

## **Starchitects**

### **Richard I. Lauf**

When architect Rem Koolhaas designs a new building for some Middle Eastern potentate, you may be sure an appearance on Charlie Rose will follow in short order for him to explain the aesthetics, the requirements and context, and the logic and the engineering of what is sure to be called a "signature building." Cincinnati hosts some of these icons, from Gehry's Vontz Center for Molecular Biology building on the University of Cincinnati campus to Hanaford's Music Hall built in 1878. There are a number of these star architects active today, to the point the term "starchitect" is now used to describe them.

Yet even when designed by one of these architectural geniuses, no architecture lasts forever. Some show problems from the outset. The owner of Westhope, a famous Frank Lloyd Wright house, complained that the roof was leaking and water falling on his desk. The curmudgeonly architect reputedly advised, "Richard, why don't you move your desk?" UC has announced a renovation of the Vontz building even though it was only built in 1999. Music Hall is in the midst of a top to bottom reimagining and renovation. No matter how brilliant at the outset, changing needs, changing values, changing economics, and the passage of time take their toll. The architecture must be refurbished, renovated, repurposed, and in some cases, torn down for fresh construction to meet new needs.

I offer these musings on "starchitects," their creations and the passage of time because of today's discussion of the health or even the demise of the Post-World War II international institutional architecture. The pundits love this term, institutional architecture, and for good reason. The construction of durable institutions mirrors the construction of major buildings. It likewise starts with objectives, must fit the surrounding context – both other institutions and nation states, has to be conceived, has to be paid for, and has to be constructed using known good practices. We see around us to this day the embodiment of that institutional architecture. But, just as buildings, no matter how elegantly designed over time come to need maintenance, renovation, and even

replacement, tonight I will argue that we should be considering the degree to which the Post-War structures are overdue for work.

Let's start by taking a brief look at three of the "starchitects" of the global order. I will start with Gen. George Marshall. Some years ago Peter Briggs gave a wonderful paper for the Club that discussed Marshall's enormous contributions. Peter actually met the General at the famous Harvard Commencement where his speech initiated what became the Marshall Plan. In that paper, Peter put Marshall's many contributions into context. If you didn't hear Peter's paper, by all means read it on the website.

Marshall shaped the Post-War global order even before the War's end by opposing the "Morgenthau Plan," a plan put forward by US Treasury Secretary Hans Morgenthau. This plan envisioned removing all industry and mining capability from Germany to the point that they would become an entirely pastoral and farming region. Morgenthau saw this as a way, perhaps the only way, to ensure that Germany could never again build any meaningful military capacity. In contrast, Marshall argued that a prosperous Europe was in America's best interests and that an economically successful Germany formed the linchpin of economic recovery for Europe as a whole.

When enacted in 1948, the eponymous Marshall Plan gave very substantial post-war aid to European countries, estimated at \$189 billion in today's money. (For perspective, US current foreign aid spending is around \$23 billion annually.) The Marshall Plan was designed in part to improve the economic conditions of European citizens to the point that they would not choose Communist governments at a time when the privations of society made large numbers flirt with far-left or indeed Communist parties. It succeeded in this regard. However, in retrospect, perhaps the greater contribution of the Marshall Plan arose from its requirement that the Western European nations work together to maximize the effectiveness of US aid. Scholars now argue that this US pressure to work together, even among the erstwhile bitter enemies in the war, sowed the seeds for the cooperation that led to the European Coal and Steel Community - the forerunner of the European Union.

Marshall also played a key role, perhaps the key role, in the creation of NATO. It was under his auspices in 1948 that European defense officials came together with US officials to discuss a new defense alliance. NATO arose from these discussions. It contained one breakthrough provision: an attack on any one member would constitute an attack on all members. This is the so-called Article 5 provision. NATO's purpose as its first Secretary General, Lord Ismay, described it was to "keep the Russians out, the Americans in and the Germans down."<sup>1</sup> (NATO admitted West Germany to the alliance in 1955 in order to add its population and economic heft to the barrier against the Soviets.) While the recent election very briefly called the Article 5 provision into question, in fact it has been exercised only once in history - on behalf of the US following the 9/11 attack! All in all, Marshall made multiple significant contributions to the international architecture.

