

HEGEMON?

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Last month, Rowland Brown shared with us a fascinating eye witness account of the experiences he and Heather had in Moscow last August at the time of the attempted coup. I will long remember his report of attending a very emotional Rotary Club meeting there with men who thought it would be their last gathering and how they wanted Rowland to be a witness to their fellowship and to their opposition to what they then believed was the inevitable return to an authoritarian system. Also vivid was Rowland's report of the band of marchers in the street with the Russian republic flag, and the old, bemedaled man pointing to the tanks and wanting Rowland to know they were "fascists".

The rapid collapse of the Soviet Union in the wake of that failed coup has been one of the most dramatic and fateful events in a series of occurrences that have formed a truly revolutionary moment in history. The world is changing, not gradually -- in ways that are difficult to discern from one day to the next -- but in abrupt, turbulent upheavals.

Of course, when I elected to prepare a paper on Hegemon?, I had no idea that in the preceding month Rowland Brown would direct our attention to what is happening in what now must be called the **former** Soviet Union. By happenstance, our two papers form something of a pair. For whereas he focused on what is transpiring with our adversary of many decades, I want to consider what is happening to us, the United States of America.

The United States has been called a hegemon in international politics. The world "hegemony" comes from ancient Greek and means the leadership or dominance of one state or nation over others. Among scholars, and some policy makers, there has been considerable discussion about the meaning of this term, the requirements for a country to achieve this status, which countries have been hegemonic powers, and the international consequences of such a dominating nation.

I propose to sidestep most of these issues. Let me briefly note, however, that much of the current academic debate centers on an extremely controversial interpretation called hegemonic stability theory. The contention is that the existence of one dominant power makes possible a considerable degree of order and stability in international affairs as the major power establishes rules of

international political and economic transaction and induces -- in one way or another -- other countries to go along. Because of the anarchy that otherwise prevails in international politics, the theory contends that a hegemon makes possible a greater degree of international cooperation. Conversely when there is a transition between one hegemon and another, or when no such power prevails, disorder and violence are very possible. The United States is viewed as having created such an order after World War II with the Bretton Woods agreements and the creation of GATT, the World Bank and the IMF. This U.S.-made order was facilitated by the Marshall Plan and protected by NATO. I should stress that this interpretation of the conditions necessary for international cooperation and order is hotly contested.¹

Regardless of that debate, there can be little doubt that at this moment in history the United States is a hegemon with respect to military power. Of course, there is reason for concern about the future status of the approximately 27,000 nuclear weapons scattered among a number of the republics of the former Soviet Union. But no one can doubt that the military might of the former Soviet Union

¹ Hegemony and the role of a dominant power also have been used to explain cooperation of international actors in more limited, structured areas of activity (called regimes) such as might form over issues such as Antarctica or the Nuclear Non-Proliferation Treaty. But here also the necessity of a dominating power has been challenged.

has become ineffective for expansionist activity and will remain that way for quite some time. The outcome of Gulf War, fought against one of the largest and best armed Third World powers, suggests that with a little help from our friends, developing countries will have great difficulty challenging the military might of the United States if our resolve is unequivocal. (No, I haven't forgotten Vietnam, nor that Saddam Hussein probably was a much worse military strategist than some others might be.) American military power is, nonetheless, what my son, Chris' generation would call "awesome". Of course, military power by itself has seldom been sufficient to establish a nation as the predominant influence in world affairs. There has always been a recognition that economic capabilities were essential for global leadership. Even realists, who insist that historically military capabilities have determined what countries prevailed in world affairs, quickly acknowledge that a vigorous economic base is necessary to sustain effective politico-military dominance. Others have argued that economic capabilities and the skill and effectiveness in using them internationally have been far more important than simply providing the base for military power.

