

A Conversation with Yaron Brook and Elan Journo

How should the U.S. respond to the events that have gripped the Middle East over the past year? This question has been debated countless times by the media, academics, and politicians alike. Will the toppling of authoritarian regimes unleash a wave of democracy and individual freedoms across the region? Or will the power vacuums created allow darker forces to come to the fore? For a unique answer to these questions, the *Whitehead Journal* looked to Dr. Yaron Brook and Elan Journo, both of the Ayn Rand Institute (ARI) in Irvine, California. Founded to promote the philosophy of twentieth-century novelist Ayn Rand—Objectivism—ARI advocates for the principles of reason, rational self-interest, individual rights, and *laissez-faire* capitalism. In the 2009 book *Winning the Unwinnable War*, both of these scholars argue for a revised U.S. foreign policy—one based on the principles that Ayn Rand stood for. To examine just what a foreign policy based on Objectivism would mean for the U.S., the *Whitehead Journal's* Christopher Bartolotta and Jordan McGillis spoke with Dr. Yaron Brook and Elan Journo on the Arab Spring, American interests, Iran, China, and much more.

Whitehead Journal: The uprisings in the Middle East have received a lot of attention over the past year. Do you view these movements as a positive development for the United States and its interests in the region? How do you approach this situation?

Elan Journo: When talking about U.S. interests, in the Middle East or anywhere else, we take a distinctive approach. We define the basic purpose of foreign policy as an extension of the government's proper function: to protect the individual rights of Americans to their life, liberty, and property. Our national interest, then, consists in safeguarding the lives and freedom of Americans in the face of foreign threats.

That stands in contrast to salient approaches in foreign policy—for instance, realism, liberal internationalism, and neoconservatism. Should we purchase the precarious, immoral friendship of some tyrant who tomorrow seeks to stab us in the back? No. Should we serve the world's have-nots with foreign aid, doling out grain, medical supplies, cash? No. Should we go on a crusade to bring ballot boxes to Iraq

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Elan Journo, a fellow in foreign policy and the director of policy research at the Institute, is the editor of and chief contributor to *Winning the Unwinnable War*.

and elsewhere, à la Bush? No. Such policies, we argue, are at odds with—indeed, subvert—the goal of protecting the lives and freedom of Americans.

But, should we assert our interests—the safeguarding of the freedom of Americans—and should we use the full range of coercive options, including military force, in retaliatory self-defense when facing objective threats? Yes. Should we

SHOULD WE DISTINGUISH MORALLY BETWEEN OUR ALLIES AND ENEMIES—ACTING CONSISTENTLY ACROSS TIME TO ENCOURAGE AND SUPPORT OUR FRIENDS, WHILE SHUNNING, OSTRACIZING, AND, WHEN NECESSARY, THWARTING ENEMIES? YES.

distinguish *morally* between our allies and enemies—acting consistently across time to encourage and support our friends, while shunning, ostracizing, and, when necessary, thwarting enemies? Yes. These key elements—the primacy of defending the rights of Americans, and the centrality of moral judgment in foreign-policy thinking—inform our approach.

To sum it up briefly, in our view, "U.S. national interests" reduces to the aggregate interest of American citizens to have their rights defended, to live free

from foreign threats and attacks. We base our approach on the moral-political ideas of Ayn Rand, along with the founding principles of America.

Yaron Brook: When I look at the turmoil in the Middle East, the prospects are depressing. We have long been concerned that adherents of Islamic totalitarianism would rise to power. By the term Islamic totalitarianism, I'm referring to many groups—the Muslim Brotherhood, Al Qaeda, Hamas, Hezbollah, and the Islamist regimes in Iran and Saudi Arabia. Despite their differences, what unites them as an "ism," as an ideological movement, is the ideal of enforcing the rule of Islamic law (Sharia)—as an all-encompassing principle—and their ultimate goal (as far-fetched as it might seem to us in the West) of imposing Sharia across the world—by force if necessary.