Harry Dexter White was a starchitect of the financial institutions, albeit a very flawed one. He was the chief American negotiator at the Bretton Woods Conference of 1944. He had been working on a post-war financial order from early-on in war, as had John Maynard Keynes on the British side. White chaired the part of the conference dealing with the International Monetary Fund. At the end of the conference, the various countries agreed on a number of important decisions. First, they agreed to an adjustable peg foreign exchange regime, where rates were pegged to gold and governments were only supposed to alter those rates when there was a fundamental economic disequilibrium. By the final agreement these exchange rates were to be pegged against the dollar, with the dollar itself convertible into gold. Furthermore, members were to keep their currencies convertible for trade. Finally, all members had to invest capital into the IMF, with voting based on how much they put in. The IMF would then act as a stabilizing force in international financial flows.

Much of the intent of Bretton Woods was to supplant economic nationalism with open international markets. Further, it stressed that the barriers to trade and to movement of capital should be lowered. It also established the idea of shared governance of the international economic system with the member voting at the

---

<sup>1</sup> Reynolds, David. *The Origins of the Cold War in Europe: International Perspectives*. New Haven: Yale University Press, 1994.

IMF. With open international flows, governments could then concentrate within their borders on putting in place policies to encourage economic growth and employment. The conference also established the World Bank to act as an international development lender.

John Maynard Keynes, the leading British negotiator, had proposed a system based not on dollar or gold convertibility, but on an internationally administered currency which he called Bancor. By this time, Keynes' health was failing and he realized that the US economy would predominate the world economy coming out of the war. The dollar peg became the standard, not Bancor - and the dollar remains the world reserve currency to this day, despite the tie between the dollar and gold being severed by Nixon in 1971.

Let me add a footnote to the discussion of Harry Dexter White, lest we get too starry eyed about these starchitects. White was accused, along with many others, of spying for the Soviets during the war. He vigorously denied it, but subsequent release of archives confirms his guilt in this matter. These weren't plaster saints creating the international architecture that has endured to this day, they were statesmen and bureaucrats with their own faults.

Finally, let's look at George Kennan. Kennan was a State Department official and Soviet expert. He was involved in many of the key activities that produced the institutional architecture, but I want to focus on just one major contribution. While assigned to the US embassy in Moscow in 1946, he was asked to provide some background to Washington. The Treasury Department had asked the State Dept. to explain Soviet behavior, among other issues its failure to endorse the IMF and the World Bank. They got more than they bargained for.

Kennan responded with a telegram of over 5000 words to the Secretary of State. In it he laid out a complete strategy to manage relations with the Soviet Union. He carefully analyzed the internal political needs driving Stalin and the Soviet Union. He called for strengthening Western institutions so they would hold firm while the Soviet Union slowly modified its system. In this single telegram he founded the doctrine of containment. Within a year, it became policy when Truman announced his Truman Doctrine based on the situation in Greece. To

quote Truman, "I believe it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures."<sup>2</sup> Kennan then laid out his arguments publicly, writing under the pseudonym "X" in the influential journal *Foreign Affairs* in 1947. He stated, "Soviet pressure can be contained by the adroit and vigilant application of counterforce at a series of constantly shifting geographical and political points, corresponding to the shifts and maneuvers of Soviet policy, but which cannot be charmed or talked out of existence."<sup>3</sup>

