Asia and Latin America in the late 1980s.

There is one question that needs to be addressed – if not solved – with regard to the return of the divide between Neoconservative and Neoliberal economic policies. On the surface, both promote free trade and enterprise, lower tariffs and the elimination of trade barriers. It is very hard to tell the difference, but there are certainly differences in tones. The Democratic Party had the pro-market orientation of the 1980s Republicans and married that with traditional Democratic values such as concern for the environment and progressive taxation (Frankel–Orszag 2001). Another difference is the perception of agency. For the Republicans, free trade is a value attached to people who are brave and responsible enough to compete in a world undistorted by state interventions. For the Democrats, however, economic integration is an impersonal phenomenon that would eventually prevail, with no regard to personal values or misgivings. Where the Democrats believed in the forces of globalization, Republicans believed in the importance of the political and the personal. As a contemporary editor of *The National Interest* saw it, “where the libertarians subscribed to the primacy of the economic and older American conservatives hankered after a primacy of culture, the neocons thoroughly believed in the 'primacy of the political'” (paraphrased by Jan Werner-Müller, CHCW [2010] III. 10). In close connection to this, one can argue that free trade and an interconnected world were teleological objectives for the Democrats, while only a tool for the Republicans.

The Carter boys and girls

The focus of this paper is on the Bill Clinton presidency but an ample outlook is needed. The most important members of the foreign policy community under the Clinton administration had, in fact, a common experience: their training during the Carter years. To list only the most important personalities, Warren Christopher was Deputy Secretary of State under Carter, Madeleine Albright was congressional liaison for the National Security Council from 1978, Tony Lake was the Director of the Policy Planning Staff (both Albright and Lake were close to U.S. Senator Edmund Muskie), while Al Gore was congressman (D-TN). Even the academic Joseph Nye was Deputy to the Undersecretary of State for Security Assistance, Science, and Technology between 1977 and 1979. They were, in fact, minor members of the administration, the top leaders of which were Brzezinski and Cyrus Vance. Vance joined the United Nations as a special envoy and thus played a role in global politics in the 1990s. Brzezinski withdrew to academia and became a major critique of Clinton – though his son Mark became a member of the national security team.

The connection between the Carter and the Clinton years is not only personal, though. In fact, one of the key tenets of the Clinton administration, that of the prioritization of human rights, was a Carter-era invention. Not Carter's own, but an invention of the era. As one researcher observed, "Carter did not initiate the discussion of human rights; he rode a wave that had been growing since the end of World War II and that had gained momentum in 1975 when the United States [...] signed the Helsinki Accords. Many in the United States, including Carter had denounced Secretary of State Henry Kissinger and President Gerald R. Ford for signing an agreement that seemed to legitimate Soviet domination of Eastern Europe" (CHCW [2010] III. 71). Kissinger in his *White House Years* cites the issue of human rights as something that brought together the opposition of Nixon and détente from both sides of the aisle (Kissinger 2011: 1474, also Gaddis 2005: 345). Furthermore, Hanhimäki observes that in the wake of the Watergate scandal, the emergence of such a dichotomy narrative between the immoral and abusive Nixonian détente and the morally well-founded opposition was inevitable (Hanhimäki 2013: 77–80). Human rights thus became a cornerstone of the Democratic line of American foreign policy.

There is one more, slightly connected issue that is quite a continuation between the Carter and Clinton administrations: the notion of intervention. The basic contradiction related to this was that any kind of major foreign intervention was unimaginable after the conclusion of the Vietnam War both because of domestic opposition and due to how this would affect the global image of the U.S. (Hanhimäki 2013: 105). On the other hand, a human rights agenda required the threat of intervention as a deterrent, perhaps even more than Realpolitik. Such a duality of approach, i.e. the maintenance of the détente, and the promotion of human rights proved not only contradictory but a mere impossibility. Soviet Ambassador to Washington D.C. Anatoly Dobrynyn later recalled, "Whether Carter meant it or not, his policy was based on linking détente to the domestic situation in the Soviet Union. This represented an abrupt departure from the policy followed by the preceding administrations, inevitably making his relations with Moscow very tense" (qtd. in Gaddis 2005: 345). At the end of the Carter presidency, however, it looked like Carter compromised both détente and human rights (Cohen 1993: 215–217).

