

VII. American decline

and changing global hegemony

EE406: Contemporary Economic Issues

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Faculty of Economics, Thammasat University

The Rise and Fall of the US Hegemony

- Prior to World War II, it was widely accepted that the USA would replace the UK as a new hegemon.
- The country was ready to surge at the time. She had a lot of economic resources (land, people, technology, etc.). She had a major role in world politics.
- The significant reshuffle took place during World War II and the victory of the Allies was greatly due to the great US military power.
- All of these factors handed the USA the hegemonic power after World War II.



The Rise and Fall of the US Hegemony

- The USA then led the world in putting up democratic liberalism as a world order. Several beliefs compatible with this ideology were practically implemented such as free trade, supports of democracy, consumerism, anti-communism, etc.
- Fighting against communism justified the US military actions in many countries around the world.
- The Bretton Woods system and the dollar hegemony allowing the USA to control the world economy.
- Such international organizations as the World Bank, UN, IMF had influences in conducting economic policies of individual countries.

The Rise and Fall of the US Hegemony

- However, some experts believed that the US hegemony was in a decline since the second half of the 1970s
 - Oil Shocks in 1973 and 1979
 - The Fall of the Bretton Woods System
 - Stagflation and economic stumble in the USA
 - The US loss in Vietnam War
 - The rise of Japanese and West German economies
 - And many more

The Rise and Fall of the US Hegemony

- “predictions of American decline and a shift in international order are far from new – they have been consistently wrong.... But this time really is different.””US global leadership is not in retreat; it is unraveling. And the decline is not cyclical but permanent.” (Cooley and Nexon 2020)
 - The unipolar moment: after Cold War – that is the collapse of Soviet Union and the Marxism-Leninism, the USA was the only leader.
 - There existed only one dominant framework for international norms and rules => the liberal international system of alliances and institutions anchored in Washington.
 - The USA and its allies enjoyed a de facto patronage monopoly providing source of security, economic goods, political support and legitimacy.
 - Other countries saw no alternative.

The Rise and Fall of the US Hegemony

- Today, new regional organizations and illiberal transnational networks contested the US influence. The rise of China is the main reason.
- China and Russia now contest liberal aspects of the international order from within the order's institutions
 - They cooperated in the UN to promote new norms.
- At the same time, they are building an alternative order through new institutions that they have greater influences.
 - They (together with India, Brazil, and South Africa) have built the BRICS. There are also Asian Infrastructure Investment Bank (AIIB) (backed by China) and Eurasian Economic Union (EAEU) (backed by Russia)



The Rise and Fall of the US Hegemony

- China has expanded its power over economic development of other countries
 - Belt and Road Initiative (BRI) are obviously an attempt of China to build connections between countries in the region. This plan obviously affects the Russia-influenced areas such as central Asia, but Russia agrees so because she also gets support from China in return.
 - After 2008 crisis, China was an important source of loans and emergency funding for countries that could not access Western financial institutions.
 - In countries emerging from wars, such as Nepal, Sri Lanka, Sudan, and South Sudan, aid from China flowed to victorious governments insulating them from international pressure to accommodate their domestic foes.
 - These money allow the borrowing countries to have more options for loans.

The Rise and Fall of the US Hegemony

- Of course, the recent fall of the US hegemony could be due to the USA herself.
 - The slow US economy has created doubts on the power of market mechanism.
 - Her conservative policies have created doubts on the workability of liberalism as an ideology.
 - Some no-points military missions have created doubts on the strength of the US military power
 - The deteriorating relations between state personnel's and citizens have created doubts on how the government would handle many domestic problems such as racial or gender discrimination
 - US consumerism has created doubts on environmental issues.
 - And many more

The US Hegemony after Covid

- The US struggle to keep the hegemonic power is obvious



Trump implied that China made the virus

Coronavirus: Trump stands by China lab origin theory for virus

1 May

Coronavirus pandemic



<https://www.bbc.com/news/world-us-canada-52496098>

The US Hegemony after Covid

- The USA tried to get the vaccine before anyone

Trump says COVID-19 vaccine is coming 'within weeks.' Experts say that's not possible

BY KATIE CAMERO

OCTOBER 23, 2020 11:07 AM, UPDATED OCTOBER 23, 2020 06:17 PM



[https://www.miamiherald.com/news/coronavirus/article246661043.ht](https://www.miamiherald.com/news/coronavirus/article246661043.html)

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11/11/20

U.S. Offered 'Large Sum' to German Company for Access to Coronavirus Vaccine Research, German Officials Say

The United States says it will share any vaccine breakthroughs with the world, but German officials appeared rattled by its reported overture to a biotech firm.



