

## **American Hegemony: How to Use It, How to Lose It**

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#### ***Introduction***

America's global hegemony is generally accepted as a fact. Only its duration is in question. Will it end next year, within several years, or will it last for many decades hence? Ultimately, the answer to how long American hegemony will endure will not be given by a rising new threat from, say, China or terrorism. Rather, the quality of American leaders will provide it. Put simply, how our leaders use American hegemony will determine whether or not we lose it.

This article examines the theme, "American Hegemony: How to Use It, How to Lose It," and is inspired by events and conditions that are especially pressing today. The article takes up this theme by building upon the central ideas of my 2005 book, *America's Inadvertent Empire*,<sup>1</sup> and by using that perspective to assess what is happening in Iraq today, as well as the untoward consequences of several other contemporary American policies toward the rest of the world.

#### ***The Nature of the American Empire***

I begin by stating the obvious: America presides over an empire, but it has acquired this empire inadvertently. It is not a traditional type of empire, but rather, a *sui generis* one; that is, it is a regime type heretofore unknown. Four characteristics define America's inadvertent empire.

First, it is ideological, not territorial. Its ideology is Classical Liberalism, not democracy. Our founding fathers did not use the word democracy in the Constitution. They sought to limit the state and guarantee individual rights. Once rights were secure,

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<sup>1</sup> See William E. Odom, *America's Inadvertent Empire* (New Haven: Yale University Press, 2005).

voting would follow, not the other way around. The American empire, therefore, consists of constitutional states, not dictatorships and illiberal democracies.

Second, the American empire has been a money making, not a money losing regime. Throughout the Cold War, when the defense budget on average consumed 7.2 percent of GDP, the United States sustained unprecedented growth. So too did Western Europe and Northeast Asia. Both had their longest periods of peace and greatest prosperity, parallel to America's prosperity during the Cold War. Contrary to popular belief, however, Japan and Europe did not get rich at our expense. In fact, throughout this period we have maintained between 20 and 30 percent of the world's Gross Product.

Third, countries have fought to join the American empire, not to leave it (although since the U.S. invasion of Iraq this dynamic may be changing). Consequently, the American empire has no formal boundaries or membership. Any country with a constitutional order, stable property rights, and effective dispute adjudication in autonomous courts may consider itself a member (Switzerland and Austria, for example, are included). Some countries with constitutional orders that are not yet mature Liberal regimes also belong because they are within our military alliances. Of the roughly forty countries that can claim membership, only about two dozen have stable constitutional systems, that is, systems that have lasted a generation or more. The others, mostly new members of NATO, are committed to constitutional development. However, they are still struggling to last for more than a generation without a relapse, which constitutes the usual standard for assessing whether or not a lasting constitutional order has been achieved.

Fourth, our military alliances in Europe and Northeast Asia have supplied supranational political-military governance for our allies, many of whom were once at enmity amongst themselves. These U.S. military umbrellas provide our allies the mutual trust that, in turn, lowers business transaction costs, and permits these states to capture greater gains from trade. Today, these trust-inducing and economic roles are still needed in both regions, even without an external military threat. Beyond military alliances, the

United States created a governing network of economic and judicial institutions—the World Trade Organization, the International Monetary Fund, the World Bank, the United Nations, international courts, and others. These organizations have also facilitated economic growth through rule-based decision making rather than by imperial dictates. These practices have lowered the costs to the United States of managing both the international organizations in which it participates, as well as its military alliances.

Consequently, when American leaders belittle and condemn these organizations, they endanger the very foundations of this remarkable system of mutually beneficial Liberal governance. The cost is not just damage to our ideals. It also involves billions of dollars in unnecessary expenses. How and why is this true? The reasons are straightforward. As Nobel Laureate economist Douglass North has demonstrated,<sup>2</sup> governance by rule-based, third-party enforcement actually lowers transaction costs for business and makes long term economic growth possible. This is why the United Nations, NATO, the WTO, and other such international institutions reduce the price America must pay to manage this unique international system.

To sum up, whether domestic or international, Liberal institutions—not democracy—are the key source of American power at home and abroad. Democracy does become an indispensable component of constitutional regimes, but it is Liberal institutions on which such regimes ultimately rest. The states within the American empire today produce 70 percent of the world's Gross Product with only 17 percent of the world's population. That figure alone gives us a real sense of how much more productive power Liberal institutions can generate compared to any other kind. It also shows that the main obstacle to peace and prosperity in those countries outside the American empire is not money, but rather, a shortage of constitutional government. No amount of economic

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<sup>2</sup> See Douglas C. North, *Institutions, Institutional Change, and Economic Performance* (New York: Cambridge University Press, 1990).

aid will either compensate for, or produce that kind of government. In fact, most economic aid makes it less likely that poor countries will achieve effective government.