On this issue, the most important persons had very different views: Brzezinski was more of an interventionist, while Cyrus Vance was less so. Carter imagined he may himself represent a synthesis between the two positions. The White House Chief of Staff summarized Carter's thinking: "Zbig would be the thinker, Cy would be the doer, and

Jimmy would be the decider” (qtd. in Hanhimaki 2013: 105). Instead, this became a source of constant rivalry and disunity. Brzezinski later recalled: “Carter should have fired Vance. Or should have fired me. Or I should have shut up. I didn’t know how much it was hurting the presidency” (qtd. in CHCW [2010] III. 68). The limits of the use of American power, the morality thereof, and the actual decisions came to define the major foreign policy debates during the Clinton era as well.

Early Clinton administration: The road to enlargement

Bill Clinton was considered a foreign policy “rookie” by every standard when he assumed the presidency in January 1993, but his experiences were strikingly insufficient when compared to George H. W. Bush whom he defeated during the U.S. presidential election of 1992 (Magyarics 2014: 591). Bush did not play up this weakness, but in fact he ardently supported the idea that the Democratic candidate, especially after officially winning the nomination, receive the President’s Daily Brief on intelligence matters. From September 1992, Clinton – and his then-top-adviser on foreign policy Sandy Berger – received intelligence reports regularly in Clinton’s home town Little Rock, Arkansas. Moreover, they personally met members of the intelligence community to pose probing questions or seek for further clarification and explanation. During these talks, the most interesting feature was the priority given to those issues that Clinton later prioritized during his presidency: Iraq, Somalia, Bosnia, reforms in Russia, GATT negotiations in Europe, etc. After winning the elections of 1992, Clinton and the intelligence community continued to work together, albeit now relocated to Washington D.C. The president-elect, after some consideration, in an unprecedented move, decided that the President’s Daily Brief should be discussed with the designated Secretary of Treasury as well (Helgerson 2001).

Soon after, Clinton made his first foreign policy speech at the American University. His firm commitment to the economy – echoed during the campaign in the slogan “It’s the economy, stupid!” – was made clear again. This was probably the first presidential act that was designed to set the mold for his foreign economic policy. In the speech, he castigated both the protectionist Left and the *laissez-faire* Right:

“[I]t is time for us to make trade a priority element of American security. For too long, debates over trade have been dominated by voices from the extremes. One says Government should build walls to protect firms from competition. Another says Government should do nothing in the face of foreign competition, no matter what

the dimension and shape of that competition is, no matter what the consequences are in terms of job losses, trade dislocations, or crushed incomes.” (Clinton 1993)

Further, he reaffirmed the 1982 shift in American foreign policy from FDR’s trade universalism to favoring smaller, regional pacts (of which all could eventually attach later):

Too many of the chains that have hobbled us in world trade have been made in America. Our trade policy will also bypass the distracting debates over whether efforts should be multilateral, regional, bilateral, unilateral. The fact is that each of these efforts has its place. Certainly we need to seek to open other nations' markets and to establish clear and enforceable rules on which to expand trade. (Clinton 1993)

The incoming Clinton Administration in 1993 faced a series of challenges and opportunities. For the third time in 20th century history, America was given a role (this time a blank check) to shape the politics of the future (Magyarics 2014: 579–583). The general outlook of the Clinton Administration derived from the following axioms:

- 1) With the USSR collapsed, no major external threat is likely from state actors. Democracy, capitalism, and unipolarity are all factors working against future wars. (See: Doyle 1993.)
- 2) The world has dramatically changed. After the Cold War, personal and leadership issues are not priorities. Great changes happen because of worldwide trends, not because of resolute leadership. (See Friedman 1998: 8–15.)
- 3) History has a definite direction, and that is towards ever-expanding economic and political integration. (See: Fukuyama 1992.)
- 4) History has proven that economies are stronger if more open. (See: Clinton 1993)
- 5) America’s leadership must be claimed in the field of the global economy. (See: Clinton 1993.)

This is, of course, a rather arbitrary listing of main ideas, but as seen previously, most of them are rooted in the Democratic or progressive policy traditions, as well as in a firm belief in free trade. It may be amended or reduced but it still highlights how the early Clinton administration thought of foreign and international politics in 1993.

The personal picks of Clinton seemed safe-zone appointments, and signaled an obvious return of the Carter administration’s second echelon. Madeleine Albright, Warren Christopher or Treasury’s Lloyd Bensten were relatively unexperienced and passive, but all of them had links as old Carter democrats (Gowan 1999: 77).