This raises the fundamental irony of this moment. At a time when this country is the strongest military power in the world; many contend that our economic leadership is sharply declining. You all are familiar with various

indicators suggesting a relative decline in America's economic performance. Here is some of the most frequently cited evidence:

- In terms of absolute productivity, Japan is now neck and neck with the U.S. Measured in terms of manufacturing output, per capita production in 1986 for the U.S. = \$32,000; Japan = \$31,000; and Germany = \$27,000. In terms of the annual rate of increase in labor productivity in the U.S., the average increase in the first two decades after World War II was 2.7 percent per year but it declined to an average of 1.4 in the 1980s.
- Our share of the world's exports of goods and services--while still the largest has declined.
- The net savings rate dropped from 7.8 percent in 1979 to 2 percent in 1987.
- Our scientific and technological edge also has been challenged. Our surplus of high tech exports over imports ran about \$6 billion in the early 1970s, but was under a billion in 1987. Our high school

students are will behind other industrialized countries in science and math education. By age 14 our kids rank 14 out of the 17 industrialized nations in science education. In 1970, 65.7 percent of all U.S. patents were awarded to American citizens; in 1986 it was a little over half (54 %).

- With regard to the federal budget deficit, it represented about 1 percent of national income in the 1960s; 2 percent in the 1970s; and 4.5 percent by the mid-80s. In 1987 the budget deficit used 2/3rds of our net private savings. We have had to rely on foreign capital to finance much of the deficit. We also engaged in foreign borrowing not for investment, but for current consumption.²

Some of these and similar indicators have been challenged by a number of people. Yet the overall pattern is sufficiently robust to suggest a reason for genuine concern. In fact it is these recent shifts in the U.S. position that have produced a number of studies comparing the U.S. at present with Britain at the turn of the last century. The best known of these is the book by Yale historian,

²The data reported above are drawn from Joseph Nye, Bound to Lead, 1990: Chapter 7; a different point of view can be found in Henry R. Nau, THE MYTH OF AMERICA'S DECLINE, 1990.

Paul Kennedy, entitled **THE RISE AND FALL OF THE GREAT POWERS** (1988). Kennedy not only compares the United States at present with Britain in an earlier period, he also provides a historical interpretation from the 1500s to the present.

Our own Mershon Center, which each year makes an award to the author who's first book makes the year's best contribution to the study of international security and military affairs, gave its prize two years ago to another study of Britain. The Mershon's Furniss Award went to Aaron L. Friedberg for his book, **THE WEARY TITAN: BRITAIN AND THE EXPERIENCE OF RELATIVE DECLINE: 1895-1905**. These and other books and articles explore a possibly instructive analogy between the British and American cases.

Although some of you are undoubtedly familiar with this analysis, I propose to sketch briefly the British experience, particularly in the decade 1895 to 1905. I find Friedberg's argument compelling that this was a decisive decade for the future of British hegemony. Many British leaders recognized that the United Kingdom's position might be eroding and the decisions made, or foregone, during those years would profoundly affect that nation's future.

As we prepare to celebrate the Columbian Quincentennial next year, it is interesting to reflect on Paul Kennedy's comment about the British celebration in 1897: "The crowds who cheered their heads off during Victoria's Diamond Jubilee festivities in 1897 had some reason to be proud. Whenever the three or four world empires of the coming century were discussed; it--but not France, or Austria-Hungary or many other candidates--was always on the short list of members" (Kennedy: 1987:226). There was much to celebrate about Britain's place in the world as the regime of Victoria drew to a close.

At the beginning of the last decade of the last century, the British empire was one of the most imposing the world had ever seen. In terms of size, even the Roman empire paled. The British empire included some 12 million square miles of land and approximately a quarter of the world's population. In the last 30 years, the empire had increased by roughly another 4.25 million square miles and 60 million people. London was the financial capital of the world. Britain was the world leader in the export of capital that resulted in a continuing return of dividends that erased any need to worry about trade deficits. London for all practical purposes was the banker, insurer, and commodities dealer for the world. As the first nation to undergo completely the industrial revolution, Britain from 1860 to 1890 led the world with the highest share of manufacturing production.