Unfortunately, no one knows precisely how to create Liberal institutions. Their emergence is highly problematic and rare; moreover, most of them have arisen only after periods of violence that led to compromise among the elites and some type of a deal between elites to abide by rules. At the same time, violence has far more often thrown countries off the track to a compromise. The record to date suggests that ethnic, racial, and sectarian fragmentation in a country makes a constitutional breakthrough virtually impossible. It also suggests that most political cultures outside of the traditional Western world are highly resistant to the idea of a “contract state” and inalienable civil rights. On this point, Japan, Turkey, South Korea, Taiwan, and Singapore stand out as huge exceptions; they are not fully constitutional in all cases, but certainly close to it.

This evidence suggests that few additional countries will soon become constitutional and able to sustain long term growth. Neither China, nor India, nor Russia is a good prospect. All three may prosper for a while, but not in the long run unless they can create domestic Liberal institutions. This is why rising challengers cannot destroy the American empire or degrade American hegemony. Only its leaders can do that by throwing away our primacy.

### ***How to Use American Hegemony***

For most of the Cold War, American leaders used our hegemony with remarkable effectiveness. The Marshall Plan is merely one of many examples. Stabilizing Northeast Asia during and after the Korean War is another.

Less well remembered is bringing West Germany into NATO against strong French resistance. Once the Soviet Union made unambiguous its intent not to support restoration of a united Germany, the United States began pushing for the reconstruction of Germany and a Western security system. France, having engaged Britain in the

Dunkirk Treaty (a bilateral hedge against Germany), resisted multilateral arrangements. British initiatives, however, eventually helped Washington to create the North Atlantic Treaty Organization against French preferences for a network of bilateral treaties.

By letting these initiatives come from European states themselves, Washington positioned itself to guide the process benignly toward a large multilateral solution. By contrast, had the United States taken the initiative unilaterally, its efforts would have left Washington at odds with most Western European states and probably killed any serious chance of forming NATO before the Korean War. Only when the Korean War broke out did the United States take the near-term Soviet military threat seriously and begin to advance the idea of German rearmament. When France used the concept of the European Defense Community (EDC) to block German rearmament, Washington sought to use the EDC to justify German sovereignty. For two years, Washington danced around French blocking tactics, and while Paris refused to dissolve its own army into the European Defense Community, by 1955 it finally accepted Germany's sovereignty and its membership in NATO. Had the United States insisted on that outcome in 1952 or 1953, it might well have destroyed the Atlantic alliance.

This pattern of letting our allies take the initiative, nudging, encouraging, not demanding, often adjusting to European concerns, and getting help from some countries in convincing those that resist, produced constructive outcomes. For example, the doctrine of "forward defense" for NATO in 1967–68, the third attempt at an agreed overall NATO defense plan (MC 14/3), was achieved in precisely this way, with a European-led study (the Harmel Report) advancing a compromise. We saw this pattern again, both in the decision to deploy intermediate-range nuclear forces in Europe during the Carter administration, and in successfully deploying them against much Soviet-backed and inspired European public opposition during the Reagan administration.

Yet, none of these examples can rival what American leaders accomplished through the reunification of Germany in 1990. This was the largest strategic realignment

without a major war in the history of modern Europe—a feat so spectacular that it is unlikely to be rivaled any time soon in the history of diplomacy. Although today we tend to take Germany’s successful reunification as foreordained, it was not. Had the Europeans had their way in a straight up or down vote, only two countries, the United States and West Germany, would have voted for it. In that event, Germany would have reunited anyway, but outside of NATO, while a rump Warsaw Pact would have survived. Europe then would have been without the European Union, and the continent would have experienced profound political and military turmoil.

Yet, through skillful diplomacy backed by overwhelming U.S. military and economic power, President George H. W. Bush backed German Chancellor Helmut Kohl in cutting a deal with Moscow. Bush then split Prime Minister Margaret Thatcher—the most adamant opponent of German unification—from a far less adamant opponent, President Francois Mitterand, to push through NATO approval. While Bush cornered Thatcher, Kohl appeased Mitterand by promising to push through the Maasstricht Treaty. Thus Germany was reunified within NATO, the European Union was soon born from the Maasstricht Treaty, and both the Warsaw Pact and the Soviet Union collapsed. Not even the hardest of American hardliners against Soviet power would have believed that this outcome was possible. Make no mistake: future historians will judge this achievement as among the greatest diplomatic feats ever accomplished. It certainly took skill, but what truly made it possible was the intelligent exercise of hegemonic American power via U.S. military guarantees and international institutions like NATO.