Neoconservatives and Reagan Democrats, who started to support Clinton during the campaign, disillusioned with the new administration almost overnight. As Penn Kemble, a leading personality of this group then wrote, “individuals from our community are being edged aside as the new Administration takes shape... old Democratic networks are, naturally enough, promoting their own jobs... you have to understand the need for a kind of affirmative action on our behalf” (qtd. in Bouchet 2015: 19). Another prominent figure of the neoconservatives, Joshua Muravchik put it this way:

“Almost from Day One after the election victory we felt as if we had been suckered. When we first heard that he was considering Warren Christopher for secretary of state, I said ‘that can’t be serious’. Christopher had never had to my knowledge a single thought about foreign policy. He was just a lawyer. This just meant ‘I don’t want to have a foreign policy, Christopher’s main job is just to rule as many things out from requiring attention as possible’.” (qtd. in Bouchet: 19).

However, it is true that a stronger economic policy team was built behind Clinton: Robert Rubin, Ira Magaziner, Laura Tyson, Robert Reich, and especially Mickey Kantor and Al Gore were the masterminds behind Clinton’s foreign economic policy. The team was often called “the globalists,” and, as one expert succinctly put it, “The new concept was that competition among states was shifting from the domain of politico–military resources and relations to the field of control of sophisticated technologies and the domination of markets. The nature of the new game was also given a new name: ‘geoeconomics’” (Gowan 1999: 77). Gore was a particularly influential person, who as Vice President did not have great official influence but had a decisive impact on people’s attitudes and policies. A source of inspiration for Gore was Cordell Hull (Franklin D. Roosevelt’s State Secretary from 1933 to 1944), a fellow Tennessean, a family friend of the Gores. Hull was himself a symbol for the global undertaking of America, free trade, and the continuation of Democratic traditions (Boys 2015: 166). It was also Gore who found federal funds to save Hull’s cabin birthplace in Tennessee (Brinkley 1997: 119). Gore was also a staunch supporter of innovation, environmentalism, and information technology. He was an authentic, albeit sometimes clumsy representative of these new issues.³

³ Gore once had an unfortunate statement that became widely cited: that he had “invented” the internet. Naturally, what he meant was that he contributed a lot to the spread of the civilian use of the internet.

In the meantime, Clinton's early months saw a rise of problems in many prioritized fields, and the administration faced criticism about its vague and reactive foreign policy. Three months after inauguration, Clinton only added fuel to the fire with such throwaway remarks that "foreign policy is not what I came here to do" (Ambrose–Brinkley 1997).⁴ Following the early debacles of Somalia (known as the Battle of Mogadishu, eternalized by the Hollywood movie *Black Hawk Down*), and another serious humiliation in Haiti, the Clinton team needed a whole new concept. U.S. Secretary of Defense Les Aspin and Secretary of State Warren Christopher filed their resignations. After some consideration, Clinton accepted the former and refused the latter, while he also blamed Bush's concept the "new world order" for the events that occurred. Against this backdrop, Clinton assigned National Security Adviser Anthony Lake to formulate a new policy with a strong and meaningful narrative, with one single catchphrase that could serve as a "compass" to foreign policy (Poppe 2010: 10, also Ambrose–Brinkley 1997).

Anthony Lake set up a task force to find that compass. There were two early versions, democratic engagement and democratic expansionism. Jeremy Rosner, a speechwriter at the National Security Council then coined the word enlargement. Rosner put this new phrase to the test with many colleagues, and having had positive feedback, told the idea to Lake who instantly liked it (Ambrose–Brinkley 1997).

In September 1993, Lake gave a speech entitled "From Containment to Enlargement" that was to formulate the new agenda. Clinton only made minor changes to the text before authorizing it (Bouchet 2015: 21).

"I see four components to the strategy of enlargement.

First, we should strengthen the community of major market democracies⁵ – including our own – which constitutes the core from which enlargement is proceeding.

Second, we should help foster and consolidate new democracies and market economies, where possible, especially in states of special significance and opportunity.

Third, we must counter the aggression – and support the liberalization – of states hostile to democracy and markets.

⁴ Citations from Ambrose–Brinkley (1997) are without page numbers due to the unavailability of a hard copy. However, the bibliography points to an online version that is easily and freely usable and searchable.

⁵ Market democracy is in fact a word coined by Bill Clinton himself. Cf. Poppe 2010: 11.