It was the largest trading nation in the world and pressed others to follow its free trade practices. It had the world's largest merchant fleet protected by the Royal Navy -- for some time the unchallenged master of the sea. The Navy and trading fleet were supported by an unparalleled system of coaling and cable stations and by a worldwide chain of naval bases.³

But things were changing as the 19th Century closed. According to Paul Kennedy's thesis, Britain was overextended--as all empires tend to do (witness the USSR). British policy makers continuously had to fight fires in many corners of the world at almost the same time to maintain the global interests of Britain.

"In the critical year 1895, for example, the Cabinet found itself worrying about the possible breakup of China following the Sino-Japanese War, about the collapse of the Ottoman Empire as a result of the Armenian crisis, about the looming clash with Germany over southern Africa at almost exactly the same time as the quarrel with the United States over the Venezuela-British Guiana borders, about the French military expeditions in equatorial Africa, and about the Russian drive toward the Hindu Kush." (Kennedy, 1987: 227)

³The above account draws on accounts by Paul Kennedy (1987) and Joseph Nye (1990).

Other countries began to catch up with Britain's initial lead in industrialization. Railroad systems made it possible for countries to send large armies rapidly overland to counter the much smaller British expeditionary forces that were accustomed to assert authority by coming ashore at key points--usually in support of an existing British garrison. The challenges from Russia and Japan in Asia and from the United States in the Western Hemisphere were not new, but the capabilities of these powers was growing rapidly.

Increasingly Britain had to make accommodations with these non-European countries to face a more immediate challenge--Germany after its unification. Woody Allen in the movie "Zelig" explains: "Britain owned the world and Germany wanted it." (Cited in Nye, 1990: 57) In short, by the turn of the century, the spread of industrialization and nationalism created much larger countries with the potential to pose severe challenges to Britain.

Parallel to the external threats facing Britain were signs of the erosion in its domestic economic capability relative to others. Industrial production, which had grown at about 4 percent earlier in the decades of the 19th century slowed. Between 1875-1894 it grew at about 1.5 percent a year. This was much less than that of Britain's competitors. Perhaps more important than the overall productivity

was that Britain failed to keep up with the newer, essential industries such as steel, chemicals, machine tools, and electrical components. Gradually Britain lost the world market for many of her goods as others produced better products at lower prices.

By 1914 Britain was almost entirely dependent on Germany for ball bearings, magnetos, optical glass, manufacturing dyes, drugs, high explosives, and poison gas. They had almost no modern machine tool industry to make engines, aircraft, or ammunition. One author notes that it was only "the purchase of American, Swedish, and Swiss machine tools that prevented a total breakdown of the British effort to create new industries between 1914 and 1916" (B.C. Barnett quoted in Friedberg, 1988:295n).

It is tempting to draw parallels between the British case at the turn of the century and the American condition today--indeed a number of scholars and a few politicians have done exactly that. Joseph Nye, the director of the Center for International Affairs at Harvard University has cautioned, however, that the fit is not perfect and that the American situation differs from the British in a number of ways. He notes that America had a greater superiority in many more fields of production than did Britain at its height. Nye also suggests there are major

distinctions between Britain's empire and the U.S. spheres of influence. (Both the U.S. and its partners have far more flexibility and latitude than did Britain and its colonies.) Moreover the challenges to Britain were quite different than those facing the U.S. In 1900 Britain faced the U.S., Russia, and Germany as both military and economic competitors. Germany had already overtaken Britain in both economic and military production in many fields. Today while Japan and Germany (or in the future a much more integrated European Community) pose economic challenges to the U.S., they are not completely zero-sum competitors -- arguably both sides can gain from the competition and the growing interdependence. Neither Japan nor Europe pose military threats to the U.S. And, of course, the military threat we have faced from the USSR has collapsed.

It is not so much the exact parallel of the challenge Britain faced a hundred years ago and that we face now that is of greatest interest. What is instructive is how a dominate world power dealt with powerful changes at home and abroad that appeared likely to affect its role in the world. Can governments or, indeed, entire societies, recognize challenges that are not immediate threats and take substantial corrective measures? In short, can governments learn to change -- in a positive and timely manner? I believe this is the basic question that we must address.