As a final example of good stewardship over American hegemony, let us recall the Persian Gulf War in 1990–91. President George H. W. Bush won UN Security Council backing, assembled a large military coalition (including French forces), expelled Iraqi troops from Kuwait, and persuaded Japan, Germany, and a dozen other countries to contribute sufficient funds to cover the entire operation.

All these examples illustrate what I mean when I speak about “how to use American hegemony” in ways that promote its durability. Over the last dozen years, however, and especially since 2002, we have seen troubling examples of how to lose it.

### ***How to Lose American Hegemony***

During the 1990s, the Clinton administration cut U.S. ground and tactical air forces by almost half. Maritime forces were reduced very little. That force structure, I would suggest, left the United States firmly in control of the porpoises and the whales while leaving the land to the tyrants in the Balkans.

Timidity, diffidence, and dilly-dallying during Yugoslavia’s disintegration marked Washington’s reaction to spreading instability in Southeastern Europe. By bombing Serbia and Kosovo for seventy-three days, President Bill Clinton damaged the U.S. image in much of Europe and elsewhere, and delayed a decisive toppling of the corrupt, anti-Liberal political regimes in both places—an outcome that today, nearly a decade later, still has not been reversed. Had President Clinton instead launched a ground invasion with several armored brigades advancing from Hungary to envelope Belgrade, he could have destroyed the Milosevic regime in a week or ten days with few casualties. (The German army took the same approach in 1940, capturing Belgrade in a week while sustaining less than a dozen casualties.) A direct occupation, predominately with U.S. forces but also jointly with NATO countries, could have administered and governed directly, re-established property rights and effective courts, and raised a new generation of political elites genuinely committed to Liberal values.

In spite of President Clinton’s feckless use of American power in the Balkans, his administration eventually yielded to domestic lobby pressures and accepted three new members into NATO in 1999. In this way, NATO’s enlargement pre-empted ethnic conflict in several other former Warsaw Pact states by holding out hope that they too could someday join the alliance.

By contrast, although President George W. Bush followed Clinton's change to an effective use of American hegemony by further enlarging NATO, his unbridled unilateralism—beginning with his rejection of the Kyoto Treaty and his tariffs on steel imports—proved more destructive of American power than Clinton's foreign policy diffidence and bumbling use of military power.

It is true that despite Bush's early missteps, the events of 9/11 restored unprecedented global support for America in its fight against *al Qaeda*. However, once the president announced the "axis of evil" thesis in his 2002 State of the Union address, that support began to decline. In response to 9/11, NATO invoked Article 5 of the treaty for the first time in the history of the alliance, and declared that *al Qaeda*'s attack on the United States was also an attack on all other members. Like good allies, NATO members all signed up to fight *al Qaeda*, but they were shocked to discover that the president was actually declaring war on Iraq, Iran, and North Korea—and doing so without prior consultation with America's allies. The net effect of Bush's "axis of evil" formulation was to stretch his so called "Global War on Terrorism" in ways that could justify invasions of countries anywhere. This, in turn, promised a foreign policy agenda that most NATO members understandably refused to accept.

Failure to gain UN Security Council approval for the invasion of Iraq ensured that the war's financial costs, not to mention the loss of life and moral standing in world opinion, would be enormous and that the quality of the coalition members that helped prosecute the war would be poor. For example, whereas the 1991 coalition against Saddam Hussein had French troops, the 2003 coalition contained Ukrainian, Polish, and Honduran troops, plus even a few from Mongolia! Meanwhile, the total costs of the war rise everyday, well above \$300 billion, and other countries are not queuing up to share this financial burden with the American taxpayer. The president may have delighted many American voters by asserting U.S. sovereignty against the will of our allies in the UN Security Council (behavior we normally would expect of a French government but



not of the government that built the post-WW II international order), but they will not be delighted with the impact his policies will have on their wallets for years to come. More than anything else, the Iraq war is a spectacular example of how to squander American hegemony—fiscally, militarily, politically, and morally—and it will likely go down as the greatest strategic mistake in American history.

### ***Whither American Hegemony?***

Can we still save the American empire and preserve American hegemony? Or is it too late? I believe that America's global, Liberal regime can be saved, but only provided that we act soon. The first step must be withdrawal from Iraq.

Ironically, that invasion was never in American interests; rather, it advanced (1) Iranians' interests by avenging Hussein's invasion of their country, and (2) *al Qaeda's* interests by opening Iraq up to its cadres where they are now killing both Americans and Iraqis in growing numbers, and taking their newly gained skills to other countries. All the debate today over the tactical mistakes we have made in Iraq is simply beside the point, because all of the unhappy consequences were destined to occur once the invasion began.