Today, the situation is far, far worse than even I would have projected when the protesters in Tunisia, Egypt, and elsewhere first took to the streets. Tunisia now has Islamists as leaders. Libya is heading in the same direction; the leadership of the anti-Gaddafi forces are Islamists, and they're likely to end up ruling Libya. If or when the Assad regime falls, it's the local chapter of the Muslim Brotherhood that's poised to take over. More dramatic and ominous, though, is the result of the Egyptian elections: the Muslim Brotherhood and the Salafis, combined, won the decisive majority of the votes in the first round.

Whereas for years the Brotherhood has sought an incrementalist strategy—creating a facade to appear less threatening, less fanatical—the Salafis are frank about their goals. They're far more open about what they want—and the Saudi-like, Taliban-esque way they'd like to impose Islamic dictates. They have been known to

destroy stores that sell beer, and cut off the ear of someone they accuse of committing sinful acts.

What we're seeing now in Egypt, Tunisia, and elsewhere is a swing from one form of tyranny—by a strongman or military clique—toward another form of tyranny, religious rule. For American interests in the region, every kind of dictatorship, whether an Islamist regime or a military-led police state, is inimical. Mubarak and Assad are horrifically evil tyrants; their rule is not in America's interest, nor obviously in the interests of Egyptians or Syrians. However, I strongly believe that the Islamists pose a much more serious threat, because they have an ideological agenda that is explicitly anti-American. Islamists view America and the West, broadly, as an enemy, an obstacle to the realization of Allah's kingdom across the globe. On 9/11 we saw one Islamist faction, Al Qaeda, bring the holy war to American soil, hatching their plot in Taliban-ruled Afghanistan. Now project what we may face from holy warriors when more regimes in the region come under the sway of Islamist rule. The ascendancy of Islamists is the most important foreign policy threat facing us today.

WJ: The situation that you portray is quite grim, but some would argue that the revolutions are still in their early stages, and the possibility of fundamental political changes, changes for the better, cannot be foreclosed. Do you see room for that kind of change, long term?

Journo: We should welcome political developments that bring greater freedom, meaning real respect for individual rights, for the people in that part of the world. We are better off when other nations truly move towards the protection of property rights, economic freedom, free speech—all of which are sorely lacking in the Middle East, with the notable exception of Israel. But for these political ideals to take root would require some fundamental changes in the political culture of the region.

What are the prospects for such fundamental changes? Doubtful. A major reason is the extent to which Islam permeates people's thinking and conceptual lexicon. Take Egypt. One explanation for why the Islamists did so well in the elections is that the Muslim Brotherhood was so well established, with a broad network of followers and organizers, and the ability to get out the vote. That's true, but a superficial explanation. It misses the real reason. The Salafis were far less organized politically, yet did remarkably well. Why?

What both groups have as an advantage over the quasi-secular groups is that the Islamists speak in the religious lexicon that all Muslims have been immersed in, even if they themselves are far from devout. Try advocating for a separation between state and religion—something unknown through most of Muslim history; when it became known through contact with the West, it was shunned. If you advocate for a state-religion separation, you'll face resistance. If you advocate for a secular state, the Islamists easily undercut it by portraying it as Western, and discrediting "secular" by tying it to pseudo-secular dictators, like Mubarak and Assad, who have ruled for

decades. The Islamists can easily vilify "secular" as immoral, even repressive. So secular-oriented activists have to talk in vague terms such as "civilian state" lest they appear to advocate an impious society. The sheer fact that you can discredit something by tagging it as Western is revealing.

That illustrates two things. First, it's the religious groups that set the terms of debate, because they couch their arguments in moral terms, terms that resonate with a broad swath of the populace. Second, there's little understanding of what secular society looks like—a fact evidenced in history by the dearth of terminology in Muslim lands to describe and conceptualize it, and in the present by the implicit equation of secular, or non-religious, with immorality. The few marginal, secular-leaning advocates are thus on the defensive, for fear that they be tarred as enemies of virtue and Allah's law. Islam's cultural influence provides a huge advantage to Islamists.

