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World Hegemony and its Aftermath

Perspectives on the future of the international
political economy and of international alliances

HALL GARDNER

Abstract: The basic concept of the conference, World Hegemony and its Aftermath, held at UNESCO on Wednesday May 26 2004, was to examine where the new American bid for hegemony might be leading, and what kinds of options are available to deal with the contemporary global crisis. The essential intent of the conference was to develop an interdisciplinary approach that would attempt to provide some linkage between the international political economic and global geo-strategic perspectives. The hope was to provide a long-term historical vision of where hegemony has been and where it might be going, hence the decision to include "aftermath" in the title, in the assumption that the American quest for "world hegemony" may ultimately, at some point, come to an end, as has that of previous empires in history.

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In a review responding to the book, *Two Hegemonies : Britain 1846-1914 and the United States 1941-2001*, edited by Patrick Karl O'Brien, one of the contributors to the conference, and his colleague Armand Clesse¹, Niall Ferguson raised the debate as to whether the term "hegemony" is really adequate conception to describe the United States, or whether the post-1991 US role in the world should more appropriately be characterized as an empire. Ferguson raises the key questions :

"What is this thing called hegemony? Is it a euphemism for "empire", or does it describe the role of a primus inter pares, a country that leads its allies but does not rule subject peoples? And what are the motives of a hegemon? Does it exert power beyond its borders for its own self-interested purposes? Or it is engaged altruistically in the provision of international public goods?"²

As Ferguson correctly points out, the term "empire" has never exclusively meant direct rule over foreign territories without any political representation of their inhabitants." There has been a distinction between formal and informal empire. In his conclusion, Ferguson argues that the term "hegemony" represents a way to avoid the term "empire" which represents a word to which most

¹ *Two Hegemonies : Britain 1846-1914 and the United States 1941-2001*, edited by Patrick Karl O'Brien & Armand Clesse. Aldershot, U.K. : Ashgate, 2002.

² See book review by Niall Ferguson, "Hegemony or Empire?", in *Foreign Affairs*, September/October 2003.

Americans, unlike the British, remain averse. He then challenges American elites to wake up and admit that the United States has, in fact, become an "empire".

While recognizing Ferguson's point, the term "hegemony" has not been chosen out of aversion to the term "empire". Rather, the term "hegemony" had been chosen precisely because the term "empire" is too laden with connotations of absolute control, which tends to blur distinctions between primacy, hegemony and imperial dominance. In this regard, hegemony represents an in-between or mean position somewhere between overt domination and primacy. The latter, primacy, refers to the ability to influence, but not necessarily control, policy—generally without resort to the use, or threat to use, of force. The term hegemony is likewise flexible enough to cover both geo-strategic aspects of imperialism as well political-economic, including concepts of "globalization".

Primacy thus refers to the ability to influence, but not necessarily control, policy without resort to the use or threat of force. Tools of primacy are primarily diplomatic, political and economic. Hegemony, much in the way David Calleo addressed the issue in his chapter, represents the ability to manipulate and influence the foreign political and economic policies of other states with the intermittent use of diplomatic and economic pressures, which may or may not include the threat or use of force. Empire, by contrast, implies dominance, and the willingness to use force to obtain or sustain a relatively greater position of power and influence if necessary. This does not preclude that fact that empires may ultimately retract for either geo-strategic or political economic reasons (possibly using force in the process), and then attempt to sustain their power at a relatively reduced level of global influence.

To be specific, US policy toward Europe during the Cold War has essentially represented a position of hegemony, but which is now, in the post-Cold War era, moving back toward primacy. The US-UK-French military occupation over Germany in the period 1945-1949 represented dominance; German integration into NATO in 1955 then transformed a position of dominance into that of hegemony. NATO membership for other members has represented an essentially hegemonic relationship in that states have essentially been integrated into US geo-strategic preoccupations. France's move out of NATO's integrated military command in 1966 represented a premature effort to mitigate aspects American hegemony, but could not be successful without German and British supports. The 1998 St. Malo accords, however, first indicated the possibility of greater British, French and German defense and security cooperation³.

In this regard, hegemony thus represents "imperialism with better manners" in which the latter represents the ability to influence, but not totally control, the foreign policy of third states.

