Are we in the midst of a global hegemonic transition? To address this question posed to me by my good friend, the eminent Prof Jayati Ghosh of the Economics Department, allow me to begin by critically assessing the latest book by the prominent liberal scholar of international relations, Prof John Ikenberry of Princeton University.

**Evolution of the Liberal International Order**

In the evolution of liberal democracy since the late eighteenth century, writes Ikenberry in *A World Safe for Democracy,* its values and institutions have been entangled with capitalism, empire, hegemony, and racism. Yet although it has been compromised by its historical association with these forces, the matrix of liberal democracy and liberal internationalism has always shown a capability of being “disembedded” from such phenomena. This has been the source of its dynamism, which offers a better way of organizing relations within states and among states.

Disembeddedness can, however, never be complete, for the liberal democratic/liberal internationalist matrix cannot escape power relations. Ideology that is not underpinned by power would just be simply free-floating utopian ideals. Power without ideology would be unstable because it would be regarded as illegitimate. It is the synergy of power and ideology that constitutes hegemony, Ikenberry notes, following Gramsci. Liberal
internationalism’s mix of universalist values and great power hegemony may be hypocritical, but it is, Ikenberry implies, the best we can hope for. That liberal world order underpinned by American hegemony is now in crisis, and Ikenberry’s latest work seeks to unravel its sources, dynamics, and consequences.

The thirty-year period from 1991 to 2021 will long evoke puzzlement from historians and other analysts. Why did the liberal international order—that fused U.S. political/military hegemony with global capitalist supremacy under a canopy of multilateral institutions and triumphalistic liberal ideology—descend from its moment of triumph with the collapse of the Soviet bloc with its promise of unilateral domination to its deep disarray at present.

**The Origins of the Crisis of Liberal International Order**

One of the reasons was, ironically, the condition of unipolarity, which encouraged Washington to engage in imperial overstretch, leading to its disastrous interventions to force regime change, particularly in the Middle East.

Another was the mistaken calculation that integrating China into the global economy would lead to mutual prosperity, which in turn would ultimately transform Beijing into a partner in upholding the U.S.-led multilateral order and make it more liberal democratic in the American image. Instead, it led to one-way prosperity, that is, China’s, and failed utterly in making China more like the US politically.

A third was the free rein given to neoliberal capitalism. It was allowed to destroy the social contract assuring the subordinate classes of the United States and other countries in the West a degree of economic security. That is, it eroded what Ikenberry calls the “social
purposes” of liberal democracy and the liberal internationalist order. This contributed centrally to the Trumpian backlash against the liberal domestic and international underpinnings of the system.

Disconcertingly, however, the book ends with a Fukuyaman leap of faith: that with all its problems, the liberal international order will survive. “The current political backlash is both inevitable and bound to fail,” Ikenberry writes. He then continues, “There is no escape. Liberal democracies will find themselves doing what they have always done in moments of crisis—searching for ways to reestablish and reinforce the political foundations for liberal capitalist democracy.”

The Crisis of American Liberal Democracy

While one can agree with some points in this analysis, its making a Fukuyaman leap of faith is rather incongruous, and it stems, in my view, from its lack of appreciation of the severity of the different dimensions of the crisis of liberal internationalism. This assumption about the current world order being able to weather the storm somehow is something I find shared by many liberal intellectuals.

In assessing the gravity of the crisis, let us visit first its economic dimension. Financialization and globalization combined not only to create severe inequality, but they severely eroded the manufacturing base of the hegemonic power. And when we talk about deindustrialization, we are talking not only about the loss of millions of manufacturing jobs, from 17.3 million to around 13 million today, but about the loss of the channels for the generational transmission of skills of the work force, in semi-skilled and some skilled industries.
Equally important has been the loss of the synergy between manufacturing and technological creativity in the center economies and its emergence in rapidly industrializing economies. Contrary to expectations that the peripheral economies would be limited to providing cheap labor while the center economies would monopolize knowledge intensive activities, high tech offshoring followed manufacturing offshoring. One important study of eight advanced economies showed that high-tech offshoring increased in less than one decade from 14 per cent in the late 1990’s to about 18 per cent in 2006.³ As Branko Milanovic has pointed out, “innovation rents, received by the leaders of the new technologies, are being dissipated away from the center.”⁴ Aggressively reversing this technological flow was, in fact, the centerpiece of Donald Trump and his economic adviser Peter Navarro’s political economy. I will return to this later when I discuss China’s economy.