Today we sometimes see the idea of containment as a hawkish doctrine, yet Kennan himself expected that in its implementation US policymakers would sort out those Soviet pressures of primary importance from secondary issues. For example, he criticized US involvement in Viet Nam in the 1960s on the basis that we had no vital interests there. His doctrine also stood in contrast to accommodation or wishful thinking that the Soviets would could be readily incited to just change their behavior. On the other hand he did not choose a strategy of "rollback" of the Soviet occupation of Eastern Europe as urged by some. He saw this doctrine also as what today we might call a full-spectrum effort, involving economic, diplomatic and cultural means, not just military means. He included in the article the statement the US had it in its power "to promote tendencies which must eventually find their outlet in the break-up or the gradual mellowing of Soviet power."<sup>4</sup> This seems quite prescient in light of the Soviet Union's collapse in 1991. Let me add that both the Long Telegram and the "X" article in *Foreign Affairs* repay reading today as examples of the kind of thinking we need.

I could go on and on, adding to the lists of both architects and institutions. I offer these three architects and their work only to make the point that the late 1940s were a very fertile period of creation. I have not mentioned Dean Acheson, John McCloy, and many other American officials. Nor have I in the brief compass of

---

<sup>2</sup> <https://www.ourdocuments.gov/doc.php?flash=true&doc=81>

<sup>3</sup> Kennan, George (Writing pseudonymously as "X"). The Sources of Soviet Conduct. *Foreign Affairs*, Vol 25, No.4 (July, 1947).

<sup>4</sup> Ibid.

this paper even touched the creation of the European Union - one of the institutions now under some real stress. Even the EU was seen as a contribution to the US economy and our national security. These topics could be readily extended.

But overall, they created an entire international order based on preventing devastating wars like the two world wars the architects had experienced so directly. To do this they had to make many difficult trades between giving up some national autonomy to international institutions while still allowing national governments and electorates to set policy within their borders. In many ways they retained a Westphalian view of the sovereignty of national governments within the borders of their nation states. They resolved serious differences of view within the US government itself. They ended with an open trading system to promote economic growth, especially in the devastated countries of Western Europe. They created a rules based international order and tried their best to set the stage for good governance for populations: democracy, rule of law, and freedoms.

They did all this despite the emergence of a bipolar world that was apparent by the late 1940s. In some ways the balance of power between the two sides made it easier for the sides to avoid open war, but made the operation of international institutions more difficult.

We need to be clear. US leadership played the key role in the creation of these institutions. NATO was originally conceived as a purely European defense arrangement, but British Foreign Minister Ernest Bevin recognized that US participation was essential to success. I mentioned earlier that the Marshall Plan set the predicate for European cooperation, a cooperation that found its full expression in the European Union, the Euro Zone and the opening of internal EU borders to the free flow of goods and people. This latter point now proves a serious stress on the EU institutions.

During the period of institutional construction, US officials saw it as in our interest to build a rules-based international order, even though the rules bound us as well. Our broad-mindedness did have its limits. The five permanent members of the

UN Security Council were the five countries on the winning side in World War II. Each of those five permanent members also holds veto power. The Security Council controls more means to exercise power than does the broad General Assembly where each country's vote counts the same - a transparently utopian arrangement.

Similarly, in other institutions, the US can exercise a de facto veto. In the international financial institutions for example, as the proportion of US capital and voting power shrunk over the years, the threshold of votes to act on major matters grew. At one point certain actions required more than 80% of the voting power to pass. Conveniently, the US held 20% of the vote, giving an effective veto! Furthermore, the US historically gets to select the head of the World Bank, the Europeans get to name the head of the IMF. This norm is eroding lately, but take a look at the historical lists of office holders.

Any surrender of sovereignty was not without controversy at the time. I recall as a child in the early 60s people handing out postcards at big Chicago community events at Navy Pier. At this time Mao's China was demanding the UN seat held by the Taiwan nationalists along with the corresponding seat on the Security Council and veto power. On the postcard was a picture of the United Nations building in New York. The headline on the card read, "Give Red China a seat in the UN - our seat! Then tell the UN to leave the country." As a member of the Young Americans for Freedom at the time, I thought this headline remarkably clever.