Fourth, we need to pursue our humanitarian agenda not only by providing aid, but also by working to help democracy and market economics take root in regions of greatest humanitarian concern.

A host of caveats must accompany a strategy of enlargement. For one, we must be patient. As scholars observe waves of democratic advance are often followed by reverse waves of democratic setback. We must be ready for uneven progress, even outright reversals. [...] Our strategy must view democracy broadly -- it must envision a system that includes not only elections but also such features as an independent judiciary and protections of human rights.” (Lake 1993)

A week later, at the UN General Assembly, Clinton further stated, “During the Cold War, we sought to contain a threat to the survival of free institutions. Now we seek to enlarge the circle of nations that live under those free institutions” (qtd. in Bouchet 2015: 22). The speech and the plan also devised priorities: first came the traditional allies in Western Europe, then the fresh democracies in Eastern Europe and Asia, then the Western Hemisphere, and last the backlash states like Iraq or Iran (Bouchet 2015: 22).

A world safe for free trade

The formulation of foreign (economic) policy was picking up speed. Clinton set up, already in 1993, the so-called U.S. National Economic Council, a body that was to mirror the National Security Council to take the former’s ultimate planning role in the Cold War in this post-Cold War environment (Gowan 1999: 78). The signing of the North American Free Trade Association created a vast free trade zone in the Americas, albeit the bulk of negotiations were already done by the Bush administration. Yet another victory was the Uruguay Round Agreement of GATT (effective in December 1994) which did not significantly lower tariffs in the U.S. (being one of the most open economies since 1945) but did a lot to lower them in other countries. It also created the World Trade Organization (WTO) as a new international regime. In Seattle, Clinton brought together 15 Asian heads of state to form the Asia–Pacific Economic Cooperation, i.e. APEC, which since then became an essential player in East Asian economic policy (Ambrose–Brinkley 1997).

The economy became indeed the heart of U.S. foreign policy. Robert Rubin led the National Economic Council to dovetail domestic and foreign economic policy. U.S. Trade Representative Mickey Kantor travelled across the globe in the company of Fortune 500 CEOs to promote a new “open door policy” (Ambrose–Brinkley 1997). A new

document was drafted to further clarify what the Clinton agenda meant: it was called the En-En document, or officially: the National Security Strategy of Enlargement and Engagement (1994). The title itself was also a synthesis: that of engagement (favored by Gary Hart, State Department) and enlargement (Tony Lake/Jeremy Rosner) (Saphire 1994). According to Clinton's foreword to the document,

“We believe that our goals of enhancing our security, bolstering our economic prosperity, and promoting democracy are mutually supportive. Secure nations are more likely to support free trade and maintain democratic structures. Nations with growing economies and strong trade ties are more likely to feel secure and to work toward freedom. And democratic states are less likely to threaten our interests and more likely to cooperate with the U.S. to meet security threats and promote sustainable development.” (National Security Strategy 1994: ii)

Accordingly, the Clinton administration set about developing the ways and means to promote free trade and American values further. Russia was an especially successful case. Boris Yeltsin's presidency was committed to capitalism and democracy, and this let the American free-trade-promoting agenda very efficient. Indeed, the “breaking up”⁶ of Russia went ahead with unprecedented pace: by 1996, already 120,000 state-run companies had been privatized and the numbers were still running high (Ambrose–Brinkley 1997). China was also an essential part of the policy of enlargement, itself being still a planned economy and an authoritarian regime. Clinton criticized Bush for stabilizing normal relations with China after the violent crackdown on the Tiananmen Square protests, and pledged to link MFN (Most Favored Nation) status to significant change in China's human rights record. As China's MFN status needed to be renewed each year, the issue generated a series of debates every year. Finally, as Beijing did not budge on the issue of human rights, the Clinton administration stepped back. The move was framed as a victory in the name of free trade and American interest, albeit criticism was strong for abandoning the human rights agenda (Boys 2015: 187–188). In 2000, Clinton signed legislation that let China enter into the WTO, while the country's MFN status was made permanent a year later.