³ See Anne Deighton, "Why St. Malo Matters", in *The New Transatlantic Agenda*, eds; Hall Gardner and Radoslava Stefanova (Aldershot : Ashgate, 2001), Chapter 5.

At the same time, it is clear that even gentlemen may decide to use more forceful measures, at different times, and they may not always abide by generally accepted international norms and standards (i.e. "manners"). In this regard, Kenneth Waltz has rightfully noted that the concept of "benign hegemony" is a contradiction in terms⁴.

The term hegemony, as a general conceptualization, thus appears wide enough to cover regions that are under the strict or formal dominance of a predominant power or empire, as well as those regions that are influenced by a more indirect primacy, involving patterns of political-economic and media behavior, including what has come to be called "globalization", a subject which Albert Fishlow has addressed in his lecture.

Here the problem arises with the concepts of primacy and hegemony, as they relate to concept of "balance of power, capabilities and intentions". In many ways, 19th century Great Britain held primacy (or holder of the "balance") vis-à-vis its European rivals, while it dominated much of Asia and Africa, and engaged in a policy of "appeasement" versus its American challenger, which was rising to insular-core status. The fact that Britain dominated much of the peripheral world in strategically crucial regions such as the Suez also gave it a relative hegemonic leverage versus its European rivals, albeit an increasingly reduced leverage that it would have difficulty sustaining through both World War I and World War II.

The US, following the post-World War II occupation of the Germany and Japan, has used its strategic leverage to sustain its hegemony over much of Europe and Asia, although opposed by the Soviet Union and then the People's Republic of China. By positioning itself in Germany (and by drawing Germany into NATO) and by linking Japan in alliance, and by assuring that these governments which represent the core economies of their respective regions, would not engage in foreign policies outside American granted parameters, the US could sustain hegemony throughout much of Europe and Asia as well.

Moreover, the US has been able to sustain the myth of a non-empire by the very means it has taken to achieve its imperial expansion, or in Thomas Jefferson's words, "conquest without war". In this regard, the US has largely crept in behind the scenes through coup d'etat, or financial supports for various states in crisis, such as France at the time of the Vietnam war, or in support for the pound sterling during the 1956 Suez crisis.

⁴ Here, Kenneth Waltz rightfully criticizes the concept of benign hegemony : "The more interdependent the system, the more a surrogate for government is needed. Some Americans believe that the United States provides this service and that, because of its moderation, other states will continue to appreciate, or at least to accept, its managerial role. Benign hegemony is, however, something of a contradiction in terms. "One reads about the world's desire for American leadership only in the United States", a British diplomat has remarked. "Everywhere else one reads about American arrogance and unilateralism"." Kenneth Waltz "Globalization and American Power", in *The National Interest Spring 2000*.

In regard to the latter, Britain, France and Israel intervened militarily against the nationalization of the Suez canal, only to be pressured to withdraw forces by Moscow (who threatened to use nuclear weapons against Paris and London) and also by Washington, who threatened to cut its support for the pound sterling when the latter came under speculative pressure, in one of the first major Cold War financial crises requiring IMF intervention at the end of British hegemony in the region, and near the beginning of the American⁵.

The key point is that unlike Britain and France, who forged their empires by direct intervention throughout the 18th and 19th centuries, the US during the Cold War was gradually able to superimpose its overseas hegemony over the imperial infrastructure already put in place by the British and French, thereby reducing the need for direct colonial controls, or "formal" empire. This process has, of course, taken place not without difficulties, as was the case with the Vietnam war, when the US began to assume the financial burden of the war for the French in 1950, before intervening themselves in 1964 with the trumped up Gulf of Tonkin resolution.

Another problem with the conceptualization of British and American empire is that the approach is generally reductionist and does not necessarily look at the issue of imperialism from a truly systemic perspective, and thus take into account imperial rivalries and their interaction with both major and minor powers. Niall Ferguson argues that "hegemonic stability theory" has offered helpful insights into the way that economic power works, but that "its neglect of the military and cultural aspects of power leads it to overestimate the current American empire and to underestimate the power of its British predecessor⁶". At the same time, however, those military, cultural and economic aspects of power must be appropriately placed in their systemic and structural context in order to be adequately compared and contrasted.