On the other hand, there has been persistent criticism from the left and from the post-colonial countries arguing that the principal interest served by these institutions was US interests, particularly US financial interests. John Perkins book, *Confessions of an Economic Hit Man*,<sup>5</sup> made the argument that consulting firms, principally US consulting firms, created completely unreal economic forecasts justifying mega-projects like steel mills and hydroelectric plants in developing countries - projects which had no hope of succeeding in reality. Their

---

<sup>5</sup> Perkins, John. *The Confessions of an Economic Hit Man*. New York: Penguin Books, 2004.

studies led to international agencies lending the money to build these enormous projects. Of course the construction money went to big corporations, above all US corporations.

When reality of the markets caught up and proved these projects uneconomic and an actual drain on the country's economy, the international organizations like the IMF imposed draconian austerity on the country even at the expense of their spending to deal with poverty and human development in the country. The creditors in the US came first. Net, international development assistance flowed not to the poor of the Third World, but to affluent corporations. While I personally found Perkins' conceit of an "economic hit-men" and his conspiracy theories not terribly credible, there is something to be said for the argument that foreign assistance flows back to the donor countries. This same point was made about the Marshall Plan, since the only country that could really provide capital goods and even foodstuffs in the rubble of World War II was the US.

Despite these and other criticisms, this institutional framework proved remarkably successful in achieving its goals. No major war broke out among European powers for seventy years. World economic growth burgeoned under open markets, free (or at least "freeish") flows of goods, services and capital, and fairly stable currency regimes.

So where does this leave us? Populist forces are loudly calling the current institutional arrangements into question. The Brexit vote was a stunning seismic shift in the European program that caught all the elites by complete surprise. The results of the US election were equally surprising, even though we still haven't truly sorted out all the motivations of the voters. Europe's coming votes will give more tests of the current order. Geert Wilders' recent performance in the Dutch elections has given hope to those supporting the European status quo. Marine LePen in France showed the populist strength by winning the first round of Presidential voting. I personally have no idea whether the populist movements as we see them today are a flash in the pan or a durable force for the next generation. What I do expect is that the stresses that have built up in a seventy year old architecture won't go away even if the immediate populist campaigning

diminishes. While the institutions have evolved, I don't believe they have evolved at a comparable rate to the global environment.

If we want a stable, rules-based international order for another generation, we need to face up to some big questions, whose answers will have to shape and reshape the major institutions. These are tough questions which admit no ready answers, but until they are resolved, we should expect serious strains on the international order.

Looking around the world today, one can readily list awful situations that are fraught with danger, shock anyone's sensibility towards human suffering and show few signs of resolving themselves any time soon. Competent diplomats and statesmen are managing them as best they can, even in the face of legitimate conflicts of national interests among nations, irrationality and irredentism, intransigence and outright evil. What I am asking tonight is not how to resolve the long list of seemingly intractable specific problems. I want to pose for you my own list of the big systemic questions which require profound thought and some clear viewpoints if we are to create another multi-generational period of reasonable peace, stability, economic growth and improving human conditions.

The first question: to what degree can and will the US continue to provide global "common goods"? Are we at the limits of what the US economy can bear? Or perhaps what the American public is willing to bear? These global common goods include such things as freedom of navigation - a service the US Navy provides the entire world, with some assistance from regional powers. The US, even before the current budget debates, has largely ceded providing development assistance to others. To the degree that the Europeans have picked up this global common good, we can count on good governance and rule of law to retain a place in the process. Increasingly China has become a major development aid provider, usually with few questions asked about a country's internal situation as long as the projects serve China's needs for finished goods exports or raw materials imports. The creation of the Asian Infrastructure Development Bank takes another big step forward in this regard, with the US not only not participating, but even engaging in a failed effort to keep allies like Britain from participating.

NATO gives another case study in the provision of "common goods." Despite the NATO Wales Summit agreement in 2014 for the twenty eight NATO members to spend at least 2% of GDP on defense, at the moment only the US, Greece, the UK, Estonia and Poland are over the agreed 2% guideline.<sup>6</sup> Germany spends 1.19% of GDP - less than a third of the US. While there is general agreement that NATO is a key part of US security, numbers like these make it hard to sell to a US electorate. Is European defense really worth three times more to US taxpayers than to German taxpayers?