What the British did, or did not, do roughly 100 years ago is instructive. Here is where I find Friedberg's *THE WEARY TITAN* most informative. He examines the British response to the challenges they faced in four areas critical to their role in the world--industrial preeminence; financial capability; seapower; and the army or landpower. Each is worth a brief summary.

With regard to the challenge to Britain's industrial productivity, many in the public and some elites appear to have been locked in their image of the United Kingdom's superiority as the "workshop of the world." Not all were blind, however. Some members of government recognized in the 1890s that British production was not keeping up. But rather than engage in a policy debate on what Britain needed to do to become more competitive, the issue was casted as free trade vs. protectionism. Because of the way the debate developed, it "...encouraged Englishmen to look outward instead of inward and to find fault with their neighbors rather than with themselves" (Friedberg, 1988: 81).

A second area examined by Friedberg was British fiscal policy. In the last decade of the 19th century Britain became increasingly alarmed about the cost of government. The expansion of social programs and defense would, if continued, exceed increases in government revenues, which depended largely on sales and use

taxes. The Conservatives in power opposed any increase in taxes, particularly income taxes that would have affected their supporters the most. The Boer War at the end of the decade created an acute crisis in defense spending. When faced with the difficult alternative of increasing taxes, cutting social programs or defense--the Government opted for the politically safest course and cut defense spending as soon as the war ended to well below prewar levels. Defense was cut at the very time the military threat to the British was increasing.

Naval power was another area that underwent significant change and was examined by Friedberg. "Britannia rules the waves" was the motto and the two power standard the declared policy for its continued achievement. But the rise of non-European powers in the form of the U.S. and Japan as well as formidable challenges from France, Russia, and Germany posed a major dilemma. Even with twice as many ships as the next two Powers, the Royal Navy could not be everywhere at once. They could not maintain superiority in European waters and the furthest reaches of the world's oceans at the same time. The Admiralty recognized the problem and quietly shifted the focus to the European situation -- the Royal Navy would be twice the size of its European naval competitors. While this might have been a realistic adjustment, it was done without public debate so that Englishman outside a closed circle continued to believe that Britain maintained

a worldwide Naval supremacy. Friedberg (1988:207) notes "Over the long run, however, the decision taken between 1900 and 1905 could not help but weaken Britain's international position and, in particular, the ties that held its empire together."

Complementing the Royal Navy was the need for an adequate land army to defend the homeland and the empire. The Boer War in South Africa and the fear of a Russian invasion of Afghanistan, which would threaten British India, precipitated a crisis for the Government. Britain had depended upon a volunteer army heavily supported by colonial troops. "By the end of 1904 Britain's leaders were on the verge of having to choose between a radical overhaul of their military system or the acceptance of what they believed to be an increasingly precarious balance on the Indian frontier" (Friedberg, 1988:276). But the crisis passed. The Russian threat diminished after it lost to Japan and, of course, the Boer War finally concluded. Some leaders continued to press for conscription, but they quickly lost the public support that the sense of crisis had generated. In 1906 the new Liberal Government adopted the figure of 120,000 men as the standard. Eight years later that was the number of troops initially sent to France. It was too small to have been effective as either a deterrent or compellent. The United Kingdom lost seven times that initial number in battlefield casualties alone.

What conclusions might we draw from the British experience? Some British leaders clearly recognized the problem--generally in the sector in which they had special expertise and responsibility. But for many people the old images (e.g., Britannia rules the waves; the workshop of the world) were accepted as unalterable truths, not conditions subject to change. Time and again political interests and costs became the real or imagined constraints against major changes in policy. The Conservatives were not prepared to argue for increased taxes; nor were many politicians of either party ready to advocate military conscription after the crisis of the Boer War passed, even though the threat of large continental armies continued. The Admiralty feared telling the Government, much less the public, that the two power standard was no longer realistic or for that matter a relevant indicator for strategic policy. In fact the Royal Navy publicly encouraged the perception that they privately believed to be mistaken. Even when public debate did occur, as on the question of productivity, the debate was structured to allow criticism of the policies of other countries rather than asking what needed to be done at home. My conclusion is that British politics prevented major adjustments. Key people in positions of influence recognized the potential difficulties, but they were unsuccessful in mobilizing effective action. At best, only partial, piecemeal steps were taken.