Another factor here is that for the last few decades, the region has seen a trend of increasing religiosity—a trend that Islamists both help to drive and benefit from politically. Many people see themselves first and foremost as Muslims, rather than as individuals, or even citizens of their country. They identify themselves more closely and consistently by their adherence to Islam. More Egyptians go to prayers. More mosques are sprouting up. According to one report I've seen, in 1986 there was one mosque for every 6,000 or so Egyptians. Nineteen years later—and after a doubling of the population—there was one mosque for every 700 or so people. More women are donning the hijab—without being coerced into it by state-run "morality police." Amid an increase in religiosity, it is the ideologues of Islamic totalitarianism, espousing the need for restoring piety, who stand to gain not merely a respectful hearing, but also followers.

ONE OF THE ESSENTIAL PRE-CONDITIONS FOR A CIVIL, RIGHTS-RESPECTING SOCIETY TO EMERGE IS A RESPECT FOR INDIVIDUALS AS SOVEREIGN.

Brook: There's another important point in thinking about what it would take for fundamental political changes to emerge in the Middle East. One of the essential pre-conditions for a civil, rights-respecting society to emerge is a respect for individuals as sovereign. By that I mean each person is seen as entitled to his or her own life and freedom, to live by the judgment of their own mind—by right, not by the permission of the state, the imam, or the tribe. This is the principle on which America was founded and that today we in America, and the West, broadly, accept. That represents significant moral-political advance, a measure of progress in human civilization. To give an example: if my twenty-something son comes home to tell me he's going to marry his girlfriend, whether I like it or not, it's his choice—both morally and politically.

Go to a conventional family in Cairo: you'll find that whom a son will marry is often a decision the parents, and other members of a clan, will make. What he wants

is extraneous. Whom a daughter may marry is conventionally the exclusive prerogative of the family, because the family, sometimes the tribe, as a collective, comes first. What the girl wants or doesn't want is irrelevant. Is she sovereign? Clearly not.

What I'm describing here is not a quirk limited to marriage decisions; it's an illustration of a broader cultural reality, namely, the subordination of the individual to the larger family or tribal group. So long as this kind of collectivized outlook is endemic in a culture—and it is in Egypt and across the region—it's hard to imagine the successful advocacy, let alone the enforcement, of new laws to protect the freedom of individuals to act on their own judgment.

The upheavals in the Middle East have toppled dictators, but there's no evidence of a change in the fundamental ideas or outlook of the populations. On the contrary, we've seen an entrenchment of the worst prevailing ideals.

WJ: The Obama administration does not seem to have a coherent policy towards these various uprisings, and often has a different policy towards each state—for example, it took a far more active role in Libya than in Egypt. Do you believe that this was a rational policy, to view each uprising independently, or would a coherent strategy have been more beneficial?

Journo: Behind the incoherence is something else, worse and little understood. What we've witnessed is the impact of ideas in morality on the thinking and practice of U.S. foreign policy. Yaron and I have long argued that certain common moral ideas have subverted U.S. policy—that's the theme of my book examining the Bush administration's post-9/11 policy. The Obama administration is likewise operating under the guidance of certain ideas about morality that lead to bizarre, and destructive, policy decisions. You can see that if you compare the U.S. response to the uprising in Libya with the response to the post-election protests in Iran, a couple of years ago.

Libya under Gaddafi was a trivial threat to our security. Who the protesters were and what political goals they sought—we didn't inquire, but we nonetheless backed them with airstrikes and other forms of military support. We stated no clear purpose for our involvement in enforcing a NATO-led no-fly zone; morally, we took our cue from that infamous club of tyrants, the Arab League; practically, we subordinated ourselves to the Europeans. From top to bottom, no significant U.S. interest was at stake. There was no evidence that our involvement in the mission would advance our interest—and in fact, all the evidence suggests that it has empowered a new, militant Islamist regime. The Libya mission was diametrically opposed to the goal of protecting the rights of Americans.

Now, recall the massive protests in Iran two years ago. The Iranian regime is designated by our State Department as the most active state sponsor of terrorism. Through proxies like Hezbollah, the Islamist regime in Tehran has committed many acts of aggression against the United States and other Western interests. Its

Revolutionary Guard Corps helped create and train Hezbollah, which hijacked a TWA airliner and which kidnapped and tortured to death Americans. Iran was behind the 1983 bombings of the U.S. Embassy in Lebanon and later the barracks of U.S. Marines, killing 241. Iran also orchestrated the 1996 car bombing of Khobar Towers in Saudi Arabia, where 19 U.S. servicemen died. That's just a glancing indication of what should be thought of as a multi-decade proxy war against us.