Let’s move to the ideological dimension of the crisis. The British Marxist Paul Mason has argued that with the triumph of neoliberalism and financialization in the global North, solidarity and a sense of community based on economic class and a shared middle class lifestyle among workers was replaced by an individualized identity as consumers, as market players in a society of seemingly shared prosperity but where rising income was increasingly replaced by rising debt as the mechanism of economic pacification. Having exchanged their class identity for that of consumers in the market, their loss of even the latter owing to the 2008-2009 crisis left them ideologically vulnerable, particularly when it came to their commitment to the liberal democratic belief in universal equality. Even before the financial crisis, many workers had already been felt psychologically threatened by the gains of the movements for racial and gender justice, and their descent into economic insecurity was the final step in their rightward radicalization.⁵
What the volatile combination of economic crisis, ideological vulnerability, and Donald Trump has done is to make legitimate if not respectable an anti-democratic core belief that has been transmitted generationally, communally, and subversively. This is White Supremacy, which is now informally the ruling ideology of the Republican Party.

Finally, to the political crisis. I don’t think there would be many who would object to our characterizing American liberal democracy as being in crisis. I think the dispute would be over how serious crisis is. In her book *How Civil Wars Start*, Barbara Walter writes:

> Where is the United States today? We are a factionalized anocracy [a degenerating democracy] that is quickly approaching the open insurgency stage, which means we are closer to civil war than any of us would like to believe. January 6 was a major announcement by at least some groups...that they are moving toward outright violence...In fact, the attack on the Capitol could very well be the first series of organized attacks in an open insurgency stage. It targeted infrastructure. There were plans to assassinate certain politicians and attempts to coordinate activity.6

Now Walter’s profile is not that of someone crying wolf. She is not someone speaking from the left. In fact, she’s very establishment, a specialist in comparative civil wars who has used several data bases, the most important of which is the CIA’s Political Instability Task Force, of which she is a part.

For her and her CIA colleagues, ethnicity has emerged in their global comparative studies as the prime predictor of susceptibility of a society to civil war, and in the US, armed white radicals are on the cutting edge. However, ethnicity by itself does not produce conflict. It
needs triggers or “accelerants,” and these are the emergence of hegemonic ethnic
groupings or “superfactions,” the exacerbation of conflicts by “ethno-nationalist
entrepreneurs,” and the frenzied mobilization of ordinary citizens who feel that only the
armed ethnic militias stand between them and those who would destroy them and their
world. And to move from A to Z, social media, in particular Facebook, have become a
central weapon of radicalization. The angry buzz in white nationalist chat rooms these days
is the “Great Replacement Theory,” wherein whites are said to be the victims of an ongoing
conspiracy hatched by blacks, feminists, LGBTQIA’s, migrants, and Democrats to make them
a minority and eventually destroy them in a race war.

Now the reason I have spent some time detailing the ideological and political dimensions of
the crisis of the liberal international order is that when many people talk about hegemony
decline, they consider mainly its economic dimension. Equally important are the political
and ideological dimensions. When some analysts speculated about the possible loss of US
hegemony to Japan back in the late 1980’s, they had in mind only the economic dimension,
and while this was the central consideration, their neglect of the political and ideological
dimensions of the relationship was one reason their predictions about Japan supplanting
the United States went awry.

What distinguishes the crisis of the hegemon today from the 1980’s is the fatal combination
of severe economic dislocation, deep ideological disaffection, and profound political
instability. Global hegemony is difficult to exercise if, in addition to its falling behind on the
economic front, the hegemon is also nearing civil war and a significant sector of the society
has lost faith in the liberal democratic ideology that legitimizes its global economic primacy.
That is where the United States is today.
Will China Replace the US as the Global Hegemon?

Let us now turn to the question of whether another power is moving to replace the United States on center stage. China is, of course, what everyone talks about as the chief candidate, and it is on the economic front that China’s challenge is strongest.

In his book *The Great Convergence*, Richard Baldwin tries to explain how China was transformed from being not only an industrial non-competitor but an outsider in the global capitalist system in the 1970’s to becoming the world’s prime industrial superpower in just over two decades. China, he says, was smart enough to capitalize on its having joined the capitalist world economy at the time that what he calls globalization’s “second unbundling” was taking place. This was the breaking up of the productive process globally made possible by advances in information technology, resulting in a revolutionary innovation: the corporate global value chain. The key feature of this process has been the dispersal of diffusion of high technology from the knowledge-rich capitalist center economies to the labor surplus peripheral countries, as I noted earlier.  

While Baldwin appears to view this process as inevitable, the fact is, in the case of China, this diffusion was facilitated by policies of forced technology transfer imposed by Beijing. US corporations bristled at this, but compliance was the condition of their access to super-cheap Chinese labor. By the time Trump and Peter Navarro tried to stop sensitive high tech transfers in 2017, it was too late; China had already moved on from being a passive high-tech recipient to an active high tech innovator. A strong state, it might be noted, one that was far stronger owing to its revolutionary origins than the classic developmental states of the Asia Pacific rim, had made the difference.
In any event, China is now the center of global capital accumulation or, in the popular image, the “locomotive of the world economy,” accounting, according to the IMF, for 28% of all growth worldwide in the five years from 2013 to 2018, more than twice the share of the United States.8

Now, it is certainly true that the Chinese economy is marked by several crises, such as the emergence of vast income inequalities, massive surplus capacity, regional disparities, and environmental problems. I look at these, however, as manifestations of the unbalanced growth that Albert Hirschman saw as a necessary feature of rapid industrial development under capitalism.9 These are crises of growth, in contrast to crises of decline that mark the US economy.