Problems came up in Japan as well. Negotiations collapsed in 1994 because Tokyo did not want to let the American cellphones industry in. The U.S. switched to a big stick

⁶ Another study may deal with the language of this new American policy. “Breaking up” economies and promoting “open door policy” belongs to a linguistic domain used by 19th century colonialism that likely did not go unnoticed with non-Western countries, or, for that matter, with Russia.

policy. As Clinton put it, “America for ten years tried thirty different trade agreements, and nothing ever happened.... [T]he trade deficit just got bigger and bigger. So we’re going to try to pursue a much more aggressive policy now which will actually open markets” (qtd. in Ambrose–Brinkley 1997). Using the big stick was the source of a great deal of criticism against the Clinton administration. Eminent Indian economist Jagdish Bagwhati bashed the Clinton administration for “bullying” China, Japan, and Mexico with free trade policies – though of course China was not that easy to be bullied (Frankel 2001: 9–10). Partisan or ideological criticism was even more important, especially after January 1995, when the Republican Party overtook both houses of Congress. Lawrence Kaplan, for instance, heavily criticized Clinton:

“The Clinton White House characterizes its own approach to foreign affairs as ‘pragmatic neo-Wilsonianism,’ but Woodrow Wilson, as it happens, entered office with the explicit intention of putting an end to the ‘dollar diplomacy’ of the Taft administration. In international affairs, the true inclinations of the Clintonites bear a much closer resemblance to the policies of Harding, Coolidge, and Hoover – and, like theirs, the new policy comes clothed in high-minded rhetoric.” (Kaplan 1998)

Kaplan cites a set of examples when Clinton’s priorities of democracy promotion and trade relations were in conflict. For instance, Clinton said that there was a “national emergency” because of WMD (i.e. Weapons of Mass Destruction) proliferation (especially in former USSR countries), but at the same time he strove to abolish COCOM, a multilateral organization that used to monitor high-tech exports. Kaplan also points out the hypocrisy behind castigating small, insignificant members of the international community (Burma, Cuba, etc.) for their human rights records, but leaving aside those of China (Kaplan 1998). Kaplan, like most Republicans, entertained a totally different idea of the link between stability and trade. As he put it,

“Is it really necessary to point out that, even in an era of globalization, commercial ties are properly an effect, not a cause, of political stability? In the serene conviction that things are the other way around, the White House has been recklessly testing a proposition that has been found wanting over and over again in this century: the theory that trade and war are incompatible. The European flirtation with this idea in the period prior to World War I ended decisively at the Marne.” (Kaplan 1998)

Yet another source of criticism was the unwillingness to use force for human rights purposes. After the interventions in Somalia and Haiti, a general notion of non-

intervention was very tangible in Washington D.C. As Robert Brinkley put it, writing in *Foreign Affairs*, these countries did not have the prospective capability to develop major consumer middle classes, and so they were on the periphery of the American sphere of interest (Brinkley 1999). Such a prioritization is normal, but when it came to human rights violations and the largest post-World War II genocide in history in Ruanda (1994), it indeed generated a long-lasting credibility deficit on the side of the Clinton administration.

The second Clinton administration saw a shift in many respects. One was a newly added point to the Clinton agenda: peacemaking. The president used his personal negotiating skills and American power to settle minor but resilient conflicts across the globe. He tried in vain to make peace in Israel and Palestine, but he was more successful in Northern Ireland. The Good Friday Agreement of 1998 effectively ended the violent conflict in that part of the world, with the serious mediation of U.S. Senator George Mitchell. A year before, Clinton was successful in brokering the Comprehensive Nuclear-Test-Ban Treaty, albeit it was not really “comprehensive,” with India, Pakistan, and North Korea not joining. By far the most important conflict to settle was that in the former Yugoslavia. Overcoming reluctance and hesitancy, six months after the massacre at Srebrenica, IFOR forces stepped up efforts to make peace on the Balkan Peninsula. In November 1995, the peace accords were signed in Dayton, Ohio under the tutelage of Richard Holbrooke and Warren Christopher (Ambrose–Brinkley 1997).

Problems in Eastern Europe led to other landmark Clinton administration decisions: first the establishment of Partnership for Peace, and then the expansion of NATO. Partnership for Peace (PfP) proved successful in terms of engagement policy. In Bosnia more than a dozen states contributed to NATO troops, and Hungary actually became the largest staging ground for American troops during the operation. Secretary of Defense William Perry praised the idea: “PFPP is not just ‘defense by other means’ but ‘democracy by other means,’ and it is helping turn George Marshall’s dream of a democratic and unified Europe into a reality” (Ambrose–Brinkley 1997). In October 1996, Clinton made a speech in Detroit about NATO’s enlargement. In this speech, he stated that some Warsaw Pact countries should join the North Atlantic Alliance at the Alliance’s 50th anniversary. He further said,