Next, let's ask how can the current international institutions, as well as the US itself, adapt to accommodate the rise of China, the assertions of Russia and the expectations of the next tier of regional powers like Brazil and India. We already see for example increased demands for permanent seats on the UN Security Council from some of these countries, which by many measures hold at least as much economic, military and regional power as Britain and France. Similarly, the pressure against the idea that the Managing Director of the IMF is always a European is understandably rising with each new term. These pressures are not unlike those faced by the architects of the late 40s and are not much different in facing the US with the choice between ceding some control in return for a rules-based order. How far will the current incumbents be willing to go in making adjustments to accommodate new power relations?

The global institutions in general and the US in particular need to somehow accommodate a rising China. This problem is sometimes referred to as the Thucydides Trap, building on the idea that it was the rise of Athens and the fear that this instilled in Sparta that made the Peloponnesian War inevitable. In fact a forthcoming book argues that in twelve out of sixteen historical cases, war was indeed the result.<sup>7</sup> The good news is that statecraft can work as it did in the four positive examples.

---

<sup>6</sup>[http://www.nato.int/nato\\_static\\_fl2014/assets/pdf/pdf\\_2016\\_07/20160704\\_160704-pr2016-116.pdf](http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2016_07/20160704_160704-pr2016-116.pdf)

<sup>7</sup> Allison, Graham. *Destined for War: Can America and China Escape Thucydides's Trap?* New York: Houghton Mifflin, forthcoming.

Let's now ask whether we are we at the limits of the "Triffin dilemma" with regard to the dollar as the reserve currency. The Triffin dilemma, named after the Belgian economist Robert Triffin, argues that if the reserve currency country keeps its balance of payments in equilibrium, then other countries won't have enough of the reserve currency, which will slow world economic growth. But, if the reserve currency country provides enough world reserves, its own liabilities will increase, ultimately calling into question its ability to redeem those liabilities. Already some economists have begun suggesting that the next widespread global downturn will need a reserve asset other than dollars to restore growth. Seventy plus years later, will we see some realization of Keynes' Bancor idea? It is difficult to overemphasize the benefit of being the reserve currency: your debt is issued in your own currency. Look at the dangers faced by countries issuing debt in someone else's currency when currency fluctuations occur. The economist Eichengreen wasn't wrong when he called his book on the dollar's global reserve role "Exorbitant Privilege."<sup>8</sup>

If we are to shape events for the next fifty plus years, we must answer the question of where on the threat spectrum to place the ideology of Radical Islam. Is it an existential threat? A difficult but manageable problem that may be with us for a generation? A threat of psychological import to Western electorates, but not truly something to shape the international institutions? Something that can be managed by good intelligence and police work? With a clear sense of the threat what is our strategy to deal with it? What role do international institutions have to play in its resolution or management? Our tradition of open societies, religious toleration and non-discrimination make this a particularly thorny discussion to have. It is certainly clear that Radical Islam rejects most of the presumptions on which the current international institutions are based. We badly need a new George Kennan and a Long Telegram to guide our policies over a period measured more in decades than months.

I mentioned earlier that since the end of the Soviet Union, there has been an increased willingness, or at least desire, on the part of the US and other major

---

<sup>8</sup> Eichengreen, Barry. *Exorbitant Privilege*. Oxford: Oxford University Press, 2011.

Western countries to intervene within a country's borders to stop severe abuses of human rights or genocide. In the face of substantial disagreement on this by Russia and China, do we go back to a more Westphalian view that whatever goes on within a country's borders gives no reason for others to intervene in its affairs? With today's news images, the pressure on US politicians to act grows quickly, without necessarily providing good options for such intervention.