So, in Libya, we move against a minor, tin-pot dictatorship where we have no real stake, while leaving the fire-breathing Tehran regime in place, implicitly endorsing its rule by neglecting to help the protesters. In Libya, we launch bombing raids, for the sake of civilians and rebels whose goals are at odds with ours, against a regime that's of minor significance to our security. But against a major threat to us, from Iran, we stand mute and idle.

When our interests are in fact at stake—as they were and are in Iran—we hold back and take an accommodating line toward the belligerent regime. When someone else's needs appear to be on the line (the rebels and civilians in Libya), we dutifully scramble jet fighters and put American lives in harm's way, for the sake of serving others. Why? That double standard has its roots in the prevalent moral view that permeates our foreign policy—a view requiring that we put the needs of others ahead of our own goals and interests.

Acting in accordance with that view has been enormously destructive to American security and freedom, across decades. To expand on this a bit, part of what we've argued about post-9/11 foreign policy is that much of it stemmed from the idea of putting the supposed need of impoverished, oppressed Iraqis to have a vote, ahead of our interest in eliminating actual threats to our security (from known enemy regimes, like Iran). We argued that the Bush campaign to bring elections to the Middle East was wrong, morally. There's much more to say about that, but the macro point here is this: underlying the chaos that passes for U.S. foreign policy are commonly held ideas in morality that are at odds with the goal of protecting the lives and freedom of Americans.

WJ: You have both written that America's real enemy in the world today is Iran. What is the reasoning behind this statement, and what are the implications for how the United States has been conducting its War on Terror?

Journo: I'm not claiming Iran is our only enemy, but it is a significant one, because Iran is the standard-bearer for the Islamic totalitarian movement. The regime in Tehran embodies the totalitarian ideal and actively seeks to expand its dominion, by force. Since the revolution that gave birth to the Islamist rule in Iran, the regime has inspired Islamist groups across the world by exemplifying their political goal.

Inseparable from that is Iran's efforts to export its Islamist revolution—by inspiring, funding, and supporting proxies and affiliates like Hezbollah—and proving that it can attack America (through proxies and directly) and get away with it. By

doing that, Iran purports to show that a truly pious regime can best an infidel superpower, America. Earlier we touched on the long record of Iranian-backed attacks on Americans, beginning with the 1979 seizure of the U.S. Embassy in Tehran. I lay this out in detail in my book *Winning the Unwinnable War*.

When assessing the Islamist threat, part of what makes Iran the salient state-sponsor is the fact that it eagerly seeks the mantle of leading the so-called jihad on the West. Given the regime's past aggression and current belligerence, Iran definitely poses a threat to the individual rights of Americans. Though not the exclusive patron of the Islamist movement—Saudi Arabia and Pakistan are a serious problem too—Iran's funding and ideological inspiration for the movement is crucial. Without it, the movement would be largely impotent.

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Brook: Since 9/11 there's been massive confusion about the nature of the enemy that struck us. The Bush administration failed to properly define the enemy, and compounded the confusion by championing the term "war on terror"—singling out a tactic as our enemy. The enemy in fact is an ideological movement—what we define as Islamic totalitarianism.

You asked about some implications of our view for how America has responded to 9/11. *Winning the Unwinnable War* deals with that at great length, but to offer a snapshot, consider one key point. The failure to properly define the enemy, and thus to grasp Iran's centrality within the Islamist movement, meant that U.S. policy instead focused on other, I believe lesser, threats—notably Iraq—and left Iran, for the last ten-odd years, to continue its proxy war against us. Our policy served only to encourage Iranian belligerence—witness its backing of insurgents in Iraq, its reach into Afghanistan, and of course its nuclear quest.

WJ: In light of the November 2011 IAEA report, the general international consensus is that Iran is building a nuclear weapon. Given that, what should the policy of the United States be?