“[T]he new NATO should do for Europe’s East what the Marshall Plan and the Alliance did for Europe’s West. [It] should not just deter outside aggression ... but

serve as a force for integration, democratization, and stability in Europe.” (NATO 1996)

As it may be obvious from the speech as well as from the analysis of many observers, the enlargement of NATO was not conceived in the framework of military expansion but rather as a more holistic expansion of democracies. Here the Clinton administration faced the conflict of interests between its general attitude to keep costs low and its determination to promote “market democracies.” The case became more urgent because PfP proved not to be sufficient. Eastern European leaders urged more formal enlargement, and the Yugoslav wars obliterated the hopes of European peace (Kupchan 2001: 131).

Whether such an eastward expansion was advisable or not was a bone of contention within the administration itself. Actually, a new divide has emerged between those who wanted less or more activism throughout the world. Lake’s concept of enlargement was too much for people like Gary Hart or Warren Christopher. As Christopher’s sway started to fade, Madeleine Albright’s was on the rise and she definitely brought new stresses into the administration (Boys 2015: 87). Coming from Czechoslovakia, Albright was not convinced of the wisdom of focusing on trade policy alone and her tenure as State Secretary brought about a more virulent freedom agenda. Also, her new approach was less global than before: European integration and China were now prioritized over Haiti, Japan, or even non-proliferation (Bouchet 2015: 29). A more hawkish Albright was State Secretary when another round of the Yugoslav wars of succession broke out which resulted in the NATO bombing of Serbia in 1999.

The rogue states contradiction

The framework of enlargement and engagement had certain provisions: that democratic states are less willing to fight one another, that free trade and free institutions are mutually reinforcing, the forces of globalization are on the side of further integration, and that the whole globe was set to participate in such an engagement. Naturally, not everyone was of the same opinion. The question arose: what to do with countries that are not willing to accept the fruits and benefits of globalization and engagement?

The term “backlash states” occurred already in Tony Lake’s “From Containment to Enlargement” speech, but it later became somewhat transformed and was given a central position. It was in fact transformed, as the idea of “rogue states” was even earlier formulated: in the U.S. Army during the Bush administration. The relatively good

relations between the outgoing and the incoming administration, as well as Clinton's purported softness in military affairs resulted in borrowing the term and the concept of "rogue states" (Miles 2013: 23–24).

Vis-à-vis those countries that were unwilling to advert to democracy and the market economy, the Clinton administration upheld or even expanded trade sanctions and imposed isolation. That was the case with Cuba, where the *bloqueo*, the comprehensive embargo, was not lifted but was expanded in 1999. Although in the same year Clinton eased some of the sanctions against North Korea, most of them were upheld or expanded against Burma, Iran, or Iraq. These countries came to define the term rogue state. Arms embargoes were almost universal against these countries throughout the 1990s and, in fact, ever since then.

Rogue nations were no longer separable from rogue behaviors: terrorism, drug-trafficking, or human rights abuses. Rogue non-state actors were at the same time empowered to some extent by Clinton's early foreign policy gaffes. A Somali warlord, for example claimed that "we know how to get rid of the Americans, by killing them so that public opinion will put an end to things." Osama bin Laden also used the Somali example: "when tens of your soldiers were killed in minor battles [...] you left the area carrying disappointment, humiliation, defeat, and your dead with you. Clinton appeared in front of the whole world threatening and promising revenge, but these threats were merely a preparation for withdrawal. You have been disgraced by Allah and you withdrew; the extent of your impotence and weaknesses became very clear" (qtd. in Dueck 2006: 143). The challenge posed by rogue states and rogue non-state actors was thus very urgent.

In 1995, before the UN General Assembly, President Clinton addressed the issue of rogue nations and global interconnectedness:

"All over the world, people yearn to live in peace. And that dream is becoming a reality. But our time is not free of peril. As the cold war gives way to the global village, too many people remain vulnerable to poverty, disease, and underdevelopment. And all of us are exposed to ethnic and religious hatred, the reckless aggression of rogue states, terrorism, organized crime, drug trafficking, the proliferation of weapons of mass destruction. [...] these forces jeopardize the global trend toward peace and freedom, undermine fragile new democracies, sap the strength from developing countries, threaten our efforts to build a safer, more prosperous world. So today I call upon all nations to join us in the fight against them.