Like Britain a century ago, the United States has been a dominant world power in recent decades. Can we do better (or even as well) in dealing with the challenges to our role? Some analysts, like Paul Kennedy, think such shifts are inevitable. Others like, Lloyd Etheredge, who examined U.S. policy toward Latin America across a number of decades, conclude that it is not inevitable, but requires governments to learn from their prior experience and feedback from the environment. He concludes this does not happen often.

Let me conclude by posing three basic questions. These inquiries are rhetorical for I wish to offer some initial reactions, but they are matters that deserve wide spread discussion. Certainly other perspectives and a broad debate are needed.

1. How can our government and political system respond to basic changes in our national and international situation?
2. Has the underlying currency of international power changed; and what is the future role of military capability?
3. Is the idea of hegemony relevant to the future of the world?

1. How can our government and political system respond to basic changes in our national and international situation? This, of course, is one of the underlying questions of this essay. The added burdens of the large national deficit and the immediate recession surely add to the normal difficulties of responding to fundamental challenges. It seems to me that we need leaders that can build and sustain a new consensus around renewing the basic institutions of this society (e.g., education, health, savings) and who mobilize commitment based on the proposition of fairness and equity. That is, we must have leaders who can pose a vision of what needs to be done and call for equitable burden-sharing among all sectors of society in its realization.

It may also be the case that new leadership cannot be expected from the hamstrung and encircled federal government. Perhaps more innovation and initiative should be encouraged from coalitions of state and local authorities in cooperation with the private sector to address both immediate social problems but also those that cross national boundaries.

2. Has the underlying currency of international power changed; and what is the future role of military capability? Richard Rosecrance, a political scientist and former State Department official, has suggested that historically nations have sought either of two different kinds of power.⁴ Most nations have sought power through territorial expansion (and, of course, protection of their existing valuable territorial assets). Military power is critical for such an approach. The alternative is the trading state, which uses its economy to enter into an exchange system with others for the goods and services they need. The underlying goals of the trading state are the same as those the territorial state seeks through exclusive control of resources. Trading states tend to regard self-sufficiency for a complex society as an illusion and they accept interdependence. Germany and Japan represent nations that have shifted from territorial expansion to trading states. Of course as Rosecrance (1986:18) observes, "One of the difficulties facing the trading system throughout history is its inability to gain universal adherence so long as important and powerful states are still primarily devoted to the territorial system." As a result, military defenses gradually return.

The question for the beginning of the 21st century is whether there is something close to a consensus on the merits of the trading system among the

⁴ See his The Rise of the Trading State, 1986.

industrial and post industrial societies? Can any potential challengers to the trading system be nudged through a combination of economic inducements and military coercion to join in? This would define a role for military forces. It also leads to the last question.

3. Is the idea of hegemony relevant to the future of the world? Of course, the prototype hegemon who promoted the trading system was 19th century Britain. As was noted at the beginning of this essay, the United States tried to do that after World War II, although not in the degree or way Britain had. We established an international economic system, while keeping the Soviet Union at bay. It seems to me that the simultaneous economic and military burdens are too much for any one nation to sustain for long. Not only over extension but the resentment created by hierarchical order create the seeds of the hegemon's destruction.

If we are not to go the way of 19th century Britain, the United States must get its basic economic life in order. In addition, the above observations offered a suggested purpose for our military and security policy. We must use our considerable military capability to encourage a new form of global collective security. NATO would be replaced by a broader system that would have the

fundamental mission of curbing territorial expansion as the means of national growth. This would be the "stick" of a "carrot and stick" approach to inducing the developing world as well as our industrial partners into a global, interdependent trading system.

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