In this regard, the geo-historical alliance patterns of conflicting states of very different eras tend to form identifiable constellations, which can be compared and contrasted for both similarities and differences. As it is generally easier to ascertain "similarities" as opposed to "differences", the dilemma then is to systematically outline the significant similarities and differences between the dynamic multidimensional interaction of geo-strategic and political economic (as well as socio-cultural) factors and the present structure of relationships with those of the past and over time. This is all the more necessary so as to construct an appropriate irenic global strategy intended to avert wider conflicts between the major powers, and between major and minor powers-if at all feasible.

⁵ James M. Boughton, "Northwest of Suez : The 1956 Crisis and Suez", in *IMF Working Paper*, September 2000 <http://www.imf.org/external/pubs/ft/wp/2000/wp00192.pdf>

⁶ Niall Ferguson, "Hegemony or Empire?", in *Foreign Affairs*, September/October 2003.

The key difference between the two eras remains the fact that the US, as a quasi-insular/continental-core power, remains, so far, far more preponderant in power than 19th century insular-core Great Britain, in relative geostrategic and military-technological terms, and in relation to the major core and semi-peripheral powers of the late 19th century, although not necessarily in political economic terms. In this regard Britain struggled to sustain a 2 to 1 naval standard against all possible threats. The Pentagon's budget, however, is roughly equal to the next nine or ten highest defense spending nations⁷. Immediately after September 11, the US raised defense spending by \$40 billion, an amount larger than the defense budget of any single EU member.

In terms of geo-strategic and alliance relationships, 19th century insular core Great Britain was largely content in attempting to "balance" rival French, Prussian/German, Italian and Russian multipolar relationships on the European continent, through what I would characterize as a relationship of primacy (or "holder of the balance") in that each of these states represented potential threats to British interests, if not to Britain itself. The US, however, in moving away from an essentially bipolar confrontation with the Soviet Union as a rough military equal, but never a significant economic rival, is now confronted with a number of highly uneven threats from both semi-peripheral and/or peripheral states, who, despite their weak standing in the "globalizing" world economy, are still capable of obtaining "dual use" technology and develop Weapons of Mass Destruction. The US is also faced with threats of potential counterbalancing political-military alliances that could draw the US and its Allies into regional conflicts. Here, the French-German-Russian-Chinese political opposition to US-UK intervention in Iraq, for example, could represent a dawn of a more "polycentric" world with greater flexibility in terms of alliance formations. The EU could ultimately look toward closer relations with either Russia or China, or both, for example.

The rise of the Euro relative to the dollar (in which the US does not seem to want to cut its twin deficits while the Europeans do not desire to lower their interest rests or intervene to lower their currency), combined with Japanese, Chinese, Taiwanese and South Korean acquisition of dollar denominated assets and treasury bills, indicate that the US has entered into a relative financial dependency, not at all characteristic of hegemonic Great Britain of the 19th century, or even comparable the rising US itself after World Wars I and II. The 1956 Suez affair, in which the US threatened to not to support the pound sterling of the then declining hegemon, Britain, indicated how financial aspects of strategic leveraging can possibly be used against states to obtain geopolitical concessions, and thus raises questions as to whether contemporary US creditors could possibly use similar threats to speculate against the dollar in order to obtain specific geopolitical or political-economic goals.

⁷ Paul Kennedy, "How America is Viewed by Others – And Does it Matter", in *New Perspectives*, Quarterly, 25 February 2002.

And finally, despite post-Cold War "end of history" triumphalism, and despite sincere world sympathy for the US following the September 11, 2001 attacks on the World Trade Center and Pentagon, the US appears to be losing its former status in moral and cultural terms following a number of unilateral initiatives, including the refusal to sign the Kyoto treaty, unilateral break out of the ABM Treaty, as well as essentially unilateral intervention in Iraq without a UN Security Council mandate⁸.