Journo: We must recognize that Iran's quest for nuclear capability is neither new, nor an anomaly from its past goals and actions. It is part of an ideologically driven campaign to export its Islamic revolution and gain the means to inflict harm on what Tehran regards as its enemies. Iran has for decades backed terrorist proxies to carry out attacks using conventional means—guns and bombs. So, even if Iran never acquires nuclear capability, the fundamental problem is the belligerent regime and its ideological agenda.

Brook: How should we deal with this situation? The chief complicating factor is that for thirty-odd years we have turned a blind eye or reached out an appeasing hand to Iran after each of its attacks. That has in many ways allowed the regime to grow stronger and encouraged its militancy. The problem has festered for so long that we've passed the point where non-military solutions could be effective. We failed to act early, and we've been paying for it.

The 2009-10 protests in Iran offered the possibility of a non-military way of replacing the regime with one that's less- or non-threatening. But the administration squandered that opportunity. I see no real solution without using military force.

But to be clear, what I'm referring to is nothing like what the United States did in Afghanistan or Iraq. Those campaigns were far from the kind of war necessary to eliminate a threat; as Elan and I write in the book, those campaigns are best characterized as essentially "welfare" missions, where the priority in reality was not to eliminate whatever threat the regime posed, but rather to fix up hospitals, clear sewers, and deliver ballot boxes.

The kind of military action I believe is necessary in the case of Iran is far, far different. The exclusive goal would be to end the threat—not an open-ended nation-building crusade à la Bush. One consequence of Iraq and Afghanistan is that people can scarcely imagine that military action can actually succeed in delivering peace—as it did, for example, in World War II.

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Lately in the foreign-policy establishment some have argued that a nuclear-capable Iran is something we can live with, something we could cope with through "containment." It worked with the USSR, they tell us, because of the fear of Mutually Assured Destruction, so we can count on the same approach to checkmate the threat of a nuclear Iran. I disagree.

The analogy with the Communists completely breaks down, because the Soviets at least wanted to live on earth; the fear of mutual destruction could deter them. But an essential characteristic of the Islamist regime in Tehran is that its ideology celebrates martyrdom and glorifies the afterlife. Can we trust containment to succeed in the face of that kind of mentality? No. There are other reasons why containment is untenable—among them the risk that neighboring regimes, themselves politically unstable and unfriendly, will immediately seek nuclear capability, too. The bottom line is that Tehran's ideology is the problem—it's the driving force behind Iran's decades of aggression. Ultimately, only changing that regime can eliminate it as a threat. The hope is that there would be enough Iranians who oppose it from within, capable of establishing a successor regime that is at minimum a lesser or non-threat to the United States.

WJ: You mentioned Saudi Arabia as another problem regime. Many have hailed the “special relationship” between the U.S. and Saudi Arabia, claiming that the Saudis are a great U.S. ally in a tumultuous region. But is this really the case? Is Saudi Arabia a great ally of the U.S., or is it actually a covert enemy?

Journo: The Kingdom of Saudi Arabia is regarded as a loyal U.S. ally, but that standing is undeserved. Within its borders, the regime governs by reference to Sharia. Its youth are inculcated, in schools, through state-controlled media and mosques, with hatred for Western values such as political freedom. Regime-endorsed religious leaders deliver anti-American diatribes at Friday sermons. Preachers in mosques, online, and on television incite Saudis to engage in jihad. It works: 15 of the 19 hijackers on 9/11 were Saudis. Many insurgents in Iraq came from Saudi Arabia. Moreover, many billions of dollars from Saudi Arabia are channeled through the world to proselytize for the regime's Wahhabist strain of totalitarian Islam.

This is a regime that espouses political ideas opposed to ours and in league with those of the Islamic totalitarian movement. The regime tramples on the rights of its own people. And it funds and advances the spread of Islamist ideas globally.

The U.S.-Saudi relationship is emblematic of the kind of problems in U.S. foreign policy that we've already touched on, particularly the need to assess other regimes objectively and deal with them accordingly.

WJ: In today's world, oil is a most precious resource, but many would argue that our dependence on foreign oil is actually enriching our enemies in the Middle East. Do you believe that this is the case? And how should the U.S. restructure its energy policy to ensure its national security while at the same time not hurting the purchasing power of its citizens?