The visionary architects of the post-War institutions left a legacy that has served well for over seventy years. They worked through their own differing visions and strategies. They made tough trades in negotiating with other countries. They sold the programs and institutions to domestic political audiences. They provided US leadership to a world ready for US leadership. That leadership was by and large exercised quite responsibly.

Seventy years however is a long time and much changes. US leadership today is more attenuated and contested than at the end of World War II; it is still needed. At this point though, we need more than a fresh coat of paint on the international architecture. We need fresh, creative, bold thinking of the sort that produced such a durable order of things. We need architects of comparable skills to those of the early Post War era. I have to believe such leaders exist, but all too often from the left and the right, from Europe, from the US and from the big international organizations themselves, we seem to hear only "Richard, why don't you move your desk?" We need much better answers.

**Further reading:**

Beisner, Robert L. *Dean Acheson: A Life in the Cold War*. Oxford: Oxford University Press, 2009.

Belfer Center for Science and International Affairs, Harvard Kennedy School of Government. Website: Thucydides's Trap.

<http://www.belfercenter.org/thucydides-trap/overview-thucydides-trap>

Bello, Walden. *Dilemmas of Domination: The Unmaking of the American Empire*. New York: Henry Holt, 2005. One of many critiques of the global order from the point of view of the LDCs ("The South").

Briggs, Henry Peter. *Sacrifice, Stewie and Marshall*. Paper before the Literary Club, November 5, 2007. Available on the Club website. Gives a very personal and moving account of meeting General Marshall on the day of his famous Harvard Commencement speech.

Carter, Barry E and Trimble, Phillip R. *International Law: Selected Documents*. New York: Little Brown and Company, 1995. This contains a number of the articles and treaties founding the international institutions and conventions.

Cray, Ed. *General of the Army: George C. Marshall, Soldier and Statesman*. New York: Cooper Square Press, 2000.

Eichengreen, Barry. *Exorbitant Privilege: The Rise and Fall of the Dollar and the Future of the International Monetary System*. New York: Oxford University Press, 2011.

Gaddis, John Lewis. *George Kennan: An American Life*. New York: The Penguin Press, 2011.

Haas, Richard. *A World in Disarray: American Foreign Policy and the Crisis of the Old Order*. New York: Penguin Press, 2017.

Isaacson, Walter and Thomas, Evan. *The Wise Men: Six Friends and the World They Made*. New York: Simon and Schuster, 1986. Covers the mutual interactions of Robert Lovett, John McCloy, Averill Harriman, Charles Bohlen, George Kennan and Dean Acheson.

Kennan, George. "The Long Telegram." Available at <http://nsarchive.gwu.edu/coldwar/documents/episode-1/kennan.htm>

Kennan, George (Writing pseudonymously as "X"). The Sources of Soviet Conduct. *Foreign Affairs*, Vol 25, No.4 (July, 1947).

*The New Palgrave Dictionary of Economics*. Always a go-to source for understanding international economic and financial institutions.

Roberts, Sir Ivor (ed.). *Satow's Diplomatic Practice, 7th ed.* New York: Oxford University Press, 2017. A rich source for the historical background, current state and actual procedural practices of many of the multilateral institutions.

Reus-Smit, Christian and Snidal, Duncan. *The Oxford Handbook of International Relations*. New York: Oxford University Press, 2008. While rather academic in orientation, this volume provides essays on various theoretical orientations to understanding the field of international relations.

Rose, Gideon (ed.) *What Was the Liberal Order? The World We May Be Losing. Foreign Affairs*, March, 2017. A collection of articles from Foreign Affairs going back to the 1940s.

Steil, Ben. *The Battle of Bretton Woods: John Maynard Keynes, Harry Dexter White and the Making of a New World Order*. Princeton: Princeton University Press, 2013.

Truman, Harry S. Address of the President of the United States delivered before a Joint Session of the Senate and the House of Representatives, Recommending Assistance to Greece and Turkey. May 12, 1947. Available at <https://www.ourdocuments.gov/doc.php?flash=true&doc=81>