But let us turn to the political and ideological dimensions of China’s political economy. In contrast to the simplistic view of a population cowed by repression, political protests have been common in China, both on the ground and on the internet, though some say there has been a decline in numbers in the Xi Jin Ping years. But few would claim that the ruling regime is undergoing a crisis of legitimacy. Protests have been directed at local problems such land-grabbing, low wages, or environmental pollution, with no protest movement being able to translate itself into a critical mass across the country. Thus there is little challenge to the CCP’s political hegemony, except from democracy and human rights activists who, brave and exemplary they may be, are few and far between. Certainly, the kind of polarization one sees in the US is nonexistent.

Now, to the question of ideology. Ideological legitimacy rests on the CCP’s ability to deliver economically, provide political stability, and convince the population that it is central to
achieving what Xi Jin Ping has called “national rejuvenation.” Corruption, however, is a constant threat, but it cannot really be eliminated since, as Milanovic has asserted, it is rooted in the system of discretionary decision-making or selective application of the law that, paradoxically, accompanies the technocratic thrust of what he calls “political capitalism.” Nevertheless, corruption cannot be allowed to spread uncontrolled since this would totally subvert technocratic rationality that is the centerpiece of the system, militate against economic growth, and erode the legitimacy of the ruling CCP elite. Thus, as with Xi Jin Ping’s now 10-year-long wildly popular campaign against corruption, there must be periodic efforts to contain it, and sacrificing high officials caught with their fingers in the till is often the price paid to stabilize the system. Corruption is a threat, but it is far from the kind of threat presented by a rival ideology, such as that posed to liberal democracy by the successful subversive ideology of White Supremacy that has captured the Republican Party in the United States.

Looking at its global political and ideological influence, China has been able to win allies especially in the global South with its economic diplomacy. Through trade and development assistance, Beijing has been able to provide a counterpole to the West and its multilateral institutions, providing countries throughout the global South with the space for maneuver to pursue more independent foreign policies. Having provided nearly a trillion dollars’ worth of financing to scores of countries, China, as Kevin Gallagher notes wryly, is now “the world’s largest development bank.” And in contrast to western bilateral and multilateral aid and loans, which carry human rights and neoliberal conditionalities, one of the chief attractions of Chinese aid is that it makes few attempts to alter the character or influence the domestic policies of its recipients, be they autocratic, semi-democratic, or democratic.
But even more than the largesse of its trade and aid, what draws governments to China is the model of supple but effective technocratic leadership that appears to promise fast growth in the early stage of development and satisfy the popular desire for higher living standards, even if the cost is rising inequality and the spread of corruption. This appeal has risen as the perception has grown that the liberal capitalist democracy, with its uncontrolled political conflicts, market failures, and economic stagnation, no longer provides a meaningful alternative for the global South.

Nevertheless, although it has trumpeted China’s contributions to the developing world, Beijing has been very cautious about presenting China’s path as the one countries of the global South should follow. Neither has it moved to replace the multilateral agencies set up by the West to serve as the canopy of global governance, nor sought to replace the dollar with the renminbi as the world’s reserve currency. China has, in fact, made painstaking efforts to not be seen as aspiring to step into the place of the United States, not only to avoid provoking the latter but also to avoid being burdened with the tasks that go with global leadership, and, perhaps most critical, because Beijing does believe that its development path is not for export, or to put it in Deng Xiao Ping’s classic phrase, it is “socialism with Chinese characteristics.”

The US’s Last Card

While Chinese reluctance plays a big role, the biggest block to China’s displacing the US and assuming the role of hegemon is the US’s ability to call on that one resource where it still enjoys absolute superiority—military power—to redress the balance of power, to maintain its increasingly fragile hegemonic status. While China has been modernizing its military, it
has avoided engaging the US in an arms race. For the last several years, US military
spending has consistently outpaced China’s by a ratio of three to one. Beijing’s strategic
nuclear arsenal is small compared to that of the United States. Its naval offensive capability
is provided by three aircraft carriers with a Soviet-era design. Its strategic orientation, as
even the Pentagon admits, is defensive. This does not mean that in certain areas China
does not engage in the tactical offensive, this being the case in the South China Sea, where
Beijing’s posture is to extend its defensive perimeter outwards to protect its coastal
industrial heartland in South and Southeastern China. In sum, Beijing is not devoting its
attention and comparatively little of its resources to playing catch up with the US
strategically.12