Today's geostrategic, political-economic and socio-economic configuration accordingly appears characterized by a highly unstable polycentrism in which states and intergovernmental organizations, as well as non-governmental and anti-state actors, possess highly uneven, if not totally lopsided, military, technological and economic power capabilities, as well as highly uneven, if not unpredictable, levels of political and media influence, not to overlook the nature and timing of their willingness to act (in regard to a continuum of possible options, which may or may not include the use of force). The contemporary global configuration likewise appears to possess significant systemic/structural characteristics that can be compared and contrasted with the nature of state and alliance constellations that had formed in the eras before both World War I and World War II.

Each of the authors David P. Calleo, Albert Fishlow, Patrick Karl O'Brien, and Hall Gardner develop a differing, yet interrelated, conceptions of hegemony.

David P. Calleo's article, "Hegemony and Decline, the American Case at the Turning of the Century" reflects on the case for American "declinism" at the end of the Reagan administration, the apparent rejuvenation of American power in the Bush I and Clinton administrations, and the significance of developments under Bush II. He seeks to analyze the question, How much continuity links these administrations? The chapter opens the debate as to whether the US economy, as linked to its global geopolitical interests and now military intervention in Iraq, has truly entered a declinist phase with the advent of the Bush administration in that the latter's Reaganite tax and budgetary policies have undermined the Clinton's administration accomplishment in balancing the US budget.

The US is now confronted with an even bigger current account deficit, and a greater need for foreign credit which comes less and less in the form of investments in our real economy, as it did in the Clinton years, but increasingly from selling short-term Treasury instruments to Japanese and Chinese central banks. This, in effect, means that the US economy is largely dependent upon the Asian economy, in which it is the Chinese, and above all, the Japanese who now support the dollar to hang on to their trade surpluses, and to finance America's prosperity.

⁸ See, for example, the May 2003 survey on attitudes toward the US intervention in Iraq by the Washington-based Pew Research Center. <http://www.people-press.org>

As Calleo puts it :

"This seems a rather fragile economic foundation for a unipolar superpower. But now that the Cold War is over, the old declinist warnings have new force, now that the euro is rivalling the dollar, America's insatiable need for credit seems more and more likely to impose limits - on what we can borrow, on what we can spend and on what we can do, particularly on what we can do by ourselves."

Calleo accordingly argues that the economic aspects American hegemony rest upon rather shaky grounds, and that the US may increasingly find itself confronted in an awkward position vis-à-vis its creditors⁹.

Albert Fishlow's article "After Cancun : The Future of Free Trade" Globalization -and anti-globalization (or what has increasingly become known as "alternative globalization") - have been at the center of discussions of international economic relations for the last 15 years. But a new North-South axis has recently emerged in the wake of the failed Cancun summit that goes to the heart of the current debate over the future of the free trade system that has defined the international environment for over a half-century. Agriculture is central, an ironic twist in view of the continuing much greater growth of industrial products. At the same time, multilateralism seemingly has yielded to a new surge of bilateralism.

Fishlow accordingly seeks to answer the key questions concerning the new wave of globalization : What will be the future of free trade, and with what consequences for the process of economic development? Does expansion of trade contribute to higher levels of domestic product, and in what way? What domestic policies are necessary to assure that poverty and unequal distributions of income in developing countries are alleviated by greater participation in the world economy, given the fact that the volatility of exchange rates, foreign investment, commodity prices, and the volume of trade has been sufficient to unsettle many developing economies in recent years? Will the past pattern of advance continue, as in the past, or will a new burgeoning hostility assert itself in international markets, as it already has within countries? In this sense, it is not certain the US can retain primacy over the global trading system for long, if, in

⁹ This view is likewise supported by Niall Ferguson "Foreign investors now have claims on the United States amounting to about \$8 trillion of its financial assets. That's the result of the ever-larger American balance-of-payments deficits - totalling nearly \$3 trillion - since 1982. Last year (2002), the balance-of-payments deficit... was about 5 percent of gross national product. This year it may be larger still.... Foreign investors now hold about two-fifths of the federal debt in private hands- double the proportion they held 10 years ago, according to the Treasury Department." Niall Ferguson, "The True Cost of Hegemony", in *New York Times*, April 20, 2003. In 2003, the US was at its legal debt limit at \$6.4 trillion with Republicans trying to raise the limit another \$860 billion and with Democrats opposing !

fact, patterns of global inequality widen and more states either "fail" to keep up with competitive pressures, or else attempt to forge protectionist blocs.