Brook: To be clear: I'm in favor of our using oil, and gaining access to it from the Middle East. But in doing so we cannot compromise on our own political ideas—chiefly, the principle of individual rights. We cannot pretend that the Saudis are better than they are. We cannot appease them and flatter the regime with undeserved praise.

Yes, obviously petro-dollars go toward funding the Islamist movement. But that's not an argument to deprive ourselves of oil, the lifeblood of our modern civilization. Rather, it's an argument to deal with the Islamist threat head-on. Even if it were feasible to reduce our use of Middle East oil—which for technical reasons is nontrivial—that's woefully insufficient to stop Islamic totalitarianism. To stop it requires not only uprooting the movement's logistical-operational network, but, more important, demonstrating to its adherents that their cause is lost. That requires far more than a squeeze on their cash flow. It requires crushing the enemy's will to fight. That can be done by instilling in them a fear of acting on their political goals—

a fear that if they act, they will face overwhelming retaliation.

Part of the problem lies with state-owned natural resources. Properly, they should be privately held—both here in the United States and everywhere else in the world. State ownership of such resources is all the more problematic when the regime is autocratic or dictatorial. In the book, we talk about how we could accomplish our goal of securing access to oil. I'd argue that the ability to purchase oil is important enough to our prosperity that we should not rule out using military coercion to ensure the flow of oil. One of many ways to do that is to lay down a firm ultimatum to Saudi Arabia, that it must halt all backing for Islamists and assure the export for trade of oil, or else face our military might and, say, have all of its oil facilities privatized and overseen by us.

WJ: An under-reported issue that seems to have escaped media attention is the fact that U.S. troops are now fighting in Uganda. Coupled with the recent intervention in Libya, what does this say about the way in which the government is now using the military? Are these new conflicts being fought in the interest of the American people?

Journo: The Uganda mission illustrates an earlier point about U.S. foreign policy: how one conceives of U.S. interests determines the kind of policy one advocates. In our view, the guiding principle is the protection of Americans' individual rights. Are those imperiled by the situation in Uganda? Is the Lord's Resistance Army (LRA), the group that our mission aims to help bring down, an objective threat to our lives or property? No, and I've yet to see anything like a decent argument for that.

Our view is that such a mission fails to meet the standard of advancing U.S. interests, i.e., of safeguarding the lives of Americans. What the LRA is doing is abhorrent, without doubt. But I'd argue that it is not our responsibility to intercede in this conflict. Nor is it moral to put U.S. servicemen in harm's way, for the sake of so-called humanitarian missions.

But like similar missions in the past, what motivates it is a common viewpoint that America, because it is strong and wealthy, has a moral duty to serve the weak and poor, to act as a combination global policeman and social worker. If one were to implement this viewpoint consistently, there's no end to the foreign conflicts that we would be obliged to provide help for. How could turning our military into a global social-services organization ensure our security? It cannot. In fact it squanders our means of protecting ourselves. Ultimately, that's a self-sacrificial policy.

WJ: Some scholars have speculated that the Arab Spring will eventually spread to China, where we will see a popular movement against the communist party and in favor of democracy. Is it in the interest of the United States to support a democratic movement in China? Would it be possible to do this without antagonizing the Chinese government?

Brook: I would not say that the so-called Arab Spring is spreading to China. First, the term "Arab Spring" packages together dissimilar events, and it's far from obvious that the implied positive evaluation is warranted: were they uniformly or unambiguously pro-freedom? Hardly. Second, pro-freedom activists in China have mounted protests in various forms at least since 1989. Given political developments in China over the last decade, I would not be surprised if there were an increase in such activism in China.

It is proper for our policy to lend moral support to people who seek greater freedom—wherever they are. That means speaking up in defense of those who genuinely fight for their individual rights. America's

moral authority is considerable, but we hardly ever pull our weight by making confident, morally unambiguous declarations of support for true freedom activists.

Lending moral support to pro-freedom activists is an under-appreciated means of asserting U.S. interests around the world. Talk to people who lived in the former Communist bloc, and many will tell you how powerful an inspiration it was to know that the free world was on their side and recognized their plight. The pro-forma utterances from the White House and State Department, which today pass for statements of moral support, are pathetically meek and therefore ineffectual.