In contrast, the US has scores of bases surrounding China located in Japan, South Korea,
Guam, and the Philippines, in addition to the Seventh Fleet which sails in the South China
Sea 10 months out of 12. Its naval offensive punch is delivered by 11 task forces grouped
around modern supercarriers like the state of the art USS Gerald Ford. Washington has
deployed intermediate nuclear weapons in the Pacific following its withdrawal from the
Intermediate Nuclear Forces Treaty. In contrast to China’s, the Pentagon’s strategic posture
has always been unabashedly offensive, and its current warfighting strategy is called AirSea
Battle, which has China explicitly as the target. One analyst summarizes one key AirSea
Battle document as detailing how, in the event of conflict with China, there would be
“‘kinetic and non-kinetic’ (in other words, both explosive and electronic) strikes against
inland command centers, radar systems and intelligence gathering facilities, raids against
missile production and storage facilities and ‘blinding’ operations against Chinese satellites.
It also said that China’s ‘seaborne trade flows would be cut off, with an eye toward exerting major stress on the Chinese economy and, eventually, internal stress.’

With the limited results of Trump and Navarro’s trade and technological squeeze on China, the Biden administration has moved the focus to the military front, its latest move bringing in North Atlantic Treaty Organization (NATO) naval vessels from Europe to regularly patrol the South China Sea along with ships from Japan, South Korea, the Philippines, and Australia. Critics have rightfully decried the escalation of both aggressive rhetoric and actual deployments as enhancing the possibility of armed conflict, since with no rules of engagement, a ship collision could easily escalate into a higher form of conflict.

Bluntly reminding China to moderate its ambitions or face an existential threat is, however, not the only objective of the Biden administration’s increasingly militarized China policy. Probably more important is the symbolic impact of a show of force, that is, its impact on China’s internal politics. It is likely that this was the thrust of Nancy Pelosi’s visit to Taiwan, which took place a few days after US destroyer passed through the Taiwan Straits. It was the deployment of a highly symbolic event implicitly backed by military power to provoke a political crisis in the China—in this case, the destabilization of the Xi’s leading role—by showing that the US could at any time tear up its One-China policy and brazenly support Taiwan without Beijing being able to do anything about it owing to its fear of US power. The timing could not be more critical, coming two and a half months before the Party Congress in mid-October, where Xi Jin Ping is expected to seek consensus for his initiative to abolish the informal 10-year term limit on a president’s tenure. There are said to be reports of significant dissatisfaction with Xi’s relatively mild and largely symbolic response to the Biden-Pelosi provocation in certain quarters of the the party, the military, and the public.
Hegemonic Transition or Hegemonic Stalemate?

But to come back to our main concern, with an economically strong China very hesitant to assert global leadership and an economically and politically weakened United States seeking desperately to shore up its position by throwing around its absolute military superiority, can we really speak about a hegemonic transition? Should we not be talking instead about a hegemonic stalemate or a hegemonic vacuum?

Perhaps, for comparison, we should be looking not so much at a hegemonic transition but at the emergence of a hegemonic vacuum akin to but not exactly the same as that which followed the First World War in the 20th Century, when the weakened Western European states had ceased to have the capacity of restore their pre-war global hegemony while the US did not follow through on Woodrow Wilson’s push for Washington to assert hegemonic political and ideological leadership.

Within such a vacuum or stalemate, the US-China relationship would continue to be critical, but with neither actor being able to decisively manage trends, such as extreme weather events, growing protectionism, the decay of the multilateral system that the United States put in place during its apogee, the resurgence of progressive movements in Latin America, the rise authoritarian states and the likely emergence of an alliance among them to displace a faltering liberal international order, and increasingly uncontrolled tensions between radical Islamist regimes in the Middle East and Israel and conservative Arab regimes.

Crisis and Opportunity

Both conservative and liberal policymakers paint this scenario to underline why the world
needs a hegemon, with the former advocating a unilateral Goliath who does not hesitate to use threat and force to enforce order and the latter preferring a liberal Goliath who, to slightly revise Teddy Roosevelt’s famous saying, speaks sweetly but carries a big stick.

There are, however, those, and I am one of them, who view the current crisis of US hegemony as offering not so much anarchy but opportunity. While there are risks involved, a hegemonic stalemate or a hegemonic vacuum, opens up the path to a world where power could more decentralized, where there could be greater freedom of political and economic maneuver for smaller, traditionally less privileged actors from the global South, where a truly multilateral order could be constructed through cooperation rather than be imposed through either unilateral or liberal hegemony.

Yes, crisis may lead to an even deeper crisis, but it may also lead to opportunity.

Thank you.

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4 *Ibid*.


10 Milanovic, pp. 67-128.