Patrick Karl O'Brien's article, "Hegemony as an Anglo-American Succession 1815-2004" develops Gramsci's concept of hegemony as power that includes "a combination of coercion and consent" in arguing, from an essentially macro-economic perspective, that no other state since Rome (including Great Britain) has deployed hegemonic power or anything comparable to the combination of domination by force and leadership by consent, exercised by governments of the United States between 1941 and 2003. In an erudite study, he argues the case that major differences between the roles played by Britain (1793-1914) and the United States (1941-2003) overwhelm the superficial similarities.

In this regard, O'Brien argues that the historical record does not allow for the representation of any previous great power (operating within a world system of competing states) as one whose status depended to any significant degree upon a widespread recognition that the policies it pursued : contained inter-state violence, facilitated access to international water and airways and promoted the diffusion of labour, capital and useful knowledge across frontiers; let alone (to take two entirely modern global concerns) that its actions safeguarded the environment and protected foreign populations against terrorism. In O'Brien's view, all these "public goods", which have been supplied for the world as a whole (voluntarily and unwillingly, effectively and ineffectively, with benign and malign intent) by the United States since the Second World War, seem to merit the depiction of Washington's power as "hegemonic".

In essentially contrasting the history of British primacy and American hegemony, O'Brien leaves us with the impression that the US can continue to sustain its predominant hegemonic position almost indefinitely, as the new Rome. O'Brien's position appears to open itself to Niall Ferguson's critique that "hegemonic stability theory" has offered helpful insights into the way that economic power works, but that "its neglect of the military and cultural aspects of power leads it to overestimate the current American empire and to underestimate the power of its British predecessor"¹⁰. O'Brien's position is likewise in contrast with the position of David Calleo, who follows the argument of Charles Kindleberger that the benefits of these "public goods", whose importance is correctly noted by O'Brien, may be shared by all, but are then paid for disproportionately by the hegemon. In this declinist viewpoint, free-riding beneficiaries grow relatively stronger over time while the overtaxed hegemon grows relatively weaker. As Calleo puts it :

¹⁰ Niall Ferguson, "Hegemony or Empire?", in *Foreign Affairs*, September/October 2003.

"Eventually the hegemon is no longer powerful enough - relative to the others - to maintain its old primacy. Its beneficiaries challenge it, further increasing the burden of hegemony, and hastening the hegemon's decline."

Certainly here, one can argue that Japan, China and the European Union are challenging US hegemony in political-economic terms, even if they are no where near challenging it in terms of military capabilities.

Hall Gardner's concluding article "From the Egyptian Crisis of 1882 to Iraq of 2003 : Alliance Ramifications of British and American Bids For "World Hegemony"" compares and contrasts the alliance ramifications of the US decision to "go to Baghdad" in 2003 with both the British intervention/occupation of Egypt in 1882 and the British intervention/occupation of Iraq in 1920. In contrast with Patrick Karl O'Brien's chapter, Gardner analyzes the question of British and American "hegemony" from a more "micro analytical" approach, by seeking to the global alliance and political-economic ramifications of the British and US interventions in Egypt and Iraq respectively. Gardner argues, more in lines in the declinist school as discussed by David P. Calleo, that the US may well be overstretching its political will and resources in confrontation with the "new threats".

The globalization process, as discussed by Albert Fishlow, does not necessarily prevent social and political conflict, nor preclude both semi-peripheral and peripheral states from developing both threatening military capabilities as well as protectionist regional blocs. It may be true, much as O'Brien argues, that the US will retain its military predominance for decades to come, but this does not prevent that predominance from becoming not-so-gradually eroded as the US seeks, by essentially unilateral measures, to control key geostrategic and political economic resources, at the same time it seeks to contain or eradicate a seemingly burgeoning number of emerging new threats. Absolute American military hegemony is of little help when the country appears to be increasingly bogged down in both a more or less "traditional" guerrilla war in Iraq, as well less traditional wars on "terrorism" and on "rogue states".