<https://www.nytimes.com/2020/03/15/world/europe/coronavirus-vaccine-us-germany.html>

The US Hegemony after Covid

- The United States continues to lead the global effort to respond to and end the COVID-19 pandemic.
- <https://dk.usembassy.gov/factsheet-united-states-contributions-to-the-global-response-to-covid-19/>



The US Hegemony after Covid

- However, the poor performance in handling the situation in the USA really jeopardizes creditability of the, US government and the US hegemony.
- Francis Fukuyama said that “The gobal distribution of power will continue to shift eastward, since East Asia has done better at managing the situation than Europe or the United States”
- In his opinion, the main problem was Donald Trump. “The currently highly polarized society and incompetent leader blocked the state from functioning effectively.”

The US Hegemony after Covid

- Donald Trump stoked division rather than promoting unity, politicized the distribution of aid, pushed responsibility onto governors for making key decisions while encouraging protests against them for protecting public health.
- He attacked international institutions rather than galvanizing them.
- These blocked the USA from functioning effectively and hence pushed the hegemonic power away from the USA.

However, has China benefited from Covid-19?

- However, China and Moscow portrayed themselves as providers of emergency foods and medical supplies in several countries including the USA.
 - By March 31, the [Chinese government had provided](#) 120 countries and four international organizations with surgical masks, N95 respirators, protective suits, nucleic acid test kits, ventilators, and other assistance, including [loans](#).
 - <https://asiafoundation.org/2020/04/29/covid-19-and-chinas-soft-power-ambitions/>
- China's ability to handle the situation really gave an edge to China as a country that will lead the world out of the Covid crisis.

However, has China benefited from Covid-19?

- Still, the story about China covering up the news regarding Covid at the beginning of the pandemic has given her a bad impression.
- China tried to take advantage while other governments focus on public health

CHINA JUNE 5, 2020 / 4:42 PM / UPDATED 5 MONTHS AGO

U.S. military commander says China pushing territorial claims under cover of coronavirus

<https://www.reuters.com/article/us-health-coronavirus-usa-china-commander-idUSKBN23C180>

By Tim Kelly

2 MIN READ



However, has China benefited from Covid-19?

- <https://www.pewresearch.org/global/2020/07/30/americans-fault-china-for-its-role-in-the-spread-of-covid-19/>

JULY 30, 2020



Americans Fault China for Its Role in the Spread of COVID-19

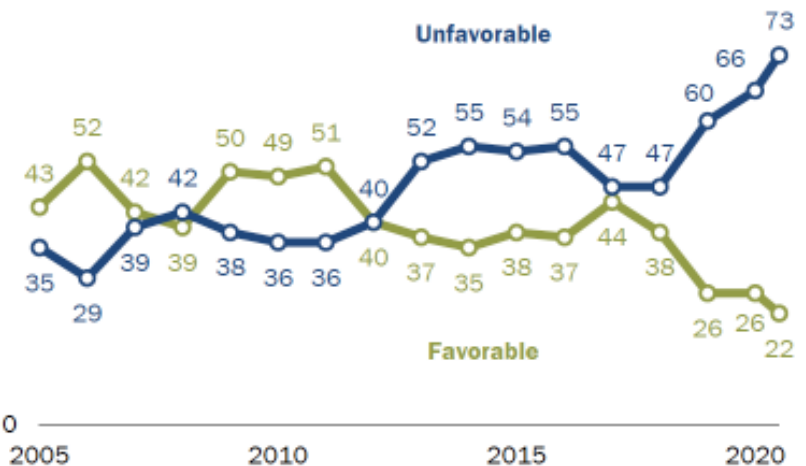
Unfavorable views of China reach new historic high, and a majority supports taking a tougher stand on human rights

BY LAURA SILVER, KAT DEVLIN AND CHRISTINE HUANG

Unfavorable views of China reach new highs in U.S.

% who say they have a(n) ___ opinion of China

100 %



Note: Don't know responses not shown.

Source: Survey of U.S. adults conducted June 16-July 14, 2020. Q8b. "Americans Fault China for Its Role in the Spread of COVID-19"

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So, USA or China or others else?

- It seems that the USA is in decline for sure
- Is China ready to lead the world? Or, is the world ready to fully follow China?
- Which one is a more appropriate question?
- The certain thing is that under the current condition, according to the analysis of the Modern World System, the world economy will continue struggling.