Our common efforts can produce results. [...] To take on terrorists, we maintain strong sanctions against states that sponsor terrorism and defy the rule of law, such as Iran, Iraq, Libya, and Sudan. We ask them today again to turn from that path. Meanwhile, we increase our own law enforcement efforts and our cooperation with other nations.” (Clinton 1995)

In 1997, Madeleine Albright restated with more emphasis the universal American response to those who willingly stay outside of the U.S. zone of stability and engagement: “to strengthen the bonds among those countries that make up the growing community of major market democracies... to help emerging democracies get on their feet... to reform or isolate the rogue states... to contain the chaos and ease the suffering in the regions of greatest humanitarian concern” (qtd. in Boys 2015: 88). In this speech, one side of the coin is the evermore integrated world, and the other is the realm of rogue states that were to be either reformed or isolated.

Isolation, indeed, was sometimes considered a magic word for solving problems. Its popularity within the administration went so far that it caused the downfall of a leader of the CIA (Central Intelligence Agency). In September 1996, CIA director John Deutch told Congress that economic sanctions would never be able to stop Saddam Hussein from overcoming and undermining the international order. Not soon after Deutch was dismissed, and Clinton appointed Tony Lake to the position. This was, on the other hand, a disastrous choice: Lake was considered a McGovernite, a draft-burner, and too soft on security by the Republicans, and thus unfit for the position. As Lake became the primary target of Republican criticism, he finally stepped back from nomination (Ambrose–Brinkley 1997).

The most important lesson of the evolution of the rogue state doctrine was that in fact it did not entirely stop proliferation, drug-trafficking, or subversion, while it could not do a lot to improve the general situation of human rights, either. The idea that rogue nations needed to be isolated from the rest of the world is in fact contradictory to the main idea of engagement.

If engagement is “reverse domino theory” (phrasing by Brinkley 1997: 116), then isolation cannot improve but only worsen a situation. If a country chooses to close up in terms of politics and economy, a remedy cannot be to place it in an international ghetto. The latter policy might cause some unpleasant moments but would still very much be in line with the original goal of such a “rogue nation,” not to mention the potential propaganda value of this kind of hostile isolation.

Conclusion

Based upon the above discussion of the evolution of the ideas of enlargement and engagement, or geoeconomics, it may be timely to present a short evaluation of both the term and its application. As for its application, most analysts agree that the Clinton administration's time was an economic success story. The wealth accumulated during this period in virtually all segments of American society is threefold. As a short-term causal factor behind this, the temporary good luck with commodity prices was decisive. In the middle run, sound macroeconomics also deserve credit as a major achievement of the Clinton team. In the long run, globalization, deregulation, innovation, and the apportioning of credit need to be mentioned (Frankel–Orszag 2001), most of which also had an immediate connection to Clinton's policies.

On the theoretical level, one may now offer an answer as to what geoeconomics precisely means. Based on the research for this paper, it is clear that the whole concept is quite vague. It does not have axioms, and does not follow rules. There is no precise description of actions and reactions. All that can be said is that geoeconomics is the primacy of trade and the economy in global affairs, as well as a deep belief in the forces of globalization, in a world that is on the way of ever-expanding integration. For this integration, the lowering/elimination of trade barriers is essential. Thus, geoeconomics prescribes no policy solutions to crises, disputes, or disagreements, and by no means promotes trade wars – even if there have been some in the 1990s, it did not constitute a central tenet of the geoeconomics approach. Geoeconomics also did not answer the question of whether the link between free trade and democracy is structural or causal, which would have been a strong basis on which to build a more elaborate idea.

One last question to tackle is the relation of geoeconomics and democracy promotion during the Clinton administration, or in other words, whether geoeconomics (i.e. the primacy of trade) served democratization, or if democratization served geoeconomics. Judging from the rather reluctant attitude to intervention, the cost-efficient nature of foreign policy, as well as the military and political downscaling (affecting e.g. the U.S. Information Agency) throughout the world, it was arguably the democratization factor that was intended to help geoeconomics. While trade relations and economic growth were actively pursued policies during the 1990s, democratization was only supportive of these, if not an in fact passive item on Clinton's agenda. In Michael Cox's

words, “promoting democracy was not a moral duty but a policy instrument to advance American power” (paraphrased by Poppe 2010: 12).

Remembering, however, the differences between Republican and Democratic free trade ideologies, it is also clear that in the very long run, even geoeconomics may serve democratization: an open, competitive, integrated globe was the teleological objective of Democratic trade policies.

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