Let me add parenthetically that we should only ever provide military support to pro-freedom causes or nations when there is objective evidence that the rights of Americans are directly threatened, such that it becomes a matter of our self-defense.

What would happen if we actually spoke up for genuine pro-freedom activists in China? It would likely antagonize Beijing. But so what? A principled moral stand in favor of freedom will make us safer, long term—whereas the perception of U.S. weakness and our own irrational policies are a considerable threat to our security.

WJ: Many people see communist China as the next enemy of the U.S. But China is by far the U.S.'s largest trading partner, and has an enormous impoverished population that could one day grow and enhance that relationship. Should the United States view a rising China as a threat or as an opportunity?

Brook: History has taught us that authoritarian governments are *potential* enemies, because a regime that violates the rights of its own citizens may feel little or no compunction about trampling on the rights of people beyond its borders. But I don't view China today as an enemy of the United States, though it was once, and could become one again. One legitimate fear is that the Chinese economy stalls, and the regime decides that sparking a conflict with the United States would distract the

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impoverished population from their economic misery. It's important to recognize that what could make China a military threat is the authoritarian character of its government—not the growth of its economy.

Trade with China is not a threat to us, but rather a voluntary exchange of goods and services to mutual advantage—it's a win-win relationship. We benefit enormously from China's economic growth and success. The more they create and trade with us, the better off we are. But China's long-term economic success is unsustainable unless there is greater political freedom for its people—unless the authoritarian system is abolished. On this point both we and the Chinese people have the same long-term interest: to see China's eventual transition to a free and therefore increasingly prosperous country.

WJ: The debt crisis in Europe obviously has large implications for the U.S. and the international financial system. What do you see as the root cause of the financial crisis and the current debt crises threatening the West?

Brook: There's more to say about this than I can address fully in our conversation. My colleague Don Watkins and I have a forthcoming book that deals with these and related questions at length. Let me touch briefly on a few key aspects.

Ultimately, behind these economic crises is a moral-political issue: What is the proper role of government? Contrary to conventional wisdom, the system of government that prevails in the West is not, strictly speaking, capitalism—meaning a system in which there's a separation of state and economics. Rather, we have an unstable mixture of some freedom with massive—and growing—state intervention and entitlement programs. The prevailing view holds that government must

intervene, regulate, centrally control, and provide handouts and bailouts.

THE REGULATORY POLICIES OF THE FEDERAL GOVERNMENT ARE THE ROOT CAUSE OF THE FINANCIAL CRISIS—FROM BEGINNING TO END.

What Don and I argue in our book, in our *Forbes.com* column, and elsewhere is that the regulatory policies of the federal government are the root cause of the financial crisis—from beginning to end. Obviously, it's an involved story, but a key dynamic in the

crisis was the interplay of two long-running policies that spanned both Republican and Democratic administrations: we had a destructive combination of artificially low interest rates and a long-standing campaign to encourage as many people as possible to buy homes. There were other factors, and they too stemmed from the distortions in the financial markets that arise only because of regulatory policies and expected state interventions (e.g., "too big to fail").

Europe is facing a crisis born of its welfare-entitlement system. European governments promised welfare benefits, pensions, health care, wages for public employees, etc., that they cannot afford to pay from tax revenues. Until recently the

governments borrowed money to cover the shortfall—but that was unsustainable. Markets eventually realized that at current rates of spending, many European governments would never be able to pay their debts.

America's own entitlement programs—social security, Medicare, Medicaid—are a massive unfunded liability that constitutes the lion's share of government spending. Unless we dramatically cut spending on entitlements, we too risk suffering a fate like that of Greece. The problem today is what you could describe as an unlimited government that is enmeshed in all aspects of the economy. If we leave that problem unaddressed, the crisis will continue. It will spread across the developed world. And it will become more severe.

What's needed to re-orient the U.S. economy onto the right track? Massive cuts in government spending, the phasing out of entitlements, real deregulation of business—in other words, a fundamental change in how we view government's role. We need to return to a government that does only one thing, but does it well: the protection of our individual rights to life, liberty, property, and the pursuit of happiness.