Most worrisome, however, is the way the Iraq war has paralyzed the United States strategically. The precondition for regaining diplomatic and military mobility is withdrawal, no matter what kind of mess is left behind. Yes, the United States will bear the blame for the mess it leaves, but it cannot avoid the consequences of its mistakes by "staying the course." In fact, each day that we remain on that course only increases the costs (in blood, money, prestige, loss of diplomatic flexibility) and makes the eventual defeat larger. Only after the United States withdraws from Iraq can it possibly rally sufficient international support to prevent the damage it has unleashed from spreading beyond the region. Only after the United States withdraws will the prospects of bringing some order to the region grow. It cannot, however, achieve a lasting regional order unless

it alters or abandons at least five of its present policies that have become so perverse, they now are generating the very things they were meant to prevent.

### *Nonproliferation Policy*

The first perverse policy is our stance on nuclear nonproliferation. Although our nonproliferation policy was meant to maintain regional stability, it actually has accelerated proliferation and created instability. Given America's recent record on nonproliferation in South Asia, the lesson that Iran and others must draw is that if they acquire nuclear weapons, Washington will embrace them, as it has India and Pakistan. Moreover, because the United States permitted Israel to proliferate some years back, this adds to the incentives for all Arab states to proliferate as well.

South Asia and the Middle East are not the only regions where our nonproliferation policy has generated negative externalities. America's nonproliferation policy in Northeast Asia has worsened our relations with South Korea to the point of pushing Seoul toward the Chinese security orbit. At the same time, it has allowed North Korea to make a joke of U.S. diplomacy in the region and to increase China's influence. These trends open the path to a unified Korea without U.S. troops and *with* nuclear weapons—a sure formula for prompting Japanese acquisition of nuclear weapons.

### *The War on Terrorism*

The second perverse policy is the so called “Global War on Terrorism.” As many critics have pointed out, terrorism is not an enemy. It is a tactic. Because the United States itself has a long record of supporting terrorists and using terrorist tactics, the slogans of today's war on terrorism merely make the United States look hypocritical to the rest of the world. A prudent American president would end the present policy of “sustained hysteria” over potential terrorist attacks, order the removal of most of the new safety barriers in Washington and elsewhere, treat terrorism as a serious but not a

strategic problem, encourage Americans to regain their confidence, and refuse to let *al Qaeda* keep us in a state of fright.

### *Promoting Democracy*

The third perverse policy, spreading democracy, is a very bad practice. It is a bad practice precisely because it runs contrary to the key source of American power and success, i.e., promoting Liberal institutions. Instead of pushing democracy, we should be trying to spread constitutional order. The reason is simple: if democracy is implemented before a constitution is truly accepted, it almost certainly will devolve into an illiberal regime that allows varying degrees of tyranny over minorities. It clearly makes sense to support individual rights and liberties everywhere, but it is wrong-headed to assume that democratic voting procedures—easy to implement—will assure such liberties.

### *Military Redeployment*

The fourth misguided policy is the Defense Department's military redeployment plans. This policy is hollowing out NATO long before new members in Eastern Europe have achieved constitutional breakthroughs and transformed their militaries. Europe may create its own unified military over time, but the European Union is nowhere near that goal today. NATO, therefore, not only remains critical for Europe's internal and external security, but NATO's influence and political capacity is directly proportional to the size of U.S. forces deployed on the continent.

### *Energy Policy*

Finally, the U.S. energy policy—by which I mean essentially, NO energy policy—ensures more shocks ahead while funneling trillions of dollars into the hands of those in the Middle East and Southwest Asia who may not wish us well. A serious energy policy would include putting several dollars tax on every gallon of motor fuel. The

resulting revenue could then be channeled into a crash program similar to the Manhattan Project, designed to discover and perfect other kinds of energy to power motor transport.

These are not ordinary times. Minor modifications in our national security strategy and our energy and economic policies are not the solution; they will merely perpetuate the present erosion of American hegemony. In our present predicament, we desperately need leadership that can fundamentally redirect U.S. foreign policy and strategy, not simply fine tune it.

### ***Conclusion***

Some may consider the points outlined above to be alarmist. They are not. Although my aim is to draw attention to serious issues in time for us to avoid calamity, I do not believe that I exaggerate the dangers. My comments have been rather sweeping, but they are focused on two fundamental issues—the unique nature and sources of American power, and what that means for how it can be used constructively in the world. During the Clinton administration, foreign policies began to emerge that reflected a fundamental misunderstanding of the nature of American power. During the Bush administration, this trend has continued, albeit in a different direction, becoming so exaggerated that it endangers the very stability of the Western international order. If it continues for several more years, America’s “inadvertent” empire will pitch into irreversible decline. Thankfully, however, the restorative capacities of Liberal institutions are strong. Thus the direction of our tragic drift can still be turned around, but that possibility will not remain indefinitely. To put it colloquially, “Time is a wasting.”